



PART 3 FINANCIAL POSITIONS AND PERFORMANCE

13. Financial Information

Consolidated Statements of Financial Position of GFPT Public Company Limited and its subsidiaries

As at 31 December 2013, 2014 and 2015

	2013		2014		2015	
	MB	%	MB	%	MB	%
Cash and Cash Equivalent	311	2.39	270	1.97	593	3.96
Accounts Receivable & Other Receivable	1,101	8.45	905	6.59	1,027	6.85
Inventories	3,217	24.70	3,274	23.83	3,173	21.19
Other Current Assets	17	0.14	19	0.14	16	0.11
Total Current Assets	4,646	35.68	4,468	32.53	4,809	32.11
Investment in Associated Companies	1,616	12.41	1,912	13.92	2,126	14.20
Grandparent Chickens	46	0.35	71	0.52	99	0.66
Parent Chickens	367	2.82	407	2.96	387	2.58
Investment Property	375	2.88	369	2.68	364	2.43
Property, Plant and Equipment	5,686	43.66	6,146	44.74	6,736	44.98
Deferred Tax Assets	241	1.85	299	2.18	358	2.39
Other Non - Current Assets	45	0.35	65	0.47	97	0.65
Total Non-Current Assets	8,376	64.32	9,269	67.47	10,167	67.89
Total Assets	13,022	100.00	13,737	100.00	14,976	100.00



Consolidated Statements of Financial Position of GFPT Public Company Limited and its subsidiaries (Cont.)

As at 31 December 2013, 2014 and 2015

	2013		2014		2015	
	MB	%	MB	%	MB	%
Short - Term Loans from Financial Institutions	2,047	15.72	1,177	8.57	1,787	11.93
Accounts and Notes Payable	922	7.08	895	6.52	814	5.43
Current Portion of Advance Received for Rental Income from Associate	11	0.08	8	0.06	8	0.05
Current Portion of Long - Term Loans	2,080	15.97	230	1.67	283	1.89
Other Current Liabilities	28	0.22	29	0.21	61	0.41
Total Current Liabilities	5,088	39.07	2,339	17.03	2,953	19.71
Long - Term Loans	80	0.61	2,167	15.77	2,075	13.85
Provision for Employee Benefit	293	2.25	315	2.29	339	2.26
Advance Received for Rental Income from Associate	123	0.95	115	0.84	107	0.72
Other Non - Current Liabilities	62	0.48	68	0.50	59	0.40
Total Non-Current Liabilities	558	4.29	2,665	19.40	2,580	17.23
Total Liabilities	5,646	43.36	5,004	36.43	5,533	36.94
Total Shareholders' Equity	7,376	56.64	8,733	63.57	9,443	63.06
Total Liabilities and Shareholders' Equity	13,022	100.00	13,737	100.00	14,976	100.00

Remark: Figures in the 2013 consolidated financial statement was reclassified for comparison.



Consolidated Statements of Comprehensive Income Statements of GFPT Public Company Limited and its subsidiaries. For the year ended 31 December 2013, 2014, and 2015

	2013		2014		2015	
	MB	%	MB	%	MB	%
Revenue from Sales	16,692	98.17	17,829	98.63	16,466	98.59
Other Income	312	1.83	246	1.37	235	1.41
Total Revenue	17,004	100.00	18,075	100.00	16,701	100.00
Cost of Sales	(14,451)	(84.99)	(15,336)	(84.84)	(14,463)	(86.60)
Selling and Administrative Expenses	(1,058)	(6.22)	(1,163)	(6.44)	(1,170)	(7.01)
Total Expenses	(15,509)	(91.21)	(16,499)	(91.28)	(15,633)	(93.61)
Share of Profit from Associated Companies	221	1.30	325	1.80	249	1.49
Profit before Financial Costs and Income Taxes	1,716	10.09	1,901	10.52	1,317	7.88
Financial Costs	(186)	(1.09)	(145)	(0.80)	(123)	(0.74)
Income Tax Revenue (Expenses)	(0)	-	42	0.23	19	0.12
Profit for The Year	1,530	9.00	1,798	9.95	1,213	7.26
Non - Controlling Interests	(14)	(0.08)	(18)	(0.10)	(18)	(0.11)
Net Profit	1,516	8.92	1,780	9.85	1,195	7.15

Remark: Figures in the 2013 consolidated financial statement was reclassified for comparison.

