



PART 3 FINANCIAL POSITIONS AND PERFORMANCE

13. Financial Information

Consolidated Statements of Financial Position of GFPT PCL and its subsidiary companies

	as at 31 December					
	2012		2013		2014	
	MB.	%	MB.	%	MB.	%
Assets						
Cash and Cash Equivalent	283	2.16	311	2.39	270	1.97
Accounts Receivable-Net	960	7.33	1,101	8.45	905	6.59
Inventories-Net	4,212	32.17	3,217	24.70	3,274	23.83
Other Current Assets	21	0.16	17	0.14	19	0.14
Total Current Assets	5,476	41.82	4,646	35.68	4,468	32.53
Investment in Associated Companies-Net	1,429	10.91	1,616	12.41	1,912	13.92
Grandparent Chickens-Net	38	0.29	46	0.35	71	0.52
Parent Chickens-Net	288	2.20	367	2.82	407	2.96
Investment property-Net	328	2.50	375	2.88	369	2.68
Property, Plant and Equipment-Net	5,225	39.90	5,686	43.66	6,146	44.74
Deferred Tax Assets	226	1.73	241	1.85	299	2.18
Other Non-Current Assets	85	0.65	45	0.35	65	0.47
Total Non-Current Assets	7,619	58.18	8,376	64.32	9,269	67.47
Total Assets	13,095	100.00	13,022	100.00	13,737	100.00



Consolidated Statements of Financial Position of GFPT PCL and its subsidiary companies (Cont.)

	as at 31 December					
	2012		2013		2014	
	MB.	%	MB.	%	MB.	%
Liabilities and Shareholders' Equity						
Short-Term Loans from Financial Institutions	3,533	26.98	2,047	15.72	1,177	8.57
Accounts and Notes Payable	1,027	7.84	922	7.08	895	6.52
Current Portion of Advance Received for Rental Income from Associate	7	0.05	11	0.08	8	0.06
Current Portion of Long-Term Loans	80	0.61	2,080	15.97	230	1.67
Other Current Liabilities	15	0.12	28	0.22	29	0.21
Total Current Liabilities	4,662	35.60	5,088	39.07	2,339	17.03
Long-Term Loans	2,160	16.50	80	0.61	2,167	15.77
Provision for Employee Benefit	271	2.07	293	2.25	315	2.29
Advance Received for Rental Income from Associate	134	1.02	123	0.95	115	0.84
Other Non-Current Liabilities	22	0.17	62	0.48	68	0.50
Total Non-Current Liabilities	2,587	19.76	558	4.29	2,665	19.40
Total Liabilities	7,249	55.36	5,646	43.36	5,004	36.43
Total Shareholders' Equity	5,846	44.64	7,376	56.64	8,733	63.57
Total Liabilities and Shareholders' Equity	13,095	100.00	13,022	100.00	13,737	100.00

Remark: Figures in the 2012 and 2013 consolidated financial statement were restated for comparison.



Consolidated Statements of Comprehensive Income Statements of GFPT PCL and its subsidiary companies

	For the year ended 31 December					
	2012		2013		2014	
	MB.	%	MB.	%	MB.	%
Revenue from Sales	15,370	98.20	16,692	98.17	17,829	98.64
Other Income	281	1.80	312	1.83	246	1.36
Total Revenue	15,651	100.00	17,004	100.00	18,075	100.00
Cost of Sales	(14,374)	(91.84)	(14,451)	(84.99)	(15,334)	(84.84)
Selling and Administrative Expenses	(1,006)	(6.43)	(1,058)	(6.22)	(1,165)	(6.44)
Total Expenses	(15,380)	(98.27)	(15,509)	(91.21)	(16,499)	(91.28)
Participating Profit /(Loss) in Associated Companies	(74)	(0.47)	221	1.30	325	1.80
Profit before Financial Costs and Income Taxes	197	1.26	1,716	10.09	1,901	10.52
Financial Costs	(147)	(0.94)	(186)	(1.09)	(145)	(0.80)
Income Tax Revenue (Expenses)	96	0.61	(0)	-	42	0.23
Profit for The Period	146	0.93	1,530	9.00	1,798	9.95
Non-Controlling Interests	(8)	(0.05)	(14)	(0.08)	(18)	(0.10)
Net Profit	138	0.88	1,516	8.92	1,780	9.85

Remark: Figures in the 2012 and 2013 consolidated financial statement were restated for comparison.

