



KITCHEN OF THE WORLD



Annual Report **2011**

Charoen Pokphand Foods Public Company Limited

Progressing Towards Becoming Kitchen of The World

Constant innovation. Unceasing effort.
With these two quality ingredients,
we are determined to bring world-class standards
to Thai food and to create alluring new products.
Our goal is to become your kitchen.
And for consumers around the world.



Quick Facts

As of 31 December 2011

Head Office

313 C.P. Tower Building, Silom Road,
Bangrak, Bangkok 10500, Thailand

Telephone Number

(662) 625-8000

Facsimile Number

(662) 638-2139

Web Address

<http://www.cpfworldwide.com>

Business Category

Agro-industrial and Food in Thailand and Overseas

Legal Status

Public limited company registered in Thailand

Registration Number

0107537000246

Registered Capital

THB 8,206.66 million

Number of Paid-up Shares

7,519.94 million shares (all in ordinary shares)

Number of Repurchased Shares

471.00 million shares

Number of Outstanding Shares,
(Net of Repurchased Shares)

7,048.94 million shares

Par Value

THB 1.00 per share

Subsidiaries

127 companies (Brief information is shown under "Information of Companies in which the Company has Shareholding" section on page 140-152)

Trading Symbol on the SET

CPF for ordinary shares

Trading Symbol on the Thai Bond Market

CPF12OA for debentures No. 1/2007 Series 2

Association (TBMA) and/or the SET

CPF138A for debentures No. 1/2008 Series 2

CPF13NA for debentures No. 1/2009 Series 1

CPF14NA for debentures No. 1/2009 Series 2

CPF15NA for debentures No. 1/2009 Series 3

CPF155A for debentures No. 2/2009

CPF155B for debentures No. 1/2010

CPF14NB for debentures No. 2/2010 Series 1

CPF17NA for debentures No. 2/2010 Series 2

CPF188A for debentures No. 1/2011 Series 1

CPF218A for debentures No. 1/2011 Series 2

CPF418A for debentures No. 1/2011 Series 3

CPF41DA for debentures No. 2/2011

(Brief information of debentures is shown at "www.cpfworldwide.com" under section of Investor Relations, and outstanding debentures as of 31 December 2011 is shown under "Management's Discussion and Analysis" section on page 71)

Note: "The Company" or "CPF Group" in this annual report refer to Charoen Pokphand Foods Public Company Limited ("CPF") and its subsidiaries which CPF directly or indirectly holds more than 50% of their paid-up capital and companies that CPF has control.

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The Company at a Glance

Charoen Pokphand Foods Public Company Limited ("CPF") operates fully integrated agro-industrial businesses comprising the manufacturing of animal feed, animal farming, the manufacturing of food products (including semi-cooked meat, fully-cooked meat and ready-to-eat products under the  brand) and the food retailer business. As of 31 December 2011, CPF had investment in 10 countries including Thailand, Turkey, Russia, Laos, Taiwan, United Kingdom, Malaysia, India, China, and the Philippines. It also exports meat, semi-cooked meat, fully-cooked meat and ready-to-eat products under the  brand to more than 20 countries worldwide.

The Company has two main business operations: 1) Thailand Operations manages all operations in Thailand and distributes products in the domestic and export markets and 2) Overseas Operations are operated through overseas subsidiaries in nine countries, namely Turkey, Russia, Laos, Taiwan, United Kingdom, Malaysia, India, China, and the Philippines. The 2011 revenue contribution, based on total sales, came from Thailand Operations and Overseas Operations at 75% and 25%, respectively.

The Company categorizes its businesses according to product types into 1) feed, 2) farm – including animal breeding, animal farming and basic meat processing and 3) food – including semi-cooked meat, fully-cooked meat and ready-to-eat products.

The Company's two core fully integrated business lines are 1) Livestock business mainly comprises of broilers, layers, swine and duck and 2) Aquatic business mainly comprises of shrimp and fish.

The Company's consolidated sales for the year 2011 was THB 206,099 million, of with a net profit of THB 15,837 million, or equivalent to THB 2.38 per share. On 22 February 2012, the Company's Board of Directors had approved the dividend payment to shareholders at THB 1.20 per share in total. The Company already paid the first dividend payment to shareholders as an interim dividend at THB 0.60 per share on 9 September 2011. Therefore, the second dividend payment which will be paid as an annual dividend payment for the year 2011 will be at THB 0.60 per share. The Board of Directors shall propose the annual dividend payment to the Annual General Shareholders' Meeting No. 1/2012 which will be held on 25 April 2012 for further approval.

CPF was listed on the Stock Exchange of Thailand in December 1987, became a public company limited in January 1994 and split its par value of ordinary shares from THB 10 per share to THB 1 per share in September 2001.

The Board of Directors' meeting of CPF, held on 8 February 2012, approved Charoen Pokphand Foods (Malaysia) Sdn. Bhd. ("CPFM"), an indirect subsidiary of CPF which 99.99% of its shares held by CPF, to purchase all shares of Makin Jernih Sdn. Bhd. ("MJSB") from MKH Berhad ("MKH"), totaling 33 million shares. MJSB is an investment holding company which currently hold 100% of total issued and paid-up shares of 3 companies in Malaysia, consisting of 1) Chau Yang Farming Sdn. Bhd., which principally engages in swine farming business, 2) Tip Top Meat Sdn. Bhd., which principally engages in swine abattoir, and 3) AA Meat Shop Sdn. Bhd., which principally engages in retail business of selling processed pork and related products. The transaction was completed on 16 January 2012.

In addition, the Extraordinary General Shareholders' Meeting No. 1/2012 held on 18 January 2012, approved the purchasing of 74.18% of total issued and paid-up share of C.P. Pokphand Co., Ltd. ("CPP"), a listed company on the Stock Exchange of Hong Kong Limited ("HKSE") under the code "00043.HK". CPP has 2 main operations, i.e., (1) China operations which mainly engage in animal feed business and (2) Vietnam operations which mainly engage in the manufacture and distribution of animal feed business, the breeding and farming of livestock and aquatic animals business, and the processing and production of meat and food products business. The transaction was completed on 8 March 2012.

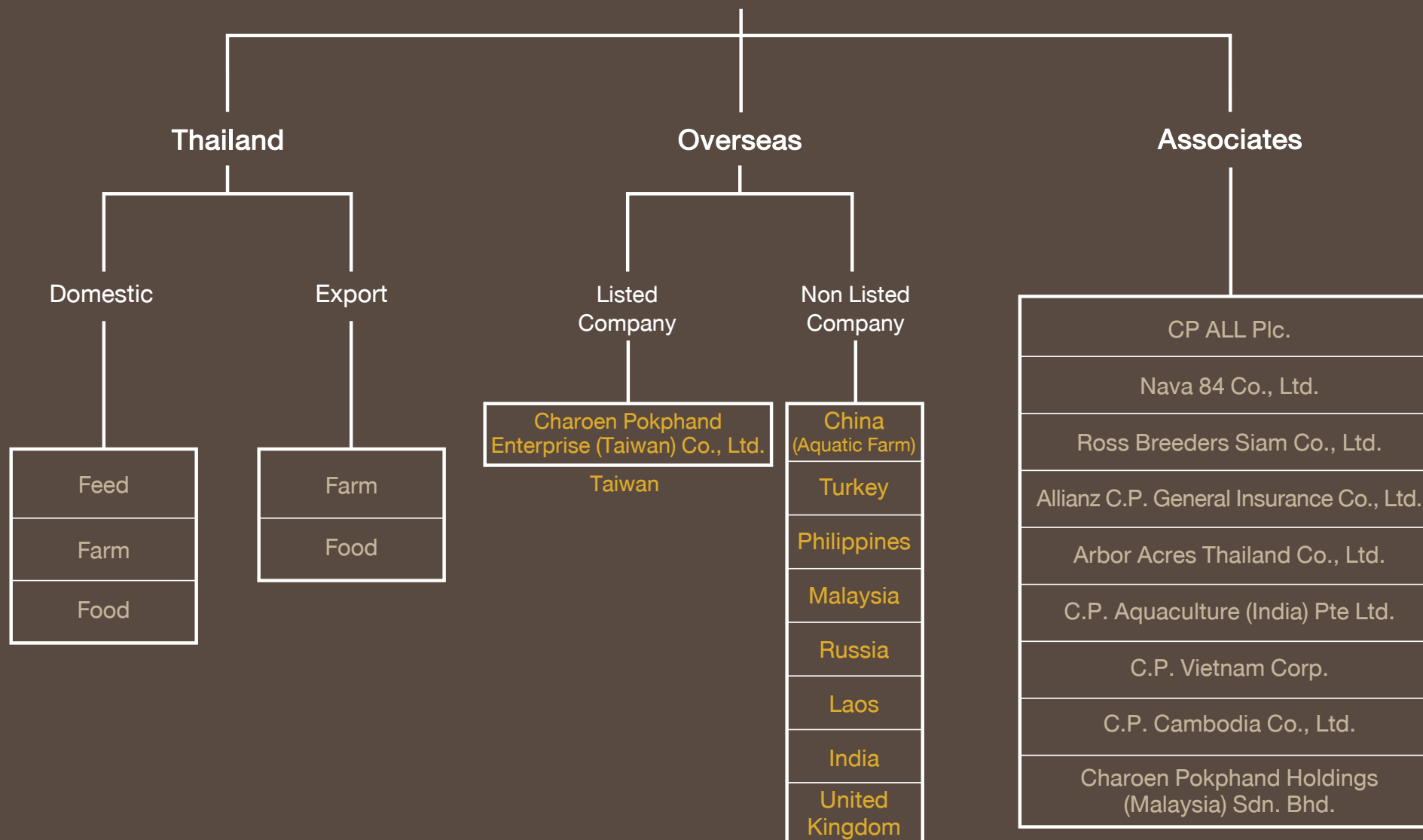
As of 31 December 2011, Charoen Pokphand Foods Public Company Limited traded on the Stock Exchange of Thailand under the code "CPF", had a paid-up capital of THB 7,519,937,826, all in ordinary shares, and its market capitalization was THB 248,158 million, including shares repurchase for financial management.

CPF Operations

Business Structure of the Group
(as of 31 December 2011)



CPF (Consolidated)

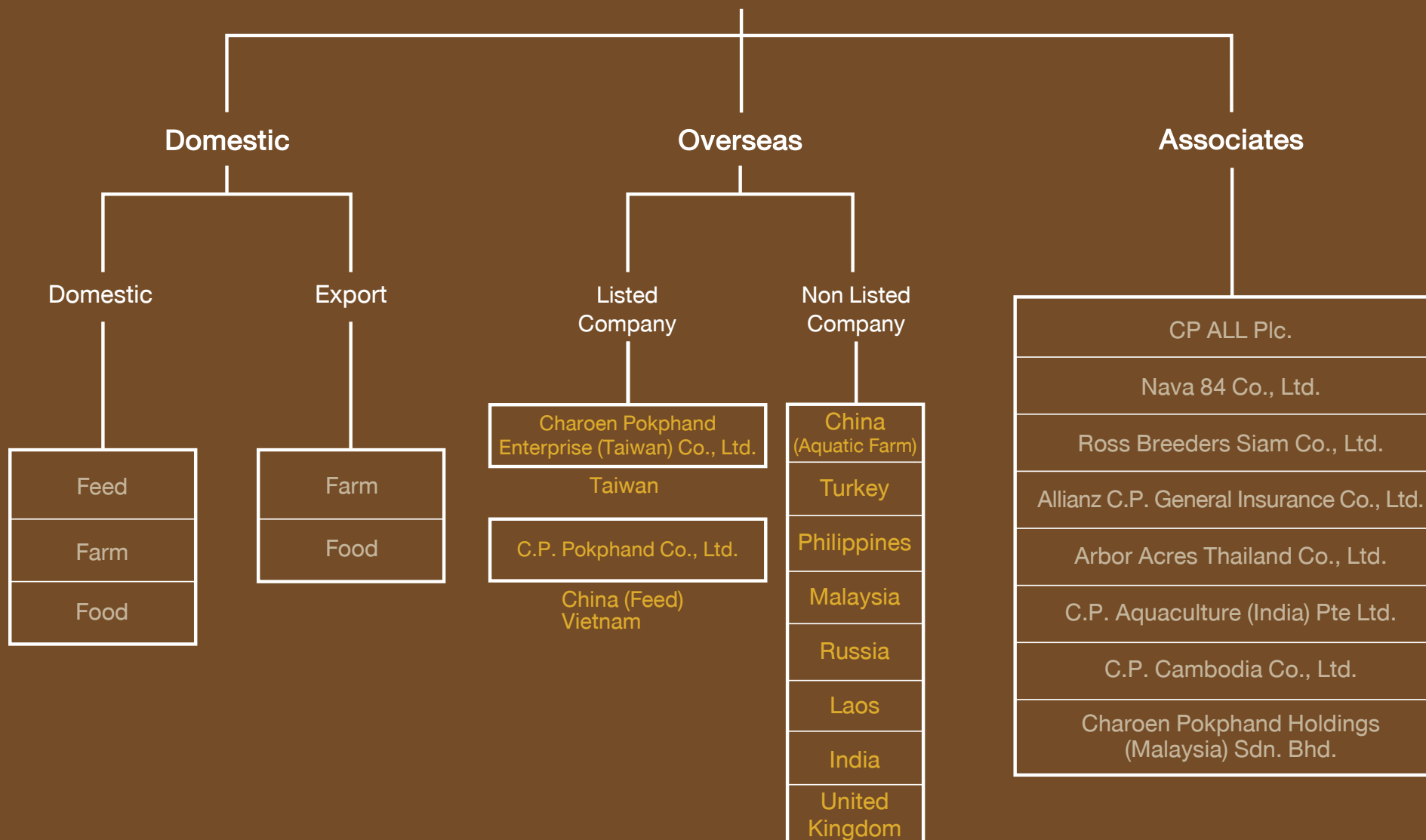


CPF Operations

Business Structure of the Group
After the completion of CPP shares acquisition
(8 March 2012)



CPF (Consolidated)



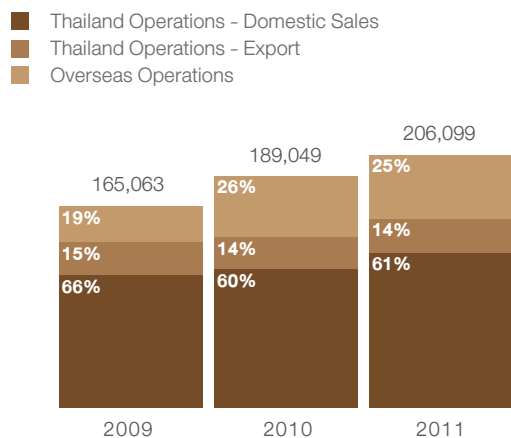
Global Diversification

- Overseas Operations
(Subsidiaries and Associates)
- Sales Representatives
- ▲ Thailand's Export Destinations

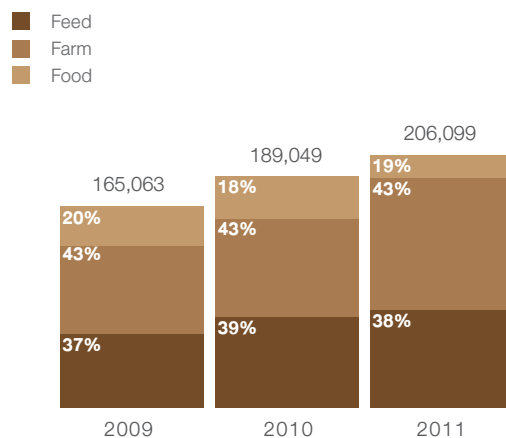


Financial Highlights

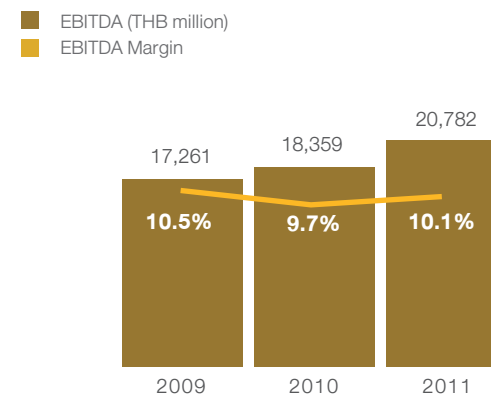
Sales Revenue by Operations (THB million)



Sales Revenue by Products (THB million)

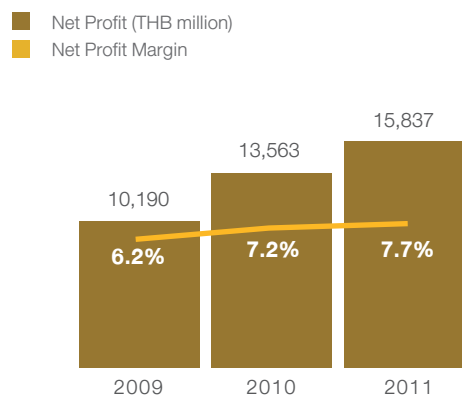


EBITDA^{1/} and EBITDA Margin

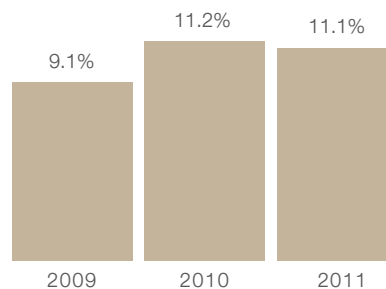


Remark: ^{1/} Earnings before interest expenses, finance cost, income tax, depreciation and amortization and non-operating income and expenses

Net Profit and Net Profit Margin

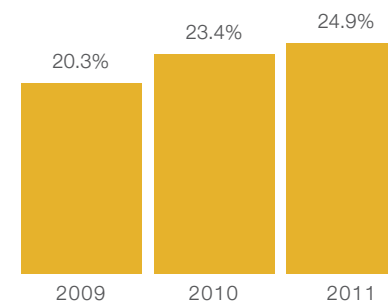


Return on Assets

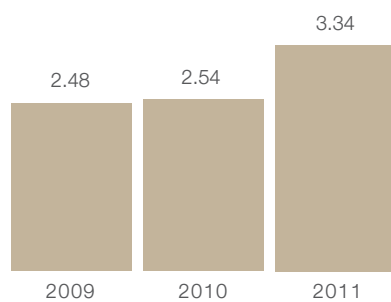


Note: Return on Assets = Net profit / Average total assets

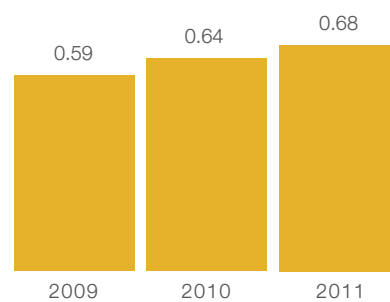
Return on Equity



Note: Return on Equity = Net profit / Average shareholders' equity

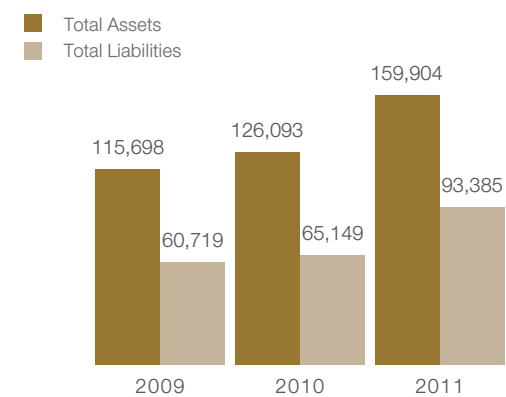
Interest Bearing Debt to EBITDA^{1/} (Times)

Remark: ^{1/} Earnings before interest expenses, finance cost, income tax, depreciation and amortization, non-operating income and expenses

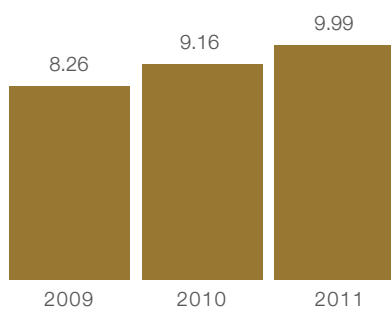
Net Debt^{2/} to Equity (Times)

Remark: ^{2/} Interest bearing debt - Cash and cash equivalents

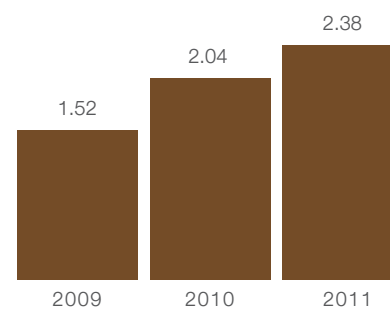
Total Assets and Total Liabilities (THB million)



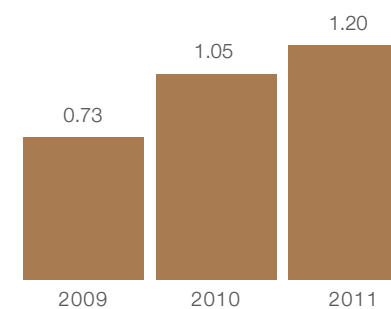
Book Value per Share (THB)



Earning per Share (THB)



Dividend per Share (THB)



Message to Shareholders



Mr. Dhanin Chearavanont
Chairman of the Board of Directors





Mr. Adirek Sripratak
President and Chief Executive Officer



In the year 2011, the volatile economic condition worldwide and the catastrophic flooding in Thailand had caused financial woes and disruptions to all business sectors. With clearly defined objective and policy regarding risk management and cautious investment, Charoen Pokphand Foods Public Company Limited or “CPF” weathered the economic storm and natural calamities. The Company performed exceedingly well in 2011. CPF’s consolidated sales reached THB 206,099 million and net profit was THB 15,837 million, an increase of 9% and 17% respectively, over last year’s performance.

The Board of Directors approved interim dividend of THB 0.60 per share for the first six-month performance to be paid on 9 September 2011 and proposed the annual dividend of THB 0.60 per share for the latter six months to be approved at the Annual General Shareholders' Meeting No. 1/2012 on 25 April 2012. Total dividend for the year would be THB 1.20 per share or 70% of net profit of the year 2011 (according to the separate financial statement).

Acquisition of C.P. Pokphand Co., Ltd. (CPP) will be completed in the first quarter of 2012 as per approval by the Extraordinary General Shareholders' Meeting No. 1/2012 held on 18 January 2012. CPF will hold 74.18% of CPP, a listed company on the Stock Exchange of Hong Kong Limited. CPP's operations include feed business in People's Republic of China and integrated agri-business in Vietnam. This acquisition is in line with CPF's strategic expansion plan of investing in agri-business in countries with high growth potential. As a result of the acquisition, CPF's sales in 2012 is expected to grow at least 50%. Sales from overseas operation will account for 50% of total sales as compared to 25% in 2011. Post acquisition, CPF will be on the forefront of agro-industrial companies in Asia Pacific region, with operations in 11 countries worldwide.

The Company continues to emphasize in product creation with the production and distribution of ready-to-eat food products under the  brand. At present,  food products are sold in Thailand and over 20 countries around the globe. The Company is dedicated to growing this business to promote quality food products from Thailand and to fulfill our vision of being "Kitchen of the World."

Main mission of the Company is to attain sustainable growth. To achieve this mission, the Company has set 6 strategic corporate directions as follows: 1) to become a world-class company, 2) to be a leader in providing quality products with food safety integrity, 3) to expand integrated food business, 4) to innovate and increase efficiency, 5) to emphasize personnel development, 6) to achieve sustainability through social responsibility.

In addition to the above mentioned strategic directions, good corporate governance, comprehensive internal control, and prudent risk management will enable the Company to compete in the international arena and provide sustainable and satisfactory returns to our shareholders.

On behalf of the Board of Directors, the management and staff, the Company is thankful to our shareholders for the continual trust and support.

On behalf of the Board of Directors

Mr. Dhanin Chearavanont
Chairman of the Board of Directors

Mr. Adirek Sripratak
President
and Chief Executive Officer

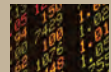
The Company's Milestones

1978

Registered under the name "Charoen Pokphand Feedmill Company Limited" to produce and distribute animal feed in southern Thailand.


1987

Listed common shares on the Stock Exchange of Thailand (SET) with the trading symbol "CPF".


1999

Turned CPF into a fully integrated agro-business in both livestock and aquaculture throughout Thailand by acquiring common shares in 9 agro-industrial and food companies of Charoen Pokphand Group.

Renamed as "Charoen Pokphand Foods Public Company Limited" to reflect CPF vision of becoming "Kitchen of the World" and strategy to become a world-class food producer.


2004

Invested in Turkey, currently operates businesses in manufacturing and distribution of livestock feed and fully integrated chicken business.


2005

Acquired the Five Star business as a bridge into the food industry



Increased shareholding in Charoen Pokphand (India) Private Limited (CP India), currently operates businesses in manufacturing and distribution of animal feed and animal farming, from 19.0% to 71.2%.



Invested in Malaysia, currently operates businesses in manufacturing and distribution of aquatic feed, fully integrated shrimp farming, and shrimp processing.


2007

Invested in the Philippines, currently operates businesses in shrimp hatchery.


2010

Reclassified CPF's sector from "Agribusiness" to "Food and Beverage".

2011

Invested in Cambodia, mainly engages in manufacturing and distribution of animal feed, animal farming, and food processing.



Launched CP Food market, the modern retail shop in Thailand

1978
2012
1998

Acquired common shares of 3 agro-industrial public companies of Charoen Pokphand Group in Thailand.

1994

Converted to a Public Company Limited.

2002

Invested in the United Kingdom, currently operates businesses in producing chilled food products for supply to the EU market.



Invested in China, currently operates businesses in manufacturing and distribution of aquatic feed, as well as aquatic hatchery and farming.


2006

Invested in Russia, currently operates businesses in manufacturing and distribution of livestock feed and livestock farming.



Invested in Laos, currently operates businesses in manufacturing and distribution of livestock feed and livestock farming.



Began production with domestic and global distribution of ready-to-eat products under CP brand.



Launched CP Fresh Mart business which is a retailer of fresh meat, semi-cooked meat, fully cooked meat, and ready-to-eat products.


2009

Invested in Taiwan, currently operates businesses in manufacturing and distribution of animal feed, livestock farming, and food processing.


2012

Invested in Malaysia mainly engages in swine farming, swine abattoir and retail business of selling processed pork and related products in Malaysia.

Acquired 74.18% of total issued and paid-up shares of C.P. Pokphand Company Limited ("CPP"). CPP mainly engages in animal feed business in China and animal feed, animal breeding, animal farming and food processing businesses in Vietnam.



Amalgamated of 10 local subsidiaries engaging in agro-businesses into 1 new company, CPF (Thailand) Plc. ("CPFTH"), on 1 February 2012.

The Awards to the Company



ASEAN Business Award 2011 under the category of Outstanding Business Growth



CEO awards of the "Agro and Food Industry" group, presented at the "SAA Awards for Listed Companies 2010"

Awards for Overall Corporate Excellence

- 2011**
- ASEAN Business Award under the category of Outstanding Business Growth, presented during the ASEAN Business & Investment Summit (ASEAN-BIS), Bali, Indonesia — CPF was the only large Thai corporation received the award this year.
 - The Forbes Global 2000 survey, ranked CPF as one of the world's 2,000 largest and most influential companies for the second consecutive year (2010–2011)
 - Outstanding IR — SAA Awards for Listed Companies of the "Agro and Food Industry" group for the second consecutive year (2010–2011), presented by the Securities Analysts Association

- 2010**
- CEO awards of the "Agro and Food Industry" group, presented at the "SAA Awards for Listed Companies 2010" organized by the Securities Analysts Association
 - Ranked second among Thai companies in the Asia's 200 Most Admired Companies conducted by The Wall Street Journal Asia
- 2009**
- Ranked third among Thai companies for the third consecutive year (2007–2009) in the Survey of Asia's 200 Most Admired Companies, conducted by The Wall Street Journal Asia
- 2006**
- Ranked second among Thai companies in the Asia's 200 Most Admired Companies conducted by The Wall Street Journal Asia



Asia's 200 Most Admired Companies 2010 conducted by The Wall Street Journal Asia



Four gold medals from the Grand Prix of the International Sausage Quality Competitions, sponsored by The German Butchers' Association at IFFA 2010 in Frankfurt, Germany

Awards for Innovation

- 2011** Selected by the RFID Institute of Thailand, Federation of Thai Industries, as the sole Thai company in presenting its achievements on the application of Radio Frequency Identification (R.F.I.D.) for automatic data collection
- 2010**
- Four gold medals from the Grand Prix of the International Sausage Quality Competitions, sponsored by The German Butchers' Association at IFFA 2010 in Frankfurt, Germany
 - Thailand's Most Innovative Company Award for the second consecutive year (2009-2010), presented by the Faculty of Commerce and Accountancy, Chulalongkorn University, and Krungthep Turakij newspaper

- 2008** "ASHRAE Technology Award" under the Industrial Facilities or Processes category from the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE), USA

Awards for Environmental and Corporate Social Responsibility (CSR)

- 2011**
- Honorary Award for business organizations that promoted occupations for the disabled, a recognition of CPF's project supporting the disabled in raising layer chickens. The award was conferred on CPF during the International Day of Persons with Disabilities event 2011, held by the Ministry of Social Development and Human Security.



CSR-DIW (Corporate Social Responsibility, Department of Industrial Works) Plaques 2011, presented by the Ministry of Industry

- Volunteering Spirit Certificate, presented by the Organizing Committee of the Celebrations on the Auspicious Occasion of His Majesty the King's 7th Cycle Birthday Anniversary, 5 December 2011
- Twenty-seven CSR-DIW (Corporate Social Responsibility, Department of Industrial Works) Plaques, presented by the Ministry of Industry
- Best Labour Relations and Labour Welfare Awards for the fifth consecutive year (2007–2011), presented by the Department of Labour Protection and Welfare, Ministry of Labour
- Seventy-three Zero Accident Awards for campaigning against workplace accidents and reducing work-related accidents to zero, presented by the Department of Labour Protection and Welfare for the fourth consecutive year (2008 – 2011)



Prime Minister's Industry Award 2010 under the category of Safety Management and Energy Management

- Best Safety, Health and Environment Committee Award, presented by the Department of Labour Protection and Welfare for the eleventh consecutive year (2001–2011)
 - Best Professional Safety Officer Awards, presented by the Department of Labour Protection and Welfare for the seventh consecutive year (2005 – 2011)
- 2010**
- Nine CSR-DIW (Corporate Social Responsibility, Department of Industrial Works) Plaques, presented by the Ministry of Industry
 - Prime Minister's Industry Award under the category of Safety Management and Energy Management, presented by the Ministry of Industry
 - ASEAN Energy Awards from the ASEAN Centre for Energy, presented during the ASEAN Energy Ministerial Roundtable Meeting 2010



CNBC Asia Business Leaders Awards in corporate social responsibility in 2008

- Thailand Energy Awards under the category of Alternative Energy and Energy Conservation for the third consecutive year (2008-2010), presented by the Ministry of Energy.

2009 CSR-DIW (Corporate Social Responsibility, Department of Industrial Works) Plaque, presented by the Ministry of Industry

2008 CNBC Asia Business Leaders Awards in corporate social responsibility, presented to Mr. Adirek Sripratak, President and CEO, in recognition of his leadership in driving the corporation toward success while providing benefits for communities and society

2007 ASEAN Energy Awards, presented by the ASEAN Centre for Energy during the ASEAN Energy Ministerial Roundtable Meeting 2007



CPF IT Center Co., Ltd., won the CMMI ML5 (Capability Maturity Model Integration Maturity Level 5) certification, presented by the Software Engineering Institute (SEI), Carnegie Mellon University, USA in 2011

Awards for Management Excellence

- 2011**
- CPF IT Center Co., Ltd., won the CMMI ML5 (Capability Maturity Model Integration Maturity Level 5) certification, presented by the Software Engineering Institute (SEI), Carnegie Mellon University, USA. CMMI ML5 is the highest standard for the efficiency improvement of software. It was the sole Thai company and the 18th company in the world to have won this certification.
 - CPF IT Center Co., Ltd. won the ISO27001: 2005 certification on IT security, presented by BSI (British Standard Institute)
 - Two National Awards for Outstanding Standards of Agricultural and Food Products, presented by the National Bureau of Agricultural Commodity and Food Standards (ACFS), Ministry of Agriculture and Cooperatives, to Minburi Chicken Meat Processing Plant under the category of Quality Microbiological



Two National Awards for Outstanding Standards of Agricultural and Food Products in 2011, presented by the National Bureau of Agricultural Commodity and Food Standards (ACFS), Ministry of Agriculture and Cooperatives

Laboratory, and CP Fresh Mart shops under the category of Quality Retailer of Agricultural and Food Products with the Permission to Display the Q Sign

- CPF's aquatic farming won the Global Good Agricultural Practice (G.A.P.) standard certification, presented by the EU retail business group
- Thailand Quality Class (TQC) Awards, presented by Thailand Productivity Institute for the third consecutive year (2009-2011)

2010 • CPF's Saraburi Chicken Meat Processing Plant became the first plant in Thailand to win the GS1 Global Traceability Conformance Seal certification, presented by the EAN Thailand Institute, Federation of Thai Industries. The GS1 Global Traceability Standard is a world-class standard for product quality tracings.



Thailand Quality Class (TQC) Awards 2011, presented by Thailand Productivity Institute

- Quality Award under the category of Food Business, presented by the Food and Drug Administration

- 2009**
- Thailand 5S Award from Technology Promotion Association (Thailand — Japan)
 - Thailand Corporate Excellence Awards under the category of Corporate Improvement Excellence from Thailand Management Association in conjunction with Sasin Graduate Institute of Business Administration of Chulalongkorn University

2008 Prime Minister's Outstanding Industry Award under the category of Safety Management, presented by the Ministry of Industry



Grand Doctor of International Academy of Social Sciences Awards and Hero of Labor of the New Russia Awards 2011



New Product Development Award 2010 (for Chicken Temptation), presented by Subway, the World's largest sandwich franchise

Awards for Human Resources Management

- 2010** PMAT HR Award for outstanding human resource practitioner for a large corporation, presented by the Personnel Management Association of Thailand.
- 2009**
- Thailand's Best Human Resources Practitioner Award under the category of CEO and HR professional from Human Resources Institute, Thammasat University
 - HR Leadership Award — Global HR Excellence Awards from the World HRD Congress in India

Awards for Contributions to Social Development

- 2011** Grand Doctor of International Academy of Social Sciences Awards and Hero of Labor of the New Russia Awards, presented by The First United Presidium of International Academy of Social Sciences, International Academy of Arts Patronage and International, Russia, for CPF's social development support to Russia

Awards for Quality Overseas Products and Services

United Kingdom

- 2010**
- New Product Development Award (for Chicken Temptation), presented by Subway, the world's largest sandwich franchise

- New Supplier of the Year Award, presented by Subway, the world's largest sandwich franchise

2006 Supplier of the Year Award, presented by KFC UK

France

2008 Saveur De L'annee Award (Taste of the Year) for the third consecutive year (2008-2010)

Denmark

2009 Best RTE (Ready-To-Eat) Meal Award

Japan

2010 The Best Supplier Award under the category of Processed Chicken and Shrimp and Frozen Shrimp, presented by Seven & i Holdings

Hong Kong

2010 Favorite Brand under the category of outstanding award in perishable food for CP fresh eggs, presented at a contest among 10 customer-admired brands, hosted by Wellcome Superstore, a leading supermarket of Hong Kong. CP was the first foreign brand to garner this distinction within only three years after the product launch.

