

CPF Denmark A/S

**Svinget 5
6800 Varde**

CVR no. 28 99 62 68

Annual report 2015

The annual report was presented and
adopted at the annual general meeting of
the Company on 26 May 2016



Pisit Awnpoon
Chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of CPF Denmark A/S for the financial year 1 January - 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

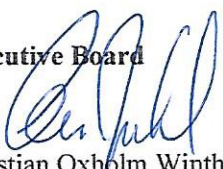
It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.


In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

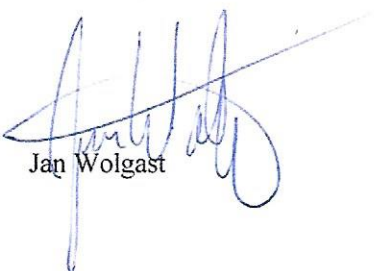
We recommend that the annual report be approved at the annual general meeting.

Varde, 26 May 2016

Executive Board


Christian Oxholm Winther Juhl

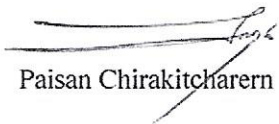

Pisit Awnpoon


Jan Wolgast

Board of Directors


Pisit Ohmpornmuwat
Chairman


Prasit Boondoungprasert


Paisan Chirakitchareern


Christian Oxholm Winther Juhl


Morten Hesselholt

Independent auditor's report

To the Shareholder of CPF Denmark A/S

Independent auditor's report on the financial statements

We have audited the financial statements of CPF Denmark A/S for the financial year 1 January - 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Independent auditor's report

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 26 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Elife Savas
State Authorised Public Accountant

Management's review

Company details

Company	CPF Denmark A/S Svinget 5 6800 Varde Denmark
Telephone:	75261330
CVR no.:	28 99 62 68
Financial year:	1 January - 31 December
Incorporated:	
Registered office:	Varde

Board of Directors	Pisit Ohmpornnuwat, Chairman Prasit Boondoungprasert Paisan Chirakitchareon Christian Oxholm Winther Juhl Morten Hesselholt
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Executive Board	Christian Oxholm Winther Juhl Pisit Awnpoon Jan Wolgast
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Auditor	KPMG Statsautoriseret Revisionspartnerselskab Bredskifte Allé 13 8210 Aarhus V Denmark
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General meeting	The annual general meeting is held on 26 May 2016 at the Company's address.
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Management's review

Financial highlights

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Profit/loss					
Gross profit	11,967	9,045	17,408	12,046	6,308
Profit before financial income and expenses	4,579	1,533	10,225	6,321	1,741
Net financials	295	-177	-81	-19	25
Net profit for the year	3,829	970	7,571	5,587	1,765
Balance sheet					
Non-current assets	7,543	8,216	4,748	1,400	274
Balance sheet total	140,162	121,749	164,971	98,403	66,405
Investment in property, plant and equipment	15	13	4,058	1,474	0
Equity	12,132	8,303	10,833	3,262	-2,325
Provisions	0	0	10	23	0
Non-current liabilities	0	0	311	514	0
Current liabilities	128,030	113,446	153,817	94,604	68,730
Ratios					
Solvency ratio	8,7%	6,8%	6,6%	3,3%	-3,5%
Acid test	103,6%	100,1%	104,2%	96,0%	91,0%
Average number of full-time employees	9	9	9	7	6

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts' guidelines on the calculation of financial ratio "Recommendations and Financial Ratios 2015". For definitions, see under accounting policies.

Management's review

Operating review

Principal activity

CPF Denmark A/S' principle activities consists of trade in foods, primarily chicken products from Thailand.

Development in activities and financial position

The overall business has undergone a positive development in all markets. The growth has been fairly spread in all segments in Scandinavia covering retail, food service and industrial markets. The profit of the year of DKK. 3,829 thousand is not in accordance with the expectations for the year. The main reason for the low profit is strong competition with low sales prices to follow on our main markets.

Outlook

In the view of our improving sales and profit in Q4 of 2015, the profit of 2016 is expected to increase compared to the result of 2015. Our sales budget for 2016 shows a significant increase compared to the 2015 sales. We expect sales growth in all segments, with focus on the Swedish food service and retail markets. Further growth in Finland and Denmark will contribute to the general increase as well.

