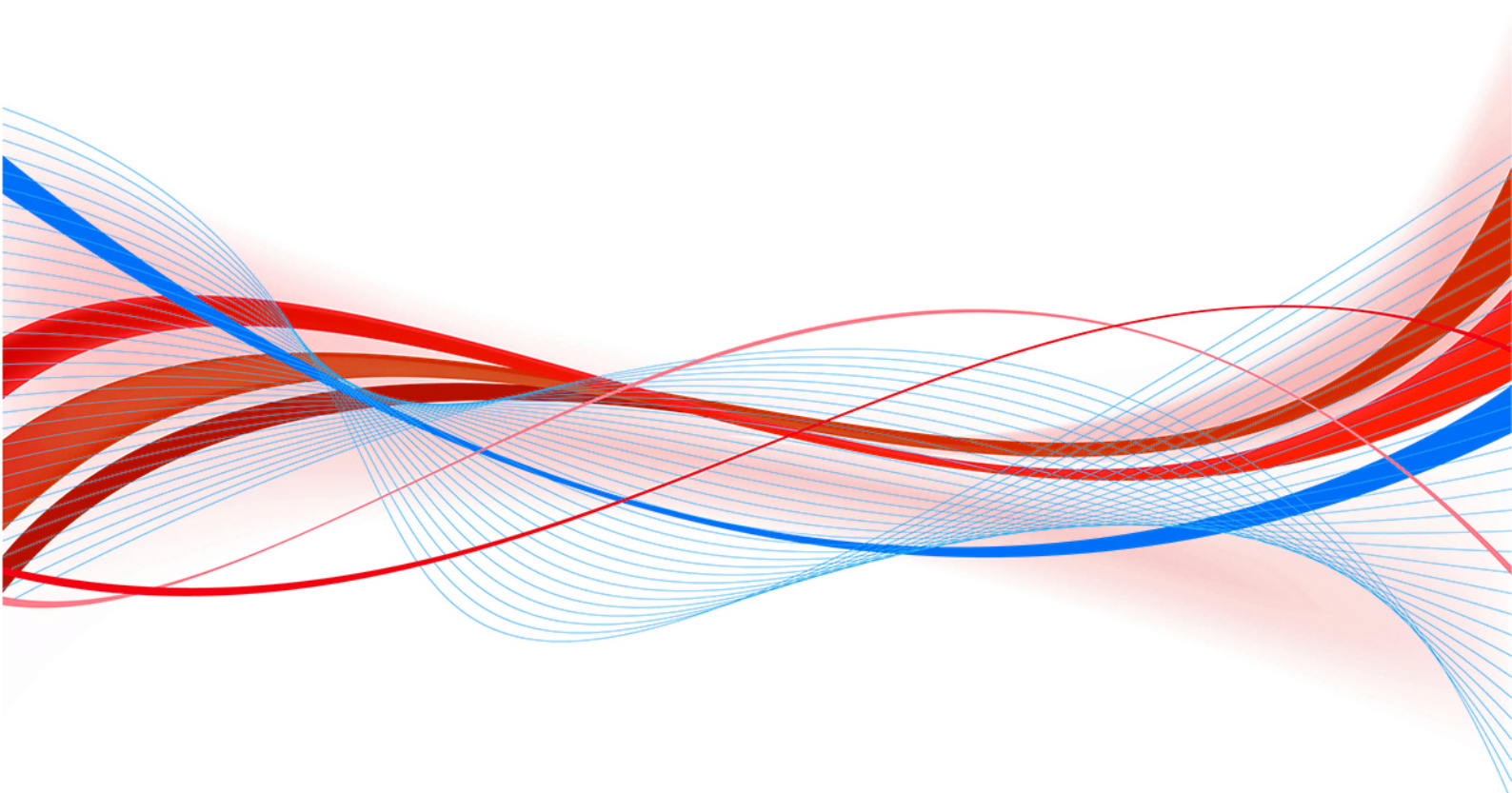




**รายงานประจำปี 2557**  
**Annual Report 2014**



**บริษัท เชียงใหม่ฟรozenฟู๊ดส์ จำกัด (มหาชน)**  
**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**

# Board of Directors



**Mr. Prayoon Pholpipattanaphong**

Chairman



**Mr. Prapas Pholpipattanaphong**

Managing Director



**Mr. Ankoon Pholpipattanaphong**

Assistant Managing Director



**Mr. Suwat Phongphasura**

Executive Director



**Mr. Prayuth Pholpipattanaphong**

Executive Director



**Mr. Lan, Mu-Chiou**

Director



**Mr. Amnuay Yossuck**

Independent Director



**Mr. Ampon Ruayfupant**

Independent Director



**Dr. Phusit Wonglorsaichon**

Independent Director



**Miss Darunee Ruangtham**

Independent Director



บริษัท เชิงใหม่โฟรเซ่นฟู๊ดส์ จำกัด (มหาชน)

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## Clarification from Chairman of Board of Director

### To: The Shareholders;

In the cycle year of 2014, from consolidated, the company had net profit 60.4 million baht come to 0.16 baht per share or come to 4.3% of sale having total assets 1,387.0 million baht, liabilities rate against shareholder equity 0.09:1 and liquidity ratio 12.9 times.

The Performance result of consolidated in the year 2014 earned income from sale amount 1,413.6 million baht, reduced from previous amount 12.9 million baht or come to 0.9% and had net profit 60.4 million baht, reduced from previous 75.4 million baht or come to 55.5% which mostly were the result from decreased of sale volume, higher cost of capital sales due to degenerate quality of raw material, fuel factor and energy increase and impact from exchange rate.

In the Board of company Meeting no. 1/2015, the meeting has resolved and agreed to pay dividend to the shareholders amount 381,145,725 shares in the rate of 0.10 baht per share, come to amount 38,114,572.50 baht or come to 63.08% of consolidated net profit which are higher than formulated dividend payment policy not less than 60% of net profit.

For the year 2015, the company put sale target at 23,300 metric tons. The Company believes that with an endeavor and intention in work management would make the company capable to conduct business with successfully and having good performance to enable the company pay dividend to the shareholders regularly.

(Mr. Prayoon Pholpipattanaphong)

Chairman

February 26, 2015



## Board of Company's Report

### To: Shareholders;

Board of Company are 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 2014 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 Executives, 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 with important essence, having efficient management system under appropriate risk on business for sustainable and securely growth.

Board of Company realizes fully an important of misconduct protection in organization. Therefore, the resolution in the Board of Company Meeting No. 4/2013 on November 11, 2013, had resolved the company to show intentional to join an operation in misconduct resistant and in the Board of Company Meeting no. 1/2015 on February 26, 2015 resolved to consent the policy of misconduct and corruption resistant in writing in order to allow directors, executives and officials to hold practice of misconduct and corruption resistant to incur form and appearance earnestly.

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 directors, executives 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 strong, live together in sustainable and happy.

In the cycle year of 2014, Board of Company had gather 4 times of Board of Director Meeting and had performed duty together 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 2014, sum up the results overall that effective in performing duty of Board of Company were in a good basis.

(Mr. Prayoon Pholpipattanaphong)

Chairman

February 26, 2015



## Clarification of Chairman of the Audit Committee

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. Amnuay Yossuck as Chairman of the Board of Audit Committee, Mr. Ampon Ruayfupant and Miss Darunee Ruangtham as Audit Committee to perform the duties assigned from the Board of Company which is according to the provision of The Stock Exchange of Thailand.

During the year 2014, the Board of Audit Committee conducted 4 meetings by inviting Auditors, Management and Internal Auditor. The significant tasks could be summarized as follows:

1. Reviewed the Financial Statements quarterly and Annual Financial Statements of 2014 and adequately listen the clear explanations and report from the Management and Auditor in related subject, therefore, the Audit Committee were of a same opinion with the External Auditors that said quarterly annual financial statements were correct in essence in conformity with the generally accepted accounting principles.
2. Reviewed the disclosure of connected and related information between the company, subsidiary company and concerned company and it was of opinion that such related information were adequately and correctly disclosed.
3. Reviewed 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. Promoted 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. In summary, The Board of Audit Committee reviewed and determined that to have the adequacy and effective internal control system and risk management and found no significant weakness of control that may have adverse impact.
5. Considered to propose the Board of Company for asking approval to appoint Auditor and audit fee for annual 2015 by proposing Auditor of AST Master Office who is independence and approved by the office of SEC.

(Mr. Amnuay Yossuck)

Chairman of Audit Committee

February 24, 2015



## 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 (include subsidiary company) more than 99%.

##### 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 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.

#### **Ideal**

- Shall treat toward the shareholders and ever group of stakeholders with equally and fair.
- Shall always think of risk and manage the risk appropriately.
- Shall create leadership to occur in every level of personal, promote to incur good working atmosphere with happy and safety in working.
- Shall create good relationship with society, community and intend to maintain environment.
- Shall create organization of quality and intend to reach an organization of learning.
- Shall resist every form of misconduct and corruption.
- Shall not violate and not support any activities that violate human rights.

#### **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 baht with par value 10 baht 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 baht to be 125 million baht.
Jan. 1993	Permitted from The Stock Exchange of Thailand to be as register securities.
Jan. 1993	Started buying-selling shares in The 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 baht.
Apr. 2003	Joint investment with River Kway International Co., Ltd. in ratio 51:49 in Agrifood Processing Co., Ltd. with capital invested 120 million baht, paid-up 30 million baht.
Mar. 2004	Built cold storage at Maefagmai, Sansai, Chiangmai on area 8 rais 3 ngans 97 square wahs and finished in Jul. 2005
Jul. 2004	Bought capital investment in Agrifood Processing Co., Ltd. from River Kway International Co., Ltd. increased from 51% to 100%.
May. 2005	Increased register capital from 210 million baht to be 315 million baht.
May. 2005	Changed par value from original par value 10 baht per share to be 1 baht per share.
May. 2007	Increased register capital from 315 million baht to be 346 million baht.
May. 2009	Increased register capital from 346 million baht to be 381 million baht.
Aug. 2014	Feasibility study in Land procurement and establish subsidiary company in The Republic of the Union of Myanmar.
Dec. 2014	From December 2014 onward, the company proceeded an exportation of Frozen Sweet Corns to over sea directly without passing Agrifood Processing Co., Ltd., (subsidiary company)

### Previous year in controlling company power

No change on controlling power

### Previous year of performance business character

No change on performance business character



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

- As at December 26, 2013, Itochu Corporation held amount 50,440,665 shares and Itochu (Thailand) Ltd. held amount 25,789,335 shares total amount 76,230,000 shares or come to 20% had 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 2014

- The Company returned buying tax that had no rights to ask for along with penalty and added money total amount 11,549,250.80 baht.



### 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 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 having one representative director namely Mr. Kenichi Tai 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 (Consolidated)

( In Thousand Baht)

Products	2014	%	2013	%	2012	%
Frozen Vegetables	1,413,564	100.0	1,426,502	100.0	1,491,529	100.0
Others	-	-	-	-	-	-
Total sales	1,413,564	100.0	1,426,502	100.0	1,491,529	100.0
Profit (loss) from exchange rate	(29,633)		17,717		11,596	
Others income	19,786		19,116		17,737	
Total revenues	1,403,717		1,463,335		1,520,862	

Product markets	2014	%	2013	%	2012	%
Overseas	1,401,701	99.2	1,410,615	98.9	1,469,202	98.5
Domestic	11,863	0.8	15,887	1.1	22,327	1.5
Total sales	1,413,564	100.0	1,426,502	100.0	1,491,529	100.0
Profit (loss) from exchange rate	(29,633)		17,717		11,596	
Others income	19,786		19,116		17,737	
Total revenues	1,403,717		1,463,335		1,520,862	

Nature of Customers	Percentage		
	Oversea Market	Domestic Market	Total
Total sale value	99.2	0.8	100.00

Performance cycle	Percentage		
	2014	2013	2012
1 <sup>st</sup> Quarter	23.00	22.00	22.00
2 <sup>nd</sup> Quarter	28.00	31.00	30.00
3 <sup>rd</sup> Quarter	28.00	26.00	27.00
4 <sup>th</sup> Quarter	21.00	21.00	21.00
Total	100.00	100.00	100.00

### Subsidiary company

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

### Structure of revenue

(Unit: Thousand baht)

Particular	2014	%	2013	%	2012	%
Overseas	233,393	100.0	263,115	99.2	275,817	98.7
Domestic	55	-	2,189	0.8	3,683	1.3
Total sales	233,448	100.0	265,304	100.0	279,500	100.0
Profit (loss) from exchange rate	(6,712)		6,559		3,187	
Others income	955		596		600	
Total revenues	227,691		272,459		283,287	



## 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, FSSC 22000, HACCP, GMP, GAP. 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 privilege 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 2014, the company had total sales at 22,778 metric tons less than target 2,222 metric tons or come to 8.9%, having total sale value 1,413.6 million baht which reduced from previous year 12.9 million baht or come to 0.9%. The Company has market share namely; is a major exporter products of Frozen Green Beans, Frozen Soy Beans and Frozen Sweet Corns by having total export portion more than 99% and having market share in Japan about 15% of above mentioned products. For satisfaction degree of the customers are good.

