

**Key Financial Information****Financial Statements**Highlights of the Consolidated Financial Statements and Key Financial Ratios(A) *Consolidated Statements of financial position of CPF and its subsidiaries as of December 31, 2013, 2014 and 2015*

	As of December 31,					
	2013		2014		2015	
	Baht million	%	Baht million	%	Baht million	%
Cash and cash equivalent	19,457	5	33,552	8	36,461	7
Current investments	3,143	1	5,769	1	7,773	1
Accounts receivable - trade and others	24,241	7	24,953	6	26,156	5
Inventories	48,469	13	49,036	12	52,112	11
Current biological assets	22,425	6	24,378	6	27,757	6
Other current assets	6,509	2	8,566	2	9,734	2
<b>Total current assets</b>	<b>124,244</b>	<b>34</b>	<b>146,254</b>	<b>35</b>	<b>159,993</b>	<b>32</b>
Long-term investments	49,598	14	62,012	15	75,303	15
Investment properties	1,930	1	1,169	-	1,379	-
Property, plant and equipment	110,931	30	124,461	30	149,599	30
Non-current biological assets	5,180	1	5,595	1	7,221	2
Goodwill	59,293	16	60,699	15	81,298	17
Other non-current assets	13,827	4	16,575	4	19,470	4
<b>Total non-current assets</b>	<b>240,759</b>	<b>66</b>	<b>270,510</b>	<b>65</b>	<b>334,270</b>	<b>68</b>
<b>Total assets</b>	<b>365,003</b>	<b>100</b>	<b>416,764</b>	<b>100</b>	<b>494,263</b>	<b>100</b>
Overdrafts and short-term borrowings						
from financial institutions	61,861	17	63,686	15	88,019	18
Bills of exchange	3,478	1	1,989	1	18,731	4
Accounts payable – trade and others	21,888	6	25,632	6	28,022	6
Current portion of long-term debts	11,517	3	13,433	3	30,724	6
Other current liabilities	16,257	5	18,545	5	20,795	4
<b>Total current liabilities</b>	<b>115,001</b>	<b>32</b>	<b>123,285</b>	<b>30</b>	<b>186,291</b>	<b>38</b>
Long-term debts	109,176	30	116,425	28	120,299	24
Other non-current liabilities	11,253	3	13,088	3	13,948	3
<b>Total non-current liabilities</b>	<b>120,429</b>	<b>33</b>	<b>129,513</b>	<b>31</b>	<b>134,247</b>	<b>27</b>
<b>Total liabilities</b>	<b>235,430</b>	<b>65</b>	<b>252,798</b>	<b>61</b>	<b>320,538</b>	<b>65</b>
<b>Total equity</b>	<b>129,573</b>	<b>35</b>	<b>163,966</b>	<b>39</b>	<b>173,725</b>	<b>35</b>



## (B) Consolidated statements of income of CPF and its subsidiaries for the years ended December 31, 2013, 2014 and 2015

	2013		2014		2015	
	Baht million	%	Baht million	%	Baht million	%
Revenue from sale of goods	389,251	97	426,039	98	421,355	97
Gains on changes in fair value of investment in associates	-	-	-	-	236	-
Gains on sale of investments	8,219	2	4,662	1	7,129	2
Others	2,107	1	2,801	1	5,473	1
<b>Total income</b>	<b>399,577</b>	<b>100</b>	<b>433,502</b>	<b>100</b>	<b>434,193</b>	<b>100</b>
Cost of sale of goods	350,394	88	368,760	85	363,287	84
Gains on changes in fair value of biological assets	(524)	-	(338)	-	(404)	-
Selling and administrative expenses	36,963	9	42,811	10	46,889	11
Finance costs	7,937	2	8,903	2	9,614	2
Others	219	-	356	-	-	-
<b>Total expenses</b>	<b>394,989</b>	<b>99</b>	<b>420,492</b>	<b>97</b>	<b>419,386</b>	<b>96</b>
Share of profits of associates and joint venture	4,947	1	4,869	1	5,221	1
<b>Profit before income tax</b>	<b>9,535</b>	<b>2</b>	<b>17,879</b>	<b>4</b>	<b>20,028</b>	<b>5</b>
Income tax expense	133	-	3,650	1	3,654	1
Profit for the year	9,402	2	14,229	3	16,374	4
Non-controlling interests	(2,337)	-	(3,667)	(1)	(5,315)	1
<b>Profit for the year attributable to equity holders of the Compar</b>	<b>7,065</b>	<b>2</b>	<b>10,562</b>	<b>2</b>	<b>11,059</b>	<b>3</b>

