

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 st Plant No. 92 Moo 3, Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai Province 50210, Thailand. 2 nd Plant No. 299 Moo 14, Chiangmai-Phrao Road, Mae Fag Mai, Sansai, Chiangmai Province 50290, Thailand.
Registered Capital	381,146,251 common share each with par value 1 baht and in the aggregate value of 381,146,251 baht.
Paid-up Capital	381,145,725 common share each with par value 1 baht and in the aggregate value of 381,145,725 baht.

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 baht/share total 120,000,000.00 baht.
Paid-up Capital	Ordinary share 12,000,000 shares of each 10 baht/share paid up 30,000,000.00 baht.
Percentage of Shareholding	100 % by the company.

Other referred juristic persons

Registrar	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, 4,6-7 th 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 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

SUMMARY FINANCIAL INFORMATION OF THE COMPANY

Financial Statements (Unit: Thousand Baht)

Particular	Consolidated F/S.			Separate F/S.		
	2012	2011	2010	2012	2011	2010
Total assets	1,434,738	1,273,460	1,358,830	1,413,415	1,255,746	1,345,187
Total liabilities	143,087	103,188	87,860	139,155	99,707	86,466
Shareholders' equity	1,291,651	1,170,272	1,270,970	1,274,260	1,156,039	1,258,721
Sale revenue	1,491,529	1,293,387	1,367,578	1,466,095	1,267,970	1,349,072
Total income	1,520,862	1,317,773	1,410,874	1,492,318	1,290,896	1,388,513
Gross profit	380,743	244,259	338,720	357,975	219,838	321,855
Net profit (loss)	174,738	55,796	158,188	171,581	52,542	159,724

Financial Ratio

Particular	Consolidated F/S.			Separate F/S.		
	2012	2011	2010	2012	2011	2010
Net profit ratio per total income %	11.72	4.31	11.57	11.70	4.14	11.84
Return on equity %	13.53	4.77	12.45	13.47	4.54	12.69
Return on assets %	12.18	4.38	11.64	12.14	4.18	11.87
Net profit(loss) per share Baht	0.46	0.15	0.42	0.45	0.14	0.42
Annual Dividend per share Baht	0.28	0.14	0.35	0.28	0.14	0.35
Book value per share Baht	3.39	3.07	3.33	3.34	3.03	3.30
Net assets value per share Baht	3.76	3.34	3.57	3.71	3.29	3.53

Clarification from Chairman of Board of Director

To: The Shareholders:

In the cycle year of 2012 though economic conditions in general was not so good, also the company had to shoulder the burden of higher costs from raw material costs, wages, electricity charges but however, the company had business result in the year 2012 increased from previous year amount 119.0 million baht or come to 226.6% which mainly resulted from an adjustment of raising commodity price and higher on exchange rate from weaken value of exchange rate when compared with previous year.

From the business result of the company in 2012 made the company earned income amount 1,466.1 million baht increased from previous year amount 198.1 million baht or come to 15.6% and gained net profit 171.6 million baht increased from previous year amount 119.0 million baht or come to 226.6% happened from the company earned income from higher sale from previous year amount 198.1 million baht which resulted from higher sale volume, higher selling price and higher exchange rate from weaken value of exchange rate when compared with previous year, other incomes higher from interest income. In the part of expenditure, costs of sale higher from raw material costs, wages, electricity charges chiefly, export freight charges reduced and corporate income tax higher due to the company was beyond from obtained investment promotion, the company had sale volume 26,000 metric tons increased from previous year 300 metric tons.

In the Board of Company Meeting No. 1/2013, Board of Company resolved and agreed to pay dividend to the shareholders amount 381,145,725 shares in the rate 0.28 baht/share come to amount 106,720,803.00 baht or 61.07% of net profit of consolidated.

For the year 2013, the company puts the sale target at 26,500 metric tons. The Company believes that with an effort and confident of the company, would make the company enable to conduct business with successfully and having good business result in order the company would be able to pay dividend to the shareholders regularly.



(Mr. Prayoon Pholpipattanaphong)

Chairman

March 9, 2013

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 2012, 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 2012 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 22, 2013

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 76% 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 82% 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 for periods time 8 - 12 months make the company would be able to prevent risk in exchange rate approx. 8 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.

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 had total assets amount 1,413.4 million baht and total liabilities 139.1 million baht or 9.8% of total assets and shareholders' equity 1,274.3 million baht or 90.2% of total assets, ratio of liabilities per shareholders' equity 0.11:1, current ratio 9.0 and quick ratio 5.3 also the credit line from 3 financial institutes that the company using the service

each is the credit line that must not have bonds surety altogether which show the financial status and reliability of the company that received from financial institutes on the high level. Besides, the company has held the financial policy principle that stress on carefulness which make the risk of company financial is on the low level.

Investors

The Company has a good business result and profitable throughout. At December 31, 2012 the company had retained earnings altogether amount 825.1 million baht or 58.4% of total assets and the company could pay dividend to the shareholder every year.

BUSINESS CHARACTER

(1) Change and development significant

Nov. 1988	Established a company with register capital 50 million baht with par value 10 baht/share.
Apr. 1989	Built 1 st 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 baht to be 125 million baht.
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 nd 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 baht to be 210 million baht.
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 baht, paid-up 30 million baht.
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 baht to be 315 million baht.
May. 2005	Changed par value from original par value 10 baht/share to be 1 baht/share.
May. 2007	Increased register capital from 315 million baht to be 346 million baht.
May. 2009	Increased register capital from 346 million baht to be 381 million baht.

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 2012

None

(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	2012	%	2011	%	2010	%
Frozen Vegetables	1,466,095	100.0	1,267,285	99.9	1,346,700	99.8
Others	-	-	685	0.1	2,372	0.2
Total	1,466,095	100.0	1,267,970	100.0	1,349,072	100.0

Product markets	2012	%	2011	%	2010	%
Overseas	1,193,384	81.4	1,019,895	80.4	1,109,487	82.2
Domestic	272,711	18.6	248,075	19.6	239,585	17.8
Total	1,466,095	100.0	1,267,970	100.0	1,349,072	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	81.4	18.6	100.00

Operation cycle	Percentage		
	2012	2011	2010
1 st Quarter	22.00	21.00	23.00
2 nd Quarter	30.00	28.00	31.00
3 rd Quarter	27.00	29.00	25.00
4 th Quarter	21.00	22.00	21.00
Total	100.00	100.00	100.00

Subsidiary company

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

Structure of Income

(Unit: Thousand baht)

Particular	2012	%	2011	%	2010	%
Revenue from sales	279,500	98.7	261,066	99.2	248,377	98.2
Others income	3,787	1.3	2,106	0.8	4,475	1.8
Total	283,287	100.0	263,172	100.0	252,852	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.

3. 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;

1st Certificate No. 1727/Sor Or./1988

2nd Certificate No. 1063/Sor Or./1993

3rd Certificate No. 1397/1994

4th Certificate No. 1465/1999

5th Certificate No. 1545(3)/2004

Particular	1 st Certificate	2 nd Certificate	3 rd Certificate	4 th Certificate	5 th 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	-
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 previous year, the company had total top sale 1,466 million baht increased from previous year 198 million baht or 15.6%. The Company had export value 1,193 million baht come to 81.4% and domestic sale 273 million baht come to 18.6%. The Company had export volume amount 26,000 metric tons increased from previous year 300 metric tons or 1.2%.

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.

Important of competitive tactics

1. Quality of products is up to standard, to be accepted by oversea 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 and Nichirei Corporation 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 27.4% of the total sale.

3. Distribute through Agrifood Processing Co., Ltd. (Subsidiary) which is an indirect export by having distribution portion through this channel approximate 17.3 of total sale.

Domestic Direct distribution to the small customers approximate 1.3% 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 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	2012	2011	2010
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	26,212	26,280	22,276
Actual rate of usage capacity	%	62.41	62.57	53.04
Increase (decrease) rate of production volume	%	(0.26)	17.97	(18.23)
Increase (decrease) rate of production value	%	5.76	13.13	(2.98)

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 effort 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.