### 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 join 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, oversee 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 84.3% and sells in domestic through Agrifood Processing Co., Ltd. for export and other small customers with about 15.7%.

Main market of the company is Japan which is a country that likes to consume frozen products due to better quality in product or equivalent to competitor products in oversea. Therefore, satisfaction degree of the consumers toward company products is good

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 like China, Taiwan 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, Taiwan having business size adjacent with the company which the company has capable potential enough to be able to make competition both in 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	2014	2013	2012
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	28,216	22,132	26,212
Actual rate of usage capacity	%	67.18	52.70	62.41
Increase (decrease) rate of production volume	%	27.49	(15.57)	(0.26)
Increase (decrease) rate of production value	%	12.64	(2.71)	5.76

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%

Impact on environment

Wasted water that passed the process of the company may impact 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, thus 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 factors

#### 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 receive impact 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 92% of the total sale which this dependence on Japan market at high portion would impact 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 impact from depending on Japan market as a main would not be so risk.

#### Exchange rate

As the company and subsidiary company have its value export more than 99% of the total sale and the company sells the products in US Dollar currency, so the company may receive impact 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 measurement 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 5 directors represented main shareholders which are of experience in agricultural business for a long time and one third of 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 result 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 subsidiary company had total assets amount 1,387.0 million baht, total liabilities 119.5 million baht or come to 8.6% of total assets and shareholders' equity 1,267.5 million baht or come to 91.4% of total assets, ratio of liabilities per shareholders' equity 0.09:1, current ratio 12.9 and quick ratio 6.97 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, 2014 the company had retained earnings altogether amount 818.4 million baht or come to 59.0% 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	None
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	None
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	None
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	None
Land at Maefagmai, Sansai,Chiangmai 16 rais 108.2 Square wahs	Owner	9.6	None
Land at Maefagmai, Sansai,Chiangmai 6 rais 54.3 Square wahs	Owner	3.2	None
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	None
Land at Amphur Bangragum,Phitsunulok Province 154 rais 30 square wahs	Owner	15.4	None
Office Building, 4 Floors, 3 Units No. 149/32-34 Soi Anglo Plaza, Surawongse Road, Bangrak, Bangkok	Owner	4.8	None
1 <sup>st</sup> Plant Building No. 92 Moo 3 Chiangmai-Phrao Road, Nongjom,Sansai, Chiangmai	Owner	23.1	None





CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

Type of assets	Type of possession	Value (Million baht)	Burden
2 <sup>nd</sup> Plant Building No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai	Owner	33.5	None
New cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai	Owner	49.6	None
Machinery & Equipment	Owner	114.9	None

5. Legal disputes

In the year of 2014, the company and subsidiary company had no dispute on laws that having important point toward conducting business 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, Khet Bangrak, Bangkok 10500, Thailand.
Registration	0107-537-000-513
Telephone	(662) 238-4091, (662) 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 Corns, Carrot, Baby Corns 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 share each with par value 1 baht and in the aggregate value of 381,146,251 baht.
Paid-up Capital	381,145,725 common share each with par value 1 baht and in the aggregate value of 381,145,725 baht.



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

Name	Agrifood Processing Co., Ltd.
Location	149/34 Soi Anglo Plaza, Surawongse Rd., Kwaeng Suriyawongse, Bangrak, Bangkok 10500, Thailand.
Telephone, Facsimile	Phone: (662) 634-2282-6 Fax: (662) 634-2287
Business Type	Conduct business buying-selling, distributor (Export) Frozen Sweet Corns.
Registered Capital	Ordinary share 12,000,000 shares of each 10 baht per share total 120,000,000.00 baht.
Paid-up Capital	Ordinary share 12,000,000 shares of each 10 baht per share paid up 30,000,000.00 baht.
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	Mr. Pradit Rodloytuk, C.P.A.(Thailand) No.218 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, (662)381-8016
Legal Advisor	Mr. Wanchandr Sivaboonyawongs, No. 51 Trok Srirubsuk, Kwaeng Taradbangkhen, Khet Laksi, Bangkok 10210, Thailand Telephone & Fax. (662) 521-4501
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 baht, paid up of 381,145,725 baht, 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	At March 20,2014		At March 14,2013	
	Shares	%	Shares	%
1. Nornern Agricultural Co., Ltd.	83,526,100	21.91	66,755,700	17.51
2. Thai and VDR Co., Ltd.	24,029,695	6.30	13,318,695	3.49
3. Nomura Securities Co., Ltd.	19,057,313	5.00	19,057,313	5.00
4. Mr. Lan Mu Chiou + spouse	18,030,830	4.73	18,030,830	4.73
5. Mr.Prapas Pholpipattanaphong +spouse	15,346,200	4.03	15,346,200	4.03
6. Mrs. Supuck Pataratirakul	11,434,500	3.00	-	-
7. Miss Chang, Min - Fang	8,837,730	2.32	8,837,730	2.32
8. Mrs. Pornthip Ratanaamornpin	7,800,065	2.05	-	-
9. Mrs. Kornwika Vongsariyavanich	7,384,000	1.94	-	-
10. Mr. Chatree Laowanichwith	7,353,600	1.93	-	-
11. Miss Ninjarat Saharattanachaiwong	6,261,750	1.64	6,261,750	1.64
12. Mr. Lu, Yu – Chin	6,105,309	1.60	6,105,309	1.60
13. Itochu Corporation	-	-	50,440,665	13.23
14. Itochu (Thailand) Ltd.	-	-	25,789,335	6.77
Total	215,167,092	56.45	229,943,527	60.32

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



Items	At March 20, 2014			At March 14, 2013		
	No. of holders	Shares	%	No. of holders	Shares	%
Thai nationality	2,179	297,043,981	77.93	2,332	227,268,181	59.63
Foreign nationality	37	84,101,744	22.07	39	153,877,544	40.37
Total shareholders	2,216	381,145,725	100.00	2,371	381,145,725	100.00
- Taiwanese	13	60,103,878	15.77	10	52,480,878	13.77
- Japanese	10	22,758,595	5.97	13	99,038,595	25.98
- Hong Kong	1	620,000	0.16	-	-	-
- USA	3	330,876	0.09	3	330,876	0.09
- English	4	224,388	0.06	4	224,388	0.06
- Swiss	1	18,150	0.01	2	1,756,950	0.46
- Others	5	45,857	0.01	7	45,857	0.01

- 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.

Strategic Shareholder	At March 20, 2014			At March 14, 2013		
	No. of holders	Shares	%	No. of holders	Shares	%
Directors and Executive including related person and who have relationship	30	153,516,637	40.28	29	127,489,673	33.45
Shareholder more than 5% with counting include related person	2	43,087,008	11.30	4	95,287,313,	25.00
Small shareholders	2,029	184,539,206	48.42	2,185	158,365,620	41.55
Holing lower 1 unit of buying-selling	155	2,874	-	153	3,119	-
Total	2,216	381,145,725	100.00	2,371	381,145,725	100.00



Strategic Shareholder	At March 20, 2014			At March 14, 2013		
	No. of holders	Shares	%	No. of holders	Shares	%
Hold excess 0.5% of share	36	289,797,728	76.03	29	285,579,303	74.93
Hold not excess 0.5% of share but not lower 1 unit of buying-selling	2,025	91,345,123	23.97	2,189	95,287,313	25.07
Hold share lower 1 unit of buying-selling	155	2,874	-	153	3,119	-
Total	2,216	381,145,725	100.00	2,371	381,145,725	100.00

Names of Institution Shareholders of the company

Name		At March 20, 2014		At March 14, 2013	
		Shares	%	Shares	%
1	Nomura Securities Co., Ltd.	19,057,313	5.00	19,057,313	5.00
2	Kim Eng Securities (Hong Kong) Ltd.	620,000	0.16	-	-
3	Bank Julius Baer and Co., Ltd.	-	-	1,738,800	0.46
4	Commerz Bank Aktiengesellschaft	29,040	0.01	29,040	0.01
5	Land and House Bank PCL.	18,150	0.01	18,150	-
6	The Securities Srimite PCL.	330	-	330	-
7	The Securities Seamico PCL.	88	-	-	-
Total		19,724,921	5.18	20,843,633	5.47

Rights and equality of shareholders

Board of Company has 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 managed 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 paid 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
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
2014	0.10	381,145,725	Mar.12-13,2015	May 14,2015



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

Items	Unit	2014	2013	2012	2011
Net profit Consolidated	,000bahts	60,426	135,818	174,062	55,796
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	0.16	0.36	0.46	0.15
Book value	Bahts/share	3.33	3.48	3.41	3.07
Annual dividend	,000bahts	38,115	118,155	106,721	53,360
Annual dividend	Baht/share	***0.10	0.31	0.28	0.14
Payout ratio	%	63.08	87.00	61.31	95.63

Remark: Ratio of dividend payment and dividend payout date from an operation result of the year 2014\*\*\* are still uncertain. It depends on the resolution of Ordinary Shareholder Meeting for annual 2015 which will be meeting on April 28, 2015.

8. Management structure

8.1 Board of company

Board of Company

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



Board of Audit Committee

Names	Position	Type of director
1. Mr. Amnuay Yossuck	Chairman	Independent director
2. Mr. Ampon Ruayfupant	Director	Independent director
3. Miss Darunee Ruangtham	Director	Independent director
Mr. Ampon Ruayfupant - Master of Business-Finance, Cornell University, New York, USA., have good knowledge and experience in the field of financials and accounting. By Mr. Suphot Sutthiprapa, Assistant Internal Audit Manager as Secretary to the Board of Audit Committee		

Board of Executive Directors

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

Board of Nomination and Remuneration Committee

Names	Position	Type of director
1. Mr. Amnuay Yossuck	Chairman	Independent director
2. Mr. Ampon Ruayfupant	Director	Independent director
3. Mr. Prapas Pholpipattanaphong	Director	Executive director
4. Mr. Wanchandr Sivaboonyawongs	Director & Secretary	Legal Advisor





Board of Corporate Governance Committee

Names	Position	Type of director
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 & Secretary	Accounting Manager
6. Mr. Vanchandr Sivaboonyawongse	Consultant	Law advisor

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 & Secretary	Accounting manager

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	81 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 2014	Board of Director Meeting 5 / 5 times Board of Executive Director Meeting 4 / 4 times
Date and no. of years on the board	November 3, 1988, 27 years
CM Shareholding on Dec. 31'2014	306,517 shares or 0.08%

**2. Mr. Prapas Pholpipattanaphong**

Type of director	Executive director (Managing Director)
Age	66 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 2014	Board of Director Meeting 5 / 5 times Executive Director Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 2 / 2 time Board of Risk Management Meeting 1 / 1 time
Date and no. of years on the board	November 3, 1988, 27 years
CM Shareholding on Dec. 31'2014	Private 10,007,830 shares or 2.63% Spouse 5,338,370 shares or 1.40%



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

	Total 15,346,200 shares or 4.03%
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3. Mr. Suwat Phongphasura

Type of director	Executive director
Age	73 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 2014	Board of Director Meeting 4 / 5 times Board of Executive Director Meeting 4 / 4 times Board of Risk Management Meeting 1 / 1 time
Date and no. of years on the board	November 3, 1988, 27 years
CM Shareholding on Dec. 31'2014	2,450,250 shares or 0.64%

4. Mr. Prayuth Pholpipatanaphong

Type of director	Executive director
Age	68 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



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Meeting attendance in 2014	Board of Director Meeting 5 / 5 times Board of Executive Director Meeting 4 / 4 times Board of Corporate Governance Meeting 2 / 2 time Board of Risk Management Meeting 1 / 1 time
Date and no. of years on the board	April 30, 2010, 5 years
CM Shareholding on Dec. 31'2014	None

5. Mr. Ankoon Pholpipattanaphong

Type of director	Executive director (Asst. Managing Director, Secretary)
Age	45 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 2014	Board of Director Meeting 5 / 5 times Board of Executive Director Meeting 4 / 4 times Board of Corporate Governance Meeting 2 / 2 time Board of Risk Management Meeting 1 / 1 time
Date and no. of years on the board	April 27, 2000, 15 years
CM Shareholding on Dec. 31'2014	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	67 years
Education	High school certificate



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

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 2014	Board of Director Meeting 3 / 5 times
Date and no. of years on the board	November 3,1988, 27 years
CM Shareholding on Dec. 31'2014	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. Santichai Suakanonth

Type of director	Independent director (Chairman of Board of Audit Committee)
Age	81 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 2014	Board of Director Meeting 2 / 2 times Board of Audit Committee Meeting 1 / 1 times Board of Nomination & Remuneration Meeting 1 / 2 time
Date and no. of years on the board	November 20, 1992, 22 years
CM Shareholding on Apr. 23'2014	45,738 shares or 0.01%