## (C) Consolidated Statements of comprehensive income for the years ended December 31, 2013, 2014 and 2015

(Unit : Baht million)	2013	2014	2015
Profit for the year	9,402	14,229	16,374
Other comprehensive income (loss) for the year, net of income tax income	5,293	(1,258)	(2,988)
Total comprehensive income for the year	14,695	12,971	13,386
Non-controlling interests	(3,596)	(4,102)	(8,805)
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>	<b>11,099</b>	<b>8,869</b>	<b>4,581</b>

## (D) Consolidated statements of cash flows for the years ended December 31, 2013, 2014 and 2015

(Unit : Baht million)	2013	2014	2015
Net cash provided by operating activities	9,452	23,208	20,862
Net cash used in investing activities	(24,222)	(33,163)	(51,868)
Net cash provided by financing activities	17,792	23,510	30,755
Net increase (decrease) in cash and cash equivalent	3,022	13,555	(251)
Cash and cash equivalents at the beginning of the year	12,250	17,180	31,924
Effect of exchange rate changes on the balances held in foreign currencies	1,908	1,189	715
<b>Cash and cash equivalents at end of year</b>	<b>17,180</b>	<b>31,924</b>	<b>32,388</b>



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

	2013	2014	2015
<b>Liquidity ratios</b>			
Current ratio <sup>1</sup> (times)	1.08	1.19	0.86
Quick ratio <sup>2</sup> (times)	0.41	0.52	0.38
Cash flow liquidity ratio <sup>3</sup> (times)	0.09	0.19	0.13
Accounts receivable turnover <sup>4</sup> (times)	16.00	16.92	16.08
Collection period <sup>5</sup> (days)	23	21	23
Inventory turnover ratio <sup>6</sup> (times)	28.86	27.55	25.93
Inventory turnover <sup>7</sup> (days)	12	13	14
Accounts payable turnover <sup>8</sup> (times)	16.49	15.52	13.54
Payable period <sup>9</sup> (days)	22	23	27
Cash Cycle <sup>10</sup> (days)	13	11	10
<b>Profitability ratios</b>			
Gross profit margin <sup>11</sup> (%)	9.98	13.44	13.78
Operating profit margin <sup>12</sup> (%)	4.49	6.29	7.03
Net profit margin <sup>13</sup> (%)	1.74	2.41	2.52
Return on Equity <sup>14</sup> (%)	5.64	7.20	6.55
<b>Operating Efficiency ratios</b>			
Return on fixed assets <sup>15</sup> (%)	14.53	16.59	15.39
Asset turnover <sup>16</sup> (times)	1.20	1.12	0.97
<b>Leverage ratios</b>			
Debt to equity <sup>17</sup> (times)	1.82	1.54	1.85
Interest coverage <sup>18</sup> (times)	1.25	2.88	2.42
Debt service coverage <sup>19</sup> (times)	0.14	0.32	0.20
Dividend payout <sup>20</sup> (%)	56.32	64.99	51.51

<sup>1</sup> Current ratio = Total current assets / Total current liabilities

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

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

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

<sup>5</sup> Collection period = Average accounts receivable / Total revenues\*360

