



## Chiangmai Frozen Foods Public Company Limited

### 1. General information

Name	Chiangmai Frozen Foods Public Company Limited
Office Location	149/34 Soi Anglo Plaza, Surawongse Road, Kwaeng Suriyawongse, Bangrak, Bangkok 10500, Thailand.
Registration	0107537000513
Telephone	(662) 238-4091, 634-0061-4
Facsimile	(662) 238-4090
Website	www.cmfrozen.com
Business Type	Manufacture and Export of Frozen Vegetables such as Soy Beans, Green Beans, Sweet Corn, Carrot, Baby Corn etc.
Capacity	42,000 Metric Tons per Year
Factory (Branch)	1 <sup>st</sup> Plant No. 92 Moo 3, Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai Province 50210, Thailand. 2 <sup>nd</sup> Plant No. 299 Moo 14, Chiangmai-Phrao Road, Mae Fag Mai, Sansai, Chiangmai Province 50290, Thailand.
Registered Capital	381,146,251 common shares each with par value 1 baht and in the aggregate value of 381,146,251 bahts.
Paid-up Capital	381,145,725 common shares each with par value 1 baht and in the aggregate value of 381,145,725 bahts.

### Shares in juristic persons held by the company from 10% upwards.

Name	Agrifood Processing Co., Ltd.
Location	149/34 Soi Anglo Plaza, Surawongse Rd., Kwaeng Suriyawongse, Bangrak, Bangkok 10500, Thailand.
Telephone, Facsimile	Phone: (662) 634-2282-6 Fax: (662) 634-2287
Business Type	Conduct business buying-selling, distributor (Export) Frozen Sweet Corn.
Registered Capital	Ordinary share 12,000,000 shares of each 10 bahts/share total 120,000,000.00 bahts.
Paid-up Capital	Ordinary share 12,000,000 shares of each 10 bahts/share, paid up 30,000,000.00 bahts.
Percentage of Shareholding	100 % by the company.



## Chiangmai Frozen Foods Public Company Limited

### Other referred juristic persons

Registrar	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, 4,6-7 <sup>th</sup> Floor, Rachadapisek Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok 10110,Thailand. Tel.(662)229-2800,654-5599 Fax.(662)359-1262-3
Auditor	Miss Nongram Laoha-areedilok,C.P.A.(Thailand) No.4334 or Miss Chamaporn Rodloytuk,C.P.A.(Thailand) No.9211 AST Master Office of 790/12 Thonglor Tower, Soi Tonglor 18, Sukhumvit Road 55, Kwaeng Klongtoey, Khet Wattana, Bangkok 10110, Thailand. Tel.(662)381-5716, 381-8016
Legal Advisor	Mr. Wanchandr Sivaboonyawongs, Wisal & Associates Law Co., Ltd. 83-85 Soi Anuman Rajathon, Dejo Road, Khet Bangrak, Bangkok 10500, Thailand. Tel.(662)266-8217-8
Financial Institution	Siam Commercial Bank Public Co., Ltd. Mizuho Corporate Bank, Ltd. – Bangkok Office. Thanachart Bank



**Chiangmai Frozen Foods Public Company Limited**

**SUMMARY FINANCIAL INFORMATION OF THE COMPANY**

**Financial Statements**

( Unit: Thousand Baht )

Particular	Consolidated F/S.			Separate F/S.		
	2011	2010	2009	2011	2010	2009
Total assets	1,273,460	1,358,830	1,305,482	1,255,746	1,345,187	1,289,365
Total liabilities	103,188	87,860	97,415	99,707	86,466	95,083
Shareholders' equity	1,170,272	1,270,970	1,208,067	1,156,039	1,258,721	1,194,282
Sale revenue	1,293,387	1,367,578	1,321,455	1,267,970	1,349,072	1,294,066
Total income	1,317,773	1,410,874	1,336,247	1,290,896	1,388,513	1,306,608
Gross profit	244,259	338,720	408,062	219,838	321,855	381,700
Net profit (loss)	55,796	158,188	211,167	52,542	159,724	207,054

**Financial Ratio**

Particular	Consolidated F/S.			Separate F/S.		
	2011	2010	2009	2011	2010	2009
Net profit ratio per total income %	4.31	11.57	15.98	4.14	11.84	16.00
Return on equity %	4.77	12.45	17.48	4.54	12.69	17.34
Return on assets %	4.38	11.64	16.18	4.18	11.87	16.06
Net profit(loss) per share Baht	0.15	0.42	0.55	0.14	0.42	0.54
Annual Dividend per share Baht	0.14	0.35	0.50	0.14	0.35	0.50
Book value per share Baht	3.07	3.33	3.17	3.03	3.30	3.13
Net assets value per share Baht	3.34	3.57	3.43	3.29	3.53	3.38



**Chiangmai Frozen Foods Public Company Limited**

Clarification from Chairman of Board of Directors

To: The Shareholders;

In the cycle year of 2011 was quite the hardness year in conducting business of the company due to the natural calamity occurred that was Surnami peril in Japan which was a business partner and main market of the company and flood within the country including economic problem of USA and European countries.

The Company's performance of the year 2011 earned income amount 1,268 million baht decreased from previous year amount 81 million baht or come to 6.0% and having net profit 52.5 million baht decreased from previous year amount 107.2 million baht or come to 67.1%, happened from stronger exchange rate impact 1.40 baht/us dollar, come to value 49.1 million baht and the other part from higher production capital from raw material capital, production expenditure and labor wages.

In the year 2011, the company had sale volume amount 25,700 metric tons decreased from previous year amount 800 metric tons. An decreased of sale volume happened from the economic problem of Japan by overall has not yet recovered and indirect impact from Surnami peril.

However, though the company's performance would decrease but as an overview especially the matter of maintaining the customer base of the company would regard that the company still has a good operation. In the meeting of the Board of Company No. 1/2012, Board of Company resolved and agreed to pay dividend to the shareholders 381,145,725 shares at rate 0.14 baht/share come to amount 53,360,401.50 bahts.

For the year 2012, the company puts sale target at 27,000 metric tons. The Company believes that under an endeavor and determination of the company would make the company able to score a success in conducting business and having good business performance in order the company would be able to pay dividend to the shareholders regularly.

(Mr. Prayoon Pholpipattanaphong)

Chairman

February 27, 2012



**Chiangmai Frozen Foods Public Company Limited**

**Clarification of Chairman of the Audit Committee**

To: The Shareholders;

As the Board of Company have resolved to nominate the Board of Audit Committee which comprise three independent non-executives directors, namely Mr. Santichai Suakanonth as Chairman of the Board of Audit Committee, Mr. Amnuay Yossuck and Mr. Ampon Ruayfupant as Audit Committee to perform the duties assigned from the Board of Company which mentioned clearly in the Audit Committee Charter which is according to the provision of the Stock Exchange of Thailand.

During the year 2011, the Board of Audit Committee conducted 4 meetings by inviting Auditors, Management and Internal Auditor to review as limit and responsibility by having the significant duties summarized as follows:

1. Review the Financial Statements quarterly and Annual Financial Statements of 2011 and adequately listen the clear explanations and report from the Management and Auditor in related subject, therefore, the Audit Committee are of a same opinion with the External Auditors that said quarterly annual financial statements are correct in essence in conformity with the generally accepted accounting principles.
2. Review the disclosure of connected and related information between the company, subsidiary company and concerned company and it is of opinion that such related information has adequately and correctly disclosed.
3. Review the compliance with the laws and regulation of Securities and Stock Exchange and related laws with the company business and not found any point in the matter of not acting in accordance with the law of Securities and Securities of Stock Exchange and related laws with the company business.
4. Promote the independence of internal audit operation, agreeing with annual internal audit plan and reviewing to have the adequacy and effective internal control system and found no significant weakness of control that may have adverse impact.

(Mr. Santichai Suakanonth)

Chairman of the Audit Committee

February 21, 2012



## Chiangmai Frozen Foods Public Company Limited

### 2. Risk

#### **Producing**

The Company is a manufacturer and distributor of Frozen Vegetables product which must use Soy Beans, Green Beans and Sweet Corns as important raw materials of producing capital and since these raw materials are the agriculture raw materials that mainly depends on the nature factors make the company may affect and incur some shortage of such raw materials.

To serve this risk, the company would use the way of increasing more volume of producing in next stage due to raw materials could be able to grow 2-3 stages a year and harvesting life is only about 60-90 days. Therefore, if the problem arises in any stage of growing, the company would increase more growing area in next stage.

From arose of flood problem, the growing areas of the formers whose joint company project were few affect owing most growing areas were in the upper Northern region of the country.

#### **Conducting business**

The Company has presently exported Frozen Vegetables product to Japan market about 75% of the total sale which this dependence on Japan market at high portion would affect the company business from their economic slowdown. And/or change on the trade policy of such country.

However, as the products of the company which is food type necessary for standard of living and Japanese peoples like to consume Frozen Soy Beans and Frozen Green Beans also the company has a good relationship with the customer throughout, so the affective from depending on Japan market as a main would not be so risk.

#### **Exchange rate**

As the company has its value export about 80% of the total sale with all products sold in US Dollar currency, so the company may be affected due to stronger exchange rate, would make the company receive less baht value from

**less exchange rate.**

The measurement to reduce risk in this case, the company has made a US exchange forward contract which can reduce moderate risk from foreign exchange rate in which the company will make forward sell contract each time about 300,000-2,000,000 US Dollars for periods time 6 - 12 months make the company would be able to prevent risk in exchange rate not less than 6 months.

#### **Quality products**

Quality products that must free from chemical causes the company having risk in returning products from the customers if incapable to control the quality to free from chemical as agreed with the customers.



## **Chiangmai Frozen Foods Public Company Limited**

The standard measure of controlling quality products which is an impact incur from chemical residue, the company is available an inspection process strictly according to GMP standard in which the company has arranged detector for detecting chemical residue that having high efficient which presently the company available 2 detectors capable to detect the chemical residue more than 250 kinds whereas the company uses the chemical about 20 kinds.

### **Management**

Board of Company comprise 7 directors represented main shareholders group which are of experience in agricultural business for a long time and 4 Independent Directors jointly formulate the policy to the Board of Executive, take care and control operation of the Board of Executive continuously and efficiency.

Board of Executive comprise 5 high rank executive team which each of person is of knowledgeable and competent in managing agricultural business excellently, having scatter an authority in management and decision appropriately inclusive meeting together to make decision in an important point.

Working of the Board of Executive and Board of Company are conducting under the policy of Good Corporate Governance, think of every group of stakeholders, transparency, checkable and in every meeting of Board of Company, the meeting has reported operation review and open a chance to every director for making inquiry at their wish, so risk in management of the company then is in a low level.

### **Financial**

The Company has total assets amount 1,255.7 million bahts, total liabilities 99.7 million bahts or come to 7.9% of total assets and shareholder equity 1,156.0 million bahts or come to 92.1% of total assets, liabilities ratio per shareholder equity 0.09:1 time, liquidity ratio 11.0 times and quick liquidity ratio 6.0 times, also amount credit line provided by 3 financial institutions that the company is using services are the credit lines that need not have promissory note which shows the financial status and reliably of the company obtained from the financial institutions in a high level. Besides, the company has held the financial policy of thoroughness make the company's financial risk is in low level.

### **Investment**

The Company has a good performance and profitable throughout (except in the year 1997 due to economic crisis). At December 31, 2011, the company had total retained earnings amount 706.9 million baht or 56.3% of total assets and the company could pay dividend to the shareholders every year.



## Chiangmai Frozen Foods Public Company Limited

### 3. BUSINESS CHARACTER

#### (1) Change and development significant

Nov. 1988	Established a company with register capital 50 million bahts with par value 10 bahts/share.
Apr. 1989	Built 1 <sup>st</sup> plant at Nongjom, Sansai, Chiangmai on area 15 rais 36.6 square wahs and finished in Oct. 1989
Feb. 1990	Started earning income from the operation.
Dec. 1991	Increased register capital from 50 million bahts to be 125 million bahts.
Jan. 1993	Permitted from The Securities of Stock Exchange of Thailand as register securities.
Jan. 1993	Started buying-selling shares in the Securities of Stock Exchange of Thailand under the name “CM”
Feb. 1994	Changed from company limited into Public Company Limited
Mar. 1994	Built 2 <sup>nd</sup> plant at Maefagmai, Sansai, Chiangmai on area 26 rais 29.9 square wahs and started producing in Oct. 1995
Nov. 1998	Increased register capital from 125 million bahts to be 210 million bahts.
Apr. 2003	Joint investment with River Kway International Co.,Ltd. in ratio 51:49 in Agri Foods Processing Co.,Ltd. with capital invested 120 million bahts, paid-up 30 million bahts.
Mar. 2004	Built cold storage at Maefagmai, Sansai, Chiangmai on area 8 rais 3 ngans 97 square wahs and finished in Jul. 2005
Jul. 2004	Bought capital investment in Agrifoods Processing Co.,Ltd. from River Kway International Co.,Ltd. increased from 51% to 100%.
May. 2005	Increased register capital from 210 million bahts to be 315 million bahts.
May. 2005	Changed par value from original par value 10 bahts/share to be 1 baht/share.
May. 2007	Increased register capital from 315 million bahts to be 346 million bahts.
May. 2009	Increased register capital from 346 million bahts to be 381 million bahts.

#### Change of authority in controlling the company

None

#### Change of holding structure, management or conducting business in the passed 3 years

No any change.

#### Important incident in 2011

- On march 2011 donated money to help peoples whose suffered from Surnami peril in Japan amount 3,300,000 bahts through Japan Consulate, Chiangmai and through Maejoe University.
- April 2011 granted ISO22000:2005.





## Chiangmai Frozen Foods Public Company Limited

### (2) To carry on business of the company.

The Company is a Manufacturer and Exporter of Frozen Vegetables which to be brought the agricultural products as raw materials to pass the processing methods then brings to keep at Cold Storage with temperature -25 degrees Celsius.

The products of the company are Frozen Vegetables such as Soy Beans, Green Beans, Sweet Corns. Carrots, Baby Corns etc.