5. Assets for business operation

Type of assets	Type of possession	Value (Million baht)	Burden
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 st 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 nd 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 nd 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 nd 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 nd 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	5.9	No encumbered with a charge
1 st Plant Building No. 92 Moo 3 Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai	Owner	27.2	No encumbered with a charge
2 nd Plant Building No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai	Owner	50.3	No encumbered with a charge
New cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai	Owner	61.4	No encumbered with a charge
Total machinery	Owner	89.3	No encumbered with a charge

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 baht, paid up of 381,145,725 baht, divided into 381,145,725 common shares and each with par value of 1 baht.

(2) Shareholders as at December 31, 2012

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.	14,965,295	3.93
8. Miss Chang, Min - Fang	8,837,730	2.32
9. Miss Ninjarat Saharattanachaiwong	6,261,750	1.64

10.Mr. Lu, Yu – Chin	6,105,309	1.60
Total	232,310,127	60.95
Other Shareholders	148,835,598	39.05
Total	381,145,725	100.00
Thai Nationality Shareholders	224,922,881	59.01
Foreign Nationality Shareholders	156,222,844	40.99
Japanese	79,931,282	20.97
Taiwanese	52,480,878	13.77
English	19,281,801	5.06
Swiss	4,152,150	1.09
American	303,876	0.09
German	29,040	0.01
Others	16,817	0.00

(3) Dividend payment policy

Normally, the company has a policy to pay dividend not less than 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 (Shares)	Date of closing register book for the right of dividend	Dividend payment dates
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
2012	0.28	381,145,725	Mar.13-14,2013	May 10,2013

Items	Unit	2012	2011	2010	2009	2008	2007
Net profit-Consolidated	,000baht	174,738	55,796	158,188	211,167	142,306	99,920
Amount of shares	,000shares	381,146	381,146	381,146	381,146	381,146	346,497
Par value	Baht/share	1.00	1.00	1.00	1.00	1.00	1.00
Profit per shares	Baht/share	0.46	0.15	0.42	0.55	0.37	0.30
Book value	Baht/share	3.39	3.07	3.33	3.17	3.14	3.46
Annual dividend	,000baht	106,721	53,360	133,401	190,573	103,949	103,949
Stock dividend	,000baht	-	-	-	-	34,650	-
Annual dividend	Baht/share	0.28	0.14	0.35	0.50	0.30	0.30
Stock dividend	Baht/share	-	-	-	-	0.10	-
Payout ratio	%	61.07	95.63	84.33	90.25	97.39	104.03

Remark: Weighted average number of common shares for the year 2007 = 334,242,096 shares.

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't share the vote to anyone more or less.
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 Pholpipatanaphong	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		

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 Corporate Governance Committee

Names	Position	Type of director
1. Mr. Prayuth Pholpipatanaphong	Chairman	Executive director
2. Mr. Ankoon Pholpipattanaphong	Director	Executive director
3. Mr. Ampon Ruayfupant	Director	Independent director
4. Dr. Phusit Wonglorsaichon	Director	Independent director
5. Mr. Sakda Phimmuang	Director	Accounting Manager
By Mr. Sakda Phimmuang as Secretary to the Board of Corporate Governance Committee		

Board of Risk Management Committee

Names	Position	Type of director
1.Mr.Prapas Pholpipattanaphong	Chairman	Executive director
2.Mr.Suwat Phongphasrra	Director	Executive director
3.Mr.Ankoon Pholpipattanaphong	Director	Executive director
4.Mr.Prayuth Pholpipatanaphong	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		

Executive Officers and Manager

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

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 (Chairman of Board of Director)
Age	79 years
Education	Accounting profession
Other qualifications	Honorary Doctor, Agricultural, Maejoe University
Director training program	DAP-15
Experience	Chairman of Chiangmai Frozen Foods PCL., from Nov. 3, 1988-present
Positions in other listed companies	None
Positions in non-listed companies	Director of Agrifood Processing Co., Ltd., from Jun. 6, 2003-present
Positions in rival companies / related companies	None
Meeting attendance in 2012	Board of Director Meeting 6 / 6 times Board of Executive Director Meeting 2 / 2 times

No. of years on the board	25 years
CM Shareholding on Dec. 31'2012	306,517 shares or 0.08%

2.Mr. Prapas Pholpipattanaphong

Type of director	Executive director (Managing Director)
Age	64 years
Education	High school certificate
Director training program	DAP-8
Experience	Managing Director of Chiangmai Frozen Foods PCL., from Nov. 3, 1988-present
Positions in other listed companies	None
Positions in non-listed companies	Director of Agrifood Processing Co., Ltd., from Jun. 6, 2003-present
Positions in rival companies / related companies	None
Meeting attendance in 2012	Board of Director Meeting 6 / 6 times Executive Director Meeting 2 / 2 times Board of Nomination & Remuneration Meeting 1 / 1 time Board of Risk Management Meeting 1 / 1 time
No. of years on the board	25 years
CM Shareholding on Dec. 31'2012	Private 10,007,830 shares or 2.63% Spouse 6,058,370 shares or 1.59% Total 16,066,200 shares or 4.22%

3.Mr. Suwat Phongphasura

Type of director	Executive director
Age	71 years
Education	High school certificate
Director training program	DAP-12
Experience	Executive director of Chiangmai Frozen Foods PCL., from Nov. 3, 1988-present
Positions in listed companies	None
Positions in non-listed companies	Director of Agrifood Processing Co., Ltd., from Jun. 24, 2005-present
Positions in rival companies / related companies	None
Meeting attendance in 2012	Board of Director Meeting 6 / 6 times Board of Executive Director Meeting 2 / 2 times Board of Risk Management Meeting 1 / 1 time
No. of years on the board	25 years
CM Shareholding on Dec. 31'2012	2,450,250 shares or 0.64%

4.Mr. Prayuth Pholpipatanaphong

Type of director	Executive director
Age	66 years
Education	Bachelor of Science, Chulalongkorn University
Director training program	None

Experience	Business Development Manager-Chiangmai Frozen Foods PCL., from Jan. 2, 2003-present Director-Chiangmai Frozen Foods PCL., from Apr. 30, 2010-present Director- Esso Thailand(2000-2001)
Positions in listed companies	None
Positions in non-listed companies	Executive Director- Agrifood Processing Co., Ltd., from Jun. 6, 2003-present
Positions in rival companies / related companies	None
Meeting attendance in 2012	Board of Director Meeting 6 / 6 times Board of Executive Director Meeting 2 / 2 times Board of Corporate Governance Meeting 1 / 1 time Board of Risk Management Meeting 1 / 1 time
No. of years on the board	3 year
CM Shareholding on Dec. 31'2012	1,052 shares or -%

5.Mr. Ankoon Pholpipattanaphong

Type of director	Executive director (Asst. Managing Director, Secretary)
Age	43 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., from Apr. 27, 2000-present Assis.Managing Director of Chiangmai Frozen Foods PCL., from Feb. 1, 2007-present Company's Secretary of Chiangmai Frozen Foods PCL., from Feb. 28, 2008-present
Positions in listed companies	None
Positions in non-listed companies	Director of Agrifood Processing Co., Ltd., from Jun. 6, 2003-present
Positions in rival companies / related companies	None
Meeting attendance in 2012	Board of Director Meeting 6 / 6 times Board of Executive Director Meeting 2 / 2 times Board of Corporate Governance Meeting 1 / 1 time Board of Risk Management Meeting 1 / 1 time
No. of years on the board	13 years
CM Shareholding on Dec. 31'2012	Private 3,702,600 shares or 0.96% Spouse 181,500 shares or 0.05% Child 363,000 shares or 0.10% Total 4,247,100 shares or 1.11%

6.Mr. Lan Mu Chiou

Type of director	Non-executive director
Age	65 years
Education	High school certificate