Turkey

2011 • EU Quality Awards and Certificate, presented by the World Consumer Academy in recognition of CPF Turkey's production and servicing processes meeting EU standards



Consumer Quality Award 2010 in recognition of CP's brand of quality chicken meat products, from a survey conducted by Turkey's Consumer Academy

- Consumer Quality Award in recognition of CP's brand of quality chicken meat products, from a survey conducted by Turkey's Consumer Academy
- Two outstanding awards for CP's chicken meat products: The Best C. Meat Brand Award 2011 and Consumer Quality Reward 2011

2010 • "The Most Preferred Chicken Meat Brand" from a consumer survey conducted by Animal Magazine and Turkey's Consumer Association

• Consumer Quality Reward under the category of Chicken Meat Sector at the 23rd International Consumer Summit in Turkey



21st Eagle Award 2010 under the category of outstanding design and construction, presented by Associated Builders and Contractors, Inc. (ABC), USA

- EU Quality Award for innovative, high-quality products from the EU Quality Summit in Belgium
- "Best Brand" Award from a survey conducted by the Ministry of Agriculture and Rural Affairs, Turkey, in cooperation with Ekonomize Magazine

2009 The Best C. Meat Brand Award under the category of White-Meat sector at the 1st Food Safety Summit in Turkey

Vietnam

2011 C.P. Vietnam Corporation's livestock feedmill business won "The 3rd Vietnam Feed & Livestock Industry Award 2011- Best Feed Miller", presented during the Vietstock Expo & Forum 2011

2010 C.P. Vietnam Livestock Corporation's C.P. Binyuang Livestock



Certified Feed Safety Management system, ISO 22000:2005, GMP and HACCP by SGS (Thailand) Ltd. in 2010

Feedmill won the Eagle Awards, organized for the 21st time by Associated Builders and Contractors, Inc. (ABC), USA, under the category of outstanding design and construction of manufacturing plant for production systems, environmental conditions, and energy conservation.

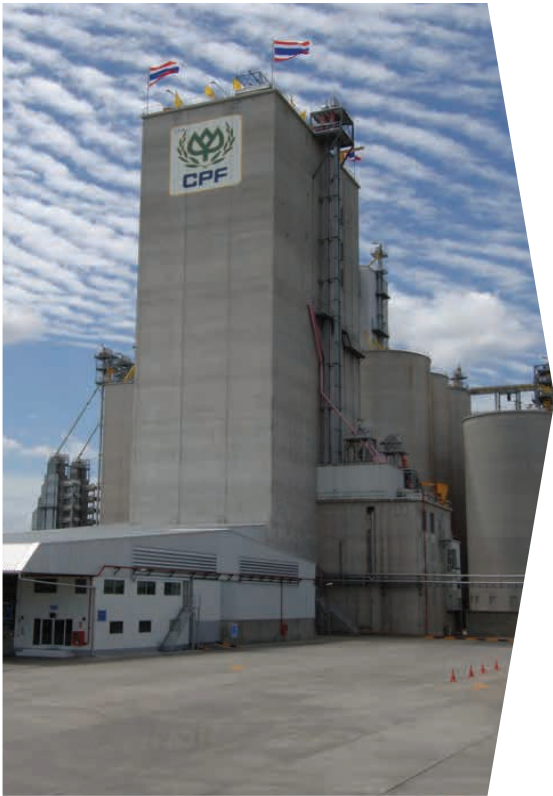
Malaysia

2010 CPF became Malaysia's first aquatic feedmill to win the Feed Safety Management system ISO 22000:2005, GMP, and HACCP certification.

Operations in Brief

Thailand Operations Fully Intergrated Process (Poultry)

Feedmill



Feed

Breeding



Breeder

Farming



Live Animal

Farm

Processing



Fresh Meat

Adding Value



Food & Ready Meal

Branding & Marketing

Global Brand Recognition

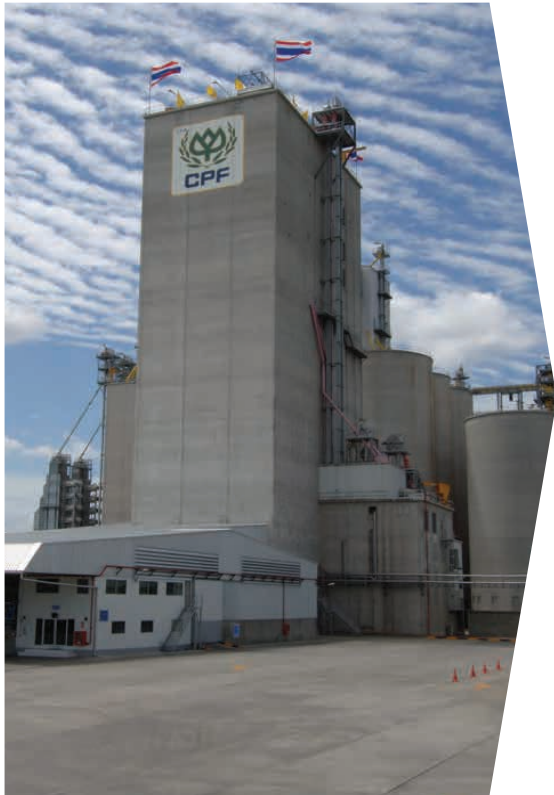
Retail Business



CP Freshmart
Five Star Business
CP Food Market

Thailand Operations Fully Intergrated Process (Swine)

Feedmill



Feed

Breeding



Breeder

Farming



Live Animal

Farm

Processing



Fresh Meat

Adding Value



Food & Ready Meal

Branding & Marketing



Global Brand Recognition

Retail Business



CP Freshmart
Five Star Business
CP Food Market

Thailand Operations Fully Intergrated Process (Aquatic)



CP Product champion



Fresh products



Fresh products



Oversea products



CP Sausage products



Easy snack products - Burger & Hotdog



Easy snack products - Gyoza



Ready meal products



Easy snack products - Processed chicken



Easy snack products - Processed shrimp



Thailand Operations

The Company categorizes its businesses according to product types as follow: 1) feed, 2) farm including animal breeding, animal farming and basic meat processing and 3) food including semi-cooked meat, fully-cooked meat and ready-to-eat products.

There are two core business lines: 1) Livestock Business Line mainly comprises of broilers, layer chicken, swine and duck, and 2) Aquatic Business Line mainly focuses on shrimp and fishes, detailed as follows:

1. Feed

Livestock Business Line

The Company is the pioneer and leader in the production of various forms of livestock feed such as concentrate, powder and pellet. We have feedmill plants situated in every region of the country and some over 600 appointed agents/distributors to help market and distribute feed to small independent farmers across Thailand. In addition, some portion is sold directly to large animal farms. The Company pays attention to continuous improvement on production efficiency and product quality and keeps up-to-date on international requirements and standard. High quality feed with low feed conversion ratio to help farmers lower their farming costs.

Corn and soybean meal are main ingredients used in the production of livestock feed. The Company formulated pellet feed to meet the nutrition requirements appropriate to each stage of animal rearing and growth. Production processes are computer controlled to ensure consistency in quality and specified standard. These feeds are manufactured and packed under the following brands, CP, Hyprovit, Hi-Gro, Star Feed, Novo, Safe Feed, Erawan, Hogtonal, C.F., and Anvipro. Selling price is based on production cost at different time of the year and also under pricing guidelines of the Internal Trade Department of the Ministry of Commerce.

The Company has set up central purchasing unit responsible for procurement of all ingredients used in livestock and aquatic feed. Our procurement policy is to purchase quality raw material meeting the required nutrition standard with priority given to domestic suppliers particularly those situated in close proximity to our feedmill plants. This is to support our local farmers as well as minimize transportation costs. Only when domestic supply is insufficient or has inferior quality, the Company would then seek to import. In 2011, raw material cost used in animal feed production accounted for 29% of total cost of goods sold and 33% were imported.

Last year, the Company focused to improve production processes to remain cost competitive as well as employed marketing strategy to maintain quality and provide good services for both before and after-sales. The Company also provided technical knowledge to agents/distributors and directly to independent farmers through seminars and academic service centers. Our technical experts are available to give advices on animal husbandry. Information is disseminated through printed materials and electronic media via the internet.



Aquatic Business Line

The Company is the pioneer and leader in the production and distribution of various forms of shrimp and fish feed such as concentrate, powder and pellet. Majority of our aquatic feed is distributed through agents/distributors located in shrimp farming areas. Some portion is sold directly to farmers. Soybean meal, fish meal and wheat flour are main ingredients used in the production of aquatic feed. Production processes are computer controlled to ensure consistency in quality and specified standard. These feeds are manufactured and packed under the following brands, CP, Star Feed, Marine, Hi-Grade, Novo, Erawan, Turbo, D-Frog and Safe Feed.

As a market leader, the Company's products are well recognized by consumers. An important marketing strategy is to maintain high quality product and consistent excellent customer service. Production processes are monitored and ingredients are tested to ensure quality. The Company also provided technical knowledge to agents/distributors and directly to independent farmers through seminars and academic service centers. Information is disseminated through printed materials. This is to ensure sustainability of the industry.

2. Farm

Livestock Business Line

The Company's livestock farming business includes animal breeder, live animal, fresh eggs and processed livestock meat.

• Animal Breeder

The Company is the leader in the research and development field of natural genetic selection. The objective is to produce quality breed that is healthy, sturdy and suitable to the farming condition of Thailand. The Company produces parent stocks of chicken broiler, duck and swine as well as broiler chick, layer chick, layer, duck and piglet. The process

starts with imported grandparent stocks from abroad. Then the Company breeds and raises the animals for own use and sell to independent livestock farmers and agents/distributors.

The Company's animal breeding farms are located in various provinces in Thailand. These farms are built based on the closed and evaporative cooling system which is a modern farming system. The closed system is bio-secure to prevent possible entry of potential carriers. The evaporative cooling system maintains suitable temperature in the housing unit throughout the farming period with automated feeding and all computer-controlled.

Price of animal breeder is dependent of domestic supply and demand as well as quality of the breed. The Company emphasizes after-sales services and has branch offices all over the country to serve as academic service centers to provide and share know-how, technical information, and marketing and distribution knowledge to farmers.

Critical aspect of animal breeding is the breeder. Origins of breeders of different animals are shown in Table below.

Major raw materials	Origin
Grandparent stock chicken broiler	imported from the America, Europe and Australia
Grandparent stock chicken layer	imported from Europe
Parent stock chicken broiler	from Company-owned farms and domestic associate farms
Parent stock chicken layer	imported from Europe
Swine breeder	imported from the America and Europe
Animal drugs	from domestic suppliers
Animal feed	from company-owned feedmill

• Live Animal, Fresh Eggs and Processed Livestock Meat

Products in this category include live chicken, layer egg, live duck, duck egg, live swine, and processed livestock meat. These products are distributed to end consumers by our agents/distributors. Products are also distributed and sold to wholesalers, retailers and company-owned food processing plants and other processing plants in Thailand. Prices of products fluctuate depending on the supply and demand.

The Company emphasizes on continuous research and development in farming technology and techniques suitable to domestic growing condition, effective disease prevention, fast growth and low feed conversion ratio for high productivity and low production cost. At present, the Company employs closed and evaporative cooling system with computer-controlled feeding in all of its poultry and swine farming.

In addition to the Company-owned farms, the Company promotes chicken broiler and pig farming by providing animal breed, animal feed, animal drugs and farming techniques and know-how to farmers who have passed the screening processes. Most farmers participating in the program employ the evaporative cooling system and other standards adopted by the Company. The farmers are compensated on the production outputs that meet standards set by the Company.

The Company is the first company outside the European Union to be awarded with the Animal Welfare Standard, the most stringent standard to date for export chicken. Consideration has to be given to all aspect of the animal welfare, e.g., animal must be provided with sufficient feed and water, animal must be raised in suitable and comfortable environment, animal is free from pain and diseases, animal must have free range, and animal must not be stressed.

Output from farming is processed into various basic processed meat products depending on market requirements. Some products are processed as fresh, some as chilled and some as frozen and sold to wholesalers and retailers, domestically and internationally. Selling price is subject to supply and demand in each respective market or at an earlier agreed price.



CP-Kurobuta Pork



CP Frozen Raw Peeled Deveined Tail On Shrimp

Aquatic Business Line

Main products under aquatic farming are as follow:

• Shrimp Fry and Fish Fry

Quality shrimp fry is an important factor to ensure success in shrimp farming. The Company invests in research and development to produce quality fry that are disease resistant and suitable for growing in different climatic conditions. Primary species is white shrimp and secondary species is black tiger shrimp.

The Company has developed several fish breeds for commercial farming. Fish fries include tubtim fish which was developed from tilapia.

The Company's shrimp and fish hatcheries employ good farm management and modern farming techniques with effective disease prevention and control. Our quality shrimp and fish fries are sought after. Prices depend on supply and demand and quality of the fries.

• Fresh Shrimp and Frozen Shrimp

Fresh shrimp raised and harvested from the Company's farms are supplied to company-owned processing plants. Shrimp fries and feed are from company-owned hatchery and feedmill. The Company employs closed farming system which is environmental friendly and bio-secure. No antibiotic is used at any stage of production.

The Company exports frozen shrimp from its processing plants through importers in respective market. Price is dependent on supply and demand or upon agreement based on customer's specification.

3. Food

Livestock Business Line

The Company adds value to its basic processed meat with additional processes of boiling, steaming, frying, baking or grilling depending on the customer's requirements. Products are then packed, frozen and

distributed to retailers and wholesalers, fast food operators and modern trade, e.g., convenience stores, supermarkets and supercenters. Products are also exported through importers in respective market. Major export markets are the European Union, Japan and other Asian countries. More representative offices have been set up and agents appointed to provide better customer service. We now have presences in the US, Japan, Hong Kong, China, Russia, England, Belgium, Germany, Spain, France, Denmark, Italy and United Arab Emirates, etc.

Some of our cooked products are available domestically and internationally including frozen chicken karaage, seaweed-wrapped chicken, teriyaki chicken, roast duck, frozen steamed chicken breast, green curry chicken with rice, soya duck with noodles, egg tofu, meatball and sausage. The Company produces and brands its products under CP, V Pork, Kitchen Joy, ThaiThai, Five Stars, BK, and BKP as well as private labels. Pricing for private label is agreed at time when contract is made.

The Company places the utmost importance to "product quality" that meets standards, serves variety needs, tasty and hygienic, and most importantly safe for consumption. The Company emphasizes quality of raw materials. Thus, the Company has a system to randomly check the quality of raw materials and products throughout the production processes. 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 processes.

The Company is committed to continuous improvement in production processes to meet internationally recognized standards. Certifications of our plants include: Good Manufacturing Practices (GMP), a production process system, Hazard Analysis and Critical Control Points (HACCP), a food safety system, EST/TH, ISO 9002, a production and management system, British Retail Consortium Standard, a production process and human resource management system, OSHAS 18000, Occupational Safety & Health Administration Management System, ISO 14001, an environment management system, and ISO 18001, workers safety system.



CP Shrimp Cake

CP Cooked Peeled Deveined Tail On Shrimp

Aquatic Business Line

Products under this category are semi-cooked, cooked shrimp and ready-to-eat. Products are frozen and packed under **CP** trademark or private labels. They are distributed domestically through modern trade, convenience store, food service and CP Fresh Mart, a company-owned distribution channel. Export is done through importers.

The Company emphasizes production of semi-cooked and ready-to-eat products depending on customers' requirements. Processing methods include boiling, steaming, and frying and products include shrimp wonton and cooked shrimp.

Major importing countries are the US, Japan, and the European Union. Modern equipment and technology are employed to meet international standards and assure quality and food safety integrity of products. Pricing is negotiated and agreed upon purchase and contract made.

Retail Distribution Channel

The Company is investing to expand distribution channels through its own outlets and retail shops, selling chilled and frozen ready-to-eat products under the Five Star and **CP** brands. Products include cutlets or basic processed meat according to customers' specific requirements.

The Company operates three types of outlets — the Five Star business, CP Fresh Mart and CP Food Market.

Five Star business: The Company bought the Five Star business in 2005 to multiply its food distribution channels. Operated as a franchise business, the Five Star brand provides food kiosks for interested people to become franchisees. More products were added to the Five Star business and this year there were five types of Five Star kiosk totaling 4,600 kiosks across the country, consisting of 2,400 roasted-chicken kiosks, 1,300 fried-chicken kiosks, 620 Hainan chicken rice kiosks, 180 noodles with shrimp wonton kiosks and 100 ready-meal kiosks.


CP Fresh Mart engages in retail business, selling fresh food, cooked food and ready-to-eat products under CP and CP Fresh Mart brands, known for quality products. CPF is committed to making CP Fresh Mart a center of fresh, clean, safe and quality foods, and refrigerator of the community near consumers for their convenience and time-saving. The Company has steadily expanded CP Fresh Mart to cover Bangkok Metropolis, the vicinity, and provincial areas. At the end of 2011, CP Fresh Mart operates 600 stores: 250 in Bangkok and vicinity and 350 in provincial areas. Customers are divided into 4 main groups as follows:

- **Housewives:** Customers in this group are very particular about selecting only clean, fresh, and safe products of standard quality for the family.



CP Fresh Mart

Five Star brand

- **New Generation:** Customers in this group are always on the go, such as new recruits or students who prefer products to be convenient, fast, and good quality.
- **Restaurants:** Customers in this group value the quality of products and the safety of customers, and demand only fresh and processed foods as cooking ingredients.
- **Retail stores (community refrigerators):** Customers in this group want to be our agents in selling cooked and ready-to-serve food under  quality brand.

CP Food Market is a modern trade retail business for Thailand with modern, colorful design, combining the appeals of the supermarket and the convenience store to serve shopping lovers. CP Food Market operates under the concept of "Total Meal Solution Provider" and responds to the changing lifestyle of city dwellers by providing customers with nutritious food from morning through evening. CP Food Market mainly sell food products. CP Food Market launched its first branch in 2011.



CP Food Market

Overseas Operations


As of 31 December 2011, CPF overseas businesses are operated through the following subsidiaries:

1. Integrated chicken business in Turkey

CPF invested through its direct and indirect wholly owned subsidiary, C.P. Standart Gıda Sanayi ve Ticaret A.Ş. ("CPS"). CPS mainly engages in feed, farm and food businesses as detailed below:

1.1) Feed business — CPS is among Turkey's leading manufacturers and distributors of livestock feed. The main product is chicken feed distributed under the CP and C.P. YEM brands.

1.2) Farm business — CPS operates breeder farm, livestock farm and basic meat-processing businesses. The main products are parent stock chicken broilers, parent stock chicken layers, broiler chicks, layer chicks, live chickens, chicken eggs and basic processed meat. CPS's farms are located countrywide in Turkey such as Durdurga city. CPS also implements projects supporting local farmers in raising broiler chickens.

1.3) Food business — CPS adds value to its processed meat by producing semi-cooked food, fully-cooked food and ready-to-eat products such as chicken nuggets, chicken burgers, kerifite, donair and kebabs. The products are distributed locally and exported under  brand.



Pilic Nugget



Pilic Acili Kebap

2. Aquatic business in China

CPF invested through its direct wholly owned subsidiaries, C.P. Aquaculture (Beihai) Co., Ltd. ("CPB"), C.P. Aquaculture (Hainan) Co., Ltd. ("CPH") and C.P. Aquaculture (Dongfang) Co., Ltd. ("CPD"). CPB operates the manufacturing and distribution of aquatic feed, while CPH engages in aquaculture farming and aquaculture hatchery businesses, and CPD operates shrimp hatchery businesses.

3. Livestock and aquatic businesses in India

CPF invested through its indirect wholly owned subsidiary, Charoen Pokphand (India) Private Limited ("CP INDIA"). The main businesses are feed and farm businesses as detailed below:

3.1) Feed business — CP INDIA is one of the country's leading producers and distributors of livestock and aquatic feed. The major products are chicken feed and shrimp feed distributed under the following brands: CP, STARFEED, NASA, NOVO, BINTANG, ERAWAN and BLANCA.

3.2) Farm business — CP INDIA operates breeding farms and animal farming. The major products include parent stock chicken broilers, broiler chicks and live chickens. CP INDIA's livestock farms are located in the states of Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra, West Bengal, Punjab and Haryana.

4. Aquatic business in Malaysia

CPF invested through its indirect wholly owned subsidiaries: Star Feedmills (M) Sdn. Bhd. ("SFM") and Asia Aquaculture (M) Sdn. Bhd. ("AA"). The main businesses are feed, farm and food businesses as detailed below:

4.1) Feed business — Star Feedmills (M) Sdn. Bhd. ("SFM") is among Malaysia's leading manufacturers and distributors of aquatic feed. The main products are shrimp and fish feeds distributed under the brands: STARFEED, NOVO and BLANCA.

4.2) Farm business — Asia Aquaculture (M) Sdn. Bhd. ("AA") operates integrated shrimp farming business, including shrimp hatcheries, shrimp farming and basic processing, with its farms located on the Peninsular and East Malaysian coasts. The main products include shrimp fries, shrimps and frozen shrimps.

4.3) Food business — Shrimps are processed into fully-cooked food like boiled shrimps in deep freeze packs, and are distributed locally, as well as exported.

5. Chilled food production plant in England

CPF invested through its indirect 52% holding subsidiary, CP Foods (UK) Limited ("CPF UK"). CPF UK's main business is the manufacturing of chilled food products for sale in EU countries.



Aromatic Crispy Duck with Pancakes



King Prawn Wonton Soup with Noodles

6. Livestock business in Russia

CPF invested through its direct and indirect 99.99% holding subsidiary, Charoen Pokphand Foods (Overseas), LLC. ("CPF OVERSEAS") which engages in feed and farm businesses, and its indirect 99.99% holding subsidiary, CPF Agro LLC. which engages in a farm business. Details of both businesses are as follows:

6.1) Feed business — CPF OVERSEAS is a producer of animal feed for sale in the Russian market. The main products include chicken, swine and cattle feed, distributed under CP HI-GRO brand for swine feed, HYPROVITE brand for chicken feed and CP brand for cattle feed.


6.2) Farm business — CPF OVERSEAS and CPF Agro LLC. operate swine breeder farms and swine farms in Russia. The companies own all farms, located in Moscow and Kaluga.

7. Livestock business in Laos

CPF invested through its indirect 99.61% holding subsidiary, C.P. Laos Co., Ltd. ("CP LAOS"). CP LAOS mainly engages in feed, farm and food businesses as detailed below:

7.1) Feed business — CP LAOS is the leading manufacturer and distributor of livestock feed in Laos. The main products are chicken feed and swine feed distributed under the CP HI-GRO and HOG brands.

7.2) Farm business — CP LAOS operates an animal breeding, animal farming and basic meat-processing businesses, with its farms located in Xaithani, Vientiane. The main products are parent stock chicken broilers, parent stock chicken layers, broiler chicks, layer chicks, piglets, live chickens, chicken eggs, swine and basic processed meat. Besides operating its own farms, CP LAOS implements projects to support local farmers in raising broiler chickens and swine in areas surrounding Vientiane, and its branches.

7.3) Food business — CP LAOS produces semi-cooked food, fully-cooked food and ready-to-eat products, including Five Star roasted chickens and Five Star fried chickens, for sale locally under the  and Five Star brands.

8. Livestock and aquatic businesses in the Philippines

CPF invested through its direct 99.99% holding subsidiary, Charoen Pokphand Foods Philippines Corporation ("CPFP"). The main businesses include feed and farm businesses as detailed below:

8.1) Feed business — CPFP is a manufacturer and distributor of livestock and aquatic feed in the Philippines. The main products are chicken and swine feeds for sale under the CP brand. CPFP also imports shrimp and fish feeds from Thailand for its own use and for sale to customers under the CP and BLANCA brands.


8.2) Farm businesses — CPFP engages in animal breeding and animal farming businesses. CPFP has two main business lines: livestock business and aquatic business. Livestock business mainly engages in swine farming for local distribution whereas aquatic business covers shrimp breeding and shrimp farming.

9. Livestock business in Taiwan

CPF invested through its indirect 32.41% holding subsidiary: Charoen Pokphand Enterprise (Taiwan) Co., Ltd. ("CPE"), a company listed on the Stock Exchange of Taiwan under the stock code "1215". The main businesses include feed, farm and food businesses as detailed below:

9.1) Feed business — CPE is among Taiwan's leading manufacturers and distributors of animal feed. The main products are swine and chicken feeds distributed under the CP brand.

9.2) Farm business — CPE engages in livestock breeding, livestock farming and basic meat processing businesses. The main products are piglets, live chickens, swine and basic processed meat. CPE's farms are located in Wangjiang and Kuanmeaw. Besides operating its own farms, CPE implements projects supporting local farmers in raising swine and broiler chickens.

9.3) Food business — CPE processes its basic processed meat to semi-cooked food, fully-cooked food and ready-to-eat products under  brand and distributes locally. Products include Boston Roasted Chicken Wing, Chicken Fried Stick, Cheese Chicken Finger, Chicken Nugget, Chicken Soup with Ginseng, Chicken Soup with Angelica, and Chicken Soup With Chinese Caterpillar Fungus.

Tax Privileges

As of 31 December 2011, some of the Company's businesses have been granted significant tax privileges as outlined as follows:

Thailand Operations

Company / Business	Province	Major Privileges	Commencing Year-Expiry Year
Charoen Pokphand Foods Plc.			
Aquatic Feedmill	Samutsakorn	Income Tax Exemption	2004-2012
Shrimp Hatchery	Trat	Income Tax Exemption	2004-2012
Shrimp Hatchery	Chumporn	Income Tax Exemption	2004-2012
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 Slaughterhouse, Feather Processing Plant	Nakhon Ratchasima	Income Tax Exemption	2004-2012
Aquatic Processing Plant	Samutsakorn	Income Tax Exemption	2005-2013
Aquatic Processing Plant	Rayong	Income Tax Exemption	2005-2013
Shrimp Hatchery	Phang-nga	Income Tax Exemption	2006-2014
Aquatic Feedmill	Songkla	Income Tax Exemption	2006-2014
Aquatic Feedmill	Saraburi	Income Tax Exemption	2008-2016
Butter Production Plant	Nakhon Ratchasima	Income Tax Exemption	2009-2017
Aquatic Processing Plant	Suratthani	Income Tax Exemption (8 years)	2011-2019
Aquatic Processing Plant	Rayong	Income Tax Exemption (8 years)	No revenues occur yet
Aquatic Feedmill	Songkla	Income Tax Exemption (8 years)	No revenues occur yet
Aquatic Feedmill	Chonburi	Income Tax Exemption (8 years)	No revenues occur yet

Company / Business	Province	Major Privileges	Commencing Year-Expiry Year
Bangkok Agro-Industrial Plc.			
Swine Farm	Karnchanaburi	Income Tax Exemption	2004-2012
Swine Farm	Prajinburi, Srakaew, Chonburi	Income Tax Exemption	2005-2013
Pullet Farm	Prajinburi	Income Tax Exemption	2007-2015
Swine Farm	Chonburi	Income Tax Exemption	2006-2014
Egg Processing Plant	Nakhon Nayok	Income Tax Exemption	2010-2018
Swine Farm	Suphanburi	Income Tax Exemption	2010-2018
Swine Farm	Prajinburi	Income Tax Exemption	2011-2019
Bangkok Produce Merchandising Plc.			
Food Processing Plant	Saraburi	Income Tax Exemption	2004-2012
Food Processing Plant	Saraburi	Income Tax Exemption	2007-2015
Co-Generation Power Station	Saraburi	Income Tax Exemption (8 years)	No revenues occur yet
CPF Food Products Co., Ltd.			
Food Processing Plant	Bangkok	Income Tax Exemption	2006-2014
Co-Generation Power Station	Bangkok	Income Tax Exemption (8 years)	No revenues occur yet
Ready Meal or Semi-cooked frozen products Plant	Bangkok	Income Tax Exemption	2011-2014
International Pet Foods Co., Ltd.			
Pet Food Plant	Saraburi	Income Tax Exemption	2004-2012
CPF Premium Foods Co., Ltd.			
Food Processing Plant	Chachoengsao	Income Tax Exemption	2006-2014
Bangkok Food Products Co., Ltd.			
Swine Farm	Prachuabkirikhan	Income Tax Exemption	2006-2014
Swine Farm	Chaiyaphum	Income Tax Exemption	2010-2018
B.P. Food Products Co., Ltd.			
Swine Farm	Rayong	Income Tax Exemption	2007-2015
Swine Farm	Pitsanulok, Prajinburi	Income Tax Exemption	2008-2016
Swine Farm	Srakaew, Prajinburi	Income Tax Exemption	2009-2017

Overseas Operations

Company / Business	Country	Major Privileges	Commencing Year-Expiry Year
C.P. Aquaculture (Beihai) Co., Ltd.			
Aquatic Feedmill	China	50% Income Tax Exemption	2010-2012
C.P. Laos Co., Ltd.			
Feedmill	Laos	50% Income Tax Exemption	2012-2014
C.P. Standart Gida Sanayi ve Ticaret A.S.			
Grandparent Stock Chicken Farm	Turkey	Income Tax Exemption	2009-2012
Food Processing Plant	Turkey	Income Tax Exemption	2009-2012
Layer Farm	Turkey	Income Tax Exemption	2010-2012
Chicken Breeder Farm	Turkey	Income Tax Exemption	2010-2012
Charoen Pokphand Foods Philippines Corporation			
Swine Farm	the Philippines	Income Tax Exemption (4 years)	No revenues occur yet
Aquatic Feedmill	the Philippines	Income Tax Exemption (4 years)	No revenues occur yet

Industry Overview

Thailand's Food-Processing Industry and the Global Market

Source: Office of the Economics Advisor, Charoen Pokphand Foods Plc.

1. Economic Outlook of Thailand and Global Market

World Economic Outlook 2012

Growth rates of the global economy and major countries according to the World Economic Outlook 2011 are as follows:

World Economic Outlook Projections 2012

GDP	2010	2011	2012
Global	5.1	4.0	4.0
USA	3.0	1.5	1.8
Japan	4.0	(0.5)	2.3
EU	1.8	1.6	1.1
China	10.3	9.5	9.0
India	10.1	7.8	7.5
ASEAN-5	6.9	5.3	5.6

Source: World Economic Outlook, September 2011

Summary of economic situation in the European Union, the United States, China and Thailand:

The European Union

The sovereign debt problem has been constantly threatening the EU and global economies throughout the previous year. With a tendency to intensify in 2012, the problem may expand to commercial banking and other financial sectors and may require financial assistance from the IMF, the EU and the central banks of major countries all over the world. Greece, Italy, Iceland, Portugal and Spain faces more aggravated situations. It has been forecasted that the problem may also cause some members to leave the EU, which currently has 27 member countries.

The United States

Economic recession is still a major concern for the United States and may affect the country's production sector, business profits and household consumption. In addition to its high level of sovereign debt, the United States is vulnerable to the European Union's problems due to their close export, finance and investment ties. It is probable that the United States will have to solve internal economic problems through financial stimulation measures by its Federal Reserve bank.

China

Another challenging year for the Chinese government, the economy of China is projected to expand by 8.9% in 2012. Focusing on quality growth, the government will also continue enhancing the country's status as the world's export production base, as well as emphasizing more domestic consumption. With the development of second-tier cities into large urbanized communities, the purchasing power of Chinese consumers still has strong potential for growth, albeit at a lower rate than the last decade. Products tend to be more complicated with wider assortment.

To achieve the projected annual growth rate of 8% to 9% in the next four to five years, the Chinese government will continue to implement its Go-Global Policy under the 12th Economic Development Plan (2011–2015) by encouraging Chinese businesses to increase their investments in foreign countries. Focusing on food, mineral and energy industries, the foreign investments will provide China with a long-term economic and social stabilization mechanism, with Yunnan selected as one of the centers for economic linkage with ASEAN.

Thailand

The Office of the National Economic and Social Development Board has forecasted that in 2012 Thailand economy will expand by 1.5%, compared with 7.8% in 2010. Stimulated by both internal and external demand, the growth in 2012 is projected to be in the range of 4.5% to 5.5%.

The GDP of the industrial sector for 2011 (based on stable prices) is expected to either decrease by 0.5% or expand not more than 1.0% as a result of the 7% to 8% reduction of industrial outputs.

Industrial Economic Trends in 2012

In 2012, the Thai economy will encounter several challenges, the major ones including (1) economic stimulation through the accelerated production of many industrial sectors and (2) impacts from the increasing economic uncertainty in the United States and the European Union, which may cause the global economy to slow down at a higher rate than expected (Bank of Thailand, 2009).

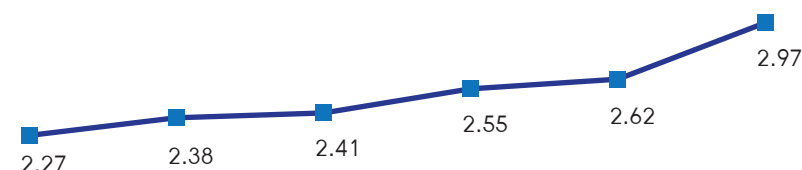
2. Overview of the Global and Thailand Food Industries

The total value of global food exports in 2011 is projected to be USD 1.2 million, an increase of 18% from the previous year (source: Global Trade Atlas, with reference to the National Food Institute's Research and Information Section forecast for 2012).

Global Food Trading

	2006	2007	2008	2009	2010	2011(est.)
Global Food Trading Value (USD million)	687,209	840,990	1,028,227	910,176	974,984	1,150,481
Expansion rate (%)	11.2	22.4	22.3	(11.5)	11.68	18

Overall Global Market Share of Thai Food



For the past five years, the global market share of Thai food products has steadily increased.

2006 2007 2008 2009 2010 2011(est.)

Source: Research and Information Section, National Food Institute (Global Trade Atlas)

The Netherlands is the world's top exporter of food products, accounting for 7.35% of the global export value. Thailand's food exports in 2011 amounted to THB 963,000 million, and are expected to reach THB 971,000 million or USD 32,100 million in 2012, or 2.97% of the global export value. With its steady growth in the global market share over the past 5 years, Thailand ranks twelfth among the world's leading food exporters.

Food Consumption Value in Selected Countries

The budget share of low-income countries in food purchases accounted for almost 50% of the total expenses, compared with 20% in developed countries.

