

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR 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 according to 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 of benefit to shareholders and investors.

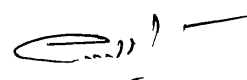
The Board of Directors has established and maintained an effective internal control system in order to provide a reasonable assurance that accounting records are accurate, complete and adequate for the protection of Company assets as well as preventing fraud and materially irregular transactions.

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 results 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 reasonably assure 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 2013.



Mr. Dhanin Chearavanont
Chairman of the Board
of Directors



Mr. Adirek Sripratak
President
and Chief Executive Officer

(2) Consolidated statements of income of CPF and its subsidiaries for the year ended 31 December 2012 and 2013

	2012		2013	
	THB mn.	%	THB mn.	%
Revenue from sale of goods	357,175	95	389,251	97
Gains on changes in fair value of investment in associates	8,673	2	-	-
Gains on sale of investments	6,009	2	8,219	2
Others	2,996	1	2,107	1
Total income	374,853	100	399,577	100
Cost of sale of goods	315,838	84	350,394	88
Losses (gains) on changes in fair value of biological assets	(229)	-	(524)	-
Selling and administrative expenses	33,260	9	36,963	9
Finance costs	6,377	2	7,937	2
Others	52	-	219	-
Total expenses	355,298	95	394,989	99
Share of profits of associates and jointly-controlled entities	4,139	1	4,947	1
Profit before income tax expense	23,694	6	9,535	2
Income tax expense	2,675	1	133	-
Profit for the year	21,019	5	9,402	2
Non-controlling interests	(2,229)	-	(2,337)	-
Profit for the year attributable to equity holders of the Company	18,790	5	7,065	2

(3) Consolidated statements of comprehensive income for the year ended 31 December 2012 and 2013

(Unit : THB mn.)	2012	2013
Profit for the year	21,019	9,402
Other comprehensive income (loss) for the year, net of income tax expense	5,339	4,905
Total comprehensive income for the year	26,358	14,307
Non-controlling interests	(2,439)	(3,596)
Total comprehensive income for the year attributable to equity holders of the Company	23,919	10,711

(4) Consolidated statements of cash flows for the year ended 31 December 2012 and 2013

(Unit : THB mn.)	2012	2013
Net cash provided by operating activities	529	9,452
Net cash used in investing activities	(59,494)	(24,222)
Net cash provided by financing activities	46,449	17,792
Net increase (decrease) in cash and cash equivalents	(12,516)	3,022
Cash and cash equivalents at the beginning of the year	23,993	12,250
Effect of exchange rate changes on the balances held in foreign currencies	773	1,908
Cash and cash equivalents at end of year	12,250	17,180

(5) Key financial ratios of the consolidated financial statements of CPF and its subsidiaries

	2012	2013
Liquidity ratios		
Current ratio ¹ (times)	1.15	1.08
Quick ratio ² (times)	0.37	0.41
Cash flow liquidity ratio ³ (times)	0.01	0.09
Accounts receivable turnover ⁴ (times)	17.93	16.00
Collection period ⁵ (Days)	20	23
Inventory turnover ratio ⁶ (times)	33.14	28.86
Inventory turnover ⁷ (Days)	11	12
Accounts payable turnover ⁸ (times)	19.52	16.49
Payable period ⁹ (Days)	18	22
Cash Cycle ¹⁰ (Days)	13	13
Profitability ratios		
Gross profit margin ¹¹ (%)	11.57	9.98
Operating profit margin ¹² (%)	8.42	4.49
Net profit margin ¹³ (%)	4.96	1.74
Return on Equity ¹⁴ (%)	20.00	5.64
Operating efficiency ratios		
Return on fixed assets ¹⁵ (%)	35.43	14.53
Asset turnover ¹⁶ (times)	1.61	1.20
Leverage ratios		
Debt to equity ¹⁷ (times)	1.57	1.82
Interest coverage ¹⁸ (times)	0.08	1.25
Debt service coverage ¹⁹ (times)	0.01	0.15
Dividend payout ²⁰ (%)	105.79	56.32

This management's discussion and analysis is a discussion based on CPF and its subsidiaries' consolidated financial statements ended 31 December 2013. The information includes the financial statements of CPF and its subsidiaries ("The Company") as disclosed in No. 1 General Information of the notes to financial statements.