8. Mr. Amnuay Yossuck

Type of director	Independent director (Chairman of Audit Committee)
Age	78 years



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

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 Piriya Pol International (1986-present) President of Mae Joe University Council (1999-present)
Positions in rival companies / related companies	None
Meeting attendance in 2014	Board of Director Meeting 5 / 5 times Board of Audit Committee Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 2 / 2 time
Date and no. of years on the board	March 12,1993, 22 years
CM Shareholding on Dec. 31'2014	667,920 shares or 0.18%

9. Mr. Ampon Ruayfupant

Type of director	Independent director (Audit Committee)
Age	46 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 Director-Amarin Printing PCL., from 2013-present)
Positions in listed companies	Director-Amarin Printing PCL., from 2013-present)
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 2014	Board of Director Meeting 5 / 5 times Board of Audit Committee Meeting 4 / 4 times



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	Board of Nomination & Remuneration Meeting 2 / 2 times. Board of Corporate Governance Meeting 2/2 times
Date and no. of years on the board	April 26,2006, 9 years
CM Shareholding on Dec. 31'2014	71,874 shares or 0.02%

10. Dr. Phusit Wonglorsaichon

Type of director	Independent director
Age	44 years
Education	Ph.D - Business Administration Nova Southeastern University. Ph.D - Education Chulalongkorn University. Master of Business Administration (Honor) Indianapolis University. Bachelor - Material Science, Ceramics Chulalongkorn University
Director training program/year	None
Experience	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 2014	Board of Director Meeting 5 / 5 times Board of Corporate Governance 2 / 2 times
Date and no. of years on the board	April 30, 2010, 5 years
CM Shareholding on Dec. 31'2014	None

11. Miss Darunee Ruangtham

Type of director	Independent director (Audit Committee)
Age	57 years
Education	Master Degree-Business Management, Tampa Collage, Florida, USA Bachelor Degree-Computer Science, Tampa Collage, Florida, USA Bachelor Degree-Business Administration Major in Finance & Banking, Assumption University Financial Thinking for Finance Manager - Sasin
Director training program/year	None
Experience	Independent Director-Chiangmai Frozen Foods PCL., from Apr.'2014-present Authorized Director, The Regent Cha-am from Oct.'2004-present Manager, Assets & Finance Management, the Regent Group from May



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

	'1993-present Finance Manager, the Regent Group from Jul.'1988 – Jan.'1992 Finance Department, Fuji Xerox Co., Ltd., from 1980-1983
Positions in listed companies	None
Positions in non-listed companies	Authorized Director, The Regent Cha-am from Oct.'2004-present Manager, Assets & Finance Management, the Regent Group from May'1993-present
Positions in rival companies / related companies	None
Meeting attendance in 2014	Board of Director Meeting 3 / 3 times Board of Audit Committee Meeting 2 / 2 times
Date and no. of years on the board	Company Director on April 23,2014, 1 year and Audit Committee on May 15, 2014
CM Shareholding on Dec. 31'2014	114,856 shares or 0.03%

Other important information of directors, independent directors and high rank executives

- Directors or high rank executives of the company have not ever been the officials or partners of outside public account company that the company was using the service in last 2 years.
- No independent directors of the company hold an office in registered company in the Securities and Stock Exchange more than 3 places.
- No executive of the company hold an office more than 3 places.
- The company has at least one none – executive having working experience in related with company business.

Change on holding securities of company director in the cycle year of 2014

(unit : shares)

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	-
	Nortern Agricultural Co., Ltd.			83,526,100	83,526,100	-
	Total			83,832,617	83,832,617	-
2	Mr.Prapas Pholpipattanaphong	Private	Managing Director	10,077,830	10,077,830	-
		Spouse		6,338,370	5,338,370	-
		Total		15,346,200	15,346,200	-
3	Mr.Suwat Phongphasura		Executive Director	2,450,250	2,450,250	-





CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

Names - Surname			Position	Hold the share, beginning of the year	Hold the share, end of the year	Change
4	Mr.Prayuth Pholpipatanaphong		Executive Director	-	-	-
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.Amnuay Yossuck		Independent Director	667,920	667,920	-
8	Mr.Ampon Yuayfupant		Independent Director	71,874	71,874	-
9	Dr.Phusit Wonglorsaichon		Independent Director	-	-	-
10	Miss Darunee Ruangtham		Independent Director	64,856	114,856	50,000
Total				124,711,647	124,761,647	50,000
% of paid capital of the company (381,145,725 shares)				32.72	32.73	0.01

Change on holding securities of Executive officers and Manager in the cycle year of 2014 (unit : shares)

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	-
	Nortern Agricultural Co., Ltd.			83,526,100	83,526,100	-
	Total			83,832,617	83,832,617	-
2	Mr.Prapas Pholpipattanaphong	Private	Managing Director	10,077,830	10,077,830	-
		Spouse		6,338,370	5,338,370	-
		Total		15,346,200	15,346,200	-
3	Mr.Suwat Phongphasura		Executive Director	2,450,250	2,450,250	-



Names - Surname			Position	Hold the share, beginning of the year	Hold the share, end of the year	Change
4	Mr.Prayuth Pholpipatanaphong		Executive Director	-	-	-
5	Mr.Ankoon Pholpipattanaphong	Private	Executive Director	3,702,600	3,702,600	-
		Spouse		181,500	181,500	-
		Child		363,000	363,000	-
		Total		4,247,100	4,247,100	-
6	Mr. Sakda Phimmuang		Accounting Manager	-	-	-
7	Miss Piyalak Chuapodee		Plant Manager 1	-	-	-
8	Mr. Tummarat Charoensanti		Plant Manager 2	-	-	-
9	Mr. Rangsit Ojaroen		Office Manager 1	-	-	-
10	Miss Warissara Kangkanda		Office Manager 2	-	-	-
11	Miss Chanita Tiparadee		Vice Account Manager	-	-	-
12	Miss Thanarat Thepyothin		Vice Office Manager	-	-	-
13	Mr. Pryaraj Koonprayong		Vice Plant Manager	-	-	-
14	Mr. Boonmee Saman		Vice Plant Manager	-	-	-
15	Mr. Thamom Chaiwong		Vice Quality Assurance & Development Manager	-	-	-
16	Mr. Chanwit Suwanrat		Vice Quality Assurance & Development Manager	-	-	-
17	Mr. Sairung Boontom		Assis. Office Manager	-	-	-
18	Mr. Wittaya Kumrangkeng		Assis. Office Manager	-	-	-
19	Mr. Suphot Sutthiprapa		Assis. Internal Audit Manager	-	-	-

Important property and performance point of directors and executives

1. Is a director in registered company in the Securities and Stock Exchange not excess 3 places.
2. Must not ever been the officials or partners of public account company that the company was using the service in last 2 years.



3. Must manage to make buying-selling securities report of the company in order to report toward Securities and Stock Exchange within 3 working days and report to the company secretary or person that Board of Company assigned for acknowledgement.
4. Prohibit directors, executives to use internal information for buying-selling securities.
5. Must report of having common interest to the Board of Company for acknowledgement.
6. To make important subject among themselves must receive consideration and approval from Board of Company.

Holding an office as director in the subsidiary company (A), other registered companies (B), working experience in related business (C), accounting knowledge (D) and training as director in the previous year (E)

Name	Type of directors	A	B	C	D	E
Mr. Prayoon Pholpipattanaphong	Chairman	1	-	Yes	Yes	-
Mr. Prapas Pholpipattanaphong	Managing Director	1	-	Yes	Yes	-
Mr. Suwat Phongphasura	Executive Director	1	-	Yes	Yes	-
Mr. Prayuth Pholpipattanaphong	Executive Director	1	-	-	Yes	-
Mr. Ankoon Pholpipattanaphong	Executive Director	1	-	Yes	Yes	-
Mr. Lan, Mu - Chiou	Non-executive Director	-	-	-	Yes	-
Mr. Amnuay Yossuck	Independent Director	-	-	-	Yes	-
Mr. Ampon Ruayfupant	Independent Director	-	1	-	Yes	-
Dr. Phusit Wonglorsaichon	Independent Director	-	-	-	Yes	-
Miss Darunee Ruangtham	Independent Director	-	-	-	Yes	-

Independent Directors definition

1. Not holding a share excess 0.50% of paid capital of the company, subsidiary company, corporate company or related company, all this include a share hold by related person.
2. Be a director in registered company in the Securities and Stock Exchange not excess 3 places.
3. Not participate in administration, not be the officials, employee, advisor with regular salary or control authorize company, subsidiary company, corporate company, related company or company that major shareholder hold a share both direct and indirect or a person who has conflict of interest by must not having interest or having common interest in such character for not less than 2 years.
4. No relationship on business or service provider on profession public account to the company, subsidiary company, corporate company, related company or juristic person that having conflict of interest except would escape from such character not less than 2 years.
5. Is freely or not relate with executive section and major shareholder of the company.



6. Not be a director in others registered company in the group of the company, subsidiary company, corporate company, related company or the company that major shareholder hold a share both direct and indirect.
7. At least one independent director must have good knowledge and experience in the field of financials and accounting.
8. No prohibit character according to the policy of Corporate Governance of the company.
9. No prohibit character according to the formulated of Securities and Exchange Commission and Securities and Stock Exchange.

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 objective, financial target and company plan also follow up, supervise to have practice as planned.</li> <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>	<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 formulated by the Board of Company.</li> <li>4. Any other acts as assigned by the Board of Company.</li> </ol>

Balance of power for Non-executive Directors

Board of Company consists of 10 Directors as follows:

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

Chairman of the company though it may have blood relationship with Managing Director but viewpoint in operation are freely each other, also structure of Board of Company comprises executive directors and non-executive directors in which in number of non-executive directors are having number of Independent Directors one third of the whole Board or not less than 3 persons make capable to inspect an administration freely. So every group of stakeholder



can convince that the Chairman and Managing Director have performed their duty fairly, equality in their capacity as representative of shareholders and having balance of power appropriately.

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. The Company have meeting plan in year 2015 details as follow:

Meeting No.	DD-MM-YY	
1	Thursday	February 26, 2015
2	Thursday	May 14, 2015
3	Friday	August 14, 2015
4	Friday	November 13, 2015

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 not less than two third of 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 impact 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	1 / 1	5 / 5
2.Mr. Prapas Pholpipattanaphong	3 years	4 / 4	1 / 1	5 / 5
3.Mr. Suwat Phongphasura	3 years	3 / 4	1 / 1	4 / 5
4.Mr. Prayuth Pholpipattanaphong	3 years	4 / 4	1 / 1	5 / 5
5.Mr. Ankoon Pholpipattanaphong	3 years	4 / 4	1 / 1	5 / 5
6.Mr. Lan, Mu-Chiou	3 years	3 / 4	- / 1	3 / 5
7.Mr. Santichai Suakanonth	3 years	1 / 1	1 / 1	2 / 2
8.Mr. Amnuay Yossuck	3 years	4 / 4	1 / 1	5 / 5
9.Mr. Ampon Ruayfupant	3 years	4 / 4	1 / 1	5 / 5



Name list	Period of rank hold	Attending meeting / total meeting (times)		
		Normal meeting	Special meeting	Total
10.Dr. Phusit Wonglorsaichon	3 years	4 / 4	1 / 1	5 / 5
11.Miss Darunee Ruangtham	3 years	3 / 3	-	3 / 3
Every director are having portion of attendance Board of Director Meeting, come to 94% of whole year meeting in the year 2014.				