Consolidated Cash Flows Statements of GFPT Public Company Limited and its subsidiaries

For the year ended 31 December 2013, 2014 and 2015

	2013	2014	2015
	MB	MB	MB
Net Cash Received from Operating Activities	3,072	2,513	1,764
Net Cash Used in Investing Activities	(1,292)	(1,340)	(1,386)
Net Cash Used in Financing Activities	(1,752)	(1,214)	(55)
Net Increase (Decrease) in Cash and Cash Equivalent	28	(41)	323
Cash and Cash Equivalent at the Beginning Balance	283	311	270
Cash and Cash Equivalent at the Ending Balance	311	270	593



Financial Ratios of GFPT Public Company Limited and its subsidiaries

	2013	2014	2015
Liquidity Ratio			
Current Ratio ¹ (times)	0.91	1.91	1.63
Quick Ratio ² (times)	0.27	0.46	0.53
Cash Ratio ³ (times)	0.63	0.68	0.67
Account Receivable Turnover ⁴ (times)	16.04	18.21	17.65
Average Collection Period ⁵ (days)	22	20	20
Inventory Turnover ⁶ (times)	77.24	75.83	66.93
Average Inventory Turnover Period ⁷ (days)	5	5	5
Account Payable Turnover ⁸ (times)	18.46	22.04	23.35
Average Payment Period ⁹ (days)	20	16	15
Cash Cycle ¹⁰ (days)	7	9	10
Profitability Ratio			
Gross Profit Margin ¹¹ (%)	13.43	13.98	12.17
Operating Profit Margin ¹² (%)	10.28	10.67	8.00
Cash Profit Margin ¹³ (%)	179.03	132.17	133.95
Net Profit Margin ¹⁴ (%)	8.93	9.85	7.16
Return on Equity or ROE ¹⁵ (%)	22.93	22.09	13.15
Efficiency Ratio			
Return On Assets or ROA ¹⁶ (%)	11.61	13.30	8.32
Return On Fixed Assets ¹⁷ (%)	30.06	31.52	23.25
Total Assets Turnover ¹⁸ (times)	1.30	1.35	1.16
Leverage Ratio			
Debt/Equity Ratio ¹⁹ (times)	0.77	0.57	0.59
Net Debt to Equity Ratio ²⁰ (times)	0.57	0.41	0.44
Interest Coverage Ratio ²¹ (times)	15.30	15.52	11.61
Debt Service Coverage Ratio ²² (times)	0.20	0.20	0.12
Dividend Payout Ratio ²³ (%)	82.12	65.62	N/A *

Remark:

- 1) Current Ratio = Current Assets/ Current Liabilities
- 2) Quick Ratio = (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 / Account Receivable Turnover
- 6) Inventory Turnover = Cost of Goods Sold / Average Inventory