### (3) Structure of Revenue

For Chiangmai Frozen Foods Public Company Limited

( In Thousand Baht)

Products	2011	%	2010	%	2009	%
Frozen Vegetables	1,267,285	99.9	1,346,700	99.8	1,292,202	99.9
Others	685	0.1	2,372	0.2	1,865	0.1
Total	1,267,970	100.0	1,349,072	100.0	1,294,067	100.0

Product markets	2011	%	2010	%	2009	%
Overseas	1,019,895	80.4	1,109,487	82.2	1,057,959	81.8
Domestic	248,075	19.6	239,585	17.8	236,108	18.2
Total	1,267,970	100.0	1,349,072	100.0	1,294,067	100.0

Remark: Domestic sale, mostly from indirect export which is exported by Agrifood Processing Co., Ltd. (Subsidiary Company)

Nature of Customers	Percentage		
	Oversea Market	Domestic Market	Total
Total sale value	80.4	19.6	100.00

Operation cycle	Percentage		
	2011	2010	2009
1 <sup>st</sup> Quarter	21.00	23.00	23.00
2 <sup>nd</sup> Quarter	28.00	31.00	32.00
3 <sup>rd</sup> Quarter	29.00	25.00	27.00
4 <sup>th</sup> Quarter	22.00	21.00	18.00
Total	100.00	100.00	100.00



## Chiangmai Frozen Foods Public Company Limited

### Subsidiary company

Agrifood Processing Co.,Ltd., is a distributor (Export) of Frozen Sweet Corns.

### Structure of Income

(Unit: Thousand baht)

Particular	2011	%	2010	%	2009	%
Revenue from sales	261,066	99.2	248,377	98.2	248,206	98.9
Others income	2,106	0.8	4,475	1.8	2,871	1.1
Total	263,172	100.0	252,852	100.0	251,077	100.0

### Business target

- Maintain the product quality always in standard.
- Always strive to produce the goods to meet consumer requirement.
- Seek the business expansion channel for maximum advantage to every shareholder.
- Fairly conduct business, not ruin an environment and promote of living together with good relationship between company and community.

## 4. To carry on business of each products

### (1) Character of products or service

Products of the company are Frozen Vegetables which produce by passing a quality standard production process and have obtained various standard certification such as ISO 22000, HACCP, GMP.

### Privileges or limitation in conducting business

Number of promotion certificates;

1<sup>st</sup> Certificate No. 1727/Sor Or./1988

2<sup>nd</sup> Certificate No. 1063/Sor Or./1993

3<sup>rd</sup> Certificate No. 1397/1994

4<sup>th</sup> Certificate No. 1465/1999

5<sup>th</sup> Certificate No. 1545(3)/2004

Particular	1 <sup>st</sup> Certificate	2 <sup>nd</sup> Certificate	3 <sup>rd</sup> Certificate	4 <sup>th</sup> Certificate	5 <sup>th</sup> Certificate
Plant number	1	1	2	2	2
Promotion certificate date	12/12/1988	28/04/1993	7/07/1994	28/10/1999	6/07/2004
Business capacity (tons / year)	10,000	5,000	12,000	15,000	5,850
Validity of promotion certificate (years)	7	6	8	8	8
Effective dates of promotion certificate	1/02/1990	1/11/1994	3/03/1996	1/11/2001	-
Expiry dates of promotion certificate	1/02/1997	1/11/2000	3/03/2004	1/11/2009	-



## Chiangmai Frozen Foods Public Company Limited

Granted investment promotion in the:- -Manufacture of Frozen Vegetables. -Cold storage service	yes	yes	yes	yes	yes
Type of business:- 1.3 Food manufacture or preservation 1.8 Food manufacture 1.17 Cold storage business	1.3	1.8	1.8	1.8	1.17
Exemption from company income tax	yes	yes	yes	yes	yes
Deduction of two times of transportation and electricity fee for 10 years as from income earning commencement	yes	yes	yes	yes	yes
After the expiry of promotion certificate, deduction of 50% income tax per year for 5 years	yes	yes	yes	yes	yes

As an investment promoted company, the company is required to comply with the conditions and regulations as stipulated in the Investment Promotion Certification.

### **(2) Marketing and competition condition**

#### Previous year marketing

In the passed year, the company had total sale 1,268 million bahts decreased from previous 81 million bahts or come to 6.0%. The Company had export value 1,020 million bahts come to 80.4% and domestic sale 248 million bahts, come to 19.6%. The Company had sale volume 25,700 metric tons decreased from previous 800 metric tons or come to 3.0%. Export volume decreased due to economic problem of Japan still not recovered and indirect impact from Surnami peril. By overview, it regards that the company is still able to maintain customer base excellently though the company would receive impact from economic decline condition and few natural peril.

#### Marketing Tactics

The industrial of manufacturing frozen vegetables uses the modern technology. The products are able to retain for its color, nutrition value with taste like fresh one, no preservative added and also can keep for long, also comfortable and easy when to eat. This is a new line of industrial products which add a new choice for the consumers who are able to buy and eat all year.



## Chiangmai Frozen Foods Public Company Limited

### Important of competitive tactics

1. Quality of products is up to standard, to be accepted by overseas customers
2. Regular delivery at time of need.
3. Products are free from chemical residue and preservative added.
4. Closely and continuously communicate and exchange information with the customers in order to repay the customer required more better and better.

### Advantages

1. The company has very strong market base.
2. High rank executives of the company are entirely experienced with knowledge of trading in agricultural products for a decade
3. Main products of the company is the produces from agriculture of good quality, fresh and safety
4. The growing areas are of plentiful and able to grow throughout the year and few affect from natural peril such as wind storm, heavy rain and flood when compare with the competitor country like China and Taiwan.

### Disadvantages

1. The delivery distant both inland and sea are farther when compare to the competitor in overseas which make the delivery cost higher.
2. Size of growing areas is mostly small and scatter in wide vicinity, control of growing areas and chemical usage are done harder when compare with the competitors in overseas.

### Target customers

Most of the company consumers are the middle class up group and business group who need the goods in form of half-cooked, clean, healthy and easy consume.

### Pricing policy

The Company has a policy to distribute the products at the price of capable to compete with the competitors both from domestic and overseas.

### Distribution and distribution channels

Most all the company's products exported to the overseas through the distribution channels of:-

#### Overseas      There are three channels:

1. Distribute through an importer and the representative such as Itochu Corporation, Nichirei Corporation and Ing Shiang Co., Ltd., by having sale portion through this channel approximate 54.0% of the total sale.
2. Distribute directly to the customers by having distribution portion through this channel approximate 26.4% of the total sale.



## Chiangmai Frozen Foods Public Company Limited

3. Distribute through Agri Foods Processing Co.,Ltd. (Subsidiary) which is an indirect export by having distribution portion through this channel approximate 18.5 of total sale.

### Domestic There are two channels:

1. Distribute through the representative, that is P.P. Food Supply Co., Ltd., having distribution portion 0.3% of the total sale.
2. Direct distribution to the small customers approximate 0.8% of the total sale.

### Nature of customers

Most customers of the company are importers, big traders, representative and small customers which are scatter the goods to Supermarkets, various retail shops and manufacturer in foods industry. Based on the good relationship maintained with the partners and customers, make the company will not lose any of its customers. On the contrary, the company has its progressive and continuously good performances since the commencement of its business in 1990. However, chance to lose an important customers of the company is still existing. Then the company has tried to penetrate more markets which presently, the company is able to export more products to other markets apart from Japan market that are U.S.A., Sweden, Denmark, Taiwan and China.

### State of competition

Owing Thailand is a country of plentiful with available fresh vegetables eatable all year round, therefore, the main market of frozen vegetable business are oversea markets especially Japan market which is a market of high potential, need to consume frozen vegetables in large quantity because Japan customers prefer to consume in the form of half-cooked, fresh, clean, healthy and easy to eat. The Company is a main exporter of frozen vegetables of the country and many companies that are doing the same business but export portion are less than the company.

### **(3) Arrangement and services**

Products of the company produce from raw materials bought from the farmers in project through the collector of raw materials, covering areas of 16 provinces of Northern region namely: Chiang Mai, Chiang Rai, Phare, Nan, Phayao, Lamphun, Mae Hong Son, Lampang, Phichit, Phetchabun, Kamphaeng Phet, Phitsanulok, Sukhothai, Tak Utaithani and Udtharadit, in which the company will arrange seeds, fertilizers and insecticides to the farmers for substitution and the company shall buy their produces under guarantee price. During growing period, there will be the officer which is our agricultural promotion employee to provide knowledge and advice to the farmers for nursing, fertilizing and governance for using chemical in order to obtain quality of produces, safe for consumer and highest yield per rai. When the



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produces could harvest, the company would buy at guarantee price and deduct the cost of seeds, fertilizers and insecticides from buying price of the produces.

### **Production capacity, production volume and production value**

Particular	Unit	2011	2010	2009
Full production capacity of machinery	Metric tons	42,000	42,000	42,000
Actual production volume depend on season and raw material volume	Metric tons	26,280	22,276	27,242
Actual rate of usage capacity	%	62.57	53.04	64.86
Increase (decrease) rate of production volume	%	17.97	(18.23)	12.06
Increase (decrease) rate of production value	%	13.42	(2.98)	7.88

Remark: There are three production shifts. Actual production, which depends on the volume of raw materials supplied to the factory, ranges from one to three shifts.

### **Buying portion of Raw Material :**

Domestic: Approximate 200 collectors of raw material at 96%

Oversea : The Company imports raw material at 4%

### **Affects on environment**

Wasted water that passed the process of the company may affect on environment. So the company takes to pass the system of reforming wasted water in order to meet the requirement of Department of Industrial Works before to let to the system of drain water. For the remainder of raw material from the process, the company will sell in the form of advantage to use as animal feed make no wasted things in this part to affect the environment.

In the past 3 years, the company efforted to reduce environment impact to comply with laws carefully, then the company has no any dispute or to be accused concerning environment impact.

### **( 4 ) Undelivered goods**

Since the company produces the goods for selling all year and manage to deliver according to order regularly, so no any order that enable to deliver.



**Chiangmai Frozen Foods Public Company Limited**

**5. Assets for business operation**

<b>Type of assets</b>	<b>Type of possession</b>	<b>Value (Million baht)</b>	<b>Burden</b>
Land of office building, No.149/32-34 Soi Anglo Plaza, Surawongse Road, Kwaeng Suriyawongse, Khet Bangrak, Bangkok 54.4 Square wahs	Owner	25.6	No encumbered with a charge
Land 1 <sup>st</sup> Plant No.92 Moo 3 Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai 15 rais 36.6 Square wahs	Owner	3.1	No encumbered with a charge
Land 2 <sup>nd</sup> Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 27 rais 3 ngan 98.9 Square wahs	Owner	34.7	No encumbered with a charge
Land 2 <sup>nd</sup> Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 15 rais 1 ngan 53.6 Square wahs	Owner	7.2	No encumbered with a charge
Land 2 <sup>nd</sup> Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 16 rais 108.2 Square wahs	Owner	9.6	No encumbered with a charge
Land 2 <sup>nd</sup> Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 6 rais 54.3 Square wahs	Owner	3.2	No encumbered with a charge
Land –New Cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai,Sansai,Chiangmai 8 rais 3 ngan 97 square wahs	Owner	5.4	No encumbered with a charge
Land at Amphur Bangragum,Phitsunulok Province 154 rais 30 square wahs	Owner	15.4	No encumbered with a charge
Office Building, 4 Floors, 3 Units No. 149/32-34 Soi Anglo Plaza, Surawongse Road, Bangrak,Bangkok	Owner	6.4	No encumbered with a charge
1 <sup>st</sup> Plant Building No. 92 Moo 3 Chiangmai-Phrao Road, Nongjom,Sansai, Chiangmai	Owner	32.1	No encumbered with a charge
2 <sup>nd</sup> Plant Building No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai,Sansai,Chiangmai	Owner	59.2	No encumbered with a charge
New cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai,Sansai,Chiangmai	Owner	67.4	No encumbered with a charge
Total machinery	Owner	98.7	No encumbered with a charge



## Chiangmai Frozen Foods Public Company Limited

### Future project

The Company always attempts to study various projects include the project that may be advantaged under an agreement frame of Asian Economic Cooperation (AEC).

## 6. Legal disputes

None

## 7. Capital structure

### ( 1 ) Security of company

The Company's registered capital is 381,146,251 bahts, paid up of 381,145,725 bahts, divided into 381,145,725 common shares and each with par value of 1 baht.

### ( 2 ) Shareholders as at March 15, 2011

The first ten major shareholders	Amount of shares	Percentages
1. Norten Agricultural Co., Ltd.	66,755,700	17.51
2. Itochu Corporation	50,440,665	13.23
3. Itochu (Thailand) Ltd.	25,789,335	6.77
4. Nomura Securities Co., Ltd.	19,057,313	5.00
5. Mr. Lan Mu Chiou + spouse	18,030,830	4.73
6. Mr.Prapas Pholpipattanaphong + spouse	16,066,200	4.22
7. Thai and VDR Co., Ltd.	14,835,747	3.89
8. Mr. Suphat Pholpipattanaphong	14,826,839	3.89
9. Miss Chang, Min - Fang	8,572,730	2.25
10.Bank Julius Baer and Co., Ltd.	8,000,000	2.10
Total	242,375,359	63.59
Other Shareholders	138,770,366	36.41
Total	381,145,725	100.00
Thai Nationality Shareholders	221,412,163	58.09
Foreign Nationality Shareholders	159,733,562	41.91
Japanese	78,447,470	20.58
Taiwanese	51,480,878	13.51
English	19,452,801	5.11
Swiss	8,098,150	2.12





# Chiangmai Frozen Foods Public Company Limited

American	1,988,756	0.52
German	229,090	0.06
Others	36,417	0.01

## ( 3 ) Dividend payment policy

Normally, the company has a policy to pay dividend 60% of net profit except in case there is a plan to expand investment, then will consider to pay dividend as financial appropriate.

## Record of Dividend and Stock Dividend payments

Year	Rate (Baht/share)	Amount of shares (in million)	Date of closing register book for the right of dividend	Dividend payment dates
2006	0.35	314,997,360	May 02,2007	May 23,2007
2007	0.30	346,496,592	May 13,2008	May 30,2008
2008	0.40	346,496,592	May 13-14,2009	May 29,2009
2009	0.25	381,145,725	Aug.28,31,2009	Sep.11,2009
2009	0.25	381,145,725	May 13-14,2010	May 27,2010
2010	0.35	381,145,725	May 12-13,2011	May 27,2011
2011	0.14	381,145,725	Mar.13-14,2012	May 11,2012

Items	Unit	2011	2010	2009	2008	2007	2006
Net profit-Consolidated	,000baht	55,796	158,188	211,167	142,306	99,920	105,737
Amount of shares	,000shares	381,146	381,146	381,146	346,497	346,497	314,997
Par value	Baht/share	1.00	1.00	1.00	1.00	1.00	1.00
Profit per shares	Baht/share	0.15	0.42	0.55	0.37	0.30	0.34
Book value	Baht/share	3.07	3.33	3.17	3.14	3.46	3.61
Annual dividend	,000baht	53,360	133,401	190,573	103,949	103,949	78,749
Stock dividend	,000baht	-	-	-	34,650	-	31,500
Annual dividend	Baht/share	0.14	0.35	0.50	0.30	0.30	0.25
Stock dividend	Baht/share	-	-	-	0.10	-	0.10
Payout ratio	%	95.63	84.33	90.25	97.39	104.03	104.27

Remark: Weighted average number of common shares for the year 2005 = 277,025,712 shares and year 2006 = 314,997,360 shares.