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	4 / 4				
2.Mr. Prapas Pholpipattanaphong	4 / 4		2 / 2		1 / 1
3.Mr. Suwat Phongphasura	4 / 4				1 / 1
4.Mr. Prayuth Pholpipattanaphong	4 / 4			2 / 2	1 / 1
5.Mr. Ankoon Pholpipattanaphong	4 / 4			2 / 2	1 / 1
6.Mr. Santichai Suakanonth		4 / 4	1 / 2		
7.Mr. Amnuay Yossuck		4 / 4	2 / 2		
8.Mr. Ampon Ruayfupant		4 / 4	2 / 2	2 / 2	
9.Dr. Phusit Wonglorsaichon				2 / 2	
10.Mr.Wanchandr Sibaboonyawongse			2 / 2		- / 1
11.Mr. Sakda Phimmuang				2 / 2	1 / 1



## 8.2 Executive officers and Manager

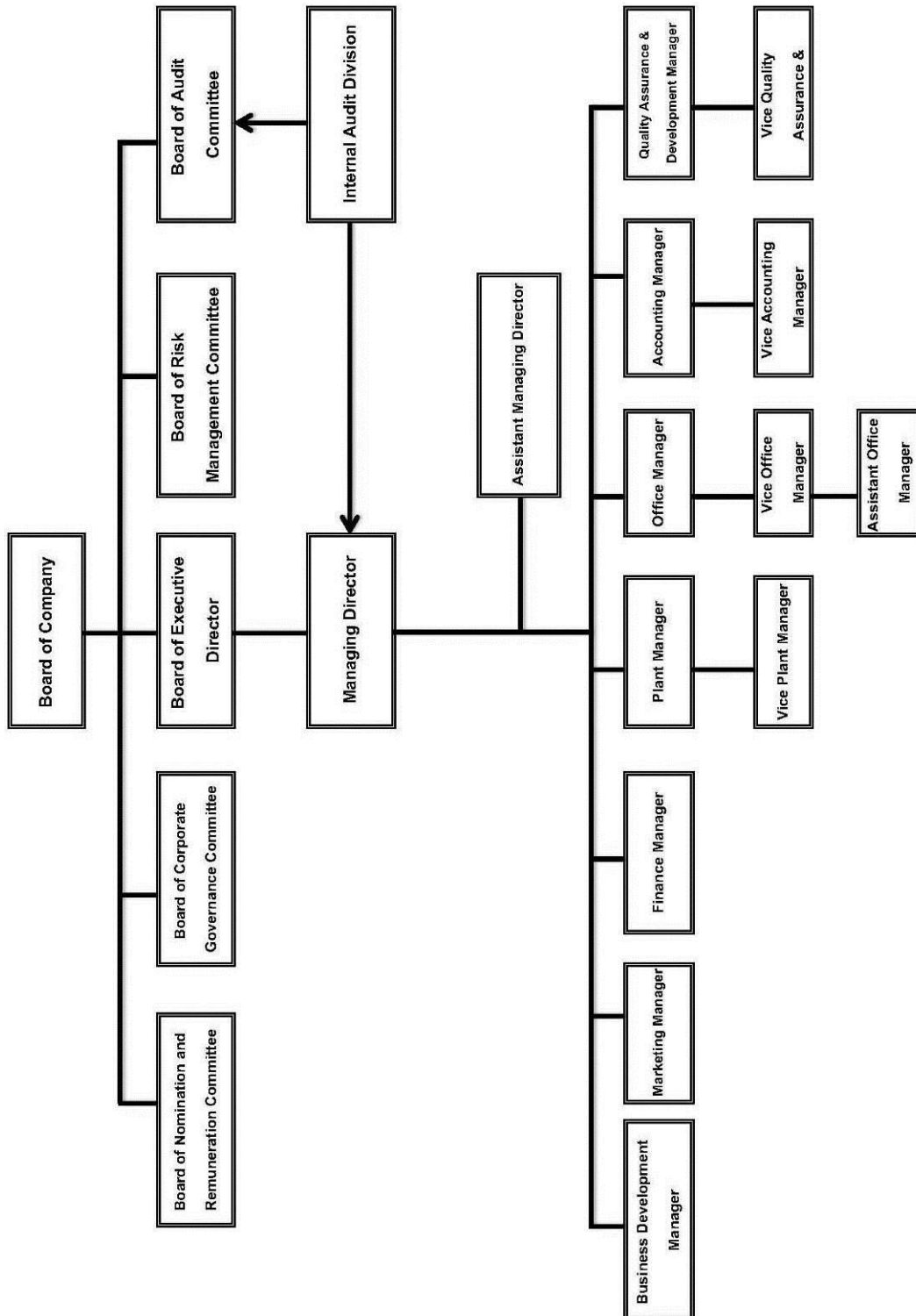
### Management , Executive Officers and Manager

Names	Position	Education
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 Pholpipattanaphong	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
18 Mr. Suphot Sutthiprapa	Assis. Internal Audit Manager	Bachelor of Accounting and Business, Financial Management
19 Mr. Wittaya Kumlungkeng	Assis. Office Manager	Master of Business Administration



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 2014, the company has paid various remuneration to the Directors and Executives as following details:

Remuneration in value

#### Directors

(Unit : Baht)

Names	Position	2014	2013
1.Mr. Prayoon Pholpipattanaphong	Chairman	400,000	400,000
2.Mr. Prapas Pholpipattanaphong	Managing Director	400,000	400,000
3.Mr. Suwat Phongphasura	Executive Director	400,000	400,000
4.Mr. Prayuth Pholpipattanaphong	Executive Director	400,000	400,000
5.Mr. Ankoon Pholpipattanaphong	Executive Director	400,000	400,000
6.Mr. Lan, Mu-Chiou	Director	400,000	400,000
7.Mr. Kenichi Tai	Director	33,333	400,000
8.Mr. Santichai Suakanonth	Independent Director	125,556	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
12.Miss Darunee Ruangtham	Independent Director	277,260	-



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

Other remuneration such as meeting fee, bonus, insurance premium etc.	Directors 11 persons	None	None
Total		3,877,260	4,400,000

Audit Committee

(Unit : Baht)

Names	Position	2014	2013
1.Mr. Amnuay Yossuck	Chairman	390,968	240,000
2.Mr. Santichai Suakanonth	Chairman	150,666	480,000
3.Mr. Ampon Ruayfupant	Director	240,000	240,000
4.Miss Darunee Ruangtham	Director	150,968	-
Other remuneration such as meeting fee, bonus, insurance premium etc.		None	None
Total		932,602	960,000

Mr. Amnuay Yossuck acts as Chairman of Board of Audit Committee on May 15, 2014

Miss Darunee Ruangtham holds as Audit Committee on May 15, 2014

Mr. Santichai Suakanonth quitted from the Chairman of Audit Committee on April 23, 2014

Executive Directors and Executives

Particular	Year 2014		Year 2013	
	No. of person	Total amount (baht)	No. of person	Total amount (baht)
Salary	7	18,663,280	7	18,484,680
Bonus, remuneration	7	5,752,735	7	6,271,535
Cost of living	7	54,600	7	54,600
Social security fund	7	63,000	7	50,400
Provident fund	7	554,498	7	549,140
Sub total	7	25,088,113	7	25,410,355
Grand total		29,897,975		30,770,355

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.

Remuneration structure of Non-executive directors details as follow:

- Director's Remuneration for 5 persons each 400,000.00 baht per year.
- Remuneration for Chairman of Audit Committee amount 40,000.00 baht per month.
- Remuneration for 2 member of Audit Committee amount 20,000.00 baht per month.
- Other remuneration : None

Remuneration payment policy

Board of Nomination and Remuneration Committee perform duty in proposing remuneration of Board of Company, Board of Sub-Committee, Managing Director, Executives and High Rank Executives that suitable as increase work volume by compare with the same industrial information or remuneration information report of Thai Company Director Institution Promotion Co., Association or equal to remuneration in the previous year and are remuneration suitable with work volume, knowledge and ability that would last for directors and executives required by the company to propose the shareholders for considering approval every year in which the company has a policy to pay remuneration of Board of Company, Board of sub-committee, Managing Director, Executive Directors and High Rank of Executives in the suitable degree coordinate with directors task that have to perform in accordance with the laws and related discipline.

## Personnel

Particular	Male	Female	Total
Management/Administration Department	25	45	70
Manufacture/Technical Engineering Department	85	21	106
Daily employees	405	1,116	1,521
Total	515	1,182	1,697

- No change shall be made on number of employee or an dispute in labor during the passed three years.

- In the meeting of Board of Company No. 1/2014 on February 27, 2014 resolve to consent remuneration for Management, Executive Officers and Manager for annual 2014 amount 3,962,000.00 baht.

- The remuneration of the employees amount 274,767,384.-bahts comprises salary, wages, remuneration, bonus, overtime, diligent cowries, hospital charge, cost of insurance group, cost of living, provident fund 3% of salary, employee benefit when reach age limit of 60 years.

- Provide to have provident fund with name: Provident fund Thai Commercial Piemsub which already registered under no. 77/1997 by having Thai Commercial Public Company Limited as fund manager at the date of December 31, 2014. Fund membership specific part of Chiangmai Frozen Foods Public Company Limited have 169 persons and having saving money, add money and interest total amount 51,004,991.06 baht.

- 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. In the year 2014, the company had training hour for the officials with average 5.55 hours/person/year or come to amount 9,639 hours.

## 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 Director have considered to review and approve vision, company mission, renovate business ethics, Corporate Governance Policy and other sides policy to have suitable, coordinate with rule, regulation that exist in present and to be occur regularly in future at least every 5 years.

#### 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 think of safety and health, responsibility toward community and society, environment and national resources, human rights and misconduct and corruption resistant by formulating performance line for directors, executives and officials distinctly in business ethics and formulate as policy in the policy of Corporate Governance, manage to have channel for every group of stakeholder enable to grievance toward the company in case of not receiving justice from company performance whatever by directors, executives or officials. All this, the company can convince that grievance of every group of stakeholder are likely to receive protection and keep for secret. The Company shall proceed for inspecting as formulate process and find a remedy way quickly.

#### 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. Business Morality 3<sup>rd</sup> revise edition which has received permission to modify from the Board of Company Meeting no. 1/2015 dated February 26, 2015 (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)

#### 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 3<sup>rd</sup> revise edition which has received permission to modify from the Board of Company



Meeting no. 1/2015 dated February 26, 2015 (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)

#### Corruption resistance

The Company pays an important concerning misconduct and corruption and regards as a part of policy in conducting business which the company formulates in the business ethics, heading: misconduct and corruption resistant and formulates in the policy of Corporate Governance – heading: “policy of misconduct and corruption resistant” so as directors, executives and every official to hold practice. In the meeting of Board of Company no. 4/2013 dated November 11, 2013 Board of Company have resolved to agree the company to show intentional in order to join cooperation of Thai private sector in resisting misconduct and in the meeting of Board of Company no. 1/2015 on February 26, 2015 have resolved to consent in managing policy of misconduct and corruption resistant in writing in order to be an performance line distinctly in conducting business and intends to develop to an organization sustainable.

#### 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 the credit line as formulated by Board of Company.
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. Ampon Ruayfupant is knowledgeable in accounting and financial which names are as follows:

- |                           |                 |
|---------------------------|-----------------|
| 1. Mr. Amnuay Yossuck     | Chairman        |
| 2. Mr. Ampon Ruayfupant   | Audit Committee |
| 3. Miss Darunee Ruangtham | Audit Committee |

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

##### Board of Audit Committee authority

1. Have an authority in proposing to appoint and quit employ external auditor.
2. Have an authority in proposing to appoint, transfer and quit employ Internal Audit.
3. To verify financial statements of the company to be in accordance with generally accepted auditing standards.
4. Inspect sufficiency of internal control system.
5. Inspect sufficiency of risk protection and misconduct and corruption resistant.



6. Manage to report performance work of Board of Audit Committee.
7. Other performance works concerning with inspect activity as assigned by Board of Company.

#### Report of Board of Audit Committee

During the year 2014, the Board of Audit Committee conducted 4 meetings by inviting Auditors, Management and Internal Auditor. The significant tasks could be summarized as follows:

1. Reviewed the Financial Statements quarterly and Annual Financial Statements of 2014 and adequately listen the clear explanations and report from the Management and Auditor in related subject, therefore, the Audit Committee were of a same opinion with the External Auditors that said quarterly annual financial statements were correct in essence in conformity with the generally accepted accounting principles.
2. Reviewed the disclosure of connected and related information between the company, subsidiary company and concerned company and it was of opinion that such related information were adequately and correctly disclosed.
3. Reviewed 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. Promoted 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. In summary, The Board of Audit Committee reviewed and determined that to have the adequacy and effective internal control system and risk management and found no significant weakness of control that may have adverse impact.
5. Considered to propose the Board of Company for asking approval to appoint Auditor and audit fees for annual 2015 by proposing Auditor of AST Master Office who is independence and approved by the office of SEC.

#### 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 2014, Board of Nomination and Remuneration Committee had gathered 2 times 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. Prayoon Pholpipattanaphong, executive director 2) Mr. Ankoon Pholpipattanaphong, executive director 3) Mr. Lan, Mu-Chiou, non-executive director and 4) Mr. Ampon Ruayfupant, independent director to turn into company director once again, 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.

The Company opens an opportunity for shareholders to propose name list of person having suitable property to be Independent Director of the company to replace complete term Independent Director. This year, the company opens an opportunity to propose name list from October 2, 2014 till January 9, 2015. When due time, it appears that no any shareholder propose name list for such purpose.



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 2014 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 2014, Board of Corporate Governance Committee had gathered 2 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 2014 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 2014, Board of Risk Management Committee had gathered one time meeting in arrange to make policy of risk management in writing for being a guide line in risk management suitably and 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 2014 with sum up overall that Board of Risk Management Committee had performed duty with attainable as target.



### 9.3 Selection of directors and executives

#### Basis and process on select and appoint new director

The Company opens an opportunity for shareholders enable to propose person name which is non-prohibit person according to the Royal Act of Securities and Securities and Stock Exchange and provision of Securities and Exchange Commission and get along with company provision and person who is proposed the name must allow to propose the name for electing as Independent Director of the company in which this year the company formulates to propose the name since October 2, 2014 till January 9, 2015 which the company has proposed details, basis and performance method on website of the company – [www.cmfrozen.com](http://www.cmfrozen.com) under group “Investor Relations” heading: Rights of shareholder and notify through website of The Stock Exchange of Thailand – [www.set.or.th](http://www.set.or.th).