- 7) $\text{Average Inventory Turnover Period} = 360 / \text{Inventory Turnover}$
- 8) $\text{Account Payable Turnover} = \text{Cost of Goods Sold} / \text{Average Account payable}$
- 9) $\text{Average Payment Period} = 360 / \text{Account payable Turnover}$
- 10) $\text{Cash Cycle} = \text{Average Collection Period} + \text{Average Inventory Turnover Period} - \text{Average Payment Period}$
- 11) $\text{Gross Profit Margin} = (\text{Gross Profit} / \text{Sales}) * 100$
- 12) $\text{Operating Profit Margin} = (\text{Operating Profit} / \text{Sales}) * 100$
- 13) $\text{Cash Profit Margin} = (\text{EBIT} / \text{Net Income}) * 100$
- 14) $\text{Net Profit Margin} = (\text{Net Profit} / \text{Total Sales}) * 100$
- 15) $\text{Return On Equity or ROE} = (\text{Net Profit} / \text{Average Equity}) * 100$
- 16) $\text{Return on Assets or ROA} = (\text{Net Profit} / \text{Average Total Assets}) * 100$
- 17) $\text{Return on Fixed Assets} = ((\text{Net Profit} + \text{Depreciation}) / \text{Average Total Fixed Assets}) * 100$
- 18) $\text{Total Assets Turnover} = \text{Total Revenue} / \text{Average Total Assets}$
- 19) $\text{Debt/Equity Ratio} = \text{Total Debt} / \text{Equity}$
- 20) $\text{Net Debt to Equity Ratio} = \text{Net Debt} / \text{Equity}$
- 21) $\text{Interest Coverage} = (\text{Cash flow from Operations} + \text{Interest Expenses} + \text{Tax}) / \text{Interest Expenses}$
- 22) $\text{Debt Service Coverage} = \text{EBITDA} / (\text{Debt payment} + \text{Capital Expenditure} + \text{Investment in Fixed Assets} + \text{Dividend Payment})$
- 23) $\text{Dividend Payout} = (\text{Dividends} / \text{Net Income}) * 100$

* The dividend payout ratio is subject to the resolutions of the AGM 2016



14. Management Discussion and Analysis

14.1 Overview

The MD&A report has been prepared based on the consolidated and separate statements including significant transactions affecting the separated financial statements of financial positions for 2015 of GFPT and its subsidiaries (collectively, "GFPT Group")

GFPT Public Company Limited, ("GFPT", "the Company" or "We") operates fully integrated poultry business involving the production and distribution of feeds, frozen chicken meat, processed chicken and its by-products under both the customers' and the Company's brand name for both domestic and overseas markets.

GFPT's strategy is committed to being one of the leader in the poultry processing industry by focusing on the highest quality of food and safety standards throughout our operation, right from the animal feeds through the end products delivered to our customers.

GFPT Group has policy to mitigate risks from foreign exchange rate volatility, which occurred from export sale and raw material importation by hedging forward contract from several financial institutions.

14.2 Overall Financial Performance and Profitability

Revenue from Sales

The consolidated net sales for 2015 were THB 16,466 million, a decreased of THB 1,363 million or 7.64%, from 2014, consisted of chicken processing segment represented 40.38%, feed segment represented 27.07%, farm segment represented 27.37%, and processed food segment represented 5.18%.

Revenue by type of business

Business Segment of GFPT and its subsidiaries	2013		2014		2015	
	MB	%	MB	%	MB	%
Chicken Processing	7,035	42.15	7,196	40.36	6,648	40.38
Feed	4,811	28.82	4,887	27.41	4,458	27.07
Farm and Day-Old-Chicks Sales	4,005	23.99	4,840	27.15	4,507	27.37
Processed Food	841	5.04	906	5.08	853	5.18
Total Sales	16,692	100.00	17,829	100.00	16,466	100.00

**Chicken Processing Segment:**

Revenue from chicken processing segment in 2015 consisted of revenue from chicken direct export, chicken indirect export, and chicken domestic, represented 40.38% of total sales, being the largest portion of GFPT's consolidated net sales amounting THB 6,648 million, a decrease of THB 548 million or 7.61% from 2014. The export volume of chicken meat products in 2015 was 22,100 MT, a decrease of 4,100 MT or 15.65% from 2014; mainly from lower export volume of raw chicken products.