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

<sup>7</sup> Inventory turnover = 360 / Inventory turnover ratio

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

<sup>9</sup> Payable period = 360 / Accounts payable turnover

<sup>10</sup> Cash Cycle = Average collection period + Inventory turnover - Payable period

<sup>11</sup> Gross profit margin = Gross profit / Net sales

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

<sup>13</sup> Net profit margin = Net profit / Total revenues

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

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

<sup>16</sup> Asset turnover = Total revenues / Average total assets

<sup>17</sup> Debt to equity = Total liabilities / Total shareholders' equity

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

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

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

**Management Discussion and Analysis**

In 2015, there were significant events affecting the preparation and presentation of the consolidated financial statements for the year ended December 31, 2015, i.e. the acquisition of investments in companies, as follows:

Transaction No.1: Acquisition of investments in C.P. Cambodia Co., Ltd. (“CPC”) by 75% of the total issued and paid-up share capital (CPF previously held 25%); as a result, the Company held 100% of shares in CPC which engaging in animal feedmill, livestock farming and food processing plant for domestic sale in Cambodia. CPC also held 49% stake in a subsidiary, namely, Cambodia Property and Trading Company Limited whose business is property lease-out. (“Transaction No.1”); and

Transaction No.2: Acquisition of investments in Stesha LLC. (“Stesha”) by 100% of the total issued and paid-up shares; whereas, Stesha held 80% of total shares of CJSC Poultry Parent Stock Production Woyskovitsy (“Woyskovitsy”) and CJSC Poultry Production Severnaya (“Severnaya”). Woyskovitsy and Severnaya operated integrated poultry businesses in Russia starting from production of animal feed, breeding, hatching, farming and basic processing of poultry. (“Transaction No.2”).

Upon the Transaction No.1 and No.2 above, all 5 companies became the Company’s subsidiaries. In the preparation of consolidated financial statements for the year ended December 31, 2015, financial statements of all 5 subsidiaries were included; and the Company complied with the Financial Reporting Standards No.3 (Revised 2014) Business Combinations. The Company disclosed the recognition of such transactions in the Notes to Financial Statements for the year ended December 31, 2015, Clause 4 “Business Combination by Means of Acquisition of Shares”.

Resulting from the acquisition of shares in such companies, the Company recognized amounts of assets acquired and liabilities assumed at the acquisition date according to its fair value as follows:

Unit : Baht million

	Transaction No.1	Transaction No.2	Total
Cash and cash equivalents	65	1,372	1,437
Accounts receivables - trade and others	276	19	295
Inventories	1,098	1,918	3,016
Current biological assets	1,055	711	1,766
Other current assets	105	194	299
Property, plant and equipment	2,260	7,005	9,265
Non-current biological assets	573	-	573
Other intangible assets	56	302	358
Other non-current assets	25	6	31
Overdraft and short-term loans from financial institutions	(1,550)	(1,625)	(3,175)
Trade and other payables	(512)	(262)	(774)
Long-term loans due within 1 year	-	(162)	(162)
Other current liabilities	(80)	(177)	(257)
Long-term loans	-	(1,108)	(1,108)
Deferred tax liabilities	(125)	-	(125)
<b>Net assets</b>	<b>3,246</b>	<b>8,193</b>	<b>11,439</b>
Non-controlling interests	(126)	(4,878)	(5,004)
The Company’s previously held equity interest	(1,019)	-	(1,019)
Goodwill	749	15,657	16,406
<b>Consideration transferred</b>	<b>2,850</b>	<b>18,972</b>	<b>21,822</b>



The Consolidated statement of income for the year ended December 31, 2015 includes operating results of CPC as per Transaction No.1 and those of “Woyskovitsy” and “Severnaya” as per Transaction No.2 since May 11, 2015 and November 24, 2015, respectively. Significant details are as follows:

Unit : Baht million

	Transaction No.1	Transaction No.2	Total
Revenue from sale of goods	6,236	817	7,053
Profit for the period attributable to equity holders of the Company	27	57	84

The following financial analysis is based on the Company’s consolidated financial statements ending December 31, 2015 includes the financial statements of CPF and its subsidiaries (The “Company”) as disclosed in No. 1 General Information of the notes to the financial statements.