## **Chiangmai Frozen Foods Public Company Limited**

### Rights and equality of shareholders

Board of Company have fully realized an important of shareholders by intending the shareholders to be treated equally on the process of good corporate governance. The Company then opens a chance for the shareholders to participate by presenting the subject that think its important to put in the agenda of Ordinary Shareholder Meeting and presenting person name of knowledgeable, competent and appropriate qualified for receiving consideration of electing as company director and enable to send the question concerning agenda of meeting to the Board of Director in advanced before meeting day and the company is still aware of the right of shareholders in receiving the company information with correct, sufficient, in time and equal to make decision in Shareholder Meeting. Therefore, in every Shareholder Meeting, the company will send a letter of convening meeting with document information for meeting that contains full details and sufficient inclusive Board of Company comments in every agenda toward securities registrar of the company in order to reach in hand of the shareholders before meeting 14 days as fixed by law and the shareholders are still able to study an information for meeting in advanced through website of the company at least 30 days before Shareholder Meeting day to open a chance to the shareholders having time to study such information in details. Besides, the company has still given facilities to the shareholders in participating the Shareholders Meeting by fixing day, time and venue to reach convenient and having appropriate size for serving meeting attendant sufficiently and in case the shareholders are unable to attend the meeting by themselves then able to delegate other persons or Independent Director of either of their company to attend and cast a vote by proxy.

### Shareholders' Meetings

Board of Company manage to have Shareholder Meeting as Annual Ordinary Meeting within 4 months from the date ended of accounting year of the company and have a policy to give facilities to every shareholder equally, open a chance for shareholders to inquire suspicion, propose an opinion and use the right to vote clearly and justice and manage minutes of a meeting completely and spread out minutes of a meeting toward the Securities and Stock Exchange of Thailand and report through website of the company within 14 days from date of Shareholder Meeting.

### Basis and method of casting a vote in electing director are as follows:

1. One shareholder has a vote equal to one share/one vote.
2. Each shareholder must use all existing vote as 1 to elect one person or many persons as director but can not share the vote to anyone more or less.



## Chiangmai Frozen Foods Public Company Limited

3. A person which receives maximum vote respectively shall be elected as director equal to number of available director as it must be and must elect in that time. In case a person which is elected respectively by having equal vote exceed number of director that must have or must elect in that time, let the Chairman vote for arbitrating.

### 8. Management

#### ( 1 ) Structure of Management

##### Board of Company

Names	Position	Type of director
1. Mr. Prayoon Pholpipattanaphong	Chairman	Executive director
2. Mr. Prapas Pholpipattanaphong	Managing Director	Executive director
3. Mr. Suwat Phongphasura	Director	Executive director
4. Mr. Prayuth Pholpipattanaphong	Director	Executive director
5. Mr. Ankoon Pholpipattanaphong	Director	Executive director
6. Mr. Lan Mu Chiou	Director	Non-executive director
7. Mr. Kenichi Tai	Director	Non-executive director
8. Mr. Santichai Suakanonth	Director	Independent director
9. Mr. Amnuay Yossuck	Director	Independent director
10. Mr. Ampon Ruayfupant	Director	Independent director
11. Dr. Phusit Wonglorsaichon	Director	Independent director
By Mr. Ankoon Pholpipattanaphong as Secretary to the Board of Company		

##### Board of Audit Committee

Names	Position	Type of director
1. Mr. Santichai Suakanonth	Chairman	Independent director
2. Mr. Amnuay Yossuck	Director	Independent director
3. Mr. Ampon Ruayfupant	Director	Independent director
Mr. Santichai Suakanonth – certified Public Account No. 422 is a person of knowledgeable in accounting and experience in auditing financial statements.		
By Mr. Suphot Sutthiprapa as Secretary to the Board of Audit Committee		



## Chiangmai Frozen Foods Public Company Limited

### Board of Executive Directors

Names	Position	Type of director
1. Mr. Prayoon Pholpipattanaphong	Chairman	Executive director
2. Mr. Prapas Pholpipattanaphong	Managing Director	Executive director
3. Mr. Suwat Phongphasura	Director	Executive director
4. Mr. Prayuth Pholpipattanaphong	Director	Executive director
5. Mr. Ankoon Pholpipattanaphong	Director	Executive director
By Mr. Ankoon Pholpipattanaphong as Secretary to the Board of Executive Director		

### Board of Nomination and Remuneration Committee

Names	Position	Type of director
1. Mr. Amnuay Yossuck	Chairman	Independent director
2. Mr. Santichai Suakanonth	Director	Independent director
3. Mr. Ampon Ruayfupant	Director	Independent director
4. Mr. Prapas Pholpipattanaphong	Director	Executive director
5. Mr. Wanchandr Sivaboonyawongs	Director	Legal Advisor
By Mr. Wanchandr Sivaboonyawongs as Secretary to the Board of Nomination & Remuneration Committee		

### Board of Risk Management Committee

Names	Position	Type of director
1.Mr.Prapas Pholpipattanaphong	Chairman	Executive director
2.Mr.Suwat Phongphasra	Director	Executive director
3.Mr.Ankoon Pholpipattanaphong	Director	Executive director
4.Mr.Prayuth Pholpipattanaphong	Director	Executive director
5.Mr.Wanchandr Sivaboonyasongs	Director	Legal advisor
6.Mr.Sakda Phimmuang	Director	Accounting manager
By Mr.Sakda Phimmuang as Secretary to the Board of Risk Management Committee		



## Chiangmai Frozen Foods Public Company Limited

### Executives

Names	Position	Education
1.Mr.Sakda Phimmuang	Accounting Manager	Bachelor of Accounting, MBA
2.Miss Piyalak Chuapodee	Plant Manager	Bachelor of Food Science
3.Mr. Rangsit Ojaroen	Office Manager	Bachelor of Art in Economic
4.Miss Warissara Kangkanka	Office Manager	Diploma
5.Miss Chanita Tiparadee	Vice Accounting Manager	Bachelor of Accounting
6.Miss Thanarat Thepyothin	Vice Office Manager	M.S.-Art in Industrial Psychology
7.Mr. Piroj Charoensanti	Vice Plant Manager	Mechanical Engineer
8.Mr. Sairung Boontom	Assis.Office Manager	Agricultural Education Horticulture
9.Mr.Apidate Koonprayong	Assis.Plant Manager	Bachelor of Food Science
10.Mr. Boonmee Saman	Assis.Plant Manager	Bachelor of Plant Science (Agronomy)
11.Mr. Thanom Chaiwong	Assis.Quality Assurance & Development Manager	Master of Food Science
12.Mr. Chanwit Suwannarat	Assis.Quality Assurance & Development Manager	Bachelor of Food Science

### Directors - Subsidiaries Company (Agrifood Processing Co., Ltd.)

1. Mr. Prayoon Pholpipattanaphong
2. Mr. Prapas Pholpipattanaphong
3. Mr. Prayuth Pholpipattanaphong
4. Mr. Ankoon Pholpipattanaphong
5. Mr. Suwat Phongphasura

### Biography of the Directors

#### 1.Mr. Prayoon Pholpipattanaphong

Type of director	Executive director
Age	78 years
Education	Accounting profession
Other qualifications	Honorary Doctor, Maejoe University
Director training program	DAP-15
Experience	Chairman of Chiangmai Frozen Foods PCL.(1988-present)
Positions in other listed companies	None
Positions in non-listed companies	Director of Agrifood Processing Co., Ltd.(2003-present)
Positions in rival companies / related companies	None



## Chiangmai Frozen Foods Public Company Limited

Meeting attendance in 2011	Board of Director Meeting 4 / 4 times Executive Director Meeting 2 / 2 time
No. of years on the board	24 years
CM Shareholding on Mar. 15'2011	306,517 shares or 0.08%

### 2.Mr. Prapas Pholpipattanaphong

Type of director	Executive director
Age	63 years
Education	High school certificate
Director training program	DAP-8
Experience	Managing Director of Chiangmai Frozen Foods PCL.(1988-present)
Positions in other listed companies	None
Positions in non-listed companies	Director of Agrifood Processing Co., Ltd.(2003-present)
Positions in rival companies / related companies	None
Meeting attendance in 2011	Board of Director Meeting 4 / 4 times Executive Director Meeting 2 / 2 time Nomination & Remuneration Committee Meeting 1 / 1 times Risk Management Committee Meeting 1 / 1 time
No. of years on the board	24 years
CM Shareholding + spouse on Mar. 15'2011	16,066,200 shares or 4.22%

### 3.Mr. Suwat Phongphasura

Type of director	Executive director
Age	70 years
Education	High school certificate
Director training program	DAP-12
Experience	Executive director of Chiangmai Frozen Foods PCL.(1988-present)
Positions in listed companies	None
Positions in non-listed companies	Director of Agrifood Processing Co., Ltd.(2004-present)
Positions in rival companies / related companies	None
Meeting attendance in 2011	Board of Director Meeting 4 / 4 times Executive Director Meeting 2 / 2 time Risk Management Committee Meeting 1 / 1 time
No. of years on the board	24 years
CM Shareholding on Mar. 15'2011	2,450,250 shares or 0.64%



## Chiangmai Frozen Foods Public Company Limited

### 4. Mr. Prayuth Pholpipatanaphong

Type of director	Executive director
Age	64 years
Education	Bachelor of Science, Chulalongkorn University
Director training program	None
Experience	Business Development Manager – Chiangmai Frozen Foods PCL.(2003-present) Director- Esso Thailand(2000-2001) Laboratory Chemist – Good Year Thailand (1973-1975)
Positions in listed companies	None
Positions in non-listed companies	Executive Director- Agrifood Processing Co., Ltd. (2003-present)
Positions in rival companies / related companies	None
Meeting attendance in 2011	Board of Director Meeting 4 / 4 times Executive Director Meeting 2 / 2 time Risk Management Committee Meeting 1 / 1 time
No. of years on the board	2 year
CM Shareholding on Mar. 15'2011	1,052 shares or -%

### 5. Mr. Ankoon Pholpipattanaphong

Type of director	Executive director
Age	42 years
Education	Master of Business Administration- Colorado University Bachelor of Communication, Bangkok University
Director training program	DAP-12, UFS-10
Experience	Director & Marketing Manager of Chiangmai Frozen Foods PCL.(2000-present) Assis.Managing Director of Chiangmai Frozen Foods PCL.(2007-present) Company's Secretary of Chiangmai Frozen Foods PCL.(2008-present)
Positions in listed companies	None
Positions in non-listed companies	Director of Agrifood Processing Co., Ltd.(2003-present)
Positions in rival companies / related companies	None
Meeting attendance in 2011	Board of Director Meeting 4 / 4 times Executive Director Meeting 2 / 2 time Risk Management Committee Meeting 1 / 1 time
No. of years on the board	11 years
CM Shareholding + spouse + minor child on Mar. 15'2011	4,247,100 shares or 1.11%



## Chiangmai Frozen Foods Public Company Limited

### 6.Mr. Lan Mu Chiou

Type of director	Non-executive director
Age	64 years
Education	High school certificate
Director training program	None
Experience	Director of Chiangmai Frozen Foods PCL.(1988-present)
Positions in listed companies	None
Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2011	Board of Director Meeting 3 / 4 times
No. of years on the board	24 years
CM Shareholding + spouse on Mar. 16'2011	18,030,830 shares or 4.73%

### 7.Mr. Kenichi Tai

Type of director	Non-executive director
Age	46 years
Education	Bachelor – Economy, Keio University
Director training program	None
Experience	Executive – Itochu Corporation (1989-2010) Executive – Itochu (Thailand) Ltd. (2010-present)
Positions in listed companies	None
Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2011	Board of Director Meeting 3 / 4 times
No. of years on the board	2 year
CM Shareholding + spouse on Mar. 15'2011	None

### 8.Mr. Santichai Suakanonth

Type of director	Independent director
Age	78 years
Education	Bachelor of Commercial, Thammasat University Bachelor of Accounting, Thammasat University
Other qualification	Certified Public Accountant Registration No. 422
Director training program	DAP-15, ACP13/2549
Experience	Manager of Krungsriyudhya Bank, Pernchit Office (1993-1995)
Positions in listed companies	None





## Chiangmai Frozen Foods Public Company Limited

Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2011	Board of Director Meeting 4 / 4 times Audit Committee Meeting 4 / 4 times Nomination & Remuneration Committee Meeting 1 / 1 time
No. of years on the board	20 years
CM Shareholding on Mar. 15'2011	45,738 shares or 0.01%

### 9.Mr. Amnuay Yossuck

Type of director	Independent director
Age	75 years
Education	Master of Economic (Agriculture), Arisona University Bachelor of Economics, Thammasat University
Other qualification	Honorary Doctor, Maejoe University
Director training program	DAP-15
Experience	Deputy Minister, Ministry of Public Health(1981-1983) Deputy Minister, Ministry of Finance (1983-1985) Deputy Minister, Ministry of Commerce (1985-1986) Prime Minister Adviser (1988-1990) Deputy Minister, Ministry of Foreign Affairs (1985-1986)
Positions in listed companies	None
Positions in non-listed companies	Chairman of Board of Director of Piriyaopol International (1986-present) President of Mae Joe University Council (1999-present)
Positions in rival companies / related companies	None
Meeting attendance in 2011	Board of Director Meeting 4 / 4 times Audit Committee Meeting 4 / 4 times Nomination & Remuneration Committee Meeting 1 / 1 times
No. of years on the board	19 years
CM Shareholding on Mar. 15'2011	667,920 shares or 0.18%

### 10.Mr. Ampon Ruayfupant

Type of director	Independent director
Age	43 years
Education	Master of Business-Finance, Cornell University Bachelor-Business Administration, Assumption University
Director training program	None
Experience	Risk Management Manager of GE Capital(1994-1996)
Positions in listed companies	None
Positions in non-listed companies	Executive director of Pilot Knit Sport Wear Co., Ltd.(2000-present)
Positions in rival companies / related companies	None



## Chiangmai Frozen Foods Public Company Limited

Meeting attendance in 2011	Board of Director Meeting 4 / 4 times Audit Committee Meeting 4 / 4 times Nomination & Remuneration Committee Meeting 1 / 1 times
No. of years on the board	6 years
CM Shareholding on Mar. 15'2011	71,874 shares or 0.02%

### 11.Dr. Phusit Wonglorsaichon

Type of director	Independent director
Age	41 years
Education	Ph.D - Business Administration Nova Southeastern University. Master of Business Administration (Honor) Indianapolis University. Bachelor - Material Science, Ceramics Chulalongkorn University
Director training program	None
Experience	University of the Thai Chamber of Commerce Lecturer (2008-present) Director of CEO MBA (Chinese Business) Program (2008-present) Director of D.B.A. (Management) (2008-present) Director of Family Business & SMEs Study Center (2007)
Positions in listed companies	None
Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2011	Board of Director Meeting 4 / 4 times
No. of years on the board	2 year
CM Shareholding on Mar. 15'2011	None

### Limit of duty authority of Board of Company

1. Board of Company have an authority according to the regulation of the company which include supervision and management the company in accordance with laws, objective, regulation and resolution at the shareholder meeting.
2. To formulate visibility, direction and tactics of the company.
3. To give approval for important tactics and policy including objective, financial target and company plan also follow up, supervise to have practice as planned.