Feed Segment:

Revenue from feed segment in 2015 consisted of revenue from animal feed, fish feed, and shrimp feed, represented 27.07% of the consolidated net sales, amounting THB 4,458 million, decreased by THB 429 million or 8.78% from 2014; mostly from decreasing in shrimp feed and fish feed sales volume which decreased by 21.34% and 9.35%, respectively, as compared to last year due to Illegal Unreported and Unregulated Fishing (IUU Fishing) and Goods & Service Tax (GST) from the European Union (EU). While animal feed sales volume decreased by 6.00%.

Farm Segment:

Revenue from farm segment in 2015 consisted of revenue from selling live broilers to GFN, our joint venture and selling day-old-chicks to domestic market, represented 27.37% of total sales, amounting THB 4,507 million, a decrease of THB 333 million or 6.88% from 2014; mainly from the decrease in sales volume of day-old-chick. However, live broiler sales to GFN has been consecutively increasing since 2010.

Processed Foods:

Revenue from processed food segment consisted of chicken sausage, chicken meatball, and other processed chicken products especially for domestic consumers, represented 5.18% of total sales. In 2015, the revenue from processed foods was THB 853 million, dropped by THB 53 million, or 5.79% decreased from 2014; mainly from 6.46% drop in domestic selling price.

Cost of Sales

Cost of sales for 2015 was THB 14,463 million, a decrease of THB 873 million or 5.69% from 2014 from decreasing in sales and production volume. The production volume decreased as a result of lower sales volume of chicken export and shrimp feed. The cost of goods sold for 2015 contributed of 87.83% of total sales, slightly increased from 86.02% in 2014.

**Gross Profit**

In 2015 consolidated gross profit was THB 2,003 million, decreased by THB 490 million or 19.64% from 2014, primarily from drop in total sales, mostly on revenue from chicken processing segment and feed segment. Consequently, the consolidated gross margin decreased from 13.98% in 2014 to 12.17% in 2015.

Other Income

In 2015, other income of the Company and its subsidiaries was THB 235 million, dropped by THB 11 million or 4.71% from 2014, mainly from decreasing of gain in foreign exchange rate by THB 17 million from 2014. The consolidated other incomes in 2015 was 1.43% of net sales, slightly increased from 1.38% in 2014

Selling General and Administrative Expenses

The Consolidated SG&A expenses in 2015 totaled THB 1,170 million, slightly increased by THB 7 million or 0.59% from 2014. The Consolidated SG&A expenses quite level off because selling expenses declined due to decrease in freight cost. Whilst, loss from sales of retired parent chickens is higher comparing to 2014. The consolidated SG&A expenses in 2015 were 7.11% of net sales, slightly increased from 6.53% in 2014.

Share of Profit from associated companies

In 2015, The Group's share of profit from associates under the equity method in the amount of THB 249 million, a decrease of THB 76 million, or 23.58% from 2014 mainly from profit contributed from GFN was THB 64 million, went down by THB 155 million or 70.66% decreased from 2014.

However, McKey's profit contribution was THB 185 million, an increase of THB 78 million or 73.28% increased comparing to 2014.

Financial Costs

Financial costs of the group include the interest paid to financial institutions and related persons. The Company's financial costs in 2015 were THB 123 million, dropped by THB 22 million or 15.23% from 2014 mainly from the lower loan amount of related persons and lower interest rate from financial institutions. Costs of funds were 2.97% as at December 31, 2015 decreased from December 31, 2014 at 4.07%. The consolidated financial costs of the group in 2015 were 0.75% of net sales, slightly decreased from 0.82% in 2014.

**Income Tax Revenues (Expenses)**

The income tax revenue for 2015 was THB 19 million, decreased by THB 23 million or 53.38% compared to income tax revenue for 2014 which was THB 42 million. A decrease in income tax revenue was impacted by higher corporate income tax expenses comparing to 2014.

Net Profit

The consolidated net profit for 2015 was THB 1,195 million, decreased in amount of THB 585 million or 32.85% decreased from 2014 of THB 1,780 million. The EPS of 2015 was THB 0.95 per share. The decrease in consolidated net profit was primarily driven from the decrease in revenue from sales, higher percentage cost of goods sold, and lower profit from associated companies comparing to 2014. The consolidated net profit margin in 2015 was 7.26% of net sales, declined from 9.98% in 2014.