Director training program	None
Experience	Director of Chiangmai Frozen Foods PCL., from Nov. 3, 1988-present
Positions in listed companies	None
Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2012	Board of Director Meeting 4 / 6 times
No. of years on the board	25 years
CM Shareholding on Dec. 31'2012	Private 12,886,724 shares or 3.38% Spouse 5,144,106 shares or 1.35% Total 18,030,830 shares or 4.73%

7.Mr. Kenichi Tai

Type of director	Non-executive director
Age	47 years
Education	Bachelor-Economy, Keio University
Director training program	None
Experience	Executive-Itochu Corporation (1989-2010) Executive-Itochu (Thailand) Ltd., from Aug. 2010-present Director-Chiangmai Frozen Foods PCL., from Aug. 13, 2010-present
Positions in listed companies	None
Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2012	Board of Director Meeting 6 / 6 times
No. of years on the board	3 years
CM Shareholding on Dec. 31'2012	None

8.Mr. Santichai Suakanonth

Type of director	Independent director
Age	79 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) Independent Director-Chiangmai Frozen Foods PCL., from Nov. 20, 1992-present
Positions in listed companies	None
Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2012	Board of Director Meeting 6 / 6 times Board of Audit Committee Meeting 4 / 4 times

	Board of Nomination & Remuneration Meeting 1 / 1 time
No. of years on the board	21 years
CM Shareholding on Dec. 31'2012	45,738 shares or 0.01%

9.Mr. Amnuay Yossuck

Type of director	Independent director
Age	76 years
Education	Master of Economic (Agriculture), Arisona University Bachelor of Economics, Thammasat University
Other qualification	Honorary Doctor, Cooperative Agricultural, 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) Independent Director-Chiangmai Frozen Foods PCL., from Mar. 12, 1993-present
Positions in listed companies	None
Positions in non-listed companies	Chairman of Board of Director of Piriapol International (1986-present) President of Mae Joe University Council (1999-present)
Positions in rival companies / related companies	None
Meeting attendance in 2012	Board of Director Meeting 6 / 6 times Board of Audit Committee Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 1 / 1 time
No. of years on the board	20 years
CM Shareholding on Dec. 31'2012	667,920 shares or 0.18%

10.Mr. Ampon Ruayfupant

Type of director	Independent director
Age	44 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) Independent Director-Chiangmai Frozen Foods PCL., from Apr. 26, 2006-present
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
Meeting attendance in 2012	Board of Director Meeting 6 / 6 times

	Board of Audit Committee Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 1 / 1 time Board of Corporate Governance Meeting 1 / 1 time
No. of years on the board	7 years
CM Shareholding on Dec. 31'2012	71,874 shares or 0.02%

11.Dr. Phusit Wonglorsaichon

Type of director	Independent director
Age	42 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	Lecturer, University of the Thai Chamber of Commerce -start Jun. 1, 2005-present Director of D.B.A. (Management), University of the Thai Chamber of Commerce.-start Jul. 23, 2011-present Director of MBA Online (Management), University of the Thai Chamber of Commerce.-start Sep. 28, 2012-present Independent Director-Chiangmai Frozen Foods PCL., from Apr. 30, 2010-present
Positions in listed companies	None
Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2012	Board of Director Meeting 6 / 6 times Board of Corporate Governance 1 / 1 time
No. of years on the board	3 years
CM Shareholding on Dec. 31'2012	None

Change on holding securities of company director in the cycle year of 2012

Names - Surname			Position	Hold the share, beginning of the year	Hold the share, end of the year	Change
1	Mr.Prayoon Pholpipattanaohong		Chairman	306,517	306,517	-
2	Mr.Prapas Pholpipattanaphong	Private Spouse	Managing Director	10,077,830 6,058,370 16,066,200	10,077,830 6,058,370 16,066,200	- - -
3	Mr.Suwat Phongphasura		Executive Director	2,450,250	2,450,250	-
4	Mr.Prayuth Pholpipattanaphong		Executive Director	1,052	1,052	-
5	Mr.Ankoon Pholpipattanaphong	Private Spouse	Executive Director	3,702,600 181,500	3,702,600 181,500	- -

		Child Total		363,000 4,247,100	363,000 4,247,100	- -
6	Mr.Lan Mu Chiou	Private Spouse Total	Director	12,886,724 5,144,106 18,030,830	12,886,724 5,144,106 18,030,830	- - -
7	Mr.Kenichi Tai		Director	-	-	-
8	Mr.Santichai Suakanonth		Independent Director	45,738	45,738	-
9	Mr.Amnuay Yossuck		Independent Director	667,920	667,920	-
10	Mr.Ampon Yuayfupant		Independent Director	71,874	71,874	-
11	Dr.Phusit Wonglorsaichon		Independent Director	-	-	-

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.
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.
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 baht per time. In case amount exceed 30 million baht, 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.

“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 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 Corporate Governance Committee

Appointed on November 12, 2012, having holding period of each 3 years. There are five directors consisting of Board of Company, executives and/or other qualified persons. At least one director of corporate governance must come from Independent Director which have an authority in arranging policy of corporate governance under the frame of laws, basis, discipline and regulations that are current issue of organization that perform duty on corporate governance such as The Stock Exchange of Thailand, Securities and Exchange Commission and related units through the guide line in good corporate governance that are international standard and provide advice to the directors, executives, officials of the company in performance duty as frame and basis of corporate governance policy so as to allow performance duty of directors and management of executive section to be in good manner, good resulting in performance and having appropriate continuation to be in accordance with expectancy of the shareholders and every group of stakeholders.

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	6 / 6	-	6 / 6
2.Mr. Prapas Pholpipattanaphong	3 years	6 / 6	-	6 / 6
3.Mr. Suwat Phongphasura	3 years	6 / 6	-	6 / 6
4.Mr. Prayuth Pholpipatanaphong	3 years	6 / 6	-	6 / 6
5.Mr. Ankoon Pholpipattanaphong	3 years	6 / 6	-	6 / 6
6.Mr. Lan Mu Chiou	3 years	4 / 6	-	4 / 6

7.Mr. Kenichi Tai	3 years	6 / 6	-	6 / 6
8.Mr. Santichai Suakanonth	3 years	6 / 6	-	6 / 6
9.Mr. Amnuay Yossuck	3 years	6 / 6	-	6 / 6
10.Mr. Ampon Ruayfupant	3 years	6 / 6	-	6 / 6
11.Dr. Phusit Wonglorsaichon	3 years	6 / 6	-	6 / 6

Meeting attendance of each sub-committee concludes as follows:

Name list	Board of Executive Directors	Board of Audit Committee	Board of Nomination & Remuneration Committee	Board of Corporate Governance Committee	Board of Risk Management Committee
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	1 / 1
5.Mr. Ankoon Pholpipattanaphong	2 / 2			1 / 1	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	1 / 1	
9.Dr. Phusit Wonglorsaichon				1 / 1	
10.Mr.Wanchandr Sibaboonyawongse			1 / 1		1 / 1
11.Mr. Sakda Phimmuang				1 / 1	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.

(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't 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't 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.

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	2012	2011
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	400,000
5.Mr. Ankoon Pholpipattanaphong	Executive Director	400,000	400,000
6.Mr. Lan Mu Chiou	Director	400,000	400,000
7.Mr. Kenichi Tai	Director	400,000	400,000
8.Mr. Santichai Suakanonth	Independent Director	400,000	400,000
9.Mr. Amnuay Yossuck	Independent Director	400,000	400,000
10.Mr. Ampon Ruayfupant	Independent Director	400,000	400,000
11.Dr. Phusit Wonglorsaichon	Independent Director	400,000	400,000
Total		4,400,000	4,400,000

Audit Committee

(Unit : Baht)

Names	Position	2012	2011
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

Executive Directors and Executives

Particular	Year 2012		Year 2010	
	No. of person	Total amount (baht)	No. of person	Total amount (baht)
Salary	7	18,214,920	7	17,890,080
Bonus, remuneration	7	6,246,285	7	4,162,751
Cost of living	7	54,600	7	52,850
Uniform	-	-	1	1,950
Social security fund	7	44,100	7	63,000
Provident fund	7	541,047	7	531,303
Sub total	7	25,100,952	7	22,701,934
Grand total		30,460,952		28,061,934

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 2012 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 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 officer practice.

