



REPORT ON THE DISCLOSURE OF ADDITIONAL INFORMATION

(FORM 56 – 1)

Submitted to

OFFICE OF THE SECURITIES AND EXCHANGE COMMISSION

OF

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED OF DECEMBER 31, 2013

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## **Part 1**

### **Business Performance**

#### **1. Policy and overall business performance**

Chiangmai Frozen Foods Public Company Limited conducts business of producing and distributing frozen vegetables such as Frozen Soy Beans, Frozen Green Beans, Frozen Sweet Corns, Frozen Baby Corns chiefly, having overseas market distribution about 80% and domestic about 20%. For the whole domestic market sold through Agrifood Processing Co., Ltd. (Subsidiary Company).

##### **1.1 Association philosophy, Visibility, Mission, Ideal and Business Target**

#### **Association philosophy**

Maximum satisfaction of the customers is the maximum aspiration of us.

#### **Visibility**

We intend to develop for leadership sake in frozen agriculture products.

#### **Mission**

- The Company intends to develop and select fruits – vegetables of quality, clean, free from chemical and deliver the products quickly as required by the customers.
- The Company intends to make a good investment return by seizure the principle of good corporate governance.

#### **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 stakeholder.
- Fairly conduct business, not ruin an environment and promote of living together with good relationship between company and community.

## 1.2 Change and development significant

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

### **Previous year in controlling company power**

No change on controlling power

### **Previous year of business character performance character**

No change on business performance character

**Change on holding share Structure, Management or Business performance in previous 3 years**

- As at December 26, 2013, Itochu Corporation holds amount 50,440,665 shares and Itochu (Thailand) Ltd. holds amount 25,789,335 shares total amount 76,230,000 shares or come to 20% have sold all holding shares to the following details.

Name of Purchasers	Securities held before acquisition		Securities acquired		Securities held after acquisition		Relations
	Number of shares	%	Number of shares	%	Number of shares	%	
1.Northern Agricultural Co., Ltd.	66,755,700	17.51	16,770,400	4.40	83,526,100	21.91	None
2.Mrs.Pornthip Ratanaamornpin	-	-	12,000,000	3.15	12,000,000	3.15	None
3.Mr.Supuck Pataratirakul	-	-	11,434,500	3.00	11,434,500	3.00	None
4.Mr.Supoj Wongjirattikarn	912,649	0.24	8,328,500	2.18	9,241,149	2.42	None
5.Mr.Prasert Trichakraphop	100,000	0.03	7,623,000	2.00	7,723,000	2.03	None
6.Ms.Kornwika Vongsariyavanich	-	-	7,384,000	1.94	7,384,000	1.94	None
7.Mr.Chatree Laowanichwith	-	-	7,353,600	1.93	7,353,600	1.93	None
8.Mr.Thanit Vachareeyanukul	-	-	5,336,000	1.40	5,336,000	1.40	None
Total	67,768,349	17.78	76,230,000	20.00	143,998,349	37.78	

**Important incident in 2013**

None

### 1.3 Shareholding structure of the company group

#### **Division policy of company operation in group**

1	Northern Agricultural Co., Ltd.	<p>Is a company whose conducts business in agriculture which is not related with the main business of the company and no interrelated cross shareholding in which Mr. Prayoon Pholpipattanaphong is a major shareholder by 30% and is a shareholder in the company amount 306,517 shares come to 0.08%</p> <p>Northern Agricultural Co., Ltd., holds the share in the company amount 66,755,700 shares come to 17.51% Later, on December 26, 2013 Northern Agricultural Co., Ltd., bought the shares from Itochu Group amount 16,770,400 shares come to 4.40% made at December 31, 2013 held total share in the company 83,526,100 shares come to 21.91%</p>
2	Itochu Group	<p>Is a company whose conducts business of buying-selling, having branches all over the world comprising: Itochu Corporation hold amount share 50,440,665 shares come to 13.23% and Itochu (Thailand) Ltd. Holds amount shares 25,789,335 shares come to 6.77%, having one representative namely Mr. Kenichi Tai, is an representative to distribute goods to the company and has received commission from selling. Later, on December 26, 2013 Itochu Group sold all holding share amount 76,230,000 shares or come to 20%</p>

### 1.4 Relationship with business group of main shareholder

**Northern Agricultural Co., Ltd.** having Mr. Prayoon Pholpipattanaphong as a major shareholder by 30% and performs duty as Chairman of Chiangmai Frozen Foods Public Company Limited. The Business Operation of the company with the business group of major shareholder has no conflict of interest and no interrelated cross shareholding.

**Itochu Corporation** having one representative director namely Mr. Kenichi Tai, conducts business of buying and selling, having branches all over the world, is an representative of distributing goods of the company and has received commission from selling and the company still sells the goods through Itochu Corporation owing Itochu Corporation has the customer base in Japan which makes one more channel that the company can distribute the goods. Such selling goods is according to the business mechanical both in fixing the price, provide reduction, giving credit which the company has held the practice same as every customer of the company.

## 2. Business performance character

### Structure of Revenue

For Chiangmai Frozen Foods Public Company Limited

(In Thousand Baht)

Products	2013	%	2012	%	2011	%
Frozen Vegetables	1,407,756	100.0	1,466,095	100.0	1,267,285	99.9
Others	-	-	-	-	685	0.1
Total	1,407,756	100.0	1,466,095	100.0	1,267,970	100.0

Product markets	2013	%	2012	%	2011	%
Overseas	1,147,501	81.5	1,193,384	81.4	1,019,895	80.4
Domestic	260,255	18.5	272,711	18.6	248,075	19.6
Total	1,407,756	100.0	1,466,095	100.0	1,267,970	100.0

Nature of Customers	Percentage		
	Oversea Market	Domestic Market	Total
Total sale value	81.5	18.5	100.00

Performance cycle	Percentage		
	2013	2012	2011
1 <sup>st</sup> Quarter	22.00	22.00	21.00
2 <sup>nd</sup> Quarter	31.00	30.00	28.00
3 <sup>rd</sup> Quarter	26.00	27.00	29.00
4 <sup>th</sup> Quarter	21.00	21.00	22.00
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	2013	%	2012	%	2011	%
Revenue from sales	265,304	97.4	279,500	98.7	261,066	99.2
Others income	7,156	2.6	3,787	1.3	2,106	0.8
Total	272,460	100.0	283,287	100.0	263,172	100.0

#### 2.1 Character of products

Products of the company are of frozen vegetables products which is brought an agricultural products such as Soy Beans, Green Beans, Sweet Corns, Carrots, Baby Corns chiefly to pass the processing method such as selecting, cutting, washing, boiling then bring to freeze and keep in cold storage to wait for grading, contain and export by having efficient producing steps



according to the various standards such as ISO 22000, HACCP, GMP. The machines are up-to-date and the products are of quality, fresh, clean, tasty to correspond with the required customers.

#### Investment promotion

The company has received investment promotion in activity of producing Frozen Vegetables. At present the rights that still effects that is received tax reduction of juristic person in rate 50% till October 2014 of activity size 15,000 metric tons per year from total activity sizes 42,000 metric tons per year.

## 2.2 Market and competition

### Previous year of market policy

In the year 2013, the company had target sale at 26,500 metric tons whereas the company sold total 24,400 metric tons, less than target quantity 2,100 metric tons or come to 7.92%, having total sale value 1,407.8 million baht which reduced from previous year 58.3 million baht or come to 3.98%.

### Important of competitive tactics

1. Listen every group of customers opinion along with return the customers expectation and requirement very quickly.
2. Develop quality of the goods to be of standardize in international level, free from chemical residue and additive continuously.
3. Manage to deliver the goods efficiently and always in accordance with the customers requirement.
4. Develop personnel to be of knowledgeable with capable and proceeding the work with maximum effectively.

### Advantages

1. The company has a good relationship with the customers and jointly conduct business for a long time.
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 capital higher.
2. Size of growing areas is mostly small and scatter in wide vicinity, control of growing areas is done harder when compare with the competitors in overseas.

### Target customers

Main customers of the company are importer, big co-trader, representative and small customers which scatter the goods to the supermarket, various retail shops and producer in industrial foods and consumer groups of the company are mostly group of middle class up and business group that needs in the form of semi ready-made, clean, healthy and easy to 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:-

1. Distribute through an importer and the representative.
2. Distribute directly to the customers.
3. Distribute through Agrifood Processing Co., Ltd. (subsidiary company).

#### Distribution portion in domestic and overseas

The company distributes goods mainly to the overseas such as Japan, USA, Sweden, Denmark with about 80% and sells in domestic through Agrifood Processing Co., Ltd., and other small customers with about 20%.

#### Competition condition

Competition condition does not so violent owing Frozen Vegetable products are the products of having consumption demand in considerably volume and the main market of the company is Japan. Japanese customers are the customers of having consumption demand in the form of semi ready-made, fresh, clean, healthy and easy to eat. Also Thailand is a country of plentiful and rather scarce of natural peril problem which differ from competitor country take China which always suffer from natural peril problem that make irregular delivery which differ from the company goods that able to deliver the goods regularly the whole year round. Trade competitor of the company is a competitor in overseas that is China, having business size adjacent with the company which the company has capable potential enough to be able to make competition both in point of quality, price and regularity in deliver.

### 2.3 Procurement

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 such as: Chiang Mai, Chiang Rai, Phare, Nan, Phayao etc, 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 expenses of seeds, fertilizers and insecticides from buying price of the produces.

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

Items	Unit	2013	2012	2011
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	22,132	26,212	26,280
Actual rate of usage capacity	%	52.70	62.41	62.57
Increase (decrease) rate of production volume	%	(15.57)	(0.26)	17.97
Increase (decrease) rate of production value	%	(2.71)	5.76	13.13

**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 portion 97%

Oversea : The Company imports raw material at portion 3%

#### **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 quality of Department of Industrial Works formulated 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.

## 2.4 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 unable to deliver.

## 3. Risk

### Raw material

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.

### Market

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

### Exchange rate

As the company has its value export about 80% of the total sale and the company sells the products 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. 10 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 1,428.9 million baht, total liabilities 124.0 million baht or come to 8.7% of total assets and shareholders' equity 1,304.9 million baht or come to 91.3% of total assets, ratio of liabilities per shareholders' equity 0.10:1, current ratio 11.4 and quick ratio 7.1 also the credit line from 4 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 reliably of the company that received from financial institutes is 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, 2013 the company had retained earnings altogether amount 855.8 million baht or come to 59.9% of total assets and the company could pay dividend to the shareholder every year.