Subsequent events

No significant events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Financial statements 1 January - 31 December

Accounting policies

The annual report of CPF Denmark A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

In pursuance of section 32 of the Danish Financial Statements Act, the Company does not disclose its revenue, as this is detrimental to the Company's competitive situation.

In accordance with section 86 (4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement, as such a statement is included in the consolidated cash flow statement of the parent company, Charoen Pokphand Foods Public Co., Ltd.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income Statement

Gross profit

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and other operating income less cost of goods sold and other external costs.

Revenue

Revenue is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of goods sold

Cost of goods sold includes the consumables used in generating the year's revenue.

Other operating income

Other operating income comprise items secondary to the activities of the Company, including gains on disposal of property, plant and equipment.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees excluding refunds from public authorities.

Financial statements 1 January - 31 December

Accounting policies

Other external cost

Other external cost comprise the company's ordinary activities, including expenses for sales, distribution and administration.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense and transactions in foreign currencies etc.

Income from investment in associate

Dividends from investment in associate is recognised in the period when the dividend is declared.

Tax on profit/loss for the year

Tax for the year comprise current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The estimated useful lives are as follows:

Buildings	25	years
Other fixtures and fittings, tools and equipment	3-5	years

Land is not depreciated.

Financial statements 1 January - 31 December

Accounting policies

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised as other operating income or other operating costs, respectively in the income statement.

Investment in associate

Equity investment in associate is measured at cost. When cost exceeds the recoverable amount, write-down is made to this lower value. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

Impairment of non-current assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Cost comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 January - 31 December

Accounting policies

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividend

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year (declaration date) is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Accounting policies

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial Highlights overview

Explained key figures.

Solvency ratio

$\text{Equity at year end} \times 100 / \text{Total assets}$

Acid Test

$\text{Current assets total} \times 100 / \text{Current liabilities}$

Financial statements 1 January - 31 December

Income statement

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Gross profit		11,966,620	9,044,919
Staff costs	1	-6,928,462	-6,927,783
Depreciation, amortisation and impairment of property, plant and equipment		<u>-458,792</u>	<u>-584,302</u>
Profit before financial income and expenses		4,579,366	1,532,834
Income from investment in associate		693,440	0
Financial income		10,972	7,486
Financial costs		<u>-409,466</u>	<u>-184,288</u>
Profit before tax		4,874,312	1,356,032
Tax on profit for the year	2	<u>-1,045,167</u>	<u>-386,277</u>
Profit/loss for the year		<u>3,829,145</u>	<u>969,755</u>
Proposed distribution of profit			
Retained earnings		<u>3,829,145</u>	<u>969,755</u>
		<u>3,829,145</u>	<u>969,755</u>

Financial statements 1 January - 31 December

Balance Sheet

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Assets			
Land and buildings		2,505,785	2,575,805
Other fixtures and fittings, tools and equipment		<u>979,761</u>	<u>1,600,640</u>
Property, plant and equipment	3	<u>3,485,546</u>	<u>4,176,445</u>
Investment in associate	4	<u>4,057,274</u>	<u>4,039,680</u>
Investment		<u>4,057,274</u>	<u>4,039,680</u>
Non-current assets		<u>7,542,820</u>	<u>8,216,125</u>
Finished goods and goods for resale		<u>79,839,981</u>	<u>69,006,978</u>
Inventory		<u>79,839,981</u>	<u>69,006,978</u>
Trade receivables		42,950,061	33,631,296
Amounts owed by affiliated companies		1,357,268	1,896,665
Other receivables		875,825	67,350
Deferred tax asset		75,934	28,679
Corporation tax		0	933,621
Prepayments	5	<u>1,390,748</u>	<u>45,027</u>
Receivables		<u>46,649,836</u>	<u>36,602,638</u>
Cash at bank and in hand		<u>6,129,026</u>	<u>7,922,969</u>
Total current assets		<u>132,618,843</u>	<u>113,532,585</u>
Total assets		<u>140,161,663</u>	<u>121,748,710</u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Equity and liabilities			
Share capital		3,728,910	3,728,910
Retained earnings		<u>8,402,926</u>	<u>4,573,781</u>
Total equity	6	<u>12,131,836</u>	<u>8,302,691</u>
Bank overdraft		11,718,216	10,858,794
Trade payables		14,359,424	9,403,093
Amounts owed to affiliated companies		97,376,683	87,976,906
Corporation tax		122,235	0
Other payables		<u>4,453,269</u>	<u>5,207,226</u>
Current liabilities		<u>128,029,827</u>	<u>113,446,019</u>
Total liabilities other than provisions		<u>128,029,827</u>	<u>113,446,019</u>
Total equity and liabilities		<u>140,161,663</u>	<u>121,748,710</u>
Contingent liabilities	7		
Control and ownership	8		