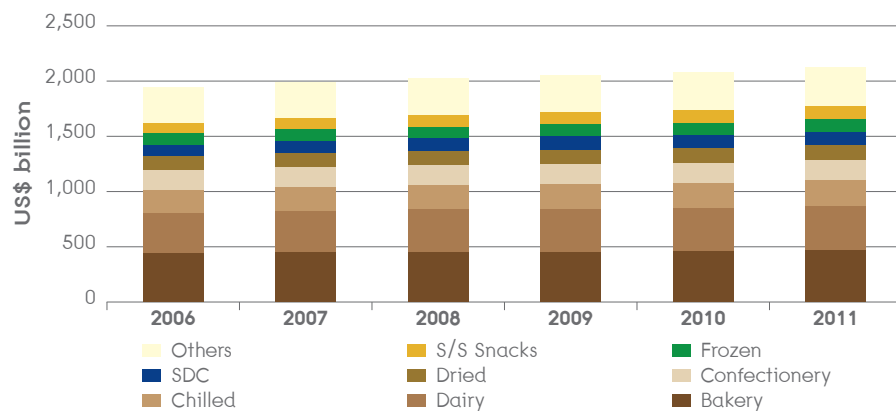
Budget shares for broad aggregates and conditional budget shares for food categories

	Food beverages, & tobacco	Clothing & footwear	Housing	House furnishings	Medical & health	Transport & communications	Recreation	Education	Other
Low-income	0.485	0.061	0.135	0.052	0.045	0.102	0.031	0.034	0.054
Middle-income	0.311	0.055	0.183	0.056	0.059	0.155	0.061	0.033	0.087
High-income	0.204	0.051	0.187	0.060	0.089	0.149	0.095	0.031	0.134
	Cereals	Meats	Fish	Dairy	Oils & fats	Fruits & vegetables	Food other	Beverages & tobacco	
Low-income	0.233	0.134	0.063	0.078	0.049	0.181	0.146	0.116	
Middle-income	0.124	0.172	0.035	0.099	0.030	0.145	0.208	0.187	
High-income	0.086	0.118	0.041	0.066	0.014	0.098	0.369	0.208	

Source: 2005 International Comparison Program (ICP) data, World bank.

Trends Relating to Processed Food

The total projected value of processed food throughout the supply chain in 2011 amounted to USD 2,100,000 million (Euro Monitor, 2011).

Global packaged Food Retail Value Sales by Major Category 2006 – 2011


The United States is the world's top packaged food market with a 16% share of the global market.

Top 10 Packaged Food Markets by Retail Value 2011

Country	Retail Value (US\$ billion)	Y-o-Y % growth
US	331.9	1.0
Japan	225.9	(1.5)
China	140.4	9.3
Brazil	115.8	5.9
Germany	100.9	(1.8)
UK	94.1	0.7
France	93.6	0.8
Russia	87.7	2.2
Italy	87.2	0.8
Mexico	63.2	3.3

Iran is the country with the highest market growth in the trading of processed food, with good prospects in India, China and Indonesia. In terms of volume, the growth of Thai products still ranks among the world's top ten.

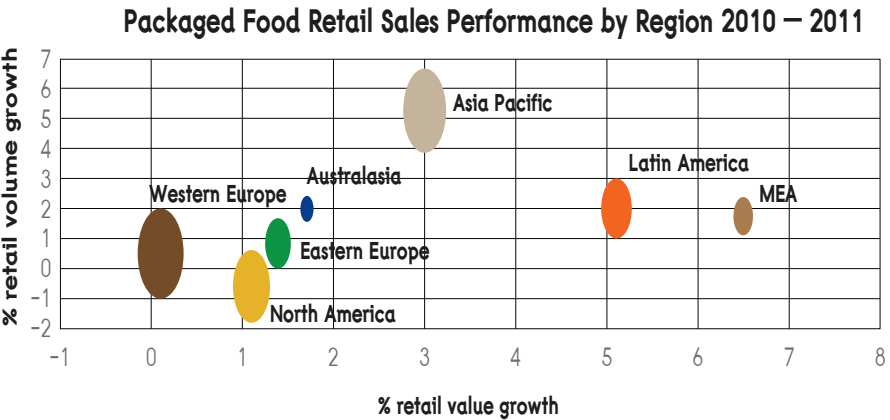
Top 10 Packaged Food Markets by % Retail Value Growth 2011

Country	Retail Value (US\$ billion)	Y-o-Y % growth
Iran	24.1	18.9
Argentina	24.5	13.4
India	25.4	10.3
Vietnam	6.0	9.6
China	140.4	9.3
Algeria	8.7	7.8
Indonesia	22.2	7.2
Cameroon	0.7	6.5
Lithuania	1.9	6.1
Brazil	115.8	5.9

Top 10 Packaged Food Markets by % Retail Volume Growth 2011

Country	Retail Value ('000 tonnes)	Y-o-Y % growth
China	60,033	8.3
Vietnam	2,511	8.1
India	21,463	7.8
Indonesia	11,420	7.6
Pakistan	2,755	6.0
UAE	976	5.2
Thailand	3,314	5.1
Cameroon	516	4.8
Algeria	11,075	4.3
Peru	2,746	4.1

Countries in the Asia Pacific region have the highest combined growth rate in terms of volume, while the Middle East and African regions have the highest value growth.



Noted : Size of bubble denotes US\$ retail value sales for 2011 at fixed 2011 exchange rates and prices. Range of US\$ 41.3 million to US\$ 605.8 million.

3. External Factors Affecting the Global Food Industry

3.1 Population Increase

As food products are essential commodities for everyone, the number of food consumers and population are significantly correlated. Data in the following chart indicate slower rates of population growth among developed countries compared with Asia-Pacific countries, especially China and India, with their combined population accounting for 37% of the global population.

Increases in Population Numbers

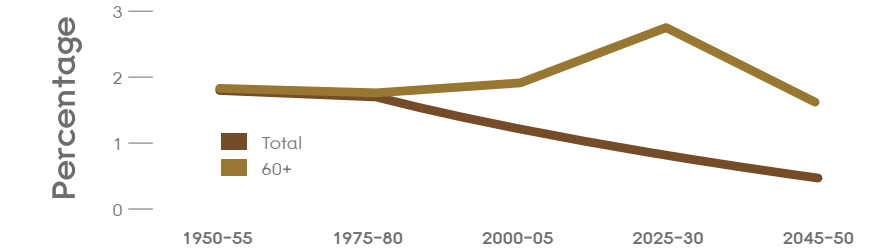
Year	Global	Asia	Africa	Europe	Latin America	North America	Oceania
2000	6,115	3,698	819	727	521	319	31
2005	6,512	3,937	921	729	557	335	34
2010	6,909	4,167	1,033	733	589	352	36
%	100	60	15	11	9	2	1
2045	8,996	5,193	1,887	700	726	440	50
2050	9,150	5,231	1,998	691	729	448	51
%	100	57	22	8	8	4	1

Source: UN 2008 estimates and medium variant projections

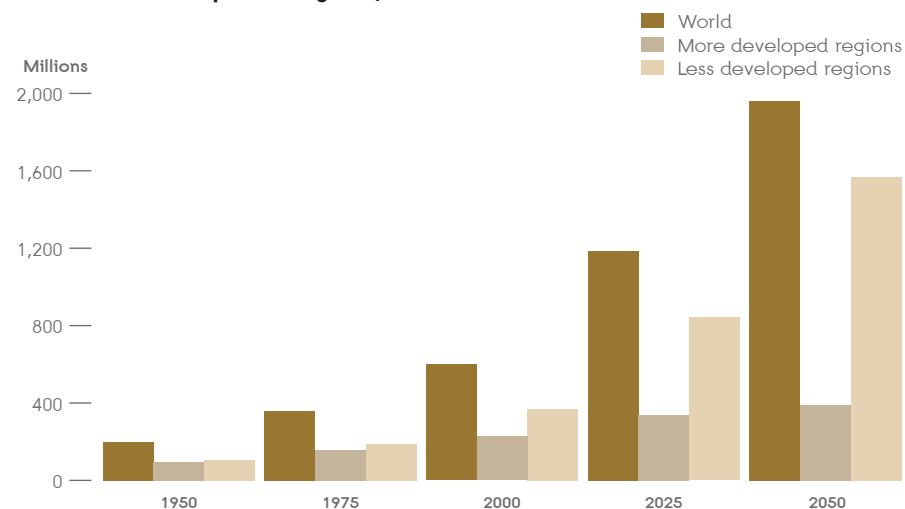
3.2 Population Structure Increasingly Dominated by the Elderly Group

The global population will increase albeit at slower rates, while the growth rate of elderly population (aged 60 or over) will continue rising until 2030 before slowing down. Data from the World Population Ageing 1950–2050 Report, Population Division, DESA, United Nations, show that the trend of the elderly group versus the global population is rising, with the situation being more pronounced among the less-developed countries.

Figure 9. Average annual growth rate of total population and population aged 60 or over: world, 1950 – 2050



**Figure 8. Population aged 60 or over:
world and development regions, 1950 – 2050**



Source: World Population Ageing 1950–2050 Population Division, DESA, United Nations

Changes in the population structure will create both opportunities and limitations including:

- 1) Addition of food production lines for the elderly
- 2) Fewer workers available for production line adjustments.

3.3 Increased Number of Poor People

The strategy of exporting food products to poor countries is not viable even though their population is increasing. By investing in food production in these countries, the Company will benefit from their lower labor costs and be able to produce more suitable products to match their low purchasing power.

Population Living in Poverty

Country	Population (million people) 2011	GDP (USD million) 2010	GDP per capita (USD) 2010
Global	6,928	74,540	11,200
USA	313	14,660	47,200
Japan	126	4,310	34,000
China	1,337	10,090	7,600
Germany	81	2,940	35,700
Netherland	17	677	40,300
Thailand	67	587	8,700
ASEAN	580	1,853	

Source: CIA Factbook

3.4 Consumers' Changing Needs

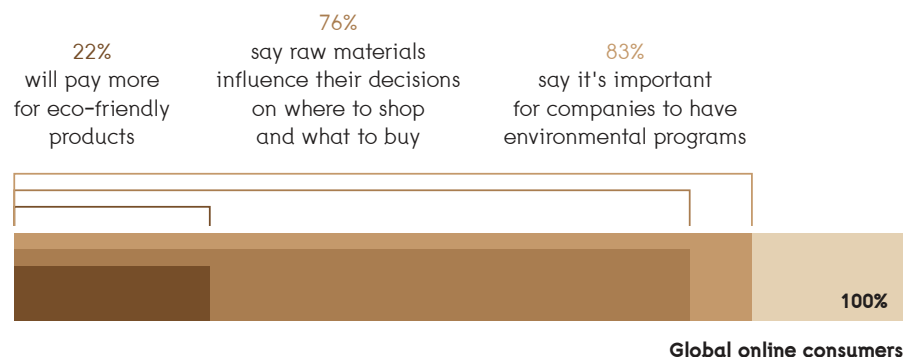
Consumers' needs affect the agro-industrial and food productions in the following ways:

- **Consumers' increasing concern with global warming**

The following chart shows the changing needs of consumers, with 83% of them preferring to purchase foods from the most eco-friendly business operators.

Less than one-fourth are willing to pay more for eco-friendly products

Global Online Consumers Q1 2011



Source: Nielsen, Global Online Survey, Q1 2011. Percentages equal more than 100% because respondents could choose all choices that apply.

Thailand's food industry development would benefit significantly if the Thai government and Thai companies adopt an eco-friendly policy. Implementation of an eco-friendly policy actually reduces waste disposal expenses, saves production costs from the reuse of recycled parts, increases earnings from the higher selling prices that consumers are willing to pay for such products and promotes the good image of being an eco-friendly company.

- **Consumers want healthy foods** to satisfy their nutrition requirements.
- **Consumers recognize the importance of product labels** — Many packaged food products have more nutrients, while an increasing number of restaurants also provide their customers with nutrition information.
- **Consumers want more safe food products**, especially Japanese consumers. The simplification of product safety design not only helps consumers make a quick purchasing decision, but also enables producers to maintain food safety standards throughout the entire supply chain of food delivered to consumers. One good example is the application of smart labels that inform consumers about product freshness adopted by a fresh chicken meat distributor.

- **Consumers want more choices of processed food** — Consumers require more convenience, speed, economize and value added in purchasing food products. For example, sausages and vegetables, which they can eat almost instantly when they reach home.

- **Consumers want convenience in food preparation.**

- **Consumers want to enjoy eating.**

- **Purchasing behavior of consumers**

- Increased emphasis on product value for money
- After the economic crisis, food ordering through the internet and food delivery services is becoming more popular
- Increased purchasing of multiple items in large quantities
- Fewer trips to purchase food

- **Increased purchase of more local food.**

3.5 Changes in Distribution Channels

No longer limited to the traditional fresh food markets, additional distribution channels include modern trade outlets and the internet, especially the increasing popularity of social networks. Business operators should adapt to this change and turn it to their profit.

Agricultural Economic Situation in 2011 and Forecast for 2012

Source: Bureau of Agricultural Economic Research, Office of Agricultural Economics

According to the Office of Agricultural Economics' forecast, the agricultural sector has expanded by 2.2% in 2011, with strong growth during the first half due to good weather conditions, but with contraction in the third quarter and in the fourth quarter, resulting from the Great Floods. Starting around the end of July and escalating to inundate large areas in the

Northern, Northeastern and Central Regions, the floods devastated the cultivation areas and outputs of several agricultural products. Details of each sector are as follows:

1. Crop Sector

Agricultural production expanded by 3.8% in 2011 from 2010. Flood in Southern Thailand during the early of the year caused some damage to parawood and palm oil plantation areas, but did not significantly affect the overall production. However, the impact of many storms from the early of the third quarter and continuing into the fourth quarter caused heavy floods covering nearly all cultivation areas of the country. Bearing the most severe impacts were the Northern Region and the Central Region's river basins, the latter being the country's major rice cultivation area, thus reducing the output of the main rice crop. Soybean production also fell slightly because some farmers turned to growing other more profitable crops. However, there was an increased output of many agricultural products, including the second rice crop, maize, tapioca, sugarcane, rubber and oil palm. Encouraged by the good prices of tapioca and sugarcane, farmers took better care of their crops and produced significantly more output. The prices of most agricultural products rose in line with global prices and demand, especially oil palm, grade-three rubber sheets and main crop paddy. To sum up, the agricultural sector's production was still expanding well due to the strong growth during the first and second quarters of this year.

2. Livestock Sector

The overall production in the livestock sector expanded by 1.2% in 2011 from 2010, with significant improvements in broilers, layers and unprocessed milk. Broiler production started to recover to normal in both quantity and quality, resulting from the application of good and safe production systems which reduced output losses caused by bird epidemics, rising demand for local chicken meat consumption to substitute for the lower production and higher prices of pork and the

expansion of exports to Japan and the European Union due to the tsunami in March and epidemic problems in Japan, as well as the European Union's price projection, with both markets accounting for 90% of total exports from Thailand. Layers production expanded due to the introduction of new layer chicken parent stock which yielded a higher output, together with higher production efficiency attained through the development of breeder stock and better farming technologies. Swine production contracted because of Porcine Reproductive and Respiratory Syndrome (PRRS). The Great Floods at the end of this year affected livestock production in some areas, especially the production of layers and swine in the upper Central Region, but did not have much impact on the overall production. Livestock prices still increased over those of the previous year, resulting from higher costs of raw materials for animal feed production and increasing market demand.

3. Fisheries Sector

Fisheries production in 2011 decreased by 2.6% due to a variety of factors: 1) floods, which affected many areas of the country since the beginning of the year, especially major coastal fisheries production areas in the South, 2) volatile weather conditions which affected the growth and survival rates of aquatic species, and 3) higher production costs. From January to November 2011, the output volume of cultivated shrimp, the country's main fisheries product, was 464.35 thousand tons, a decrease of 10.4% from 518.37 thousand tons last year. Shrimp prices increased because of three main factors: 1) continuous demand for exports; 2) lower global output caused by natural disasters and epidemics in major producer countries including China, Vietnam and Indonesia; and 3) farmers' production planning to avoid price slumps. Regarding freshwater fisheries, the overall output decreased slightly from that of the previous year due to flood problems. Domestic consumption accounts for 90% of the total freshwater fisheries outputs, and the remaining 10% are exported, primarily Nile Tilapia fish and related products.

Except for processed shrimp, almost every fisheries product had a lower export volume this year. However, the export value of all products rose due to higher export prices comparing to last year. Lower global output, continuous export demand and impacts of natural disasters and epidemics in other producer countries contributed to the rising prices.

Agricultural Sector Overview for 2012

The agricultural economy is expected to continue its expansion in 2012 by 4.5%-5.5%, assuming normal weather conditions and no severe problems with drought, floods, pests or epidemics. The crop sector will enjoy good growth due to the rising prices of most products, which will encourage farmers to increase production. The livestock sector will continue to expand as a result of high prices and systematic and standardized production planning. The fisheries sector is also expected to grow although it is sensitive to volatile weather conditions and rising trend of oil price and aquatic feed price which will result in higher production costs. Agricultural sector may still be affected by external risks including volatilities of global economy, currency exchange rates and oil prices.

1. Crop Sector

The crop sector's expansion is expected to rise further by 6.3%-7.3% due to better pest control and the increased production of most crop products due to favorable prices, including sugarcane, rubber and oil palm. Prices of all products are expected to rise in response to the expanding demand of foreign markets.

2. Livestock Sector

Livestock production for 2012 is expected to expand by 2.1%-3.1% due to improvements in farming systems and control processes, as well as consistent safeguarding against epidemics to reduce the impacts of Porcine Reproductive and Respiratory Syndrome (PRRS) in swine. The demand of foreign markets is expected to rise continuously, especially

Japan and the European Union, which are Thailand's main chicken meat export markets. Domestic demand will not increase significantly because consumers still have to bear the costs of recovering from this year's flood damage. Livestock production may still be affected by volatile weather conditions, epidemics, natural disasters and rising production costs. The average prices of broilers, swine and unprocessed milk are expected to rise higher in 2012, while the prices of chicken eggs are expected to decrease with their higher outputs.

3. Fisheries Sector

The fisheries sector is expected to expand by 0.6%-1.6% in 2012. The production of cultivated shrimp will increase significantly due to this year's high prices, which will encourage farmers to plan well to ensure that they produce high-quality products as required by the markets. Barring unexpected problems, freshwater fisheries production is expected to increase with continual promotion by the Department of Fisheries.

Fisheries exports are expected to expand in response to market demands, especially saltwater shrimp. Volatile weather conditions would reduce the global output of shrimp production and drive up prices. However, Thai fisheries products still have to deal with trade barriers concerning production standards.

Growth in Gross Domestic Products (GDP) in the Agricultural Sector

Sector	2011	2012
Agricultural Sector	2.2	4.5-5.5
Crop	3.8	6.3-7.3
Livestock	1.2	2.1-3.1
Fisheries	(2.6)	0.6-1.6

Source: Estimated by the Bureau of Agricultural Development Policy and Planning, Office of Agricultural Economics

Major Agricultural Product Outputs (calendar year)

Product	2012	2011**	% Change
Maize (million tons)	4.48	4.81	7.18
Soybean (million tons)	0.17	0.15	(11.08)
Broiler chickens (million birds)	970.94	1,018.74	4.92
Live swine (million swine)	12.10	11.89	(1.73)
Chicken eggs (hundred eggs)	9,786.86	9,852.67	0.67
Farmed shrimp * (thousand tons)	518.37	464.35	(10.42)

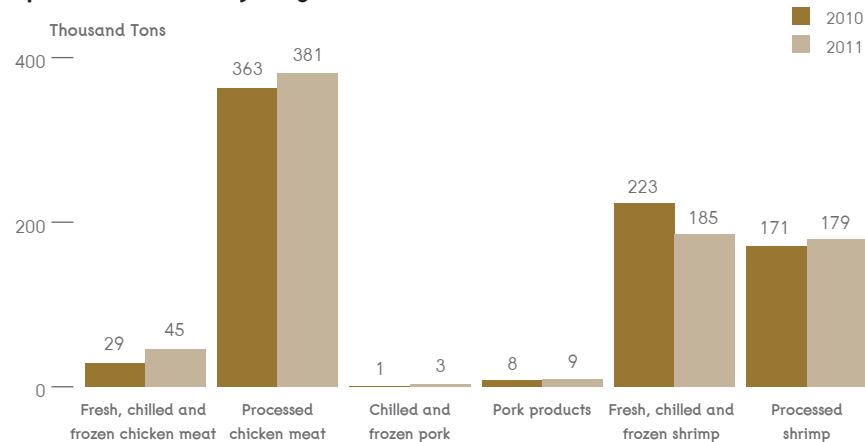
Source: Centre for Agricultural Information, Office of Agricultural Economics

* Monitoring team on economic data of each fisheries product, Department of Fisheries

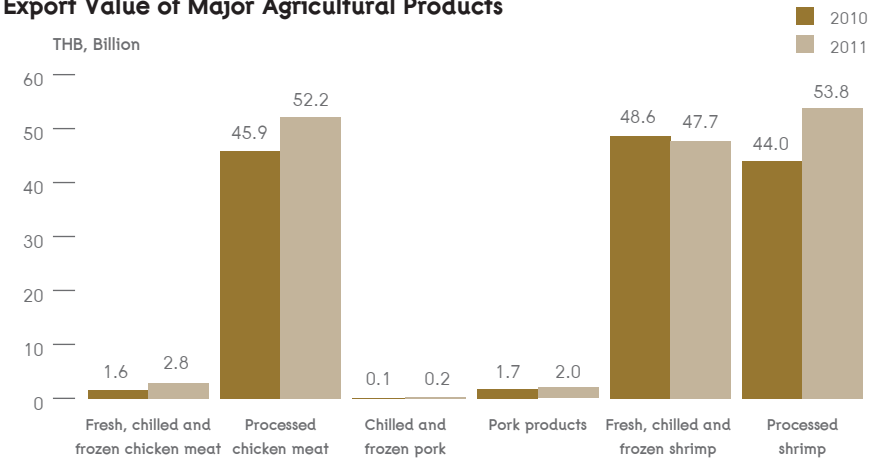
Remark: Crop and livestock data as of December 2011

Farmed shrimp data covering January to November

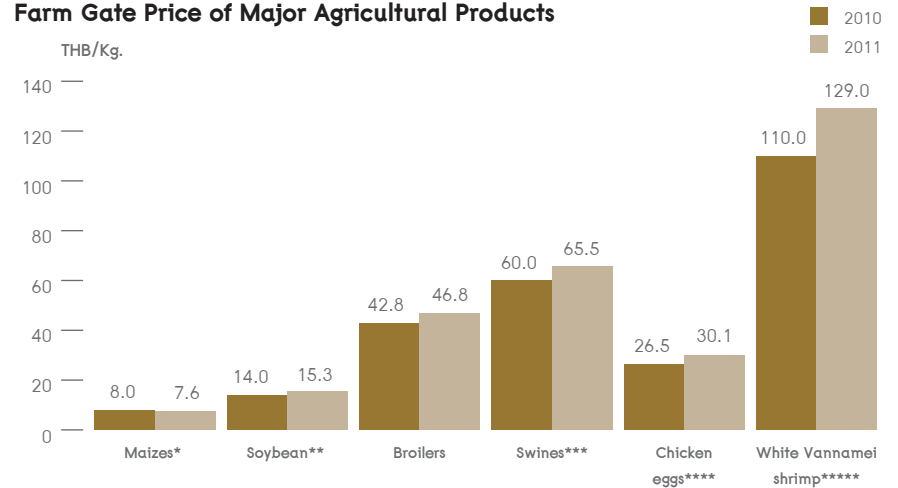
** Forecast

Export Volume of Major Agricultural Products

Source: Centre for Agricultural Information, Office of Agricultural Economics in conjunction with Customs Department

Export Value of Major Agricultural Products

Source: Centre for Agricultural Information, Office of Agricultural Economics in conjunction with Customs Department

Farm Gate Price of Major Agricultural Products

Source: Centre for Agricultural Information, Office of Agricultural Economics

Remark: * Corn: moisture < 14%

** Mixed soybean

*** Swine: weight > 100 kilograms

**** Chicken eggs: mixed sizes (THB/ten eggs)

***** White vannamei shrimp: 70 pieces/kg.

Economic Overview of Countries in which the Company has Operations

Turkey

Economic Overview 2011

Turkey's economy has grown continuously. The country's GDP increased by 9.0% in 2010 and is expected to increase about 7.0% in 2011. The euro debt crisis had some minor impact on Turkey's economy, due to the country's strong banking system, which was the outcome of structural reforms implemented during its own financial crisis in 2001.

Agricultural Sector Overview 2011

The total chicken meat production in 2011 was 1,620,283 tons, increased 12.2% from 1,444,059 tons in 2010. The total number of chickens slaughtered during 2011 was 964 million chicken increased 14.2% from 844 million chicken in 2010. (Source: TUIK, TMO, CBRT, Food and Agriculture Organization of the United Nations (FAO) and Ministry of Agriculture and Rural Affairs)

Farm Gate Prices for Major Agricultural Products

Product	2010		2011	% Change
	Jan-Dec	Jan-Nov	Jan-Nov	
Corn (Turkish Lira/Ton)	476	472	622	31.8
Soybean (Turkish Lira/Ton)	777	770	847	10.0
Live Broiler (Turkish Lira/Ton)	2.10	2.15	2.24	4.3

Source: Turkstat, The summary of agricultural statistics publication

India

Economic Overview 2011

India's overall economy expanded at a slightly slower pace in 2011 than in the previous year. GDP increased by 8.2% in 2011 versus 8.8% in 2010, and was projected to rise slightly to 8.3% in 2012, while inflation in 2011 remained quite high at 9.5%. The government's stimuli and investments from a large number of foreign investors resulted in the continued expansion of India's economy. However, the Rupee currency weakened significantly toward the year-end due to the European economic problems, with its value decreasing from 44-45 Rupee per USD to 51-55 Rupee per USD during November and December 2011. (Source: Export and Import Bank of India)

Agricultural Sector Overview 2011

Crops Sector

Prices of cereal food category, such as rice, wheat, sugarcane and corn increased substantially due to the government's price support program. Persistent rainfall and the absence of natural disasters resulted in higher crop yields.

Livestock Sector

Livestock production increased substantially in 2011 with higher investment in broiler and layer chicken production, which in turn was boosted by the 2010 excellent market condition with a 10% price increase. Demand for domestic consumption failed to match the increased production, resulting in a substantial decrease in prices for broiler and layer chicken. It is expected that in 2012, livestock production will not increase substantially, but may increase only according to market demand.

Fisheries Sector

The total shrimp output in 2011 was 145,600 tons, an increase of 39% from that of the previous year, with farming areas of approximately 140,200 hectares.

In 2011, India's shrimp export increased by 15% from 130,553 tons in the previous year to 150,661 tons. The total export value increased by 42% from USD 883 million to USD 1,257 million.

Farm Gate Prices for Major Agricultural Products

Product	2010		2011	% Change
	Jan-Dec	Jan-Sept	Jan-Sept	
Corn : moisture < 14% (Rupee/kg.)	10.1	9.82	12.3	25.25
Mixed soybean (Rupee/kg.)	19.25	19.25	20.01	3.95
Broiler chicken (Rupee/kg.)	55.1	56.9	51.7	(9.2)
Broiler chicks (Rupee/chicks)	26.1	25.8	17.3	(32.9)
Black tiger shrimp : 30 pieces/kg. (Rupee/kg.)	370	350	340	(2.8)
White vannamei shrimp : 30 pieces/kg. (Rupee/kg.)	373	360	330	(8.3)

Source: Export Import Bank of India

Malaysia

Economic Overview 2011

In 2011 Malaysia's GDP increased by 4.8% while inflation stood at 3.2%. It is expected that the country's GDP will increase about 3.2% and inflation will be 3.3% in 2012. (Source: Department of Statistics Malaysia)

In 2011, the Malaysia's government unveiled its four-pronged policies of One Malaysia, Government Transformation Program, Economic Transformation Program and the 10th - 11th Economic Development Plans.

Aiming to become a developed country by 2020, the policies set annual GDP growth at 6%, with the per-capita income increasing to USD 12,139 by 2015 or USD 15,000 by 2020. (Source: Department of Statistics Malaysia)

Agricultural Sector Overview 2011

The agricultural sector was one of the government's 12 Nation Key Economic Areas under its Economic Transformation Program. Policies were specified for the development of each main product group in this sector as follows:

Food Sector

To specify policies for strengthening the export business of food products, focusing on small businesses.

Livestock Sector

This year, Malaysia's government focused on biotechnology farming, with a promotion to attract foreign investment in this business. Priority was given to environmentally friendly large livestock farming.

Fisheries Sector

Top-priority support was given to this sector by promoting premium products for export, focusing on major breeds such as white vannamei shrimp, Nile tilapia, sea bass and garoupa fish. (Source: Performance Management & Delivery Unit (Pemandu) — <http://www.pemandu.gov.my>)

Farm Gate Prices for Major Agricultural Products

Unit: Ringgit/kg.

Product	2010		2011	% Change
	Jan-Dec	Jan-Sept	Jan-Sept	
White vannamei shrimp : 70 pieces/kg.	11.0	12.0	14.5	20.8

Source: Department of Statistics Malaysia

The Philippines

Economic Overview 2011

The government's targeted GDP growth for the year 2011 was 5.3%¹, but it achieved only 3.2% growth at the end of the third quarter. As a result, the projected GDP growth for the year 2011 is 3.6%, with 4.8%² inflation. The country's unemployment rate in October 2011³ was 6.4%.

The service sector commands the biggest share of this country's economy with 54.8% of its GDP, while industrial and agriculture (agriculture and forestry) sectors accounted for 31.4% and 13.7% respectively.

Farm Gate Prices for Major Agricultural Products

Unit: Peso/kg.

Product	2010		2011	% Change
	Jan-Dec	Jan-Sept	Jan-Sept	
Corn : moisture < 14%	13.60	10.93	14.2	29.92
Broiler	69.66	55.22	74.90	35.64
Swine : weight > 100 kgs.	107.31	99.20	104.9	5.75
Black tiger shrimp : 30 pieces/kg.	305	315	330	4.76
White vannamei shrimp : 61-70 pieces/kg.	210	220	230	4.55

Source: Marketing Department of CPF Philippines

Source: ¹Thailand's Office of Commercial Affairs in Manila <http://www.thaiembassymnl.ph>

²Citigroup Global Markets, 6 December 2011

³National Statistics Office, Philippines. <http://www.census.gov.ph>

Taiwan

Economic Overview 2011

Due to several adverse situations occurred during 2011 including the earthquake in Japan, the euro crisis, inflation problems in China and US credit rating downgrade, Taiwan's GDP growth projection for the year was reduced from 5.0% to 4.51%. Unemployment rate stood at 4.42% compared to 5.21% in the previous year. (Source: Directorate-General of Budget, Accounting and Statistics; Executive, Yuan, R.O.C. Taiwan)

Agricultural Sector Overview 2011

Global climate change resulted in lower agricultural output than projected. Increasing demand also played a part in driving up the prices of corn and soybean. The average corn price this year was 10.9 new Taiwan dollar/kg., an increase of 27.04% from the previous year's price of 8.58 new Taiwan dollar/kg. With no improvement in the overall economy, selling prices cannot fully absorb the increased cost of raw materials and thus resulted in poor performance of the food business.

As a result of meat import liberalization, Taiwan's chicken meat import for 2011 was projected at 100,000 tons (approximately 25% of the white broiler meat market), an increase of 5-10% from the previous year, while imported pork increased by 8% to 80,000 tons. The price of chicken meat also rose due to the higher price of animal feed. Since the chicken meat import volume was higher while the domestic demand remained the same, the price of fresh meat cannot be fully absorbed by the total production cost, resulting in the poor performance of the slaughterhouse business.

As for processed food, Taiwan has become a more suburban society with consumers' behavioral change. Ready-to-eat products and processed food becomes popular, resulting in increased sales. Another factor that opens up a bright future for the food-processing business is the import liberalization for meat, which helps put the production cost under efficient control. In 2011, Taiwan's food processing business grew 3.0%, compared to 2.1% in 2010.

Farm Gate Prices for Major Agricultural Products Unit: newTaiwan dollar/kg.

Product	2010	2011	% Change
Live Broiler : weight 1.75-1.95 kgs.*	41.8	44.85	7.3
Swine : weight 100 kgs**	69.3	71.1	2.6

Source: *Poultry Association of the Republic of China

**National Animal Industry Foundation

Russia

Economic Overview 2011

The GDP growth of Russia in 2011 was projected at 4.8%^{1/} with an inflation rate 7.5%^{2/}. (Source: ^{1/}IMF: World Economic Outlook April 2011, ^{2/}IMF Report Publication August 2011)

Agricultural Sector Overview 2011-2012

The agricultural economy in 2011 and 2012 is forecasted to expand with the rising trends of wheat and barley prices. Marked increases in demand for domestic consumption, together with strict control of imported meat, are expected to continue driving up the price of meat in Russia.

Crops Sector

The total output of cereal in 2011 was 97.5 million tons (data as of 1 October 2011), an increase of 50% from the previous year. Russian's main cereal products are wheat, barley, corn, rye and oat. The country is self-sufficient in cereal output for domestic consumption and export.

Livestock Sector

The total output of meat in 2011 was 5.3 million tons, with the production of broilers increasing by 9.10% to 2.52 million tons from 2.31 million tons in the previous year. From January to June 2011, total slaughterhouse processing (poultry and all other livestock animals) increased by 3.9% in live weight, against that of the same period last year.

For 2012, domestic production of meat is forecasted to continue rising with the government's national project to support local farmers through import reduction. The project also provided low-interest loans to livestock farmers. Production of broilers in 2012 is forecasted to increase by 9.13% to 2.75 million tons, while swine production will increase by 2% to 17.55 million, against 17.2 million in 2011.

Import Volume of Broilers and Pork

Russia cannot produce enough meat for domestic consumption and therefore had to import 390,000 tons of broilers and 930,000 tons of pork in 2011. The import quota for 2012 was specified by Prime Minister Vladimir Putin on 27 July 2010 as follows: frozen chicken meat, 250,000 tons; processed chicken, 80,000 tons; frozen pork, 320,000 tons; and processed pork, 30,000 tons.

Source: Russia's State Statistical Service and USDA Foreign Agricultural Service

Farm Gate Prices for Major Agricultural Products Unit: Ruble/kg.

Product	2010		2011	% Change
	Jan-Dec	Jan-Sept	Jan-Sept	
Maize : moisture < 14%*	5.9	5.5	9.4	70.5
Soybean meal : protein 47%**	22.7	22.4	22.2	(0.8)
Wheat : moisture < 14%**	4.8	4.0	6.8	70.9
Barley : moisture < 14%**	4.6	3.5	7.9	123.4
Live Swine*	66.0	66.0	74.5	12.9

Source: *Ministry of Agriculture of the Russian Federation (<http://www.mcx.ru>)** <http://www.agro-bursha.ru>

Confidence In Handling Any Situation

Our comprehensive risk management strategies can
efficiently manage domestic and international economical
and environmental changes.



Risk Factors

Thailand's economy has started recovering since the first half of 2011, but the "Great Flood" later in the year and the global economic uncertainty which both directly and indirectly resulted from the EU sovereign debt problems may affect the achievement of the Company's objectives. Recognizing the risks resulting from these situations, the Company has undertaken close monitoring and assessment of their long-term and short-term effects for the benefit of effective risk management.