Consolidated Cash Flows Statements of GFPT PCL and its subsidiary companies

	For the year ended 31 December		
	2012	2013	2014
	MB.	MB.	MB.
Net Cash Provided (Used) from Operating Activities	(135)	3,072	2,513
Net Cash Used in Investing Activities	(1,991)	(1,292)	(1,340)
Net Cash Provided (Used) from Financing Activities	2,230	(1,752)	(1,214)
Net Increase (Decrease) in Cash and Cash Equivalent	104	28	(41)
Cash and Cash Equivalent at the Beginning Balance	179	283	311
Cash and Cash Equivalent at the Ending Balance	283	311	270

Remark: Figures in the 2012 and 2013 consolidated financial statement were restated for comparison.



Financial Ratios of GFPT Public Company Limited and its subsidiaries

	2012	2013	2014
Liquidity Ratio			
Current Ratio ¹ (times)	1.17	0.91	1.91
Quick Ratio ² (times)	0.26	0.27	0.46
Cash Ratio ³ (times)	(0.04)	0.63	0.68
Account Receivable Turnover ⁴ (times)	17.17	16.04	18.21
Average Collection Period ⁵ (days)	21	22	20
Inventory Turnover ⁶ (times)	73.84	77.24	75.82
Inventory Turnover Period ⁷ (days)	5	5	5
Account payable Turnover ⁸ (times)	22.26	18.46	22.04
Average Payment Period ⁹ (days)	16	20	16
Cash Cycle ¹⁰ (days)	10	7	9
Profitability Ratio			
Gross Profit Margin ¹¹ (%)	6.48	13.43	13.99
Operating Profit Margin ¹² (%)	1.28	10.28	10.67
Cash Profit Margin ¹³ (%)	(68.49)	179.03	132.17
Net Profit Margin ¹⁴ (%)	0.88	8.91	9.85
Return on Equity or ROE ¹⁵ (%)	2.30	22.93	22.09
Efficiency Ratio			
Return On Assets or ROA ¹⁶ (%)	1.18	11.61	13.30
Return On Fixed Assets ¹⁷ (%)	14.71	30.06	31.52
Total Assets Turnover ¹⁸ (times)	1.34	1.30	1.35
Leverage Ratio			
Debt/Equity Ratio ¹⁹ (times)	1.24	0.77	0.57
Net Debt to Equity Ratio ²⁰ (times)	0.99	0.57	0.41
Interest Coverage Ratio ²¹ (times)	0.08	16.18	16.11
Debt Service Coverage Ratio ²² (times)	(0.02)	0.20	0.20
Dividend Payout Ratio ²³ (%)	0.00	82.12	N/A *

**Remark:**

- 1) Current Ratio = Current Assets / Current Liabilities
- 2) Quick Assets = (Cash + Short-term Investments + Accounts Receivable) / Current Liabilities
- 3) Cash Ratio = Cash Flow from Operating / Average Current Liabilities
- 4) Account Receivable Turnover = Net Credit Sales / Average Accounts Receivable
- 5) Average Collection Period = $360 / \text{Account Receivable Turnover}$
- 6) Inventory Turnover = Cost of Goods Sold / Average Inventory
- 7) Average Inventory Turnover Period = $360 / \text{Inventory Turnover}$
- 8) Account payable Turnover = Cost of Goods Sold / Average Account payable
- 9) Average Payment Period = $360 / \text{Account payable Turnover}$
- 10) Cash Cycle = Average Collection Period + Average Inventory Turnover Period - Average Payment Period
- 11) Gross Profit Margin = Gross Profit / Sales
- 12) Operating Profit Margin = Operating Profit / Sales
- 13) Cash Profit Margin = EBIT / Net Income
- 14) Net Profit Margin = Net Profit / Total Sales
- 15) Return On Equity or ROE = Net Profit / Average Equity
- 16) Return on Assets or ROA = Net Profit / Average Total Assets
- 17) Return on Fixed Assets = (Net Profit + Depreciation) / Average Total Fixed Assets
- 18) Total Assets Turnover = Total Revenue / Average Total Assets
- 19) Debt/Equity Ratio = Total Debt / Equity
- 20) Net Debt to Equity Ratio = Net Debt / Equity
- 21) Interest Coverage = Cash flow from Operations + Interest Expenses + Tax / Interest Expenses
- 22) Debt Service Coverage = EBITDA / (Debt payment + Capital Expenditure + Investment in Fixed Assets + Dividend Payment)
- 23) Dividend Payout = Dividends / Net Income