#### 1. Operating Performance

##### (1) *Overview of Previous Operating performance*

In 2015, the Company’s income from sale was amounted to Baht 421,355 million (2014: Baht 426,039 million), decreased by 1% from those of the previous year due to 5% decrease in the sales of Thailand Operations; meanwhile, the sales of International Operations increased by 1%.

The Company’s 2015 net profit was amounted to Baht 11,059 million or equal to Baht 1.50 per share (2014: Baht 10,562 million or equal to Baht 1.43 per share), increased by 5% from those of the previous year primarily due to the recovery of aquaculture business in Thailand after having encountered the EMS disease and the improvement of swine business performance in Vietnam.

##### (2) *Operating Performance of Each Business Line*

	2013		2014		2015	
	Baht million	%	Baht million	%	Baht million	%
<b>1. Thailand Operations</b>						
Feed	51,243	13	51,850	12	50,287	12
Farm	69,922	18	79,212	19	74,686	18
Food	43,177	11	44,212	10	42,074	10
<i>Total Sales – Thailand Operations</i>	164,342	42	175,274	41	167,047	40
<b>2. International Operations</b>						
Feed	164,348	42	173,448	41	167,008	40
Farm	55,583	15	70,036	16	79,158	18
Food	4,978	1	7,281	2	8,142	2
<i>Total Sales – International Operations</i>	224,909	58	250,765	59	254,308	60
<b>Total Sales Revenue</b>	<b>389,251</b>	<b>100</b>	<b>426,039</b>	<b>100</b>	<b>421,355</b>	<b>100</b>

#### *Operating Performance by Geography*

##### (1) *Thailand Operations*

In 2015, total sales revenue generated from Thailand Operations was amounted to Baht 167,047 million (2014: Baht 175,274 million), decreased by 5% from those of the previous year, as per the following details:

##### a. Domestic Sale

In 2015, domestic sales was amounted to Baht 140,591 million (2014: Baht 148,288 million), decreased by 5% mostly resulting from the decrease in selling price of products from livestock farms which decreased from those of the previous year.



b. Export

In 2015, revenue from export was amounted to Baht 26,456 million (2014: Baht 26,986 million), decreased by 2% from those of the previous year mainly due to the decrease in both selling price and sale volume of food from aquaculture business.

(2) *International Operations*

In 2015, sales revenue from international operations was amounted to Baht 254,308 million (2014: Baht 250,765 million), increased by 1% from those of the previous year primarily resulting from the sales of its new subsidiary ("CPC") after business combination since the second quarter of 2015.

2. Changes in Other Comprehensive Incomes

Changes in other components of shareholders' equity after tax presented in the Statements of Comprehensive Income of 2015 decreased by Baht 2,988 million, resulting from changes in the fair value of the available-for-sale investments which decreased by Baht 4,535 million, the increase of currency translation differences by Baht 1,663 million and the decrease of other items by Baht 116 million.

3. Financial status

(1) *Assets*

As of December 31, 2015, the Company's total assets were amounted to Baht 494,263 million, consisting of current assets of Baht 159,993 million, property, plant and equipment of Baht 149,599 million, along with goodwill, long-term investments and other assets of Baht 184,671 million.

The Company's assets increased by 19% from those of the previous year mostly from the acquisition of investments in Transaction No.1 and Transaction No.2 as mentioned earlier, including the increase of property, plant and equipment as well as long-term investments.

(2) *Liquidity*

As of December 31, 2015, the Company's liquidity ratio as per the Consolidated Financial Statements was equal to 0.86 times, decreased from 1.19 times of the previous year due to the increase in bridging loans reserved for business operation prior to receiving long-term loans along with the reclassification of the exchangeable bonds ("EB") as current portion of long-term debts because EB holders exercised their put options. Meanwhile, the cash cycle was equal to 10 days, improved by 1 day when compared to those of the previous year. The Company's long-term loans due within 2016 were amounted to Baht 30,719 million; long-term loans due within 2017 were amounted to Baht 27,330 million; long-term loans due within 2018 were amounted to Baht 23,375 million; and long-term loans due within 2019-2041 were amounted to Baht 69,589 million.