#### 4. Assets for business performance

Type of assets	Type of possession	Value (Million baht)	Burden
Land of office building, No.149/32-34 Soi Anglo Plaza, Surawongse Road, Khet Bangrak, Bangkok 54.4 Square wahs	Owner	25.6	No encumbered with a charge
Land 1 <sup>st</sup> Plant No.92 Moo 3 Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai 15 rais 36.6 Square wahs	Owner	3.1	No encumbered with a charge

Land 2 <sup>nd</sup> Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 27 rais 3 ngan 98.9 Square wahs	Owner	34.7	No encumbered with a charge
Land 2 <sup>nd</sup> Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 15 rais 1 ngan 53.6 Square wahs	Owner	7.2	No encumbered with a charge
Land 2 <sup>nd</sup> Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 16 rais 108.2 Square wahs	Owner	9.6	No encumbered with a charge
Land 2 <sup>nd</sup> Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 6 rais 54.3 Square wahs	Owner	3.2	No encumbered with a charge
Land –New Cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai 8 rais 3 ngan 97 square wahs	Owner	5.4	No encumbered with a charge
Land at Amphur Bangragum,Phitsunulok Province 154 rais 30 square wahs	Owner	15.4	No encumbered with a charge
Office Building, 4 Floors, 3 Units No. 149/32-34 Soi Anglo Plaza, Surawongse Road, Bangrak, Bangkok	Owner	5.3	No encumbered with a charge
1 <sup>st</sup> Plant Building No. 92 Moo 3 Chiangmai-Phrao Road, Nongjom,Sansai, Chiangmai	Owner	23.5	No encumbered with a charge
2 <sup>nd</sup> Plant Building No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai,Sansai,Chiangmai	Owner	42.3	No encumbered with a charge
New cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai	Owner	55.6	No encumbered with a charge
Machinery	Owner	95.2	No encumbered with a charge

#### 5. Legal disputes

In the year of 2013, the company and subsidiary company had no dispute on laws that having important point toward business operation of the company.

6. General information and other important information.

6.1 General information

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

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

## 6.2 Others important information.

Registrar	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, 4,6-7 <sup>th</sup> Floor, Rachadapisek Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok 10110,Thailand. Tel.(662)229-2800,654-5599 Fax.(662)359-1262-3
Auditor	Miss Nongram Laoha-areedilok,C.P.A.(Thailand) No.4334 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 Public Co., Ltd. Krungthai Bank Public Co., Ltd.

## Part 2

### Management and corporate governance

#### 7. Securities and Shareholder information.

##### 7.1 Register capital securities and paid-up capital securities

- The Company's registered capital is 381,146,251 bahts, paid up of 381,145,725 bahts, divided into 381,145,725 common shares and each with par value of 1 baht.
- The company has no other securities such as preference share, warrant, debenture share chiefly.

##### 7.2 Shareholders

- Names of main shareholders at the day of closing register book to suspend transferring shares for the right in attending Ordinary Shareholder Meeting are as follows:

The first ten major shareholders	As at March 14, 2014		As at March 14, 2013	
	Shares	%	Shares	%
1. Nornern Agricultural Co., Ltd.	66,755,700	17.51	66,755,700	17.51
2. Itochu Corporation	50,440,665	13.23	50,440,665	13.23
3. Itochu (Thailand) Ltd.	25,789,335	6.77	25,789,335	6.77
4. Nomura Securities Co., Ltd.	19,057,313	5.00	19,057,313	5.00
5. Mr. Lan Mu Chiou + spouse	18,030,830	4.73	18,030,830	4.73
6. Mr. Prapas Pholpipattanaphong + spouse	15,346,200	4.03	16,066,200	4.22
7. Thai and VDR Co., Ltd.	13,318,695	3.49	14,225,707	3.73
8. Miss Chang, Min - Fang	8,837,730	2.32	8,837,730	2.32
9. Miss Ninjarat Saharattanachaiwong	6,261,750	1.64	6,261,750	1.64
10. Mr. Lu, Yu – Chin	6,105,309	1.60	6,105,309	1.60
Total	229,943,527	60.32	231,570,539	60.75

Remark: at December 26, 2013, Itochu Corporation and Itochu (Thailand) Ltd. have sold all holding shares.



Items	As at March 14, 2014			As at March 14, 2013		
	No. of holders	Shares	%	No. of holders	Shares	%
Thai nationality	2,332	227,268,181	59.63	1,553	222,368,313	58.34
Foreign nationality	39	153,877,544	40.37	43	158,777,412	41.66
Total shareholders	2,371	381,145,725	100.00	1,596	381,145,725	100.00
- Japanese	12	79,981,282	20.98	12	78,747,470	20.66
- Taiwanese	10	52,480,878	13.77	11	52,480,978	13.77
- English	5	19,281,701	5.06	6	19,281,801	5.06
- Swiss	2	1,756,950	0.46	3	6,598,150	1.73
- American	3	330,876	0.09	4	1,623,156	0.43
- German	1	29,040	0.01	1	29,040	0.01
- Others	6	16,817	-	6	16,817	-

- The company holds the share in Agrifood Processing Co., Ltd., (subsidiary company) by holding the shares 100%.
- The company has no agreement between main shareholders that will impact toward issuance and selling propose of securities or work execution of the company.

#### Names of Institution Shareholders of the company

Name		As at March 14, 2014		As at March 14, 2013	
		Shares	%	Shares	%
1	Nomura Securities Co., Ltd.	19,057,313	5.00	19,057,313	5.00
2	Bank Julius Baer and Co., Ltd.	1,738,800	0.46	6,500,000	1.71
3	Rothschild Bank AG	-	-	80,000	0.02
4	Commerz Bank Aktiengesellschaft	29,040	0.01	29,040	0.01
5	Land and House Bank PCL.	18,150	-	18,150	-
6	The Securities Srimite PCL.	330	-	330	-
Total		20,843,633	5.47	25,684,833	6.74

### 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 it 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 21 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 and it is Annual Ordinary Meeting within 4 months from the date of cycle year of account and extraordinary shareholder meeting in case of asking special resolution from shareholders. The Company pays an important to every shareholder both institution shareholders and small shareholders, the company then invites and supports institution shareholders and small shareholders to join the meeting in order to inquire suspicion express one's thought and give various advise that will be useful toward conductive business in which the company is ready to give facilities to every shareholders equally and uses the rights to vote transparently, justice by providing to have the meeting set in agenda order that formulated in an invitation letter. For electing agenda of directors, the company has separated the matter to allow the shareholders use the rights to vote for electing directors individually along with arrange to have an representative of the shareholders in counting the vote for correction and make disclosure of the shareholder meeting resolution with voting result at time 09.00 a.m. of the next working day from the date of shareholder meeting and arrange completely of meeting report and diffuse meeting report toward the Securities and Stock Exchange of Thailand and report through the company website within 14 days from the 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.

### 7.3 Other securities issuance

The company issues the securities as ordinary share only, not issues other securities such as preference share or warrant or debenture share chiefly.

### 7.4 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

Year	Rate (Baht/share)	Amount of shares (Shares)	Date of closing register book for the right of dividend	Dividend payment dates
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
2013	0.31	381,145,725	Mar.19-20,1014	May 12,2014

Items	Unit	2013	2012	2011	2010
Net profit Consolidated	,000bahts	135,818	174,062	55,796	158,188
Amount of shares	,000shares	381,146	381,146	381,146	381,146
Par value	Baht/share	1.00	1.00	1.00	1.00
Profit per shares	Baht/share	0.36	0.46	0.15	0.42
Book value	Bahts/share	3.48	3.41	3.07	3.33
Annual dividend	,000bahts	118,155	106,721	53,360	133,401
Annual dividend	Baht/share	0.31	0.28	0.14	0.35
Payout ratio	%	87.00	61.31	95.63	84.33

Remark: Ratio of dividend payment and dividend payout date from an operation result of the year 2013 are still uncertain. It depends on the resolution of Ordinary Shareholder Meeting for annual 2014.

8. Management structure

8.1 Board of company

**Board of Company**

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

**Board of Audit Committee**

<b>Names</b>	<b>Position</b>	<b>Type of director</b>
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**

<b>Names</b>	<b>Position</b>	<b>Type of director</b>
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**

<b>Names</b>	<b>Position</b>	<b>Type of director</b>
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**

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

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

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

### **Biography of the Directors**

#### **1. Mr. Prayoon Pholpipattanaphong**

Type of director	Executive director (Chairman of Board of Director)
Age	80 years
Education	Accounting profession
Other qualifications	Honorary Doctor, Agricultural, Maejoe University
Director training program/year	DAP-15/2004
Experience	Chairman of Chiangmai Frozen Foods PCL., from Nov. 3, 1988-present
Positions in other listed companies	None
Positions in non-listed companies	Chairman of Agrifood Processing Co., Ltd., from Jun. 6, 2003-present
Positions in rival companies / related companies	None
Meeting attendance in 2013	Board of Director Meeting 4 / 4 times Board of Executive Director Meeting 2 / 2 times
Date and no. of years on the board	November 3, 1988, 26 years
CM Shareholding on Dec. 31'2013	306,517 shares or 0.08%

#### **2. Mr. Prapas Pholpipattanaphong**

Type of director	Executive director (Managing Director)
Age	65 years
Education	High school certificate
Director training program/year	DAP-8/2004

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 2013	Board of Director Meeting 4 / 4 times Executive Director Meeting 2 / 2 times Board of Nomination & Remuneration Meeting 1 / 1 time Board of Risk Management Meeting 1 / 1 time
Date and no. of years on the board	November 3, 1988, 26 years
CM Shareholding on Dec. 31'2013	Private 10,007,830 shares or 2.63% Spouse 5,338,370 shares or 1.40% Total 15,346,200 shares or 4.03%

### 3. Mr. Suwat Phongphasura

Type of director	Executive director
Age	72 years
Education	High school certificate
Director training program/year	DAP-12/2004
Experience	Executive director of Chiangmai Frozen Foods PCL., from Nov. 3, 1988-present Authorized director of Chiangmai Frozen Foods PCL, from Mar. 25, 1997 – 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 2013	Board of Director Meeting 4 / 4 times Board of Executive Director Meeting 2 / 2 times Board of Risk Management Meeting 1 / 1 time
Date and no. of years on the board	November 3, 1988, 26 years
CM Shareholding on Dec. 31'2013	2,450,250 shares or 0.64%