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

In 2015, the consolidated EBITDA was THB 2,387 million, a decrease of THB 519 million or decrease by 17.90% from 2014. The decreasing in consolidated EBITDA resulted from lower revenue from sales mainly from decreasing in sales volume. The EBITDA margin in 2015 was 14.49% decreased from 16.31% in 2014

Unit: THB million

	2013	2014	2015
EBIT	1,716	1,901	1,317
Depreciation Expense	888	1,001	1,065
Amortization Expense	4	4	5
EBITDA	2,608	2,906	2,387
EBITDA Margin (%)	15.62	16.31	14.49

**Return on Equity**

In 2015, return on equity of the Company and its subsidiaries was 13.15% decreased from 2014; resulting from lower efficiency in generating profit, slightly lower utilization of asset, and slightly lower risk from 2014 as follow:

DuPont Analysis	2013	2014	2015
Return on Equity or ROE ¹⁵ (%)	22.93	22.09	13.15
Operating Profit Margin ¹² (%)	10.28	10.67	8.00
Total Assets Turnover ¹⁸ (times)	1.30	1.35	1.16
Equity Multiplier (times) (1+DE)	1.98	1.66	1.58

14.3 Financial position**Assets**

For the consolidated financial statements as of December 31, 2015, total assets of the Company equal to THB 14,976 million including THB 4,809 million (32.11% of total assets) in current assets, THB 6,736 million (44.98% of total assets) in property, plant and equipment (PP&E) - net, THB 2,126 million (14.20% of total assets), in investments in associated companies, THB 486 million (3.24% of total assets) in grandparent chicken and parent chicken-net and THB 819 million (5.47% of total assets) in investment in property and other assets.

Total assets as at December 31, 2015 increased in amount of THB 1,239 million or 9.02% from December 31, 2014 from increasing in PP&E-net of THB 590 million, increased in cash and cash equivalent of THB 323 million, and increased of THB 214 million in investments in associates-net. In 2015, the consolidated return on asset was 8.32% times lower than 2014 at 13.30%.

Trade and other Receivables

In 2015, the Company and its subsidiaries recorded allowance for doubtful accounts in amount of THB 34 million, decreased of THB 5 million from 2014 of THB 39 million. The allowance for doubtful accounts was at acceptable level of 3.33% of total trade receivables. The average collection period of the Company and its subsidiaries was 20 days in 2015, remained the same in 2014. The account receivable turnover was 17.65 times, decreased from 18.21 times in 2014.

**Inventory**

In 2015, the consolidated inventories – net of THB 3,173 million, decreased of THB 101 million or 3.08% decreased from 2014; primarily from decreasing in raw materials in transit. The inventory turnover was 66.93 times, decreased from 2014 at 75.83 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 22 million which accounted only 0.79% of total inventories value. It showed that the Company could manage inventory appropriately.

Liabilities

As at December 31, 2015, total liabilities of the Company and its subsidiaries in amount of THB 5,533 million comprising of current liabilities of THB 2,953 million or 53.36% of total liabilities, long-term loans of THB 2,075 million or 37.50% of total liabilities, provision for employees benefit of THB 339 million or 6.12% of total liabilities, advance received for rental income from associates of THB 107 million or 1.94% of total liabilities, and other non-current liabilities of THB 59 million or 1.07% of total liabilities.

The total liabilities as at December 31, 2015 increased by THB 529 million or 10.56% from December 31, 2014 primarily from short- term loans from financial institutions increased in amount of THB 610 million, however, long-term loans from related persons decreased in amount of THB 142 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 2015, trade and other payables of the Company and its subsidiaries was THB 814 million, decreased in amount of THB 81 million or 9.15% decreased from 2014. In 2015, account payable turnover was 23.35 times increased from 2014 at 22.04 times. The consolidated average payment period in 2015 was 15 days, slightly decreased from 16 days in 2014.