Board of Nomination and Remuneration shall consider name list of person from recommending of shareholders (if any) , name list from director information base and complete term director to select property of above said person to be in accordance with the laws and various basis through it must be a person to have profession skill, business talented in related with company business and/or having skill on accounting and financial inclusive necessary skill of Board of Director which still lacking by not restrict sex, age, race, religion and propose toward Board of Company for consideration and give approval and propose to the shareholder for consideration to select for appointing next person.

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.

#### Self – Assessment

The Company arranges to have performance result assessment of Board of Director every year which company secretary shall send form of such assessment to each director and collect to propose Chairman of Board of Nomination and Remuneration for assessing performance result and bring performance result to consult in the Board of Company Meeting. All this, various recommend that receive from performance result assessment of Board of Director, the company shall bring to use in revision working efficient of Board of Director so as to produce maximum advantage in corporate governance of the company.

#### Descend plan

The Company executes a plan concerning development for recompensing the position with object in making preparation on manpower both in quality and volume to create continuation in appropriate administration for selecting and make preparation of suitable person in holding an office that is the main position of the company, for instance: company supreme executive inclusive important position in management structure or company conducting business or a position with specific skill, sharp talented or hard to recompense. So the company has formulated arrangement basis for descending plan such as important position, consideration basis and select through arrangement procedure of descend plan chiefly.

#### Training and knowledge development

The Company has a policy to support new director in director curriculum training to enhance knowledge, understanding, role and duty of director through for acknowledging various regulations, rules, discipline and related laws.





#### 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 to look after directors, executives and officials of the company in bringing internal information which does not yet disclose toward public to use for own sake and other persons and punishment, communicate for providing knowledge to the directors, executives and officials for acknowledgement and hold practice 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.
- Prohibit the directors, executives and officials whose acknowledge important essence of internal information which effects toward change of par value of company securities to disclose information or use internal information or make buying-selling securities or persuade other persons buying-selling securities of the company both direct or indirect way. Whatever, such act would do for own interest or others. Before financial statements or internal information would disclose toward public, persons whose concern with internal information must not disclose that information to other persons to know until it has informed that information to the Stock Exchange of Thailand.

Penalty measurement, if violate such discipline, the company regards as guilty in discipline according to the company working regulation by considering punish according to circumstances for instance: warning by speech, warning in writing, condone a fault through quit employ out-of-status from officials with the cause of expel, dismiss or quit as the case may be.

#### 9.6 Audit fee

According to the resolution at Ordinary Shareholder Meeting for annual year 2014 approved to select AST Master Office Co., Ltd., by having 1) Mr. Pradit Rodloytuk, register no. 218 and 2) Miss Nongram Laohaareedilok, register no. 4334 are doing inspect financial statements of the company for annual year 2014 which are an Auditor of having independance<sup>4</sup>, reliably and are an Auditor whose receive approval from Securities and Exchange Commission.

- The Company and Subsidiaries paid audit fees for 2014 amount 750,000 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 strong 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 2014, the company arranges to make report of responsibility toward society and environment separately from annual report, can see information from website: [www.cmfrozen.com](http://www.cmfrozen.com) heading: Investor Relations.

### Various policies for development on community, society and environment comprise:

#### a. Shareholder treatment policy

The Company holds the principle of equality treatment toward shareholders by having guide line as follows:

- The Company intends to create growth with quality and security in order the shareholders receive good return sustainable from efficient working and good business result of the company.
- The Company shall respect rights of shareholders in receiving equality necessary information and disclose business result, financial status along with support information that correct as the truth according to the Securities and Stock Exchange of Thailand and Securities and Exchange Commission formulated.
- The Company shall perform duty with honest, upright, transparent, fair in order to create conviction that any decision and act always think of maximum interest of every shareholder and every related group.
- The company shall control to have operation, act in accordance with company policy and develop performance to have better quality continuously.

#### b. Customer treatment policy

The Company has a policy to create satisfaction to customers then formulate a guide line as follows:

- The Company manages to have service system to create satisfaction to the customers by treating every customer with equality without choosing.
- The Company shall provide information concerning services completely, correct and not distort the facts with thinking of customer interest as main.
- The Company shall manage the system for the customers capable to grievance concerning services or conducting business of the company by rush proceed and return reply the customers at the best.
- The Company shall oversee an environment internal areas and vicinity of the factory and office to have safety toward life and customers possessions and one who contact business with the company.
- The Company has an intention to create impression and satisfaction with the customers in order the customers receive best services.

#### c. Co-trader treatment policy

The Company wish to see goods procure and services in accordance with standard measure and aim to develop and maintain sustainable relationship with co-traders and co-partners which have clear objective in the matter of



goods quality and services that suits with money value, technique quality and reliable with each others, the company then has a guide line concerning goods procure and services procedure as follows:

- The Company manages to have competition on received information equality.
- The Company manages to have basis in assessment and select co-traders and co-partners with just.
- The Company manages to make contract form with appropriate co-traders and fair.
- The Company manages to have management and pursuit system to ensure that it having follow the condition of contract completely and protect misconduct and corruption in every step of procure procedure.
- The Company pays money to the co-traders and co-partners with on time according to the agreed payment condition.

d. Trade competitor treatment policy

The Company conducts business under rule frame of fair competition by holding the principle as follows:

- The Company shall not seek the secret information of trade competitors by the way of bad faith or not suitable.
- The Company shall conduct business under rule frame of good competition, not ruin fame of competitors by find fault with competitors.

e. Creditor treatment policy

The Company has a policy to treat with creditor with fair by having guide line as follows:

- The Company shall maintain and follow the conditions toward creditors strictly.
- The Company shall control to return back loans and interest to every type of loan creditors completely with on time and follow the conditions of loan as agreed by not using loan in the way that contrary to the objective of loan.
- The Company shall administer the work to make creditors assure in financial status and ability in paying debt of the company.
- The Company shall report and provide correct information of the company and complete to the creditors.

f. Officials treatment policy

The Company is fully aware of human resources value and wish the personnel proud of organization by having working atmosphere like participate and progress in profession equality. The personnel shall receive potential promotion development to have knowledge talent throughout and continuously for creating value and uphold excellence in business. The Company then has a policy on remuneration and welfare, policy on knowledge development and officials potential, policy on safety and health and others policy by having guide line as follows:

- The Company selects a person for hiring to hold various offices with fair by thinking of property of each position, study qualification, experience and other provisions which necessary to work without obstruct in the matter of sex, age, race, religion.
- The Company formulates remuneration and welfare to the officials with fair, having suitability with knowledge and talent, condition and character of work, performance result and coordinate with



operation result of the company both in short-run and long-run by considering from business result of the company, administration and assessment result of whole organization.

- The Company supports the officials to receive training, knowledge development, talent, develop working potential to be higher in order to add working efficient and open opportunity for officials to progress in duty.
- The Company supports the officials to always receive related news as opportunity and as far as it can be done for adding efficient and good relationship in collaboration.

g. Treatment policy on safety and health

The Company is fully aware that safety and health are the basis responsibility of the company and is an important factor toward sustainable growth of organization, the company then formulate the policy that would give the officials and co-partners work safety and in accordance with provision of related law by:

- The Company shall find a way to protect accident, wounded and illness due to work performance with earnestly cooperation of every official inclusive to seek a way to get rid and control risk in un-safety work performance.
- The Company shall give cooperation with government unit and other organizations in suppressing emergency trouble or accident which happen from work performance quickly, efficient and cautious.
- The Company shall act in accordance with law and various regulations in the matter of safety strictly and shall bring management standard measure concerning reliable safety to be effective in case not yet available of laws and regulation formulated.
- The Company managed to have designing on equipments, making performance discipline, operation planning and officials training to have knowledge and understanding and receive sufficient information in the matter of working safety to protect danger which may happen from machines, working method or various diseases.
- The Officials whose join working by having illegal narcotics essence in the body system or having liquor power or other narcotics essence in a level that able to cause damage on performance would receive punishment by discipline as company regulation.
- Statistics on accident to cease work for about 3 days come to 2.26 persons / 1,000 persons.

h. Participation development on community and society policy

In order to maintain for good community and society, the company then formulates the following guide lines:

- The Company shall behave as own rights in their capacity as a good population by law and/or discipline issued by corporate governance section strictly and give cooperation with public sector regularly.
- The Company supports the officials and related person to acknowledge, understand guide line in operation in order to participate in community and society development.
- The Company shall proceed the structure or do activity for society continuously in order to create affection union, unanimous with community and society.
- The Company shall take good care and protect not to allow company operation to incur damage toward life quality of community and society.
- The Company shall create mind conscious in responsibility toward community and society in every level of official group continuously and earnestly.



- The Company shall cooperate to support and create community and society, support any activities which related with community development both in the part of life quality development and exchange experience from operation with community and society for bringing to improve working regularly.

i. Environment and Natural Resources policy

The Company has an intention to attend business with responsibility, friendly toward environment and natural resources as below principles:

- The Company shall administer by having target in protection not to incur impact toward environment and natural resources and better than provision of laws.
- The Company intends to develop operation process to be in accordance with international standard measure through revise and operation assess regularly.
- The Company shall establish firmly and promote officials including related person to have responsibility toward environment and natural resources.
- The Company shall fully aware of maintenance environment and natural resources for nice living and is a source of river and brook manage to have a process for providing knowledge to the officials by training in order to allow every official fully aware of its important, incur guarding jealously, maintain and use most worthwhile on natural resources.
- The Company shall maintain environment condition and biodiversity in operation areas to incur balance of residence system sustainable.
- The Company shall participate in reducing incurred green house gas that shall impact toward change of climate.
- The Company shall seek an opportunity to exchange, learning and share experience from operation with other units for renovating operation continuously.

j. Human rights policy

The Company has a policy to conduct business by holding principle of respect toward human rights as international principle below:

- The Company shall treat every official with respect in honor and dignity.
- The Company supports the officials to use their legal rights as population according to edit of constitution and to be prescribed by the laws.
- The Company shall maintain personal information of the officials such as autobiography, health record, working resume, disclosure or personal information transfer of the officials to the public would be able to do when receive consent from those official. All this, violation regards as fault by discipline except has done according to the company discipline or as laws.
- The Company does not violate and not support activities that violate human rights.
- Every official must not do anything that violate or threaten either by speech or act toward other persons on basis of race, sex, religion, age cripple on body.

k. Misconduct and corruption resistant policy

The Company has an ideal in conducting business with virtue, act in accordance with law, transparent, adhere to responsible toward society and every group of stakeholder according to the principle of good Corporate



Governance (private) and ethics in conducting business, not supporting every form of misconduct and corruption. Therefore, in the year 2013 the company has joint the operation of Thai private sector in misconduct and corruption resistant and formulate following guide lines:

- The Company formulate the policy of resisting misconduct and corruption that is: the directors, executives and officials of the company are prohibited to do whatever that are related with every form of misconduct and corruption both for own benefit, family, friend and acquainted persons, both direct or indirect, not even in the status as recipient, provider or proposer, even its money or not to the government service units or private units that the company has conducted business or contacted and must perform strictly according the company policy. If not, shall be punished by discipline as company formulated rule and may be punished by law if that doing is illegal.
- The Company pays an important in human resources administration, can bring the policy of misconduct and corruption resistant to use practicing to incur form and appearance of things, communicating, provide knowledge and train officials concerning protection for seeking improper interest in duty and guide line to promote the personnel to understand and perform as organization culture.
- For the officials whose refuse to misconduct and corruption, the company has a policy not to reduce rank, punish or give result in a bad way to those officials, though refusal on misconduct and corruption would make the company lose an opportunity in business.
- The Company has available internal inspection section that having independence and upright by report direct to the Board of Audit Committee in inspecting risk assess on misconduct, possibility assess in the matter of misconduct and consider on protection and control measurement to have maximum efficiency in order to assure that the company shall be able to protect and control misconduct and corruption efficiently.
- The Company has a guide line to oversee for protecting and follow performance assess as the policy of misconduct and corruption resistant by formulate Board of Audit Committee perform duty on governance to act in accordance with policy of misconduct and corruption resistant at least once a year through revise, practical line and provision in operation to coordinate with change on business, discipline, regulation and provision by law.

#### I. Clue notification policy

The Company manages to have measurement in clue notification or grievance from offending or morality or behavior that may reveal for misconduct and corruption or behave improper of the person in organization both from directors, executives, officials and other stakeholders which grievance or clue by every group of stakeholder are likely to receive protection, its regarded as secret and not regarded as fault in discipline in case one who grievance or notify clue is an official of the company and the company shall rush inspection and remedy problem quickly.

