



0107537000513

บริษัท เชียงใหม่ฟรอสเซนฟู้ดส์ 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

13 November 2015

RE: Explanation and analysis financial situation for Quarter 3 ended on 30 September 2015

To: Manager and Director  
The Stock Exchange of Thailand1. Overview of previous operation

The Company conducts business as manufacturer of Frozen Vegetables for export. The Company has an operation result of consolidated for third quarter and 9 months instalment of the year 2015 as follows:

(Unit : Million Baht)

Particular	Third Quarter				Nine months period			
	2015	2014	+,-	%	2015	2014	+,-	%
Total Income	389.6	398.4	(8.8)	(2.2)	1,111.1	1,111.3	(0.2)	(0.02)
Net profit	59.6	25.3	34.3	135.6	111.3	69.4	41.9	60.4

According to the report of performance result for 9 months period ended on 30 September 2015, the company earned total income of 1,111.1 million Baht, decreased 0.2 million Baht or decreased 0.02% comparing to the same period of previous year which presented 1,111.3 million Baht and the net profit is 111.3 million Baht, increased 41.9 million Baht equivalent to 60.4% comparing to the same period of previous year which indicated 69.4 million Baht and when considers the financial statement for the third quarter of the year 2015 comparing to the year 2014, the company earned total income of 389.6 million Baht, decreased 8.8 million Baht, equivalent to the decrease of 2.2%, but the company has net profit of 59.6 million Baht, increased by 34.3 million Baht, considered the increase of 135.6%.

Net profit for the third quarter of the year 2015 increased 34.3 million Baht and increased 41.9 million Baht consider 9 months period of the year 2015 which the detail is as follows;

1.1 Operation resultIncome

(Unit: Million Baht)

Particular	Third Quarter				Nine months period			
	2015	2014	+,-	%	2015	2014	+,-	%
Sales	400.5	390.4	10.1	2.6	1,114.6	1,124.4	(9.8)	(0.9)
Gain or Loss from exchange rate	(13.6)	2.9	(16.5)	(569.0)	(13.3)	(29.4)	16.1	54.8
From Interest	1.2	2.2	(1.0)	(45.5)	3.9	8.8	(4.9)	(55.7)
From Sale by products	1.2	2.4	(1.2)	(50.0)	5.1	5.1	-	-
Others	0.3	0.5	(0.2)	(40.0)	0.8	2.4	(1.6)	(66.7)
Total revenue	389.6	398.4	(8.8)	(2.2)	1,111.1	1,111.3	(0.2)	(0.02)





0107537000513

บริษัท เชียงใหม่ฟรอสเฟนฟู๊ดส์ จำกัด (มหาชน)

149/34 ซอยแมงกอลพลาซ่า 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

Total income decreased amount 8.8 million Baht for the third quarter and decreased by 0.2 million Baht for 9 months period of the year 2015 comparing to the year 2014. The reasons for the change are as follows:

- Sales Revenue increase 10.1 million Baht for the third quarter of the year 2015 comparing to the third quarter of the year 2014, equivalent to the increase of 2.6% due to the rise of average exchange rate 34.89 THB/USD in the third quarter of the year 2015 comparing to average exchange rate 31.97 THB/USD in the third quarter of the year 2014. However, the sales volume in the third quarter of the year 2015 is indicated the decrease of 263 Tons considered the decrease of 4.20% comparing to the third quarter of the year 2014. Further, Sales Revenue for the 9 month period of the year 2015 is decrease 9.8 million Baht, equivalent to the decrease of 0.9% comparing to the same period last year, resulted from the decrease of sales volume dropped of 672 Tons, equivalent to the decrease of 3.74%, despite the higher average exchange rate of 33.55 THB/USD in the 9 months period of the year 2015 comparing to 32.26 THB/USD in the same period last year.
- The Company has greater loss on exchange rate of 16.5 million Baht presented in the financial statement for the third quarter of the year 2015. However, it is consider less loss on exchange rate of 16.1 million Baht consider 9 months period of the year 2015. The major reason for the change is the exchange rate fixed in the forward contract in the third quarter of 2015 is lower than spot exchange rate adjusted on trade receivables for export sales. However, since the fixed exchange rate for the forward contract is not spread from the spot rate adjusted on trade receivables for export sales for the first half of 2014, resulted in the decrease in the loss on exchange rate of 16.1 million Baht as presented in financial statement for 9 months period of the year 2015.
- Interest income decreased by 1.0 million Baht for third quarter and decreased by 4.9 million Baht for 9 months instalment.
- Income from selling by products decreased by 1.3 million Baht for third quarter.