#### 4. Mr. Prayuth Pholpipatanaphong

Type of director	Executive director
Age	67 years
Education	Bachelor of Science, Chulalongkorn University
Director training program/year	None
Experience	Business Development Manager-Chiangmai Frozen Foods PCL., from Jan. 2, 2003-present Executive 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 2013	Board of Director Meeting 4 / 4 times Board of Executive Director Meeting 2 / 2 times Board of Corporate Governance Meeting 3 / 3 time Board of Risk Management Meeting 1 / 1 time
Date and no. of years on the board	April 30, 2010, 4 years
CM Shareholding on Dec. 31'2013	None

#### 5. Mr. Ankoon Pholpipattanaphong

Type of director	Executive director (Asst. Managing Director, Secretary)
Age	44 years
Education	Master of Business Administration- Colorado University Bachelor of Communication, Bangkok University
Director training program/year	DAP-12/2004, UFS-10/2005
Experience	Executive 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	Authorized director of Agrifood Processing Co., Ltd., from Jun. 6, 2003-present



Positions in rival companies / related companies	None
Meeting attendance in 2013	Board of Director Meeting 4 / 4 times Board of Executive Director Meeting 2 / 2 times Board of Corporate Governance Meeting 3 / 3 time Board of Risk Management Meeting 1 / 1 time
Date and no. of years on the board	April 27, 2000, 14 years
CM Shareholding on Dec. 31'2013	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	66 years
Education	High school certificate
Director training program/year	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 2013	Board of Director Meeting 3 / 4 times
Date and no. of years on the board	November 3,1988, 26 years
CM Shareholding on Dec. 31'2013	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	48 years
Education	Bachelor-Economy, Keio University
Director training program/year	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 Is a person who has working experienced that related with

	company business.
Positions in listed companies	None
Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2013	Board of Director Meeting 4 / 4 times
Date and no. of years on the board	August 13, 2010, 4 years
CM Shareholding on Dec. 31'2013	None

**8. Mr. Santichai Suakanonth**

Type of director	Independent director (Chairman of Board of Audit Committee)
Age	80 years
Education	Bachelor of Commercial, Thammasat University Bachelor of Accounting, Thammasat University
Other qualification	Certified Public Accountant Registration No. 422
Director training program/year	DAP-15/2004, ACP13/2006
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 2013	Board of Director Meeting 4 / 4 times Board of Audit Committee Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 1 / 1 time
Date and no. of years on the board	November 20, 1992, 22 years
CM Shareholding on Dec. 31'2013	45,738 shares or 0.01%

**9. Mr. Amnuay Yossuck**

Type of director	Independent director (Audit Committee)
Age	77 years
Education	Master of Economic (Agriculture), Arisona University Bachelor of Economics, Thammasat University

Other qualification	Honorary Doctor, Cooperative Agricultural, Maejoe University
Director training program/year	DAP-15/2004
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 Piriyaopol International (1986-present) President of Mae Joe University Council (1999-present)
Positions in rival companies / related companies	None
Meeting attendance in 2013	Board of Director Meeting 4 / 4 times Board of Audit Committee Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 1 / 1 time
Date and no. of years on the board	March 12,1993, 21 years
CM Shareholding on Dec. 31'2013	667,920 shares or 0.18%

**10. Mr. Ampon Ruayfupant**

Type of director	Independent director (Audit Committee)
Age	45 years
Education	Master of Business-Finance, Cornell University Bachelor-Business Administration, Assumption University
Director training program/year	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 2013	Board of Director Meeting 4 / 4 times Board of Audit Committee Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 1 / 1 time

	Board of Corporate Governance Meeting 2/2 times
Date and no. of years on the board	April 26,2006, 8 years
CM Shareholding on Dec. 31'2013	71,874 shares or 0.02%

**11. Dr. Phusit Wonglorsaichon**

Type of director	Independent director
Age	43 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/year	None
Experience	Lecturer, University of the Thai Chamber of Commerce -started Jun. 1, 2005-present Director of D.B.A. (Management), University of the Thai Chamber of Commerce.-started Jul. 23, 2011-present Director of MBA Online (Management), University of the Thai Chamber of Commerce.-started 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 2013	Board of Director Meeting 4 / 4 times Board of Corporate Governance 2 / 2 times
Date and no. of years on the board	April 30, 2010, 4 years
CM Shareholding on Dec. 31'2012	None

Change on holding securities of company director in the cycle year of 2013

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	Managing Director	10,077,830	10,077,830	-
		Spouse		6,058,370	5,338,370	(720,000)
		Total		16,066,200	15,346,200	(720,000)
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	Executive	3,702,600	3,702,600	-
		Spouse	Director	181,500	181,500	-
		Child		363,000	363,000	-
		Total		4,247,100	4,247,100	-
6	Mr.Lan, Mu-Chiou	Private	Director	12,886,724	12,886,724	-
		Spouse		5,144,106	5,144,106	-
		Total		18,030,830	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 and Board of Executive Directors(Management Division)

Authority of Board of Company	Authority of Board of Executive Directors
<ol style="list-style-type: none"> <li>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.</li> <li>2. To formulate visibility, direction and tactics of the company.</li> <li>3. To give approval for important tactics and important policy including</li> </ol>	<ol style="list-style-type: none"> <li>1. Formulate execution policy and operating direction to coordinate with the policy and objective of the company by intending to build up security and maximum advantage to the company.</li> <li>2. Oversee the management to proceed work as formulated policy strictly.</li> <li>3. Authorize in approving and making juristic act under the frame</li> </ol>

<p>objective, financial target and company plan also follow up, supervise to have practice as planned.</p> <ol style="list-style-type: none"> <li>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.</li> <li>5. To investigate supervising and manage to amend problem of conflicts of interest that may arise inclusive related subject.</li> <li>6. To formulate line of risk management and supervise executive for having system or efficiently process in risk management.</li> <li>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.</li> <li>8. To supervise for having appropriately channel of communication with each group of shareholder and stakeholder of the company.</li> <li>9. Allow to have disclosure of correct information, clear, transparent, reliably and high standard.</li> <li>10. To be a leader and good example in practice.</li> </ol>	<p>formulated by the Board of Company.</p> <ol style="list-style-type: none"> <li>4. Any other acts as assigned by the Board of Company.</li> </ol>
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#### **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.

**Meeting attendance of each director concludes as follows:**

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

**Meeting attendance of each sub-committee concludes as follows:**

**Remark:** BED=Board of Executive Directors, BAC=Board of Audit Committee, BNR=Board of Nomination & Remuneration Committee, BCG=Board of Corporate Governance Committee, BRM=Board of Risk Management Committee

Name list	BED	BAC	BNR	BCG	BRM
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			2 / 2	1 / 1
5.Mr. Ankoon Pholpipattanaphong	2 / 2			2 / 2	1 / 1
6.Mr. Santichai Suakanonth		4 / 4	1 / 1		
7.Mr. Amnuay Yossuck		4 / 4	1 / 1		
8.Mr. Ampon Ruayfupant		4 / 4	1 / 1	2 / 2	
9.Dr. Phusit Wonglorsaichon				2 / 2	
10.Mr.Wanchandr Sibaboonyawongse			1 / 1		1 / 1
11.Mr. Sakda Phimmuang				2 / 2	1 / 1

**Board of Company's Report**

Board of Company is responsible toward separate financial statements and consolidated financial statements of the company and subsidiary company and financial information that appeared in the form of annual data (type 56-1) and/or 2013 annual report. Such financial statements have managed according to the generally accepted auditing standards in Thailand by selecting to use appropriate account policy and holds practice regularly. The Company used carefully discretion and reasonably estimated in management of financial statements inclusive having disclosed important data sufficiently in notes to financial statements.

Board of Company are fully aware an important of work execution under business ethics principle and good corporate governance, the company then appoints Board of Director (small board), consists of Board of Audit Committee, Board of Nomination and Remuneration Committee, Board of Corporate Governance Committee and Board of Risk Management Committee in order to allow these small boards to perform duty of corporate governance, advise management section to execute work under the laws frame, basis, discipline and practical point that are present of an organization that perform duty of corporate governance and arrange to have internal inspection section and efficient internal control system to ensure that accounting data is correct, having usage the company resources efficiently and capable to know its weak point in order to protect not to raise



corruption and damage toward the business, having efficient management system under appropriate risk on business for sustainable and securely growth.

Board of Company realizes fully to an important of corruption protection in organization, therefore, the resolution in the Board of Company Meeting No. 4/2013 on November 11, 2013, then resolve the company to show spirit as cooperative in resistance of corruption.

Board of Company still pay an important toward good practical on society, community, environment and stakeholders equally. Therefore, Board of Company then formulate the role, duty burden and responsibility of executive directions and company officials that have to treat the shareholders, customers, co-trader, debtors, creditors, officials, competitors, society, community and environments in the business ethics principle of the company in order to allow the directors, executives and officials of the company to hold for practice to incur equality, transparent, justice and help together to promote development of society, community and environments to have strongness, live together in sustainable and happy.

In the cycle year of 2013, Board of Company had gather 4 times of Board of Director Meeting and had performed duty completely in its capacity as director and realize fully on efficient renovation in performing duty to get better and better continuously, then had made self-assessment of Board of Director which was an assessment of yearly result. For result assessment of annual 2013, sum up the results overall that effective in performing duty of Board of Company were in a good basis.