In 2013, the significant event affected the preparation and presentation of the Company's consolidated financial statements for the period ending 31 December 2013 is as follow:

Business combination by acquisition of shares

During the fourth quarter of 2013, the Company acquired shares of Russia Baltic Pork Invest ASA ("RBPI"), a Norwegian registered company that has 100% direct and indirect investments in 8 subsidiaries involving in swine farming and related businesses in Russia. As a result, RBPI became a new subsidiary of the Company. The Company's financial statements as of 31 December 2013 included the statements of financial position of RBPI. The Company has applied Thai Financial Reporting Standards ("TFRS") No. 3 (revised 2009) Business Combinations to recognise the business combination transaction. Details of the

investment are disclosed in No.4 Business combination by acquisition of shares of the notes to the financial statements for the year ended 31 December 2013.

The amounts of assets acquired and liabilities assumed at the acquisition date is as follows:

	(Unit : THB mn.)
Cash and cash equivalents	948
Trade receivables	8
Inventories	149
Biological assets	524
Other current assets	76
Property, plant and equipment	2,914
Other non-current assets	39
Borrowings	(2,635)
Trade and other payables	(124)
Other current liabilities	(46)
Deferred tax liabilities	(32)
Net assets	1,821
Deduct non-controlling interests	(772)
Group's ownership interest	1,049
Goodwill	628
Consideration transferred	1,677

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 / 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

Being shareholder of RBPI not only to accelerate the expansion of the Company's swine businesses in Russia, but the collaboration between the Company and RBPI is also likely to increase the swine production efficiency and further enhance the growth potential of swine businesses in the Russian market due to its large scale and insufficient domestic pork supply.

1. Operating Results

(1) Overview of Operating Results

The Company continued to see growth in revenues, and reported the 2013 consolidated sales of THB 389,251 million, a 9% increase from 2012. Thailand operations generated a 3% growth while international operations saw a 14% increase in revenues mainly from the growth of livestock businesses of 13%. On the other hand, the Thai shrimp industry was materially affected

by the outbreak of the Early Mortality Syndrome ("EMS"), which resulted in the 10% drop in revenues of the aquatic business.

The Company's net profit for 2013 was THB 7,065 million, a drop of 62% from the previous year's net profit of THB 18,790 million due to: (1) in the first quarter of 2012, the Company realized gains on changes in fair value of investment in C.P. Vietnam Corporation ("CPV") of THB 8,673 million, which is in accordance with Thai Financial Reporting standards and was a non-recurring transaction and (2) the significant drop in the operating profits of the aquatic business mainly due to the EMS epidemic that has hit the Thai shrimp industry at the end of 2012, which resulted in a dramatic decrease in sales of Thailand operations aquatic business.

(2) Operating Performance of Each Business Line

	2011		2012		2013	
	THB mn.	%	THB mn.	%	THB mn.	%
1. Thailand Operations						
Feed	53,166	26	56,815	16	51,243	13
Farm	64,456	31	61,600	17	69,922	18
Food	36,527	18	41,009	12	43,177	11
Total Sales - Thailand Operations	154,149	75	159,424	45	164,342	42
2. Overseas Operations						
Feed	25,994	13	148,321	41	164,348	42
Farm	23,371	11	45,679	13	55,583	15
Food	2,585	1	3,751	1	4,978	1
Total Sales - International Operations	51,950	25	197,751	55	224,909	58
Total Revenue from Sales	206,099	100	357,175	100	389,251	100

Operating Results by Business Operations and Business Line

Thailand Operations

Total sales generated from Thailand operations for 2013 totaled THB 164,342 million, a 3% increase from last year's sales of THB 159,424 million with the following details:

Domestic Sales

Domestic sales rose from THB 128,562 million in 2012 to THB 134,362 million in 2013. Sales from livestock business increased THB 15,266 million, a 15% increase which was mostly due to improving average meat prices. However, sales from aquatic business dropped THB 9,466 million or 35% from the EMS outbreak in the Thai shrimp industry.