#### Cost of Sales

(Unit: Million Baht)

Particular	Third Quarter			Nine months period		
	2015	2014	+,-	2015	2014	+,-
Sales	400.5	390.4		1,114.6	1,124.4	
Cost of Sales	274.2	321.7	(47.5)	868.7	879.6	(40.9)
%	68.5	82.4	(13.9)	75.3	78.2	(2.9)

Cost of Sales for third quarter of the year 2015 decreased by 13.9% and decreased by 2.9% for 9 months, contributed from the decreased of manufacturing expenses such as overtime expense, electricity expense decreased from FT decreased, fuel oil decreased and yield from production increased.





0107537000513

บริษัท เชียงใหม่ฟรอสเฟนฟู๊ดส์ 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

Selling and Administration Expenses

(Unit: Million Baht)

Particular	Third Quarter			Nine months period		
	2015	2014	+,-	2015	2014	+,-
Sales	400.5	390.4		1,114.6	1,124.4	
Selling and Administration Expenses	45.3	47.9	(2.6)	132.9	150.2	(17.3)
%	11.3	12.3	(1.0)	11.9	13.4	(1.5)

Expenses in selling and administration decreased by 2.6 million Baht for third quarter and decreased by 17.3 million Baht for 9 months instalment due to in the year 2014, the company returned value added tax that had no right to ask for return along with penalty and added money total amount 10.6 million Baht which were not regular expenses. The Company also has less export expenses related to the decrease of sales volume.

Income tax

(Unit: Million Baht)

Particular	Third Quarter			Nine months period		
	2015	2014	+,-	2015	2014	+,-
Sales	400.5	390.4		1,114.6	1,124.4	
Income tax	10.4	3.5	6.9	28.2	12.1	16.1
%	2.6	0.9	1.7	2.5	1.1	1.4

Income tax increased by 6.9 million Baht for third quarter and increased by 16.1 million Baht for 9 months instalment due to in the year 2015, profit gained from operation must pay income tax in the rate 20% whereas in the year 2014 profit gained from most operation must pay income tax in the rate 10%. Such higher tax happen from expiry of Investment Promotion Certificates in the year 2014.

Net Profit

(Unit: Million Baht)

Particular	Third Quarter			Nine months period		
	2015	2014	+,-	2015	2014	+,-
Sales	400.5	390.4		1,114.6	1,124.4	
Total Income	389.6	398.4		1,111.1	1,111.3	
Net profit	59.6	25.3	34.3	111.3	69.4	41.9
Net profit / Sales (%)	14.9	6.5	8.4	10.0	6.2	3.8
Net profit / Total Income (%)	15.3	6.4	8.9	10.0	6.2	3.8

1.2 Effect on economic condition and industrial toward operation

As Japan, which is an important co-trader of the company, has faces the slowdown of economic condition constantly in the past few year, further with the resolution from the Japan Government to increase value added tax (VAT) from original 5% to 8% applied from 1 April 2014, also the continuous depreciation of Japanese Yen currency has posted major impact toward Japanese importer in which increasing their cost for imported product. However, the Japanese importers is unable to increase their local selling price to





0107537000513

บริษัท เชียงใหม่ฟรอสเฟนฟู๊ดส์ 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

reflect with these increasing cost due to it would negatively affected to the demand of consumer. Therefore, the Company has been requested to refrain from increasing the selling price during such period though the increasing selling price is aim to reflect the increasing cost of the Company.