Leadership and Vision

Board of Company have participated in formulating Policy of Corporate Governance, 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 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.

Corporate Governance

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 2nd revise edition which has received permission to modify from the Board of Company Meeting no. 1/2013 dated February 26, 2013 (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.
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 2012, 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 9th activity
- National Father Day activity
- National Mother Day activity
- Scholarship support activity
- National Children’s day
- National Labor Day activity
- To do merit by offering gift made to bonzes activity
- Big cleaning Day Activity
- To pour scented water on the head of seniority Activity
- Week of energy preservation to coordinate with safety activity
- Sell merchandise on cheap price activity
- Blood donation Activity
- Pha Pa Samukkee – Recycle rubbish 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

(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	Meal	Female	Total
Management/Administration Department	25	40	65
Manufacture/Technical Engineering Department	87	21	108
Daily employees	429	1,172	1,601
Total	541	1,233	1,774

- 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 281,843,317.- baht 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.

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.

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.

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 2012 was 110.2 million baht or 7.5% of the total sale.

Ing Shiang Co.,Ltd.

Ing Shiang Co., Ltd., is the company of buying-selling business in Taiwan. Formerly, Mr. Lu, Tsung-Jen was a proprietor of the business and held the position as company director of Chiangmai Frozen Foods Public Co., Ltd. At present, Mr. Lu, Tsung-Jen has passed away and the company reported the Stock Exchange of Thailand on June 9, 2009. Later Mr. Lu, Yu-Chin which is a son of Mr. Lu, Tsung-Jen to take care Ing Shiang Co., Ltd., and holds the share in Chiangmai Frozen Foods Public Co., Ltd., in replacement with number of share 6,105,309 shares or 1.60% but Mr. Lu, Yu-Chin is not be the Board of Company, therefore, to cut off Ing Shiang Co., Ltd., from related subject.

Agrifood Processing Co., Ltd. (Subsidiary)

In 2012, AFP is having total buying value 254.1 million baht or 17.3% of the total sale and has rented an office building from Chiangmai Frozen Foods Public Company Limited, 4th floor No. 149/32-34 Soi Anglo Plaza, Surawongse Road, Kwaeng Suriyawongse, Khet Bangrak, Bangkok with number of area 102 square meters, monthly rental 25,500.- baht by making year by year contract.

11. Explanation and analysis financial status and operation result of executive section:

a) Performance result as conducting business plan

In the year 2012, the company had sale volume amount 26,000 metric tons, increased from previous year amount 300 metric tons or 1.2% and lower than sale plan amount 1,000 metric tons or 3.7%.

b) Operation result

In the year 2012, the company gained net profit-consolidated 174.7 million baht increased from the year 2011 amount 118.9 million baht or 213.2%, having details as following:

(Unit: Million baht)

Sales increased	198.1
Cost of sales (increased)	(60.0)
Gross profit increased	138.1
Gain on exchange rate (decreased)	(2.7)
Other income increased	6.0
Profit before expenses increased	141.4
Selling & Administrative expenses decreased	6.3
Income tax (increased)	(28.7)
Total Expenses (increased)	(22.4)
Net Profit Increased - Separate	119.0
Net Profit from Subsidiary (Agrifood) (decreased)	(0.1)
Net Profit Increased - Consolidated	118.9

Important points with change on items

1. Income from sales increased 198.1 million baht happened from sale price increased 156.4 million baht, from exchange rate increased 23.6 million baht and from sale volume increased 18.1 million baht.
2. Cost of Sales increased happened from sale volume increased 300 metric tons and increased on raw material cost, wages, electricity charges chiefly.
3. Other incomes increased from interest income and sold equipment from impairment.
4. Selling and administrative expenses decreased which happened from freight charges decreased.
5. Income tax increased which happened from the company beyond from obtained investment promotion and paid income tax in rate 50% of normal rate from profit of investment promotion certificate no. 1465/1999, remaining profit paid in normal rate.

c) Financial status

At December 31, 2012, the company had assets amount 1,413.4 million baht increased from previous year amount 157.7 million baht, this was an increased of cash, cash equivalents and short term investment amount 134.3 million baht, trade and other receivables increased amount 6.6 million baht, accounts receivable-planters increased 20.9 million baht, inventories increased 20.5 million baht, Property, plant and equipment decreased (25.5) million baht and other assets increased amount 0.9 million baht.

Liabilities increased 39.4 million baht happened from trade and other payables increased 23.3 million baht, accrued income tax increased 12.7 million baht, other liabilities increased 3.4 million baht and shareholders' equity increased 118.3 million baht.

Current ratio of company is at level 9.0 and quick ratio is at level 5.3 whereas ratio of company liabilities against shareholders equity is at level 0.11: 1 only.

The Company has its expense for investment in fixed assets amount 38.9 million baht by using financial from investment sources obtained from the company operation.

For subsidiary company, in the year 2012, Agrifood Processing Co., Ltd., had total assets amount 58.2 million baht, total liabilities amount 17.5 million baht and shareholders' equity amount 40.7 million baht.

e) Factors and main influence that may have impact on operation or financial status in the future

In the year 2013, the company believes that it could export approx. 26,500 metric tons and estimates that the operation result may lower than business result in the year 2012 due to problem of adjusting to raise the low wages, trend on strong value of baht value and adjustment of raw material costs.

12. OTHER CONCERN INFORMATIONS

None

Independent Auditor's Report

To the Board of Directors and Shareholders of
Chiangmai Frozen Foods Public Company Limited

I have audited the accompanying consolidated financial statements of **Chiangmai Frozen Foods Public Company Limited and its subsidiary**, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of **Chiangmai Frozen Foods Public Company Limited** for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

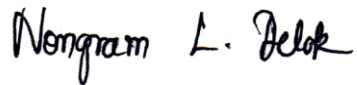
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

AST MASTER

บริษัท เอเอสที มาสเตอร์ จำกัด

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 its subsidiary** and of **Chiangmai Frozen Foods Public Company Limited** as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



NONGRAM LAOHAAREEDILOK
Certified Public Accountant
Registration No. 4334

Ast Master Co.,Ltd.
26 February 2013

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

<u>ASSETS</u>	<u>Notes</u>	In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
CURRENT ASSETS					
Cash and cash equivalents	6	354,250,608	261,771,921	327,082,224	242,783,021
Short - term investments	7	205,600,000	155,600,000	200,000,000	150,000,000
Trade and other receivables	8	60,671,633	58,593,091	64,578,302	58,039,592
Accounts receivable - planters	9	49,733,247	28,821,956	49,733,247	28,821,956
Inventories	10	356,817,670	336,257,594	356,817,670	336,257,594
Other current assets		2,657,543	2,513,344	2,603,227	2,427,124
TOTAL CURRENT ASSETS		1,029,730,701	843,557,906	1,000,814,670	818,329,287
NON - CURRENT ASSETS					
Fixed deposits pledged as collateral	11	14,942,195	14,672,090	-	-
Investment in subsidiary	12	-	-	23,353,658	23,353,658
Property, plant and equipment	13	381,281,051	407,198,912	380,463,619	406,033,043
Computer software - installation		4,578,806	2,976,673	4,578,806	2,976,673
Other non - current assets		4,204,971	5,054,007	4,204,071	5,053,107
TOTAL NON - CURRENT ASSETS		405,007,023	429,901,682	412,600,154	437,416,481
TOTAL ASSETS		1,434,737,724	1,273,459,588	1,413,414,824	1,255,745,768