Export Sales

Export sales for 2013 totaled THB 29,980 million, a 3% reduction from THB 30,862 million earned in 2012. Exports of livestock business increased by THB 2,440 million or 15% while exports of aquatic business dropped by THB 3,322 million or 22% of last year.

The gross profit margin of Thailand operations for 2013 was 9%, a decline from the 12% achieved in 2012, which mainly due to the impact to the aquatic business caused by the EMS epidemic in Thai shrimp industry.

International Operations

Total sales generated from international operations totaled THB 224,909 million increased by 14% over last year's THB 197,751 million. Livestock business sales increased by THB 20,929 million or 12% and aquatic business sales increased by THB 6,229 million or 24%.

The gross profit margin of international operations in 2013 was 11%, close to the level of last year.

2. Changes in Other Comprehensive Income

In 2013, changes in other components of shareholders' equity after tax presented in the Company's comprehensive income amounted to THB 4,905 million. This was mainly due to an increase in currency translation differences of THB 6,587 million as a result of Thai baht depreciation as of 31 December 2013 comparing to the same date of last year.

3. Financial Status

(1) Assets

The Company's total assets as of 31 December 2013 was THB 365,003 million consisting of current assets of THB 124,243 million, land, buildings and equipment of THB 110,931 million along with another THB 129,829 million in long-term investments and others.

Assets as of 31 December 2013 increased by 18% over last year mostly from the increase in land, buildings and equipment, investments in affiliated companies and jointly-controlled companies as well as cash and cash equivalents.

(2) Liquidity

Net operating cash flows for 2013 totaled THB 9,452 million while net cash used in investment activities totaled THB 24,222 million. Net cash provided by financing activities was THB 17,792 million derived from net borrowing totaling THB 31,608 million. Net cash used in interest payment, dividend payment and others totaled THB 13,816 million. Cash and cash equivalents (net of over draft) as of 31 December 2013 totaled THB 17,180 million.

Liquidity ratio as of 31 December 2013 was 1.08 times, declined from the previous year's 1.15 times while cash cycle as of 31 December 2013 and 2012 was 13 days.

As of 31 December 2013, the Company was obliged to make payments on long-term borrowings and debentures amounting to THB 11,512 million in 2014, THB 12,599 million in 2015, THB 14,562 million in 2016 and THB 82,007 million for the period between 2017 through 2041.

Details of CPF's outstanding debentures as of 31 December 2013 totalled THB 69,260 million are as follows:

	Amount (THB mn.)	Issued Date	Maturity Date	Maturity Term (Years)	Coupon Rate per Annum (%)
1. CPF Debenture #1/2009 Series 2	3,200	25 Nov 2009	25 Nov 2014	5	4.30
2. CPF Debenture #1/2009 Series 3	3,000	25 Nov 2009	25 Nov 2015	6	4.80
3. CPF Debenture #2/2009	1,000	22 Dec 2009	30 May 2015	5 years 5 months 8 days	4.40
4. CPF Debenture #1/2010	1,000	11 Feb 2010	30 May 2015	5 years 3 months 19 days	4.20
5. CPF Debenture #2/2010 Series 1	3,000	3 Nov 2010	3 Nov 2014	4	Year 1-3 = 3.00% Year 4 = 4.00%
6. CPF Debenture #2/2010 Series 2	5,000	3 Nov 2010	3 Nov 2017	7	Year 1-3 = 3.00% Year 4-5 = 4.00% Year 6-7 = 5.00%
7. CPF Debenture #1/2011 Series 1	3,000	19 Aug 2011	19 Aug 2018	7	4.65
8. CPF Debenture #1/2011 Series 2	3,000	19 Aug 2011	19 Aug 2021	10	4.87
9. CPF Debenture #1/2011 Series 3*	4,000	19 Aug 2011	19 Aug 2041	30	5.42
10. CPF Debenture #2/2011*	6,000	21 Dec 2011	21 Dec 2041	30	5.42
11. CPF Debenture #1/2012	6,060	15 Mar 2012	15 Mar 2016	4	4.17
12. CPF Debenture #2/2012 Series 1	6,000	3 Aug 2012	3 Aug 2019	7	Year 1-4 = 4.35% Year 5-7 = 5.00%
13. CPF Debenture #2/2012 Series 2	4,000	3 Aug 2012	3 Aug 2022	10	Year 1-4 = 4.40% Year 5-9 = 5.00% Year 10 = 6.00%
14. CPF Debenture #2/2012 Series 3*	5,000	3 Aug 2012	3 Aug 2032	20	5.30