## **Chiangmai Frozen Foods Public Company Limited**

4. To manage having account system, financial report and auditing inclusive supervise for having an internal control system and internal audit to be efficiently and effective.
5. To investigate supervising and manage to amend problem of conflicts on benefits that may arise inclusive related subject.
6. To formulate risk management line and supervise executive for having system or efficiently process in risk management.
7. To supervise in having system or mechanism of paying suitable remuneration to the high rank of executive to create inducement power both in short-run and long-run.
8. To supervise for having appropriately channel of communicate with each group of shareholder and stakeholder of the company appropriately.
9. Allow to have disclosure of correct information, clear, transparent, reliably and high standard.
10. To be a leader and good example in practice.

### **Balance of power for Non-executive Directors**

Board of Company consist of 11 Directors as follows:

- 5 Executive Directors
- 2 Non-executive Directors
- 4 Independent Directors

The Chairman of the company though is having blood relations with Managing Director but having a view in freely operation. Also Board of Company structure consist of directors represented from two main shareholders group which would incur balance of power and 4 Independent Directors can freely verify and upright. Therefore it convinces that the Chairman and Managing Director have served their duty extremely in the capacity as representative of shareholders and having appropriate balance of power.

### **Aggregation or segregation of positions**

The Chairman and Managing Director are not the same person so as to make the role separated clearly.

### **Board of Directors' Meeting**

1. The Company formulates advance table of the Board of Director Meeting yearly by formulating to have a regular meeting at least one time/quarter and each director acknowledges of it.
2. The Chairman and Managing Director joint in consideration for agenda meeting.



## **Chiangmai Frozen Foods Public Company Limited**

3. To manage in sending invitation letter for meeting, agenda of a meeting and document for meeting to the directors in advanced at least 7 days before meeting enable to have time for considering information sufficiently.
4. To formulate in having the directors attend the meeting with quorum when having considered to resolve in important matters such as list of obtained or distributed assets of the company and subsidiary company that affect to the company, expansion of investment project, formulate work level of executive power, formulate financial management policy and risk management above all.
5. In the meeting, if any director who is a stakeholder in the considering agenda, must depart from the meeting before begin considering in that agenda.
6. Every director has a right to present the subject to the agenda of a meeting, examine document for meeting and other important documents. If any doubt, other directors and management must operate for answering that doubt.
7. Company Secretary or one who has assigned must manage minutes of the Board of Director Meeting completely within time formulated by the laws.

### **Board of Sub-Committees**

The Board of Company have appointed Board of Sub-committee to help in governing the activity of the company as follows:

### **Board of Executive Directors**

Established on January 4, 2000 consist of 3 Executive Directors, appointed more 1 person on March 22, 2005 and more 1 person on August 13, 2010 total 5 persons by formulating authority as follows:

1. To formulate an executive policy and operation direction to coordinate with policy and company objectives with intends to create security and maximum advantage to the company.
2. To governance the management to proceed as policy that formulate with efficiently and effectively.
3. To have authority to consent in buying assets investment, other expenditures and or borrow money in amount not exceed 30 million bahts per time. In case amount exceed 30 million bahts, let ask approval from the Board of Company meeting first, except in necessity urgent case, let give consent prior payment and inform Board of Director later.
4. To act others as assigned by Board of Company.



## Chiangmai Frozen Foods Public Company Limited

“Mr. Prayoon Pholpipattanaphong, Chairman or Mr. Prapas Pholpipattanaphong, Managing Director or Mr. Suwat Phongphasura gives signature and stamp of the company”

### Board of Audit Committee

Established on August 28, 1998 with holding term each time 3 years, consist of 3 directors which are all Independent Directors and one Independent Director namely: Mr. Santichai Suakanonth is knowledgeable in accounting and financial which names are as follows:

1. Mr. Santichai Suakanonth Chairman
2. Mr. Amnuay Yossuck Audit Committee
3. Mr. Ampon Ruayfupant Audit Committee

By Mr. Suphot Sutthiprapa as Secretary to the Board of Audit Committee

Audit Committee hold regular meeting. In the year 2011, they held total 4 times meeting and reported to the Board of Company. Audit Committees have a duty to consider and proceed as follows:

1. To verify report of company financial before propose to the Board of Director.
2. To provide advice concerning appointing and fixing remuneration of company auditor to join together with auditor concerning objectives, limit, guide line and inspection plan including problem find during inspection and the point that auditor thinks it has important essence.
3. To join together with company interior audit concerning objectives and inspection planning, an assessment effective of internal control system of the company and adequacy of resources that use in internal inspection include report of inspection result and problem find during inspection.
4. To provide consultation and consider reviewing inspection result and proposal both independent auditor and internal audit section include follow up the operation of management to such proposal in order to propose to the Board of Company for acknowledgement.
5. To governance in having acted according to the law and provision of the section that governance the company.
6. To governance in having important risk management of the company.

### Board of Nomination & Remuneration Committee

Established on August 13, 2009 with holding term each time 3 years. There are 5 Directors, consist of 3 Independent Directors, 1 Executive Director and 1 Legal Advisor in which Independent Director performs duty as Chairman, having an authority to select appropriate qualified person to be director as provision of the company and qualified as the provision of Securities and Stock Exchange of Thailand and Securities and Exchange Commission to present toward Board of Company to consider for



## Chiangmai Frozen Foods Public Company Limited

approval and present to the Shareholder Meeting for appointing and have an authority to consider the style and basis of paying remuneration of directors to recommend an opinion toward Board of Company and Board of Company will present in the Shareholder Meeting for approval.

### Board of Risk Management Committee

The company manages to have Board of Risk Management Committee comprise 4 Executive Directors, 1 Executive and 1 Legal Adviser to consider formulating the policy and system of risk management, follow up result in risk management from the process of pointing out, analyze, management assess, follow up and report in system inclusive to provide supporting by managing to have advisory of risk management process to various internal sections through follow up to have continuously and regularly practice to the whole company.

Meeting attendance of each director concludes as follows:

Name list	Period of rank hold	Attending meeting / total meeting (times)		
		Normal meeting	Special meeting	Total
1.Mr. Prayoon Pholpipattanaphong	3 years	4 / 4	-	4 / 4
2.Mr. Prapas Pholpipattanaphong	3 years	4 / 4	-	4 / 4
3.Mr. Suwat Phongphasura	3 years	4 / 4	-	4 / 4
4.Mr. Prayuth Pholpipattanaphong	3 years	4 / 4	-	4 / 4
5.Mr. Ankoon Pholpipattanaphong	3 years	4 / 4	-	4 / 4
6.Mr. Lan Mu Chiou	3 years	3 / 4	-	3 / 4
7.Mr. Kenichi Tai	3 years	3 / 4	-	3 / 4
8.Mr. Santichai Suakanonth	3 years	4 / 4	-	4 / 4
9.Mr. Amnuay Yossuck	3 years	4 / 4	-	4 / 4
10.Mr. Ampon Ruayfupant	3 years	4 / 4	-	4 / 4
11.Dr. Phusit Wonglorsaichon	3 years	4 / 4	-	4 / 4



## Chiangmai Frozen Foods Public Company Limited

Meeting attendance of each sub-committee concludes as follows:

<b>Name list</b>	<b>Board of Executive Directors</b>	<b>Board of Audit Committee</b>	<b>Board of Nomination &amp; Remuneration Committee</b>	<b>Board of Risk Management Committee</b>
1.Mr. Prayoon Pholpipattanaphong	2 / 2			
2.Mr. Prapas Pholpipattanaphong	2 / 2		1 / 1	1 / 1
3.Mr. Suwat Phongphasura	2 / 2			1 / 1
4.Mr. Prayuth Pholpipattanaphong	2 / 2			1 / 1
5.Mr. Ankoon Pholpipattanaphong	2 / 2			1 / 1
6.Mr. Santichai Suakanonth		4 / 4	1 / 1	
7.Mr. Amnuay Yossuck		4 / 4	1 / 1	
8.Mr. Ampon Ruayfupant		4 / 4	1 / 1	
9.Mr. Wanchandr Sibaboonyawongse			1 / 1	1 / 1
10.Mr. Sakda Phimmuang				1 / 1

### Board of Company's Report

Board of Company are responsible for Financial Statements and Consolidated Financial Statements of the Company and Subsidiary Company and financial news that appears in Annual Report. Such Financial Statements have managed as per general certified standard account in Thailand by choosing to use an appropriate account policy and keep practiced regularly. The Company has used discretion carefully and best estimate in managing Financial Statements including disclose important information sufficiently in note to Financial Statements.

Board of Company have managed to maintain Internal Control System with effective to incur conviction reasonably that information in accounting is correct, having usage of company assets with efficiently and able to know the weak point to prevent from dishonest or abnormal proceeding.

In this circumstances, Board of Company have appointed Board of Audit Committee which consist of Independent Directors whose responsible concerning quality of Financial Statements subject and to review an adequacy of internal inspection system. Report of the Board of Audit Committee have already shown in Annual Report.



## **Chiangmai Frozen Foods Public Company Limited**

### **( 2 ) Selection of Directors and Executives**

Board of Nomination and Remuneration Committee perform duty in selecting appropriate qualified person to be director as provision of the company to present toward Board of Company to consider giving approval and present to the Shareholder Meeting to resolve in electing.

Portion of the directors representing the shareholder of each group 5 Thais : 2 Foreigners (except Independent Directors) due to group of Pholpipattanaphong family, Taiwan group and Japan group held the shares total exceed 60%, so nomination of company directors can not be done if without receive consent from such shareholder group.

In the Shareholder Meeting must have shareholders and proxy from shareholders (if any) to attend meeting not less than 25 persons and must hold the shares total not less than one third of 381,145,725 shares to be as quorum.

Each shareholder has to use all their vote to elect one person or many persons as director but can not share the vote to either of them more or less.

To nominate director must receive approval from the Shareholder Meeting. The person who gets highest vote respectively will be elected as director according to the number of available directors or election that time. In case of the elected respective person who has equal vote exceed quota, final vote will be made by Chairman for arbitration.

The Company formulates to have the descent plan of high rank executives to maintain conviction with the investors and officers that the operation of the company would receive continuation in proper time.

#### **Self-assessment of Board of Company**

Board of Company have performed its duty completely and have realized fully to the effective improvement on more and more performance continuously by having self-assessment of Board of Company which is an assessment yearly and for an annual assessment of 2011 which concludes that performance effective of Board of Company are in good basis.

### **( 3 ) Remuneration for Directors and Executives**

The Company has fixed clearly and transparently the remuneration for Directors and Executives in the appropriate basis to uphold as Directors and Executives with required qualification. The Directors that assigned as Audit Committee will receive additional remuneration according to the volume of work.





## Chiangmai Frozen Foods Public Company Limited

Remuneration amount: In the year 2011, the company has paid various remuneration to the Directors and Executives as following details:

Remuneration in value

### Directors

(Unit : Baht)

Names	Position	2011	2010
1.Mr. Prayoon Pholpipattanaphong	Chairman	400,000	400,000
2.Mr. Prapas Pholpipattanaphong	Managing Director	400,000	400,000
3.Mr. Suwat Phongphasura	Executive Director	400,000	400,000
4.Mr. Prayuth Pholpipattanaphong	Executive Director	400,000	269,590
5.Mr. Ankoon Pholpipattanaphong	Executive Director	400,000	400,000
6.Mr. Lan Mu Chiou	Director	400,000	400,000
7.Mr. Shigeto Tamaoki	Director	-	143,562
8.Mr. Kenichi Tai	Director	400,000	154,520
9.Mr. Santichai Suakanonth	Independent Director	400,000	400,000
10.Mr. Amnuay Yossuck	Independent Director	400,000	400,000
11.Mr. Ampon Ruayfupant	Independent Director	400,000	400,000
12.Dr. Phusit Wonglorsaichon	Independent Director	400,000	269,590
Total		4,400,000	4,037,262

Remark 1. Mr. Shigeto Tamaoki resigned from Director on May 4, 2010.

2. Mr. Prayuth Pholpipattanaphong was a company director on April 30, 2010

3. Dr. Phusit Wonglorsaichon was a company director on April 30, 2010.

4. Mr. Kenichi Tai was a company director on August 13, 2010.

### Audit Committee

(Unit : Baht)

Names	Position	2011	2010
1.Mr. Santichai Suakanonth	Chairman	480,000	480,000
2.Mr. Amnuay Yossuck	Director	240,000	240,000
3.Mr. Ampon Ruayfupant	Director	240,000	240,000
Total		960,000	960,000



## Chiangmai Frozen Foods Public Company Limited

### Executive Directors and Executives

Particular	Year 2011		Year 2010	
	No. of person	Total amount (baht)	No. of person	Total amount (baht)
Salary	7	17,890,080	7	20,963,380
Bonus, remuneration	7	4,162,751	7	8,911,976
Retirement age	-	-	1	3,349,800
Cost of living	7	52,850	7	32,800
House rental	-	-	1	45,000
Uniform	1	1,950	-	-
Social security fund	7	63,000	7	61,500
Provident fund	7	531,303	7	628,901
Sub total	7	22,701,934	7	33,993,357
Grand total		28,061,934		38,990,619

### Other remuneration not in value

- Director: none
- Executive Directors and Executives: Provident fund 3% of payroll, office car.