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:

Secretary and Investor Relations	Tel. (662) 238-4091,(662)634-0061-4
E-mail address	cg@cmfrozen.com
Send letter to	Chairman of Board of Audit Committee or  Chairman of Board of Corporate Governance Committee or  Secretary or Personnel Department



	Chiangmai Frozen Foods Public Company Limited  149-34 Soi Anglo Plaza, Surawongse Road, Kwaeng Suriyawongse, Khet Bangrak, Bangkok 10500, Thailand
Website Company's	www.cmfrozen.com, heading : Investor Relations

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).

## 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 Manufactured 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.

Agrifood Processing Co., Ltd. (Subsidiary)

In 2014, AFP is having total buying value 206.0 million baht or come to 14.6% 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.

P.P. Foods Supply Co., Ltd., is a company to conduct business of buying and selling, having joint shareholder, is a representative for distributing goods to the company which receive commission from selling in the year 214 amount 1,997,887.00 baht.

C.T. Prosper Group Co., Ltd., is a company to conduct business of buying – selling, having joint shareholder and director, hire office building from the company with 30 square metres areas for rent rate 7,500.00 baht per month.

Remark:

1. On December 26, 2013, Itochu Group held share in the company total 76,230,000 shares or come to 20% had sold all holding share along with resigned from director of Mr. Kenichi Tai which was representative director. Therefore, in the year 2014 selling goods and pay commission fee from selling to Itochu Corporation was not the subject among themselves.
2. Ing Shiang Co., Ltd., first Mr. Lu, Tsung – Jen was an executive and held the share in the company amount 5,550,281 shares or come to 1.46% and was a director in the company. On June 9, 2009, Mr. Lu, Tsung – Jen had passed away. Later, Ing Shiang Co., Ltd. had Mr. Lu, Yu – Chin as executive and held the share in the company amount 6,105,309 shares or come to 1.60%. As Mr. Lu, Yu – Chin was not a director, executive or had any authority in Chiangmai Frozen Foods Public Company Limited and held the share in the company only 1.60% so not regarded as major shareholder. Therefore, selling goods and pay commission fee from selling to Ing Shiang Co., Ltd., was not the subject among themselves.





Part 3

13. Financial Data

Financial status and operation result

Financial Ratios	Unit	Consolidated F/S.			Separate F/S.		
		2014	2013	2012	2014	2013	2012
<u>Liquidity Ratios</u>							
Current ratio	Time	12.9	11.5	9.1	12.6	11.4	9.0
Quick ratio	Time	7.0	7.4	5.5	6.6	7.2	5.4
Cash flow ratio	Time	0.3	1.8	2.4	0.3	1.8	2.4
Account receivable turnover	Time	15.1	17.9	24.0	14.9	17.4	23.0
Debt collection period	Days	24	20	15	24	21	16
Inventory turnover	Time	2.9	3.2	3.2	2.9	3.2	3.2
Good distribution ratio period	Days	124	113	113	124	113	113
Account payable turnover	Time	14.6	12.7	13.6	14.9	13.0	13.9
Debt payment period	Days	25	28	26	24	28	26
Cash cycle	Days	123	105	102	124	106	103
<u>Profitability Ratios</u>							
Gross profit margin	%	19.3	22.0	25.5	17.7	20.9	24.4
Operation profit margin	%	5.7	8.4	12.0	5.1	8.6	12.1
Cash ratio against making profit	%	37.3	150.9	129.1	38.8	149.6	125.1
Net profit margin	%	4.3	9.5	11.7	4.2	9.4	11.7
Return on equity	%	4.7	10.3	13.9	4.5	10.2	14.0
<u>Efficiency Ratios</u>							
Return on total assets	%	4.3	9.4	12.8	4.1	9.3	12.7
Return on fixed assets	%	33.8	52.2	59.8	32.9	51.2	59.1
Total assets turnover	Time	1.0	1.0	1.1	1.0	1.0	1.1
<u>Financial Policy Ratios</u>							
Ratio debt against equity part	Time	0.1	0.1	0.1	0.1	0.1	0.1
Dividends paid rate	%	63.1	87.0	61.3	66.0	89.5	62.4



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

### 1. Overview of previous operation

The Company conducts business as manufacturer of Frozen Vegetable Products for exportation. In the year 2014, Income earned by the company and subsidiary company decreased from the year 2013 amount 59.6 million baht caused net profit decreased 75.4 million baht due to sale value decreased from slow down of the consumer, also products as a whole of the company decreased from the quality of raw material.

#### 1.1 Operation result

##### Income

In the year 2014, the company and subsidiary company earned income from selling equal 1,413.6 million baht, decreased 12.9 million baht or 0.9% compared with the year 2013 and in the year 2014, the company and subsidiary company earned total income equal 1,403.7 million baht decreased 59.6 million baht or 4.1% compared with the year 2013. In the year 2014, main cause of decreased total income due to sale volume in the year 2014 was equal to 22,778 metric tons which decreased 1,591 metric tons or 6.5% when compared with the year 2013 from slowdown of consumers and loss from exchange rate 29.6 million baht in the year 2014 whereas having profit 17.7 million baht in the year 2013.

##### Cost of Sales

In the year 2014, the company and subsidiary company had cost of sales equal to 1,140.9 million baht, increased 28.0 million baht or 2.5% compared with the year 2013 due to in the year 2014, the company had an expenditure on fuel and energy equal to 156.4 million baht increased 14.4 million baht or 10.1% when compared with the year 2013 also productivity in the year 2014 decreased due to quality of raw materials when compared with the previous year 2013 made sale capital average per unit in the year 2014 increased from the year 2013 equal to 4.42 million baht or 9.7%.

##### Selling and Administration Expenses

In the year 2014, the company and subsidiary company had an expenditure in selling and administration equal to 192.3 million baht compared with the year 2013 equal to 193.7 million baht decreased 1.4 million baht come to 0.7%.

##### Income tax

In the year 2014, the company and subsidiary company had a burden on income tax amount 10.1 million baht, compared with the year 2013 equal to 20.9 million baht decreased 10.8 million baht or 51.7% due to the company had profit from decreased attending business made income tax in the year 2014 decreased.

##### Net Profit

In the year 2014, the company and subsidiary company had net profit equal to 60.4 million baht, come to 4.3% of total income, decreased from the year 2013 which had net profit equal to 135.8 million baht come to 9.3% of total income made net profit portion per income decreased 5.0% or net profit decreased 75.4 million baht come to 55.5% when compared with the year 2013 due to following caused:

1. Total sale does not meet the target due to internal economic condition of the customer country still slow down.
2. Impact from exchange rate.
3. In the part of higher cost of sales from fuel factor and energy used in production, productivity decrease due to raw material quality.

#### 1.2 Effect on economic condition and industrial toward operation

As Japan which is an important co-trader of the company met the slowdown of economic condition continuously in the stage of many year passed, also Japan Governance had resolved to increase value added tax (VAT) from original 5% to 8%. Since April 1, 2014 inclusive weaken of direction on Yen currency value from the cause of Middle Bank of Japan had proclaimed to enlarge additional measurement of QE from 60 million million yens to 80 million million yens per year to stimulate internal economic of the country which effected value of Yen currency per US Dollar weaken about 7.6% (from 106 yens/US dollar to 118 yens/US Dollar) in the previous year end of 2014 and met direct impact toward importer which made higher in capital but incapable to adjust local selling price to reflect with increased capital due to it would strike against local small consumers that caused the company incapable to ask for raising a price to reflect with actual capital of the company



### 1.3 Management tactics Policy

The Company has a principle policy in goods quality development and additional productivity per rai continuously but with the cause of increased wages and lack of labor in agricultural sector, the company then solves the problem by bringing machines to use in harvesting some parts to replace lack of labor but such plan still not success as expected. As from usage of such machines made quality of raw material inferior caused growing capital higher.

### 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

In the year 2014, the company had sale volume amount 22,778 metric tons, decreased from sale estimation amount 2,222 metric tons or 8.9% decreased from previous year amount 1,591 metric tons or 6.5%.

### 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 subject

The Company returns buying tax money which has no rights to ask for along with penalty and added money total amount 11.5 million baht.

## 2. Operation result and ability in making profit

### 2.1 State and change with important essence

Financial Ratio		Consolidated		
		2014	2013	2012
Gross profit	%	19.29	21.98	25.53
Net profit on total Sales	%	4.27	9.52	11.67
Net profit on total Income	%	4.30	9.28	11.44
Return on equity	%	4.66	10.35	14.06
Return on assets	%	4.25	9.38	12.79
Net profit per share	Baht	0.16	0.36	0.46
Dividend per share	Baht	***0.10	0.31	0.28
Book value per share	Baht	3.33	3.48	3.41
Net total assets per share	Baht	3.64	3.82	3.78

Remark: Ratio of dividend payment from an operation result of the year 2014\*\*\* are still uncertain. It depends on the resolution of Ordinary Shareholder Meeting for annual 2015.



## 2.2 Cause of important change

Items	Consolidated			
	2014	2013	+-	%
Net profit	60,426,087	135,817,973	(75,391,886)	(55.51)

Net profit of consolidated in the year 2014 decreased from the year 2013 amount 75.4 million baht or 55.5% excess 20%, having the cause of change as explained in point 1 overview 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, having time of collecting debt about 18 -25 days and existent trade accounts receivable are the debtors that have been traded for a long time, as passed, it found no bad debt problem, so the company does not reserve allowance for doubtful accounts – trade accounts receivable.

#### 3.2 Inventories

- Most of the company products are semi-products which keep in cold storage with temperature -20 degree Celsius and are the products that produce for whole year customers.
- Inventories at date December 31, 2014 amount 438.9 million baht, deduct reserve deteriorate products amount 2.2 million baht with net 436.7 million baht.

#### 3.3 Investment, goodwill and impairment

The Company makes recording impairment of assets when having point out that book value of assets may not receive back or when book value of assets excess than value which expected to receive back and has made to learn record of loss items from impairment in statements of income.

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

Other non-current assets have no change with important essence.

#### 3.5 Cash, cash equivalents and current investments

The Company has a cash, cash equivalent and current investments which decreases from previous year 113 million baht. The Company bring to pay for buying products 97 billion baht, buying machines and renovate building 40 million baht.

### 4. Liquidity and investment sufficiency

#### 4.1 Source of investments, suitability of investment structure

Items		Consolidated		
		2014	2013	+-
Debt to Equity Ratio	Time	0.09:1	0.10:1	(0.01):1
Current Ratio	Time	12.90	11.49	1.41
Quick Ratio	Time	6.97	7.31	(0.34)

- Source of investment comes from all conducting business and use in an operation activities, having net cash 29.9 million baht, investment activity decreases amount 85.0 million baht and pay dividend amount 118.0 million baht.
- The Company has liabilities ratio: shareholder equity only 0.09:1. Therefore, investment structure of the company has security and suitable.

#### 4.2 Investment expenditure, objective explain and capital source

The Company uses the capital from operation result of the company to buy goods amount 97 million baht, buy acquisition of fixed assets amount 40 million baht and pay dividend amount 118 million baht.



#### 4.3 Liquidity sufficiency

The Company has ratio of liquidity 12.9 times and ratio of quick liquidity 6.97 times which regard as a good ratio of liquidity and having stability.

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

The Company has no debt burden from loan, there is only debt burden of normal business and obligation of official interest when age limit. As the company has a good liquidity, the company then has an ability in paying all debts.

#### 5. Debt obligation and out of balance sheets burden management

- 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 due 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 impact as Japan had adjusted to increase rate of value added tax (VAT) and weaken of Yen currency direction effect toward higher import capital, may effect toward consuming goods decrease.
- Fluctuate exchange rate make the company is still using the policy to reduce risk with financial implements same as previous year.
- Due to measurement to pawn the rice of previous government made the farmers turn to grow more rice, but since this policy has changed make the farmers 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 decreased, it may have good impact to the company both producing capital and transportation cost which trend to decrease as well as cost direction of world oil.