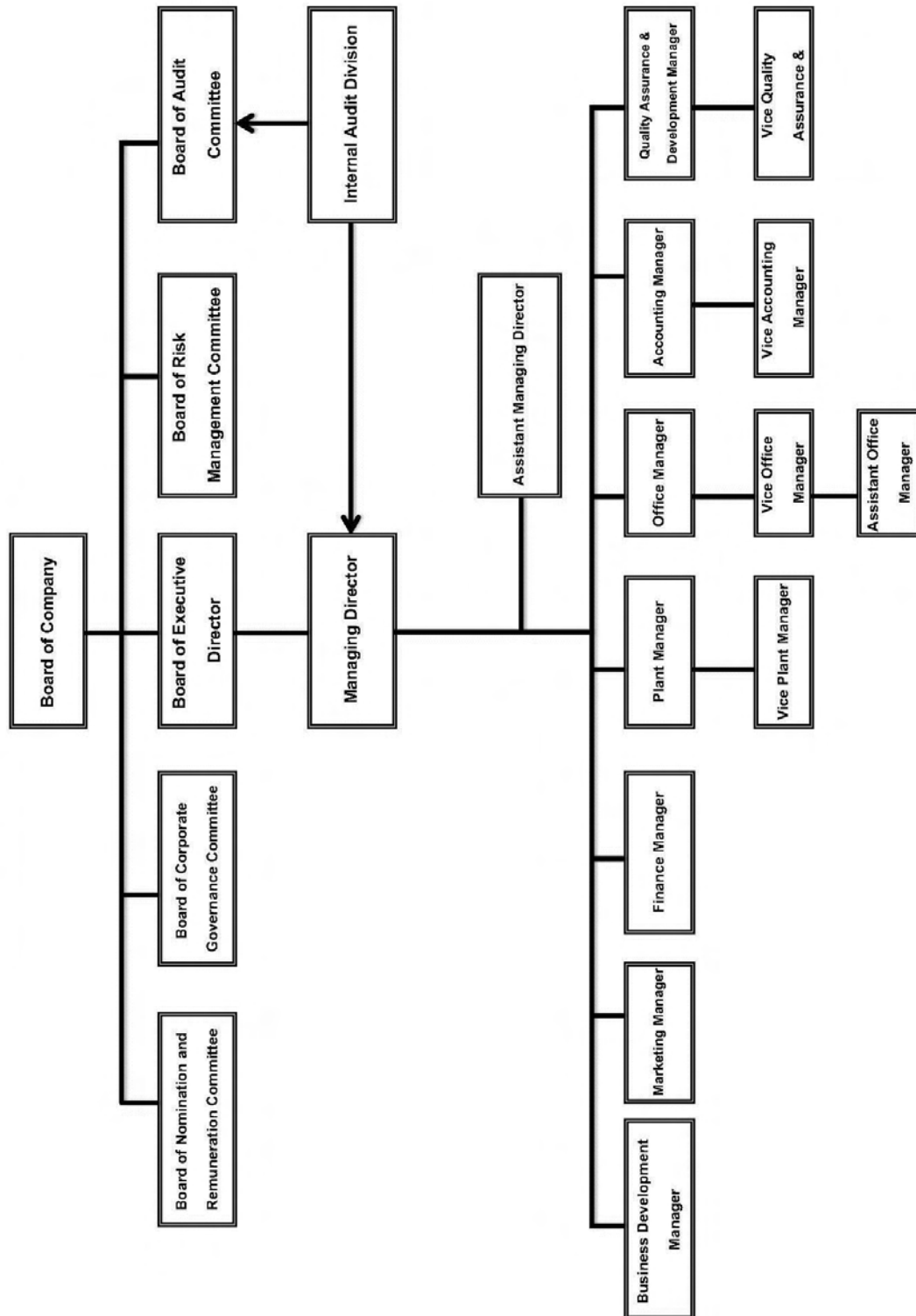
## 8.2 Executive officers and Manager

### Management , Executive Officers and Manager

<b>Names</b>	<b>Position</b>	<b>Education</b>
1.Mr.Prayoon Pholpipattangphong	Chairman Authorized Director	Accounting profession, Honorary Doctor, Agricultural, Maejoe University
2.Mr. Prapas Pholpipattanaphong	Managing Director Authorized Director	High school certificate
3.Mr. Suwat Phongphasura	Executive Director Authorized Director	High school certificate
4.Mr. Prayuth Pholpipatanaphong	Executive Director Business Development Manager	Bachelor of Science, Chulalongkorn University
5.Mr.Ankoon Pholpipattanaphong	Executive Director, Assistant Managing Director, Marketing Manager and Company Secretary	Master of Business Administration, Colorado University Bachelor of Communication, Bangkok University
6.Mr.Sakda Phimmuang	Accounting Manager	Bachelor of Accounting, MBA
7.Miss Piyalak Chuapoodee	Plant Manager 1	Bachelor of Food Science
8.Mr. Tummarat Charoensanti	Plant Manager 2	Mechanical Engineer
9.Mr. Rangsit Ojaroen	Office Manager	Bachelor of Art in Economic
10.Miss Warissara Kangkanka	Office Manager	Diploma
11.Miss Chanita Tiparadee	Vice Accounting Manager	Bachelor of Accounting
12.Miss Thanarat Thepyothin	Vice Office Manager	M.S.-Art in Industrial Psychology
13.Mr.Piyaraj Koonprayong	Vice Plant Manager	Bachelor of Food Science
14.Mr. Boonmee Saman	Vice Plant Manager	Bachelor of Plant Science (Agronomy)
15.Mr. Thanom Chaiwong	Vice Quality Assurance & Development Manager	Master of Food Science
16.Mr. Chanwit Suwannarat	Vice Quality Assurance & Development Manager	Bachelor of Food Science
17.Mr. Sairung Boontom	Assis.Office Manager	Agricultural Education Horticulture

Organization chart

## Management Structure of the Company



### 8.3 Company's 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:

- 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.
- To manage shareholder meeting and Board of Director Meeting in accordance with laws, regulation of the company and various practices.
- 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.
- 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.
- To contact and communicate with General Shareholders to learn about various right and information of the company.
- To governance activity of the Board of Company.

### 8.4 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 2013, the company has paid various remuneration to the Directors and Executives as following details:

#### Remuneration in value

##### Directors

(Unit : Baht)

Names	Position	2013	2012
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 Pholpipatanaphong	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
Other remuneration such as meeting fee, bonus, insurance premium etc.	Directors 11 persons	None	None
Total		4,400,000	4,400,000

**Audit Committee**

**(Unit : Baht)**

Names	Position	2013	2012
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
Other remuneration such as meeting fee, bonus, insurance premium etc.	Audit Committees 3 persons	None	None
Total		960,000	960,000

**Executive Directors and Executives**

Particular	Year 2013		Year 2012	
	No. of person	Total amount (baht)	No. of person	Total amount (baht)
Salary	7	18,484,680	7	18,214,920
Bonus, remuneration	7	6,271,535	7	6,246,285
Cost of living	7	54,600	7	54,600
Social security fund	7	50,400	7	44,100
Provident fund	7	549,140	7	541,047
Sub total	7	25,410,355	7	25,100,952
Grand total		<b>30,770,355</b>		<b>30,460,952</b>

**Other remuneration not in value**

- Director: none (such as meeting fee, bonus, insurance premium etc.)
- Executive Directors and Executives: Provident fund 3% of payroll, office car.

## Personnel

Particular	Male	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 284,023,268.-bahts comprises salary, wages, remuneration, bonus, overtime, diligent cowries, hospital charge, cost of insurance group, cost of living, provident fund 3% of salary.

- The development on employee has made every year by inviting outside scholar to train and provide knowledge both in practical, safety on working and to cooperate in developing association. Besides, the company has sent them for training in various training institute regularly.

## 9. Corporate governance

### 9.1 Policy of 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 of 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 of interest when incur any matter that may cause conflict of interest. Board of Audit Committee will learn about the subject that get conflict of 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 acknowledge and aware of the right of concerned stakeholders and have a policy to support in incurring a cooperation between the company with every group of stakeholders in creating advantage among themselves and take care firmly that all stakeholders have received well protected and served by the company pay 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. All this, the company gives a word that complaint would receive safeguard and keep in secret. The company will inspect and find a remedy way quickly by the stakeholders can send their complaint directly to the Board of Director by sending to

Send letter to	Chairman of Board of Audit Committee or Chairman of Board of Corporate Governance Committee Chiangmai Frozen Foods Public Company Limited
Telephone, Fax	Tel.: 662-238-4091 Fax.: 662-238-4090
E-mail address	cg@cmfrozen.com or info@cmfrozen.com

### **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 2<sup>nd</sup> 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).

### **Corruption resistance**

The Company pays much important concerning corruption and regards as partly of the policy in conduction business which the company formulates in the business ethics heading: Conflict of interest management in order to allow the directors, executives and every officials to hold for practice and in the Board of Company Meeting No. 4/2013 on November 11, 2013, Board of Company had resolved to allow the company announce to show the spirit as cooperative of Thai Public sector in resistance of corruption.

#### **9.2 Sub Committees**

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

##### **Board of Executive Directors**

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

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

“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 2013, 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.

### Report of Board of Nomination and Remuneration Committee

In the year 2013, Board of Nomination and Remuneration Committee had gathered one time meeting. Board of Director had attended meeting and looked for the director to replace completed term director in which Board of Director were of the same opinion that those completed term directors were of knowledgeable with capable, experience in agriculture industry business management and excellent financial statement, had devoted in performing duty of company directors continuously which were much useful to the company, then it is of opinion that should propose those completed term directors namely: 1) Mr. Suwat Phongphasura, executive director and 2) Mr. Amnuay Yossuck, independent director to turn into company director once again and the company is on the way to nominate one more independent director which will inform the shareholders within April 9, 2014, altogether, remuneration for these directors had already considered with a views that remuneration received at present is appropriated with the duty performed in their capacity as company directors.

Board of Nomination and Remuneration Committee had performed the duty with always thinking of company benefits, to make reviewing the Charter to be up-to-date and review performance by using data bases in the same industry level and Board of Nomination and Remuneration Committee had made self-assessment which were annual assessment result. For the result of assessment in the year 2013 which sum up overall that Board of Nomination and Remuneration Committee performed duty with attainable as target.

### 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.

### Report of Board of Corporate Governance Committee

In the year 2013, Board of Corporate Governance Committee had gathered 3 times meeting in order to renovate, modify the policy of Corporate Governance, Business ethics through the Charter of Board of Director and small board for appropriate and always up-to-date and perform duty with corporate governance to the directors, executives and officials to acknowledge the policy of Corporate Governance and business ethics for holding practice and found from assessment that the directors, executives and officials all well-acknowledge and held practice with satisfactory.

Board of Corporate Governance Committee had renovated, modified the policy of Corporate Governance, Business ethics and the Charter of Board of Corporate Governance

Committee through oversee the directors, executives, officials to hold practice according to the policy of corporate governance and business ethics that company formulated and Board of Corporate Governance Committee had made self-assessment which were assessment annual result. For the result of assessment in the year 2013 with sum up overall that Board of Corporate Governance Committee had performed duty with attainable as target.

#### 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.

#### Board of Risk Management Committee Report

In the year 2013, Board of Risk Management Committee had gathered one time meeting in order to make assessment of risk management in each side, that were: producing side, business performance side, exchange rate side, goods quality side, management side, financial side and investor side. From assessment result found that the company could manage the risk in each side with very satisfactory made the company was still in good performance and acceptable of risk level.

