

Management Discussion and Analysis

The interim 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 the 1st Quarter 2016 of GFPT and its subsidiaries (collectively, "GFPT Group") as described in Note 3 Basis of preparation of the interim financial information and accounting policy.

GFPT Group 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. Furthermore, the Company still emphasis on maintaining its competitive advantage by concentrating on its own farm policy and cost efficiencies through economies of scale.

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.

Overall Financial Performance and Profitability

Revenue from Sales

GFPT Group posted total revenue of THB 3,901 million in 1Q2016, increasing THB 45 million or 1.17% compared to 1Q2015, was predominantly driven by significantly increased in chicken processing segment especially for the revenue from chicken export and chicken indirect export which increased by 16.02% and 12.25%, respectively. On the other hand, revenue from feed segment decreased by 9.57%, mostly from lower shrimp feed sales volume.

GFPT Group consists of 4 business segments comprise of 41.91% chicken processing, 23.65% feed, 28.91% farm and day-old-chicks, and 5.53% processed food.

Table: Consolidated Revenue Breakdown by Business Segment

Business Segment	1Q 2016		1Q 2015		Change	
	THB million	%	THB million	%	THB million	%
Chicken Processing	1,635	41.91	1,490	38.64	145	9.73
Feed	922	23.65	1,020	26.45	(98)	(9.57)
Farm & DOC	1,128	28.91	1,142	29.62	(14)	(1.24)
Processed Food	216	5.53	204	5.29	12	5.69
Total Sales	3,901	100.00	3,856	100.00	45	1.17

Chicken Processing Segment:

Revenue from chicken processing segment in 1Q2016 consisted of revenue from chicken direct export, chicken indirect export, and chicken domestic, represented 41.91% of total sales.

The chicken processing sales amounting THB 1,635 million, increased by THB 145 million or 9.73% from 1Q2015. The Company's total export of chicken processing was 5,400 metric

tons, a growth of 500 metric tons or 10.20% from 1Q2015 as a relevant increase in cooked chicken products.

Additionally, revenue from chicken indirect export increased by 12.25% from 1Q2015 mainly from 14.20% increase in chicken indirect export sales volume especially for McKey and GFN, our associated companies.

Feed Segment:

Revenue from feed segment in 1Q2016 consisted of revenue from animal feed, fish feed, and shrimp feed, represented 23.65% of total sales amounting THB 922 million, dropped by THB 98 million or 9.57% from 1Q2015.

The decrease in revenue was predominantly from lower revenue from shrimp feed and animal feed by 33.84% and 7.23%, respectively. The main factors include decreased in shrimp feed sales volume due to the drought situation in Thailand so that farmers reduced shrimp production and decreased in animal feed selling price, respectively.

Farm & DOC Segment:

Revenue from farm segment in 1Q2016 consisted of revenue from selling live broilers to GFN, our joint venture and selling day-old-chicks to domestic market, represented 28.91% of total sales amounting THB 1,128 million, dropped by THB 14 million or 1.24% from 1Q2015.

The slight decrease in revenue was predominantly from lower day-old-chick sales volume by 39.36%. However, sales volume of live broilers to GFN increased by 9.00% from 1Q2015 which remained in line with the initial expectations.

Processed Food Segment:

Revenue from processed food segment consisted of chicken sausage, chicken meatball, and other processed chicken products especially for domestic consumers, represented 5.53% of total sales. The revenue from processed foods was THB 216 million, increased by THB 12 million, or 5.69% from 1Q2015; mainly from 11.45% rise in sales volume.

Cost of Sales

Cost of sales for 1Q2016 was THB 3,453 million, a slight increase of THB 60 million or 1.76% from 1Q2015 from increasing in sales and production volume primarily on higher sales volume of chicken processing segment as a result of higher sales volume of chicken export, chicken indirect export as well as live broilers to GFN.

Consequently, cost of goods sold in 1Q2016 contributed of 88.51% of total sales, slightly climbed up from 87.99% in 1Q2015.

Gross Profit

The consolidated gross profit in 1Q2016 was THB 448 million, decreased by THB 15 million or 3.17% from 1Q2015. The declined gross profit in 1Q2016 was primarily from slightly increase in cost of sales comparing to revenue from sales. Thus, the gross profit margin of the Group slightly weakened from 12.01% in 1Q2015 to 11.49% in 1Q2016.