* The dividend payout ratio is subject to the resolutions of the AGM 2014



14. Management Discussion and Analysis

14.1 Overview

In 2014, the operational result of GFPT Group continued to grow from its core business: chicken processing segment, farm segment, feed segment, and food processing segment. The Company had higher sales volume of chicken processing for export, chicken parts for domestic market, animal feed for domestic market, and live broilers sold to GFN (joint venture). Domestic chicken parts prices increased from the previous year. However, the Emergency Mortality Syndrome (EMS) still affected our shrimp feed business. With aforementioned factors, the Group's total sales in 2014 were THB 17,829 million, went up by THB 1,137 million or accounted for 6.81% growth.

Profit from joint ventures grew 47.06% or went up by THB 104 million to THB 325 million in year 2014. McKey Food Services (Thailand)'s contribution was THB 106 million and GFPT Nichirei (Thailand)'s contribution was THB 219 million. Their market shares of chicken processing export were 4.02% and 5.64%, respectively.

Net profit of the Group in year 2014 accounted for THB 1,780 million, or 1.42 baht per share, increased by 17.40% from previous year. The remarkable operational result in year 2014 reflected our strategies in market expansion and cost control to achieve our sustainable growth.

14.2 Overall Financial Performance and Profitability

Revenue from Sales

The consolidated net sales for fiscal 2014 were THB 17,829 million, increased THB 1,137 million or 6.81%, from fiscal 2013, consisted of chicken processing segment represented 40.36%, feed segment represented 27.41%, farm & day-old-chicks segment represented 27.15%, and processed food segment represented 5.08%,



Revenue by type of business

Business Segment of GFPT and its subsidiaries	2012		2013		2014	
	MB.	%	MB.	%	MB.	%
Chicken Processing	5,804	37.76	7,035	42.15	7,196	40.36
Feed	5,294	34.44	4,811	28.82	4,887	27.41
Farm and Day-Old-Chicks Sales	3,664	23.84	4,005	23.99	4,840	27.15
Processed Food	608	3.96	841	5.04	906	5.08
Total Sales	15,370	100.00	16,692	100.00	17,829	100.00

Chicken Processing Segment:

For fiscal 2014, revenue from chicken processing segment represented 40.36%, being the largest portion of GFPT's consolidated net sales amounting THB 7,196 million, an increase of THB 161 million or 2.29% from fiscal 2013. The export volume of chicken meat products in 2014 was 26,200 MT, significantly increase of 3,700 MT or 16.44% from 2013; mainly from higher export volume of chicken products to Japan as Japan had lifted the ban on importing Thai fresh frozen chicken since 25 December 2013. Meanwhile, the Company expanded to export fresh frozen chicken to Malaysia as being a new market.

Feed Segment:

Revenue from feed segment in fiscal 2014 represented 27.41% of the consolidated net sales, amounting THB 4,887 million, increased by THB 76 million or 1.58% from fiscal 2013; mostly from increasing in animal feed sales which increased by 8.67%. However, the volume sales of shrimp feed decreased 9.05% as compared to last year due to the Emergency Mortality Syndrome (EMS) outbreak.

Farm & Day-Old-Chicks Segment:

The revenue from live broilers and day-old-chicks sales represented 27.15% of the consolidated net sales, amounting THB 4,840 million, an increase of THB 835 million or 20.85% from fiscal 2013; mainly from the increase in volume sales of live broiler to GFN, an increase of THB 521 million or 15.51% from fiscal 2013.

Processed Foods:

The processed foods segment's growth looks promising as revenue from food products such as chicken sausages, meatballs, and other processed foods increased. In 2014, the revenue from processed foods was



THB 906 million, grew by THB 65 million, a 7.73% increased from fiscal 2013; mainly from higher sales volume of processed foods from our wholesale outlets in provincial area.

In 2014, the Company has opened 12 meat wholesale outlets in 12 provinces. The Company has a plan to continue its expansion of wholesale outlets in preparation for the Asian Economic Community in 2015.