The consolidated interest-bearing liabilities as at December 31, 2015 were THB 4,145 million, increased from 2014 in amount of THB 571 million mainly from the higher short-term loans from financial institutions in amount of THB 610 million.



Shareholders' Equity

As at December 31, 2015, the consolidated shareholders' equity in amount of THB 9,443 million increased THB 710 million or increased by 8.13% from December 31, 2014; primarily from the increase in retained earnings in amount of THB 692 million. The consolidated book value as at December 31, 2015 was THB 7.53 per share, increased from THB 6.97 per share in 2014.

14.4 Liquidity

Cash Flow Activities

In 2015, the Company and its subsidiaries generated cash flows from operating activities of approximately THB 1,764 million, decreased of THB 749 million from 2014; resulted primarily from the decreasing in trade and other receivables. The cash cycle was 10 days in 2015 longer than the 9 days in 2014.

In 2015, the Company and its subsidiaries used cash in its investing activities in amount of THB 1,386 million, increased by THB 46 million from 2014. The investing activities was made mostly in the investment in fixed assets in amount of THB 924 million and the grandparent and parent breeder stocks in amount of THB 545 million.

The Company and its subsidiaries used net cash in its financing activities in an amount of THB 55 million, significantly decreased by THB 1,159 million from 2014, mainly from dividend payment of THB 501 million, interest payment of THB 124 million and cash payment to related persons of THB 142 million.

As at December 31, 2015, the Company and its subsidiaries' cash position in cash and cash equivalents was THB 593 million, increased of THB 323 million from 2014.

Liquidity ratios

In 2015, the liquidity of the Company and its subsidiaries was considerably appropriate for its operations and had strong financial position. As at December 31, 2015, the consolidated current ratio was 1.63 times, slightly decreased from previous year which was 1.91 times. The quick ratio in 2015 was 0.53 times increased from 2014 at 0.46 times. The cash ratio of the Company was 0.67 time, slightly decreased from previous year of 0.68 time.

**Short-term Debt Maturity**

As at December 31, 2015, the Company and its subsidiaries' current liabilities of THB 2,953 million comprise of short-term loans from financial institutions of THB 1,787 million, trade and other payables THB 814 million, other current liabilities THB 69 million, and the current portion of long-term loans from financial institutions of THB 283 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 2015, the consolidated current ratio was 1.63 times, the net debt to equity ratio was low at 0.44: 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 4,341 million and trade finance facilities being letter of credit and trust receipt payables for THB 3,927 million.

Capital Structure

The Company and its subsidiaries had strong financial position. As at December 31, 2015, the consolidated debt to equity ratio was 0.59: 1, slightly increased from 0.57: 1 as at December 31, 2014.

As at December 31, 2015, the consolidated interest-bearing liabilities were THB 4,145 million, increased from THB 3,574 million as at December 31, 2014. The net debt to equity of the Company was considerably low at 0.44: 1, slightly increased from 0.41: 1 in 2014. In summary, the Company had appropriate capital structure.

Capital Expenditure and Capital Resources

In 2015, the Company made an investment of THB 1,386 million; mostly in purchasing of fixed assets in amount of THB 924 million and grandparent breeder and breeder stocks in amount of THB 545 million.

According to the investment plan in 2015, the Company has continued to expand its broiler production capacity mainly in 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 emphasis on the upstream expansion of chicken farm areas with the investment budget of THB 800 – 1,000 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	2,358	283	275	-	1,800
The financing lease obligations	-	-	-	-	-
The operating lease obligations	76	24	39	4	9
The acquisition obligations	98	86	11	1	-
The other debt obligations	710	710	-	-	-
Total	3,242	1,103	325	5	1,809

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, 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, rules and regulations, and climate changing. Nevertheless, the Company has mitigated these risks to be in an acceptable level as shown in the Risk Factors (page 40).