### 1.3 Management Policy and Business Strategy

The Company has a principle policy in continuously developing products quality and increases production per rai, however, as from the new policy regarding the increase of minimum wages and the lack of agricultural labor cause the increasing wages expenses for the Company. In the year 2014, the company has solved such problem by introducing the use of harvesting machine to substitute the labor. However, the use of harvesting machine has partially caused the inferior quality of the products, thus incur the higher cost for inferior quality product in the first quarter.

However, as the current government has cancelled the price guarantee policy on rice has positively affected the company which allowed the advantage and brought the attention from the numbers of farmers to participate in cultivating agricultural products which considered the raw materials which more required by the company.

### 1.4 Product lines

The Company is a manufacturer and distributor of Frozen Vegetables which has one line product comprising Frozen Green Beans, Frozen Soy Beans, Frozen Sweet Corns, Frozen Baby Corns and Frozen Mixed Vegetables.

### 1.5 Estimation compare

When compares with an estimation in the year 2015, The Company has a sale volume increased amount 175 metric tons or 3.0% for third quarter and decreased amount 173 metric tons or 1.0% for 9 months instalment.

### 1.6 Auditor viewpoint

Auditor expresses viewpoint toward financial statements of the company with no conditions and no remarks.

### 1.7 Change of important accounting policy

The Company has no change on accounting policy. There is only change according to the standard measure of new accounting edition which effective but such change has no impact toward financial statements of the company with important essence.

### 1.8 Irregular transaction

- Dividend received from subsidiary company amount 16.8 million Baht (Separate Financial Statements)



0107537000513

บริษัท เชียงใหม่ฟรอสเซ่นฟู๊ดส์ จำกัด (มหาชน)

149/34 ซอยแองโกลพลาซ่า ถนนสุรวงศ์ แขวงสุริยวงษ์ 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

- The Company had expenses on investment project at Union of the Republic of the Union of Myanmar amount 1.7 million Baht.

## 2. Operation result and ability in making profit

### 2.1 Financial status and significant change

Ratios		Third Quarter			Nine Months period		
		2015	2014	2013	2015	2014	2013
Gross margin	%	31.54	17.60	26.23	24.75	21.77	23.57
Net profit on total Sales	%	14.88	6.48	10.36	9.99	6.17	12.41
Net profit on total Income	%	15.30	6.35	10.47	10.02	6.24	11.95
Return on equity	%	4.45	2.00	2.91	8.30	5.48	10.51
Return on assets	%	4.11	1.82	2.65	7.68	5.00	9.59
Net profit per share	Baht	0.16	0.07	0.10	0.29	0.18	0.37
Book value per share	Baht	3.52	3.33	3.48	3.52	3.33	3.48
Net total assets per share	Baht	3.80	3.64	3.82	3.80	3.64	3.82

### 2.2 Cause of significant change

Particular	Third Quarter				Nine months period			
	2015	2014	+, -	%	2015	2014	+, -	%
Net profit	59.6	25.3	34.3	135.6	111.3	69.4	41.9	60.4

Net profit of consolidated in the year 2015 increased by 34.3 million Baht, equivalent to 135.6% for third quarter and increased by 41.9 million Baht which considered 60.4% for 9 months period. The figure has exceed 20% when compared with the same instalment of previous year in which cause of change as already explained in point 1 overall of operation.

## 3. Ability in exercise assets

### 3.1 Trade accounts receivable

As the company sells the goods mainly by export and it is selling in the form of L/C and T/T, collection period is approximately 18 -25 days and existent trade accounts receivable are the debtors that has long trading relationship. According to historical record, there were absent of bad debt, so the company does not reserve allowance for doubtful accounts – trade accounts receivable.





0107537000513

บริษัท เชียงใหม่ฟรอสเฟนฟู๊ดส์ 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

### 3.2 Inventories

- Most of the company products are semi-products which keep in cold storage under the temperature of -20 degree Celsius and such products are selling to customers throughout the year.
- Inventories as of 30 September 2015 indicated 449.7 million Baht, after deduct reserve for deteriorate products amount 3.1 million Baht, net inventories presented 446.6 million Baht.