Cost of Sales

Cost of sales for year 2014 was THB 15,334 million, an increase of THB 883 million or 6.11% from fiscal 2013. The cost of goods sold of fiscal 2014 contributed of 86.01% of sales, slightly decreased from 86.57% in fiscal 2013, resulting from increase in average price of soybean meal, a major feed materials, about 13.11%. The cost of sales in year 2014 was lower because of the Company's efficient cost management.

Gross Profit

In fiscal 2014, consolidated gross profit was THB 2,495 million, increased by THB 254 million or 11.30% from fiscal 2013, driven by company's strategy to focus on higher export chicken meat products as they have higher margin and more stable selling price compare to domestic market. The consolidated gross margin slightly improved from 13.43% in fiscal 2013 to 13.99% in fiscal 2014.

Other Income

In fiscal 2014, other income of the Company and its subsidiaries was THB 246 million, dropped by THB 66 million or 20.81% from fiscal 2013, mainly from decreasing of gain in foreign exchange rate by THB 68 million from fiscal 2013. The consolidated other incomes in fiscal 2014 was 1.38% of net sales, slightly decreased from 1.87% in fiscal 2013.

Selling General and Administrative Expenses

The consolidated SG&A expenses in fiscal 2014 totaled THB 1,165 million, increased by THB 107 million or 10.16% from fiscal 2013. The higher expenses were mainly from increasing in freight cost, finished goods storage fee, and utilities expenses as compared to fiscal 2013. The consolidated SG&A expenses in fiscal 2014 were 6.44% of net sales, slightly increased from 6.22% in fiscal 2013.

Share of Profit from associated companies

In fiscal 2014, the Company's share of profit from associates under the equity method in the amount of THB 325 million, an increase of THB 104 million, or 47.06% from fiscal 2013 mainly from the investments in 2 joint ventures. McKey's profit contribution was THB 106 million and GFN's was THB 219 million, went up by



32.21% and 56.28% from fiscal 2013, respectively. GFN boosted up the slaughter capacity from 100,000 birds per day to 120,000 birds per day in the middle of fiscal 2014. GFN also export higher chicken processing products to overseas, compare to fiscal 2013.

Financial Costs

Financial costs of the group include the interest paid to financial institutions and related persons. The Company's financial costs in 2014 were THB 145 million, dropped by THB 41 million or 21.63% from fiscal 2013 mainly from the lower amount of short-term loans from financial institutions and lower average borrowing rate. Costs of funds were 4.07% as at December 31, 2014 decreased from December 31, 2013 at 4.41%. The consolidated financial costs of the group in 2014 were 0.80% of net sales, decreased from 1.09% in fiscal 2013.

Net Profit

The Company's net income during fiscal 2014 was THB 1,780 million, increased in amount of THB 264 million or 17.40% increased from fiscal 2013 of THB 1,516 million (restated). The EPS of fiscal year was THB 1.42 per share. The improved net income of the Company was primarily driven from higher sales volumes and increase of participating profit from associated companies comparing to fiscal 2013. The consolidated net profit margin in fiscal 2014 was 9.85% of net sales, improved from 8.92% in fiscal 2013.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

In 2014, the consolidated EBITDA was THB 2,907 million, an increase of THB 299 million or increased by 11.46% from fiscal 2013. The increasing in EBITDA resulted from the hike in the sales growth and its ability to control cost and expense. The EBITDA margin in fiscal 2014 was 16.31% increased from 15.62% in 2013.

Unit: THB million

	2012	2013	2014
EBIT	197	1,716	1,902
Depreciation Expense	892	888	1,001
Amortization Expense	3	4	4
EBITDA	1,092	2,608	2,907
EBITDA Margin (%)	7.10	15.62	16.31

**Return on Equity**

In 2014, return on equity of the Company and its subsidiaries was 22.09% slightly decreased from fiscal 2013; resulting from improved efficiency in generating profit, slightly higher utilization of asset, and lower risk from fiscal 2013 as follow:

DuPont Analysis	2012	2013	2014
Return on Equity or ROE ¹⁵ (%)	2.30	22.93	22.09
Operating Profit Margin ¹² (%)	1.28	10.28	10.67
Total Assets Turnover ¹⁸ (times)	1.34	1.30	1.35
Equity Multiplier (times)	1.96	1.98	1.66

14.3 Financial position**Assets**

For the consolidated financial statements as of December 31, 2014, total assets of the Company equal to THB 13,737 million including THB 4,468 million (32.53% of total assets) in current assets, THB 6,146 million (44.74% of total assets) in property, plant and equipment (PP&E) - net, THB 1,912 million (13.92% of total assets) in investments in associated companies, THB 478 million (3.48% of total assets) in grandparent chicken and parent chicken-net and THB 733 million (5.33% of total assets) in investment in property and other assets.