### Audit fees

- The Company and Subsidiaries paid audit fees for 2011 amount 680,000 baht.
- Other service: none

### ( 4 ) Policy on Corporate Governance

Board of Company have realized the important of Good Corporate Governance for clearness, to add limit of ability in work racing and add confident to the Shareholders, investors and every concerned, then have formulated the operation policy for cooperating governance by covering the following keystones:

1. The Company will serve the shareholders and stakeholders in equal manner with justice for everyone.
2. Board of Company are intended to build up lasting growth of the company in long-run, to execute the company activity with careful and caution under regulation frame of law and business morality. All this Board of Company will perform duty with full capability in order to produce



## **Chiangmai Frozen Foods Public Company Limited**

maximum advantage toward the shareholders, and other stakeholders, also take care of not having conflict on interest arises and responsible toward decision and self-performance.

3. The Company will operate with transparency, able to check and disclose sufficiently information to every party concern.
4. The Company will conduct the business with always thinking of risk and will execute risk appropriately.
5. The Company has formulated an important policy that will be the operation direction of the company in advance every year. Board of Company will pay an important toward internal control and inspection system by governance executive section to proceed as efficiency policy.
6. The Company has managed business morality to let directors, executives and every officers practice.

### **Leadership and Vision**

Board of Company have participated in formulating visibility, mission, tactics, objective and business plan of the company, also governance the management to operate as per formulated business plan efficiently and effectively as to add maximum value in economic to the business and maximum security to the Shareholders.

### **Conflict on interest**

Board of Company have executed carefully and cautiously to prevent conflict on interest when incur any matter that may cause conflict on interest. Board of Audit Committee will learn about the subject that get conflict on interest and related subject and have considered the suitability thoroughly every time by formulating to have practice according to the basis of Securities of Stock Exchange in which prices and conditions as if doing subject with outsiders and disclose details, subject value, partnership, reason/necessity in the annual report and type 56-1 also have disclosed in notes to Financial Statements heading, general information and account with related person.

### **Various groups of stakeholders**

Board of Company acknowledged and aware of the right of concerned stakeholders and have a policy to support in incurring a cooperation between the company with stakeholders in creating advantage among themselves and take care firmly that all stakeholders have received well protected and served by paying important toward the right of every group of stakeholder such as officers, customers, co-partners, competitors, shareholders and whole society with formulate a practical line for directors, executives and



## Chiangmai Frozen Foods Public Company Limited

officers clearly in business morality inclusive provide a channel that stakeholders will claim to the company in case not receive justice from the performance of the company whether by directors, executives or officers of the company.

### Business Morality

Board of Company have permitted discipline of business morality to promote the directors, executives and every rank of officers to hold in practice regularly as usual which the directors, executives and every officers have signed for document concerning such discipline and confirmed in practice which regards as practical standard frame of the company, also all Board of Company have assigned one who responsible to follow up result of practice continuously and always revise such discipline appropriately.

Board of Company Director have an intently to build up the process of Good Corporate Governance that standardizes and allow scatter the practice to every rank of the officers of the whole company to create real culture of Good Corporate Governance, so wish the directors, executives and every officer to hold in practice according to the policy of Good Corporate Governance 1<sup>st</sup> revise edition which has received permission to modify from the Board of Company Meeting no. 1/2008 dated February 28, 2008 (policy of Good Corporate Governance obtained first permission from the Board of Company Meeting no. 1/2004 Dated March 25, 2004).

### Company secretary

The Company manages to have company secretary to perform duty of governance activity of the Board of Company inclusive to cooperate in the following various matters:

1. To give primary advice to the directors concerning provision, rule, discipline and various regulations of the company and follow up to act properly and regularly inclusive alteration report of important point to the directors.
2. To manage shareholder meeting and Board of Director Meeting in accordance with laws, regulation of the company and various practices.
3. To record the proceedings of Shareholder Meeting and Board of Company Meeting inclusive follow up to act as resolution at the Shareholder Meeting and resolution at the Board of Company.
4. To governance in having disclose information and report news in responsible part in accordance with discipline and provision of Securities and Stock Exchange of Thailand and Securities and Exchange Commission.
5. To contact and communicate with General Shareholders to learn about various right and information of the company.



## Chiangmai Frozen Foods Public Company Limited

6. To governance activity of the Board of Company.

### Society and Environments

The Company is fully aware of the responsibility toward society and environment by holding the principle of “use human to create work and use work to create human”.

In the year 2011, the company proceeded various projects for society and environments as follows:

- 5 office steps activity
- Muanjai New Year activity
- Sports relationship activity
- Giving food alms to bonzes every on 9<sup>th</sup> activity
- Paetong activity in honour to Royalty
- National Father Day activity
- National Mother Day activity
- Scholarship support activity
- Safety week activity
- Friend help friend of flood suffering activity
- National Children’s day
- The Buddhist Lenten Candles procession activity
- National Labour Day activity

### Relations with investors

Board of Company realize that company information both concern and not concern with financial are entirely effected to the decision of investor and stakeholders of the company. Board of Company then have a policy to let the executives section disclosing complete information to correspond with truth, reliable, regular and in time which the company has paid an important and kept throughout practicing. With regard to work in investment relation, the company has not set up this section owing such activity is not much but has assigned Mr. Ankoon Pholpipattanaphong - Company Secretary to contact and communicate with institution investors, shareholders, analyst and state concerned which the investors can see the company information at Website : <http://www.cmfrozen.com> or contact at phone : (662) 238-4091 or at E-mail address : [info@cmfrozen.com](mailto:info@cmfrozen.com)



## Chiangmai Frozen Foods Public Company Limited

### ( 5 ) Usage control of inner information

The Company has a policy and method of governing the executives in taking the company information to use for personal interest as follows:

1. Provide knowledge to the directors including executives concerning the duty that must report of self-holding securities, married couple and child of un-attain majority and lesson of penalty formulation according to Royal Act of Securities and Stock Exchange of 1992 and according to the provision of Securities and Stock Exchange of Thailand.
2. Formulate the executives to report changing of holding securities toward Securities and Exchange Commission as clause 59 of Royal Act of Securities and Stock Exchange of 1992 and manage to dispatch this copy report to the company in the same day of dispatching report toward Securities and Exchange Commission.
3. The executives are prohibited to use internal information that not yet disclosed for making buying-selling of company securities before that information would disclose to the public and are prohibited to disclose the information that are important essence to the outsider with is regarded as one of the rule concerning with the working of the company as well.

### ( 6 ) Personnel

Particular	Male	Female	Total
Management/Administration Department	24	44	68
Manufacture/Technical Engineering Department	88	22	110
Daily employees	381	1,118	1,499
Total	493	1,184	1,677

- No change shall be made on number of employee or an dispute in labor during the passed three years.
- The remuneration of the employees amount 226,456,251.- bahts comprises salary, wages, remuneration, bonus, overtime, diligent cowries, hospital charge, cost of insurance group, cost of living, provident fund 3% of salary.
- The development on employee has made every year by inviting outside scholar to train and provide knowledge both in practical, safety on working and to cooperate in developing association. Besides, the company has sent them for training in various training institute regularly.



## Chiangmai Frozen Foods Public Company Limited

### 9. Controlling system and Internal Audit

The Company pays an important on internal control system with efficiently both in executive level and practical level, then has formulated duty, operation power of proceeding and executives in writing, having control usage of company assets to incur advantage and available development of good internal control system in regard to financial and accounting include effective report system.

The Company has an internal inspection section which are appointed by Board of Executive Director with an approval of Board of Audit Committee to perform inspection duty to ensure that the main practical and important financial activity of the company have proceeded as estimated way with efficiently inclusive inspection practice as laws and provision of the company as per work chains.

#### Risk Management

Board of Company are aware of the important risk management and see that such process is one of the most important component of good corporate governance. So it manages to have risk management process which is standard system and more efficiently by assigning the Board of Risk Management Committee to formulate the policy, objectives, tactics in risk management and risk level that the company acceptable inclusive notify these matters to everyone in association to acknowledge for aware an important and is to make culture in risk management to incur in every rank of the company enabling to bring for continuously practice to overtake changed situation for being as practice on background of risk management inclusive take care of having formulate to follow up method of risk management result appropriately owing it is an important final step that effect toward success of risk management and formulate for reporting to the Board of Company.

### 10. Interrelated transactions

#### Conflict of interests

Board of Company have executed carefully and cautiously to prevent conflict on benefit when any matter that may cause conflict on benefit. Board of Audit Committee will learn about the subject that get conflict on benefit and related subject and have considered the suitability cautiously every time by formulating to have practiced according to the basis of Securities and Stock Exchange of Thailand in which prices and conditions are as if doing subject with outsider and have already disclosed details, subject value, partnership, reason/necessity in the annual report and type 56-1 also have disclosed in notes to Financial Statements heading : general information and account with related person.



## **Chiangmai Frozen Foods Public Company Limited**

The Company has a policy to fix the selling price of the products to the related company as trade agreement in the same manner with sages should do with general partners under same circumstances.

The necessity of listing among themselves, owing the company established from business cooperation between investor Thai, Taiwan and Japan to Manufacture and Export Frozen Vegetables to Japan. Also Japan and Taiwan investors have their own customer bases make the company has an advantage that able to produce goods by having their market served. There the company uses their customer bases as good export base. Meanwhile, the company has tried to look for further new customers. For domestic sale, the company has sold through P.P. Foods Supply Co., Ltd., which the executive has a good relationship with main shareholder of the company. With reason that Thailand is the land with plenty of fresh vegetables in season, able to buy throughout the year with cheap price cause popularity of frozen vegetables in domestic declined and the important is that price is expensive, also very few customers in Thailand, so the company is necessary to distribute through such company to have more channels of distributing and to release the products that cannot export. However, the company is in position to accept every new customer which intends to sell our product by fixing the sale price as per market same with everyone.

For the step of making list among themselves will be in accordance with the business mechanic in all respects both in fixing the price, provide discount and credit by the authorized officer who responsible directly with an approval of the executives. For the shareholders who have common interest, take no part in such approval. However, to fix the price, provide discount and credit shall be in accordance with the market mechanic which the company has treated in the same way with every customer of the company.

In future this making list among themselves shall have to continue further with thinking of the company maximum advantage that the company would receive as main.

### P.P. Foods Supply Co., Ltd.

P.P. Foods Supply Co., Ltd., which the executive has relationship with the main shareholder of the company acts as representative for domestic distribution, having its distribution value in 2011 amount 4.0 million bahts or 0.3% of the total sale.

### Itochu Corporation

Itochu Corporation does a buying and selling business in Japan. Itochu is a major shareholder of the company which holds 13.23% of the company's shares. It is represented by Mr. Kenichi Tai as a director of the company. Itochu's sales value in 2011 was 116.1 million bahts or 9.2% of the total sale.





## Chiangmai Frozen Foods Public Company Limited

### Ing Shiang Co.,Ltd.

Ing Shiang Co., Ltd., is a company that conducts buying-selling business in Taiwan, managed by Mr. Lu Yu Chin who is a major shareholder of the company which holds 1.6% of the company's shares. In 2011 had a sale value through Ing Shiang Co., Ltd., amount 9.4 million baht or 0.7% of the total sale.

### Agrifood Processing Co., Ltd. (Subsidiary)

In 2011, AFP is having total buying value 235.0 million bahts or 18.5% of the total sale and has rented an office building from Chiangmai Frozen Foods Public Company Limited, 4<sup>th</sup> floor No. 149/32-33 Soi Anglo Plaza, Surawongse Road, Kwaeng Suriyawongse, Khet Bangrak, Bangkok with number of area 102 square meters, monthly rental 25,500.- bahts by making year by year contract.

## 11. Explanation and analysis financial situation

and operation result:

### a) Practical result in business proceeding

In the year 2011, the company had sale volume amount 25,700 metric tons, decreased from last year amount 800 metric tons or 3.0% and lower than sale plan that put down at 1,300 metric tons or 4.8%.

### b) Operation result

The Company obtained net profit-consolidated in 2011 amount 55.8 million bahts, decreased from 2010 amount 102.4 million bahts or 64.7% with following details:

(Unit: Million baht)

Sales	
Sale decreased from decreased of average exchange rate	(49.1)
Sale increased from increased of average sales price	15.3
Sale decreased from decreased of sale volume	(47.3)
Total Sales decreased	(81.1)
Cost of sales increased	20.9
Gross profit decreased	(102.0)
Gain on exchange rate decreased	(18.5)
Other income increased	2.0
Profit before expenses decreased	(118.5)
Selling expenses decreased	(7.4)
Administrative expenses increased	4.4
Managements' remuneration decreased	(10.9)



**Chiangmai Frozen Foods Public Company Limited**

Income tax increased	2.6
Total Expenses decreased	(11.3)
Net Profit Decreased - Separate	(107.2)
Net Profit from Subsidiary (Agrifood) increased	4.8
Net Profit Decreased - Consolidated	(102.4)

c) Financial situation

At December 31, 2011, the company had the assets amount 1,256 million bahts, decreased from last year 89 million bahts by having decreased of cash, deposit and short term investment amount 67 million bahts, account receivable-trade decreased amount 4 million bahts, inventories increased amount 26 million bahts, net fixed assets decreased amount 42 million bahts and other assets decreased amount 2 million bahts.

The ratio of liquidity of the company is at level 11.0 and ratio of quick liquidity is at level 6.0 which is very good whereas the company has ratio of debt against shareholders equity at level 0.09:1 only.

The Company has its expense for investment in fixed assets amount 26 million baht by using from financial source that derived from the company operation.

For subsidiary company, in 2011, Agrifood Processing Co., Ltd., had the total assets amount 55.8 million bahts, total liabilities amount 18.2 million bahts and shareholders' equity amount 37.6 million bahts.

d) Factor and main influence that may affect on  
operation or financial situation in future

In the year 2012, the company believes that it would exportable approx. 27,000 metric tons and expects that the operation result would neighboring with the year 2011.

**12. OTHER CONCERN INFORMATIONS**

None



**Chiangmai Frozen Foods Public Company Limited**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANT**

To The Board of Directors and Shareholders of

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**

I have audited the consolidated statement of financial position as at December 31, 2011, the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended of **CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**. I have also audited the separate financial statements of **CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED** for the same period. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of **CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY** and the separate financial statements of **CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED** as at December 31, 2010 and for the year then ended were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated February 25, 2011, expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY** and of **CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED** as at December 31, 2011, the results of their operations and their cash flows for the year then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3, 4 and 5 to the financial statements, during the current year, the Group adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the financial statements.