By adopting the COSO ERM Framework for risk management, the Company has set up a Risk Management Sub-Committee to monitor its risk factors and how to keep such risks within a "risk appetite" level. It has also assigned all departments to act as risk owners in supervising and managing the risks under their scopes of responsibility. Below are the key risks that require effective risk management to prevent them from affecting the Company.

1. Strategic Risks

1.1 Unpredictable Weather and Environmental Conditions

The currently unpredictable world weather as a result of El Nino and La Nina causing floods and drought is now occurring more frequently with more severe effects than in the past. These natural disasters affect the environment as well as overall consumption and prices due to reduced crop outputs, damaged livestock farms and production and higher transportation costs. As a producer and a user of agricultural and food products, the Company has recognized the need to closely monitor and manage risks from unpredictable weather and environmental conditions which is unavoidable and uneliminable in order to promptly response to the situation to decrease any possible damages.

Risk Management

The following mitigating measures have been implemented to ease the risk from natural disasters: conducting area surveys to ensure safe locations for factories and farms; designing modern farms to reduce impacts from changing weather conditions; setting up a Crisis Management Team to handle crisis responses; specifying emergency plans for different disasters to minimize damages on the Company and its employees; and close and continuous monitoring of global weather reports and forecasts, to be used as information for agricultural output projections.

1.2 Consumers' Behavioral Changes

Changes in social conditions, population structure, economic situation and geographical characteristics usually cause consumers' behavioral changes. the Company's food business growth would be affected by such changes. It also has to adapt its product development and services to meet the requirements of consumers in both domestic and export markets as it is the leading food producer for domestic and export markets.

Risk Management

The Company has undertaken studies and monitoring of the trends of consumers' behavioral changes and their satisfaction levels in domestic and export markets in order to adapt its product development planning, marketing management, sales and services to suitably satisfy consumers' needs.

1.3 Overseas Investment

The Company has continuously expanded its businesses to many countries around the world with thoroughly study and analysis. In 2011, revenues from overseas operations accounted for 25% of total sales revenue. (Details of overseas investment are shown under No. 10

Investment in Subsidiaries in the Notes to Financial Statements for the year ended 31 December 2011).

Overseas expansion created opportunities for the Company to penetrate into new markets, broaden and diversify its potential business base. However, performance of overseas operation may be affected by changes in the business environment of each country including economic conditions, rules and regulations, minimum wage, foreign exchange and political changes. All these factors will have an impact on performance and profitability of overseas operation.

Risk Management

To cope with the overseas investment risk, the Company has investment policy which clearly stipulates control and follow-up system which includes the appointment of representative of Managing Director and Finance Executive to closely monitor operations in various countries. Moreover, the Company conducted thorough feasibility studies before each investment. In addition, the Company places great importance to the continual study and close monitoring on all risk mentioned including relevant laws and international trade regulations. The up-to-date information will be informed to management in charge. The Company also sets up the meeting among overseas operation management teams in Thailand to review performance and to update plan and objectives at least every 6 months.

2. Operational Risks

2.1 Product Quality and Safety

Consumers' confidence in the Company's product quality is partly based on its reputation as the leading producer of fresh, clean and safe meat and food products. The reputation also contributes to the Company's achievement as one of the world's leading producers of meat and

food. Recognizing that the causes of food safety risks come from decomposed or contaminated products, which can occur at all stages of production, transportation and storage processes before products reach consumers, the Company is committed to ensuring that its work process always deliver fresh, clean and safe products.

Risk Management

The Company pays full attention to its production processes to ensure international standards, with traceability and strict quality assurance ranging from raw material selection and inspection, production, packaging design, product packaging and transportation processes, to distributors' storage process before its products reach consumers. In addition, the Company has set up complaint-response centers and undertaken fast product recalls in crucial cases to ensure consumers' safety.

2.2 Disease Outbreaks

Although some animal diseases cannot spread to human beings, disease outbreaks have caused panic and affected people's confidence in meat consumption, resulting in reduced volumes of meat consumption which may directly affect the Company's business. As the country's leading producer and distributor of meat and processed food in domestic and export markets, animal-disease outbreak in either Thailand or other countries is a major risk for the Company.

Risk Management

The Company maintains a high alert on animal-disease outbreaks in Thailand and other countries through its close monitoring and supervision measures. The Company commits to ongoing investment in farm-technology research and upgrading, farm management, sanitation and constant animal care. Both its farms and contracted farms are managed with strict

compliance to the standard set forth by the government's regulators. To ensure that our contracted farmers comply with the farm management and disease control standards of the Company and the government's regulators, CPF also dispatches animal husbandry experts on regular visits to supervise and give consultations. Employees' knowledge and understanding of disease outbreaks are constantly updated through ongoing personnel development programs. In preventing the spreading of diseases, the Company has set up early warning systems, as well as undertaking assessment to detect risk factors which cause disease outbreaks.

2.3 Efficiency of Supply Chain Management

In realizing its profit target and enhancing its business value, the Company relies not only on the sales increase, but also on the cost management, productivity improvement and customers' satisfaction. Efficient and integrated operation is required from sales forecasting to production planning, purchasing, warehouse management and product deliveries to customers. Inefficient operation causes higher production costs and affects product quality and the Company's business competitiveness.

Risk Management

Recognizing the significance of its value chain management, the Company has applied modern technology to its information management system. The system is used in analyzing and planning to enhance the Company's entire operation process, with constant updates to ensure highest performance.

2.4 Volatility of Commodity Prices

• Price Volatility of Raw Materials used in Feed Production

Price volatility of major ingredients in the production of animal feed include corn, soybean meal and fish meal which are commodity products are affected by global as well as demand and supply in Thailand. Demand and prices of these ingredients are not only affected by the demand for animal feed production, but also by the demand for energy substitution and speculation in future trading.

Supply of these ingredients varies according to weather conditions and natural calamities which may result in supply being off target. These factors are beyond the Company's control and pose risk and affect the operating result of the Company.

Risk Management

The Company manages risk through central purchasing of raw materials used in feed production and keeps a close watch on relevant information and situation of raw materials. The Company searches for quality suppliers and sources sufficient quantity to meet production demand. In addition, the Company has a warehouse large enough to store sufficient quantity of raw materials in anticipation of future price increase. The Company also uses financial derivative to minimize the impact of fluctuating price of raw materials.

• Volatility of Price on Live Animals and Processed Meat

The Company's farm products include live animals and processed meat. Price of products depends on the demand and supply at any particular time and period as well as the economic condition and consumer purchasing power and confidence. The volatility of price on live animals and processed meat may impact Company's profit.

Risk Management

The Company has certain unit to closely monitor on relevant information and situation that may affect prices of live animals and processed meat to help mitigate the risk of price volatility of these products. Moreover, the Company currently expands businesses to overseas and aims to sell more value added products and food products, promotes its brand, as well as its own distribution channel such as Five Star Business and CP Fresh Mart.

3. Financials / Financial Reporting Risk

3.1 Foreign Exchange Fluctuation

The Company has foreign currency transactions resulting from the export and import of goods.

In 2011, export value of CPF and subsidiaries in Thailand was THB 28,591 million or 14% of total sales revenue and imported raw material used in animal feed production total THB 16,749 million or 10% of total cost. In addition to import of raw materials, the Company also imports equipments and machineries. Therefore, the Company's financial performance may be adversely impacted by the fluctuation of foreign exchange.

Risk Management

CPF and its subsidiaries in Thailand fully hedge their foreign currency exposure by using financial derivative to mitigate the fluctuating exchange rate within a "risk appetite" level, while also enabling the Company to know for sure its effective cost and revenue. Managing foreign exchange also enables the Company to guarantee its profitability, but nonetheless these forward contracts do not guarantee that the locked in rates are the most competitive since exchange rates constantly fluctuate. The Company also has policies to buy raw materials and trade in other currencies other than US dollar to minimize the risk.

3.2 Interest Rate Volatility

Volatility of interest rate may affect the Company's operations and cash flow in the future. At the end of 2011, the Company's floating-interest loans accounted for 6.3% of its total borrowings.

Risk Management

The Company's risk management measures consist of close monitoring of interest rate movements; using of financial derivatives such as interest rate swaps; and adjusting loan portfolios to use fixed interest rate loans to allow the Company to accurately predict its future payments. The measures ease cash flow management and optimize the Company's borrowing costs.

4. Compliance Risks

With its business operation covering both Thailand and many other countries, the Company has adapted its work processes to suit each country's policy and law, which include consumer protection laws, food safety laws, work safety laws and laws related to the use of the computer. In addition, the Company deals with both tariff and non-tariff trade barriers, with the latter being implemented more actively among developed and underdeveloped countries to protect local industries. Such trade barriers could obviously harm the Company's export and operation.

Risk Management

Through its specialist department and personnel on each specific subject, the Company conducts continual study and close monitoring on regulatory changes, international trade regulations, legal trends and each country's trade-barrier measures. The precise, up-to-date information obtained are used as a basis for compatible strategic

planning and communicated to the Company's personnel. The Company also ensures strict legal and regulatory compliance through close supervision.

5. Corporate Image

The Company's corporate image is crucial for its stakeholders' confidence as such contribute to the Company's successes – the Company's stakeholders include shareholders, investors, suppliers and customers. Damage to the Company's image may diminish the stakeholders' confidence and trust in the Company.

Risk Management

The Company values corporate governance with transparent, accurate and sufficient disclosure of information, as well as specifying guidelines on the authorization of information disclosure officers.

In investing in CPF securities and/or having interest with the Company, stakeholders and investors should consider risk factors that may put the Company under extraordinary situations and affect its normal operation and/or financial performance. Such risks may hinder the Company's efforts to fulfill its objectives and targets.

In addition to the risks listed herewith, there may be other risks which are not known to the Company at this time or which the Company views as insignificant to the operations.

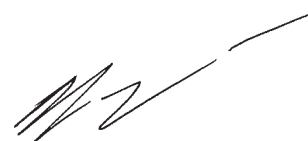
Report of the Board of Directors' Responsibility on the Financial Statements

The Board of Directors is responsible for the separate financial statements of the Company and 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 are prepared in accordance with Thai Accounting Standards and Thai Financial Reporting Standards promulgated by the Federation of Accounting Professions and including generally accepted accounting principles in Thailand. Appropriate accounting policies are chosen and consistently applied, estimates and underlying assumptions are prudently made, and significant information is adequately disclosed in the Notes to the financial statements to ensure that the financial statements are reliable and benefit to shareholders and investors.

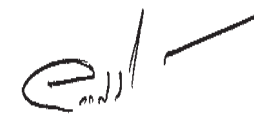
The Board of Directors has established and maintained an internal control system in order to provide a reasonable assurance that accounting records are accurate, complete and adequate for protection of assets of the Company, prevention of frauds and materially irregular transactions.

The Audit Committee, whose members are independent directors, was designated by the Board to review the quality of the financial reporting and the effectiveness of internal control system and report the review result to the Board.

In this regard, the Board has the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance of the reliability of the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2011.



(Mr. Dhanin Chearavanont)
Chairman



(Mr. Adirek Sripratak)
President
and Chief Executive Officer

Management's Discussion and Analysis

Highlights of the Consolidated Financial Statements and Key Financial Ratios

Statements of financial position of CPF and its subsidiaries as of 31 December, 2009, 2010 and 2011

	As of 31 December,					
	2009 ¹		2010 ¹		2011	
	THB, million	%	THB, million	%	THB, million	%
Cash and cash equivalents	10,522	9	7,761	6	24,341	15
Accounts receivable — trade and others	14,361	12	15,385	12	15,692	10
Inventories	26,284	23	33,863	27	35,673	22
Other current assets	2,267	2	1,963	2	2,721	2
Total current assets	53,434	46	58,972	47	78,427	49
Long-term investments	11,946	11	16,820	13	25,699	16
Property, plant and equipment	46,422	40	47,142	37	52,025	33
Other non-current assets	3,668	3	3,159	3	3,753	2
Total non-current assets	62,036	54	67,121	53	81,477	51
TOTAL ASSETS	115,470	100	126,093	100	159,904	100
Overdrafts and short-term borrowings from financial institutions	9,745	8	10,051	8	22,897	14
Accounts payable — trade and others	9,106	8	9,707	8	11,733	7
Current portion of long-term debts	6,294	6	8,088	6	5,687	4
Other current liabilities	4,891	4	4,981	4	5,754	4
Total current liabilities	30,036	26	32,827	26	46,071	29
Long-term debts	26,758	23	28,510	23	40,866	25
Other non-current liabilities	3,856	4	3,812	3	6,448	4
Total non-current liabilities	30,614	27	32,322	26	47,314	29
TOTAL LIABILITIES	60,650	53	65,149	52	93,385	58
SHAREHOLDERS' EQUITY	54,820	47	60,944	48	66,519	42

Remark: ¹ From 1 January 2011, the Company has changed its significant accounting policies consequent to the adoption of new and revised Thai Financial Reporting Standards ("TFRS") (details shown in notes to financial statements No.3 Changes in accounting policies). Comparative information, the Company's statements of financial positions for the year ended 31 December 2009 and 2010, has been re-presented so that it also is in conformity with the revised standard.

Consolidated statement of income of CPF and its subsidiaries for the years ended 31 December 2009, 2010 and 2011

	2009 ¹		2010 ¹		2011	
	THB, million	%	THB, million	%	THB, million	%
Revenue from sale of goods	165,063	99	189,049	98	206,099	99
Other income	2,237	1	3,493	2	2,914	1
TOTAL REVENUES	167,300	100	192,542	100	209,013	100
Cost of sale of goods	138,118	83	159,578	83	172,488	83
Selling and administrative expenses	15,311	9	16,696	9	18,376	9
Others	584	-	709	-	532	-
TOTAL EXPENSES	154,013	92	176,983	92	191,396	92
Share of profit of associates	1,591	1	2,511	1	3,657	2
Profit before finance costs and income tax expense	14,878	9	18,070	9	21,274	10
Finance costs	1,949	1	1,823	1	2,432	1
Income tax expense	2,539	2	2,388	1	2,885	1
Profit after income tax expense	10,390	6	13,859	7	15,957	8
Net attributable to Non-controlling interests	(200)	-	(296)	-	(120)	-
NET PROFIT	10,190	6	13,563	7	15,837	8

Remark: ¹Certain accounts in the statements of income for the year ended 31 December 2009 and 2010 have been reclassified to conform to the presentation in the 2011 financial statements.

Statements of comprehensive income for the years ended 31 December 2009, 2010 and 2011

(Unit: THB, million)

	2009 ²	2010 ²	2011
Profit for the year	10,390	13,859	15,957
Other comprehensive income for the year, net of income tax income	(336)	(846)	(197)
Total comprehensive income for the year	10,054	13,013	15,760

Remark: ²The Company presented the comparative information in accordance with Thai Financial Reporting Standards ("TFRS") 1 Re: Presentation of Financial Statements

Consolidated statements of cash flows for the years ended 31 December 2009, 2010 and 2011

(Unit: THB, million)

	2009	2010	2011
Net cash provided by operating activities	22,340	9,581	17,558
Net cash used in investing activities	(4,917)	(7,995)	(14,048)
Net cash provided by (used in) financing activities	(10,143)	(4,398)	13,022
Net increase (decrease) in cash and cash equivalents	7,280	(2,812)	16,532
Cash and cash equivalents at the beginning of the year	3,390	10,516	7,755
Effect of exchange rate changes on the balances held in foreign currencies	(154)	51	(294)
Cash and cash equivalents at end of year	10,516	7,755	22,993

Key financial ratios of the consolidated financial statements of CPF and its subsidiaries

	2009	2010	2011
Liquidity ratios			
Current ratio ¹ (times)	1.78	1.80	1.70
Quick ratio ² (times)	0.83	0.71	0.87
Cash flow liquidity ratio ³ (times)	0.64	0.30	0.45
Accounts receivable turnover ⁴ (times)	11.30	12.36	12.94
Collection period ⁵ (Days)	32	29	28
Inventory turnover ratio ⁶ (times)	24.85	29.41	25.08
Inventory turnover ⁷ (Days)	14	12	14
Accounts payable turnover ⁸ (times)	16.26	16.96	16.09
Payable period ⁹ (Days)	22	21	22
Cash Cycle ¹⁰ (Days)	24	20	20

Key financial ratios of the consolidated financial statements of CPF and its subsidiaries

	2009	2010	2011
Profitability ratios			
Gross profit margin ¹¹ (%)	17.69	15.64	16.31
Operating profit margin ¹² (%)	9.01	9.56	10.32
Net profit margin ¹³ (%)	6.03	6.95	7.45
Return on Equity ¹⁴ (%)	20.27	23.40	24.85
Operating efficiency ratios			
Return on fixed assets ¹⁵ (%)	32.40	39.09	41.33
Asset turnover ¹⁶ (times)	1.51	1.61	1.49
Leverage ratios			
Debt to equity ¹⁷ (times)	1.10	1.07	1.40
Interest coverage ¹⁸ (times)	12.02	5.41	7.25
Debt service coverage ¹⁹ (times)	0.80	0.40	0.53
Dividend payout ²⁰ (%)	59.92	70.32	69.80 ²¹

Remark: ¹ Current ratio = Total current assets / Total current liabilities

² Quick ratio = (Cash and cash equivalents + Short term investment + Accounts receivable - trade and others) / Total current liabilities

³ Cash flow liquidity ratio = Net cash provided by operating activities / Average current liabilities

⁴ Accounts receivable turnover = Net sales / Average accounts receivable - trade and others

⁵ Collection period = Average accounts receivable - trade and others / Total revenues*360

⁶ Inventory turnover ratio = Cost of sale of goods / Average finished goods

⁷ Inventory turnover = 360 / Inventory turnover ratio

⁸ Accounts payable turnover = Cost of sale of goods / Average accounts payable

⁹ Payable period = 360 / Accounts payable turnover

¹⁰ Cash Cycle = Average collection period + Inventory turnover — Payable period

¹¹ Gross profit margin = Gross profit / Net sales

¹² Operating profit margin = Profit before finance costs and income tax expense / Net sales

¹³ Net profit margin = Net profit / Total revenues

¹⁴ Return on Equity = Net profit / Average shareholders' equity

¹⁵ Return on fixed assets = (Net profit + Depreciation) / Average fixed assets

¹⁶ Asset turnover = Total revenues / Average total assets

¹⁷ Debt to equity = Total liabilities / Total shareholders' equity

¹⁸ Interest coverage = Net cash provided by operating activities / Interest expenses

¹⁹ Debt service coverage = Net cash provided by operating activities / (Debt payment + Investment expenses + Purchase of assets + Dividend paid)

²⁰ Dividend payout = Dividend paid / Net profit of the Company's separate financial statements

²¹ The Board of Directors shall propose the annual dividend payment for the year 2011 to the Annual General Shareholders' Meeting No. 1/2012 for further approval.

Management's Discussion and Analysis

This management's discussions and analysis is based on the consolidated financial statements of CPF and its subsidiaries. It includes financial statements of CPF and subsidiaries (the "Company") for the year ended 31 December 2011 as stated in notes to the financial statements No.1 General Information.

As stated in No.3 Changes in accounting policies of the notes to the financial statements, the Company has changed its significant accounting policies consequent to the adoption of new and revised Thai Financial Reporting Standards ("TFRS") from 1 January 2011. Comparative information for the year ended 31 December 2009 and 2010 has been re-presented so that it also is in conformity with the revised standard.

The new accounting policies adopted which have a major effect to the Company's financial statements are summarized as follows:

1) Accounting for investment properties

The Company has applied TAS 40 (revised 2009) Investment Property. The Company has selected the cost model for accounting for its investment properties, which has been applied retrospectively, including the reversal of any amount held in revaluation surplus for the investment properties recorded in equity. As a result, the Company's total assets, total liabilities and total equity as of 31 December 2009 and 2010, and 1 January 2011 decreased THB 228 million, THB 69 million and THB 159 million, respectively.

2) Accounting for employee benefits

The Company has applied TAS 19 Employee Benefits. The Company has selected to adjust retained earnings as at 1 January 2011 in accordance with the transitional provisions of the revised standard. As a result, as of 1 January 2011, the Company's total liabilities and total assets increased THB 3,232 million and THB 925 million, respectively, and total equity decreased THB 2,307 million. In addition, the Company recognized additional employee benefits expenses of THB 500 million in its statement of income at the year ended 31 December 2011.

1. Operating Results

1.1 The overview of the operating results

The Company's total sales in 2011 of THB 206,099 million increased 9% from THB 189,049 million in 2010. The increase of sales was from Thailand operations' sales growth of 11% and overseas operations' sales growth of 5%.

The Company's net profit in 2011 of THB 15,837 million, up 17% from THB 13,563 million in 2010, primarily reflecting the increase of share in profit from associates and continuous improvement of production cost management efficiency.

1.2 Operating results of each business line

CPF and its subsidiaries	2009		2010		2011		% Change from previous year
	THB, million	%	THB, million	%	THB, million	%	
1. Thailand Operations	133,000	81	139,392	74	154,149	75	11
1.1 Livestock business	95,503	58	100,652	53	113,658	55	13
Feed	26,987	16	28,406	15	33,169	16	17
- Domestic	26,987	16	28,303	15	31,957	15	13
- Export	-	-	103	-	1,212	1	1,077
Farm	43,712	27	46,618	24	52,089	25	12
- Domestic	43,396	27	46,230	24	51,579	25	12
- Export	316	-	388	-	510	-	-
Food	24,804	15	25,628	14	28,400	14	11
- Domestic	9,539	6	11,272	6	15,028	8	33
- Export	15,265	9	14,356	8	13,372	6	(7)
1.2 Aquatic business	37,497	23	38,740	21	40,491	20	5
Feed	19,001	12	19,541	10	19,997	10	2
- Domestic	19,001	12	19,328	10	19,747	10	2
- Export	-	-	213	-	250	-	17
Farm	11,853	7	12,476	7	12,367	6	-
- Domestic	8,532	5	7,399	4	6,770	3	(8)
- Export	3,321	2	5,077	3	5,597	3	10
Food	6,643	4	6,723	4	8,127	4	21
- Domestic	415	-	475	-	477	-	-
- Export	6,228	4	6,248	4	7,650	4	22
2. Overseas Operations	32,063	19	49,657	26	51,950	25	5
2.1 Livestock business	21,508	13	36,944	19	40,377	19	9
2.2 Aquatic business	10,555	6	12,713	7	11,577	6	(9)
TOTAL SALES	165,063	100	189,049	100	206,099	100	9

Operating results of each business operation and business line

Thailand operations

Sales from Thailand operations totaled THB 154,149 million in 2011, increased 11% from THB 139,392 million in 2010. Details of operating results of each business line are as follows:

Livestock business in Thailand

Sales from the livestock business in Thailand increased 13% to THB 113,658 million in 2011 from THB 100,652 million in 2010. This was due to the increase of sales from 3 main products including livestock feed, farm and food products. Sales from livestock business in Thailand accounted for 55% of the Company's total sales with the proportion of domestic sales to export sales of 87% and 13%, respectively.

In 2011, the gross profit margin of the livestock business in Thailand increased to 18% from 16% in 2010.

Aquatic business in Thailand

Sales from the aquatic business in Thailand increased 5% to THB 40,491 million in 2011 from THB 38,740 million in 2010. This was mainly due to an increase of sales from food products. The proportion of domestic sales to export sales was 67% and 33%, respectively.

In 2011, the gross profit margin of the aquatic business in Thailand increased to 22% compared to 2010 gross profit margin of 19%.

Overseas operations

Sales from overseas operations totaled THB 51,950 million in 2011, increase 5% from THB 49,657 million in 2010. This was primarily due to the sales contributed from subsidiaries in India and Taiwan.

In 2011, the gross profit margin of overseas livestock business declined to 6% from 11% in 2010. This was mainly due to a decrease in selling price of farm products of the Company's subsidiary in Turkey. The gross profit margin of overseas aquatic business was 18% equivalent to the previous year.

2. Changes in Comprehensive Income

For the year ended 31 December 2011, the Company recognized changes in other components of net equity after tax presented in the Company's comprehensive income. As a result, the Company's interim comprehensive income as of 1 January 2011 declined THB 196 million. This is mainly due to foreign exchange differences arising from the translation and changes in the fair value of the Company's investments.

3. Financial position

Assets

As of 31 December 2011, the Company's total assets were THB 159,904 million, comprising of THB 78,427 million in current assets, THB 52,025 million in property, plant and equipment, and THB 29,452 million in long-term investments and others.

Total assets as of 31 December 2011 increased 27% from the previous year mainly due to the increase in cash and cash equivalent, investments in associates and related companies, and property, plant and equipment.

Liquidity

In 2011, the Company had net cash provided by operating activities of THB 17,558 million whereas net cash used in investment activities was THB 14,048 million. Net cash provided by financing was THB 13,022 million as a result of cash receipt from debentures and loans from financial institutions of THB 31,269 million and cash payments made on long term loans, debentures, interest expenses, dividend and others of THB 18,247 million. The Company's cash and cash equivalents (net of bank overdrafts) as of 31 December 2011 was THB 23,993 million.

As of 31 December 2011, the Company's current ratio was 1.70 times, decreased from 1.80 times at the end of previous year. Cash cycle was 20 days equivalent to last year.

As of 31 December 2011, the Company's long term loans and debentures totaled THB 46,542 million, comprising of long term loans and debentures of THB 6,642 million and THB 39,900 million, respectively. The Company is obliged to make payments on long term loans and debentures in the amounts of THB 5,684 million in 2012, THB 6,885 million in 2013, and THB 33,973 million from 2014 to 2041. The Company's outstanding debentures totaled THB 39,900 million. Details are as follows:

	Amount (THB, million)	Issued Date	Maturity Date	Maturity Term (Years)	Coupon Rate per Annum (%)
1. Debenture of CPF #1/2007 Series 2	2,500	19 Oct 2007	19 Oct 2012	5	4.90
2. Debenture of CPF #1/2008 Series 2	3,000	15 Aug 2008	15 Aug 2013	5	5.70
3. Debenture of CPF #1/2009 Series 1	2,200	25 Nov 2009	25 Nov 2013	4	3.90
4. Debenture of CPF #1/2009 Series 2	3,200	25 Nov 2009	25 Nov 2014	5	4.30
5. Debenture of CPF #1/2009 Series 3	3,000	25 Nov 2009	25 Nov 2015	6	4.80
6. Debenture of CPF #2/2009	1,000	22 Dec 2009	30 May 2015	5 years 5 months 8 days	4.40
7. Debenture of CPF #1/2010	1,000	11 Feb 2010	30 May 2015	5 years 3 months 19 days	4.20
8. Debenture of CPF #2/2010 Series 1	3,000	3 Nov 2010	3 Nov 2014	4	Year 1-3 = 3.0% Year 4 = 4.0%
9. Debenture of CPF #2/2010 Series 2	5,000	3 Nov 2010	3 Nov 2017	7	Year 1-3 = 3.0% Year 4-5 = 4.0% Year 6-7 = 5.0%
10. Debenture of CPF #1/2011 Series 1	3,000	19 Aug 2011	19 Aug 2018	7	4.65
11. Debenture of CPF #1/2011 Series 2	3,000	19 Aug 2011	19 Aug 2021	10	4.87
12. Debenture of CPF #1/2011 Series 3*	4,000	19 Aug 2011	19 Aug 2041	30	5.42
13. Debenture of CPF #2/2011*	6,000	21 Dec 2011	21 Dec 2041	30	5.42

Note: * The debenture holders have the redemption right as at the end of year 15.

In addition, on 15 March 2012, the Company issued Baht 6.06 billion unsubordinated and unsecured debentures in registered name with the terms of 4 years, bearing interest rate of 4.17% per annum, and fully repayable on 15 March 2016. The debentures were issued to the institutional and/or high-networth investors.

Source of funds

The Debt to Equity ratio as of 31 December 2011 was 1.40 times and the Net Debt¹ to Equity ratio was 1.02 times (lower than the indicated 2.00 times Net Debt to Equity ratio which the Company has to remain under the specified terms in the Term and Condition of debt issuers and representatives for all outstanding debentures). Total liabilities was THB 93,385 million, increasing 43% from 31 December 2010 due to the increase of non-interest bearing debt of THB 5,435 million and interest bearing debt of THB 22,801 million which increased mainly due to the financing to purchase shares of C.P. Pokphand Co., Ltd. The Company's total liabilities comprised of non-interest bearing debt and interest bearing debt totaling THB 23,935 million and THB 69,450 million, respectively. Interest bearing debt comprised of short term debt and long term debt amounting to THB 28,584 million and THB 40,866 million, respectively.

As of 31 December 2011, shareholders' equity was THB 66,519 million, increasing 9% from prior year. Increase in shareholders' equity was mostly from the increase in operating profits after dividend payment and the decrease in retained earning as of 1 January 2011 due to a recognized of the employee benefit obligations.

Dividend payment

In accordance with the Company's dividend policy, the sum of dividend payments from each year operating results will be approximately 50% of the net profit after tax and legal reserve requirements (based on the separate financial statements of the Company). On 22 February 2012, the Company's Board of Directors had a resolution to pay the dividends to the shareholders of THB 1.20 per share in total. The Company already paid the first dividend payment to shareholders as an interim dividend of THB 0.60 per share on 9 September 2011. Therefore, the second dividend payment which will be paid as an annual dividend payment for the year 2011 will be THB 0.60 per share. The Board of Directors shall propose the annual dividend payment to the Annual General Shareholders' Meeting No. 1/2012 which will be held on 25 April 2012 for further approval.

Investment in 2012

The Board of Directors approved the Company's 2012 capital expenditure of THB 16,075 million. The Company plans to invest THB 6,972 million in Thailand and THB 9,103 million will be used in the overseas expansion. Investment plans may change according to changes in the business environment.

Remark: ^{1/} Net Debt = Total liabilities - Cash and cash equivalents + Guarantee to any persons or juristic persons excluded (1) guaranteed by CPF to its subsidiaries and guaranteed by CPF's subsidiaries to CPF and (2) deferred tax liabilities

The Auditors' Remunerations

CPF's auditors for the year 2011 were Mr. Charoen Phosamritlert C.P.A. (Thailand) Registration No. 4068, Mr. Veerachai Ratanajaratkul C.P.A. (Thailand) Registration No. 4323, Mrs. Munchupa Singsuksawat C.P.A. (Thailand) Registration No. 6112 of KPMG Phoomchai Audit Limited.

The remunerations that CPF and its subsidiaries paid to KPMG Phoomchai Audit Limited in 2011¹ were as follows:

(Unit: THB)

	CPF	Subsidiaries
1. The audit fees on company's accounts	3,710,000	10,889,000
2. Other audit fees on special projects	1,040,000	1,430,000

Note: ¹ The above fee excluded out-of-pocket expenses to be reimbursed by KPMG Phoomchai Audit Limited.

World-class Management Practices

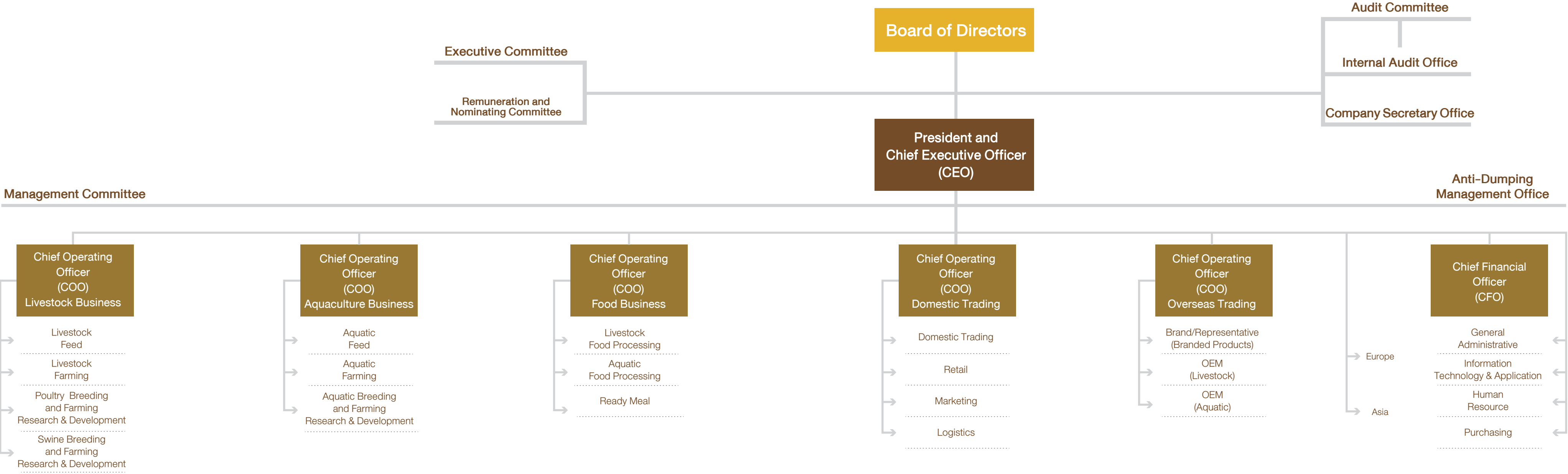
With teamwork, knowledge, experience, expertise and technology to compete in the world's market.





Management Structure

As of 31 December 2011



Management

Investment and Management Policy

After business restructuring, CPF has distinct investment policy of investing only in core-business and/or businesses relating to corebusiness only. As of 31 December 2011, CPF has investments (cost method) in subsidiaries, associated companies, and related companies of THB 30,592 million, equivalent to 30% of CPF's total assets. CPF's policy is to appoint management representatives to be directors with authority to control, govern and manage subsidiaries effectively and efficiently.

Subsidiaries will regularly report their operating results to CPF every month while the meeting will be conducted at least every 6 months to review performance and to set and guide in business planning.

For each investment consideration, CPF may invest directly or through one of its subsidiaries which already operates related-business. CPF's policy is to have 100% holding in its subsidiaries, except for joint-ventures with strategic partners.

Board of Directors

As of 31 December 2011, CPF Board of Directors consisted of 15 directors as follows:

Name		Position
1. Mr. Dhanin	Chearavanont	Chairman ⁽¹⁾
2. Pol. Gen. Pow	Sarasin	Vice Chairman ⁽²⁾
3. Mr. Prasert	Poongkumarn	Vice Chairman
4. Mr. Min	Tieanworn	Vice Chairman
5. Mr. Chingchai	Lohawatanakul	Vice Chairman ⁽¹⁾
6. Mr. Arsa	Sarasin	Director ⁽²⁾
7. Professor Dr. Athasit	Vejjajiva	Director ⁽²⁾
8. Emeritus Professor Supapun	Ruttanaporn	Director ⁽²⁾
9. Dr. Chaiyawat	Wibulswasdi	Director ⁽²⁾
10. Mr. Phongthep	Chiaravanont	Director ⁽¹⁾
11. Dr. Veeravat	Kanchanadul	Director ⁽¹⁾
12. Mr. Adirek	Sripratak	Director ⁽¹⁾
13. Mr. Pong	Visedpaitoon	Director ⁽¹⁾
14. Mr. Sunthorn	Arunanondchai	Director ⁽¹⁾
15. Mrs. Arunee	Watcharananan	Director ⁽¹⁾

Note: ⁽¹⁾ Directors No.1, 5 and 10-15 are authorized directors whereby any two of the authorized directors shall sign on behalf of the Company with the Company's seal affixed.