Other Income

Other income in 1Q2016 was THB 64 million, increased by THB 9 million or 15.86% from 1Q2015. Consequently, the consolidated other income in 1Q2016 was 1.63% of net sales, slightly rose up from 1.42% in 1Q2015. Other income primarily increased from selling raw

materials to related company, and gain from exchange rate due to the weaker THB against USD.

Selling General and Administrative Expenses

The consolidated SG&A expenses in 1Q2016 were THB 294 million, increased by THB 11 million or 3.79% from 1Q2015. SG&A expenses increased from higher miscellaneous cost and freight cost. SG&A as a percentage of revenue slightly increased to 7.54% in 1Q2016, compared to 7.35% in 1Q2015.

Share of Profit from Associated Companies

One of the highlights was the contribution by McKey and GFN. The Group's share of profit from associated companies totaled of THB 106 million, dramatically increased from 1Q2015 by THB 95 million or 808.08%. In 1Q2016, the profit contributed from McKey was THB 54 million which increased from 1Q2015 by 109.58%. Moreover, profit contributed from GFN was THB 52 million, improved by 465.41% from 1Q2015.

Financial Costs

Financial costs of the group which totaled of THB 27 million, decreased by THB 3 million or 12.13% from 1Q2015. The costs of funds in 1Q2016 were 2.80%, went down from 2.91% in 1Q2015 due to lower interest expense from related parties. The financial costs were 0.68% of net sales in 1Q2016, slightly declined from 0.78% in 1Q2015.

Income Tax Revenues (Expenses)

The income tax expense for 1Q2016 was THB 19 million, increased by THB 25 million or 408.73% compared to income tax revenue for 1Q2015 which was THB 6 million. An increase in income tax expense was impacted by lower deferred tax comparing to 1Q2015.

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

In 1Q2016, the consolidated EBITDA was THB 604 million, increased THB 96 million or 18.94% as compared to 1Q2015, was predominantly driven by the slight growth in revenue from sales and higher share of profit from associated companies. The EBITDA in 1Q2016 was 15.50% of total sales, strengthened from 1Q2015 at 13.18%.

(Unit : Million Baht)

	1Q 2016	1Q 2015	Change	% Change
EBIT	324	246	78	31.60
Depreciation Expense	279	261	18	7.02
Amortization Expense	1	1	-	-
EBITDA	604	508	96	18.94
EBITDA Margin (%)	15.50	13.18		2.32

Net Profit

The net profit attributable to the Group for 1Q2016 was THB 275 million which is equivalent to THB 0.22 per share, an increase of THB 57 million or 25.99% compared to THB 218 million in 1Q2015 or THB 0.17 per share. The net profit of the Group in 1Q2016 was 7.04% of total revenue from sales, increased from 5.65% in 1Q2015, was predominantly driven by the slight increase in revenue from sales, and higher profit from both associated companies.

Financial Position

Assets

Total assets of the Group as at March 31, 2016, totaled THB 14,927 million, comprising of THB 4,542 million (30.43% of total assets) in current assets, THB 6,828 million (45.74% of total assets) in property, plant and equipment (PP&E), THB 2,233 million (14.96% of total assets) in investments in associated companies, THB 482 million (3.23% of total assets) in grandparent chicken and parent chicken, THB 363 million (2.43% of total assets) in investment property, THB 356 million (2.38% of total assets) in deferred tax assets, THB 123 million (0.83% of total assets) in other non-current assets.

Total assets of the Group as at March 31, 2016, decreased in amount of THB 49 million or 0.33% from 31 December 2015. The factors were the decrease in trade and other receivable of THB 230 million and the decrease in cash and cash equivalent of THB 114 million. On the other hand, there was an increase in PP&E of THB 92 million.

Liabilities

Total liabilities as at March 31, 2016, totaled THB 5,207 million, comprising of current liabilities in amount of THB 2,894 million (55.57% of total liabilities), long-term loans in amount of THB 1,804 million (34.65% of total liabilities), provision for employees benefit in amount of THB 344 million (6.61% of total liabilities), advance received for rental income from associates in amount of THB 105 million (2.02% of total liabilities), and other non-current liabilities in amount of THB 60 million (1.14% of total liabilities).

The total liabilities as at March 31, 2016, decreased by THB 326 million or 5.89% from 31 December 2015 as long-term loans from related persons dropped in amount of THB 200 million or 11.11% from December 31, 2015.