Regarding the inventory management, as of December 31, 2015, the Company's inventories was amounted to Baht 52,112 million, increased by 6% from those of the previous year; whereby the inventory turnover ratio in 2015 was equal to 25.93 times, decreased from 27.55 times in 2014, mostly resulting from the inventories of new subsidiaries and raw material reserved for new feedmill facilities of the Company.

(3) *Sources and Uses of Capital*

In 2015, the Company's sources of capital were obtained from its operation of Baht 20,862 million and financing activities of Baht 30,755 million (divided into net borrowing totaling Baht 49,105 million and outflow in payment of interest, dividends and others totaling Baht 18,350 million) and spending in the investment activities amounted to Baht 51,868 million.

As of December 31, 2015, the Company's interest bearing debts were amounted to Baht 170,357 million and debentures amounted to Baht 87,794 million. According to the specified Terms and Conditions of debenture issuers and holders, the issuer shall maintain the net debt to equity ratio of not exceeding 2:1 and 1.15:1, calculated based on the



consolidated financial statements and separate financial statements for the accounting period ended June 30 and December 31 of each accounting period which reviewed or audited by the Auditor (as the case may be), respectively.

Details of the outstanding debenture tranches as of December 31, 2015 are as follows:

*a. Debentures issued by CPF*

Debentures	Amount (THB mn.)	Issued Date	Maturity Date	Tenor (Years)	Coupon Rate per Annum
1. CPF Debenture #2/2010 Series 2	5,000	Nov. 3, 2010	Nov. 3, 2017	7	Year 1-3 = 3.00% Year 4-5 = 4.00% Year 6-7 = 5.00%
2. CPF Debenture #1/2011 Series 1	3,000	Aug. 19, 2011	Aug. 19, 2018	7	4.65%
3. CPF Debenture #1/2011 Series 2	3,000	Aug. 19, 2011	Aug. 19, 2011	10	4.87%
4. CPF Debenture #1/2011 Series 3*	4,000	Aug. 19, 2011	Aug. 19, 2041	30	5.42%
5. CPF Debenture #2/2011*	6,000	Dec. 21, 2011	Dec. 21, 2041	30	5.42%
6. CPF Debenture #1/2012	6,060	Mar. 15, 2012	Mar. 15, 2016	4	4.17%
7. CPF Debenture #2/2012 Series 1	6,000	Aug. 3, 2012	Aug. 3, 2019	7	Year 1-4 = 4.35% Year 5-7 = 5.00%
8. CPF Debenture #2/2012 Series 2	4,000	Aug. 3, 2012	Aug. 3, 2022	10	Year 1-4 = 4.40% Year 5-9 = 5.00% Year 10 = 6.00%
9. CPF Debenture #2/2012 Series 3*	5,000	Aug. 3, 2012	Aug. 3, 2032	20	5.30%
10. CPF Debenture #1/2013	6,000	May 9, 2013	May 9, 2018	5	3.93%
11. CPF Debenture #2/2013 Series 1	2,000	Aug. 2, 2013	Aug. 2, 2017	4	4.04%
12. CPF Debenture #2/2013 Series 2	2,500	Aug. 2, 2013	Aug. 2, 2019	6	4.54%
13. CPF Debenture #2/2013 Series 3	5,500	Aug. 2, 2013	Aug. 2, 2021	8	4.90%
14. CPF Debenture #1/2015 Series 1	6,500	May 13, 2015	May 13, 2020	5	3.21%
15. CPF Debenture #1/2015 Series 2	5,500	May 13, 2015	May 13, 2023	8	3.98%
11. CPF Debenture #2/2015 Series 1	1,940	July 29, 2015	July 29, 2023	8	3.97%
12. CPF Debenture #2/2015 Series 2	3,000	July 29, 2015	July 29, 2025	10	4.28%
13. CPF Debenture #2/2015 Series 3	2,000	July 29, 2015	July 29, 2027	12	4.51%