### 3.3 Investment, goodwill and impairment

The Company recorded impairment of assets when definitely clarify that the book value of such assets may not recovered or when book value of assets excess than value which expected to recover and has already recognize the loss items from impairment in statements of income.

### 3.4 Important component parts of other assets and cause of change

There is no significant change in other non-current assets.

### 3.5 Cash, cash equivalents and current investments

As of 30 September 2015, the company has a cash, cash equivalent and current investments which increased from 31 December 2014 for the amount of 42.8 million Baht.

## 4. Liquidity and capital sufficiency

### 4.1 Source of Capital, suitability of capital structure

Particular		Consolidated		
		30/9/2015	31/12/2014	+,-
Debt to Equity Ratio	Time	0.08:1	0.09:1	(0.01:1)
Current Ratio	Time	16.59	12.90	3.69
Quick Ratio	Time	9.51	6.97	2.54

- Sources of capital has derived from the business operation and utilized in the operating activities, available net cash provided by operating activities amount 98.6 million Baht, net cash used in investing activities amount 21.9million Baht and net cash uses in financing activities amount 37.9 million Baht.
- The Company has liabilities ratio: shareholder equity only 0.08:1 Therefore, capital structure of the company is considered secure and suitable.



0107537000513

บริษัท เชียงใหม่ฟรozenฟู๊ดส์ 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

#### 4.2 Capital expenditure, objective explain and source of capital

The Company utilize the cash from operating activities mostly for the purchase and acquire raw material which increases amount 10.8 million Baht, acquisition of fixed assets amount 17.4 million Baht and pay dividend amount 37.9 million Baht.

#### 4.3 Liquidity sufficiency

The Company has current ratio of 16.59 times and quick ratio of 9.51 times which considered a positive liquidity ratio supporting the stability of the Company

#### 4.4 Ability in paying debt and act in accordance with important loan conditions, ability in seeking additional source of capital

The Company has no debt burden from loan but only debt from normal business operation. Also, the Company has the obligation for employment benefit which will be paid upon the retirement. As the company has a good liquidity, the company then has an ability in paying all debts.

#### 5. Off balance sheets debt obligation and management burden

- The Company has no dispute or to be prosecuted which shall impact toward financial status of the company.
- The Company learns and record obligation of official interest which age limit from working as standard accountant edition 19.
- The Company has an ability in paying incurred obligation and to be duce in future and inclusive out of balance sheets burden due to the company has ratio of liabilities : shareholder equity very low and has good liquidity.

#### 6. Impact factor and future operation

##### External

- The Company may receive negative effect as Japan had increase value added tax (VAT), also the trend of depreciation of Japanese Yen currency could posted the higher imported cost and resulted in the decreasing of consumer demand.
- Fluctuate exchange rate make the company is still using the policy to reduce risk with financial implements same as previous year.
- As price guarantee policy for rice from the previous government made the formers turn to grow more rice and cause the lack of farmer who participate in the cultivation program of the Company, but since this policy has been cancelled, the farmers would turn to grow more plants in company project make the production having chance to adjust higher.
- From the trend of oil cost in the world market which keep decreasing, it would positively affect the company to reduce production cost and transportation cost.





0107537000513

บริษัท เชียงใหม่ฟรอสเฟนฟู๊ด จำกัด (มหาชน)

149/34 ซอยแองโกลพลาซ่า ถนนสุรวงศ์ แขวงสุริยวงศ์ เขตบางรัก กรุงเทพฯ 10500

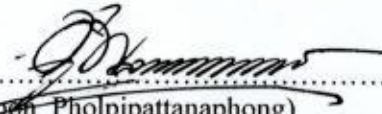
CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED.

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

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

Internal

- The Company has a policy to increase production per rai continuously by having plan to adjust harvesting method to provide higher productivity.
- Not much change on competition nature so no effect on change in the market competition with important essence. However, the company still keep closely monitor the existing competitors and new competitor that shall enter to the market in future.

Signature.....  
(Mr. Ankoen Pholpipattanaphong)  
Authorized Director