(NONGRAM LAOHAAREEDILOK)

Certified Public Accountant

Registration No. 4334

Ast Master Co., Ltd.  
February 27, 2012



**Chiangmai Frozen Foods Public Company Limited**

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2011 AND 2010**

<b>ASSETS</b>	<b>Notes</b>	In Baht			
		Consolidated		Separate	
		Financial statements		Financial statements	
		2011	2010	2011	2010
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	8	261,771,921	180,543,896	242,783,021	159,538,653
Short - term investments	9	155,600,000	305,563,080	150,000,000	300,000,000
	7.2,				
Trade accounts receivable - related companies	10	5,255,835	8,393,339	18,972,870	21,678,626
- other companies	10	49,787,448	44,525,784	35,683,762	36,831,724
Inventories	11	336,257,594	309,958,460	336,257,594	309,958,460
Other current assets					
Accounts receivable - planters	12	28,821,956	36,184,230	28,821,956	36,184,230
Value added tax receivable		1,753,466	1,633,661	1,702,302	1,611,619
Others		4,309,686	1,822,277	4,107,782	1,808,861
Total other current assets		34,885,108	39,640,168	34,632,040	39,604,710
<b>TOTAL CURRENT ASSETS</b>		<b>843,557,906</b>	<b>888,624,727</b>	<b>818,329,287</b>	<b>867,612,173</b>
<b>NON - CURRENT ASSETS</b>					
Fixed deposits pledged as collateral	13	14,672,090	14,491,685	-	-
Investment in subsidiary	14	-	-	23,353,658	23,353,658
Property, plant and equipment	15	407,198,912	449,709,592	406,033,043	448,218,189
Computer software - installation		2,976,673	2,798,886	2,976,673	2,798,886
Other non - current assets		5,054,007	3,205,087	5,053,107	3,204,187
<b>TOTAL NON - CURRENT ASSETS</b>		<b>429,901,682</b>	<b>470,205,250</b>	<b>437,416,481</b>	<b>477,574,920</b>
<b>TOTAL ASSETS</b>		<b>1,273,459,588</b>	<b>1,358,829,977</b>	<b>1,255,745,768</b>	<b>1,345,187,093</b>

The notes to financial statements are an integral part of these financial statements.



**Chiangmai Frozen Foods Public Company Limited**

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

**AS AT DECEMBER 31, 2011 AND 2010**

		In Baht			
		Consolidated		Separate	
		Financial statements		Financial statements	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	Notes	2011	2010	2011	2010
<b>CURRENT LIABILITIES</b>					
Trade accounts payable		35,556,013	37,844,294	35,556,013	37,844,294
Accrued income tax		4,801,658	1,375,966	3,895,749	1,375,966
Accrued expenses - related companies	7.2	4,293,705	4,037,604	3,933,923	3,501,026
- other companies		30,346,940	39,949,425	29,599,166	39,131,689
Payable from acquisition of assets		381,603	2,240,552	381,603	2,240,552
Other current liabilities		1,566,241	2,412,106	1,441,373	2,372,857
<b>TOTAL CURRENT LIABILITIES</b>		<b>76,946,160</b>	<b>87,859,947</b>	<b>74,807,827</b>	<b>86,466,384</b>
<b>NON - CURRENT LIABILITIES</b>					
Employee benefit obligations	17	26,241,311	-	24,899,344	-
<b>TOTAL LIABILITIES</b>		<b>103,187,471</b>	<b>87,859,947</b>	<b>99,707,171</b>	<b>86,466,384</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - Baht 1 par value					
Authorized shares					
381,146,251 common shares		381,146,251	381,146,251	381,146,251	381,146,251
Issued and paid - up shares					
381,145,725 common shares		381,145,725	381,145,725	381,145,725	381,145,725
Premium on share capital		68,000,000	68,000,000	68,000,000	68,000,000
Retained earnings					
Appropriated for legal reserve	18	38,115,000	38,115,000	38,115,000	38,115,000
Unappropriated		683,011,392	783,709,305	668,777,872	771,459,984
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,170,272,117</b>	<b>1,270,970,030</b>	<b>1,156,038,597</b>	<b>1,258,720,709</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,273,459,588</b>	<b>1,358,829,977</b>	<b>1,255,745,768</b>	<b>1,345,187,093</b>

The notes to financial statements are an integral part of these financial statements.



**Chiangmai Frozen Foods Public Company Limited**

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010**

	In Baht			
	Consolidated		Separate	
	Financial statements		Financial statements	
	2011	2010	2011	2010
Revenues from sales	1,293,386,520	1,367,578,383	1,267,969,807	1,349,072,122
Cost of sales	(1,049,127,207)	(1,028,858,624)	(1,048,132,207)	(1,027,217,303)
<b>Gross profit</b>	<b>244,259,313</b>	<b>338,719,759</b>	<b>219,837,600</b>	<b>321,854,819</b>
Gain on exchange rate	12,782,132	33,428,610	11,132,990	29,645,028
Other income	11,603,976	9,866,876	11,793,612	9,795,857
<b>Profit before expenses</b>	<b>268,645,421</b>	<b>382,015,245</b>	<b>242,764,202</b>	<b>361,295,704</b>
Selling expenses	(120,368,268)	(128,365,184)	(103,576,397)	(110,964,710)
Administrative expenses	(57,267,685)	(52,674,602)	(54,571,946)	(50,173,559)
Managements' remuneration	(30,290,859)	(41,344,419)	(28,061,934)	(38,990,619)
Total expenses	(207,926,812)	(222,384,205)	(186,210,277)	(200,128,888)
<b>Profit before income tax</b>	<b>60,718,609</b>	<b>159,631,040</b>	<b>56,553,925</b>	<b>161,166,816</b>
Income tax	(4,922,254)	(1,443,142)	(4,011,990)	(1,443,142)
<b>Profit for the year</b>	<b>55,796,355</b>	<b>158,187,898</b>	<b>52,541,935</b>	<b>159,723,674</b>
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>55,796,355</b>	<b>158,187,898</b>	<b>52,541,935</b>	<b>159,723,674</b>
Profit attributable to:				
Equity holders of the parent	55,796,355	158,187,898	52,541,935	159,723,674
Non - controlling interests	-	-	-	-
	<u>55,796,355</u>	<u>158,187,898</u>	<u>52,541,935</u>	<u>159,723,674</u>
<b>BASIC EARNINGS PER SHARE</b>				
Net profit attributable to equity holders of the parent	<u>0.15</u>	<u>0.42</u>	<u>0.14</u>	<u>0.42</u>
Weighted average number of common shares (shares)	<u>381,145,725</u>	<u>381,145,725</u>	<u>381,145,725</u>	<u>381,145,725</u>

The notes to financial statements are an integral part of these financial statements.



# Chiangmai Frozen Foods Public Company Limited

## CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

### CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		In Baht					
		Issued and		Retained earnings	Other		
		Paid-up	Premium on	Appropriated	Comprehensive		
	Notes	Share capital	share capital	For legal reserve	income	Total	
BALANCE as at January 1, 2010		381,145,725	68,000,000	38,115,000	720,806,463	-	1,208,067,188
Dividends paid	19	-	-	-	(95,285,056)	-	(95,285,056)
Total comprehensive income for the year		-	-	-	158,187,898	-	158,187,898
BALANCE as at December 31, 2010		381,145,725	68,000,000	38,115,000	783,709,305	-	1,270,970,030
BALANCE as at January 1, 2011 - as reported		381,145,725	68,000,000	38,115,000	783,709,305	-	1,270,970,030
Impact of changes in accounting policies							
- Employee benefit obligations	5	-	-	-	(23,095,014)	-	(23,095,014)
BALANCE as at January 1, 2011 - restated		381,145,725	68,000,000	38,115,000	760,614,291	-	1,247,875,016
Dividends paid	19	-	-	-	(133,399,254)	-	(133,399,254)
Total comprehensive income for the year		-	-	-	55,796,355	-	55,796,355
BALANCE as at December 31, 2011		381,145,725	68,000,000	38,115,000	683,011,392	-	1,170,272,117

The notes to financial statements are an integral part of these financial statements.



# Chiangmai Frozen Foods Public Company Limited

## CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

### SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

#### FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

In Baht

	<u>Notes</u>	Issued and Paid – up share capital	Premium on share capital	Retained earnings		Other Comprehensive income	Total
				Appropriated for legal reserve	Unappropriated		
BALANCE as at January 1, 2010		381,145,725	68,000,000	38,115,000	707,021,366	-	1,194,282,091
Dividends paid	19	-	-	-	(95,285,056)	-	(95,285,056)
Total comprehensive income for the year		-	-	-	159,723,674	-	159,723,674
BALANCE as at December 31, 2010		381,145,725	68,000,000	38,115,000	771,459,984	-	1,258,720,709
BALANCE as at January 1, 2011 - as reported		381,145,725	68,000,000	38,115,000	771,459,984	-	1,258,720,709
Impact of changes in accounting policies							
- Employee benefit obligations	5	-	-	-	(21,824,793)	-	(21,824,793)
BALANCE as at January 1, 2011 - restated		381,145,725	68,000,000	38,115,000	749,635,191	-	1,236,895,916
Dividends paid	19	-	-	-	(133,399,254)	-	(133,399,254)
Total comprehensive income for the year		-	-	-	52,541,935	-	52,541,935
BALANCE as at December 31, 2011		381,145,725	68,000,000	38,115,000	668,777,872	-	1,156,038,597

The notes to financial statements are an integral part of these financial statements.





# Chiangmai Frozen Foods Public Company Limited

## CHIANGMAI FROZEN FOODS PUBLIC COMPNAY LIMITED

### STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	In Baht			
	Consolidated Financial statements		Separate Financial statements	
	2011	2010	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	60,718,609	159,631,040	56,553,925	161,166,816
Adjustments to reconcile net profit to net cash provided by provided by operating activities				
Unrealized gain on exchange rate	(630,567)	(35,384)	(469,378)	(43,931)
Doubtful accounts (reversal)	319,613	(6,646)	319,613	(6,646)
Loss on diminution of inventories (reversal)	4,700,570	(582,859)	4,700,570	(582,859)
Gain on disposal of equipment and written off	(62,066)	(1,180,123)	(62,073)	(665,639)
Depreciation	66,977,615	68,496,491	66,604,462	68,140,249
Amortization of computer software	-	182,260	-	182,260
Write off withholding income tax	-	1,798	-	-
Provisions for employee benefit obligations	3,146,297	-	3,074,551	-
Profit from operating activities before change in operational assets and liabilities	135,170,071	226,506,577	130,721,670	228,190,250
Decrease (Increase) in operational assets				
Trade accounts receivable - related companies	3,220,612	(346,562)	2,779,909	(6,049,412)
Trade accounts receivable - other companies	(4,648,458)	(8,293,130)	1,602,616	(7,598,304)
Inventories	(30,999,704)	92,227,437	(30,999,704)	92,227,437
Accounts receivable - planters	7,042,661	(9,505,875)	7,042,661	(9,505,875)
Value added tax receivable	(119,805)	5,165	(90,683)	12,563
Other current assets	(2,487,409)	(617,076)	(2,298,921)	(619,892)
Other non - current assets	(1,848,920)	268,127	(1,848,920)	268,127
Increase (Decrease) in operational liabilities				
Trade accounts payable	(2,288,281)	(10,079,564)	(2,288,281)	(10,079,564)
Accrued expenses - related companies	190,354	404,399	373,468	395,809
Accrued expenses - other companies	(9,704,439)	(3,185,530)	(9,634,477)	(2,978,202)
Other current liabilities	(845,866)	1,081,244	(931,485)	1,070,155
<b>Cash receipt from operation</b>	<b>92,680,816</b>	<b>288,465,212</b>	<b>94,427,853</b>	<b>285,333,092</b>
Income tax paid	(1,496,561)	(818,625)	(1,492,206)	(67,176)
Net cash provided by operating activities	91,184,255	287,646,587	92,935,647	285,265,916

The notes to financial statements are integral part of these financial statements



# Chiangmai Frozen Foods Public Company Limited

## CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

### STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	In Baht			
	Consolidated		Separate	
	Financial statements		Financial statements	
	2011	2010	2011	2010
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease (Increase) in short-term investments	149,963,080	(255,563,080)	150,000,000	(250,000,000)
Increase in fixed deposits pledged as collateral	(180,405)	(75,105)	-	-
Cash receipts from loan to related company	-	24,500,000	-	24,500,000
Proceeds from disposal of equipment	67,822	1,188,316	67,822	673,830
Cash paid for acquisition of plant and equipment (Supplement of cash flows information 1)	(26,331,640)	(49,551,014)	(26,284,014)	(47,772,013)
Cash paid for acquisition of computer software	(177,787)	(407,845)	(177,787)	(407,845)
Net cash provided by (used in) investing activities	123,341,070	(279,908,728)	123,606,021	(273,006,028)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash paid for dividends (Supplement of cash flows information 2)	(133,297,300)	(95,191,740)	(133,297,300)	(95,191,740)
Net cash used in financing activities	(133,297,300)	(95,191,740)	(133,297,300)	(95,191,740)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	81,228,025	(87,453,881)	83,244,368	(82,931,852)
Cash and cash equivalents, beginning of the year	180,543,896	267,997,777	159,538,653	242,470,505
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>261,771,921</u>	<u>180,543,896</u>	<u>242,783,021</u>	<u>159,538,653</u>
<u>Supplement disclosures of cash flows information</u>				
<b>1. Property, Plant and Equipment</b>				
Details of acquisition of plant and equipment during the year are as follows:				
Acquisition of plant and equipment during the year	(24,472,691)	(51,073,568)	(24,425,065)	(49,294,567)
Increase (Decrease) in payable from acquisition of assets	(1,858,949)	1,522,554	(1,858,949)	1,522,554
Cash paid for acquisition of plant and equipment	<u>(26,331,640)</u>	<u>(49,551,014)</u>	<u>(26,284,014)</u>	<u>(47,772,013)</u>
<b>2. Cash paid for dividends</b>				
Dividends paid	(133,399,254)	(95,285,056)	(133,399,254)	(95,285,056)
Increase in accrued dividends	101,954	93,316	101,954	93,316
Cash paid for dividends	<u>(133,297,300)</u>	<u>(95,191,740)</u>	<u>(133,297,300)</u>	<u>(95,191,740)</u>

The notes to financial statements are integral part of these financial statements



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**1. GENERAL INFORMATION**

Chiangmai Frozen Foods Public Company Limited was a public company limited and was listed on the Stock Exchange of Thailand in 1993. The Group are engaged in business of manufacturing and exporting of frozen fruits and vegetable and transmuted sweet corn distribution. The address of its registered office are as follows :

Head Office is located at 149/34 floor 3<sup>rd</sup> - 4<sup>th</sup> Soi Anglo Plaza, Surawongse road, Surawongse, Bangrak, Bangkok.