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2012

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Notes</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES					
Trade and other payables	15	93,435,016	69,410,638	91,601,251	68,303,082
Accrued income tax		17,236,470	4,801,658	16,616,562	3,895,749
Other current liabilities		<u>2,827,322</u>	<u>2,733,864</u>	<u>2,767,340</u>	<u>2,608,996</u>
TOTAL CURRENT LIABILITIES		113,498,808	76,946,160	110,985,153	74,807,827
NON - CURRENT LIABILITIES					
Employee benefit obligations	16	<u>29,588,203</u>	<u>26,241,311</u>	<u>28,169,254</u>	<u>24,899,344</u>
TOTAL LIABILITIES		<u>143,087,011</u>	<u>103,187,471</u>	<u>139,154,407</u>	<u>99,707,171</u>
SHAREHOLDERS' EQUITY					
Share capital - Baht 1 par value					
Authorized shares					
381,146,251 common shares		<u>381,146,251</u>	<u>381,146,251</u>	<u>381,146,251</u>	<u>381,146,251</u>
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	17	38,115,000	38,115,000	38,115,000	38,115,000
Unappropriated		<u>804,389,988</u>	<u>683,011,392</u>	<u>786,999,692</u>	<u>668,777,872</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,291,650,713</u>	<u>1,170,272,117</u>	<u>1,274,260,417</u>	<u>1,156,038,597</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,434,737,724</u>	<u>1,273,459,588</u>	<u>1,413,414,824</u>	<u>1,255,745,768</u>

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Revenues from sales	1,491,528,703	1,293,386,520	1,466,095,469	1,267,969,807
Cost of sales	(1,110,785,319)	(1,049,127,207)	(1,108,120,889)	(1,048,132,207)
Gross profit	380,743,384	244,259,313	357,974,580	219,837,600
Gain on exchange rate	11,596,008	12,782,132	8,409,509	11,132,990
Other income	17,737,626	11,603,976	17,812,886	11,793,612
Profit before expenses	410,077,018	268,645,421	384,196,975	242,764,202
Selling expenses	(110,222,020)	(120,368,268)	(93,906,589)	(103,576,397)
Administrative expenses	(91,421,620)	(87,558,544)	(86,032,937)	(82,633,880)
Total expenses	(201,643,640)	(207,926,812)	(179,939,526)	(186,210,277)
Profit before income tax	208,433,378	60,718,609	204,257,449	56,553,925
Income tax	(33,695,122)	(4,922,254)	(32,675,969)	(4,011,990)
Profit for the year	174,738,256	55,796,355	171,581,480	52,541,935
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	174,738,256	55,796,355	171,581,480	52,541,935
Profit attributable to:				
Equity holders of the parent	174,738,256	55,796,355	171,581,480	52,541,935
Non - controlling interests	-	-	-	-
	<u>174,738,256</u>	<u>55,796,355</u>	<u>171,581,480</u>	<u>52,541,935</u>
BASIC EARNINGS PER SHARE				
Net profit attributable to equity holders of the parent	0.46	0.15	0.45	0.14
Weighted average number of common shares (shares)	381,145,725	381,145,725	381,145,725	381,145,725

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

		In Baht					
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity	Total
	Notes			Appropriated for legal reserve	Unappropriated		
BALANCE as at 1 January 2011		381,145,725	68,000,000	38,115,000	760,614,291	-	1,247,875,016
Dividends paid	18	-	-	-	(133,399,254)	-	(133,399,254)
Total comprehensive income for the year		-	-	-	55,796,355	-	55,796,355
BALANCE as at 31 December 2011		381,145,725	68,000,000	38,115,000	683,011,392	-	1,170,272,117
BALANCE as at 1 January 2012		381,145,725	68,000,000	38,115,000	683,011,392	-	1,170,272,117
Dividends paid	18	-	-	-	(53,359,660)	-	(53,359,660)
Total comprehensive income for the year		-	-	-	174,738,256	-	174,738,256
BALANCE as at 31 December 2012		381,145,725	68,000,000	38,115,000	804,389,988	-	1,291,650,713

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

		In Baht					
		Issued and	Premium	Retained earnings		Other	
		paid - up	on share	Appropriated		components	
Notes		share capital	capital	for legal reserve	Unappropriated	of equity	Total
BALANCE as at 1 January 2011		381,145,725	68,000,000	38,115,000	749,635,191	-	1,236,895,916
Dividends paid	18	-	-	-	(133,399,254)	-	(133,399,254)
Total comprehensive income for the year		-	-	-	52,541,935	-	52,541,935
BALANCE as at 31 December 2011		381,145,725	68,000,000	38,115,000	668,777,872	-	1,156,038,597
BALANCE as at 1 January 2012		381,145,725	68,000,000	38,115,000	668,777,872	-	1,156,038,597
Dividends paid	18	-	-	-	(53,359,660)	-	(53,359,660)
Total comprehensive income for the year		-	-	-	171,581,480	-	171,581,480
BALANCE as at 31 December 2012		381,145,725	68,000,000	38,115,000	786,999,692	-	1,274,260,417

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	208,433,378	60,718,609	204,257,449	56,553,925
Adjustments to reconcile net profit to net cash provided by provided by operating activities				
Unrealized gain (loss) on exchange rate	(1,906)	(630,567)	722	(469,378)
Doubtful accounts (reversal)	(446,639)	319,613	(446,639)	319,613
Loss on diminution of inventories (reversal)	(1,440,016)	4,700,570	(1,440,016)	4,700,570
Gain on disposal of equipment and written off	(3,222,650)	(62,066)	(3,214,326)	(62,073)
Depreciation	61,749,248	66,977,615	61,367,612	66,604,462
Impairment of assets	4,679,188	-	4,679,188	-
Provisions for employee benefit obligations	3,727,292	3,146,297	3,650,310	3,074,551
Profit from operating activities before change in operational assets and liabilities	273,477,895	135,170,071	268,854,300	130,721,670
Decrease (Increase) in operational assets				
Trade and other receivables	(2,095,174)	(3,486,574)	(6,556,479)	2,490,646
Accounts receivable - planters	(20,464,652)	7,042,661	(20,464,652)	7,042,661
Inventories	(19,120,060)	(30,999,704)	(19,120,060)	(30,999,704)
Other current assets	(144,199)	(548,486)	(176,103)	(497,725)
Other non - current assets	849,036	(1,848,920)	849,036	(1,848,920)
Increase (Decrease) in operational liabilities				
Trade and other payables	20,426,104	(11,802,366)	19,698,404	(11,549,290)
Employee benefit obligations	(380,400)	-	(380,400)	-
Other current liabilities	(92,949)	(845,866)	(28,063)	(931,485)
Cash receipt from operation	252,455,601	92,680,816	242,675,983	94,427,853
Income tax paid	(21,260,310)	(1,496,561)	(19,955,156)	(1,492,206)
Net cash provided by operating activities	231,195,291	91,184,255	222,720,827	92,935,647