##### 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. But however, the company still lasts the policy to follow up original competitor and new competitor that shall enter to the market in future continuously.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014  
  
EXPRESSED IN THAI BAHT



## **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 2014, 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.



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

### 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 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

PRADIT RODLOYTUK  
Certified Public Accountant  
Registration No. 218

Ast Master Co.,Ltd.  
26 February 2015





CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

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

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2014**

<b>ASSETS</b>	<b>Notes</b>	<b>In Baht</b>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	172,884,587	175,934,456	129,142,093	150,493,438
Short - term investments	7	296,000,000	406,000,000	290,000,000	400,000,000
Trade and other receivables	8	91,582,071	95,990,917	91,561,035	94,744,394
Accounts receivable - planters	9	24,830,901	39,644,803	24,830,901	39,644,803
Inventories	10	436,665,630	339,471,694	436,665,630	339,471,694
<b>TOTAL CURRENT ASSETS</b>		<b>1,021,963,189</b>	<b>1,057,041,870</b>	<b>972,199,659</b>	<b>1,024,354,329</b>
<b>NON - CURRENT ASSETS</b>					
Fixed deposits pledged as collateral	11	-	15,197,026	-	-
Investment in subsidiary	12	-	-	23,353,658	23,353,658
Property, plant and equipment	13	347,231,135	367,991,602	347,150,536	367,505,586
Computer software - installation	14	6,751,545	4,037,904	6,751,545	4,037,904
Deferred tax assets	25	9,323,351	8,118,798	9,094,351	7,894,870
Other non - current assets		1,760,986	1,760,186	1,760,086	1,759,286
<b>TOTAL NON - CURRENT ASSETS</b>		<b>365,067,017</b>	<b>397,105,516</b>	<b>388,110,176</b>	<b>404,551,304</b>
<b>TOTAL ASSETS</b>		<b>1,387,030,206</b>	<b>1,454,147,386</b>	<b>1,360,309,835</b>	<b>1,428,905,633</b>

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

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

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 DECEMBER 2014**

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>Notes</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	16	74,187,092	81,671,642	72,768,713	79,896,062
Accrued income tax		1,664,468	7,164,707	957,239	6,879,075
Other current liabilities		3,377,117	3,179,695	3,346,266	3,028,847
<b>TOTAL CURRENT LIABILITIES</b>		<b>79,228,677</b>	<b>92,016,044</b>	<b>77,072,218</b>	<b>89,803,984</b>
<b>NON - CURRENT LIABILITIES</b>					
Employee benefit obligations	17	40,303,820	35,301,931	40,303,820	34,182,292
<b>TOTAL LIABILITIES</b>		<b>119,532,497</b>	<b>127,317,975</b>	<b>117,376,038</b>	<b>123,986,276</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - Baht 1 par value					
Authorized shares					
381,146,251 common shares		381,146,251	381,146,251	381,146,251	381,146,251
Issued and paid - up shares					
381,145,725 common shares		381,145,725	381,145,725	381,145,725	381,145,725
Premium on share capital		68,000,000	68,000,000	68,000,000	68,000,000
Retained earnings					
Appropriated for legal reserve	18	38,115,000	38,115,000	38,115,000	38,115,000
Unappropriated		780,236,984	839,568,686	755,673,072	817,658,632
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,267,497,709</b>	<b>1,326,829,411</b>	<b>1,242,933,797</b>	<b>1,304,919,357</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,387,030,206</b>	<b>1,454,147,386</b>	<b>1,360,309,835</b>	<b>1,428,905,633</b>

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

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

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
	Note	2014	2013	2014	2013
Revenues from sales		1,413,563,770	1,426,501,997	1,386,115,871	1,407,755,784
Cost of sales		(1,140,891,010)	(1,112,921,285)	(1,140,891,010)	(1,112,921,285)
<b>Gross profit</b>		<b>272,672,760</b>	<b>313,580,712</b>	<b>245,224,861</b>	<b>294,834,499</b>
Gain (loss) on exchange rate		(29,632,910)	17,716,686	(22,921,227)	11,157,296
Other income		19,786,397	19,116,538	19,476,309	19,195,791
<b>Profit before expenses</b>		<b>262,826,247</b>	<b>350,413,936</b>	<b>241,779,943</b>	<b>325,187,586</b>
Selling expenses		(100,515,836)	(104,589,553)	(87,221,743)	(89,282,182)
Administrative expenses		(91,816,981)	(89,108,615)	(87,425,652)	(83,913,927)
Total expenses		(192,332,817)	(193,698,168)	(174,647,395)	(173,196,109)
<b>Profit before Income tax expenses</b>		<b>70,493,430</b>	<b>156,715,768</b>	<b>67,132,548</b>	<b>151,991,477</b>
Income tax expenses	25	(10,067,343)	(20,897,795)	(9,360,319)	(19,918,315)
<b>Profit for the year</b>		<b>60,426,087</b>	<b>135,817,973</b>	<b>57,772,229</b>	<b>132,073,162</b>
<b>Other comprehensive income for the year</b>					
Actuarial losses - net of tax		(1,604,257)	(936,436)	(1,604,257)	(1,427,593)
<b>Total comprehensive income for the year</b>		<b>58,821,830</b>	<b>134,881,537</b>	<b>56,167,972</b>	<b>130,645,569</b>
<b>Profit attributable to:</b>					
Equity holders of the parent		60,426,087	135,817,973	57,772,229	132,073,162
Non - controlling interests		-	-	-	-
		<b>60,426,087</b>	<b>135,817,973</b>	<b>57,772,229</b>	<b>132,073,162</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		58,821,830	134,881,537	56,167,972	130,645,569
Non - controlling interests		-	-	-	-
		<b>58,821,830</b>	<b>134,881,537</b>	<b>56,167,972</b>	<b>130,645,569</b>
<b>BASIC EARNINGS PER SHARE</b>					
Net profit attributable to equity holders of the parent		<b>0.16</b>	<b>0.36</b>	<b>0.15</b>	<b>0.35</b>

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED  
**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

		In Baht					
		Issued and	Premium	Retained earnings		Other	
		paid-up	on share	Appropriated		components	
Notes		share capital	capital	for legal reserve	Unappropriated	of equity	Total
Balance as at 1 January 2013		381,145,725	68,000,000	38,115,000	811,403,667	-	1,298,664,392
Dividends paid	19	-	-	-	(106,716,518)	-	(106,716,518)
Total comprehensive income for the year		-	-	-	134,881,537	-	134,881,537
Balance as at 31 December 2013		<u>381,145,725</u>	<u>68,000,000</u>	<u>38,115,000</u>	<u>839,568,686</u>	<u>-</u>	<u>1,326,829,411</u>
Balance as at 1 January 2014		381,145,725	68,000,000	38,115,000	839,568,686	-	1,326,829,411
Dividends paid	19	-	-	-	(118,153,532)	-	(118,153,532)
Total comprehensive income for the year		-	-	-	58,821,830	-	58,821,830
Balance as at 31 December 2014		<u>381,145,725</u>	<u>68,000,000</u>	<u>38,115,000</u>	<u>780,236,984</u>	<u>-</u>	<u>1,267,497,709</u>

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**

**SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

		In Baht					
		Issued and paid - up share capital	Premium on share capital	Retained earnings		Other components of equity	Total
	Notes			Appropriated for legal reserve	Unappropriated		
Balance as at 1 January 2013		381,145,725	68,000,000	38,115,000	793,729,581	-	1,280,990,306
Dividends paid	19	-	-	-	(106,716,518)	-	(106,716,518)
Total comprehensive income for the year		-	-	-	130,645,569	-	130,645,569
Balance as at 31 December 2013		<u>381,145,725</u>	<u>68,000,000</u>	<u>38,115,000</u>	<u>817,658,632</u>	<u>-</u>	<u>1,304,919,357</u>
Balance as at 1 January 2014		381,145,725	68,000,000	38,115,000	817,658,632	-	1,304,919,357
Dividends paid	19	-	-	-	(118,153,532)	-	(118,153,532)
Total comprehensive income for the year		-	-	-	56,167,972	-	56,167,972
Balance as at 31 December 2014		<u>381,145,725</u>	<u>68,000,000</u>	<u>38,115,000</u>	<u>755,673,072</u>	<u>-</u>	<u>1,242,933,797</u>

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



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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax expenses	70,493,430	156,715,768	67,132,548	151,991,477
Adjustments to reconcile net profit to net cash provided by operating activities				
Unrealized gain on exchange rate	(78,376)	(939,458)	(78,376)	(846,512)
Doubtful accounts	41,075	-	41,075	-
Loss on diminution in value of inventories (reversal)	114,697	(2,822,922)	114,697	(2,822,922)
Loss(gain) on disposal and amortization	(2,245,466)	23,825	(1,762,642)	43,824
Depreciation and amortization	60,278,862	59,698,261	59,891,649	59,303,846
Loss on impairment of intangible assets	-	2,634,787	-	2,634,787
Retirement employee benefit	6,120,567	5,000,683	6,095,206	4,686,047
Profit from operating activities before change in operational assets and liabilities	134,724,789	220,310,944	131,434,157	214,990,547
Decrease (Increase) in operational assets				
Trade and other receivables	4,527,072	(31,561,389)	3,301,585	(26,570,360)
Accounts receivable - planters	14,772,827	10,088,444	14,772,827	10,088,444
Inventories	(97,308,633)	20,168,898	(97,308,633)	20,168,898
Other non - current assets	(800)	2,444,785	(800)	2,444,785
Increase (Decrease) in operational liabilities				
Trade and other payables	(9,160,770)	(8,388,608)	(7,658,569)	(8,315,522)
Other current liabilities	68,799	180,985	188,796	90,119
Benefits paid by the plan	(1,299,000)	(457,500)	(1,299,000)	(457,500)
<b>Cash receipt from operation</b>	46,324,284	212,786,559	43,430,363	212,439,411
Income tax paid	(16,371,070)	(31,840,567)	(16,080,571)	(30,463,884)
Net cash provided by operating activities	29,953,214	180,945,992	27,349,792	181,975,527

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



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

**STATEMENT OF CASH FLOWS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease (increase) in short - term investments	110,000,000	(200,400,000)	110,000,000	(200,000,000)
Increase (decrease) in fixed deposits pledged as collateral	15,197,026	(254,831)	-	-
Proceeds from disposal of equipment	2,406,580	171,879	1,892,561	151,879
Cash paid for acquisition of plant and equipment (Supplement of cash flows information 1)	(39,825,349)	(49,976,078)	(39,812,358)	(49,913,078)
Cash paid for acquisition of computer software	(2,756,431)	(2,257,984)	(2,756,431)	(2,257,984)
Net cash used in (provided by) investing activities	85,021,826	(252,717,014)	69,323,772	(252,019,183)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash paid for dividends (Supplement of cash flows information 2)	(118,024,909)	(106,545,130)	(118,024,909)	(106,545,130)
Net cash used in financing activities	(118,024,909)	(106,545,130)	(118,024,909)	(106,545,130)
Net decrease in cash and cash equivalents	(3,049,869)	(178,316,152)	(21,351,345)	(176,588,786)
Cash and Cash Equivalents, Beginning of year	175,934,456	354,250,608	150,493,438	327,082,224
Cash and Cash Equivalents, End of year	172,884,587	175,934,456	129,142,093	150,493,438
<b>Supplement disclosures of cash flows information</b>				
<b>1. Cash paid for acquisition of plant and equipment</b>				
Details of acquisition of plant and equipment during the period are as follows :				
Acquisition of plant and equipment during the period	(39,636,719)	(46,440,417)	(39,623,728)	(46,377,417)
Decrease in payable from acquisition of assets	(188,630)	(3,535,661)	(188,630)	(3,535,661)
Cash paid for acquisition of plant and equipment	(39,825,349)	(49,976,078)	(39,812,358)	(49,913,078)
<b>2. Cash paid for dividends</b>				
Dividends paid	(118,153,532)	(106,716,518)	(118,153,532)	(106,716,518)
Increase in accrued dividends	128,623	171,388	128,623	171,388
Cash paid for dividends	(118,024,909)	(106,545,130)	(118,024,909)	(106,545,130)

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



# CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 1. GENERAL INFORMATION

Chiangmai Frozen Foods Public Company Limited was listed on the Stock Exchange of Thailand in 1993. The Group are engaged in business of manufacturing and exporting of frozen vegetable. The address of its registered office are as follows :

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

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

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

#### 2. BASIS FOR FINANCIAL STATEMENTS PREPARATION

The consolidated and the separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (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.

#### 3. NEW ACCOUNTING STANDARDS

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

##### (a) Accounting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits





**TEERA - MONGKOL INDUSTRY PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CON'T)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
Financial Reporting Standards:	
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
Accounting Standard Interpretations:	
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs
Financial Reporting Standard Interpretations:	
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

These accounting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These accounting standards do not have any significant impact on the financial statements.



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(b) Financial reporting standards not yet effective**

Revised accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are not yet effective and have not been early adopted by the Company. The new and revised TFRS are expected to become effective for annual financial period beginning on or after 1 January in the year indicated in the following table:

- Financial reporting standards, involve changes to key principles are as follows:

		<u>Effective Date</u>
<b>Accounting Standard</b>		
TAS 1 (Revised 2014)	Presentation of Financial Statements	1 January 2015
TAS 19 (Revised 2014)	Employee Benefits	1 January 2015
TAS 27 (Revised 2014)	Separate Financial Statements	1 January 2015
TAS 28 (Revised 2014)	Investments in Associates and Joint Venture	1 January 2015
TAS 34 (Revised 2014)	Interim Financial Reporting	1 January 2015
		<u>Effective Date</u>
<b>Financial Reporting Standard</b>		
TFRS 10	Consolidated Financial Statements	1 January 2015
TFRS 11	Joint Arrangements	1 January 2015
TFRS 12	Disclosure of Interests in Other Entities	1 January 2015
TFRS 13	Fair Value Measurement	1 January 2015
<b>Financial Reporting Standard Interpretations</b>		
TFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2015

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed “remeasurements” and will be recognised immediately in ‘other comprehensive income’ (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. This standard has no impact to the Group.