⁽²⁾ Independent Director

Ms. Patchara Chartbunchachai is the Company Secretary.

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 31 December 2011, the Company's Board of Directors comprised 5 independent directors (equal to 1/3 of total number of directors), 5 executive directors and 5 non-executive directors. The Board of Directors appoints the Chairman and the Vice Chairman. The Chairman will conduct the Board of Directors' meeting except in case that the Chairman may lack of independence or in an agenda that the Chairman has conflict of interest, an independent director shall preside as Chairman of the meeting in considering the agenda.

Every board member of the Company has residence in Thailand. They have experience and comprehend the various obstacles that may arise. They perform effectively and can create competitive advantage and provide beneficial insights on risk management. Furthermore, every board member is qualified and meets all the qualifications stipulated under the law, regarding Public Company Limited Act and Securities Act.

Every Independent Director has qualifications in accordance with the Notification of the Capital Market Supervisory Board No. Tor Chor. 4/2552 Re: Application for and Approval of Offer for Sales of Newly Issued Shares (No. 2), that is, the Independent Directors do not hold more than 1% of the voting shares of the Company, its subsidiaries, or any juristic person having conflict of interest with the Company. Independent directors do not have any involvement with the Company in terms of employee, management and/or are provider of professional services. They do not have business relationship with the Company nor represent any specific shareholder group, nor operate any business which has the same nature as and in competition with the Company,

thus allowing independent judgment and ensuring that interests of all shareholders are equally protected.

Appointment and Nomination

The directorship of the Company has a 3-year term, except when it is the replacement of director who left before the terms is up. At every annual general shareholder's meeting, one-third of the directors shall retire from office. If the number of directors is not in multiple of three, then the number nearest to one-third shall retire from office. The directors serving the longest shall retire. The directors who retire by rotation may be re-appointed if approved by the shareholders. In appointing a new director, the Board shall nominate persons with qualifications, knowledge and expertise suitable for the position.

In case of a vacancy in the Director and/or Independent Director position, for reasons other than retire by rotation and the remaining term left more than two months, Board of Directors shall elect persons who possess the required qualifications and do not possess prohibited qualification by law as the replacement director starting from 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 and/or Independent Director, each director will receive an important information of the Company, Articles of Association of the Company related to the roles and responsibilities of Board of Directors, advice concerning laws, rules, regulations and conditions on 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 Vote for the Appointment of Directors under the Following Criteria:

1. Each shareholder shall have a number of votes equal to one share one vote.
2. Each shareholder must exercise all the votes he has to appoint one individual or several individuals to be director(s) but shall not split his votes among persons or group of persons.
3. Persons receiving the highest number of votes in descending order shall be appointed as directors depending on the position available at such time. In the event that more than one person receiving same number of votes for the last directorship position, the chairman of the meeting shall have the final casting vote.
4. At shareholder's meeting, any director may be dismissed from directorship before his term is up by the resolution of not less than three-fourths of the number of shareholder in attendance who have the right to vote and collectively hold no 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 have been entrusted by shareholders to honestly and fairly manage the Company's business as indicated in the Objectives of the Company and in compliance with the Articles of Association of the Company, the resolutions of the shareholders' meetings and related regulations. The Board of Directors 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, sets direction of the Company and oversees duties performed by management to ensure that it is in line with the Company policy. The Board of Directors delegates authority and responsibility of day-to-day management to the President and top management and appoints various committees to assist with specific operations. The duties of the Chairman of the Board and the President do not overlap. The President is responsible for delegating duties and responsibilities to the Executives to manage the Company's operation.

In addition, the Board of Directors appoints the Company Secretary to counsel and assist the Board of Directors in areas of corporate governance and compliance. The Company Secretary 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 summarized as follows:

1. Perform duties in accordance with the law, the Company's objectives and Articles of Association of the Company and the resolutions of Shareholders' Meeting, and with accountability, care and integrity.
2. Determine the main policy with respect to business operation and the policies in finance, fund raising, fund management and risk management for the Company and supervise the management to perform its duties efficiently and effectively under such policies.
3. Consider and approve the Company's objectives, strategy and business plans, and monitor the operational results as set out by the approved plans.

4. Consider and approve important matters which are required by relevant laws or the Company's rules and procedures to be approved by the Board of Directors or the Company's Shareholders Meeting.
5. Set up the internal control system for the operation, financial reports and compliance with the laws and the Company's rules and procedures. The Internal Audit Office is assigned to inspect and monitor compliance with the internal control system and report to the Audit Committee. The Board of Directors will make an annual assessment on the adequacy and appropriateness of the internal control system and include its opinion in the annual report.
6. Make an assessment on compliance with the corporate governance policy and revise such policy at least once a year.
7. Appoint the President and supervise and monitor the performance of the President in accordance with the Company's corporate governance policy within the framework of duties authorized by the Board of Directors. Make an annual evaluation of the President performance in order to support the determination of the President remuneration.
8. Appoint the Company Secretary to be responsible for the matters as required by the law.
9. Appoint the Audit Committee, the Executive Committee and other sub-committees, such as Remuneration and Nominating Committee, in order to assist the Board of Directors in supervising the Company's business undertaking to achieve the Company's objectives. Majority of the sub-committees consist of independent directors, and the Chairmen of sub-committees are all independent directors.

10. Set up the director and management development plan and succession plan.

The Board of Directors Meeting convened on 27 August 2008 passed the resolution to appoint Ms. Patchara Chartbunchachai to be the Company Secretary with responsibilities in preparing and maintaining directors profile, notice and minutes of the meeting, annual report, notice and minutes of shareholders meeting, maintaining directors and executive shareholding report, and performing other duties as required by the Capital Market Supervisory Board.

Audit Committee

CPF's Audit Committee and its chairman were appointed by the Board of Directors. The current Audit Committee term is 3 years, and will retire from office on 23 December 2014. As of 31 December 2011, the members of the Audit Committee comprise of 5 independent directors as follows:

Name		Position
1.	Pol. Gen. Pow Sarasin	Chairman of the Audit Committee
2.	Mr. Arsa Sarasin	Member of the Audit Committee
3.	Professor Dr. Athasit Vejjajiva	Member of the Audit Committee
4.	Emeritus Professor Supapun Ruttanaporn	Member of the Audit Committee
5.	Dr. Chaipayat Wibulswasdi	Member of the Audit Committee

Mr. Chalermchon Koonthonwan is a Secretary of the Audit Committee.

Emeritus Professor Supapun Ruttanaporn and Dr. Chaipayat Wibulswasdi, 2 members of the Audit Committee, have knowledge, understanding and experience in accounting and finance affecting the changes in financial report. The Audit Committee can seek advice from an independent specialist.

The term of service of committee members is 3 years, and 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 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.

The Audit Committee has to conduct the meeting at least 4 times a year. In each Audit Committee meeting, the Audit Committee is empowered to invite the President, Chief Operating Officer, Chief Financial Officer, executives, auditor and Head of the Internal Audit Office to attend the meeting for clarification purposes. The Audit Committee also meets the Company's External Auditor without management at least once a year.

Roles and Responsibilities of the Audit Committee

The Board of Directors revised the roles and responsibilities of the Audit Committee in compliance with the Notification of the Stock Exchange of Thailand Re: Qualification and Scopes of Duties of the Audit Committee 2008 dated 9 June 2008 as follows:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient;
3. To review the Company's compliance with the law on securities and exchange, the Stock Exchange's regulations and the laws relating to the Company's business;
4. To determine the independence of the Internal Audit Office, as well as to approve the appointment, transfer and dismissal of the Internal Audit Office chief;
5. To consider, select, nominate the independent person to be the Company's external auditor, and to propose such person's remuneration, as well as, to attend a non-executive meeting with the external auditor at least once a year;
6. To review the connected transactions or the transactions that may lead to conflict of interests, to ensure that they are in compliance with the laws and Stock Exchange's regulations, and are reasonable and for the highest benefit of the Company;
7. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the Audit Committee's chairman and consist of at least the following information:
 - an opinion on the accuracy, completeness and creditability of the Company's financial report;
 - an opinion on the adequacy of the Company's internal control system;
 - an opinion on the compliance with the law on securities and exchange, Stock Exchange's regulation or the laws relating to the Company's business;
 - an opinion on the suitability of the external auditor;
 - an opinion on the transactions that may lead to conflicts of interests;
 - the number of the audit committee meetings and the attendance of attendance of such meetings by each committee member;
 - an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the Audit Committee charter; and
 - other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
8. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

In its performance of duties under the scope aforementioned, the Audit Committee must be directly responsible to the Company's Board of Directors, while the Company's Board of Directors shall remain responsible to third parties for the operations of the Company.

The Remuneration and Nominating Committee

CPF's Remuneration and Nominating Committee was appointed by the Board of Directors as of 18 March 2009 and effective since 1 April 2009. 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.

As of 31 December 2011, the Remuneration and Nominating Committee comprises of 3 members, 2 members are independent directors, and another is non-executive director, namely as follows:

Name		Position
1.	Pol. Gen. Pow Sarasin	Chairman of the Remuneration and Nominating Committee
2.	Mr. Arsa Sarasin	Member of the Remuneration and Nominating Committee
3.	Mr. Prasert Poongkumarn	Member of the Remuneration and Nominating Committee

The Board of Directors appoints the Chairman of the Remuneration and Nominating 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 approval 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 at least one month in advance.

The meeting of Remuneration and Nominating Committee shall be held at least once a year. Additional meetings shall be properly arranged upon the approval of its Chairman. In each Committee meeting, the Committee is empowered to permit other persons such as external consultants to attend the meeting if deemed appropriate.

Roles and Responsibilities of the Remuneration and Nominating Committee

1. In case of a Directorship vacancy, the Committee shall propose persons, who are qualified to assume that positions to the Board of Directors 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 for reporting to the Board of Directors
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. The compensation should be in accordance with policy set by the Board of Directors by considering his/her performance in relation to the Company's operating performance. Any change in the remuneration from the existing shareholder's approval must be proposed through the Board of Directors and to the shareholders for consideration.
5. Others matters related to its duties that required by the Board of Directors.

Meeting Attendance of Each Director for the year 2011

			Number of Attendance		
Name			Board of Directors	Audit Committee	Remuneration and Nominating Committee
1.	Mr. Dhanin	Chearavanont	7/15	-	-
2.	Pol. Gen. Pow	Sarasin	15/15	11/11	1/1
3.	Mr. Prasert	Poongkumarn	11/15	-	1/1
4.	Mr. Min	Tieanworn	14/15	-	-
5.	Mr. Chingchai	Lohawatanakul	13/15	-	-
6.	Mr. Arsa	Sarasin	9/15	8/11	1/1
7.	Professor Dr. Athasit	Vejjajiva	15/15	11/11	-
8.	Emeritus Professor Supapun	Ruttanaporn	14/15	10/11	-
9.	Dr. Chaiyawat	Wibulswasdi	15/15	11/11	-
10.	Mr. Phongthep	Chiaravanont	14/15	-	-
11.	Dr. Veeravat	Kanchanadul	15/15	-	-
12.	Mr. Adirek	Sripratak	13/15	-	-
13.	Mr. Pong	Visedpaitoon	14/15	-	-
14.	Mr. Sunthorn	Arunanondchai	11/15	-	-
15.	Mrs. Arunee	Watcharananan	14/15	-	-

Orientation of a New Director

To assume the directorship position, each director will receive the Company's information, Articles of Association of the Company related to roles and responsibilities of the Board. Furthermore, the new director will be provided the counseling in an areas of legal and regulations regarding being the director of the listed company as well as the information about Company's business.

For the director who has not attended any director programs, the Company shall arrange for its newly appointed director to attend the program of the Thai Institute of Directors Association to familiarize the new director on the following:

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, the Securities and Exchange Commission and the Corporate Governance Policy.

Executive Committee

The Board of Directors appoints the Executive Committee by considering persons with qualifications, knowledge, competency and experience related to the Company's business to assist the Board of Directors with efficient and effective management of operations according to the Company's policies and objectives laid down by the Board of Directors. As of 31 December 2011, CPF's Executive Committee consists of the following members:

Name		Position
1.	Mr. Chingchai Lohawatanakul	Chairman of the Executive Committee
2.	Mr. Adirek Sripratak	Executive Director
3.	Mr. Pong Visedpaitoon	Executive Director
4.	Mr. Phongthep Chiaravanont	Executive Director
5.	Mrs. Arunee Watcharananan	Executive Director
6.	Mr. Voravit Janthanakul	Executive Director
7.	Mr. Teerasak Urunanon	Executive Director
8.	Mr. Vitit Pootanasap	Executive Director
9.	Ms. Patchara Chartbunchachai	Executive Director
10.	Mr. Paisan Chirakitcharern	Executive Director and Secretary of Executive Committee

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

Primary Responsibilities of the Executive Committee Include:

1. Scrutinize the goals, business strategies, budgets and investment decisions of each business before submitting to the Board of Directors for approval and subsequently adjust the approved budgets and investment decisions to be suitable for the changing situation, if there is any.
2. Follow-up on the operating performance and the progress of investment projects in each business as well as report problems and obstacles encountered and propose possible solutions to the Board of Directors.
3. Follow-up and monitor the management and risk management of each business.
4. Follow-up and monitor human resource development, management promotion and rotation in each business in accordance with the Company's succession plans, determination of man power and plan criteria on remuneration and performance assessment of top management.
5. Evaluate alternative sources of funding necessary for various investment projects to be approved by the Board of Directors.
6. Follow-up and monitor uses of funds, fund management and financial status of each business.

Executives

As of 31 December 2011, CPF management comprises the following:

Name		Position
1. Mr. Adirek	Sripratak ⁽¹⁾	President, Chief Executive Officer (CEO) and Acting Chief Operating Officer – Food Business
2. Mr. Pong	Visedpaitoon ⁽¹⁾	Chief Operating Officer – Aquaculture Business
3. Mr. Virachai	Ratanabanchuen ⁽¹⁾	Chief Operating Officer – Livestock Business and Acting Executive Vice President – Livestock Feed Unit
4. Mr. Teerasak	Urunanon ⁽¹⁾	Chief Operating Officer – Domestic Trading Executive Vice President – Livestock Food Processing Unit and Acting Executive Vice President – Domestic Trading Unit
5. Mr. Pisit	Ohmpornnuwat ⁽¹⁾	Chief Operating Officer – Overseas Trading
6. Mr. Paisan	Chirakitchareon ⁽¹⁾	Chief Financial Officer
7. Mr. Anek	Boonnoon	Executive Vice President – Livestock Farming Unit
8. Mr. Prajit	Udnoon	Executive Vice President – Poultry Breeding and Farming Research and Development Unit
9. Mr. Somkuan	Choowatanapakorn	Executive Vice President – Swine Breeding and Farming Research and Development Unit
10. Mr. Vitit	Pootanasap	Executive Vice President – Aquatic Feed Unit
11. DVM Sujint	Thammasart	Executive Vice President – Aquatic Farming Unit and Aquatic Breeding and Farming Research and Development Unit
12. Dr. Sommai	Tachasirinugune	Executive Vice President – Aquatic Food Processing Unit
13. Mr. Sukhawat	Dansersuk	Executive Vice President – Ready Meal Unit
14. Mr. Voravit	Janthanakul	Executive Vice President – General Administration Unit
15. Mr. Praderm	Chotsuparach	Executive Vice President – Information Technology and Application Unit
16. Mr. Tinakorn	Ruenthip	Executive Vice President – Human Resource Unit

Remark: ⁽¹⁾ Management in accordance with the Notification of the Securities and Exchange Commission No. Kor Chor. 17/2551 Re: Definition under Notifications relating to Issuance and Offering of Securities

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 to achieve the Company's objectives and goals set by the Board of Directors. He is responsible for proper governance of the Company with fairness to achieve maximum benefits for all stakeholders as well as oversee the disclosure of the Company's general and financial information according to best practices. In addition, the President has authority in carrying out any duties according to the Company's normal operation. However, the President does not have authority in the following matters which outline "the limitation of the President's authority".

1. To enter into connected transactions which do not comply with the principle approved by the Board of Directors or the Notification of the Capital Market Supervisory Board and such matters need to obtain approval from the Board of Directors or the Company's shareholders.
2. To sell or write off any assets from the accounting book as prescribed in the Company financial principle must be approved by the Board of Directors or the Company's shareholders.
3. To enter into any transaction with any person to provide or accept financial assistance such as lending money, guaranteeing, providing assets as collateral including other similar acts except:
 - 3.1 the short-term loans between the Company and subsidiaries in which the Company directly or indirectly holds at least 90 percent shares.
 - 3.2 the short-term loans between subsidiaries in which there is no connected party of the Company holding in excess of 10 percent shares of such subsidiaries.
4. To approve annual budget or additional investment budget during the year in which the value of the project is more than THB 100 million.

5. To acquire or dispose of investment in equity or debt instruments of any company as prescribed in the Company's financial principle must be approved by the Board of Directors or the Company's shareholders.
6. Any matters as prescribed by the laws or any regulation must be approved by the Board of Directors or the shareholders' meeting.

Selection of the Executives

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 Directors and Executives

The Board of Directors assigns the Remuneration and Nominating Committee to yearly determine the directors' remuneration, and to propose to the Board of Directors to grant for the shareholders' approval. In addition, the Board of Directors assigns the Executive Committee to determine the remuneration of the Company's Executives in accordance with their responsibilities and performance in relation to the Company's operating performance as well as in comparison to the industry average.

Remuneration for the Board of Directors

Monetary remuneration in 2011 of the Board of Directors was totally THB 64.11 million which included (1) monthly remuneration (2) special remuneration in accordance with the resolution of the Annual General Shareholders' Meeting.

In addition, some directors also received the remuneration being as the director of subsidiaries which was totally THB 0.42 million. For the remuneration of the Audit Committee of the year 2011 was totally THB 15 million. The details can be illustrated as follows:

Unit: THB

Name		CPF		Directors of Subsidiaries
		Directors	Audit Committee	
1.	Mr. Dhanin Chearavanont	7,162,000	-	-
2.	Pol. Gen. Pow Sarasin	5,718,000	5,400,000	-
3.	Mr. Prasert Poongkumarn	5,372,000	-	62,259
4.	Mr. Min Tieanworn	5,372,000	-	-
5.	Mr. Chingchai Lohawatanakul	5,372,000	-	-
6.	Mr. Arsa Sarasin	3,581,000	2,400,000	-
7.	Professor Dr. Athasit Vejjajiva	3,581,000	2,400,000	-
8.	Emeritus Professor Supapun Ruttanaporn	3,581,000	2,400,000	-
9.	Dr. Chaiyawat Wibulswasdi	2,889,000	2,400,000	-
10.	Mr. Phongthep Chiaravanont	3,581,000	-	-
11.	Dr. Veeravat Kanchanadul	3,581,000	-	-
12.	Mr. Adirek Sripatak	3,581,000	-	270,000
13.	Mr. Pong Visedpaitoon	3,581,000	-	-
14.	Mr. Sunthorn Arunanondchai	3,581,000	-	-
15.	Mrs. Arunee Watcharananan	3,581,000	-	90,000

Other Remuneration -None-

Remuneration for the Executives

Monetary Remuneration in 2011, including monthly salary, the Company's contribution in accordance with the Employee Joint Investment Program ("EJIP")¹ and other benefits for 6 Executives of CPF totally amounted to THB 151.14 million.

Other Remuneration: -None-



Remark: ¹Summary of EJIP is shown on in "Summary of the Employee Joint Investment Program (EJIP)"

Brief Profile of Directors and Management

	<p>Mr. Dhanin Chearavanont 72 years of age Chairman of the Board of Directors</p>	<p>Education</p> <ul style="list-style-type: none"> • National Defense College, Thailand • Commercial School, Hong Kong • Shantou Secondary School, China • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>Family relations with other executives</p> <ul style="list-style-type: none"> • Cousin of Mr. Phongthep Chiaravanont 	<p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Chairman Charoen Pokphand Group Co., Ltd. • Chairman, CP ALL Plc. • Chairman, True Corporation Plc. • Honorary Chairman, TrueMove Co., Ltd. • Director, Bangkok Inter Teletech Plc.
	<p>Pol.Gen. Pow Sarasin 82 years of age Vice Chairman, Chairman of the Audit Committee and Chairman of the Remuneration and Nominating Committee</p>	<p>Education</p> <ul style="list-style-type: none"> • Bachelor degree in Criminology, University of California, USA • Bachelor degree in Science in Chemistry, John Hopkins University, USA • Honorary Doctorate in Public Administration, Ramkhamhaeng University, Thailand • Commercial Defense College, Thailand • Enrollment in Directors Accreditation Program No. 5/2003, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 1,570,000 shares, equivalent to 0.0209% (increased by 230,000 shares since 31 December 2010) <p>Family relations with other executives</p> <ul style="list-style-type: none"> • Elder brother of Mr. Arsa Sarasin 	<p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Vice Chairman, KasikornBank Plc. • Chairman, Mitsubishi Elevator Asia Co. Ltd. • Chairman, Quality House Plc.
	<p>Mr. Prasert Poongkumarn 75 years of age Vice Chairman and a member of the Remuneration and Nominating Committee</p>	<p>Education</p> <ul style="list-style-type: none"> • Honorary Doctorate in Agricultural, Chiang Mai University, Thailand • Honorary Doctorate in Business Administration, Mae Fah Luang University, Thailand • Honorary Doctorate in Social Development, Prince of Songkla University, Thailand • Honorary Doctorate in Agriculture, Jejiang University, Chengchou province, China • Honorary Professor in Agriculture, Jejiang University, Chengchou province, China • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 1,335,983 shares, equivalent to 0.0178% <p>Family relations with other executives</p> <ul style="list-style-type: none"> • Brother-in-Law of Mr. Phongthep Chiaravanont 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, Charoen Pokphand Enterprise (Taiwan) Co., Ltd. • Director, Charoen Pokphand (India) Pte Ltd. • Director, C.P. Food Trading Co., Ltd. <p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Vice Chairman, Charoen Pokphand Group Co., Ltd. • Director, C.P. Intertrade Co., Ltd. • Chairman, CPPC Plc.

	<p>Mr. Min Tianworn 75 years of age Vice Chairman</p>	<p>Education</p> <ul style="list-style-type: none"> • Honorary Professor in Economics, Jejiang University, Chengchou province, China • Honorary Doctorate in Sociology and Anthropology, Ramkamhaeng University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, CPF Investment Ltd. 	<p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Vice Chairman, Charoen Pokphand Group Co., Ltd.
	<p>Mr. Chingchai Lohawatanakul 72 years of age Vice Chairman and Chairman of the Executive Committee</p>	<p>Education</p> <ul style="list-style-type: none"> • Master of Science, Arizona State University, USA • Enrollment in Directors Certification Program No. 5/2001, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 7,699,367 shares, equivalent to 0.1024% (increased by 3,660,227 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, CPF Investment Ltd. • Director, C.P. Aquaculture (Beihei) Co., Ltd. • Director, C.P. Aquaculture (Dongfang) Co., Ltd. • Director, C.P. Aquaculture (Hainan) Co., Ltd. <p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Vice Chairman, Charoen Pokphand Group Co., Ltd.
	<p>Mr. Arsa Sarasin 75 years of age Director, a member of the Audit Committee and a member of the Remuneration and Nominating Committee</p>	<p>Education</p> <ul style="list-style-type: none"> • Bachelor degree in Business Administration, Boston University, USA • Enrollment in Directors Accreditation Program No. 5/2003, the Thai Institute of Directors Association • Enrollment in Audit Committee Program (ACP) No.19/2007, the Thai Institute of Directors Association • Enrollment in Finance for Non-Finance Director Program (FND) No.39/2008, the Thai Institute of Directors Association 	<p>Family relations with other executives</p> <ul style="list-style-type: none"> • Younger brother of Pol. Gen. Pow Sarasin 	<p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • His Majesty's Principal Private Secretary • Chairman, Padaeng Industry Plc. • Chairman, Siam Makro Plc. • Chairman, Thai Asia Pacific Brewery Co., Ltd. • Chairman, Maesod Palang-ngarn Sa-ad Co., Ltd. • Director, Siam Cement Plc. • Director, Thai Pure Drinks Co., Ltd. • Vice Chairman, Thai Tapioca Development Institute Foundation




	<p>Professor Dr. Athasit Vejajiva 76 years of age Director and a member of the Audit Committee</p>	<p>Education</p>	<ul style="list-style-type: none"> • FRCP, the Physician's College of London, UK • Honorary Doctorate in Internal Medical, Mahidol University and Rangsit University, Thailand • Honorary Doctorate in Clinical Science, Mahidol University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>Work Experience for the past 5 years</p>	<ul style="list-style-type: none"> • Honorary Doctorate, Mahidol University • Chief Advisor of the President of the Royal Institute • Fellow of the Royal Institute, the Academy of Science
	<p>Emeritus Professor Supapun Ruttanaporn 67 years of age Director and a member of the Audit Committee</p>	<p>Education</p>	<ul style="list-style-type: none"> • Master of Business Administration (Accounting), Michigan State University, USA • Bachelor degree in Accounting (Honor), Chulalongkorn University, Thailand • Enrollment in Directors Certification Program No. 15/2002, the Thai Institute of Directors Association 	<p>Work Experience for the past 5 years</p>	<ul style="list-style-type: none"> • Honorable Auditor, Som Dej Pra Thep Rattanasuda Foundation • Treasurer, Wat Yannasangwararam Foundation • Director and Chairperson of the Audit Committee, Delta Electronics (Thailand) Plc. • Director and Member of the Audit Committee, Glow Energy Plc. • Member of Etiquette Committee (2008 - 2010) and Member of Investigation Sub-committee (2008 - 2010), Federation of Accounting Professions
	<p>Dr. Chaiyawat Wibulswasdi 65 years of age Director and a member of the Audit Committee</p>	<p>Education</p>	<ul style="list-style-type: none"> • Ph.D. in Economics, Massachusetts Institute of Technology, USA • Bachelor Degree in Economics, Williams College, USA • Enrollment in Directors Certification Program No. 77/2006, the Thai Institute of Directors Association 	<p>Work Experience for the past 5 years</p>	<ul style="list-style-type: none"> • Director, Vice Chairman and Chairman of the Board of Executive Directors, Krung Thai Bank Plc. (2004 - 2010) • Vice Chairman, Securities and Exchange Commission (2007 - 2008)

	<p>Mr. Phongthep Chiaravanont 61 years of age Director and Executive Director</p>	<p>Education</p> <ul style="list-style-type: none"> • Master Degree in Avian Sciences, University of California at Davis, USA • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 399,000 shares, equivalent to 0.0053% (decreased by 1,201,000 shares since 31 December 2010) <p>Family relations with other executives</p> <ul style="list-style-type: none"> • Cousin of Mr. Dhanin Chearavanont • Brother-in-Law of Mr. Prasert Poongkumarn 	<p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Vice Chairman, Charoen Pokphand Group Co., Ltd. • Chairman and Chief Executive Officer, Perfect Companion Group Co., Ltd.
	<p>Dr. Veeravat Kanchanadul 73 years of age Director</p>	<p>Education</p> <ul style="list-style-type: none"> • Doctorate in Business Administration, University of Illinois, USA • Enrollment in Chairman Program 7/2002, the Thai Institute of Directors Association • Enrollment in Directors Certification Program No.99/2008, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 16,900,170 shares, equivalent to 0.2247% (decreased by 15,000 shares since 31 December 2010) <p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, CPF Investment Ltd. 	<p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Advisor of the President, Association of Thai Listed Companies • Senior Director, National Institute of Development Administration, Thailand • Senior Director, Thammasat University Council • Director, Program for Joint Doctorate in Business Administration (JDBA)




	<p>Mr. Adirek Sripratak 65 years of age Director, President, Chief Executive Officer, and Acting Chief Operating Officer – Food Business</p>	<p>Education</p> <ul style="list-style-type: none"> • Honorary Doctorate in Science, Maejo University, Thailand • Honorary Doctorate in Economics, Chiang Mai University, Thailand • Honorary Doctorate in Science, Food Science and Technology, Rajamangala University of Technology Isan, Thailand • Enrollment in Directors Certification Program No. 5/2001, the Thai Institute of Directors Association • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 5,295,990 shares, equivalent to 0.0704% (increased by 48,488 shares since 31 December 2010) <p>Family relations with other executives</p> <ul style="list-style-type: none"> • Elder brother of Mrs. Arunee Watcharananan 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, C.P. Merchandising Co., Ltd. • Director, CPF Training Center Co., Ltd. • Director, CPF IT Center Co., Ltd. • Director, Bright Excel Investments Ltd. • Director, Charoen Pokphand (India) Pte Ltd. • Director, Charoen Pokphand (Taiwan) Investments Ltd. • Director, Coinaton Investments Ltd. • Director, CPF Investment Ltd. • Director, C.P. Laos Co., Ltd. • Director, Forward Pass Ltd. • Director, New Splendid Holdings Ltd. <p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Honorary Chairman, the Thai Broiler Processing Exporters Association • Director, CP ALL Plc. • Honorary Director, Chiang Mai University Council • Advisor to Executives, Chiang Mai University
	<p>Mr. Pong Visedpaitoon 66 years of age Director, Executive Director and Chief Operating Officer – Aquaculture Business</p>	<p>Education</p> <ul style="list-style-type: none"> • Honorary Doctorate in Fisheries, Maejo University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 5,104,283 shares, equivalent to 0.0679% (increased by 71,597 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, Asia Aquaculture (M) Sdn. Bhd. • Director, Charoen Pokphand Foods (Malaysia) Sdn. Bhd. • Director, Charoen Pokphand Foods Philippines Corporation • Director, Star Feedmills (M) Sdn. Bhd.

	<p>Mr. Sunthorn Arunanondchai 69 years of age Director</p>	<p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration, University of Arkansas, USA • Enrollment in Directors Certification Program No.98/2008, the Thai Institute of Directors Association • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association • Enrollment in Certificate of Leadership Program No.6, the Capital Market Academy 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 14,748,299 shares, equivalent to 0.1961% 	<p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Director and President, C.P. Land Plc. • Director and Chairman, Ek-Chai Distribution System Co., Ltd. • Director and Chairman of the Audit Committee, Bangkok Life Insurance Plc. • Director, Bangkok Inter Teletech Plc.
	<p>Mrs. Arunee Watcharananan 63 years of age Director and Executive Director</p>	<p>Education</p> <ul style="list-style-type: none"> • Bachelor degree in Economics, Thammasat University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 8,068,255 shares, equivalent to 0.1073% (increased by 40,410 shares since 31 December 2010) <p>Family relations with other executives</p> <ul style="list-style-type: none"> • Younger sister of Mr. Adirek Sripratak 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, C.P. Merchandising Co., Ltd. • Director, CPF Investment Ltd. <p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Deputy Group CFO, Charoen Pokphand Group Co., Ltd.
	<p>Mr. Voravit Janthanakul 65 years of age Executive Director and Executive Vice President, General Administrative Unit</p>	<p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration, Thammasat University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association <p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 50,518 shares, equivalent to 0.0007% (increased by 29,906 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, Bangkok Agro-Industrial Products Plc.¹ • Director, Bangkok Produce Merchandising Plc. • Director, Charoen Pokphand Northeastern Plc.¹ • Director, Bangkok Food Products Co., Ltd.¹ • Director, Charoen Pokphand Industry Co., Ltd.¹ 	<ul style="list-style-type: none"> • Director, C.P. Agro-Industry Co., Ltd.¹ • Director, CPF Trading Co., Ltd. • Director CPF Training Center Co., Ltd. • Director, CPF Food Products Co., Ltd.¹ • Director, CPF Premium Foods Co., Ltd. • Director, CPF Logistics Co., Ltd. • Director, CPF IT Center Co., Ltd. • Director, B.P. Food Products Co., Ltd.¹ • Director, Rajburi Foods Co., Ltd.¹ • Director, International Pet Foods Co., Ltd.¹

	<p>Mr. Teerasak Urunanon 62 years of age Executive Director, Chief Operating Officer — Domestic Trading, Executive Vice President — Livestock Food Processing Unit, and Acting Executive Vice President — Domestic Trading Unit</p>	<p>Education</p> <ul style="list-style-type: none"> • Professional Diploma, Thonburi Commercial College, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 114,405 shares, equivalent to 0.0015% (increased by 48,651 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, CPF Trading Co., Ltd. • Director, CPF Food Products Co., Ltd.¹ <p>Work Experience for the past 5 years</p> <ul style="list-style-type: none"> • Vice President, the Thai Broiler Processing Exporters Associations • Advisory Board Member, Sukhothai Thammathirat Open University
	<p>Mr. Vitit Pootanasap 58 years of age Executive Director and Executive Vice President, Aquatic Feed Unit</p>	<p>Education</p> <ul style="list-style-type: none"> • Bachelor degree in Business Administration, Ramkhamhaeng University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 70,246 shares, equivalent to 0.0009% (increased by 9,611 shares since 31 December 2010) 	
	<p>Mr. Paisan Chirakitchareon 52 years of age Executive Director and Chief Financial Officer</p>	<p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration, National Institute of Development Administration, Thailand • Enrollment in Directors Certification Program No. 98/2008, the Thai Institute of Directors Association • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, Bangkok Agro-Industrial Products Plc.¹ • Director, Charoen Pokphand Northeastern Plc.¹ • Director, Bangkok Food Products Co., Ltd.¹ • Director, Charoen Pokphand Industry Co., Ltd.¹ • Director, C.P. Agro-Industry Co., Ltd.¹ • Director, C.P. Merchandising Co., Ltd. • Director, CPF Trading Co., Ltd. • Director, CPF Logistics Co., Ltd. <p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 91,306 shares, equivalent to 0.0012% (increased by 49,544 shares since 31 December 2010) 	<ul style="list-style-type: none"> • Director, CPF IT Center Co., Ltd. • Director, B.P. Food Products Co., Ltd.¹ • Director, Rajburi Foods Co., Ltd.¹ • Director, Bright Excel Investments Ltd. • Director, Charoen Pokphand (Taiwan) Investment Ltd. • Director, Coinaton Investments Ltd. • Director, CP Foods (UK) Ltd. and subsidiaries • Director, CP Foods West, Inc. • Director, CPF Denmark A/S • Director, CPF Europe S.A. • Director, Forward Pass Ltd. • Director, New Splendid Holdings Ltd.