Board of Risk Management had managed the risk of the company in many sides in order the company to have the least as possible on business risk and Board of Risk Management Committee had made self-assessment which were annual result assessment. For the result of assessment in the year 2013 with sum up overall that Board of Risk Management Committee had performed duty with attainable as target.

### 9.3 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 Thai group, 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 theirs 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.

#### 9.4 Operation on corporate governance of subsidiary company

The Company is a shareholder of Agrifood Processing Co., Ltd. (subsidiary company) at portion 100%, then having management policy in the subsidiary company as follows:

- The subsidiary company manages work under the same policy of Corporate Governance and business ethics with the company.
- The directors and executives are all represented from the company.
- Practical discipline and any provision of the subsidiary company have received resolution for approval from the company.
- To disclose financial status and operation result, related subject between the subsidiary company with related person, procurement or distribution of assets use the same basis of the company.
- The subsidiary company has appropriate and enough tightened of internal control system.
- Corporate Governance, approval on capital increase, reduce capital or dissolve activity must receive approval from the company.

#### 9.5 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:

- 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.
- 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.
- 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.
- If the directors, executives violate usage in internal data of the company, it would receive punishment as formulated in the company regulation.

#### 9.6 Audit fee

- The Company and Subsidiaries paid audit fees for 2012 amount 680,000 baht.
- Other service: none

#### 9.7 To act in accordance with the Code of best practices of SET.

The Company has acted in accordance with the Code of best practices very well in which the company has made self-assessment of the Board of Director every year

and has tried to improve to allow administration to be according to the practical of Securities and Stock Exchange of Thailand, business ethics and Corporate Governance policy in which the company has received selecting consideration to accept good prominent award type register company award in the field of operation result for annual 2013 and the company has still received better points from CG and AGM assessment as follows:

Subjects	Year			
	2013	2012	2011	2010
Average point by adding up of CG assessment	-	87	81	82
AGM assessment point result	100	93.75	-	-

#### 10. Social responsibility

Board of Company pays an important toward the development of community, society and environment to have strongness and live together with sustainable and happy. The company then formulates the role, duty and responsibility of the directors, executives and officials of the company that have to treat toward community, society and environment in the business ethics principle of the company in order to allow the directors, executives and offices of the company to hold for practice.

In the year 2013, the company has proceeded various projects for development of community, society and environment as follows:

- Justice employment, no restrict on sex, nation, religion
- Pay important with health and officials safety
- Develop and promote officials
- Provide rights and participation of officials
- Well-being and activity to build up relationship within an association
- Activity on energy saving
- Take care and safeguard the consumers
- Environmental maintenance
- Development cooperate on community and society

In the year 2013, the company arranged to make report of responsibility on society and environment separated from annual report and can see information from website: [www.cmfrozen.com](http://www.cmfrozen.com) heading : Investor Relations

#### Protection on related with corruption

- At the Board of Company Meeting No. 4/2013 on November 11, 2013 resolved the company to join in showing spirit as cooperation line in corruption resistance.
- The Company pays an important concerning corruption protection then to formulate in the company business ethics heading: Conflict of Interest Management in order to allow the directors, executives and officials to hold practice.
- The Company is under proceeding to be according to the spirit of cooperation line in corruption resistance.

#### **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 or Mr. Sakda Phimmuang - Accounting Manager** to contact and communicate with institution investors, shareholders, analyst and state concerned which the investors can see the company information at Website : [www.cmfrozen.com](http://www.cmfrozen.com) or contact at phone : (662) 238-4091 or at E-mail address : [cg@cmfrozen.com](mailto:cg@cmfrozen.com) or [info@cmfrozen.com](mailto:info@cmfrozen.com).

#### 11. Internal control

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.

#### 12. Interrelated transactions

##### **Conflict of interests**

Board of Company have executed carefully and cautiously to prevent conflict of interest when any matter that may cause conflict of interest. Board of Audit Committee will learn about the subject that get conflict of interest 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 2013 was 128.0 million bahts or come to 9.1% of the total sale.

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

In 2013, AFP is having total buying value 246.6 million bahts or come to 17.5% of the total sale and has rented an office building from Chiangmai Frozen Foods Public Company Limited, 4<sup>th</sup> floor No. 149/32-34 Soi Anglo Plaza, Surawongse Road, Kwaeng Suriyawongse, Khet Bangrak, Bangkok with number of area 102 square meters, monthly rental 25,500.00bahts by making year by year contract.

**Financial status and operation result**

**1. Financial Statements information**

**1) Financial Statements**

**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 2013, 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.

*Nonam*

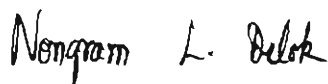


### Opinion

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 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### Emphasis of matter

I draw attention to Note 5 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 *Income Taxes*. The Company has restated the financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the statement of financial position as at 1 January 2012 as comparative information, using the same accounting policy for income taxes. My opinion is not qualified in respect of this matter.



NONGRAM LAOHAAREEDILOK  
Certified Public Accountant  
Registration No. 4334

Ast Master Co.,Ltd.  
27 February 2014

## **Important accounting policies**

### **Basic for financial statements preparation**

The consolidated and the Separate Financial Statements have been prepared in accordance with Thai Financial Reporting Standard (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

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.

### **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.

### **Accounts receivable**

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

### **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.

### **Inventories**

Inventories are stated at the lower of cost or net realizable 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 realizable 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.

#### 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 unrealized gains on transactions between group companies are eliminated; unrealized 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.

#### 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 are 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.

#### 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).

### Impairment of assets

The Group reviewed the impairment of assets whenever events or charges 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 exists or are decreased.

### 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 transaction of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of income.

### 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 lease are classified as operating leases. Payments made under operating leases (net of any incentives received from the less or) are charged to the statement of income on a straight-line basis over the period of the lease.

### Employee benefits

#### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognized 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 recognized 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 recognized immediately in profit or loss.

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

## 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.

## 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.

## Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognize deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### 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.

#### 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.

#### Significant accounting judgments and estimates

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

##### Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment 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.

##### 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 judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

##### 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.

## B. Summary of Financial Statements

### Statements of Financial Position

(Unit: Thousand baht)

ASSETS	Separate Financial Statements					
	2013	%	2012	%	2011	%
<b>Current Assets</b>						
Cash and cash equivalents	150,493	10.5	327,082	23.0	242,783	19.2
Short-term investments	400,000	28.0	200,000	14.1	150,000	11.9
Trade and other receivables	94,744	6.6	67,181	4.7	60,467	4.8
Accounts receivable-planters-net	39,645	2.8	49,733	3.5	28,822	2.3
Inventories-net	339,472	23.8	356,818	25.2	336,257	26.6
<b>Total Current Assets</b>	<b>1,024,354</b>	<b>71.7</b>	<b>1,000,814</b>	<b>70.5</b>	<b>818,329</b>	<b>64.8</b>
Investments in subsidiary	23,354	1.6	23,354	1.6	23,354	1.9
Property, plant and equipment-net	367,506	25.7	380,464	26.8	406,033	32.1
Computer software-net	4,038	0.3	4,579	0.3	2,977	0.2
Deferred tax assets	7,895	0.6	6,730	0.5	7,421	0.6
Other non-current assets	1,759	0.1	4,204	0.3	5,053	0.4
<b>TOTAL ASSETS</b>	<b>1,428,906</b>	<b>100.0</b>	<b>1,420,145</b>	<b>100.0</b>	<b>1,263,167</b>	<b>100.0</b>



(Unit: Thousand baht)

LIABILITIES AND SHAREHOLDERS' EQUITY	Separate Financial Statements					
	2013	%	2012	%	2011	%
<b>Current Liabilities</b>						
Trade and other payables	79,896	5.6	91,601	6.4	68,303	5.4
Accrued income tax	6,879	0.5	16,617	1.2	3,896	0.3
Other current liabilities	3,029	0.2	2,767	0.2	2,609	0.2
<b>Total Current Liabilities</b>	<b>89,804</b>	<b>6.3</b>	<b>110,985</b>	<b>7.8</b>	<b>74,808</b>	<b>5.9</b>
Employee benefit obligations	34,182	2.4	28,169	2.0	24,899	2.0
<b>Total Liabilities</b>	<b>123,986</b>	<b>8.7</b>	<b>139,154</b>	<b>9.8</b>	<b>99,707</b>	<b>7.9</b>
<b>Shareholders' Equity</b>						
Share capital - Baht 1 par value						
Authorized shares						
381,146,251 common shares						
in 2011- 2013						
Issued and paid-up Shares						
381,146,251 in 2011-2013	381,146	26.7	381,146	26.8	381,146	30.2
Premium on share capital	68,000	4.8	68,000	4.8	68,000	5.4
Retained earnings						
-Appropriated for legal reserve	38,115	2.7	38,115	2.7	38,115	3.0
-Un appropriated	817,659	57.1	793,730	55.9	676,199	53.5
<b>Total Shareholders' Equity</b>	<b>1,304,920</b>	<b>91.3</b>	<b>1,280,991</b>	<b>90.2</b>	<b>1,163,460</b>	<b>92.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,428,906</b>	<b>100.0</b>	<b>1,420,145</b>	<b>100.0</b>	<b>1,263,167</b>	<b>100.0</b>

## Statements of Financial Position

(Unit: Thousand baht)

ASSETS	Consolidated Financial Statements					
	2013	%	2012	%	2011	%
<b>Current Assets</b>						
Cash and cash equivalents	175,934	12.1	354,251	24.6	261,772	20.4
Short-term investments	406,000	27.9	205,600	14.3	155,600	12.2
Trade and other receivables	95,991	6.6	63,329	4.4	61,106	4.8
Accounts receivable-planters-net	39,645	2.7	49,733	3.4	28,822	2.2
Inventories-net	339,472	23.4	356,818	24.7	336,258	26.2
<b>Total Current Assets</b>	<b>1,057,042</b>	<b>72.7</b>	<b>1,029,731</b>	<b>71.4</b>	<b>843,558</b>	<b>65.8</b>
Fixed deposit pledged as collateral	15,197	1.0	14,942	1.0	14,672	1.2
Property, plant and equipment-net	367,991	25.3	381,281	26.5	407,199	31.8
Computer software-net	4,038	0.3	4,579	0.3	2,977	0.2
Deferred tax assets	8,119	0.6	7,013	0.5	7,689	0.6
Other non-current assets	1,760	0.1	4,205	0.3	5,054	0.4
<b>TOTAL ASSETS</b>	<b>1,454,147</b>	<b>100.0</b>	<b>1,441,751</b>	<b>100.0</b>	<b>1,281,149</b>	<b>100.0</b>