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (Increase) in short - term investments	(50,000,000)	149,963,080	(50,000,000)	150,000,000
Increase in fixed deposits pledged as collateral	(270,105)	(180,405)	-	-
Proceeds from disposal of equipment	5,311,504	67,822	5,303,154	67,822
Cash paid for acquisition of plant and equipment (Supplement of cash flows information 1)	(38,982,617)	(26,331,640)	(38,949,392)	(26,284,014)
Cash paid for acquisition of computer software	(1,602,133)	(177,787)	(1,602,133)	(177,787)
Net cash provided by (used in) investing activities	<u>(85,543,351)</u>	<u>123,341,070</u>	<u>(85,248,371)</u>	<u>123,606,021</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash paid for dividends (Supplement of cash flows information 2)	<u>(53,173,253)</u>	<u>(133,297,300)</u>	<u>(53,173,253)</u>	<u>(133,297,300)</u>
Net cash used in financing activities	<u>(53,173,253)</u>	<u>(133,297,300)</u>	<u>(53,173,253)</u>	<u>(133,297,300)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	92,478,687	81,228,025	84,299,203	83,244,368
Cash and cash equivalents, beginning of the year	<u>261,771,921</u>	<u>180,543,896</u>	<u>242,783,021</u>	<u>159,538,653</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>354,250,608</u></u>	<u><u>261,771,921</u></u>	<u><u>327,082,224</u></u>	<u><u>242,783,021</u></u>
<u>Supplement disclosures of cash flows information</u>				
<u>1. Cash paid for acquisition of plant and equipment</u>				
Details of acquisition of plant and equipment during the year are as follows :				
Acquisition of plant and equipment during the year	(42,599,429)	(24,472,691)	(42,566,204)	(24,425,065)
Increase (Decrease) in payable from acquisition of assets	<u>3,616,812</u>	<u>(1,858,949)</u>	<u>3,616,812</u>	<u>(1,858,949)</u>
Cash paid for acquisition of plant and equipment	<u><u>(38,982,617)</u></u>	<u><u>(26,331,640)</u></u>	<u><u>(38,949,392)</u></u>	<u><u>(26,284,014)</u></u>
<u>2. Cash paid for dividends</u>				
Dividends paid	(53,359,660)	(133,399,254)	(53,359,660)	(133,399,254)
Increase in accrued dividends	<u>186,407</u>	<u>101,954</u>	<u>186,407</u>	<u>101,954</u>
Cash paid for dividends	<u><u>(53,173,253)</u></u>	<u><u>(133,297,300)</u></u>	<u><u>(53,173,253)</u></u>	<u><u>(133,297,300)</u></u>

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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 3rd - 4th 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 financial Reporting 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.

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 its subsidiary, Agrifood Processing Company Limited. with the holding of 100% of authorized share.

"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".

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

For the convenience of the user, an English translation of the financial statements has been prepared from the financial statements that are issued in the Thai language.

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

3. NEW ACCOUNTING STANDARDS ISSUED DURING THE YEARS NOT YET EFFECTIVE

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
--------	--------------------

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines. In 2013 the effect of the adoption to the financial statements of the Company and its subsidiary will be to increase profit for the year 2012 by Baht 0.6 million (Baht 0.002 per share) and increase brought-forward retained earnings of the year 2012 by Baht 7.6 million (separate financial statements: increase profit for the year 2012 by Baht 0.6 million (Baht 0.002 per share) and increase brought-forward retained earnings of the year 2012 by Baht 7.4 million).

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555-34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company is evaluating the first-year impact to the financial statements of the accounting treatment guidance and accounting standard interpretations and has yet to reach a conclusion.

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

4. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below;

4.1 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.

4.2 Accounts receivable

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

4.3 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.

4.4 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.

4.5 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.

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

4. ACCOUNTING POLICIES (CON'T)

4.6 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.

4.7 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).

4.8 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.

4.9 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.

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

4. ACCOUNTING POLICIES (CON'T)

4.10 Accounting for leases - where a company is the lessee

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized 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 to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the assets.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

4.11 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group contributions are recognised as expenses when incurred.

Defined benefit plans

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

4. ACCOUNTING POLICIES (CON'T)

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

4.12 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.

4.13 Revenue recognition

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

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

4.14 Income tax

The Group record income tax based on the actual amount currently payable according to the Revenue Code.

4.15 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.

4.16 Financial instruments

Financial assets carried on the statements of financial position include cash and cash equivalents, fixed deposit, trade and other receivable and loan to. 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.

4.17 Significant accounting judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for net realizable value

The Group considers the allowance for net realizable value based on the estimate of selling price in the ordinary course of business and normal condition of inventory. The net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

4. ACCOUNTING POLICIES (CON'T)

4.17 Significant accounting judgements and estimates

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

4.18 Related person and companies

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.

5. TRANSACTIONS WITH RELATED COMPANIES

5.1 Relationships and pricing policies

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

	<u>Relationship</u>
<u>Subsidiary :</u>	
Agrifood Processing Co., Ltd.	Shareholding and Directorship
<u>Related companies :</u>	
Itochu Corporation Co., Ltd.	Shareholder
P.P. Foods Supply Co., Ltd.	Common shareholder
Ing Shiang Co., Ltd.	Common shareholder
C.T.Prospers Group Co.,Ltd.	Common Shareholders and directors
	<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
Acquisition of assets	Market Value

5. TRANSACTIONS WITH RELATED COMPANIES (CON'T)

5.2 Balances of transactions with subsidiary and related companies

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

Balances of transactions among the Company, Subsidiary and related companies as at 31 December 2012 and 2011 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Trade accounts receivable				
Agrifood Processing Co., Ltd.	-	-	13,495,707	14,700,869
Itochu Corporation Co., Ltd.	4,542,140	2,368,964	1,458,741	1,385,130
Ing shiang Co., Ltd.	1,294,423	2,886,871	1,294,423	2,886,871
Total	5,836,563	5,255,835	16,248,871	18,972,870
Accrued expenses				
Itochu Corporation Co., Ltd.	1,221,070	1,039,502	605,843	679,720
P. P. Foods Supply Co., Ltd.	145,093	300,841	145,093	300,841
Ing shiang Co., Ltd.	3,168,620	2,953,362	3,168,620	2,953,362
Total	4,534,783	4,293,705	3,919,556	3,933,923
Deposit				
Agrifood Processing Co., Ltd.	-	-	30,000	30,000

5.3 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 31 December 2012 and 2011 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Revenues from sales				
Agrifood Processing Co., Ltd.	-	-	254,066,891	235,649,353
Itochu Corporation Co., Ltd.	178,478,941	174,503,294	110,240,781	116,078,044
P.P. Foods Supply Co., Ltd.	-	4,788,526	-	4,048,526
Ing shiang Co., Ltd.	11,049,409	9,448,266	10,190,678	9,448,266
Total	189,528,350	188,740,086	374,498,350	365,224,189
Other income				
Agrifood Processing Co., Ltd.	-	-	675,600	646,800
C.T.Prosper Group Co.,Ltd.	90,000	90,000	90,000	90,000
Total	90,000	90,000	765,600	736,800

5. TRANSACTIONS WITH RELATED COMPANIES (CON'T)

5.3 Revenue and expenses among the Company, subsidiary and related companies (con't)

In Baht

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Commission expenses				
Itochu Corporation Co., Ltd.	3,943,740	3,703,427	2,532,988	2,520,346
P.P. Foods Supply Co., Ltd.	879,597	783,971	879,597	783,971
Ing shiang Co., Ltd.	3,208,998	2,852,860	3,208,998	2,852,860
Total	<u>8,032,335</u>	<u>7,340,258</u>	<u>6,621,583</u>	<u>6,157,177</u>
Directors and management's benefits	<u>32,975,852</u>	<u>30,290,859</u>	<u>30,460,952</u>	<u>28,061,934</u>
Acquisition of assets				
Itochu Corporation Co., Ltd.	<u>12,110,790</u>	<u>-</u>	<u>12,110,790</u>	<u>-</u>

6. CASH AND CASH EQUIVALENTS

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash on hand	132,313	116,619	127,313	111,619
Regular checking accounts	501,340	424,680	-	-
Saving accounts	353,566,955	261,230,622	326,904,911	242,671,402
Fixed deposit 3 months	50,000	-	50,000	-
Total	<u>354,250,608</u>	<u>261,771,921</u>	<u>327,082,224</u>	<u>242,783,021</u>

7. SHORT – TERM INVESTMENTS

As at 31 December 2012, the Group has 6-11 months (31 December 2011: 4-11 months) which bear interest at the rate of 3.0%-3.5% per annum (31 December 2011: 3.6%-4.35% per annum)

8. TRADE AND OTHER RECEIVABLES

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade receivable - related companies (Note 5.2)	5,836,563	5,255,835	16,248,871	18,972,870
Trade receivable - other companies	52,875,313	52,538,462	46,369,674	38,434,776
Less allowance for doubtful accounts	(30,000)	(2,751,014)	(30,000)	(2,751,014)
Trade receivable - other companies, Net	<u>52,845,313</u>	<u>49,787,448</u>	<u>46,339,674</u>	<u>35,683,762</u>
Total trade receivable	58,681,876	55,043,283	62,588,545	54,656,632
Advances for expenses	1,185,049	2,970,297	1,185,049	2,970,297
Other receivables	804,708	579,511	804,708	412,663
Total	<u>60,671,633</u>	<u>58,593,091</u>	<u>64,578,302</u>	<u>58,039,592</u>