	<p>Miss Patchara Chartbunchachai 53 years of age Executive Director and Company Secretary</p>	<p>Education</p> <ul style="list-style-type: none"> • Bachelor Degree in Accounting, Thammasat University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 461,000 shares, equivalent to 0.0061% 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, Bangkok Produce Merchandising Plc. • Director, C.P. Agro-Industry Co., Ltd.¹ • Director, C.P. Merchandising Co., Ltd. • Director, CPF Food Products Co., Ltd.¹ • Director, CPF Premium Foods Co., Ltd. • Director, CPF Trading Co., Ltd. • Director, CPF IT Center Co., Ltd.
	<p>Mr. Virachai Ratanabanchuen 62 years of age Chief Operating Officer – Livestock Business and Acting Executive Vice President – Livestock Feed Unit</p>	<p>Education</p> <ul style="list-style-type: none"> • Bachelor degree in Business Administration, Thammasat University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 1,549,745 shares, equivalent to 0.0206% (increased by 300,227 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, Charoen Pokphand Northeastern Plc.¹ • Director, Bangkok Food Products Co., Ltd.¹ • Director, CPF Trading Co., Ltd. • Director, C.P. Laos Co., Ltd.
	<p>Mr. Anek Boonnoon 58 years of age Executive Vice President – Livestock Farming Unit</p>	<p>Education</p> <ul style="list-style-type: none"> • Bachelor degree in Agriculture (Veterinary Sciences), Kasetsart University, Thailand 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 101,756 shares, equivalent to 0.0014% (increased by 53,221 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, Bangkok Agro-Industrial Products Plc.¹ • Director, Charoen Pokphand Northeastern Plc.¹ • Director, Charoen Pokphand Industry Co., Ltd.¹ • Director, C.P. Agro-Industry Co., Ltd.¹ • Director, CPF Trading Co., Ltd. • Director, Rajburi Foods Co., Ltd.¹

	<p>Mr. Prajit Udnoon 61 years of age Executive Vice President – Poultry Breeding and Farming Research and Development Unit</p>	<p>Education</p> <ul style="list-style-type: none"> • Bachelor of Science in Animal Husbandry, Chiang Mai University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 385,903 shares, equivalent to 0.0051% (increased by 32,475 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, Bangkok Agro-Industrial Products Plc.¹
	<p>Mr. Somkuan Choowatanapakorn 63 years of age Executive Vice President – Swine Breeding and Farming Research and Development Unit</p>	<p>Education</p> <ul style="list-style-type: none"> • Master of Animal Breeding, Kasetsart University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 7,019,841 shares, equivalent to 0.0933% (increased by 326,422 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, Bangkok Agro-Industrial Products Plc.¹ • Director, Bangkok Food Products Co., Ltd.¹ • Director, B.P. Food Products Co., Ltd.¹
	<p>DVM Sujint Thammasart 58 years of age Executive Vice President — Aquatic Farming Unit and Aquatic Breeding and Farming Research and Development Unit</p>	<p>Education</p> <ul style="list-style-type: none"> • Bachelor degree in Veterinary Medicine, Kasetsart University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 158,057 shares, equivalent to 0.0021% (increased by 78,451 shares since 31 December 2010) 	

	<p>Dr. Sommai Tachasirinugune 56 years of age Executive Vice President – Aquatic Food Processing Unit</p>	<p>Education</p> <ul style="list-style-type: none"> • Doctorate in Poultry Nutrition, Oregon State University, USA 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 1,972,775 shares, equivalent to 0.0262% (increased by 369,854 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, Klang Co., Ltd.¹ • Director, CPF Trading Co., Ltd.
	<p>Mr. Sukhawat Dansermasuk 61 years of age Executive Vice President – Ready Meal Unit</p>	<p>Education</p> <ul style="list-style-type: none"> • Bachelor degree in Economics, Thammasat University, Thailand • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 52,990 shares, equivalent to 0.0007% (increased by 504 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, CPF Food Products Co., Ltd.¹ • Director, CPF Premium Foods Co., Ltd. • Director, International Pet Food Co., Ltd.¹
	<p>Mr. Pisit Ohmpornnuwat 57 years of age Chief Operating Officer — Overseas Trading</p>	<p>Education</p> <ul style="list-style-type: none"> • Professional Diploma, Assumption Commercial College • Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association 	<p>% shareholding in the Company as of 31 December 2011</p> <ul style="list-style-type: none"> • 230,717 shares, equivalent to 0.0031% (increased by 51,686 shares since 31 December 2010) 	<p>Positions in the Company's subsidiaries</p> <ul style="list-style-type: none"> • Director, C.P. Merchandising Co., Ltd. • Director, C.P. Food Products, Inc. • Director, CP Foods (UK) Ltd. and subsidiaries • Director, CP Foods West, Inc. • Director, CPF Denmark A/S • Director, CPF Europe S.A. • Director, CPF Food Trading Co., Ltd.



**Mr. Praderm
Chotsuparach**

62 years of age
Executive Vice
President – Information
Technology and
Application Unit

Education

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

% shareholding in the Company as of 31 December 2011

- 83,942 shares, equivalent to 0.0011% (increased by 33,695 shares since 31 December 2010)

Positions in the Company's subsidiaries

- Director, CPF IT Center Co., Ltd.



Mr. Tinakorn Ruenthip

61 years of age
Executive Vice
President – Human
Resource Unit

Education

- Bachelor of Public Administration, Chulalongkorn University, Thailand
- Enrollment in Directors Accreditation Program on 4 May 2005, the Thai Institute of Directors Association

% shareholding in the Company as of 31 December 2011

- 47,321 shares, equivalent to 0.0006% (increased by 15,340 shares since 31 December 2010)

Positions in the Company's subsidiaries

- Director, CPF Training Center Co., Ltd.

Remark: ¹On 1 February 2012, 10 subsidiaries of CPF, i.e., Bangkok Agro-Industrial Products Plc., Bangkok Food Products Co., Ltd., Charoen Pokphand Northeastern Plc., Charoen Pokphand Industry Co., Ltd., CPF Food Products Co., Ltd., C.P. Agro-Industry Co., Ltd., B.P. Food Products Co., Ltd., Rajburi Foods Co., Ltd., International Pet Food Co., Ltd. and Klang Co., Ltd. were registered the amalgamation into 1 new subsidiary namely "CPF (Thailand) Plc."

Human Resource Management

CPF Way – Corporate Values

CPF Way — the fundamental corporate values and the basis of the Company's business conduct shared by all employees in performing their work, is a key factor leading to the realization of the Company's vision of becoming the 'Kitchen of the World.' CPF Way includes:

1. Three Benefits to Sustainability — for the country, the people and the Company
2. Speed & Quality
3. Simplification
4. Adaptation to Change
5. Innovative
6. Integrity & Honesty

The Company's Core Values and Ethics

Recognizing that its ultimate success relies on honesty, integrity and fairness, the Company has specified its standard operating procedures which the Board of Directors, executives and employees must strictly observe. The Company's core values and ethics cover the following lines of conduct:

1. The Company and all its employees attempt to do what is correct and righteous.
2. The Company and all its employees respect the individual right of colleagues, customers, shareholders and all stakeholders.
3. The Company and all its employees firmly believe that human resources are Company's most valuable asset.

4. The Company and all its employees attempt to be the leader in product development and provider of best services.

5. The Company and all its employees will be accountable for their actions.

6. The Company and all its employees will adhere to all relevant rules and regulations.

Human Resource Management Vision

To realize its "People Excel-Business Exceeds" vision, the Company's human resource management means being committed to develop all employees to excel in their respective professional lines and fulfill their roles as a key driving force for the Company's sustainable success and competitiveness in the global business arena. The Company's human resource management starts from the attraction for capable and good people and recruiting them, and includes people development, motivation and retention processes.

Attraction Policy for the Qualified Manpower

The Company continuously takes proactive approaches in recruiting capable people, including apprentice programs for university students, recruitment in universities, building relationships with targeted students before their graduations and recruitment of experienced people.

This year's **"Dinner Talk with CEO 2011"** project was held to support the recruitment effort, with CPF's President and CEO leading a team of senior executives to share their knowledge and experience with graduate and doctorate levels of professors and students at targeted universities.

Through the **"Getting to Know"** Project, the Company nurtures relationships with targeted universities and students by organizing visits for university personnel engaged in provision of career advice to students, including heads of departments, student affairs staff, heads of student clubs and student leaders. Given access to observe the Company's production process and actual work of several departments, these visitors get to know us better and gain confidence in helping their students to choose future careers. Besides building relationships, the Company benefits from exchanges of ideas during such visits. The project has attracted interest and received good cooperation, with professors and students from more than 15 educational institutions taking part in two-day visits. The project has organized three visits during this year and will continue every year.

In addition, the Company has organized the **"CPF Ambassador Project"**, an enhanced version of the **"CPF Future Career project"**. Under this project, student leaders are screened and invited to take a study trip to several CPF departments, including its corporate social responsibility projects. By giving the new generation a chance to observe and understand the workplace and the corporate culture, as well as our business, the students will expand their visions and views of the Company business conduct.

People Development Program

1. Emphasis on leadership development for effective corporate management in the global business arena, with leadership skills in motivating employees to perform their duties with devotion together with efficiency improvement, in line with business success. The Company also focuses on cultivating among its leaders and employees the CPF Way and its ethical codes of conduct, which are crucial in today's competitive environment.

2. Dedication to sustainable achievement by grooming the next generation of leaders to manage business growth and fill vacant positions under the Company succession plans. Candidates selected from screening processes within and outside the Company are trained and developed in a fast-track pace. In addition, for this year the Company invited Professor Noel Tichy, a world-famous consultant for leadership development, to conduct his highly successful "Leaders Developing Leaders (LDL)" program for over 200 senior executives by having its senior executives share their experiences with lower-ranking executives.

3. Dedication to enhance specialization among the Company staffs by encouraging their learning through research and sharing experience with experts. Effective and efficient performances are the targeted outcomes of this process of learning from one generation to another, coupled with the application of modern technology and knowledge management, including the accumulated up-to-date information and experience. The CPF training center plays a key role in developing and specifying policies for the enhancement of corporate capabilities through personnel competency, with its operation plans corresponding with corporate business objectives.

4. Promotion of personnel through continuous development via e-learning and web-based learning. This is an equal opportunity for all employees to learn and improve their skills and knowledge.

Talent Management and Succession Plans

In attracting and retaining employees with the potential to support its future business growth and expansion, the Company leverages selection and development processes which nurture these talents to become future leaders. The Company also values succession plans, especially at the top management level, to ensure continuity in case of vacancies

or business expansion. Its succession plans are in place from the general management position up to top management positions, with qualified candidates identified for future expansion or vacancies.

Motivation and Loyalty Enhancement Scheme

In pursuing its loyalty enhancement policy, the Company launched the Employee Joint Investment Program (EJIP) in 2010, through which management level employees accumulate CPF shares to increase their sense of belonging and loyalty to the Company. The program motivates these employees to create continuous and sustainable growth for the Company with dedication, loyalty and the willingness to work with the Company in the long term.

The Company pursues its annual salary adjustment policy to clearly differentiate the salary increases between good performers and others, taking into account their compliance with the Company's values and ethics. This merit-based salary adjustment not only motivates good performers to maintain their performance level, but also inspires others to improve their work.

Employees' Retention

This year, the Company has started conducting an employee engagement survey to assess its employees' opinions about what affect their loyalty to the Company. In assuring employees that their responses would be kept confidential, a consultant company conducted the survey. Approximately 72% of all employees (excluding laborers) responded to the survey questionnaires, which covered six factors that affect employees' loyalty to the Company: 1. People in the Company (senior executives, line manager, colleagues and customers); 2. Job; 3. Opportunity for advancement, learning and development;

4. Management (reputation, policy); 5. Award and compensation; and 6. Quality of life. The result scores were higher than the industry's average and indicated the Company's strong points of management excellence, organization reputation and sense of accomplishment.

Management of Diversity and Inclusion

Being among the world's leading corporations, the Company aims to continuously expand its business abroad and cannot avoid managing employees of diverse age groups with diverse values through cross-cultural management. Looking further ahead, in 2015, the ten ASEAN member countries will raise the levels of their economic integration for a free flow of goods, commerce, investment, capital, services and skilled labor. As a result, the Company will be competing in a changing and more diverse business environment.

In view of these, together with the determination to achieve its business target with sustainable competitiveness in the global market, the Company foresees the necessity of undertaking studies on the most effective management of diversity of human resources, which includes cultural diversity and diverse attitudes. A working group has been appointed to study the Company's diversity and inclusion management policy to assess the feasibility and benefits of such policy for the Company staff. It is expected that the findings of this study will be completed by the first quarter of 2012.

Preparation for the Upcoming ASEAN Economic Community in 2015

A free flow of goods, commerce, investment, capital, services and skilled labor, resulting from the 2015 integration of ASEAN Economic Community into a single market and production base will affect personnel

management of businesses in Thailand and South East Asia. More people will be available for recruitment processes, workers in certain professional lines will be able to seek employment in other ASEAN countries more readily, while competent workers will have a better chance to work in a well-paid country. Recognizing this emerging situation, the Company is undertaking preparations to enhance its business competitiveness under such changes by adapting its personnel management policies to support the employment of foreigners, contacting leading educational institutions in ASEAN countries to recruit highly capable people, preparing measures to attract and retain competent people as described under the Employees' Retention Process section, reconciling relevant personnel management policies and guidelines into a single standard for the entire group of companies under CPF, as well as promoting smooth collaboration among employees from diverse cultures to maximize business benefit.

Application of HR Software

Application of technology in personnel management processes is required for efficiency enhancement. Apart from using technology to record employees' history, the availability of self-service system for on-line requests for leaves of absence and modification of personal information can be applied for personnel recruitment and development processes, such as on-line application forms and knowledge management. This year, the Company also installed the HR Software (PeopleSoft HR Modules) in managing competency and career plans, personal development plans, as well as installing the SMART HR 4 Modules systems for its operations abroad.

Personnel

As of 31 December 2011, CPF had a total of 24,743 employees and workers with remuneration paid in 2011 of THB 7,332 million, covering salary, wages and other benefit. They can be grouped according to business units as follows:

Business	Persons
1. Livestock Business	7,761
2. Aquaculture Business	16,982
TOTAL	24,743

As of 31 December 2011, CPF and its subsidiaries had a total of 65,533 employees and workers.

Corporate Governance

Right of Shareholders

The Board of Directors fully realizes the importance of good corporate governance and unanimously agrees that this would increase the Company's competitive capability and management efficiency, which would give added value to the Company and benefit its shareholders in the long run. Corporate governance will ensure the Company management is carried out with honesty in accordance with the Company objectives and the shareholders' resolution and will focus on the best interests of the Company and shareholders. On 17 December 2008, the first Amendment of the Corporate Governance Policy was approved. The principle of this Corporate Governance Policy reflects corporate values in strict compliance with the key characteristics of good corporate governance and provides guidelines for the management and staff members to conform with good corporate governance practices and maintain the right of shareholders as a fundamental right under the law.

In addition to the fundamental right of Shareholders under the law, the Company provides pertinent information to the shareholders in a timely manner in order to support their effective decision-making. Apart from the disclosure of information under the Regulations of the Stock Exchange of Thailand, the Company disseminates information through its website.

To convene the Annual General Shareholders' Meeting, the Company also gives equitable treatment to all shareholders and facilitates the attendance of shareholders, even shareholders who show up late at the meeting. All the shareholders attending the meeting will be given

opportunity to reasonably and sufficiently give comments or raise questions. It is the Company policy to have the directors and the top executives attend the Shareholders' meetings in order to reply to the questions raised by the shareholders at the Meeting. At the Annual General Shareholders' Meeting of the year 2011, the meeting was conducted in accordance with the agenda items outlined and delivered to the Shareholders along with the meeting notice, without any change or additional agenda items.

The Company posted the information regarding the Annual General Shareholders' Meeting on its website one month prior to the meeting date and such information was the same as that delivered, along with the meeting notice, to the shareholders 14 days before the meeting date. The meeting notice contained the following information: meeting agenda, rationale and opinion of the directors for the proposed agenda, date, time and venue of meeting, and procedures and documents required for registration for the meeting.

With regard to the agenda items proposed for the shareholders' consideration, the Company provided sufficient information on each agenda item in order to accommodate the shareholders in making a decision for voting. The Company also informed the shareholders, by including this in the meeting notice, of the channels by which questions in relation to the agenda items to be raised during the Annual General Shareholders' Meeting would be submitted to the Board of Directors prior to the meeting date so that the Board of Directors could consider such questions and give complete clarification to the Meeting.

The Annual General Shareholders' Meeting for the year 2011 was held at Montien Riverside Hotel, Rama 3 Road, Bangkholaem, Bangkok. To facilitate the attendance of the shareholders, the Company provided

snacks and beverage to the shareholders at the registration area prior to the commencement of the meeting. In order to minimize the time consumed for registration of attendance, the Company applied the bar-code system for registration and arranged adequate personnel to check the documentation of each attending shareholder.

Prior to the commencement of the Annual General Shareholders' Meeting for the year 2011, the Company made an announcement on the rules to be used in conducting the meeting, including the voting procedures and methods. In such meeting, there were directors and top executives in numbering 23 persons attending, including the President, Chairman of the Audit Committee, Chairman of the Remuneration and Nominating Committee, Chief Operating Officer and Chief Financial Officer.

As the Chairman of the Board of Directors could not attend the meeting, the Vice Chairman shall preside over the Meeting, according to the Articles of Associations of the Company. Therefore, Pol. Gen. Pow Sarasin, the Vice Chairman, was the Chairman of the Meeting. The shareholders were given opportunities to voice their opinion or ask questions on all issues listed on the meeting agenda, and to elect the directors, individually, to replace the directors retiring on rotation according to the relevant agenda item. With regard to the voting procedure, ballots were used in the cases where shareholders voted against or wished to abstain from voting. During the Meeting, the Chairman of the Meeting provided information and reason to support the decision-making on the proposed agenda items and informed the Meeting of the vote cast for the resolution of each agenda item. The Company appointed legal advisor to monitor the Meeting to be in accordance with laws and Articles of Association of the Company

and to be the witness of vote counting.

The Minutes of the meeting were recorded and reported. They consisted of two main sections: the first section included general information of the Meeting such as the name list of directors and top executives attending the meeting, the total number and voting rights of the attending shareholders at the commencement of the meeting and the voting and ballot procedures, and the second section included the information on the agenda items proposed for the shareholders' consideration as notified in the meeting notice such as the summary of each meeting agenda item, the summary of the questions raised by shareholders and the explanation given by the management on each agenda item (if any). The voting results were recorded with the total number of votes "for," "against," and "abstained."

The Minutes of the Meeting were submitted to the Stock Exchange of Thailand within 14 days from the Meeting date, and published for the shareholders on the Company website.

Equitable Treatment of Shareholders

With regard to sale and purchase of Company shares, the Company instituted rules and regulations in order to protect the internal information from potential abuse, to ensure transparency and to prevent the misuse of undisclosed internal information by directors, executives and employees of the Company. Under the Rules, Requirements and Procedures on the sale and purchase of Company shares, the Company's directors, executives and all of the employees of Company Secretary Office and Investor Relations Office shall prepare and submit the report on the shareholding and any sales or purchase of shares held to the Company Secretary Office for further submission to the Securities and

Exchange Commission, as the case may be, within the period of time prescribed in the relevant laws and regulations. In this regard, the Company Secretary Office is assigned to report the changes of shareholding of the directors and executives to the Board of Directors quarterly. In addition, the Company continuously provided information on the rules and regulations of the Company's internal information to the directors, executives and employees at each level for awareness of their duties and responsibilities under such rules and regulations.

The Board of Directors closely guards its business operation in order to avoid conflicts of interest by setting up committees and sub-committees in accordance with good corporate governance and encouraging employees at each level to honestly perform their duties and to abide by the business ethics. In the case that any director has a conflict of interest in respect of any agenda item of the Board of Directors' meeting, such directors shall not be allowed to participate in the consideration or decision-making on such agenda item. In the supervision of entering into transactions with the connected persons, the Board of Directors approved in principle transactions, which are normal business transactions or supporting normal business transactions thereof under general commercial conditions, made between the Company or its subsidiaries and the directors, executives or connected persons of the Company or its subsidiaries, while other transactions shall be made in accordance with the requirements notified by the Capital Market Supervisory Board. In addition, to have the sufficient information to be used for complying with the rules concerning the connected transactions, which may cause conflicts of interest and lead to a transfer of the Company's interest, the Board of Directors approved the rule and procedure of the report on the interest of directors and executives

according to the Notification of the Capital Market Supervisory Board No. Tor Chor 2/2552 Re: Report of Interest of Directors, Executives and Related Persons.

Additionally, in order to provide the equitable treatment of each shareholder, the Company takes the following actions while holding a shareholders' meeting:

- Give opportunities for the shareholders to propose matters to be included in the Meeting agenda and to nominate qualified persons for the election of directors, as well as to submit the relevant questions on the agenda items prior to the meeting date. In this regard, the Board of Directors has regulated the requirements of submission, including the channel and schedule for submission, which has been posted on the Company website. For the Annual General Shareholders' Meeting for the year 2012, the Company provided shareholders an opportunity to propose AGM agenda 3 months in advance of the end of the fiscal year 2011;
- Provide a proxy form in which the shareholders can give comments on their votes and authorize either the Chairman of the Audit Committee and/or a member of the Audit Committee as their proxy in the case where the shareholders cannot attend the meeting in person. The proxy form and relevant documents shall be submitted through the Company Secretary Office;
- Prevent the addition of agenda items without prior notice being given by the shareholders who are the Company executives.

Roles of Stakeholders

The Company has the policy to serve all stakeholders, including shareholders, suppliers and service providers and customers on the basis of honesty, fairness and transparency. The Company will not seek any personal profit which may cause conflict with the Company's or the stakeholders' interest, nor divulge confidential information on business relations with the stakeholders. The Company has taken the following measures in to better serve its stakeholders:

- Provide indemnification to the stakeholders who sustain damage from violation by the Company, as prescribed by the law of the stakeholders;
- Provide channels to receive indications or complaints in respect of violation of law or ethics through independent directors or the members of Audit Committee;
- Give direction for necessary actions to be taken after an indication has been received, by assigning internal investigation and reporting the outcome to the Board of Directors.

In order to ensure that fair treatment is provided for each group of stakeholders in accordance with their rights and agreements made with the Company, the Board of Directors has prescribed the Code of Conduct in dealing with each group of stakeholders as follows:

Shareholders:

- Organize the efficient nomination process in order to recruit qualified persons to be appointed as Company directors and assign the Remuneration and Nominating Committee to be responsible for this process; and

- Disclose the Company financial information and other matters in a sufficient, transparent and reliable manner and set up an Investor Relations Office to be a channel of communication between the shareholders and the Company and a source of data for the Company business.

Employees:

- Establish a human resource management policy on the basis of good supervision and management, fair and gentle treatment and creating opportunities to employees at each level and appropriate reward. In addition, the CEO Website has been created as a channel of communications for the CEO to disseminate Company policy, vision and objectives to the employees, and to receive comments, suggestions or grievances of employees to be brought directly to the attention of the CEO for timely investigation. The names of employees who submit such information will be kept confidential;
- Establish a program for employees' health and safety and provide medical welfare and insurance against accidents for employees;
- Respect the employees' right of privacy and keep the employees' personal data confidential;
- Provide training to improve the employees' skill and performance;
- Provide a reasonable remuneration and welfare system which is compatible with that of other domestic entrepreneurs in the same industry;

- Establish the Employee Joint Investment Program ("EJIP") to build up employee motivation, strengthen employee collaboration and retain employees with the Company;
- Regulate the Code of Ethics for Employees which includes the prohibition of receiving bribes or other incentives in violation of the law or the Company's Rules and Regulations, or waive any indecent business requirement as well as prohibition of using the Company's properties for personal interest and in an inappropriate way, and regulate the Code of Conduct for executives and employees in order to comply with the Company's values, ethics and accountabilities for Company stakeholders, so as to standardize the performance of executives and employees on the basis of integrity. The Code of Conduct and the Code of Ethics will be published for the executives and employees for compliance and their compliance will be regularly monitored;
- Regulate on the use of computers and networks by prohibiting employees from using computers and networks which violate the intellectual property of others.

Customers

- Set up a system to monitor and control the process of production or product supply in order to supply quality merchandise to customers, and regularly update the technology of production and quality control;
- Set up a system to control the strict, honest and regular compliance under the agreements made with customers;

- Set up a system to control the maintenance of customer's confidential information, as if it were the Company confidential information;
- Set up a Call Center in order to receive comments and complaints in respect of the Company merchandise. Complaints will be sent to the respective department for verification and correction as soon as possible.

Traders

- Set up the rule of fair and equitable treatment for all traders in business operation;
- Set up regulations on procurement by selecting the sellers, parties or counsel on the basis of maximum benefit to the Company and fair, unbiased and transparent recruitment. The Employees shall be prohibited from receiving any benefits from recruited traders;
- Set up a system to monitor and prevent the disclosure or abuse of traders' confidential information.

Trade Competitors

- Operate the business under the rules and ethics;
- Set up a system to monitor and prevent the unlawful acquisition or abuse of trade competitors' confidential information.

Creditors

- Set up a system to monitor and control strict compliance under the obligations to creditors with the awareness of the Company's reputation.

Community and Society

- Have a strong intention, as an organization which is accountable to local, national and international society, to create activities which benefit the development of the communities and societies;
- Have strong intention to take necessary measures to protect the environment and reduce pollution which deteriorates the environment;
- Give priority to political activities and political participation, and to recognize the political right and freedom of the employees as their private right, but refrain from giving any political support under the Company's name;
- Set up a Safety, Health and Environment (SHE) Committee to be responsible for all relevant activities.

Information Disclosure and Transparency

In order to ensure that the Company's material information shall be disclosed completely, transparently and in a timely manner, the Board of Directors is required to undertake the following measures:

- Disseminate the report on the policies of good corporate governance and environment and social protection, as well as the outcome of compliance under such policies through various channels such as the Company's annual report or website;
- Prepare and report the Company's financial and general information to the shareholders and general investors accurately and completely. The report on the Board of Directors' accountability, the financial report and the auditor's report shall be included therein;
- Disclose the roles and duties of the Board of Directors and those of sub-committees, the number of the Board of Directors' meetings and the number of the attendance record of each director in the preceding year as well as their opinions on the performance;
- Disclose the policy of remuneration for directors and executives according to their individual duties and responsibilities. Such disclosure shall include the remuneration obtained by each director as a director of the Company's subsidiaries;
- Disclose the Company's material information, both financial and non-financial, accurately, completely, timely, transparently and in accordance with the requirements notified by the relevant authorities;
- Set up an Investor Relations Office to disseminate the Company's financial information and general information to the shareholders, financial analysts, investors and other Company's stakeholders and to be a channel of communications for the shareholders and investors. This Office was established in 1999 and functions under the direct supervision of the Chief Executive Officer. One of the activities of this unit is to organize annual meetings with financial analysts, and domestic and foreign investors. In the past years, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and other top executives participated in these meetings;
- Disclose the Company's information through the Company's website, which is available in both Thai and English version in addition to disclosure through the Office of the SEC, or the Stock Exchange of Thailand. This website is also linked to the website of the Stock Exchange of Thailand.

Responsibilities of the Board of Directors

In order to ensure that the structure of the Board of Directors is compatible with the Company's business operation, as well as to illustrate the framework, duties and responsibilities of the Board of Directors which will enhance the efficiency of the Board of Directors performance, the Board therefore set up the following requirements:

Structure of the Board of Directors

● Composition of the Board of Directors

The Board of Directors shall consist of at least 5 directors whereas the Chairman of the Board of Directors shall not hold the office of chairman or member of any sub-committees, and shall not be the President. The Board of Directors must comprise independent directors at least one-third of all members but not less than 3 members according to the Notification of the Capital Market Supervisory Board No. Tor Chor. 4/2552. Since the Annual General Meeting of Shareholders for the year 2010, the Board of Directors has consisted of 15 members, and 5 of them were independent directors or one-third of all the members of the Board of Directors.

● Qualifications

Every director has experience in his respective field, which will be beneficial to the operation of the Company. Each director shall possess good understanding of business obstacles and have the abilities to solve problems and create a competitive advantage as well as provide insight in handling important risks. All the directors' qualifications shall meet the criteria set forth by the law governing public limited companies, the law governing securities and exchange and the

notifications of the authorities supervising companies, and no director shall possess any disqualification as prescribed therein. In the case of independent director, such director shall be qualified under the notifications set forth by the Capital Market Supervisory Board.

Upon joining the Board, each director is provided important information on the Company, Articles of Association of the Company related to the roles and responsibility of the Board of Directors, advice concerning laws, regulations, and conditions of being a director of a listed company and the orientation of the Company's businesses.

In the case that any director holds the office of director or executive in another company which is not a Company subsidiary or associate, such director shall report the holding of such office to the Company.

● Term of Directorship

At each Annual General Shareholders' Meeting, one-third of all directors who have held the longest term in office shall retire. If the Board cannot be divided into 3 groups, the nearest number to one-third of all directors shall retire from office. A retiring director can be re-elected to the Board under the approval of the Shareholders Meeting. The term of each director is 3 years. In the case that the office of director is vacated for any reason other than retirement on rotation, it is required that the Board of Directors shall elect a qualified person according to the laws to fill the office, except if the remaining term of such directorship is less than two months. Such newly elected director shall hold the office only for the remaining term of the replaced directorship. However, the appointment of such director must be approved by the votes cast of at least three-fourths of the number of the remaining directors.

• Supervision

The Board of Directors has the duty to supervise the performance of the operation of the Company in accordance with the Company's objectives, strategy and the operational plan approved by the Board of Directors, in order to benefit the best interest of the Company and all stakeholders. The Board of Directors will assign the authority, duties and responsibilities of routine managerial tasks to the President and this assignment shall be clearly separated from the authority and duties of the Chairman of the Board of Directors. The Board of Directors may appoint various sub-committees to supervise specific areas of operation, and employ experts or advisors from outside in order to provide opinion or advice in respect of the Company business operations, as it is deemed appropriate, at the Company's expense.

In the case that the President or any top executive holds the office of director in any company other than that as assigned by the Company, such officer shall report the holding of such office to the Company.

Duties and Responsibilities of the Board of Directors

Details of which are shown in "Management" section under "Roles and Responsibilities of the Board of Directors" (page 79-80)

Board of Directors' Meeting

- The Board of Directors Meetings are scheduled to be held at least once a month and the meeting dates shall be scheduled in advance annually. However, if it is deemed necessary, the meeting dates can be rescheduled. Each director will be notified of the meeting schedules and has the duty to attend every meeting. In the case of inability to attend any meeting, such director shall give notice and

reason of the absence to the Company Secretary prior to such meeting and the Company Secretary shall deliver the minutes of such meeting to the absent director.

- The President, together with the Chief Finance Officer and the Company Secretary, will review the matters to be included in the agenda of the Board of Directors Meeting prior to the submission of the agenda items to the Chairman of the Board of Directors for approval. Each director is entitled to propose the matters to be included in the Meeting agenda.
- The Company Secretary will prepare and deliver the relevant information required for the Board of Directors Meeting along with the meeting notice to each director no less than seven days prior to the meeting date for review and consideration.
- At any Board of Directors meeting, the executive(s) who is directly responsible for the issues to be raised in the Board of Directors' meeting will be invited to attend and present a report in respect of such issues. Every director is given an opportunity to discuss, share opinions and make an independent decision on the subject matter. Additional information may be requested from the Company Secretary or advice may be requested from independent consultants as it is deemed appropriate.
- In the case that any director has a conflict of interest on an agenda item raised for consideration, such director shall immediately inform the Board of Directors of such conflict of interest, and will not participate in the decision making of that agenda item.

- The non-executive directors may hold meetings in order to discuss the matters among themselves, as it is deemed appropriate for the Company's management, without the attendance of the management. The minutes of such meetings shall be submitted to the Board of Directors meeting for acknowledgement.

Evaluation of the Board of Directors Performance

- The Remuneration and Nominating Committee will evaluate the Board of Directors' performance annually and report the evaluation results to the Board of Directors.
- The Board of Directors will conduct a self assessment at least once a year and the Chairman of the Board of Directors will be responsible for this evaluation.

Directors' Remuneration

- The policy and requirement of directors' remuneration is set out by the Board of Directors, based on performance in the same industry, experience, duties, roles and responsibilities and potential benefits gained from each director. The directors who are assigned additional tasks shall be entitled to a raise of remuneration as it is deemed appropriate.
- The Remuneration and Nominating Committee will annually consider and propose the determination of director's remuneration to the Board of Directors for further approval from the Shareholders' Meeting.

Internal Control System

At the Board of Directors' meeting No.2/2012 held on 22 February 2012, the Audit Committee, comprising 5 independent directors, was present to review the Company's internal control system. From questioning the information and data gathered and reported by Head of Internal Audit Department, it can be concluded that the existing internal control system is appropriate and sufficient to protect assets of the Company from being misused or used by unauthorized person and sufficient to help reduce the Company's business risk effectively. In addition, the internal auditors reviewed on various operations of the Company to ensure the compliance with the Company's internal control system. The major non-compliance, if any, was reported to the Executive Board and the Audit Committee for review and correction. However, in 2011 the Internal Audit Office found no major non-compliance that would affect the operation of the Company and the external auditor also did not indicate any significant non-compliance found.

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 31 December 2011 or 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.

Report of the Audit Committee

The Audit Committee was appointed by the Board of Directors of CPF, consisting of 5 independent directors; namely Pol. Gen. Pow Sarasin as the Chairman, Mr. Arsa Sarasin, Professor Dr. Athasit Vejajiva, Emeritus Professor Supapun Ruttanaporn, and Dr. Chaiyawat Wibulwasdi as a member of the Audit Committee.

During the year 2011, the committee held 11 meetings, in which Pol. Gen. Pow Sarasin, Professor Dr. Athasit Vejajiva, and Dr. Chaiyawat Wibulwasdi attended 11 meetings, whereas Mr. Arsa Sarasin attended 8 meetings and Emeritus Professor Supapun Ruttanaporn attended 10 meetings.

Summary of significant audit committee's activities during the year 2011 under scope of duties and responsibilities assigned by the Board of Directors are as follows:

1. Reviewed the Company's financial statements and financial reports for 2010 and the first three quarters of 2011, which include assessing the compliance to the accounting principles used, the accounting policies adopted, as well as independent information disclosure in the financial statements proposed for the Board's consideration
2. Reviewed the sufficiency and efficiency of the Company's internal control system enabling the Company to operate efficiently and effectively while creating sustainable returns for stakeholders
3. Reviewed the independence of Internal Audit Office and its performance during the year, including a review and approval of the annual internal audit plan
4. Reviewed the Company's compliance with the Securities and Exchange laws, regulations of the Stock Exchange of Thailand, and the laws relating to the Company's business
5. Reviewed the Company's connected transactions during 2011 to ensure that connected transactions were suitable and properly disclosed in accordance with the guidelines of the Capital Market Supervisory Board
6. Reviewed the Company's policies and guidelines of the Company to ensure alignment with its corporate governance policy as in accordance with the guidelines of the Stock Exchange of Thailand

7. Assessed the external auditor's independence, performance, and opinions and nominated the external auditor along with its fees for the Board to propose to the shareholder's meeting

8. Organized 4 meetings with the external auditor in the absence of the management so that the external auditor may independently report situations and information about the Company and share other views

9. Reviewed the Audit Committee's charter in accordance with relevant guidelines and laws

According to such review, the Audit Committee is of the opinion that the Company has established and maintained a suitable and effective internal control system in order to provide a reasonable assurance that financial statements are reliable and correctly prepared in significant matters under generally accepted accounting principles. In addition, the entering into the normal course of business or supporting normal course of business transactions which may cause the conflict of interests was reasonable and was conducted on arm's length basis and compliance with the principles approved by the Board. Other connected transactions which are not normal course of business or supporting normal course of business were conducted in compliance to the rules and regulations of Capital Market Supervisory Board. These transactions are adequately disclosed in the notes to the interim and annual financial statements. There was no significant non-compliance with law found.