(Unit: Thousand baht)

LIABILITIES AND SHAREHOLDERS' EQUITY	Consolidated Financial Statements					
	2013	%	2012	%	2011	%
<b>Current Liabilities</b>						
Trade and other payables	81,671	5.6	93,435	6.5	69,410	5.4
Accrued income tax	7,165	0.5	17,237	1.2	4,802	0.4
Other current liabilities	3,180	0.2	2,827	0.2	2,734	0.2
<b>Total Current Liabilities</b>	<b>92,016</b>	<b>6.3</b>	<b>113,499</b>	<b>7.9</b>	<b>76,946</b>	<b>6.0</b>
Employee benefit obligations	35,302	2.5	29,588	2.0	26,241	2.1
<b>Total Liabilities</b>	<b>127,318</b>	<b>8.8</b>	<b>143,087</b>	<b>9.9</b>	<b>103,187</b>	<b>8.1</b>
<b>Shareholders' Equity</b>						
Share capital - Baht 1 par value						
Authorized shares						
381,146,251 common shares						
in 2011- 2013						
Issued and paid-up Shares						
381,146,251 in 2011-2013	381,146	26.2	381,146	26.4	381,146	29.7
Premium on share capital	68,000	4.7	68,000	4.7	68,000	5.3
Retained earnings						
-Appropriated for legal reserve	38,115	2.6	38,115	2.7	38,115	3.0
-Un appropriated	839,568	57.7	811,403	56.3	690,701	53.9
<b>Total Shareholders' Equity</b>	<b>1,326,829</b>	<b>91.2</b>	<b>1,298,664</b>	<b>90.1</b>	<b>1,177,962</b>	<b>91.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,454,147</b>	<b>100.0</b>	<b>1,441,751</b>	<b>100.0</b>	<b>1,281,149</b>	<b>100.0</b>

Statements of Comprehensive Income

(Unit: Thousand baht)

Particular	Separate Financial Statements					
	2013	%	2012	%	2011	%
Revenues from sales	1,407,756	100.0	1,466,095	100.0	1,267,970	100.0
Cost of sales	(1,112,922)	(79.1)	(1,108,121)	(75.6)	(1,048,132)	(82.7)
Gross profit	294,834	20.9	357,974	24.4	219,838	17.3
Gain on exchange rate	11,157	0.8	8,410	0.6	11,133	0.9
Other income	19,196	1.4	17,813	1.2	11,793	0.9
<b>Profit before expenses</b>	<b>325,187</b>	<b>23.1</b>	<b>384,197</b>	<b>26.2</b>	<b>242,764</b>	<b>19.1</b>
Selling expenses	(89,282)	(6.3)	(93,907)	(6.4)	(103,576)	(8.2)
Administrative expenses	(83,914)	(6.0)	(86,033)	(5.9)	(82,634)	(6.5)
<b>Profit before income tax</b>	<b>151,991</b>	<b>10.8</b>	<b>204,257</b>	<b>13.9</b>	<b>56,554</b>	<b>4.4</b>
Income tax	(19,918)	(1.4)	(33,367)	(2.2)	(4,012)	(0.3)
Profit for the year	<b>132,073</b>	<b>9.4</b>	<b>170,890</b>	<b>11.7</b>	<b>52,542</b>	<b>4.1</b>
<b>Earnings per share</b>	<b>0.35</b>		<b>0.45</b>		<b>0.14</b>	
Actuarial losses-net of tax	(1,427)		-		-	
Total comprehensive income for the year	130,646		170,890		52,542	
Equity holders of the parent	130,646		170,890		52,542	
Un-appropriated retained earnings Beginning balance	793,729		676,199		771,460	
Cumulative effect of the change in accounting policy relating to income tax	-		-		7,421	
Appropriated for						
-Dividend paid	(106,716)		(53,360)		(133,399)	
Employee benefit obligations	-		-		(21,825)	
Ending balance	817,659		793,729		676,199	

Statements of Comprehensive Income

(Unit: Thousand baht)

Particular	Consolidated Financial Statements					
	2013	%	2012	%	2011	%
Revenues from sales	1,426,502	100.0	1,491,529	100.0	1,293,386	100.0
Cost of sales	(1,112,921)	(78.0)	(1,110,786)	(74.5)	(1,049,127)	(81.1)
Gross profit	313,581	22.0	380,743	25.5	244,259	18.9
Gain on exchange rate	17,717	1.3	11,596	0.8	12,782	1.0
Other income	19,116	1.3	17,738	1.2	11,604	0.9
<b>Profit before expenses</b>	<b>350,414</b>	<b>24.6</b>	<b>410,077</b>	<b>27.5</b>	<b>268,645</b>	<b>20.8</b>
Selling expenses	(104,589)	(7.3)	(110,222)	(7.4)	(120,368)	(9.3)
Administrative expenses	(89,109)	(6.3)	(91,422)	(6.1)	(87,559)	(6.8)
<b>Profit before income tax</b>	<b>156,716</b>	<b>11.0</b>	<b>208,433</b>	<b>14.0</b>	<b>60,718</b>	<b>4.7</b>
Income tax	(20,898)	(1.5)	(34,371)	(2.3)	(4,922)	(0.4)
Profit for the year	<b>135,818</b>	<b>9.5</b>	<b>174,062</b>	<b>11.7</b>	<b>55,796</b>	<b>4.3</b>
<b>Earnings per share</b>	<b>0.36</b>		<b>0.46</b>		<b>0.15</b>	
Actuarial losses-net of tax	<b>(936)</b>		-		-	
Total comprehensive income for the year	<b>134,882</b>		<b>174,062</b>		<b>55,796</b>	
Equity holders of the parent	134,882		174,062		55,796	
Un-appropriated retained earning Beginning balance	811,403		690,701		783,709	
Cumulative effect of the change in accounting policy relating to income tax	-		-		7,690	
Appropriated for						
-Dividend paid	(106,717)		(53,360)		(133,399)	
Employee benefit obligations	-		-		(23,095)	
Ending balance	839,568		811,403		690,701	

# STATEMENTS OF CASH FLOWS

(Unit: Thousand baht)

Particular	Separate F/S.		
	2013	2012	2011
<b>Cash flows from operating activities:</b>			
Profit before income tax	151,991	204,257	56,554
Adjustments to reconcile net profit to net cash provided by operating activities			
Unrealized gain on exchange rate	(846)	1	(469)
Reversal of doubtful accounts	-	(447)	320
Reversal of loss on diminution of inventories	(2,823)	(1,440)	4,700
Loss(gain) on disposal of equipment and written off	44	(3,214)	(62)
Depreciation	59,304	61,368	66,604
Impairment of assets	2,635	4,679	-
Provisions for employee benefit obligations	4,686	3,650	3,074
<b>Profit from operating activities before change in operational assets and liabilities</b>	<b>214,991</b>	<b>268,854</b>	<b>130,721</b>
Decrease (increase) in operational assets			
Trade accounts receivables	(26,570)	(6,732)	1,993
Inventories	(20,169)	(19,120)	(31,000)
Accounts receivable-planters	10,088	(20,465)	7,043
Other non-current assets	2,445	849	(1,849)
Increase (decrease) in operational liabilities			
Trade accounts payable	(8,316)	19,698	(11,549)
Employee benefit obligations	90	(380)	-
Other current liabilities	(458)	(28)	(932)
<b>Cash received from operation</b>	<b>212,439</b>	<b>242,676</b>	<b>94,427</b>
Income tax paid	(30,464)	(19,955)	(1,492)
<b>Net cash provided by operating activities</b>	<b>181,975</b>	<b>222,721</b>	<b>92,935</b>

<b>Cash flows from Investing Activities</b>			
Decrease (increase) in short-term investments	(200,000)	(50,000)	150,000
Proceeds from disposal of vehicle and equipment	152	5,303	68
Cash paid for acquisition of plant and equipment	(49,913)	(38,950)	(26,284)
Cash paid for acquisition of computer software	(2,258)	(1,602)	(178)
<b>Net cash provided by (use in) Investing Activities</b>	<b>(252,019)</b>	<b>(85,249)</b>	<b>123,606</b>
<b>Cash flows from financial activities</b>			
Cash paid for dividends	(106,545)	(53,173)	(133,297)
<b>Net cash used in financing activities</b>	<b>(106,545)</b>	<b>(53,173)</b>	<b>(133,297)</b>
Net increase (decrease) in cash and cash equivalents	176,589	84,299	83,244
Cash and cash equivalents, Beginning of year	327,082	242,783	159,539
Cash and cash equivalents, End of year	150,493	327,082	242,783
<u><b>Supplement disclosure of cash flows information</b></u>			
<b>1. Property, Plant and Equipment:-</b>			
Acquisition of plant and equipment during the year	(46,377)	(42,566)	(24,425)
Increase (decrease) in payable from acquisition of assets	(3,536)	3,617	(1,859)
Cash paid for acquisition of plant and equipment	(49,913)	(38,949)	(26,284)
<b>2. Cash paid for Dividends</b>			
Dividends paid	(106,716)	(53,360)	(133,399)
Increase in accrued dividends	171	187	102
Cash paid for dividends	(106,545)	(53,173)	(133,297)

# STATEMENTS OF CASH FLOWS

(Unit: Thousand baht)

Particular	Consolidated F/S.		
	2013	2012	2011
<b>Cash flows from operating activities:</b>			
Profit before income tax	156,716	208,433	60,719
Adjustments to reconcile net profit to net cash provided by operating activities			
Unrealized gain on exchange rate	(940)	(2)	(631)
Reversal of doubtful accounts	-	(446)	320
Reversal of loss on diminution of inventories	(2,823)	(1,440)	4,700
Loss(gain) on disposal of equipment and written off	24	(3,222)	(62)
Depreciation	59,698	61,749	66,978
Impairment of assets	2,635	4,679	-
Provisions for employee benefit obligations	5,001	3,727	3,146
<b>Profit from operating activities before change in Operational assets and liabilities</b>	<b>220,311</b>	<b>273,478</b>	<b>135,170</b>
Decrease (increase) in operational assets			
Trade accounts receivables	(31,561)	(2,239)	(3,487)
Inventories	20,169	(19,120)	(31,000)
Accounts receivable-planters	10,089	(20,465)	7,043
Other current assets	-	-	(549)
Other non-current assets	2,445	849	(1,849)
Increase (decrease) in operational liabilities			
Trade accounts payable	(8,389)	20,426	(11,802)
Employee benefit obligations	181	(380)	-
Other current liabilities	(458)	(93)	(845)
<b>Cash received from operation</b>	<b>212,787</b>	<b>252,456</b>	<b>92,681</b>
Income tax paid	(31,841)	(21,261)	(1,497)