8. TRADE AND OTHER RECEIVABLES (CON'T)

The aging of outstanding balance as at 31 December 2012 and 2011 are as follows:

In Baht

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade receivable - related parties				
Not yet due receivable	5,085,548	4,691,081	15,497,856	18,408,116
Overdue with 1 to 3 months	751,015	564,754	751,015	564,754
Total Trade receivable - related parties	<u>5,836,563</u>	<u>5,255,835</u>	<u>16,248,871</u>	<u>18,972,870</u>
Trade receivable - other companies				
Not yet due receivable	50,372,250	49,049,348	43,866,611	34,945,662
Overdue with 1 to 3 months	2,473,063	738,100	2,473,063	738,100
Over 12 months	30,000	2,751,014	30,000	2,751,014
Total Trade receivable - other companies	<u>52,875,313</u>	<u>52,538,462</u>	<u>46,369,674</u>	<u>38,434,776</u>
Less Allowance for doubtful accounts	<u>(30,000)</u>	<u>(2,751,014)</u>	<u>(30,000)</u>	<u>(2,751,014)</u>
Total Trade receivable - other companies Net	<u>52,845,313</u>	<u>49,787,448</u>	<u>46,339,674</u>	<u>35,683,762</u>

9. ACCOUNTS RECEIVABLE – PLANTERS

	In Baht	
	2012	2011
Accounts receivable-planters	50,297,032	29,832,380
Less Allowance for doubtful accounts	<u>(563,785)</u>	<u>(1,010,424)</u>
Net	<u>49,733,247</u>	<u>28,821,956</u>

10. INVENTORIES

Consolidated financial statements and Separate financial statements

	In Baht					
	Cost		Allowance for diminution of inventories		Inventories - net	
	2012	2011	2012	2011	2012	2011
Finished goods and semi - finished products	301,448,281	280,788,803	(4,363,581)	(6,092,617)	297,084,700	274,696,186
Raw material and Supplies	36,056,122	32,036,954	(467,982)	(263,802)	35,588,140	31,773,152
Seeds, insecticide Fertilizer	24,229,670	29,788,256	(84,840)	-	24,144,830	29,788,256
Total	<u>361,734,073</u>	<u>342,614,013</u>	<u>(4,916,403)</u>	<u>(6,356,419)</u>	<u>356,817,670</u>	<u>336,257,594</u>

11. FIXED DEPOSITS PLEDGED AS COLLATERAL

As at 31 December 2012 and 2011, the subsidiary has fixed deposit amounted to Baht 14.9 million and Baht 14.7 million, respectively, which pledged as collateral against credit line from a local financial institution.

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

12. INVESTMENTS IN SUBSIDIARY

As at 31 December 2012 and 2011.

	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>

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

13. 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 1 January 2011							
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)
Provision for impairment	-	-	(3,445,198)	-	-	-	(3,445,198)
Net book amount	<u>104,185,950</u>	<u>199,146,244</u>	<u>126,724,781</u>	<u>9,990,121</u>	<u>2,347,855</u>	<u>7,314,641</u>	<u>449,709,592</u>
Transactions for the year ended 31 December 2011							
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 and amortization	-	-	(4,971)	-	(785)	-	(5,756)
Depreciation	-	(26,187,902)	(35,914,995)	(3,974,002)	(900,716)	-	(66,977,615)
Closing net book amount	<u>104,185,950</u>	<u>178,855,336</u>	<u>113,738,452</u>	<u>6,016,119</u>	<u>2,018,717</u>	<u>2,384,338</u>	<u>407,198,912</u>
As at 31 December 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)
Provision for impairment	-	-	(3,445,198)	-	-	-	(3,445,198)
Net book amount	<u>104,185,950</u>	<u>178,855,336</u>	<u>113,738,452</u>	<u>6,016,119</u>	<u>2,018,717</u>	<u>2,384,338</u>	<u>407,198,912</u>

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

13. PROPERTY, PLANT AND EQUIPMENT (CON'T)

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
Transactions for the year ended 31 December 2012							
Opening net book amount	104,185,950	178,855,336	113,738,452	6,016,119	2,018,717	2,384,338	407,198,912
<u>Add</u> Acquisition	-	1,445,419	11,669,400	1,615,342	1,101,954	26,767,314	42,599,429
Transfer in (out)	-	3,143,748	7,395,533	-	-	(10,539,281)	-
<u>Less</u> Disposals and amortization	-	-	(2,039,815)	(4)	(49,035)	-	(2,088,854)
Depreciation	-	(26,417,380)	(30,968,034)	(3,438,942)	(924,892)	-	(61,749,248)
Impairment of assets	-	(1,019,563)	(3,659,625)	-	-	-	(4,679,188)
Closing net book amount	<u>104,185,950</u>	<u>156,007,560</u>	<u>96,135,911</u>	<u>4,192,515</u>	<u>2,146,744</u>	<u>18,612,371</u>	<u>381,281,051</u>
At 31 December 2012							
Cost	110,493,651	450,948,610	729,016,477	38,927,635	22,620,809	18,612,371	1,370,619,553
<u>Less</u> Accumulated depreciation	(6,307,701)	(293,921,487)	(627,633,493)	(34,735,120)	(20,474,065)	-	(983,071,866)
Provision for impairment	-	(1,019,563)	(5,247,073)	-	-	-	(6,266,636)
Net book amount	<u>104,185,950</u>	<u>156,007,560</u>	<u>96,135,911</u>	<u>4,192,515</u>	<u>2,146,744</u>	<u>18,612,371</u>	<u>381,281,051</u>

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

13. PROPERTY, PLANT AND EQUIPMENT (CON'T)

THE SEPARATE 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 1 January 2011							
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)
Provision for impairment	-	-	(3,445,198)	-	-	-	(3,445,198)
Net book amount	<u>104,185,950</u>	<u>199,146,244</u>	<u>126,724,781</u>	<u>8,541,576</u>	<u>2,304,997</u>	<u>7,314,641</u>	<u>448,218,189</u>
Transactions for the year ended 31 December 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 and amortization	-	-	(4,971)	-	(778)	-	(5,749)
Depreciation	-	(26,187,902)	(35,914,995)	(3,618,202)	(883,363)	-	(66,604,462)
Closing net book amount	<u>104,185,950</u>	<u>178,855,336</u>	<u>113,738,452</u>	<u>4,923,374</u>	<u>1,945,593</u>	<u>2,384,338</u>	<u>406,033,043</u>
As at 31 December 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)
Provision for impairment	-	-	(3,445,198)	-	-	-	(3,445,198)
Net book amount	<u>104,185,950</u>	<u>178,855,336</u>	<u>113,738,452</u>	<u>4,923,374</u>	<u>1,945,593</u>	<u>2,384,338</u>	<u>406,033,043</u>

13. PROPERTY, PLANT AND EQUIPMENT (CON'T)

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

THE SEPARATE 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
Transactions for the year ended 31 December 2012							
Opening net book amount	104,185,950	178,855,336	113,738,452	4,923,374	1,945,593	2,384,338	406,033,043
<u>Add</u> Acquisition	-	1,445,419	11,669,400	1,615,342	1,068,729	26,767,314	42,566,204
Transfer in (out)	-	3,143,748	7,395,533	-	-	(10,539,281)	-
<u>Less</u> Disposals	-	-	(2,039,815)	(4)	(49,009)	-	(2,088,828)
Depreciation	-	(26,417,380)	(30,968,034)	(3,083,142)	(899,056)	-	(61,367,612)
Impairment of assets	-	(1,019,563)	(3,659,625)	-	-	-	(4,679,188)
Closing net book amount	<u>104,185,950</u>	<u>156,007,560</u>	<u>96,135,911</u>	<u>3,455,570</u>	<u>2,066,257</u>	<u>18,612,371</u>	<u>380,463,619</u>
At 31 December 2012							
Cost	110,493,651	450,948,610	729,016,477	37,148,635	21,641,420	18,612,371	1,367,861,164
<u>Less</u> Accumulated depreciation	(6,307,701)	(293,921,487)	(627,633,493)	(33,693,065)	(19,575,163)	-	(981,130,909)
Impairment of assets	-	(1,019,563)	(5,247,073)	-	-	-	(6,266,636)
Net book amount	<u>104,185,950</u>	<u>156,007,560</u>	<u>96,135,911</u>	<u>3,455,570</u>	<u>2,066,257</u>	<u>18,612,371</u>	<u>380,463,619</u>

As at 31 December 2012 The Group and the Company had equipment which have been fully depreciated according to their useful live but are still. These are still in active use amounting to approximately Baht 567.7 million and 566.8 million, respectively (31 December 2011: Baht 547.8 million and 546.9 million, respectively).