Financial statements 1 January - 31 December

Notes

	<u>2015</u>	<u>2014</u>
	DKK	DKK
1 Staff costs		
Wages and salaries	6,166,180	5,979,253
Pensions	493,999	586,072
Other staff costs	268,283	362,458
	<u>6,928,462</u>	<u>6,927,783</u>
Including remuneration to the Executive Board and Board of Directors	<u>4,694,198</u>	<u>4,308,830</u>
Average number of employees	<u>9</u>	<u>9</u>
2 Tax on profit for the year		
Current tax for the year	1,092,421	424,636
Deferred tax for the year	-47,254	-38,359
	<u>1,045,167</u>	<u>386,277</u>

Financial statements 1 January - 31 December

Notes

3 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January 2015	2,675,000	2,979,010
Additions for the year	0	15,017
Disposals and write off for the year	0	-693,697
Cost at 31 December 2015	<u>2,675,000</u>	<u>2,300,330</u>
Depreciation at 1 January 2015	99,195	1,378,370
Depreciation for the year	70,020	388,772
Depreciation of sold assets and write off for the year	0	-446,573
Depreciation at 31 December 2015	<u>169,215</u>	<u>1,320,569</u>
Carrying amount at 31 December 2015	<u>2,505,785</u>	<u>979,761</u>

	2015 DKK	2014 DKK
4 Investment in associate		
Cost at 1 January 2015	4,039,680	0
Additions for the year	<u>17,594</u>	<u>4,039,680</u>
Cost at 31 December 2015	<u>4,057,274</u>	<u>4,039,680</u>
Carrying amount at 31 December 2015	<u>4,057,274</u>	<u>4,039,680</u>

Investment in associate are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
BHJ Kalino Food AB	Staffanstorp, Sweden	29%	4,241,999	2,955,198

Financial statements 1 January - 31 December

Notes

5 Prepayments

Prepayments comprise prepaid expenses regarding office rent and insurance premiums.

6 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January 2015	3,728,910	4,573,781	8,302,691
Net profit for the year	0	3,829,145	3,829,145
Equity at 31 December 2015	3,728,910	8,402,926	12,131,836

The share capital consists of 500,000 shares of a nominal value of EUR 500,000. No shares carry any special rights.

Share capital has developed as follows:

	2015	2014	2013	2012	2011
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 January 2015	3,728,910	1,492,200	1,492,200	1,492,200	1,492,200
Additions for the year	0	2,236,710	0	0	0
Share capital at 31 December 2015	3,728,910	3,728,910	1,492,200	1,492,200	1,492,200

Financial statements 1 January - 31 December

Notes

7 Contingent liabilities

Rent liabilities amount to DKK 58 thousand.

As security for bank overdraft, the Company has issued a company charge secured upon ordinary claims attributable to trade receivables as well as inventories of raw materials, semi-manufactured products and finished goods coming in at a total of DKK 21,000 thousand. The carrying amount of the assets comprised by the company charge reached DKK 124,147 thousand at 31 December 2015.

8 Control and ownership

Controlling interest

CPF Investment Limited, Tortola, British Virgin Islands, holds more than 50 % of the share capital. The ultimate parent company is Charoen Pokphand Foods Public Co., Ltd., Bangkok, Thailand.

The consolidated financial statements for the group can be requisitioned at the office in Denmark.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

CPF Investment Limited, Tortola, British Virgin Islands
European Meat Inspection A/S, Varde, Denmark
M. Hesselholt Holding ApS, Hørning, Denmark