<b>Net cash provided by operating activities</b>	<b>180,946</b>	<b>231,195</b>	<b>91,184</b>
<b>Cash flows from Investing Activities</b>			
Decrease (increase) in short-term investments	(200,400)	(50,000)	149,963
Increase in fixed deposits pledged as collateral	(255)	(270)	(180)
Proceeds from disposal of vehicle and equipment	172	5,312	68
Cash paid for acquisition of plant and equipment	(49,976)	(38,983)	(26,332)
Cash paid for acquisition of computer software	(2,258)	(1,602)	(178)
<b>Net cash provided by (used in) Investing Activities</b>	<b>(252,717)</b>	<b>(85,543)</b>	<b>123,341</b>
<b>Cash flows from financing activities</b>			
Cash paid for dividends	(106,545)	(53,173)	(133,297)
<b>Net cash used in financing activities</b>	<b>(106,545)</b>	<b>(53,173)</b>	<b>(133,297)</b>
Net increase (decrease) in cash and cash equivalents	(178,316)	92,479	81,228
Cash and cash equivalents, Beginning of year	354,250	261,772	180,544
Cash and cash equivalents, End of year	175,934	354,251	261,772
<u><b>Supplement disclosure of cash flows information</b></u>			
<b>1. Property, Plant and Equipment</b>			
Acquisition of plant and equipment during the year	(46,440)	(42,600)	(24,473)
Increase (decrease) in payable from acquisition of assets	(3,536)	3,617	(1,859)
Cash paid for acquisition of plant and equipment	(49,976)	(38,983)	(26,332)
<b>2. Cash paid for dividends</b>			
Dividends paid	(106,716)	(53,360)	(133,399)
Increase in accrued dividends	171	187	102
Cash paid for dividends	(106,545)	(53,173)	(133,297)

## 2) FINANCIAL RATIOS

(unit: thousand baht)

Particular	Unit	Consolidated F/S.			Separate F/S.		
		2013	2012	2011	2013	2012	2011
Liquidity Ratios							
Current ratio	Time	11.5	9.1	11.0	11.4	9.0	10.9
Quick ratio	Time	7.4	5.5	6.2	7.2	5.4	6.1
Cash flow ratio	Time	1.8	2.4	1.1	1.8	2.4	1.2
Account receivable turnover	Time	17.9	24.0	22.7	17.4	23.0	21.3
Debt collection period	Days	20	15	16	21	16	17
Inventory turnover	Time	3.2	3.2	3.2	3.2	3.2	3.2
Good distribution ratio period	Days	113	113	113	113	113	113
Account payable turnover	Time	12.7	13.6	13.9	13.0	13.9	14.1
Debt payment period	Days	28	26	26	28	26	26
Cash cycle	Days	105	102	103	106	103	104
Profitability Ratios							
Gross profit margin	%	22.0	25.5	18.9	20.9	24.4	17.3
Operation profit margin	%	8.4	12.0	2.8	8.6	12.1	2.7
Cash ratio against making profit	%	150.9	129.1	251.0	149.6	125.1	276.4
Net profit margin	%	9.5	11.7	4.3	9.4	11.7	4.1
Return on equity	%	10.3	13.9	4.6	10.2	14.0	4.3
Efficiency Ratios							
Return on total assets	%	9.4	12.8	4.2	9.3	12.7	4.0
Return on fixed assets	%	52.2	59.8	28.7	51.2	59.1	27.9
Total assets turnover	Time	1.0	1.1	1.0	1.0	1.1	1.0
Financial Policy Ratios							
Ratio debt against equity part	Time	0.1	0.1	0.1	0.1	0.1	0.1
Dividends paid rate	%	87.0	61.3	95.6	89.5	62.4	101.6

#### 14. Explanation and analysis financial situation and operation result

##### a) Practical result in business proceeding

In the year 2013, the company had sale volume amount 24,400 metric tons, decreased from previous year amount 1,600 metric tons or 6.2% and lower than sale plan amount 2,100 metric tons or 7.9%.

##### b) Operation result

##### Financial Statements

(Unit: Thousand Baht)

Particular	Consolidated F/S.			Separate F/S.		
	2013	2012	2011	2013	2012	2011
Total assets	1,454,147	1,441,751	1,281,149	1,428,906	1,420,145	1,263,167
Total liabilities	127,318	143,087	103,188	123,986	139,155	99,707
Shareholders' equity	1,326,829	1,298,664	1,177,962	1,304,919	1,280,990	1,163,460
Sale revenue	1,426,502	1,491,529	1,293,387	1,407,756	1,466,095	1,267,970
Total income	1,463,335	1,520,862	1,317,773	1,438,109	1,492,318	1,290,896
Gross profit	313,581	380,743	244,259	294,834	357,975	219,838
Net profit (loss)	135,818	174,062	55,796	132,073	170,890	52,542

##### Financial Ratio

Particular		Consolidated F/S.			Separate F/S.		
		2013	2012	2011	2013	2012	2011
Net profit ratio per total income	%	9.52	11.67	4.31	9.38	11.66	4.14
Return on equity	%	10.35	13.90	4.56	10.21	13.98	4.34
Return on assets	%	9.38	12.79	4.23	9.27	12.74	4.03
Net profit(loss) per share	Baht	0.36	0.46	0.15	0.35	0.45	0.14
Annual Dividend per share	Baht	0.31	0.28	0.14	0.31	0.28	0.14
Book value per share	Bahts	3.48	3.41	3.07	3.42	3.36	3.03
Net assets value per share	Bahts	3.82	3.78	3.34	3.75	3.73	3.29

Remark All this, the rights in receiving dividend from the operation year of 2013 is still uncertain owing it must ask consent from the shareholder meeting first.

In the year 2013, the company gained net profit-consolidated 135.8 million baht decreased from the year 2012 amount 38.3 million bahts or 22.0%, having details as following:

(Unit: Million baht)

Sales decreased	(58.3)
<b>Cost of sales (increased)</b>	<b>(4.9)</b>
Gross profit decreased	(63.2)
Gain on exchange rate increased	2.8
Other income increased	1.4
Profit before expenses decreased	(59.0)
Selling & Administrative expenses decreased	6.7
Income tax decreased	13.5
Total Expenses decreased	20.2
Net Profit decreased - Separate	(38.8)
Net Profit from Subsidiary (Agrifood) increased	0.5
Net Profit decreased - Consolidated	(38.3)

Important points with change on items

1. Income from sales decreased (58.3) million bahts happened from sale price increased 47.7 million bahts, from exchange rate decreased (17.9) million bahts and from sale volume decreased (88.1) million bahts.
2. Cost of Sales increased happened from increased on raw material cost, electricity charges and packaging cost chiefly.
3. Other incomes increased from interest income.
4. Selling and administrative expenses decreased which happened from freight charges decreased, transportation decreased and Bonus decreased..

c) Financial situation

At December 31, 2013, the company had assets amount 1,428.9 million bahts increased from previous year amount 8.8 million bahts, this was an increased of cash, cash equivalents and short term investment amount 23.4 million bahts, trade and other receivables increased amount 27.0 million bahts, accounts receivable-planters decreased (10.1) million bahts, inventories decreased (17.3) million bahts, Property, plant and equipment decreased (13.0) million bahts and other assets decreased amount (1.2) million bahts.

Liabilities decreased (15.1) million bahts happened from trade and other payables decreased (11.7) million bahts, accrued income tax decreased (9.7) million bahts, other liabilities increased 6.3 million bahts and shareholders' equity increased 23.9 million bahts.

Current ratio of company is at level 11.4 and quick ratio is at level 7.2 whereas ratio of company liabilities against shareholders equity is at level 0.10: 1 only.

The Company has its expense for investment in fixed assets amount 49.9 million baht by using financial from investment sources obtained from the company operation.

For subsidiary company, in the year 2013, Agrifood Processing Co., Ltd., had total assets amount 64.9 million bahts, total liabilities amount 19.9 million bahts and shareholders' equity amount 45.0 million bahts.

d) Factor and main influence that may affect on operation

In the year 2014, the company believes that it could export approx. 25,000 metric tons and expects that the operation result would neighboring with the year 2013.

### Certification of correct information

I have reviewed the data in the list of annual data from of the this copy and with caution in the capacity as an executive director of the company or person to hold highest executive rank in accounting field. I hereby certify that such data is perfectly correct, untrue, not make others misunderstanding or not lack of data that should inform in significant substance. Besides, I hereby certify that;

1. Financial Statements and financial data that concluded in the list of annual data form have shown perfectly correctness of data in the significant substance related with financial status, operation result and cash flow of the company and subsidiary company.
2. I am responsible toward an arrangement for the company to have a good data disclosure system to assure that the company has disclosed data in the part that is significant substance both the company and subsidiary company with perfectly correctness including supervise to have performed according to such system.
3. I am responsible toward an arrangement for the company to have a good internal control system and supervise to have performed according to such system and I have informed an assessment data of internal control system on December 31, 2013 to Independent Auditor and Audit Committee of the company which covers defect and significant changes of internal control system including misconduct that may affect toward managing financial report of the company and subsidiary company.

In this case, as an evidence that all documents are the same set document accepted by myself for the correctness. I have assigned Mr. Vanchandr Sivaboonyawongse to give signature enclose in every pages of this document. If any document has no signature of Mr. Vanchandr Sivaboonyawongse enclosed, than I will consider that it is not the data I accepted correctness.