The Group had current portion of long-term loans from financial institutions of THB 283 million, same level as December 31, 2015. Nevertheless, interest-bearing liabilities of the Company at March 31, 2016 were THB 3,794 million, dropped by THB 351 million from decrease in long-term loans from related persons of THB 200 million from December 31, 2015.

All short-term and long-term loans of the Group are in THB currency only, the Company has no exposure in foreign currency borrowings.

Shareholders' Equity

The consolidated shareholders' equity as of March 31, 2016, totaled THB 9,720 million, increased by THB 277 million or 2.93% from December 31, 2015. The consolidated book value in 1Q2016 was THB 7.75 per share, slightly increased from THB 7.53 per share at the end of last year since the Group had increase in unappropriated retained earnings of THB 275 million from December 31, 2015.

Liquidity

Cash Flow Activities

Operating Activities

For the three-month period ended March 31, 2016, the Company and its subsidiaries generated cash flows from operating activities of THB 569 million, increased by THB 422 million from the same period last year because of increase in profit before income tax of THB 81 million.

Investing Activities

For the three-month period ended March 31, 2016, the Company and its subsidiaries used net cash in its investing activities in amount of THB 305 million, increased by THB 2 million from the same period last year, mostly from cash payment in advance for grandparent chickens.

Financing Activities

For the three-month period ended March 31, 2016, The Company and its subsidiaries used net cash from its financing activities in amount of THB 378 million, increased by THB 610 million from the same period last year.

As at March 31, 2016, the Company and its subsidiaries had cash and cash equivalents of THB 479 million, increased by THB 133 million from same period last year.

Liquidity ratios

The liquidity of the Group as at March 31, 2016 was considerably appropriate for its operation. The consolidated current ratio was 1.57 times less than the consolidated current ratio as at December 31, 2015 of 1.63 times. While the quick ratio as at March 31, 2016, was at 0.42 times whereas at December 31, 2015, the quick ratio was 0.53 times.

Short-term Debt Maturity

As at March 31, 2016, the Company and its subsidiaries' current liabilities of THB 2,894 million comprised of short-term loans from financial institutions of THB 1,707 million, trade and other payables of THB 843 million, the current portion of long-term loans from financial institutions of THB 283 million, other current liabilities of THB 53 million, and current portion of advance received for rental income from associate of THB 8 million.

As the Company's cash position and liquidity were pretty strong. The Company and its subsidiaries can definitely repay its debt obligations including trade and other payables, short-term loans, and interest expenses. The repayment can be made from cash flows from operation activities.

The Company and its subsidiaries still have available credit line of revolving short-term borrowing with financial institutions including overdraft and promissory notes in amount of THB 4,405 million while trade finance facilities being letter of credit and trust receipts payables for THB 3,809 million.

Capital Structure

The Company and its subsidiaries had strong financial position. As at March 31, 2016, the consolidated debt to equity ratio stayed at 0.54:1, a slight decrease from 0.59:1 as at December 31, 2015 resulting from decreasing in long-term loans from related persons.

Moreover, the consolidated interest-bearing liabilities of THB 3,794 million as at March 31, 2016 dropped by THB 351 million from THB 4,145 million from December 31, 2015. Consequently, the net debt to equity ratio was considerably low at 0.39: 1, decreased from 0.44: 1 as at December 31, 2015.

Summary of consolidated financial statements

Consolidated statement of financial position of GFPT Public Company Limited and its subsidiary companies
As at March 31, 2016 and December 31, 2015