Total assets as at December 31, 2014 increased in amount of THB 715 million or 5.50% from 31 December 2013 from increase in PP&E-net of THB 460 million and increase of THB 296 million in investments in associates-net. Nevertheless, there was a decline in accounts receivable-net of THB 195 million.

In 2014, the utilization of assets of the Company and its subsidiaries was highly efficient. The consolidated return on asset was 13.30% higher than fiscal 2013 at 11.61%.

Trade and other Receivables

In fiscal 2014, the Company and its subsidiaries recorded allowance for doubtful accounts in amount of THB 39 million, increased of THB 2 million from fiscal 2013 of THB 37 million. The allowance for doubtful accounts was at acceptable level of 4.62% of total trade receivables. The average collection period of the Company and its subsidiaries was 20 days in fiscal 2014, slightly decreased from 22 days in fiscal 2013. The account



receivable turnover was 18.21 times, increased from 16.04 in fiscal 2013 which reflected the better performance of the Company in turning trade and other receivables into cash faster.

Inventory

In fiscal 2014, the consolidated inventories – net of THB 3,274 million marginally increased about THB 57 million or 1.77% increased from fiscal 2013; primarily from increasing in raw materials in transit. The inventory turnover was 75.82 times, slightly decreased from fiscal 2013 at 77.24 times. The Company and its subsidiaries recorded allowance for non-movement inventories in amount of THB 3 million and allowance for decline in value of inventories in amount of THB 21 million which accounted only 0.71% of total inventories value. It showed that the Company could manage inventory appropriately.

Liabilities

As at December 31, 2014, total liabilities of the Company and its subsidiaries in amount of THB 5,004 million comprising of current liabilities of THB 2,339 million or 46.74% of total liabilities, long-term loans of THB 2,167 million or 43.30% of total liabilities, provision for employees benefit of THB 315 million or 6.30% of total liabilities, advance received for rental income from associates of THB 115 million or 2.30% of total liabilities, and other non-current liabilities of THB 68 million or 1.36% of total liabilities.

The total liabilities as at December 31, 2014 decreased by THB 642 million or 11.37% from December 31, 2013 primarily from short-term loans from financial institutions decreased in amount of THB 870 million, however, long-term loans from financial institutions increased in amount of THB 145 million. All short-term and long-term loans of the group are in THB currency only, thus; the Company has no exposure in foreign currency borrowings.

In fiscal 2014, trade and other payables of the Company and its subsidiaries was THB 895 million, decreased in amount of THB 27 million or 2.92% decreased from fiscal 2013. For fiscal 2014, account payable turnover was 22.04 times increased from fiscal 2013 at 18.46 times. The consolidated average payment period in fiscal 2014 was 16 days decreased from 20 days in fiscal 2013.

The consolidated interest-bearing liabilities as at December 31, 2014 were THB 3,574 million, decreased from fiscal 2013 in amount of THB 633 million mainly from the lower repayment of short-term loan from financial institutions in amount of THB 870 million.



Shareholders' Equity

As at December 31, 2014, the consolidated shareholders' equity in amount of THB 8,733 million increased THB 1,357 million or increased 18.40% from December 31, 2013; primarily from the increase in retained earnings in amount of THB 1,780 million as a result of outstanding performance in fiscal 2014. The consolidated book value as at December 31, 2014 was THB 6.97 per share, increased from THB 5.88 per share in fiscal 2013.

14.4 Liquidity

Cash Flow Activities

In fiscal 2014, the Company and its subsidiaries generated cash flows from operating activities of approximately THB 2,513 million decreased of THB 559 million from fiscal 2013; resulted primarily from the increasing in inventory. The cash cycle of the Company and its subsidiaries was 9 days in fiscal 2014 longer than the 7 days in fiscal 2013.

In fiscal 2014, the Company and its subsidiaries used cash in its investing activities in amount of THB 1,340 million, increased by THB 48 million from the same period last year. The investing activities was made mostly in the investment in fixed assets in amount of THB 886 million and the grandparent and parent breeder stocks in amount of THB 575 million.