Names	Position	Signature
1.Mr.Prayoon Pholpipattanaphong	Chairman	
2.Mr.Prapas Pholpipattanaphong	Managing Director	
3.Mr.Suwat Phongphasura	Executive Director	
Name	Position	Signature
The attorney-in-fact: Mr.Vanchandr Sivaboonyawongse	Legal advisor	

## Attachments

### Attachment 1 Details of Directors, Management, Authorized Control and Company Secretary

Remark: Others details of Directors, Management, Authorized Control and Company Secretary can see data from clause

#### 8. Management Structure

Name - Surname	Position	Family relations between executive
Mr. Prayoon  Pholpipattanaphong	Chairman of Board of Company  Chairman of Executive Director  Authorized Director	Brother of Mr. Prayuth & Mr. Prapas  Farther of Mr. Ankoon
Mr. Prapas  Pholpipattanaphong	Managing Director  Executive Director  Authorize Director  Board of Nomination & Remuneration Committee  Chairman of Risk Management Committee	Younger brother of Mr. Prayoon and Mr. Prayuth
Mr. Suwat  Phongphasura	Executive Director  Authorized Director  Board of Risk Management Committee  Approved of Information of Company	None
Mr. Prayuth  Pholpipattanaphong	Executive Director  Business & Development Manager  Chairman of Corporate Governance Committee  Board of Risk Management Committee  Authorized Director of Sub Company	Younger brother of Mr. Prayoon  Brother of Mr. Prapas
Mr. Ankoon  Pholpipattanaphong	Executive Director  Assistant Managing Director  Marketing Manager  Company's Secretary  Board of Corporate Governance Committee	Son of Mr. Prayoon

	Board of Risk Management Committee Approved of Information of Company Authorized Director of Sub Company	
Mr. Lan, Mu-Chiou	Non-executive Director	None
Mr. Kenichi Tai	Non-executive Director	None
Mr. Santichai Suakanonth	Independent Director Chairman of Audit Committee Board of Nomination & Remuneration Committee	None
Mr. Amnuay Yossuck	Independent Director Board of Audit Committee Chairman of Nomination & Remuneration Committee	None
Mr. Ampon Ruayfupant	Independent Director Board of Audit Committee Board of Nomination & Remuneration Committee Board of Corporate Governance Committee	None
Dr. Phusit Wonglorsaichon	Independent Director Board of Corporate Governance Committee	None
Mr. Sakda Phimmuang	Accounting Manager Issued Information Board of Corporate Governance Committee Board of Risk Management Committee	Age 55 Years, Education: Bachelor of Accounting, MBA, Holding: None, Relations: None, Experience: Accounting Manager, Chiangmai Frozen Foods PCL. (Jan.1993-present)
Miss Piyaluk Chuaphudee	Plant Manager	Age 45 Years, Education: Bachelor of Agriculture, Holding: None, Relations: None, Experience: Plant Manager, Chiangmai Frozen Foods PCL. (Feb.2004-present)

Attachment 2 Details of Directors of Subsidiary Company

Chiangmai Frozen Foods Public Company Limited is a shareholder in Agrifood Processing Co., Ltd. (subsidiary company) holds the share amount 100% and five directors of subsidiary company are all entirely representative directors from the company which comprise:

No.	Name - Surname	Agrifood Processing Company Limited	Chiangmai Frozen Foods Public Company Limited
1	Mr. Prayoon Pholpipattanaphong	Chairman	Chairman Authorized Director
2	Mr. Prayuth Pholpipattanaphong	Managing Director Authorized Director	Executive Director Business & Development Manager
3	Mr. Ankoon Pholpipattanaphong	Vice Managing Director Authorized Director	Executive Director Assistant Managing Director Marketing Manager Company's Secretary
4	Mr. Prapas Pholpipattanaphong	Director	Managing Director Authorized Director
5	Mr. Suwat Phongphasura	Director	Executive Director Authorized Director

The Financial status and operation results of the subsidiary company are as follow:

AGRIFOOD PROCESSING CO., LTD.

(Unit: Bahts)

Particular	2013	2012	2011
Total assets	64,920,191	58,202,265	55,798,347
Total liabilities	19,880,406	17,458,310	18,211,168
Shareholders' equity	45,039,785	40,743,955	37,587,179
Sales	265,303,759	279,500,126	261,066,067
Total revenues	272,459,496	283,286,965	263,172,372
Gross profit	18,789,913	22,768,804	24,421,714
Net income (loss)	3,681,884	3,156,776	3,254,420



### Attachment 3

#### Details on Chief of work Internal Audit and Chief of work performance of the company

Chief of work performance of the company	Chief of work Internal Audit
Name-Surname: Mr. Sakda Phimmuang	Name-Surname: Mr. Suphot Sutthiprapa
Position: Accounting Manager	Position: Assistant Internal Audit Manager
Age: 55 years	Age: 39 years
Education:  -Bachelor Degree, Accounting  -MBA	Education:  -Bachelor Degree, accounting of Sukhothai Thammathiraj University  -Bachelor Degree, Business-Financial Management of Ramkhamhaeng University  -Syllabus Evaluating : A COSO Based Approach by Internal Inspector Association of Thailand  -Syllabus Consulting : Activities Skills, Attitudes by Internal Inspector Association of Thailand
Experience:  -Accounting Manager-Chiangmai Frozen Foods PCL. (Aug.1993-present)  -Director & Secretary of Board of Risk Management Committee (Feb.2004-present)  -Director & Secretary of Board of Corporate Governance Committee (Nov.2012-present)  Investor Relations (Jan.1993-present)	Experience:  -Assistant Manager of Internal Audit of Chiangmai Frozen Foods Public Company Limited (2008 till present)  -Assistant Manager Operation Audit Division of Total Asset Communication Public Co., Ltd. (2005-2008)  -Chief of Branch Inspection Team of United Oversea Bank Public Co., Ltd. (2003-2005)  -Branch Inspection Officer of Siam City Bank Public Co., Ltd. (1996-2002)

## Attachment 4

### Details on assets evaluation subject

The Company has not evaluated asset due to:

1. The company has no related subject that must show evaluation with making subject.
2. The company has no adjustment conducting business structure that resulted to have procurement or distribution of assets.
3. The company has no evaluation on new assets during cycle period of accounting time.



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บริษัท เชียงใหม่ฟรอสเฟดส์ จำกัด (มหาชน)

149/34 ซอยแองโกลพลาซ่า ถนนสุรวงศ์ แขวงสุริยวงศ์ เขตบางรัก กรุงเทพฯ 10500

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED.

149/34 Soi Anglo Plaza Surawongse Rd., Suriyawongse, Bangrak, Bangkok 10500 Thailand

Tel : (662) 634-0061-4, 238-4091 Fax : (662) 238-4090

February 27, 2014

Subject: Board of Company's Report

To: Director and Manager

The Stock Exchange of Thailand

Board of Company is responsible toward separate financial statements and consolidated financial statements of the company and subsidiary company and financial information that appeared in the form of annual data (type 56-1) and/or 2013 annual report. Such financial statements have managed according to the generally accepted auditing standards in Thailand by selecting to use appropriate account policy and holds practice regularly. The Company used carefully discretion and reasonably estimated in management of financial statements inclusive having disclosed important data sufficiently in notes to financial statements.

Board of Company are fully aware an important of work execution under business ethics principle and good corporate governance, the company then appoints Board of Director (small board), consists of Board of Audit Committee, Board of Nomination and Remuneration Committee, Board of Corporate Governance Committee and Board of Risk Management Committee in order to allow these small boards to perform duty of corporate governance, advise management section to execute work under the laws frame, basis, discipline and practical point that are present of an organization that perform duty of corporate governance and arrange to have internal inspection section and efficient internal control system to ensure that accounting data is correct, having usage the company resources efficiently and capable to know its weak point in order to protect not to raise corruption and damage toward the business, having efficient management system under appropriate risk on business for sustainable and securely growth.

Board of Company realizes fully to an important of corruption protection in organization, therefore, the resolution in the Board of Company Meeting No. 4/2013 on November 11, 2013, then resolve the company to show spirit as cooperative in resistance of corruption.

Board of Company still pay an important toward good practical on society, community, environment and stakeholders equally. Therefore, Board of Company then formulate the role, duty burden and responsibility of executive directions and company officials that have to treat the shareholders, customers, co-trader, debtors, creditors, officials, competitors, society, community and environments in the business ethics principle of the company in order to allow the directors, executives and officials of the company to hold for practice to incur equality, transparent, justice and help together to promote development of society, community and environments to have strongness, live together in sustainable and happy.

In the cycle year of 2013, Board of Company had gather 4 times of Board of Director Meeting and had performed duty completely in its capacity as director and realize fully on efficient renovation in performing duty to get better and better continuously, then had made self-assessment of Board of Director which was an assessment of yearly result. For result assessment of annual 2013, sum up the results overall that effective in performing duty of Board of Company were in a good basis.

Signed  
(Mr. Prayoon Pholpipattanaohong)  
Chairman

Signature

Signed  
(Mr. Prapas Pholpipattanaphong)  
Managing Director

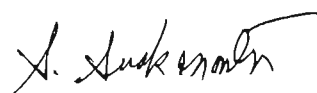
Signature

**To : The Shareholders ;**

As the Board of Company has 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 2013, 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 2013 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 risk management, evaluate to have the adequacy of internal control system accordance with guideline of The Securities and Exchange Commission (SEC) that are factor of Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring Activities. The Board of Audit Committee found the adequacy and effective internal control system and risk management and found no significant weakness of control that may have adverse impact.
5. Consider to propose the Board of Company for asking approval to appoint Auditor and audit fee for annual 2014 by proposing Auditor of AST Master Office.



(Mr.Santichai Suakanonth)

Chairman of the Audit Committee

February 25, 2014

13 March 2014

The Board of Directors  
Chiangmai Frozen Foods Public Company Limited

Subject : Internal Control Report

Dear Sirs:

We have audited the financial statements of Chiangmai Frozen Foods Public Company Limited as of 31 December 2013 in accordance with generally accepted auditing standards as indicated in the audit report dated 27 February 2014. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. During the auditing process, we have studied and appraised the efficiency of the company's accounting internal audit deemed necessary to set the well-conceived and appropriate auditing procedure. We do not find any material weakness in the accounting internal control which will significantly affect the opinion on the financial statement as at 31 December 2013.

We also would like to notify that the audit was not done for all accounts, but only by testing. Furthermore, the study and appraisal of the efficiency of the accounting internal control was done on the purposes specified prior. We, therefore, may not specify absolute assurance that there are no misstatements weakness in the internal auditing control.

We would like to thank all officers of the company for their sincere cooperation during the operation.

Yours sincerely,

*Nongram L. Delok*

(Ms. Nongram Laohaareedilok)  
Certified Public Accountant  
Registration No.4334