In addition, the Audit Committee opined that the dedicated performance of senior management and all other employees will lead the Company to satisfactory growth, which will in turn yield decent, sustainable returns to stakeholders.

On behalf of the Audit Committee



Pol. Gen. Pow Sarasin
Chairman of the Audit Committee
22 February 2012

Related Transaction

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 third parties via concerning the most benefit to the Company. 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 further consideration and approval. The Board of Directors had a resolution on the principle for entering into any transaction between the Company and a director, an executive or the related person of the Company for the normal course of business or the supporting a normal course of business transactions with the arm's length basis. However, for entering into other transactions must comply with the notification of the Capital Market Supervisory Board.

During the year 2011, the Company entered into transactions with related persons, of which the audit committee is of the opinion that these related transactions are reasonable and most of them are the normal course of business or supporting a normal course of business transactions conducted on arm's length basis. Related transactions can be summarized as follows:

• Account Receivable

As of 31 December 2011, the Company had account receivable arising from transactions with associated and related companies totaled THB 2,404 million, or 15% of total accounts receivable. (2010: THB 1,973 million)

• Account Payable

As of 31 December 2011, the Company had account payable arising from transactions with associated and related companies totaled THB 1,101 million, or 9% of total accounts payable. (2010: THB 753 million)

• Sales

In 2011, the Company sold products to associated and related companies based on normal price list. The value of these transactions was THB 10,075 million, or 5% of total sales. (2010: THB 7,911 million)

• Purchase of Raw Materials

In 2011, the Company purchased raw material from associated and related companies based on normal price list. The value of these transactions was THB 16,851 million, or 10% of total cost of goods sold. (2010: THB 14,511 million)

• Other Income

In 2011, the Company received other income from dividend, interest, gain on sales of fixed assets, training and seminar fees, system service fee, rental fees, service fees and others from associated and related companies, in the amount of THB 127 million, or 0.1% of total revenues. (2010: THB 133 million)

• Rental and Services Fees

CPF and certain subsidiaries have lease agreements covering office premises including facilities, land, livestock farm, and vehicles with certain related companies for periods of 1 to 10 years, which will expire in 2012 to 2020. The rental and services fees obligation of the CPF and certain subsidiaries as of 31 December 2011 amounted to THB 2,004 million (2010: THB 1,754 million).

The Company rented assets from associated and related companies according to the rates set by the owners. In 2011, the value of these transactions was THB 1,183 million, or 6% of total selling and administrative expenses. (2010: THB 1,102 million)

• Technical Service Fee

CPF and certain subsidiaries had technical service agreements with the ultimate parent company, Charoen Pokphand Group Company Limited (CPG). Under the terms of the agreements, CPG agrees to research and develop the raw material ingredients for the production of animal feeds for the Company and subsidiaries. In this regard, the Company and subsidiaries are committed to pay the technical service fee, which is calculated from the feed production quantity dependent upon the types of feed as stipulated in the agreements, to CPG. The minimum service fee ranges from THB 0.1 million to THB 1.3 million per month.

In addition, 2 foreign subsidiaries had agreements to obtain the technical service assistance relating to animal feed manufacturing from CPG. The foreign subsidiaries are committed to pay service fees to CPG in accordance with the terms and conditions stipulated in the agreements.

In 2011, the Company paid CPG for technical service concerning animal feed ingredients totaled THB 393 million, or 0.2% of total cost of goods sold. (2010: THB 360 million)

• Insurance Premium

In 2011, the Company paid insurance premiums to Allianz C.P. Insurance Company Limited, CPF's associated company, and Ayudhaya Allianz C.P. Life Insurance Public Company Limited, CPF's related company, totaled THB 218 million, or 1% of the Company's total selling and administration expenses. The insurance premium rates were standards set by the insurers. (2010: THB 211 million)


• Other Expenses

In 2011, the Company paid software application service fee, sales promotion fee, transportation fee and other fees, to related companies amounted THB 1,053 million. (2010: THB 985 million)

• Others

CPF and certain subsidiaries have hire-of-work agreements to construct buildings, structures and others, including equipment and others purchasing with certain related companies. In 2011, the payments in respect of these agreements totaled THB 939 million. (2010: THB 467 million)

A subsidiary entered into an agreement with a related company (Star Marketing Co., Ltd. (STAR)) for the right to use all current trademarks of STAR. In this regard, the subsidiary has an obligation to pay a fee upon the sales under the trademarks. The fees for the year 2011 totaled THB 30 million. (2010: THB 30 million)

In addition, the Company entered into agreements with the parent company of the Company (Charoen Pokphand Group Co., Ltd. (CPG)) for the right to use trademark . In this regard, the Company has to pay the fee to CPG at the rates of 0.2% and 0.4% of the sale value of each product as stipulated in the agreements. The fees for the year 2011 totaled THB 54 million (2010: THB 42 million).

In the second quarter of 2011, CPF invested in 1,475 newly issued ordinary shares of C.P. Cambodia Company Limited (CPC) which is a CPF's related company, at the offering price of USD 11,030 per share, totaling USD 16,269,250. As a result, CPF became a direct shareholder of CPC at 25% of CPC's total issued and paid-up shares after the capital increase. The Meeting of the Board of Directors of CPF, with attendance of the independent directors/audit committee, and directors who have

no interest in the transaction, considered and had an opinion that the transaction was reasonable and beneficial to CPF due to the high growth potential of agro-industrial business in Cambodia as well as solid business background of CPC and its capability to expand its businesses in the future. In the past 3 years, CPC's operating results have increased and continuously generated profits. Therefore, the investment in CPC will provide CPF the opportunity to expand its business to another country and to recognize CPC's operating performance starting from the date of investment onwards.

In addition, the Extraordinary General Shareholders' Meeting of CPF convened on 18 January 2012, approved CPF and its subsidiary, CPF Investment Limited (CPFI) to acquire shares in C.P. Pokphand Company Limited (CPP) from 3 related companies, i.e., Orient Success International Limited (OSIL), Worth Access Trading Limited and CPI Holding Company Limited, in the amount up to 18,792,774,153 shares, or 74.18% of CPP's issued share capital on a fully-diluted basis assuming full exercise of the outstanding OSIL option and CPP management share options granted by CPP. CPP has 2 main operations, i.e., (1) China Operations which principally engaged in animal feed business and (2) Vietnam Operation which principally engaged in the manufacture and distribution of animal feed business, the breeding and farming of livestock and aquatic animals business, and the processing and production of meat and food products business. The Independent Financial Advisor opined that the entering into this transaction is reasonable and beneficial to the Company and shareholders and is not deprive the Company of any benefits. Upon the purchase of CPP shares, the Company will become the largest listed integrated livestock and aquaculture company in Asia Pacific Region. The benefits of the transaction include increased efficiency caused by centralized

management, enlarged customer base resulting from aggressive move into huge growth potential markets, more bargaining power in raw material procurement, better cost management by reducing redundant items, better financial cost management, international trade information exchange and better utilization of human resources. Moreover, it can significantly strengthen the Company competitive advantages in the global market. The acquisition was completed on 8 March 2012.

Progressing Together Towards Sustainability

365 days a year, everyday for us we are dedicated to helping Thais live in better communities and bring sustainability and prosperity to our country. It is our way of paying merit to our country.





CPF's Bio Gas project helps reduce greenhouse gas emissions by preventing methane release into the atmosphere by approximately 140,000 tons of carbon dioxide. CPF uses the animals' manure to produce the biogas used in CPF's farms, which is more eco-friendly due to the reduced drain on natural resources.

Corporate Social Responsibility toward a Sustainable Business

Envisioning itself as the "Kitchen of the World", the Company aims to become a globally recognized corporation, strongly committed to producing high-quality food products that are nutritious, hygiene, and safe. It is the Company's policy to conduct green business that does not pose environmental impacts on communities and sustainably manages production resources to ensure food security. In parallel with research and development, the Company focuses on personnel development, applying CSR standards, good governance, and risk management to guarantee a strong business that enjoys sustainable growth and is able to compete at the international level.

The Company includes CSR as one of its strategies for sustainable growth. It is determined to conduct business with righteousness and transparency while maximizing benefits and positive impacts on all stakeholders. This topic covers human rights, labor rights, fair business practices, producing high-quality and safe products for consumers, creating and spreading innovation, community and social development, environmental management, providing a safe and pleasant work environment for its personnel, and abiding by laws and regulations regarding safety, health, and environment as well as CSR reporting.

Furthermore, the Company fosters the conscience of local and overseas personnel to value CSR by adhering to three philosophies that focus on the interests of the country, the people, and the Company. It puts emphasis on each employee giving back to the country and doing good deeds for society whenever the opportunity presents itself.

Below are the Company's CSR activities toward sustainability:

1. Corporate Governance

The Company follows the guidelines on corporate governance of the Stock Exchange of Thailand (SET) and discloses the report on this issue in "Corporate Governance" on page 104-112

2. Fair Business Conduct

The Company is committed to conducting fair business practices, with the Board monitoring conflicts of interest and encouraging all employees to work with integrity and adhere to strong work ethics.

The Company has policies for all stakeholders, including shareholders, customers, trading partners, and competitors. Its operational guidelines are based on integrity, fairness, and transparency. Furthermore, it must not engage in any activities that conflicts with the Company's and stakeholders' interests. This includes maintaining confidentiality of

business conduct with stakeholders as detailed in "Role of Stakeholders" on page 107-109

The Company has a measures to compensate stakeholders' damage caused by its violation of their lawful rights. It also offers them a chance to report complaints about any illegal or unethical action to independent directors and the Audit Committee. After receiving a report, the Company has prepared processes to take action by examining the information and reporting to the Board.

The Company formulates regulations on staff ethics, a part of which forbids employees from offering or taking bribes or any other kind of motivation with the intention of taking illegal action, breaking the Company's rules, or compromising any inappropriate business agreement. In addition, the Company has set up guidelines covering the duties of management and employees based on expected value, including ethics and responsibility for stakeholders, for the sake of their standardized work behavior based on honesty. These regulations are disseminated to every manager and employee throughout the organization for their acknowledgment and compliance, with regular follow-up actions.

3. Personnel

3.1 Hiring Policies

The Company is committed to raising its labor standard and employee quality of life by ensuring a safe work environment, fair treatment, human rights, and proper welfare.

To demonstrate its commitment to continual practice of social responsibility, the Company has implemented the following rules and regulations based on the Thai Labor Standard 8001-2003 and announced as the policy for Thai labor below:

1. The Company shall not employ forced labor nor support such activity in any form. The Company shall not demand cash deposits nor withhold employees' personal identification, except in cases allowed by law.

2. The Company shall pay wages and remuneration in Thai currency not less than that is stipulated by law, and at the employee's workplace. The wages of each employee shall not be deducted or withheld unless permitted by law.

3. The Company shall stipulate working hours that conform to Thai law. Overtime work shall be compensated based on Thai Labor Standard 8001-2003 and the established labor law.

4. The Company shall neither support nor discriminate against any individual based on nationality, race, religion, language, age, gender, marital status, sexual orientation, physical disability, labor union membership, choice of political party or personal ideas and opinions. The Company shall neither bar nor intervene in activities relating to race, national traditions and customs, religion, personal expression or sexual orientation and membership in a labor union or political party.

5. The Company shall not in any case deduct or cut wages as a disciplinary action. The Company shall not employ corporal or mental punishment, or both, threats or coercion. Preventive measures are set up to protect female and juvenile employees from sexual harassment.

6. The Company shall not employ or encourage employment of children under 15 years of age. It shall not assign work that would expose juvenile employees to health hazards.

7. The Company shall assign pregnant employees to work in a safe work environment. It shall not dismiss, demote, or deduct fringe benefits of an employee due to pregnancy.

8. The Company respects all employees' individual rights to join a labor union or become a committee member of the union and to participate in the negotiation process. It shall treat every employee fairly and without prejudice according to Thai Labor Standard 8001-2003.

9. The Company shall set up standard procedures with regard to safety, health, and work environment. All employees shall be briefed and trained in necessary safety regulations. Appropriate protective gear for the different job functions will also be provided. (Details of Safety, Health, and Environment Management" appear on page 129-134)

10. The Company shall provide enough hygienic toilets, potable water, first-aid facilities, canteens, and food storage areas at the employees' disposal.

11. The Company shall promote and encourage suppliers and contractors to abide by Thai Labor Standard 8001-2003.

3.2 Personnel Policies

Employees are the Company's most valuable asset and a critical factor to its success. The Company is committed to fostering core corporate values and organizational culture to create a friendly work environment and encourage teamwork. Employees are treated politely and with respect for their individual rights and freedom.

Recruitment, appointment, job rotation and relocation, as well as remuneration will be based on facts and with fairness according to the best practices of human resources and benefits to the Company.

Regarding occupational safety and health, the Company provides and ensures a safe workplace for employees and their personal belongings and strictly complies with and abides by all labor laws. Employee safety is always taken into account.

Moreover, the Company encourages employees to take part in activities for the good of the public and the environment, as well as activities that the Company co-organizes with its partners. It also offers employees opportunities to use their knowledge and ability as a driving force in activities that would benefit the community and society to foster their good conscience and public mind.

In 2011, the Great Flood took place in Bangkok and several provinces in Thailand. The Company relieved suffering employees by providing a 24-hour call center, financial aid for affected employees, bonuses in advance, shelters, parking spaces, evacuation, sand bags, and liquid effective Microorganism, etc.

3.3 Projects to Support Risk Management

In 2011, Human Resources implemented several projects to enhance the effectiveness of its management and reduce business risk caused by personnel mismanagement. These projects include formulating manpower planning and policy, improving the recruitment and selection system, creating a reference check system in recruiting new mid-career employees, regularly improving the process of checking the employee guarantor status, studying the system and policy of career management, managing performance and annual salary raises based on a results orientation, and improving exit interviews and employee engagement evaluation.

4. Responsibility to Consumers

The Company attaches utmost importance to "product quality" that meets standards, is hygienic and most important is safe for consumption. The Company has a system to randomly check the quality of raw materials and products throughout the production process. The system enables the Company to trace back to sources of all raw materials used in production process. The Company is committed to continuous improvement in production process, and products quality assurance to meet internationally recognized standards. Certifications of its plants include: Good Manufacturing Practices (GMP), a production process system, Hazard Analysis and Critical Control Points (HACCP), a food safety system, EST/TH, ISO 9002, a production and management system, British Retail Consortium Standard, a production process and human resource management system. Furthermore, the Company has set up call centers

to receive comments and complaints about its products. After receiving these comments and complaints, each relevant department must scrutinize the issue and urgently solve the problems. The Company clearly identifies enough and accurate information on its products, such as main ingredients, nutrition facts, directions of product storage, manufacturing dates, and expiry dates. It also provides bar codes to trace products back to each production process. Product claims are accurate in all advertisements to avoid misleading the consumers.

Regarding the policy on the customer information database, the Company implements security controls to protect the customer confidential information as if it were the Company's confidential information.

The Company values innovative development and inventions in its production and development processes to ensure the social interest and food safety for consumers as detailed below:

- Improvement of feed quality: the Company focuses on improving production processes to ensure that they are effective and meet the international standards so that the feed has high quality and low feed conversion ratio (FCR), which lowers costs to farmers.
- Breed development: The Company is the leader in research and development to improve natural breeds and gain strong and healthy animals that are suitable for the farming environment in Thailand. This results in lower production costs and higher productivity, thus leading to more products in the market and more food security for consumers.
- Animal farming development: The Company emphasizes research and development to make sure that farming technology and techniques are modern and suitable for domestic growing condition. It is also equipped with effective disease control systems, which help animals grow faster, with low feed conversion ratios, and are disease-free, with high productivity, and cost and energy efficiency.

- **Food product development:** The Company values the development of production process and product innovation of its food products. The Company's latest innovation is Retort Pouch, ready-to-eat food in a heat-resistant pouch that can be stored at room temperature for 12 months. There is no need to put the Retort Pouch in the refrigerator, and it can be eaten without being heated. Furthermore, package of Retort Pouch can be recycled. This is tremendously useful during any crisis or food shortage. For example, during the Great Flood this year, the Company gave these Retort Pouches to assorted organizations to help victims.

5. Development of Community and Society

5.1 Eco-Friendly Farm Management

The Company's policy focuses on green business that does not pose environmental impacts on communities. The Company pays attention to innovations that develop its farming system and increase effectiveness in farming to increase productivity, including water resource management, use of renewable energy, disposal of waste from farms, and wastewater treatment. In raising poultry and swine, the Company currently uses an evaporative cooling system, which helps reduce air pollution caused by unpleasant odors. It is also equipped with a high-quality system to get rid of farm waste and treat wastewater. For shrimp farm, the Company uses environmentally friendly methods that leave no chemical residues by focusing on pro-biotic farming that avoids using drugs and chemical substances. Because of its strong commitment to being a green business, the Company has been certified by ISO 14001.

In 2011, the Company initiated the "Green Farm", revolutionizing the image of swine farms into clean, safe, and eco-friendly places, like "taking the resort to the farm". This project demonstrates the harmonious co-existence between the livestock sector and communities. The project consists of the following three main processes:

1. The bio-gas project was established to reduce CO₂ emissions and global warming. The Company was among the first to implement bio-gas project. The Company transferred and disseminated the knowledge of renewable energy in the form of bio-gas to partner farmers and the public so that every sector assists in maximizing the use of existing resources and reducing global warming.

2. Green areas have been increased by growing perennial plants in the farms to absorb carbon dioxide. The project has been operated from 1992 to the present. Moreover, the Company encourages every farm to have gardens and kitchen gardens in the farm to ensure the maximum use of the area.

3. An air-purifying system is installed to reduce unpleasant odors and ensure that it does not disturb the community. Ventilation fans, installed at the end of farm houses, can effectively reduce the smell and ammonia gas, creates a good environment in the farm and surrounding communities and significantly reduces the problem. Currently, the Company is installing



Environment Preservation Project

this system in every farm and is planning to develop the system for the farms under the project to promote swine farming.

The Company is planning to soon turn all its farms into "Green Farms".

5.2 Sustainable Development to Promote Community Strength

● Project to Raise the Quality of Life

The Company is aware that career and income stability is the basic element that can sustainably develop community strength. The Company therefore initiated a project to create jobs for farmers to promote stable careers, stable income, and a good quality of life, all of which can be passed on to the next generation. This project was in collaboration with four sectors, namely the public, financial, agricultural, and private sectors. The Company transferred the farming technology and knowledge of accounting management, financial management, and marketing to farmers. It also provided land and sources of funding as well as encouraging farmers to assemble in the system of co-operatives to ensure community strength. This was implemented in parallel with fostering their conscience to love their hometowns and develop communities, society, and the environment. The major projects include Nong-Wah Agricultural Village Project in Chachoengsao, the Agricultural Village Project in Kamphaeng Phet, and the Police family Project in Chonburi which aims to provide supplemental income to police family. Furthermore, the Company joined hands with the Rural Life Development Foundation in serving royal initiative projects, such as Combination of Seven Occupations and Seven Incomes Agriculture Project in Buri Ram, Huai Ong Khot Dam Royal Development Project in Kanchanaburi, the Area Development Project in Tambon Pak-Lor in Songkhla, and the Royal Cooperative Village Development Project.

● Integrated Farming Project under the Royal Initiative: Combination of Seven Occupations and Seven Incomes Agriculture Project

The Rural Life Development Foundation and CPF develop and promote jobs for farmers by following the royal initiatives on land and

water resource management to maximize agricultural use. The project was established in Lam Plai Mat, Buri Ram, on 30 January 1997, to promote people's well-being and quality of life. It also created rural jobs, which reduces labor migration to the city. In addition, it empowered communities and strengthened family institutions by carrying out a mixed project between improving people and creating occupations so that they might earn a stable income and become independent. A sound career and steady income are fundamental factors to improve one's living standard and the betterment of the society, which can be a model for others to expand the success.

● Raising Layer Chicken for Students' Lunch Project

Following Her Royal Highness Princess Maha Chakri Sirindhorn's initiative on child development in rural areas, the Company supports schools in raising layers to promote good nutritional status and become a source of protein for people in remote areas. In addition to educating children



Raising Layer Chicken for Students' Lunch Project

on how to raise layers, the project teaches them accounting and systematic management from hands-on experience, which will become usable knowledge for them in the future. The Company has been operating this project for 23 years since 1989 by enhancing the knowledge of more than 80,000 students at the primary-school level of 400 Border Patrol Police Schools in remote areas and schools under the Office of Basic Education Commission nationwide.

5.3 Social Support and Community Relations

5.3.1 Public Service Activities

The Company deems it an important responsibility to support public services and help victims in times of disaster, such as floods or cold weather. Furthermore, the Company supports volunteer camps of university students from various institutions, organizes caravans of CP products at lower prices to help consumers cope with the rising cost of

living, sells Chareon Pokphan Group's quality products that meets safety standard at special prices, and donates money to various government agents and non-profit organizations.

● Flood Relief Project

In 2011, the Great Flood in almost every part of Thailand caused great suffering to all citizens. The Company has helped victims since the start by donating cash to government agencies and providing products and disaster relief packages to several organizations, such as the Ministry of Interior, For Friends in Need (of Pha) Volunteers Foundation, Sai Yai Rak Foundation's kitchen, the Thai Red Cross Society, governors, sheriffs, Tambon Administration Organizations, and the mass media. Moreover, CPF, in collaboration with the Rajaprachanughoh Foundation under the Royal Patronage, set up royal mobile kitchens in 14 locations of 13 disaster-affected provinces, namely Ayutthaya, Nakhon Sawan, Phichit, Uthai Thani, Chai Nat, Sing Buri, Ang Thong,



2011 Flood Relief Project



Sara Buri, Lop Buri, Pathum Thani, Nonthaburi, Nakhon Pathom, and Bangkok. The project continued until the flooding situation improved.

Meanwhile, CPF, as the leader in the agro-industry and food production, produced food to its full capacity for 24 hours and increased the production of retort pouches to help victims so that they might not suffer from food shortages. However, at the beginning of the disaster, the Company had problems in transporting raw materials and products to distribution points because many routes were affected by floods, resulting in product shortages in some areas. To alleviate the situation, the Company solved the problem by changing the method of product distribution directly to distribution points.

After the flooding had improved, the Company was aware of the public's suffering and impacts on the household economy. The "CPF Stands by Thai People, Reducing Flood Victims' Cost of Living" project was therefore initiated in eight flood-affected provinces, including

Bangkok, Ayutthaya, Lop Buri, Nakhon Sawan, Nakhon Pathom, Nonthaburi, and Phichit, by selling its products at special prices as a remedy and recovery strategy.

The Great Flood provided several important lessons, especially in food security and other necessities of life, such as medicine, drinking water, and transportation. CPF realized the importance of system design in response to potential disasters in the future, including a system that protects animal farms and plants from the floods, and improved logistics systems. New innovations in food production were created to provide food security in Thailand and ensure that Thai people will not undergo supply shortages in times of disaster.

● Cold-Weather Relief

The Company initiated a project called "CPF Cold-Weather Relief for Thais", ongoing since 2010. The Company donated blankets to needy people in 39 provinces, namely Chiang Mai, Chiang Rai, Phayao,



Flood Relief for Northern provinces



Community Relations

Mae Hong Son, Lamphun, Lampang, Nan, Phrae, Uttaradit, Phetchabun, Tak, Phitsanulok, Nong Khai, Udon Thani, Nong Bua Lam Phu, Loei, Mukdahan, Sakon Nakhon, Bueng Kan, Srisaket, Nakhon Ratchasima, Buri Ram, Surin, Ubon Ratchathani, Chaiyaphum, Roi Et, Khon Kaen, Kalasin, Maha Sarakham, Yasothon, Amnat Chareon, Nakhon Phanom, Sa Kaeo, Chachoengsao, Trat, Chanthaburi, Kanchanaburi, Ratchaburi, and Ayutthaya.

● "CPF Returns Joy to the Elderly" Project

The Company initiated the "CPF Returns Joy to the Elderly" project to help the elderly or the disabled in need around its farms and factories by donating cash and necessities of life on a monthly basis, such as clothes, rice, eggs, and cooked chicken. In addition, the Company improved hygienic conditions in their residences and sending medical staff to do regular health checkups to improve their well-being. The project started at the beginning of 2011 and currently enhances the quality of life of approximately 600 elderly people.

5.3.2 Community Relations

The Company's factories are located throughout the country. Each



factory operates under good manufacturing practices and is an active member of its surrounding communities. The factory is designed in such a way that the waste water treatment will not affect the environment nor create disturbances to the neighboring communities. Moreover, the Company encourages management and employees of these factories join in the community activities to foster camaraderie and cordial relationship.

5.3.3 Culture and Sports Support

The Company supports all types of cultural and sports activity as a mean to promote unity, national identity and pride. Some of the activities include support of Thai boxing competition and football team of the Royal Navy.

6. Saving the Environment

The Company is aware of global warming and environmental issues that affect human life and well-being. Therefore, the Company has undertaken numerous actions starting with changes in the way the Company manages its operations and its manufacturing process with the underlying emphasis of pollution reduction and prevention. The Company also implements green technology and environmental friendly production process. Furthermore, the Company effectively uses its resources, reduces energy consumption, produces renewable energy, and has initiated the following projects to conserve and revive the environment and reduce the impacts of the above issues:

6.1 Energy and Environmental Conservation and Management of Climate Change

- Improvement of Air Quality Control of Animal Feed Mill Project
- Wastewater to Energy Project
- Water Recycling Project
- Clean Development Mechanism Projects, consisting of:
 - CPF Energy Efficiency Improvement Project-Cogeneration
 - Bio Gas Project from Pig Manure
- Carbon Footprint Project

The details are included in "Safety, Health, and Environment" on page 131-132

6.2 Environment Conservation

The Company not only takes green issues into account in every production process, but also conducts comprehensive projects to conserve the environment as detailed below:

- **Mangrove Planting and Community Reforestation Project**

The Company has been supporting mangrove planting activities of university students, shrimp farmers, and Wetlands International, Thailand office, for over 18 consecutive years since 1993.

- **Project to Save Mun River**

The Company, together with Nakhon Ratchasima province, Provincial Fisheries Office, and surrounding communities, implemented this project to reduce the factory's water consumption from the Mun River while restoring and keeping up good conditions of the basin as well as its tributaries, apart from cultivating environmental conservation awareness in the community.



Reforestation Project in Honor of the King

In addition, the Company has educated and trained its staff on the environment, safety, and health as detailed in "Safety, Health, and Environment" on page 129-134

7. Innovation and Distribution of Innovation from CSR

- **Job Creations and Technology Transfer Project**

The Company is committed to transferring technology to farmers and eliminating poverty and raising their living standards. Through technology transfer, farmers can have job and livelihood that provide income and improve their living standard. This occupation enables farmers to be independent and provides stable long-term income that is sustainable.

The Company has initiated "Contract Farming Projects" to provide technology transfer and know-how on animal farming to farmers. To date, more than 10,000 farmers have joined these projects. Contract farming projects include the raising of pullets, layers, and swine.

8. Social and Environmental Report

The Company's CSR performance based on the CSR guidelines of the Stock Exchange of Thailand, is publicly reported in both Thai and English in its annual report, Form 56-1 report, and company's website: www.cpfworldwide.com.

CSR is a crucial start that will lead the organization to sustainability. The Company has always realized that stable growth comes from the trust, support, and opportunity it receives from all stakeholders. As a result, it is the Company's mission to manage all aspects of CSR, including management and production processes, as well as activities to share opportunities and happiness with the communities and society. Every party, both staff and related groups, is encouraged to take part in these activities to foster the people's awareness of making sacrifices for society. This will be a great driving force for the country, world sustainability, and happiness.

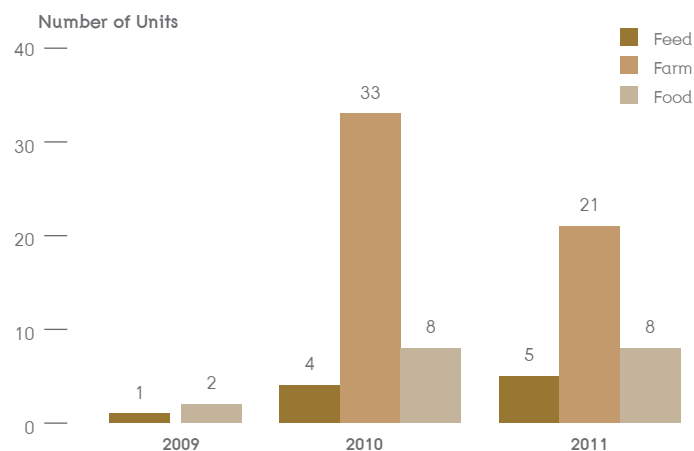
Safety, Health and Environmental Management

1. Application of Safety, Health and Environmental Management System

CPF SHE (Safety, Health and Environmental) Management System demonstrates the Company's commitment to apply international management standards in safety, health and environmental to its operations. The Company has developed CPF SHE Management System based on ISO 14001 and OHSAS 18001 and implemented to its business units since 2009. The system was certified by international certified bodies including SGS S.A. and AJA Registrar, and Office of Safety, Health and Environment. The Company plans to have the SHE management system of all operation units certified by 2013. Details of units which implemented CPF SHE Management System and be certified are as follows:

Business Line	Number of Units	Certification			
		Granted in 2009	Granted in 2010	Granted in 2011	Targeted for 2012
Feed Business	16	1	4	5	6
Farm Business	241	0	33	21	152
Food Business	71	2	8	8	53
Total	328	3	45	34	211

Number of Units granted CPF SHE Management System

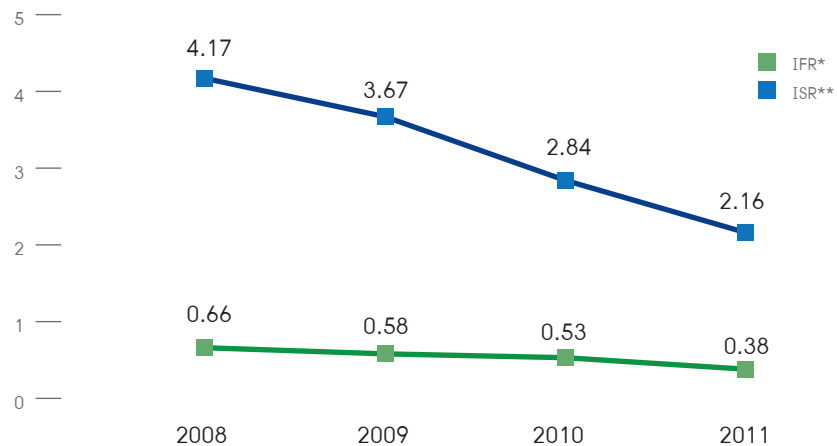


2. Safety and Health Operations

2.1 Preventive of accident in workplace

With the CPF SHE Management System in place, safety, occupational health and environmental operations have become much more effective. Employees' participation has been emphasized in assessing operational risks and identifying causes of accidents to develop a zero-accident operation plan and preventive measures, which will significantly reduce the number of accidents in the future.

The reported statistics indicate that the injury frequency rate (IFR) dropped to 0.38 person per 200,000 work hours and the injury severity rate (ISR) declined to 2.16 days per 200,000 work hours respectively.

Accident Statistics 2008–2011

Remark: * Injury Frequency Rate (IFR): number of lost-time injuries per 200,000 work hours
 ** Injury Severity Rate (ISR): rate of injury severity in number of days per 200,000 work hours

2.2 Preventive and Alertness Preparation

Disaster management and emergency plans have been put in place in all operation units, requiring all employees to participate in emergency drills. The Company also organizes activities encouraging each unit to set up its own emergency prevention and response team ready to take actions 24 hours a day, 7 days a week.

2.3 Assistance Programs during Natural Disaster

- The Company set up an emergency center to provide assistance to its employees and the public throughout the 2011 Great Floods. The center provided rescue boats, foods, drinking water, survival kits, transport vehicles and shelters for the Company's employees and their family members.

- In conjunction with Rayong Technical College, the Company provided equipment, instruments and materials, as well as operating expenses in the implementation of the "Safety Assessment of Electrical System before House Restoration after the Great Flood" project. The project helped the Company's employees to avoid the life-threatening risk of electrocution during the house restoration after the Great Flood.

3. Vehicle Safety Management

3.1 Vehicle Safety Policy

The Company targeted vehicle accident rate or the Loss Ratio to no more than 50% of car insurance coverage premiums. Its performance has continuously decreased over the past five years.

3.2 Vehicle safety activities in 2011 are as follows:

- Conducted training to cultivate the attitude of safe driving among the Company's employees according to the defensive driving method.
- Organized personnel development training among supervisors in "loss prevention observation (LPO)" practices to assess the driving behavior of their subordinates and take preventive measures for safety.
- Developed the "Commentary Drive" training materials and produced it in the DVD format. Each operation unit can use the DVD in training employees to improve their concentration while driving. Employees can also borrow the DVD for self-training.
- Produced safe-driving stickers and distributed them to employees to remind them about the importance of safe driving.

4. Legal Compliance on Safety, Occupational Health and Environment

According to the Standard No. 4 of CPF SHE Management System and Policies, every operation unit is required to appoint an officer to take full responsibility for legal compliance of the unit and monitoring legal changes regarding safety, health and the environment. In addition, each operation unit is required to have periodic audits performed by external experts to ensure full conformance to relevant laws and regulations.

5. Environmental Management

CPF SHE Management System defines that, every business unit strictly adheres to environmental laws and assessments on environmental impacts must be performed on all activities before the execution. During 2011, all business units have succeeded in fully complying with environmental laws through the following projects:

5.1 Improvement of Air Quality Control of Animal Feed Mill Project

The Company has employed ozone technology at its 11 animal feed mills to control air quality released from those animal feed mills to be exceeded the legally required standard.

5.2 Waste Water to Energy Project

The project converts methane from waste water treatment into natural gas and uses as fuel for steam boilers. Reduction of methane emission to the atmosphere helps minimize the causes of global warming.

5.3 Water Conservation Projects

- Water Recycle Project in Swine Farms

The Company's swine farming business unit initiated the Water Recycle Project by improving the quality of treated waste water from swine farms and recycled for farm uses.

It is expected that the project can conserve 73,000 cubic meters of water per year.

- Water Recycle Project in Food Processing Plants

The Company's food processing plants started the Water Recycle Project by installing an ultra-filtration wastewater recycling system at the Shrimp Processing Plant in Samut Sakhon Province. The system conserves 73,000 cubic meters water per year.

5.4 Promotion of Community's Participation in Environmental Management Project

Recognizing the significance of community's opinions and participation, the Company conducted a survey to learn about the opinions of community members about environmental management before the construction of all of its new projects including its new aquaculture food processing plant in Trang Province. A public hearing session was held with detailed presentation of the plant's production capacity, environmental management technologies and SHE measures. Community members participated in the session by giving their opinions, which were incorporated in the environmental aspect of the plant's design to prevent future environmental risks.