	Amount (THB mn.)	Issued Date	Maturity Date	Maturity Term (Years)	Coupon Rate per Annum (%)
15. CPF Debenture #1/2013	6,000	9 May 2013	9 May 2018	5	3.93
16. CPF Debenture #2/2013 Series 1	2,000	2 Aug 2013	2 Aug 2017	4	4.04
17. CPF Debenture #2/2013 Series 2	2,500	2 Aug 2013	2 Aug 2019	6	4.54
18. CPF Debenture #2/2013 Series 3	5,500	2 Aug 2013	2 Aug 2021	8	4.90

* Debenture with holders' early redemption right at the end of year 15

(3) Sources of Funds

As of 31 December 2013, the Company's debt to equity ratio was 1.82 times while net debt to equity ratio computed based on the specified Terms and Condition of debenture issuers and holders for the outstanding debentures are as follows:

	Net Gearing Ratio (Times)
Debentures issued before CPF debenture #2/2013 ¹	1.64
CPF debentures #2/2013 ²	1.25

Note: The net debt to equity ratio which CPF has to maintain under the specified Terms and Condition of debenture issuers and holders for all debentures is no more than 2.00:1.00. The ratio is computed based on the reviewed/audited consolidated financial statements as of 30 June and 31 December in each accounting period (as the case may be).

Total liabilities of the Company amounted to THB 235,430 million, a 24% increase resulting from an increase of THB 40,202 million in interest bearing liabilities and THB 5,465 million in non-interest bearing liabilities. The total liabilities is comprised of non-interest bearing liabilities and interest bearing liabilities of THB 49,025 million and THB 186,405 million, respectively. Of the interest bearing liabilities,

THB 77,230 million is short-term while THB 109,175 million is long-term borrowings.

As of 31 December 2013, shareholders' equity totaled THB 129,573 million, an increase of 7% over the previous year as a result of an increase in "currency translation differences" due to a depreciation of Thai Baht.

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

² Net debt = Total interest-bearing liabilities excluded liabilities under financial lease agreements - Cash and cash equivalents and current investments

(4) Capital Expenditure Plan for 2014-2018

The tentative capital expenditure for 2014-2018 totals approximately THB 50,000 million. Domestic investments will focus on enhancing value to existing businesses while overseas investments will be mainly for business expansion and penetration of new markets. The capital expenditure may be subject to change depending on the prevailing market conditions.

(5) Dividend Payment

In accordance with the Company's dividend policy, the sum for dividend payments for each year's operating results will be approximately 50% of net profit after tax and legal reserve requirements (based on the separate financial statements of the Company). On 24 February 2014, the Company's Board of Directors passed a resolution to approve a dividend payment to shareholders of THB 0.50 per share in total. The Company paid the first dividend payment to shareholders, as an interim dividend of THB 0.25

per share on 6 September 2013. Therefore, the second dividend payment will be THB 0.25 per share. The Board of Directors will propose the said dividend payment to the Annual General Shareholders' Meeting No. 1/2014, to be held on 25 April 2014 for further approval.

(6) Factors that may impact the Company's Future Performance

Despite the Company having in place a robust risk management process to ensure that risks are under the appetite levels as mentioned under "Risk Factors" section, there is still a chance that risk mitigation may not be effective enough to keep the risks under the risk appetite levels, which lead the performance to be below expectation due to uncontrollable external factors. An example would be the control of EMS epidemic which requires co-operation from relevant parties; continuous economic uncertainties across the globe and even political instability.