Branch Office 1 is located at 92 Moo.3, Chiangmai - Phrao road, Tumbol Nongjom, Amphur Sansai, Chiangmai.

Branch Office 2 is located at 299 Moo.14, Chiangmai - Phrao road, Tumbol Maefak mai, Amphur Sansai, Chiangmai.

**2. BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS AND SEPARATE FINANCIAL STATEMENTS PREPARATION**

The consolidated and the separate financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act, B.E.2543 being those Thai Accounting Standards issued under the Accounting Profession Act, B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

The consolidated financial statements include the financial statements of Chiangmai Frozen Foods Public Company Limited and Subsidiary, Agrifood Processing Company Limited. with the holding of 100% of authorized share.

The significant transactions between the Company and its subsidiary have been eliminated in the consolidated financial statements.

"The Company" represents "Chiangmai Frozen Foods Public Company Limited," while "The Group" represents "Chiangmai Frozen Foods Public Company Limited" and its subsidiary which is "Agrifood Processing Company Limited".



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### **3. ADOPTION OF NEW ACCOUNTING STANDARDS**

During 2010 and 2011, the FAP issued the following new and revised Thai Financial Reporting Standards (TFRS) relevant to the Group's operations and effective for accounting periods beginning on or after January 1, 2011:

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 4.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other TFRS which are expected to be effective for financial statements beginning on or after January 1, 2013 and have not been adopted in the preparation of these financial statements.

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

Management is presently considering the potential impact of adopting and initially applying these new and revised TFRS on the consolidated and separate financial statements.

### **4. CHANGES IN ACCOUNTING POLICIES**

From January 1, 2011, consequent to the adoption of new and revised TFRS as set out in note 3, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for property, plant and equipment
- Accounting for employee benefits



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**4. CHANGES IN ACCOUNTING POLICIES (CON'T)**

**Presentation of financial statements**

From January 1, 2011, The Group has applied TAS 1 (revised 2009) Presentation of Financial Statements. Under the revised TAS, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in shareholders' equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Group presents all owner changes in shareholders' equity in the statement of changes in shareholders' equity and all non-owner changes in shareholders' equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in shareholders' equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

**Accounting for property, plant and equipment**

The Group has applied TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Group are that

- (a) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation
- (b) the depreciation charge has to be determined separately for each significant part of an asset; and
- (c) in determining the depreciable amount, the residual value of an item of assets has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised TAS, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively.

**Accounting for employee benefits**

The Group has applied TAS 19 Employee Benefits.

Under the new policy, the Group's obligation in respect of post-employment benefits under defined benefit plans and other long - term employee benefits recognised in the financial statements based on calculations by a qualified actuary using the projected unit credit method. Previously, this obligation was recognised as occurred. The Group has opted to record the entire amount of this liability as an adjustment to retained earnings as at January 1, 2011, in accordance with the transitional provisions of TAS 19 as disclosed in note 5.



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**5. EFFECT OF FIRST TIME ADOPTION OF THAI FINANCIAL REPORTING STANDARDS**

	In Baht	
	Consolidated financial statements	Separate financial statements
<b>Statement of financial position</b>		
Retained earnings at December 31, 2010 - as reported	783,709,305	771,459,984
Increase in employee benefit obligations	(23,095,014)	(21,824,793)
<b>Retained earnings at January 1, 2011</b>	<b>760,614,291</b>	<b>749,635,191</b>

**Statement of comprehensive income for the year ended December 31, 2011**

	In Baht	
	Consolidated financial statements	Separate financial statements
Increase in employee expenses resulting in:		
Increase in cost	2,521,981	2,521,981
Increase in selling expenses	123,388	104,149
Increase in administrative expenses	500,928	448,421
<b>Decrease in profit</b>	<b>3,146,297</b>	<b>3,074,551</b>
Decrease in earnings per share:		
<b>Basic earnings per share (In Baht)</b>	<b>0.008</b>	<b>0.008</b>

**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of the Group are as follows:

**6.1 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

Deposits at financial institutions that are restricted in use are presented as "Fixed deposits pledged as collateral" as part of non - current assets in the statements of financial position.

**6.2 Accounts receivable**

Accounts receivable are carried at original invoice amount less allowance for doubtful accounts.

**6.3 Allowance for doubtful accounts**

The Group provide allowance for doubtful accounts equal to the estimated losses that may be incurred in the collection of receivables and receivables- planters. The estimated losses are based on the collection experiences and the review of the current status of the existing receivables Bad debts are written off during the year in which they are identified.



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**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)**

**6.4 Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

At the end of year, the Company considers the physical of finished goods in the estimation of adequately allowance for obsolete.

**6.5 Investments in subsidiary**

Subsidiary, which is those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations are consolidated. Subsidiary is consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiary has been changed to ensure consistency with the policies adopted by the Group.

Investment in subsidiary is reported by using the cost method of accounting in the separate financial statements.

**6.6 Property, plant and equipment**

Property, plant and equipment are initially recorded at cost. All assets except for land are stated at historical cost less accumulated depreciation.

Depreciation of plant and equipment are calculated on the straight line method over their estimated useful lives as follows:

	<u>No. of Years</u>
Buildings	20 years
Machineries and equipment	5-10 years
Vehicles	5 years
Office equipment and fixtures	5 years

When assets are sold or retired, the Group will eliminated their costs and accumulated depreciation from the accounts and any gain or loss resulting from their disposal is included in the statements of income.

Building-in-progress and machinery under installation are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use.



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**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)**

**6.7 Intangible asset and amortization**

Intangible asset is computer software which is stated at historical cost and amortized using the straight line method over its useful life (3 – 5 years).

**6.8 Finance leases**

Leases of assets where the Group have substantially been transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized as assets and liabilities at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period. The lease payment amount net of finance charges is recorded as the reduction of the outstanding liability. The depreciable assets acquired under finance leases are depreciated over the useful life of the assets.

**6.9 Impairment of assets**

The Group reviewed the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount of assets is below the carrying amount (the higher of an assets selling price or value in use). The review is made for individual assets or the cash generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognize the impairment losses in the statements of income. The reversal of impairment losses recognized in prior years is recorded as other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

**6.10 Foreign currency transactions**

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statements of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of income.

**6.11 Provisions**

Provisions are recognized when the Group have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company and subsidiary expect a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

**6.12 Revenue recognition**

The Group recognized sales as income when goods are delivered and the risks and rewards are transferred to customers.





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**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)**

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

**6.13 Basic earnings per share**

Basic earnings per share is calculated by dividing the net income by weighted average number of paid - up common shares during the years.

**6.14 Financial instruments**

Financial assets carried on the statements of financial position include cash and cash equivalents, fixed deposit, trade accounts receivable, loan to and other accounts receivable. Financial liabilities carried on the statements of financial position include trade accounts payable, accrued income tax and accrued expenses. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**6.15 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiary and fellow subsidiary are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**7. TRANSACTIONS WITH RELATED COMPANIES**

**7.1 Relationships and pricing policies**

The relationship and pricing policies among the Company, Subsidiary and related companies are as follows:

	<u><b>Relationship</b></u>
<b><u>Subsidiary :</u></b>	
Agrifood Processing Co., Ltd.	Shareholding and Directorship
<b><u>Related companies :</u></b>	
C&W Interfoods Co.,Ltd.	Common shareholder
Itochu Corporation Co., Ltd.	Shareholder
P.P. Foods Supply Co., Ltd.	Common shareholder
Ing Shiang Co., Ltd.	Common shareholder
Agri World Co.,Ltd.	Common Shareholders and directors
C.T.Prosper Group Co.,Ltd.	Common Shareholders and directors



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**7. TRANSACTIONS WITH RELATED COMPANIES (CON'T)**

	<u>Pricing policy</u>
Sales	At normal business prices, as same as other entities
Rental revenue	At contract price which had been agreed upon
Service income	At price which had been agreed upon
Service expense	At price which had been agreed upon
Commission	At rate 1.50 – 3.00% of sales
Loan to	At interest rate 3.25% per annum

**7.2 Balances of transactions with subsidiary and related companies**

Balances of transactions among the Company, Subsidiary and related companies as at December 31, 2011 and 2010 are as follows:

	<u>In Baht</u>			
	<u>Consolidated</u>		<u>Separate</u>	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Trade accounts receivable</b>				
Agrifood Processing Co., Ltd.	-	-	14,700,869	15,976,965
Itochu Corporation Co., Ltd.	2,368,964	4,531,292	1,385,130	1,839,614
P. P. Foods Supply Co., Ltd.	-	1,449,210	-	1,449,210
Ing shiang Co., Ltd.	2,886,871	2,412,837	2,886,871	2,412,837
Total	<u>5,255,835</u>	<u>8,393,339</u>	<u>18,972,870</u>	<u>21,678,626</u>
<b>Accrued expenses</b>				
Itochu Corporation Co., Ltd.	1,039,502	1,072,486	679,720	535,908
P. P. Foods Supply Co., Ltd.	300,841	287,839	300,841	287,839
Ing shiang Co., Ltd.	2,953,362	2,677,279	2,953,362	2,677,279
Total	<u>4,293,705</u>	<u>4,037,604</u>	<u>3,933,923</u>	<u>3,501,026</u>
<b>Deposit</b>				
Agrifood Processing Co., Ltd.	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>



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**7. TRANSACTIONS WITH RELATED COMPANIES (CON'T)**

**7.3 Revenue and expenses among the Company, subsidiary and related companies**

Revenue and expenses among the Company, subsidiary and related companies for the years then ended December 31, 2011 and 2010 are as follows:

		In Baht			
		<i>Consolidated</i> financial statements		<i>Separate</i> financial statements	
		2011	2010	2011	2010
<b>Revenues from sales</b>					
Agrifood Processing Co., Ltd.	-	-	-	235,649,353	229,871,281
Itochu Corporation Co., Ltd.	174,503,294	202,234,102	116,078,044	135,775,204	
P.P. Foods Supply Co., Ltd.	4,788,526	11,804,610	4,048,526	8,765,610	
Ing shiang Co., Ltd.	9,448,266	5,489,709	9,448,266	5,489,709	
<b>Total</b>		<b>188,740,086</b>	<b>219,528,421</b>	<b>365,224,189</b>	<b>379,901,804</b>
<b>Other income</b>					
Agrifood Processing Co., Ltd.	-	-	646,800	620,400	
C.T.Prosper Group Co.,Ltd.	90,000	90,000	90,000	90,000	
<b>Total</b>		<b>90,000</b>	<b>90,000</b>	<b>736,800</b>	<b>710,400</b>

		In Baht			
		<i>Consolidated</i> financial statements		<i>Separate</i> financial statements	
		2011	2010	2011	2010
<b>Interest revenue</b>					
C&W Interfoods Co.,Ltd.	-	373,038	-	373,038	
<b>Commission expenses</b>					
Itochu Corporation Co., Ltd.	3,703,427	4,158,872	2,520,346	2,797,542	
P.P. Foods Supply Co., Ltd.	783,971	898,635	783,971	898,635	
Ing shiang Co., Ltd.	2,852,860	2,814,850	2,852,860	2,814,850	
<b>Total</b>		<b>7,340,258</b>	<b>7,872,357</b>	<b>6,157,177</b>	<b>6,511,027</b>
<b>Service expenses</b>					
Agri World Co.,Ltd.	-	658,217	-	658,217	



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**8. CASH AND CASH EQUIVALENTS**

	In Baht			
	<i>Consolidated</i> financial statements		<i>Separate</i> financial statements	
	2011	2010	2011	2010
Cash on hand	116,619	129,716	111,619	124,716
Regular checking accounts	424,680	138,401	-	-
Saving accounts	261,230,622	180,275,779	242,671,402	159,413,937
Total	<u>261,771,921</u>	<u>180,543,896</u>	<u>242,783,021</u>	<u>159,538,653</u>

The weighted average effective interest rates of deposits at financial institutions were 0.75% per annum (2010: 0.25% per annum).

**9. SHORT – TERM INVESTMENTS**

Short - term investments are deposits at financial institution which are 4-11 month fixed deposits bear interest at the rate of 3.6% - 4.35% per annum (2010: 1.7%-2.0% per annum).

**10. TRADE ACCOUNTS RECEIVABLE**

The aging of outstanding balances as at December 31, 2011 and 2010 are as follows:

	In Baht			
	<i>Consolidated</i> financial statements		<i>Separate</i> financial statements	
	2011	2010	2011	2010
Accounts receivable – Related Companies				
Not yet due	4,691,081	7,428,607	18,408,116	20,713,894
Over due with 1 month to 3 months	564,754	897,188	564,754	897,188
Over due with 4 months to 6 months	-	67,544	-	67,544
Total accounts receivable - Related Companies	<u>5,255,835</u>	<u>8,393,339</u>	<u>18,972,870</u>	<u>21,678,626</u>
Trade accounts receivable - Other Companies				
Not yet due	49,049,348	42,246,806	34,945,662	34,552,746
Over due with 1 month to 3 months	738,100	2,278,978	738,100	2,278,978
Over due 12 months	<u>2,751,014</u>	<u>2,751,014</u>	<u>2,751,014</u>	<u>2,751,014</u>
Total accounts receivable - Other Companies	<u>52,538,462</u>	<u>47,276,798</u>	<u>38,434,776</u>	<u>39,582,738</u>
Less Allowance for doubtful accounts	<u>(2,751,014)</u>	<u>(2,751,014)</u>	<u>(2,751,014)</u>	<u>(2,751,014)</u>
Total accounts receivable - Other Companies- Net	<u>49,787,448</u>	<u>44,525,784</u>	<u>35,683,762</u>	<u>36,831,724</u>



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**11. INVENTORIES**

Consolidated financial statements and Separate financial statements

	In Baht					
	Cost		Allowance for diminution of inventories		Inventories - net	
	2011	2010	2011	2010	2011	2010
Finished goods and semi - finished products	280,788,803	264,095,906	(6,092,617)	(1,445,769)	274,696,186	262,650,137
Raw material and Supplies	32,036,954	30,303,046	(263,802)	(138,966)	31,773,152	30,164,080
Seeds, insecticide Fertilizer	29,788,256	17,215,357	-	(71,114)	29,788,256	17,144,243
Total	<u>342,614,013</u>	<u>311,614,309</u>	<u>(6,356,419)</u>	<u>(1,655,849)</u>	<u>336,257,594</u>	<u>309,958,460</u>

**12. ACCOUNTS RECEIVABLE – PLANTERS**

	In Baht	
	2011	2010
Accounts receivable-planters	29,832,380	36,875,041
<u>Less</u> Allowance for doubtful accounts	<u>(1,010,424)</u>	<u>(690,811)</u>
Net	<u>28,821,956</u>	<u>36,184,230</u>

**13. FIXED DEPOSITS PLEDGED AS COLLATERAL**

As at December 31, 2011 and 2010, the subsidiary has fixed deposit amounted to Baht 14.7 million and Baht 14.5 million, respectively, which pledged as collateral against credit line from a local financial institution.