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

*b. Exchangeable Bonds issued by CPF's subsidiary*

In January 2014, C.P. Foods Holdings Limited (CPFH), a 100% holding subsidiary of CPF also issued exchangeable bonds (EBs) totaling USD 290 million due in 2019 with a per annum coupon of 0.5%. Under the terms and conditions of the EBs, the EB holders have the options to exchange the EBs into CP All Co., Ltd. ("CPALL") shares or redeem by receiving cash. As of December 31, 2015 the carrying amount of the EBs was USD 300 million or equivalent to Baht 10,794 million.



As of December 31, 2015, the Company's net debt to equity ratio as calculated based on the specified Terms and Condition of debenture issuers and holders for the outstanding debentures are as follows:

(Unit : times)	Net debt to equity ratio	
	Consolidated financial statement	Separate financial statement
Debentures issued before CPF debenture #1/2013 <sup>21</sup>	1.59	1.12
CPF Debenture No.1/2013 <sup>21</sup>	1.59	N/A
CPF Debenture No.2/2016 and debentures issued thereafter <sup>22</sup>	1.22	N/A

As of December 31, 2015, the Company's total liabilities were amounted to Baht 320,538 million, increased by 27% from those of the previous year due to the increase in interest bearing liabilities of Baht 62,222 million and the increase in non-interest bearing liabilities of Baht 5,518 million. Total liabilities consisted of non-interest bearing and interest-bearing liabilities amounted to Baht 62,387 million and Baht 258,151 million, respectively. The interest-bearing liabilities consisted of short-term liabilities amounted to Baht 137,852 million and long-term liabilities amounted to Baht 120,299 million.

As of December 31, 2015, the shareholders' equity was amounted to Baht 173,725 million, increased by 6% from those of the previous year, mostly resulting from the increase of non-controlling interest arising from the acquisition of shares in Transaction No.1 and Transaction No.2 as mentioned earlier and the impact from currency translation of goodwill.

(4) *Commitments and Contingent Liabilities*

As of December 31, 2015, the Company had commitments and contingent Liabilities with capital commitments, commitments under operating lease agreements, letters of credit and guarantees as the major commitments which were disclosed in No. 5 and No. 40 of the notes to the financial statements

(5) *Capital Expenditure Plan for 2015-2019*

The Company's estimated capital expenditure for both Thailand and international operations for the year 2016 totaled approximately Baht 33,000 million. However, the investment budget is subject to certain situation changes.

(6) *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 February 29, 2016, the Company's Board of Directors passed a resolution to approve a dividend payment to shareholders of Baht 0.75 per share in total. The Company paid the first dividend payment to shareholders, as an interim dividend of Baht 0.30 per share on September 10, 2015. Therefore, the second dividend payment will be Baht 0.45 per share. The Board of Directors will propose such dividend payment to the Annual General Shareholders' Meeting No. 1/2016, to be held on April 22, 2016 for further approval.

(7) *Factors Bearing Impact on the Company's Future Performance*

Although having systematic approaches to manage risks that bear impact on the Company's operations to be within an acceptable level as detailed in 3. Risk Factors under Part 1 Business Operation of 2015 Annual Registration Statements (Form 56-1), there is still the possibility that the stipulated risk management procedures may not be sufficiently effective. As a result, the Company may not be able to achieve its expected operating results from uncontrollable factors as in the case of the new outbreak or macroeconomic problem of certain countries.

<sup>21</sup> 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

<sup>22</sup> Net debt = Total interest-bearing liabilities excluded liabilities under financial lease agreements - Cash and cash equivalents and current investments