6. Energy Conservation Achievements

The Company is currently operating 20 energy conservation projects, including:

- Project for the recycling of heat emission from steam boilers to be used in the corn-heating process
- Water quality improvement for steam boiler projects of the animal feed and the construction units
- Project for the integration of heat-exchange systems for air-conditioners and water coolants for chicken-processing plant in Nakhon Ratchasima
- Improvement of the aeration unit for the wastewater treatment system project for fully integrated food processing unit, food processing plant in Sara Buri project

- Project for the application of a synchronized system to improve energy saving in electricity generation from biogas of swine business unit

The total amount of the Company's energy conservation this year was THB 13.9 million.

7. Global Warming Mitigation

7.1 Operations under the Clean Development Mechanism (CDM).

The Company has consistently developed projects under CDM and achieved certification from the Thailand Greenhouse Gas Management Organization (TGO) as follows:

1. The CPF Energy Efficiency Improvement Project-Cogeneration, a bundle project,

- Letter of Approval received from TGO on 15 August 2011
- Project duration — 10 years
- Capital investment — THB 500 million
- Greenhouse gas reduction — 30,000 tons of carbon dioxide per year (approx.)
- Current project status — under review by Designated Operational Entities of TGO (DOE) before sending to UNFCCC

2. CPF Minburi Waste Water Biogas Capture and Utilization Project

- Letter of Approval received from TGO on 23 November 2011
- Project duration — 20 years
- Capital investment — THB 21 million
- Greenhouse gas reduction — 42,000 tons of carbon dioxide per year (approx.)
- Current project status — under review by Designated Operational Entities of TGO (DOE)

3. Biogas from Swine Farm, a VER project (voluntary emissions reduction project, not requiring certification from TGO)

- Project duration — 10 years
- Greenhouse gas reduction — up to 140,000 tons of carbon dioxide per year

7.2 Achievements of the Carbon Footprint Label Project

As of 11 October 2011, 48 CPF products with the carbon footprint label have been certified by TGO detailed as follow:



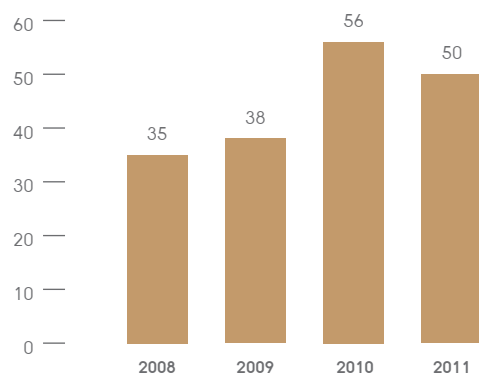
8. Community Relations and Social Responsibility Campaigns

According to the CPF SHE Management System, each business unit is required to develop its own community relations program, which includes campaigns and communication plans with communities and relevant stakeholders. Assessment of potential impacts to the communities is an integrated part of the program, together with continuous development of program activities to enhance cooperation. To date, the Company has implemented 969 community relations projects and strategic plans with 100% success.

9. Awards and Achievements of CPF Safety, Health and Environmental Management

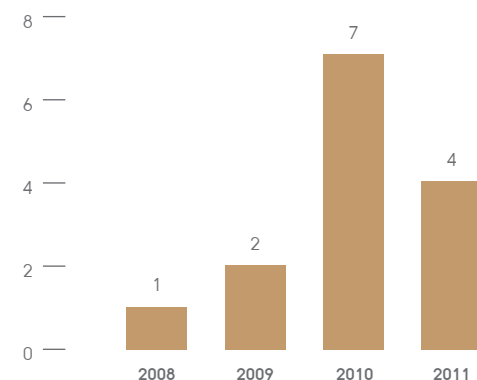
9.1 National Outstanding Workplace Safety, Health, and Work Environment Award from the Department of Labour Protection and Welfare, Ministry of Labour

Safety, Health, Environment Outstanding Awards



9.2 National Outstanding Safety Officer Award from the Department of Labour Protection and Welfare, Ministry of Labour

Safety Officer Outstanding Awards



9.3 Outstanding Safety, Health and Environmental Committee Award from the Department of Labour Protection and Welfare, Ministry of Labour, for

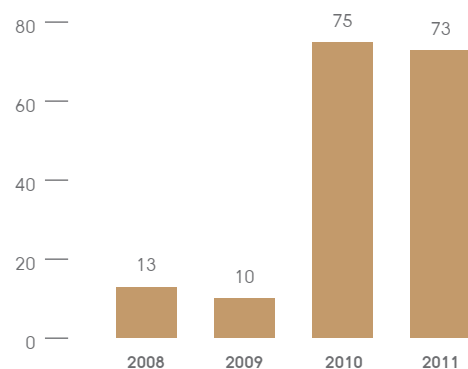
Ban Phru Aquatic Feed Mill, 2010

Nongjok Food Processing Plant, 2011

9.4 Zero Accident Awards from the Ministry of Labour:

Award Category	Number of Awards in 2011	Number of CPF Operation units Awarded
1. Gold	17	0
2. Silver	68	1
3. Bronze	93	9
4. Basic	187	63
Total	365	73

Zero Accident Awards



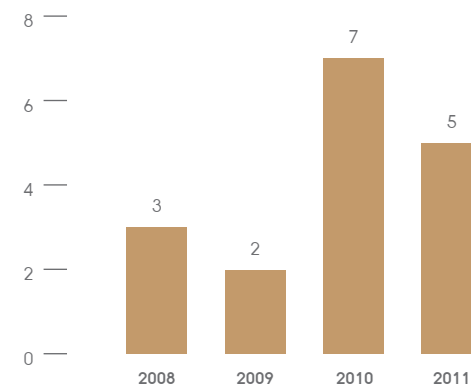
Remarks: Criteria for Zero Accident Awards

Categorized into four levels and based on the number of continuous operating work hours without accidents causing injury severity to the extent that any worker had to take injury leave:

1. Gold Award, for over 10,000,000 work hours of continuous operation
2. Silver Award, for 3,000,000 to 9,999,999 work hours of continuous operation
3. Bronze Award, for 1,000,000 to 2,999,999 work hours of continuous operation
4. Basic Award, for less than 1,000,000 work hours of continuous operation

9.5 Thailand Energy Awards from the Department of Alternative Energy Development and Efficiency, Ministry of Energy

Thailand Energy Awards



9.6 Statistics showing SHE Awards during 2008-2011

Award Type	Number of SHE Awards			
	2008	2009	2010	2011
1 Zero Accident Awards	13	10	75	73
2 National Outstanding Safety, Health, and Environment Award	35	38	56	50
3 National Outstanding Safety Officer Award	1	2	7	4
4 Outstanding Safety, Health and Environmental Committee Award	-	-	1	1
5 Thailand Energy Award	3	2	7	5
Total SHE Awards	52	52	146	133

Dividend Policy

CPF has a policy to pay dividends to shareholders twice a year. The first dividend payment shall be paid as an interim dividend and the second dividend payment shall be paid as an annual dividend. Total dividend paid each year shall approximately be 50% of net income after income tax and legal reserve (based on the separate financial statements). 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, which prohibit CPF to pay cash dividends to shareholders, if CPF is unable to service interest or any amount becomes due to the debenture holders.

For the subsidiaries that are public company limited, 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. For fiscal year ended 31 December 2011, CPF's dividend income from subsidiaries totaled THB 8,520 million, of which THB 6,023 million was from subsidiaries that are non-public company limited.

Capital in Brief

Registered capital and paid-up capital as of 31 December 2011

Par value	:	THB 1
Registered capital	:	THB 8,206,664,000, consisting of 8,206,664,000 ordinary shares
Paid-up capital	:	THB 7,519,937,826, consisting of 7,519,937,826 ordinary shares
Shares repurchased for financial management	:	471,000,000 shares
Paid-up shares (Net of repurchased shares for financial management)	:	7,048,937,826 shares

Share Repurchase

Board of Directors' meeting of CPF convened on 13 August 2008, approved the share repurchase program for financial management, detailed as follows:

Maximum amount for share repurchase	:	THB 3 billion
Total number of shares repurchased capital	:	751.9 million shares at a par value of THB 1, accounted for 10% of total number of paid-up share
Procedure used for repurchasing shares	:	Purchased from the Stock Exchange of Thailand (SET)
Share repurchase period	:	28 August 2008 — 27 February 2009
Share repurchased offered price	:	Not more than 115% of the average closing price for the preceding 5 business days

At the end of the program, the total number of repurchased shares was 471,000,000, or 6.26% of paid-up shares, with a total consideration of THB 1,624 billion (excluding commission fees and VAT).

CPF registered the decrease of its paid up capital with the Department of Business Development, Ministry of Commerce on 29 February 2012 by writing off the 471,000,000 repurchased shares which have not been resold in accordance with the methods prescribed by Ministerial Regulation Re: Rules and Procedures on the repurchased of Shares and Disposal and Cancellation of Shares Repurchased B.E.2544 (2001). Accordingly, the registered and paid-up capital of CPF was THB 7,742,941,932 and THB 7,048,937,826, respectively.

Summary of the Employee Joint Investment Program (EJIP)

EJIP is a joint investment in "CPF" common shares between the Company and its employees under specific criteria and procedures as stipulated in the memorandum of understanding on the EJIP of listed companies. The program encourages job motivation and builds a sense of belonging and loyalty. This program was approved by the Office of the Securities and Exchange Commission (SEC) on 16 April 2010. The details of EJIP are summarized as follows:

1. Companies joining the program

CPF and its subsidiaries, to be referred as "the Company"

2. Program period

From 1 April 2010 to 31 March 2013, the total duration is 3 years.

3. Eligible participants under EJIP

Employees of the Company starting from the assistant department manager and upper on a voluntary basis ("the participant")

4. EJIP arrangement

During the program period, the Company will deduct money from payroll of the participants at a rate specified by each participant but not exceeding 5% of the salary of each participant by a monthly basis ("employee's investment"). The Company will contribute 80% of such deducted amount ("employer's top-up"). The sum will be transferred to a securities company as assigned by the Company to manage EJIP, who will deposit it into the participant's EJIP account before buying CPF shares on the SET under the specified criteria, means, and conditions defined in the agreement among the Company, the participants and TISCO Securities.

5. Conditions of securities holding

EJIP participants may sell or transfer CPF shares under the following conditions:

- is able to sell the shares not exceeding half of all amount of shares bought in the securities trading account of each participant after the program reaches 1 year period (starting from 1 April 2011 onwards),
- is able to sell all remaining shares after the EJIP period is ended (starting from 1 April 2013 onwards).

The above conditions are not applicable for the participant who is no longer the employee of the Company or exits from the EJIP, according to the agreements among the Company and the participant.

Shareholders

(as of the latest closing date of shareholder register book at 21 December 2011)

Type	% Holding (before net of repurchased shares for financial management)
1. Thai individuals	16.55%
2. Foreign individuals	0.02%
3. Thai juristic persons	60.75%
4. Foreign juristic persons	22.68%
Total	100.00%

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% 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 exercising their rights of convertible debenture holders or warrant holders or 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% of the total numbers of ordinary shares then issued by CPF. This 49% 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 exercising of their conversion rights or 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 21 December 2011, there were 22.70% of CPF's issued shares held by foreign investors.

Top 10 Major Shareholders

(as of the latest closing date of shareholder registration book at 21 December 2011)

Name	No. of Shares	% Holding (before net of repurchased shares for financial management)
1. Charoen Pokphand Group Co., Ltd. ⁽¹⁾	3,169,911,895	42.15%
2. Thai NVDR Co., Ltd. ⁽²⁾	337,118,113	4.48%
3. UBS AG London Branch ⁽³⁾	285,240,949	3.79%
4. Ms. Walaiporn Jiraphummin	150,000,000	1.99%
5. HSBC (Singapore) Nominees Pte Ltd. ⁽⁴⁾	137,080,116	1.82%
6. State Street Bank and Trust Company ⁽³⁾	113,666,952	1.51%
7. Social Security Office ⁽⁵⁾	90,827,900	1.21%
8. State Street Bank Europe Limited ⁽³⁾	70,230,244	0.93%
9. Ms. Ladamanee Kasikampaiboon	69,100,000	0.92%
10. Norbax Inc., ⁽³⁾	65,485,400	0.87%

Remarks:

⁽¹⁾ Includes shareholding of Charoen Pokphand Group Co., Ltd. ("CPG") 25.08%, Charoen Pokphand Holding Co., Ltd. 11.83%, Bangkok Agro-Industrial Public Co., Ltd. 1.94%, Bangkok Produce Merchandising Public Co., Ltd. 1.10%, Bangkok Food Products Co., Ltd. 0.92%, Charoen Pokphand Industrial Co., Ltd. 0.41%, Star Marketing Co., Ltd. 0.02% and Plenty Type Ltd. 0.85%. The Chearavanont family is the major shareholder of CPG with total holding of 91.68%. (Top 10 major shareholders of CPG and % shareholding of such persons are as follows: Mr. Sumet Jiaravanon 12.96%, Mr. Dhanin Chearavanont 12.96%, Mr. Jaran Chiaravanont 12.76%, Mr. Montri Jiaravanont 12.63%, Mr. Kiat Chiaravanont 5.76%, Mr. Phongthep Chiaravanont 3.65% and Mrs. Yupa Chiaravanond, Mr. Prathip Chiravanond, Mrs. Phatanee Leksisompong, Mr. Vajarachai Chiaravanond, Mr. Manu Chiaravanond and Mr. Manas Chiaravanond 3.62% each.

⁽²⁾ A Thai company, contact information: 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Klong Toey, Bangkok 10110, Thailand

⁽³⁾ A foreign company, contact information: Standard Chartered Bank (Thai) Plc., Securities Services, Zone B, Sathorn Nakorn Tower, 14th Floor, North Sathorn Road, Silom, Bangkok 10500, Thailand

⁽⁴⁾ A foreign company, contact information: 968 HSBC Building, 5th Floor, Rama 4 Road, Bangrak, Bangkok 10500, Thailand

⁽⁵⁾ A Thai government department, contact information: Siam Commercial Bank Plc., Markets Operations Division, 1060 Building 2, 3rd Floor, Phetburi Road, Makkasan, Ratchatawee, Bangkok 10400, Thailand

Note: Charoen Pokphand Group Co., Ltd. does not have any shareholdings in no. 2-3, no. 5-8 and no. 10.

Information of Companies in which the Company has Shareholding

Subsidiaries

As of 31 December 2011, there were 127 subsidiaries in which CPF directly or indirectly holds more than 50% of their paid-up capital and companies that CPF has control, categorized by business type as follows :

Livestock Business in Thailand (15 companies)

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
1. Bangkok Produce Merchandising Public Company Limited	Animal feed raw materials distribution and broiler integration	Bangkok, Thailand Tel. 0-2625-8000 Fax. 0-2631-0989	THB 600,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.44%
2. Bangkok Agro-Industrial Products Public Company Limited ¹	Animal feedmill and livestock farming	Bangkok, Thailand Tel. 0-2680-4500 Fax. 0-2680-4692	THB 1,500,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.98%
3. Bangkok Food Products Company Limited ¹	Animal feedmill, livestock farming and food processing plant	Bangkok, Thailand Tel. 0-2675-9859 Fax. 0-2675-9813	THB 666,600,000 (all in ordinary shares) Par Value THB 100.00 per share	99.99%
4. Charoen Pokphand Northeastern Public Company Limited ¹	Animal feedmill and livestock farming	Bangkok, Thailand Tel. 0-2680-4500 Fax. 0-2680-4692	THB 300,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.61%
5. Charoen Pokphand Industry Company Limited ¹	Animal feedmill and livestock farming	Bangkok, Thailand Tel. 0-2680-4500 Fax. 0-2680-4692	THB 166,650,000 (all in ordinary shares) Par Value THB 100.00 per share	99.99%
6. CPF Food Products Company Limited ¹	Broiler chicken integration	Bangkok, Thailand Tel. 0-2641-1234 Fax. 0-2641-1979	THB 2,800,000,000 (all in ordinary shares) Par Value THB 100.00 per share	99.99%
7. CPF Trading Company Limited	Wholesale and retail food products	Bangkok, Thailand Tel. 0-2693-0583 Fax. 0-2693-0584	THB 800,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.99%
8. CPF Logistics Company Limited	Transportation services	Bangkok, Thailand Tel. 0-2784-5713 Fax. 0-2784-5799	THB 40,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.99%
9. C.P. Agro-Industry Company Limited ¹	Livestock farming	Suratthani, Thailand Tel. 0-7728-2229 Fax. 0-7728-2230	THB 400,000,000 (all in ordinary shares) Par Value THB 100.00 per share	99.99%

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
10. C.P. Food Products Company Limited ²	Restaurant	Bangkok, Thailand Tel. 0-2641-1333 Fax. 0-2641-0333	THB 228,200,000 (all in ordinary shares) Par Value THB 100.00 per share	99.99%
11. C.P. Merchandising Company Limited	Investment and international trading	Bangkok, Thailand Tel. 0-2625-8000 Fax. 0-2638-2749	THB 9,000,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.99%
12. CPF Premium Foods Company Limited	Food processing plant	Chachoengsao, Thailand Tel. 0-3859-3046 Fax. 0-3859-3587	THB 700,000,000 (all in ordinary shares) Par Value THB 100.00 per share	99.99%
13. B.P. Food Products Company Limited ¹	Animal feedmill and livestock farming	Saraburi, Thailand Tel. 0-3637-1885 Fax. 0-3637-6578	THB 345,000,000 (all in ordinary shares) Par Value THB 100.00 per share	99.99%
14. Rajburi Foods Company Limited ¹	Animal feedmill and livestock farming	Rajburi, Thailand Tel. 0-3236-8181-9 Fax. 0-3236-8062	THB 470,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.99%
15. International Pet Food Company Limited ¹	Pet food production and distribution	Bangkok, Thailand Tel. 0-2673-1095 Fax. 0-2673-1546	THB 60,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.99%

Aquaculture Business in Thailand (3 companies)

16. Klang Company Limited ¹	Shrimp processing plant	Bangkok, Thailand Tel. 0-2625-8000 Fax. 0-2631-0776	THB 300,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.99
17. Seafoods Enterprise Company Limited ²	Shrimp processing plant	Bangkok, Thailand Tel. 0-2625-8000 Fax. 0-2631-0776	THB 20,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.99%
18. Pokphand Aquatech Company Limited ²	Aquatic feed production and distribution and aquaculture farm	Chonburi, Thailand Tel. 0-3829-7493 Fax. 0-3829-7495	THB 400,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.99%

Businesses Related to Operations in Thailand (76 companies)

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
19. C.P. Food Products, Inc.	Importer and distributor of seafood products	USA Tel. 1-410-505-5017 Fax. 1-410-381-6868	USD 5,000,000 (all in ordinary shares) Par Value USD 1.00 per share	100.00%
20. CP Foods (UK) Limited	Importer and distributor of processed meat and ready meals	United Kingdom Tel. 44-1299-253131 Fax. 44-1299-253132	GBP 300,000 (all in ordinary shares) Par Value GBP 1.00 per share	52.00%
21. CP Foods West, Inc. ²	Importer and distributor of food products (operations wound up in September 2010)	USA Tel. 1-410-505-5017 Fax. 1-410-381-6868	USD 3,000,000 (all in ordinary shares) Par Value USD 1.00 per share	100.00%
22. CPF Denmark A/S	Importer and distributor of processed meat and ready meals	Denmark Tel. 45-7526-1330 Fax. 45-7526-1336	EUR 200,000 (all in ordinary shares) Par Value EUR 1.00 per share	52.00%
23. CPF Europe S.A.	Importer and distributor of processed meat and ready meals	Belgium Tel. 32-2357-5380 Fax. 32-2357-5398	EUR 28,000,000 (all in ordinary shares) Par Value EUR 1.00 per share	99.99%
24. CPF Tokyo Company Limited	Importer and distributor of processed meat and ready meals	Japan Tel. 813-5401-2231 Fax. 813-5401-2236	JPY 200,000,000 (all in ordinary shares) Par Value JPY 1,000.00 per share	99.99%
25. Fusion Abbey Park Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
26. Fusion Alfrick Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
27. Fusion Bracewell Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
28. Fusion Bransford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
29. Fusion Broadway Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
30. Fusion Brothwood Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
31. Fusion Calis Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
32. Fusion Carnoustie Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
33. Fusion Charlton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
34. Fusion Crowle Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
35. Fusion Dalaman Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
36. Fusion Defford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
37. Fusion Dormington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
38. Fusion Driscoll Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
39. Fusion Dumbleton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
40. Fusion Eastoe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
41. Fusion Elmbridge Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
42. Fusion Everton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
43. Fusion Exning Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
44. Fusion Fethiye Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
45. Fusion Gatley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
46. Fusion Gocek Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
47. Fusion Gray Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
48. Fusion Grimley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
49. Fusion Guarlford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
50. Fusion Haddenham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
51. Fusion Hadzor Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
52. Fusion Hallow Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
53. Fusion Harper Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
54. Fusion Hartford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
55. Fusion Haverhill Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
56. Fusion Hawstead Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
57. Fusion Head Street Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
58. Fusion Heath Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
59. Fusion Irvine Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
60. Fusion Kaitaia Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
61. Fusion Kroma Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
62. Fusion Krone Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
63. Fusion Lidgate Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
64. Fusion Lineker Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
65. Fusion Littleworth Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
66. Fusion Madeley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
67. Fusion McMahon Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
68. Fusion Mountfield Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
69. Fusion Moyes Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
70. Fusion Newlands Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
71. Fusion Niamh Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
72. Fusion Pershore Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
73. Fusion Priest Lane Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
74. Fusion Ratcliffe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
75. Fusion Reid Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
76. Fusion Richardson Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
77. Fusion Samui Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
78. Fusion Saxham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
79. Fusion Sharp Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
80. Fusion Sheedy Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
81. Fusion Soham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
82. Fusion Southall Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
83. Fusion Stevens Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
84. Fusion Stowmarket Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
85. Fusion Swaffham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
86. Fusion Thetford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
87. Fusion Turgay Ltd.	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
88. Fusion Uzumlu Ltd.	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
89. Fusion Van Den Hauwe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
90. Fusion Wadborough Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
91. Fusion Wellington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
92. Fusion Whistler Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
93. Fusion Wright Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%
94. Fusion Yamac Limited	Importer and distributor of processed meat and ready meals	United Kingdom	Paid-up Capital GBP 1.00	52.00%

Other Businesses in Thailand (2 companies)

95. CPF Training Center Company Limited	Training center service provider	Bangkok, Thailand Tel. 0-2625-8000 Fax. 0-2638-2139	THB 20,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.99%
96. CPF IT Center Company Limited	Information technology service provider	Bangkok, Thailand Tel. 0-2625-8000 Fax. 0-2638-2139	THB 250,000,000 (all in ordinary shares) Par Value THB 10.00 per share	99.99%

Overseas Business (31 companies)

97. A.P.P. Enterprise, Inc.	Property lease-out	Philippines Tel. 63-34-432-0994 Fax. 63-34-432-0969	PHP 5,000 (all in ordinary shares) Par Value PHP 10.00 per share	39.60%
98. Arbor Acres (Taiwan) Company Limited	Livestock farming	Taiwan Tel. 886-2-25077071 Fax. 886-2-25073438	NTD 31,500,000 (all in ordinary shares) Par Value NTD 10.00 per share	16.21%
99. Asia Aquaculture (M) Sdn. Bhd.	Shrimp farming and processing plant	Malaysia Tel. 603-4027-1800 Fax. 603-4027-1900	RM 100,000,000 (all in ordinary shares) Par Value RM 1.00 per share	100.00%
100. Bright Excel Investments Limited	Investment	British Virgin Islands	USD 50,000 (all in ordinary shares) Par Value USD 1.00 per share	100.00%

Company	Type of Business	Head Office		Registered Capital and Par Value	Shareholding
101. C.P. Aquaculture (Beihai) Company Limited	Aquatic feed production and distribution and aquaculture farming	China	Tel. 86-779-208-4362 Fax. 86-779-208-3950	USD 5,500,000 (all in ordinary shares)	100.00%
102. C.P. Aquaculture (Dongfang) Company Limited	Shrimp hatchery business	China	Tel. 86-898-3696-3928 Fax. 86-898-3696-5688	RMB 32,000,000 (all in ordinary shares)	100.00%
103. C.P. Aquaculture (Hainan) Company Limited	Aquaculture farming	China	Tel. 86-898-3696-3928 Fax. 86-898-3696-5688	USD 3,000,000 (all in ordinary shares)	100.00%
104. C.P. Laos Company Limited	Animal feedmill and livestock farming	Laos	Tel. 856-21-453508-10 Fax. 856-21-453507	USD 3,000,000 (all in ordinary shares) Par Value USD 10.00 per share	99.61%
105. C.P. Standart Gida Sanayi Ve Ticaret A.S.	Chicken integration	Turkey	Tel. 212-274-8536 Fax. 212-267-3343	YTL 100,000,000 (all in ordinary shares) Par Value YTL 1.00 per share	100.00%
106. Charoen Pokphand Foods (Malaysia) Sdn. Bhd.	Investment in aquaculture integration business	Malaysia	Tel. 603-4027-1800 Fax. 603-4027-1900	RM 120,000,000 (all in ordinary shares) Par Value RM 1.00 per share	100.00%
107. Charoen Pokphand Enterprise (Taiwan) Company Limited	Chicken integration and livestock farming	Taiwan	Tel. 886-2-25077071 Fax. 886-2-25073438	NTD 3,579,000,000 (all in ordinary shares) Par Value NTD 10.00 per share	32.41%
108. Charoen Pokphand (India) Private Limited	Animal feedmill and livestock farming	India	Tel. 91-44-24474166 Fax. 91-44-24472880	RS 630,000,000 (all in ordinary shares) Par Value RS 10.00 per share	99.99%
109. Charoen Pokphand (Taiwan) Company Limited	Importer and distributor of feedstuff additives and animal vaccines	Taiwan	Tel. 886-2-25077071 Fax. 886-2-25073438	NTD 27,152,400 (all in ordinary shares) Par Value NTD 10.00 per share	29.17%
110. Charoen Pokphand (Taiwan) Investment Limited	Investment	Bermuda Islands		USD 12,000 (all in ordinary shares) Par Value USD 1.00 per share	100.00%
111. Charoen Pokphand (USA), Inc.	Broiler chicken integration (operations wound up in March 2004)	USA	Tel. 1-410-505-5017 Fax. 1-410-381-6868	USD 30,000,000 (all in ordinary shares) Par Value USD 1.00 per share	99.97%
112. Charoen Pokphand Foods (Overseas) LLC.	Animal feedmill and livestock farming	Russia	Tel. 7-496-636-1874 Fax. 7-496-636-1924	RB 1,559,923,000 (all in ordinary shares)	99.99%

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
113. Charoen Pokphand Foods Philippines Corporation	Animal feed production and distribution and shrimp hatchery	Philippines Tel. 63-45-961-4892 Fax. 63-45-961-4441	PHP 1,500,000,000 (all in ordinary shares) Par Value PHP 10.00 per share	99.99%
114. Chia Tai Lianyungang Company Limited	Investment	Hong Kong Tel. 852-25201601 Fax. 852-25285802	HKD 1,000,000 (all in ordinary shares) Par Value HKD 1.00 per share	32.41%
115. Chun Ta Investment Company Limited	Investment	Taiwan Tel. 886-2-25077071 Fax. 886-2-25073438	NTD 50,000,000 (all in ordinary shares) Par Value NTD 10.00 per share	100.00%
116. Coinaton Investments Limited	Investment	British Virgin Islands	USD 50,000 (all in ordinary shares) Par Value USD 1.00 per share	100.00%
117. CPF Agro LLC.	Livestock Farming	Russia Tel. 7-496-636-1874 Fax. 7-496-636-1924	RB 144,000,000 (all in ordinary shares)	99.99%
118. Charoen Pokphand Foods Kenya Company Limited	Animal Feedmill and livestock farming	Kenya	KES 400,000,000 (all in ordinary shares) Par Value KES 100.00 per share	99.99%
119. CPF Investment Limited	Investment	British Virgin Islands	USD 700,000,000 (all in ordinary shares) Par Value USD 1.00 per share	100.00%
120. CPF Food Trading Company Limited	Importer and distributor of processed meat and ready meals	China Tel. 86-21-5835-8683 Fax. 86-21-5835-5655	USD 4,000,000 (all in ordinary shares)	100.00%
121. Forward Pass Limited	Investment	British Virgin Islands	USD 50,000 (all in ordinary shares) Par Value USD 1.00 per share	100.00%
122. Lianyungang Chia Tai Agro-Industry Development Company Limited	Animal feedmil	China Tel. 86-518-82340802 Fax. 86-518-82342558	USD 5,400,000 (all in ordinary shares)	22.69%
123. New Splendid Holdings Limited	Investment	British Virgin Islands	USD 50,000 (all in ordinary shares) Par Value USD 1.00 per share	100.00%
124. Plenty Type Limited	Investment	Cayman Islands Tel. 852-25201601 Fax. 852-25285802	USD 14,261,488 (all in ordinary shares) Par Value USD 0.231 per share	32.41%

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
125. Star Feedmills (M) Sdn. Bhd.	Aquatic feed production and distribution	Malaysia Tel. 603-8921-8299 Fax. 603-8921-8399	RM 100,000,000 (all in ordinary shares) Par Value RM 1.00 per share	100.00%
126. Ta Chung Investment Company Limited	Investment	Taiwan Tel. 886-2-25077071 Fax. 886-2-25073438	NTD 100,000,000 (all in ordinary shares) Par Value NTD 10.00 per share	100.00%
127. Taiwan Sizzler Company Limited ²	Restaurant	Taiwan Tel. 886-2-25077071 Fax. 886-2-25073438	NTD 100,050,000 (all in ordinary shares) Par Value NTD 10.00 per share	32.41%

Remark: ¹ On 1 February 2012, 10 subsidiaries of CPF consist of 1) Bangkok Agro-Industrial Products Plc.; 2) Charoen Pokphand Northeastern Plc; 3) CPF Food Products Co., Ltd.; 4) Bangkok Food Products Co., Ltd.; 5) B.P. Food Products Co., Ltd.; 6) Rajburi Foods Co., Ltd.; 7) Charoen Pokphand Industry Co., Ltd.; 8) C.P. Agro-Industry Co., Ltd.; 9) Klang Co., Ltd.; and 10) International Pet Food Co., Ltd. registered the amalgamation into 1 new subsidiary namely CPF (Thailand) Public Company Limited ("CPFTH").

² In the process of liquidation

Associates

As of 31 December 2011, there were 9 companies in which CPF directly or indirectly holds more than 20.00% to 50.00% of their paid-up capital

1. CP ALL Public Company Limited	Convenience store business in Thailand, under "7-Eleven" trademark	Bangkok, Thailand Tel. 0-2677-9000 Fax. 0-2631-1082	THB 4,500,000,000 (all in ordinary shares) Par Value THB 1.00 per share	31.03%
2. Nava 84 Company Limited	Investment of which invested 99.98% in economic crop plantation companies in Thailand	Bangkok, Thailand	THB 1,500,000,000 (all in ordinary shares) Par Value THB 10.00 per share	25.00%
3. Ross Breeders Siam Company Limited	Chicken breeding and distribution	Bangkok, Thailand Tel. 0-2988-0700 Fax. 0-2988-0706	THB 70,000,000 (all in ordinary shares) Par Value THB 100.00 per share	49.99%
4. Allianz C.P. General Insurance Company Limited	Insurance business	Bangkok, Thailand Tel. 0-2638-9000	THB 300,000,000 (all in ordinary shares) Par Value THB 10.00 per share	24.46%
5. Arbor Acres Thailand Company Limited	Chicken breeding and distribution	Bangkok, Thailand Tel. 0-2988-0700 Fax. 0-2988-0706	THB 4,000,000 (all in ordinary shares) Par Value THB 100.00 per share	49.99%

Company	Type of Business	Head Office	Registered Capital and Par Value	Shareholding
6. C.P. Aquaculture (India) Private Limited	Shrimp feed production and distribution and shrimp hatchery in India	India Tel. 9144-2491-7790	RS 250,000,000 (all in ordinary shares) Par Value RS 10.00 per share	31.70%
7. C.P. Cambodia Company Limited	Animal feedmill and livestock farming in Cambodia	Cambodia Tel. 855-24-397339	USD 37,222,000 (all in ordinary shares) Par Value USD 5,030.00 per share	25.00%
8. C.P. Vietnam Corporation ¹ (formerly C.P. Vietnam Livestock Corporation)	Livestock feedmill and farming in Vietnam	Vietnam Tel. 84-6183-36251	VND 1,223,928,330,000 (all in ordinary shares) Par Value VND 10,000.00 per share	29.18%
9. Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	Investment, of which invested 100.00% in 9 livestock feedmill and livestock farming companies in Malaysia	Malaysia Tel. 60-3317-63061	RM 50,000,000 (all in ordinary shares) Par Value RM 1.00 per share	49.75%

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

As of 31 December 2011, there was 1 company in which CPF directly and indirectly holds more than 10.00% but less than 20.00% of its paid-up capital.

1. Kinghill Limited	Investment holding, of which invested 100.00% in company that manages shopping center, "Super Brand Mall", in China	Cayman Islands	USD 300,000,000 (all in ordinary shares) Par Value USD 1.00 per share	16.75%
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Remark: ¹ Upon the completion of the purchase of C.P. Pokphand Company Limited ("CPP") shares, C.P. Vietnam Corporation ("CPV") will become a subsidiary of CPF whereas the Company and subsidiary of CPP will hold 29.18% and 70.82% in CPF, respectively.

² Not include the Company that already fully recorded the asset impairment.

References

1. Share Registrar

Thailand Securities Depository Co., Ltd.
The Stock Exchange of Thailand Building
62 Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand
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Facsimile number (662) 359-1259

2. Bond Registrar and Bondholders' Representative

Unsecured Debentures of Charoen Pokphand Foods Plc.

1/2007 Series 2 due 2012

Bond Registrar

Registrar 1, Markets Operations Division
Siam Commercial Bank Plc.
Chidlom Building 2, 3rd Floor,
1060 Phetburi, Ratchatawee, Bangkok 10400, Thailand
Telephone number (662) 256-2323-6
Facsimile number (662) 256-2406

Bondholders' Representative

Agent and Securities Services Dept.
TMB Bank Plc.
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Telephone number (662) 299-1111
Facsimile number (662) 299-1278

Unsecured Debentures of Charoen Pokphand Foods Plc.

#1/2008 Series 2 due 2013, #1/2009 Series 1 due 2013, Series 2 due 2014, and Series 3 due 2015

Bond Registrar and Bondholders' Representative

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Head Office Building, Phahonyothin, 11th Floor
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Unsecured Debentures of Charoen Pokphand Foods Plc.

#2/2009 due 2015, and #1/2010 due 2015

Bond Registrar and Bondholders' Representative

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Facsimile number (662) 683-1298

Unsecured Debentures of Charoen Pokphand Foods Plc.**#1/2011 Series 1 due 2018, Series 2 due 2021,****Series 3 due 2041 with debentureholders' early redemption right,****and #2/2011 due 2041****Bond Registrar and Bondholders' Representative**

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BNY Mellon Shareowner Services

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