**14. INVESTMENTS IN SUBSIDIARY**

As at December 31, 2011 and 2010.

	Activities	Paid up Capital (In Baht)	% Holdings	At Cost (In Baht)
AgriFood Processing Co.,Ltd.	Transmuted Sweet corn distribution	30,000,000	100.0	<u>23,353,658</u>



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**15. PROPERTY, PLANT AND EQUIPMENT**

**CONSOLIDATED FINANCIAL STATEMENTS**

In Baht

	Land and Improvement	Building and Improvement	Machineries and equipment	Vehicle	Office equipment And fixtures	Building in progress and machinery under installation	Total
As at December 31, 2010							
Cost	110,493,651	440,462,450	706,096,954	41,505,073	22,912,181	7,314,641	1,328,784,950
<u>Less</u> Accumulated depreciation	(6,307,701)	(241,316,206)	(575,926,975)	(31,514,952)	(20,564,326)	-	(875,630,160)
Impairment of assets	-	-	(3,445,198)	-	-	-	(3,445,198)
Net book amount	104,185,950	199,146,244	126,724,781	9,990,121	2,347,855	7,314,641	449,709,592
Transactions for the year ended							
Opening net book amount	104,185,950	199,146,244	126,724,781	9,990,121	2,347,855	7,314,641	449,709,592
<u>Add</u> Acquisition	-	1,073,376	12,679,334	-	572,363	10,147,618	24,472,691
Transfer in (out)	-	4,823,618	10,254,303	-	-	(15,077,921)	-
<u>Less</u> Disposals	-	-	(4,971)	-	(785)	-	(5,756)
depreciation	-	(26,187,902)	(35,914,995)	(3,974,002)	(900,716)	-	(66,977,615)
Closing net book amount	104,185,950	178,855,336	113,738,452	6,016,119	2,018,717	2,384,338	407,198,912
As at December 31, 2011							
Cost	110,493,651	446,359,443	727,210,205	41,505,073	22,624,902	2,384,338	1,350,577,612
<u>Less</u> Accumulated depreciation	(6,307,701)	(267,504,107)	(610,026,555)	(35,488,954)	(20,606,185)	-	(939,933,502)
Impairment of assets	-	-	(3,445,198)	-	-	-	(3,445,198)
Net book amount	104,185,950	178,855,336	113,738,452	6,016,119	2,018,717	2,384,338	407,198,912



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**15. PROPERTY, PLANT AND EQUIPMENT (CON'T)**

**THE SEPARATE FINANCIAL STATEMENTS**

THE SEPARATE FINANCIAL STATEMENTS		In Baht					
	Land and Improvement	Building and Improvement	Machineries and equipment	Vehicle	Office equipment fixtures	Building in progress and machinery Under installation	Total
At December 31, 2010							
Cost	110,493,651	440,462,450	706,096,954	39,726,073	21,794,955	7,314,641	1,325,888,724
<u>Less</u> Accumulated depreciation	(6,307,701)	(241,316,206)	(575,926,975)	(31,184,497)	(19,489,958)	-	(874,225,337)
Impairment of assets	-	-	(3,445,198)	-	-	-	(3,445,198)
Net book amount	104,185,950	199,146,244	126,724,781	8,541,576	2,304,997	7,314,641	448,218,189
Transactions for the year ended December 31, 2011							
Opening net book amount	104,185,950	199,146,244	126,724,781	8,541,576	2,304,997	7,314,641	448,218,189
<u>Add</u> Acquisition	-	1,073,376	12,679,334	-	524,737	10,147,618	24,425,065
Transfer in (out)	-	4,823,618	10,254,303	-	-	(15,077,921)	-
<u>Less</u> Disposals	-	-	(4,971)	-	(778)	-	(5,749)
Depreciation	-	(26,187,902)	(35,914,995)	(3,618,202)	(883,363)	-	(66,604,462)
Closing net book amount	104,185,950	178,855,336	113,738,452	4,923,374	1,945,593	2,384,338	406,033,043
At December 31, 2011							
Cost	110,493,651	446,359,443	727,210,205	39,726,073	21,602,095	2,384,338	1,347,775,805
<u>Less</u> Accumulated depreciation	(6,307,701)	(267,504,107)	(610,026,555)	(34,802,699)	(19,656,502)	-	(938,297,564)
Impairment of assets	-	-	(3,445,198)	-	-	-	(3,445,198)
Net book amount	104,185,950	178,855,336	113,738,452	4,923,374	1,945,593	2,384,338	406,033,043



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**15. PROPERTY, PLANT AND EQUIPMENT (CON'T)**

As at December 31, 2010, net book value of land and structures thereon of the Company amounted to Baht 134.7 million were mortgaged and pledged as collateral against bank overdrafts, short-term loans from financial institutions as discussed in Note 16 to the financial statements.

As at December 31, 2011 and 2010, the Group and the Company has fully depreciated equipment which are still in use to approximately Baht 547.8 million and Baht 546.9 million, respectively. (2010: Baht 444.4 million and Baht 443.4 million, respectively)

**16. BANK OVERDRAFTS AND SHORT-TERM LOANS**

As at December 31, 2011 and 2010, the Company has the overdrafts and short-term loans lines amounted to Baht 451.8 million and Baht 450.3 million, respectively. The facilities charge an interest at the rate of MOR per annum. In 2010 such overdrafts and short-term loans lines are secured over a part of the land and structures thereon and machineries of the company as discussed in Note 15 to the financial statements.

**17. EMPLOYEE BENEFIT OBLIGATIONS**

The Group adopted TAS 19 Employee Benefits with effect from January 1, 2011 and the effect on the financial statements is disclosed in note 5.

The Group operate post employment benefit and pension based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits and other long term benefit to employees based on pensionable remuneration and length of service.

Movement in the present value of the defined benefit obligations:

	In Baht	
	Consolidated	Separate
	financial	financial
<b>For the year ended December 31, 2011</b>		
Defined benefit obligations at January 1, 2011	23,095,014	21,824,793
Current service costs and interest	3,146,297	3,074,551
<b>Defined benefit obligations at December 31, 2011</b>	<b>26,241,311</b>	<b>24,899,344</b>

Expense recognised in profit or loss :

**For the year ended December 31, 2011**

	In Baht	
	Consolidated	Separate
	financial	financial
Current service costs	2,591,859	2,535,668
Interest on obligation	554,438	538,883
<b>Total</b>	<b>3,146,297</b>	<b>3,074,551</b>





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**17. EMPLOYEE BENEFIT OBLIGATIONS (CON'T)**

The above expense recognised in profit or loss is recognised in the following line items.

**For the year ended December 31, 2011**

	In Baht	
	Consolidated	Separate
	financial	financial
Cost	2,521,981	2,521,981
Selling expenses	123,388	104,149
Administrative expenses	500,928	448,421
	<u>3,146,297</u>	<u>3,074,551</u>

Principal actuarial assumptions at the reporting date

**For the year ended December 31, 2011**

	Consolidated and Separate financial statements
Discount rate	3.56% per annum
Salary increase rate	5%
Employee turnover rate	Scale related to Age ranging from 0 - 37.5%
Mortality rate	According to Thailand TMO97 male and female

**18. LEGAL RESERVE**

Under the provisions of the Limited Public Company Act B.E 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution.

**19. DIVIDENDS PAID**

According to the resolution of the ordinary shareholders' meeting for the year 2011 held on April 29, 2011 had the resolution to approve the payment of cash dividends at Baht 0.35 per share to the shareholders of 381,145,725 shares totaling Baht 133.4 million from operational result of year 2010. The Company paid dividends on May 27, 2011.

According to the resolution of the ordinary shareholders' meeting for the year 2010 held on April 30, 2010 had the resolution to approve the payment of cash dividends at Baht 0.5 per share to the shareholders of 381,145,725 shares totaling Baht 190.6 million from operational result of year 2009.

On September 11, 2009, the Company paid interim dividend at Baht 0.25 per share to the shareholders of 381,145,725 shares totaling Baht 95.3 million and the Company had already paid remaining dividend on May 27, 2010 at Baht 0.25 per share of 381,145,725 shares totaling Baht 95.3 million. However, dividends of Baht 1,375 were not paid to certain shareholders due to disqualification.



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**20. EXPENSES BY NATURE**

Significant expenses by nature are as follows :

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Changes in finished goods, semi - finished products and raw materials	(16,306,648)	88,346,857	(16,306,648)	88,346,857
Purchase of finished goods	995,000	1,641,321	-	-
Purchase raw materials	527,219,316	414,494,876	527,219,316	414,494,876
Depreciation and amortization	66,977,615	68,678,751	66,604,462	68,322,509
Staff costs	205,355,105	194,557,037	203,754,317	193,006,387

**21. PROMOTIONAL PRIVILEGES**

By virtue of the provisions of Industrial Investment Promotion Act. B.E. 2520, the Company was granted certain privileges as follows :

certificate No.1545(3)/2547 exemption from payment of income tax for eight years starting from the commencement date of the promoted business and 50 percent reduction from the normal income tax rate for the next five years after the period of eight years are expired.

As a promoted industry, the Company must comply with certain conditions and restrictions provided for in the promotional certificate.

Sales classified as promoted and non-promoted business, for the years ended December 31, 2011 and 2010 are summarized as follows:

	In Thousand Baht					
	2011			2010		
	Promoted Business	Non- Promoted Business	Total	Promoted Business	Non- Promoted Business	Total
Export sales	679,557	340,338	1,019,895	829,776	279,711	1,109,487
Domestic sales	10,508	237,567	248,075	7,464	232,121	239,585
Total	<u>690,065</u>	<u>577,905</u>	<u>1,267,970</u>	<u>837,240</u>	<u>511,832</u>	<u>1,349,072</u>

**22. SEGMENT INFORMATION**

The Group has engaged in business of manufacturing and exporting of frozen fruits and vegetables, transmuted sweet corn and operated in one geographical area in Thailand. As the business segment of transmuted sweet corn has immaterial amount. Therefore, these financial statements do not present the geographical segment.

**23. CORPORATION INCOME TAX**

Corporation income tax has been calculated on net income for the year after adding back reserve provisions and expenses which are disallowable for tax computation purpose.

Royal Decree No. 475 B.E. 2551 dated August 6, 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after January 1, 2008.



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The subsidiary records income tax based on the actual amount currently payable according to the tax legislation at 30% of net profit.

**24. PROVIDENT FUND**

The Company established a contributory registered provident fund in accordance with the Provident fund Act.B.E.2530 Under the provident fund, the Company contributes an amount equivalent to the employees' contribution, which is 3% of their basic salaries. The company appointed The Siam Commercial Bank Public Co., Ltd. as a fund manager to manage the fund in accordance with the Provident Fund Act (B.E. 2530), which was amended by the Provident Fund Act (No.2) (B.E. 2542), under supervision of the Office of the Securities and Exchange Commission.

The Company's contribution net of the refund amount for the years ended December 31, 2011 and 2010 amounted to Baht 1.4 million and Baht 1.6 million, respectively.

**25. FINANCIAL INSTRUMENTS**

As at December 31, 2011 the Company and subsidiary have no policy to perform speculate or trade the financial instrument transaction derivatives.

**25.1 Credit risk**

The Group exposed to credit risks mainly relating to their trade accounts receivable. However, the management has policies to provide adequate allowances for any possible losses that might be incurred in connection with their receivables.

**25.2 Foreign Currency Risk and Risk Management**

The Group exposure to foreign currency risk relates primarily to their business transactions which are denominated in foreign currencies. The Group have policies to hedge such risks by using derivative financial instruments. As at December 31, 2011, the Group have outstanding forward foreign exchange selling contracts total of U.S. Dollars 22.9 million in exchange of Baht 732.7 million with 3 commercial banks. The contract will be due in December 2012. Per comparative between fair value and contract value, the loss amounting Baht 20.9 million is incurred.

As at December 31, 2011, the Group have accrued commission amounting of U.S.Dollars 114,133 which are not hedged.

**25.3 Interest rate risk**

The Group were exposed to interest risks because it held deposits to financial institutions. However, such financial assets are month short-term, the Company and subsidiary believed that the future fluctuation on market interest rate would not provided significant effect to their operation and cash flow; therefore, no financial derivative was adopted to manage such risks.

**25.4 Fair value of financial instruments**

The financial assets and liabilities include cash and cash equivalents, short-term investment, trade accounts receivable, trade accounts payable, accrued income tax and accrued expenses. Their carried values approximate to their fair values.



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**26. COMMITMENT AND CONTINGENT LIABILITIES**

As at December 31, 2011

- 26.1 The Company has commitment to pay the uncalled investments in Agrifood Processing Co., Ltd. amounting to approximately Baht 90.0 million.
- 26.2 The Company has commitments for software license with a local company amounting of Baht 2.5 million.
- 26.3 The Company were contingently liability for bank guarantees issued in favor of government agency amounting to approximately Baht 8.9 million.

**27. RECLASSIFICATION**

Certain amounts in the financial statements for the year ended December 31, 2010 have been reclassified to conform to the current year's classification. The reclassifications had no effect to previously reported profit or shareholder's equity. The reclassifications are as follows:

	In Baht			
	Consolidated financial statement		Separate financial statements	
	Reclassification	As previously reported	Reclassification	As previously reported
Property, plant and equipment	449,709,592	426,340,446	448,218,189	424,849,043
Non operating assets	-	23,369,146	-	23,369,146

**28. CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at December 31, 2011 debt to equity ratio in the consolidated financial statements and separate financial statement are 0.09:1.

**29. APPROVAL OF FINANCIAL STATEMENTS**

These consolidated financial statements and separate financial statements have been approved by the Board of Directors of the Company on February 27, 2012.