	As at Mar 31, 2016		As at Dec 31, 2015		Change	
	MB	%	MB	%	MB	%
Cash and Cash Equivalent	479	3.21	593	3.96	(114)	(19.20)
Trade and Other Receivable	797	5.34	1,027	6.85	(230)	(22.35)
Inventories	3,249	21.77	3,173	21.19	76	2.37
Other Current Assets	17	0.11	16	0.11	1	4.37
Total Current Assets	4,542	30.43	4,809	32.11	(267)	(5.55)
Investment in Associated Companies	2,233	14.96	2,126	14.20	107	5.00
Grandparent Chickens	83	0.56	99	0.66	(16)	(15.80)
Parent Chickens	399	2.67	387	2.58	12	3.05
Investment property	363	2.43	364	2.43	(1)	(0.37)
Property, Plant and Equipment	6,828	45.74	6,736	44.98	92	1.36
Deferred Tax Assets	356	2.38	358	2.39	(2)	(0.62)
Other Non-Current Assets	123	0.83	97	0.65	26	27.87
Total Non-Current Assets	10,385	69.57	10,167	67.89	218	2.14
Total Assets	14,927	100.00	14,976	100.00	(49)	(0.33)
Short-Term Loans from Financial Institutions	1,707	11.43	1,787	11.93	(80)	(4.49)
Trade and Other Payable	843	5.64	814	5.43	29	3.58
Current Portion of Advance Received for Rental Income from Associate	8	0.05	8	0.05	0	0
Current Portion of Long-Term Loans	283	1.90	283	1.89	0	0
Other Current Liabilities	53	0.36	61	0.41	(8)	(12.76)
Total Current Liabilities	2,894	19.38	2,953	19.71	(59)	(1.99)
Long-Term Loans	1,804	12.09	2,075	13.85	(271)	(13.05)
Provision for Employee Benefit	344	2.31	339	2.26	5	1.61
Advance Received for Rental Income from Associate	105	0.70	107	0.72	(2)	(1.83)
Other Non-Current Liabilities	60	0.40	59	0.40	1	0.43
Total Non-Current Liabilities	2,313	15.50	2,580	17.23	(267)	(10.35)
Total Liabilities	5,207	34.88	5,533	36.94	(326)	(5.89)
Total Shareholders' Equity	9,720	65.12	9,443	63.06	277	2.93
Total Liabilities and Shareholders' Equity	14,927	100.00	14,976	100.00	(49)	(0.33)

Consolidated Income Statement of GFPT Public Company Limited and its subsidiary companies

For the three-month period ended March 31, 2016 and 2015

	1Q 2016		1Q 2015		Change	
	MB	%	MB	%	MB	%
Revenue from Sales	3,901	100.00	3,856	100.00	45	1.17
Cost of Sales	(3,453)	(88.51)	(3,393)	(87.99)	60	1.76
Gross Profit	448	11.49	463	12.01	(15)	(3.17)
Other Income	64	1.63	55	1.42	9	15.86
Selling Expenses	(116)	(2.98)	(115)	(2.98)	1	1.09
Administrative Expenses	(178)	(4.56)	(168)	(4.37)	10	5.64
Share of Profit from Associates	106	2.72	11	0.30	95	808.08
Financial Costs	(27)	(0.68)	(30)	(0.78)	(3)	(12.13)
Profit before Income Taxes	297	7.62	216	5.60	81	37.72
Income Tax Revenues (Expenses)	(19)	(0.50)	6	0.16	25	408.73
Profit for The Period	278	7.12	222	5.76	56	25.04
Non-Controlling Interests	(3)	(0.08)	(4)	(0.11)	(1)	(24.82)
Net Profit	275	7.04	218	5.65	57	25.99

Consolidated Cash Flows Statement of GFPT Public Company Limited its subsidiary companies

For the three-month period ended March 31, 2016 and 2015

	2016	2015	Change
	MB	MB	MB
Net Cash Received from Operating Activities	569	147	422
Net Cash Used in Investing Activities	(305)	(303)	2
Net Cash Received from (Used in) Financing Activities	(378)	232	610
Net Increase (Decrease) in Cash and Cash Equivalents	(114)	76	(190)
Cash and Cash Equivalent at the Beginning of the Period	593	270	323
Cash and Cash Equivalent at the Ending of the Period	479	346	133

Financial Ratios of GFPT Public Company Limited and its subsidiaries

	2016	2015
Current Ratio ¹ (times)	1.57	1.63
Quick Ratio ² (times)	0.42	0.53
Gross Profit Margin ³ (%)	11.49	12.01
Operating Profit Margin ⁴ (%)	8.31	6.39
Net Profit Margin ⁵ (%)	6.94	5.58
Debt/Equity Ratio ⁶ (times)	0.54	0.59
Net Debt/Equity Ratio ⁷ (times)	0.39	0.44

Remark:

- 1) Current Ratio = Current Assets / Current Liabilities
- 2) Quick Ratio = (Cash + Short-term Investments + Accounts Receivable) / Current Liabilities
- 3) Gross Profit Margin = (Gross Profit / Sales) * 100
- 4) Operating Profit Margin = (EBIT / Sales) * 100
- 5) Net Profit Margin = (Net Profit / Total Revenue) * 100
- 6) Debt/Equity Ratio = Total Debt / Equity
- 7) Net Debt/Equity Ratio = Net Debt / Equity