The Company and its subsidiaries used net cash from its financing activities in an amount of THB 1,214 million, decreased by THB 538 million from the same period last year, mainly dividend payment of THB 439 million and interest payment of THB 143 million.

As at December 31, 2014, the Company and its subsidiaries' cash position in cash and cash equivalents was THB 270 million decreased of THB 41 million from fiscal 2013.

Liquidity ratios

In fiscal 2014, the liquidity of the Company and its subsidiaries was considerably appropriate for its operations and had strong financial position. As at December 31, 2014, the consolidated current ratio was 1.91 times increased from previous year which was only 0.91 times. The quick ratio in fiscal 2014 was 0.46 times increased from fiscal 2013 at 0.27 times. The cash ratio of the Company was 0.68 times improved from previous year of 0.63 times.

**Short-term Debt Maturity**

As at December 31, 2014, the Company and its subsidiaries' current liabilities of THB 2,339 million comprise of short-term loans from financial institutions of THB 1,177 million, trade payables and other payables THB 895 million, other current liabilities THB 37 million, and the current portion of long-term loans from financial institutions of THB 230 million.

Due to its strong position in cash flow and liquidity, the Company and its subsidiaries can repay the debt obligations including trade payables and other payables, short-term loans, the current portion of long-term loans from financial institutions, and interest expenses. The repayment can be made from cash flow from operation activities. In 2014, the consolidated current ratio was 1.91 times, the net debt to equity ratio was low at 0.41: 1. The Company and its subsidiaries still had available credit line of the revolving short-term borrowings with financial institutions including overdraft and promissory notes in amount of THB 4,263 million and trade finance facilities being letter of credit and trust receipt payables for THB 4,121 million.

Capital Structure

The Company and its subsidiaries had strong financial position. As at December 31, 2014, the consolidated debt to equity ratio was 0.57: 1 declined from 0.77: 1 as at December 31, 2013 resulting from improved operating performance and repayment of short-term loan from financial institutions.

As at December 31, 2014, the consolidated interest-bearing liabilities were THB 3,574 million, decreased from THB 4,207 million as at December 31, 2013. The net debt to equity of the Company was considerably low at 0.41: 1 decreased from 0.57: 1 in fiscal 2013. In summary, the Company had appropriate capital structure and had less default risk.

Capital Expenditure and Capital Resources

In 2014, the Company made an investment of THB 1,340 million; mostly in purchasing of fixed assets in amount of THB 886 million and grandparent and parent breeder stocks in amount of THB 575 million.

According to the investment plan in 2014, the Company has continued to expand its broiler production capacity mainly in the grandparent farm, breeder farm, hatchery, broiler farm, and processed food plant (sausage). The investment was paid by cash flow from operations, short-term loans, and long-term loans.

In the few years ahead, the Company already planned for its future growth by emphasizing on the upstream expansion of chicken farm areas with the investment budget of THB 800 million per year (same level to



investment budget for the past 3 years). However, this investment budget can be adjusted depending on the changes in future situation.

14.5 Contractual Obligations

The Company's contractual obligations are as follows:

Unit: THB million

Contractual Obligations	Total	Term of payment			
		Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
The long-term debt obligations	2,397	230	225	-	1,942
The financing lease obligations	-	-	-	-	-
The operating lease obligations	38	14	6	7	11
The acquisition obligations	156	39	117	-	-
The other debt obligations	943	943	-	-	-
Total	3,534	1,226	348	7	1,953

14.6 Factors that may affect future operations or financial position (Forward Looking)

The risk factors that may affect the Company's operation can be classified into 2 groups: internal factors and external factors. The internal risk factors are financial risks, market risks, human resources risks, risks relating to the confidence of consumer in food safety, and risks from major shareholders, and risks from fraud and corruption. On the other hand, the external risk factors are disease outbreaks, fluctuations in the prices of feed materials, price volatility of livestock and meat products, price volatility on fuel, change in consumers' behaviour, competition and liberalization of trade and move towards becoming an ASEAN Economic Community (AEC), volatility on foreign exchange rate, volatility on interest rates, and rules and regulations. Nevertheless, the Company has mitigated these risks to be in an acceptable level as shown in Risk Factors and Risk Management topic (page 39).