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

14. BANK OVERDRAFTS AND SHORT-TERM LOANS

As at 31 December 2012 and 2011, the Company has the overdrafts and short-term loans lines amounted to Baht 450.8 million and Baht 451.8 million, respectively. The facilities charge an interest at the rate of MOR per annum.

15. TRADE AND OTHER PAYABLES

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Trade payables	39,109,978	35,556,013	39,109,978	35,556,013
Accrued commission expenses (Note 5.2)	4,534,783	4,293,705	3,919,556	3,933,923
Accrued expenses	45,787,840	29,175,317	44,569,302	28,427,543
Others	4,002,415	385,603	4,002,415	385,603
Total	<u>93,435,016</u>	<u>69,410,638</u>	<u>91,601,251</u>	<u>68,303,082</u>

16. EMPLOYEE BENEFIT OBLIGATIONS

The Group adopted TAS 19 Employee Benefits with effect from 1 January 2011.

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 statements		financial statements	
	2012	2011	2012	2011
For the year ended 31 December				
Defined benefit obligations at 1 January	26,241,311	23,095,014	24,899,344	21,824,793
Current service costs and interest	3,727,292	3,146,297	3,650,310	3,074,551
Benefit paid for the year	(380,400)	-	(380,400)	-
Defined benefit obligations at 31 December	<u>29,588,203</u>	<u>26,241,311</u>	<u>28,169,254</u>	<u>24,899,344</u>

Expense recognized in profit or loss for the year ended 31 December 2012 and 2011:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current service costs	3,052,301	2,591,859	2,993,685	2,535,668
Interest on obligation	674,991	554,438	656,625	538,883
Total	<u>3,727,292</u>	<u>3,146,297</u>	<u>3,650,310</u>	<u>3,074,551</u>

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

16. EMPLOYEE BENEFIT OBLIGATIONS (CON'T)

The above expense recognized in profit or loss is recognized in the following line items for the year ended 31 December 2012 and 2011:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Costs of sales	2,817,253	2,521,981	2,817,253	2,521,981
Sales expenses	170,789	123,388	149,367	104,149
Administrative expenses	739,250	500,928	683,690	448,421
Total	<u>3,727,292</u>	<u>3,146,297</u>	<u>3,650,310</u>	<u>3,074,551</u>

Principal actuarial assumptions at the reporting date

	Consolidated and Separate financial statements
For the year ended 31 December 2012 and 2011	
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 TMO 2008 male and female tables

17. 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.

18. DIVIDENDS PAID

According to the resolution of the ordinary shareholders' meeting for the year 2012 held on 20 April 2012 had the resolution to approve the payment of cash dividends at Baht 0.14 per share to the shareholders of 381,145,725 shares totaling Baht 53.4 million from operational result of year 2011. The Company paid dividends on 11 May 2012.

According to the resolution of the ordinary shareholders' meeting for the year 2011 held on 29 April 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 27 May 2011.

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

19. EXPENSES BY NATURE

Significant expenses by nature are as follow :

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Changes in finished goods, semi - finished products and raw materials	(19,970,570)	(16,306,648)	(19,970,570)	(16,306,648)
Purchase of finished goods	2,664,430	995,000	-	-
Purchase raw materials	531,803,570	527,219,316	531,803,570	527,219,316
Depreciation and amortization	61,749,248	66,977,615	61,367,612	66,604,462
Staff costs	258,632,087	205,355,105	256,742,365	203,754,317

20. 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 31 December 2012 and 2011 are summarized as follows:

	In Thousand Baht					
	2012			2011		
	Promoted Business	Non-Promoted Business	Total	Promoted Business	Non-Promoted Business	Total
Export sales	924,390	268,995	1,193,385	679,557	340,338	1,019,895
Domestic sales	15,292	257,419	272,711	10,508	237,567	248,075
Total	939,682	526,414	1,466,096	690,065	577,905	1,267,970

21. SEGMENT INFORMATION

The Group are engaged in business of manufacturing and exporting of frozen fruits and vegetables and transmuted sweet corn distribution and operate in one geographical area in Thailand. Therefore, these financial statements do not present the geographical segment.

22. PROVIDENT FUND

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

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 31 December 2012 and 2011 amounted to Baht 1.1 million and Baht 1.4 million, respectively.

23. FINANCIAL INSTRUMENTS

23.1 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.

23.2 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 has policies to hedge such risks by using derivative financial instruments. As at 31 December 2012, the Group have outstanding forward foreign exchange selling contracts total of U.S. Dollars 25.6 million in exchange of Baht 790.3 million with 3 commercial banks. The contract will be due in December 2013. Per comparative between fair value and contract value, the profit amounting Baht 13.6 million is incurred.

As at 31 December 2012, the Group has accrued commission amounting of U.S.Dollars 142,627 which are not hedged.

23.3 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.

23.4 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.

24. COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2012

24.1 The Company has commitment to pay the uncalled investments in Agrifood Processing Co., Ltd. amounting to approximately Baht 90.0 million.

24.2 The Company has commitments for software license and system consulting agreement amounting of Baht 0.9 million.

24.3 The Company has contingently liability for bank guarantees issued in favor of government agency amounting to approximately Baht 9.5 million.

25. RECLASSIFICATION

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

Certain accounts in the 2011 financial statements have been reclassified to conform to the presentation in the 2012 financial statements as follows:

	In Baht					
	Consolidated financial statements			Separate financial statements		
	Before Reclassification	Reclassification	After Reclassification	Before Reclassification	Reclassification	After Reclassification
Statement of financial position						
Trade and other receivable	-	58,593,091	58,593,091	-	58,039,592	58,039,592
Trade receivable – related companies	5,255,835	(5,255,835)	-	18,972,870	(18,972,870)	-
Trade receivable – other companies	49,787,448	(49,787,448)	-	35,683,762	(35,683,762)	-
Other current assets	-	2,513,344	2,513,344	-	2,427,124	2,427,124
Value added tax receivable	1,753,466	(1,753,466)	-	1,702,302	(1,702,302)	-
Other current assets	4,309,686	(4,309,686)	-	4,107,782	(4,107,782)	-
Trade and other payables	-	69,410,638	69,410,638	-	68,303,082	68,303,082
Trade payables	35,556,013	(35,556,013)	-	35,556,013	(35,556,013)	-
Accrued expenses – related companies	4,293,705	(4,293,705)	-	3,933,923	(3,933,923)	-
Accrued expenses – other companies	30,346,940	(30,346,940)	-	29,599,166	(29,599,166)	-
Payable from acquisition of assets	381,603	(381,603)	-	381,603	(381,603)	-
Other current liabilities	1,566,241	1,167,623	2,733,864	1,441,373	1,167,623	2,608,996

26. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements and separate financial statements have been approved by the Board of Directors of the Company on 26 February 2013.