TAS 27 (revised 2014) provides the requirements relating to separate financial statements.

TAS 28 (revised 2014) provides the requirements for investment in associates and joint ventures accounted by equity method.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

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TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. This standard has no impact to the Group.

TFRS 11 defined that a joint arrangement is a contractual arrangement where at least two parties agree to share control over the activities of the arrangement. Unanimous consent toward decisions about relevant activities between the parties sharing control is a requirement in order to meet the definition of joint control. Joint arrangements can be joint operations or joint ventures. The classification is principle based and depends on the parties' exposure in relation to the arrangement. When the parties' exposure to the arrangement only extends to the net assets of the arrangement, the arrangement is a joint venture. Joint operations have rights to assets and obligations for liabilities. Joint operations account for their rights to assets and obligations for liabilities. Joint ventures account for their interest by using the equity method of accounting. This standard has no impact to the Group.

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This standard has no impact to the Group.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. This standard has no impact to the Group.

TFRIC 14 (Revised 2014), this interpretation applies to all post-employment defined benefits and other long-term employee benefits. For the purpose of this interpretation, minimum funding requirements are any requirements to fund a post-employment or other long-term benefit plan. This interpretation explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

- **These accounting standards do not have any significant change and impact on the financial statements as below.**

		<u>Effective Date</u>
<b>Accounting Standard</b>		
	The Conceptual Financial Reporting Standard	1 January 2015
TAS 2 (Revised 2014)	Inventories	1 January 2015
TAS 7 (Revised 2014)	Statement of Cash Flows	1 January 2015
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2015
TAS 10 (Revised 2014)	Events After the Reporting Period	1 January 2015
TAS 11 (Revised 2014)	Construction Contracts	1 January 2015
TAS 12 (Revised 2014)	Income Taxes	1 January 2015



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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		<u>Effective Date</u>
TAS 16 (Revised 2014)	Property, Plant and Equipment	1 January 2015
TAS 17 (Revised 2014)	Leases	1 January 2015
TAS 18 (Revised 2014)	Revenue	1 January 2015
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2015
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates	1 January 2015
TAS 23 (Revised 2014)	Borrowing Costs	1 January 2015
TAS 24 (Revised 2014)	Related Party Disclosures	1 January 2015
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans	1 January 2015
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economics	1 January 2015
TAS 33 (Revised 2014)	Earnings per Share	1 January 2015
TAS 36 (Revised 2014)	Impairment of Assets	1 January 2015
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2015
TAS 38 (Revised 2014)	Intangible Assets	1 January 2015
TAS 40 (Revised 2014)	Investment Property	1 January 2015
<b>Financial Reporting Standard</b>		
TFRS 2 (Revised 2014)	Share-based Payment	1 January 2015
TFRS 3 (Revised 2014)	Business Combinations	1 January 2015
TFRS 4 (Revised 2014)	Insurance Contracts	1 January 2016
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2015
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Resources	1 January 2015
TFRS 8 (Revised 2014)	Operating Segments	1 January 2015
<b>Accounting Standard Interpretations</b>		
TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities	1 January 2015
TSIC 15 (Revised 2014)	Operating Leases - Incentives	1 January 2015
TSIC 25 (Revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	1 January 2015



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
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		<u>Effective Date</u>
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2015
TSIC 29 (Revised 2014)	Service Concession Arrangements: Disclosures	1 January 2015
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services	1 January 2015
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs	1 January 2015
<b>Financial Reporting Standard Interpretations</b>		
TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2015
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease	1 January 2015
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2015
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2015
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment	1 January 2015
TFRIC 12 (Revised 2014)	Service Concession Arrangements	1 January 2015
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes	1 January 2015
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate	1 January 2015
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners	1 January 2015
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers	1 January 2015
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2015

#### **4. ACCOUNTING POLICIES**

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

##### **4.1 Cash and cash equivalents**

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



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

**4.2 Accounts receivable**

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

**4.3 Allowance for doubtful accounts**

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

**4.4 Inventories**

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

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

**4.5 Investments in subsidiary**

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

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

**4.6 Property, plant and equipment**

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

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

	No. of Years
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.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS  
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Building-in-progress and machinery under installation are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use.

**4.7 Intangible asset and amortization**

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

**4.8 Impairment of assets**

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

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

**4.9 Foreign currency transactions**

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

**4.10 Accounting for leases - where a company is the lessee**

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the profit or loss over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the assets.

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

**4.11 Employee benefits****Short-term employee benefits**

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

**Post-employment benefits****Defined contribution plans**

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



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NOTES TO THE FINANCIAL STATEMENTS  
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**Defined benefit plans**

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

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

Actuarial gains and losses arising from other long-term benefits are recognised immediately in other comprehensive income.

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

**4.12 Provisions**

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

**4.13 Revenue recognition**

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

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

**4.14 Income tax**

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 recognise deferred tax liabilities for all taxable temporary differences while they recognise 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 utilised.

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 utilised.

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



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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#### **4.15 Basic earnings per share**

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

#### **4.16 Financial instruments**

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

#### **4.17 Significant accounting judgements and estimates**

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

##### Allowance for doubtful accounts

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

##### Allowance for net realizable value

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

##### Property plant and equipment/Depreciation

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

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

#### **4.18 Related person and companies**

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

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



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**5. TRANSACTIONS WITH RELATED COMPANIES**

**5.1 Relationships and pricing policies**

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

	<u>Relationship</u>
<b><u>Subsidiary :</u></b>	
Agrifood Processing Co., Ltd.	Shareholding and Directorship
<b><u>Related companies :</u></b>	
Itochu Corporation Co., Ltd.	-
P.P. Foods Supply Co., Ltd.	Common shareholder
C.T.Prospers Group Co.,Ltd.	Common Shareholders and directors
	<u>Pricing policy</u>
Sales	Compare to market price
Rental income	At contract price which had been agreed upon
Service income	At price which had been agreed upon
Service expense	At price which had been agreed upon
Commission	At rate 1.50 – 3.00% of sales

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

Balances of transactions among the Company, Subsidiary and related companies as at 31 December 2014 and 2013 are as follows:

	<u>In Baht</u>			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Trade accounts receivable</b>				
Agrifood Processing Co., Ltd.	-	-	-	16,518,707
Itochu Corporation Co., Ltd.	-	7,525,537	-	4,113,942
Total	-	7,525,537	-	20,632,649
<b>Accrued expenses</b>				
Itochu Corporation Co., Ltd.	-	1,087,461	-	650,847
P. P. Foods Supply Co., Ltd.	138,037	506,740	138,037	506,740
Total	138,037	1,594,201	138,037	1,157,587
<b>Deposit</b>				
Agrifood Processing Co., Ltd.	-	-	30,000	30,000



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
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**5.3 Revenue and expenses among the Company, subsidiary and related companies**

Revenue and expenses among the Company, subsidiary and related companies for the years then ended 31 December 2014 and 2013 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Revenues from sales</b>				
Agrifood Processing Co., Ltd.	-	-	206,000,052	246,557,546
Itochu Corporation Co., Ltd.	-	185,398,834	-	128,020,938
Total	-	185,398,834	206,000,052	374,578,484
<b>Other income</b>				
Agrifood Processing Co., Ltd.	-	-	644,800	675,600
C.T.Prosper Group Co.,Ltd.	90,000	90,000	90,000	90,000
Total	90,000	90,000	734,800	765,600
<b>Commission expenses</b>				
Itochu Corporation Co., Ltd.	-	3,934,503	-	2,700,290
P.P. Foods Supply Co., Ltd.	1,997,887	2,087,662	1,997,887	2,087,662
Total	1,997,887	6,022,165	1,997,887	4,787,952
<b>Directors and management's benefits</b>	30,108,523	33,203,805	27,969,123	30,770,355

**6. CASH AND CASH EQUIVALENTS**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Cash on hand	100,644	141,145	100,644	136,146
Regular checking accounts	129,040,461	180,925	128,979,961	10,000
Saving accounts	28,264,340	175,561,561	10,000	150,296,467
Fixed deposit 3 months	15,479,142	50,825	51,488	50,825
Total	172,884,587	175,934,456	129,142,093	150,493,438

**7. SHORT – TERM INVESTMENTS**

As at 31 December 2014, the Group has 4 to 15 months (2013: 6-13 months) which bear interest at the rate of 2.40%-2.95% per annum (2013: 1.05%-3.20% per annum)

**8. TRADE AND OTHER RECEIVABLES**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Trade receivable - related companies (Note 5.2)	-	9,043,421	-	20,632,649
Trade receivable - other companies	83,261,270	81,526,634	83,261,270	68,747,164
Value added tax receivable	3,099,809	1,517,895	3,099,809	1,497,290
Income tax receivable (Note 24)	1,331,600	-	1,331,600	-
Interest receivable	1,557,010	1,396,129	1,535,974	1,360,453
Other receivables	2,332,382	2,506,838	2,332,382	2,506,838
Total	91,582,071	95,990,917	91,561,035	94,744,394



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The aging of outstanding balance as at 31 December 2014 and 2013 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Trade receivable - related parties</b>				
Within credit terms	-	8,194,615	-	21,301,727
Overdue				
Less than 3 months	-	848,806	-	848,806
Total Trade receivable - related parties	-	9,043,421	-	22,150,533
<b>Trade receivable - other companies</b>				
Within credit terms	78,057,504	80,153,410	78,057,504	65,856,056
Overdue				
Less than 3 months	5,203,766	1,373,224	5,203,766	1,373,224
Total Trade receivable - other companies Net	83,261,270	81,526,634	83,261,270	67,229,280

**9. ACCOUNTS RECEIVABLE – PLANTERS**

Consolidated financial statements and Separate financial statements

	In Baht	
	2014	2013
Accounts receivable-planters	25,435,761	40,208,588
<u>Less</u> Allowance for doubtful accounts	(604,860)	(563,785)
	24,830,90	39,644,80
Net	1	3

**10. INVENTORIES**

Consolidated financial statements and Separate financial statements

	In Baht					
	Cost		Allowance for diminution of inventories		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods and semi - finished products	382,950,979	286,580,350	(919,719)	(1,383,441)	382,031,260	285,196,909
Raw material and Supplies	27,726,549	27,864,589	(584,565)	(564,000)	27,141,984	27,300,589
Seeds, insecticide						
Fertilizer	28,196,280	27,120,236	(703,894)	(146,040)	27,492,386	26,974,196
Total	438,873,808	341,565,175	(2,208,178)	(2,093,481)	436,665,630	339,471,694

**11. FIXED DEPOSITS PLEDGED AS COLLATERAL**

As at 31 December 2013, the subsidiary has fixed deposit amounted to Baht 15.2 million, which pledged as collateral against credit line from a local financial institution.



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
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**12. INVESTMENTS IN SUBSIDIARY**

As at 31 December 2014 and 2013.

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

In December 2014, Agrifood Processing Co.,Ltd. has to suspend the business operation, transmuted sweet corn distribution and transfer businesses and employees to Chiangmai Frozen foods PCL.

On 14 August 2014, at the Board of Directors meeting No.4/2557, the Board of Directors have an expansion plan to invest in Republic of the Union of Myanmar for expansion of production plan. It is currently to study business plan and feasibility of such expansion plan.



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**13. PROPERTY, PLANT AND EQUIPMENT**

**CONSOLIDATED FINANCIAL STATEMENTS**

	In Baht						
	Land and Improvement	Building and Improvement	Machineries and equipment	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	Total
As at 1 January 2013							
Cost	110,493,651	450,948,610	729,016,477	38,927,635	22,620,809	18,612,371	1,370,619,553
<u>Less</u> Accumulated depreciation	(6,307,701)	(293,921,487)	(627,633,493)	(34,735,120)	(20,474,065)	-	(983,071,866)
Allowance for impairment	-	(1,019,563)	(5,247,073)	-	-	-	(6,266,636)
Net book amount	<u>104,185,950</u>	<u>156,007,560</u>	<u>96,135,911</u>	<u>4,192,515</u>	<u>2,146,744</u>	<u>18,612,371</u>	<u>381,281,051</u>
Transactions for the year ended 31 December 2013							
Opening net book amount	104,185,950	156,007,560	96,135,911	4,192,515	2,146,744	18,612,371	381,281,051
<u>Add</u> Acquisition	-	522,620	11,569,104	4,897,579	958,656	28,492,458	46,440,417
Transfer in (out)	-	-	23,889,542	-	-	(23,889,542)	-
<u>Less</u> Disposals and amortization	-	(2)	(172,095)	-	(23,607)	-	(195,704)
Depreciation	-	(25,503,924)	(30,279,249)	(2,869,716)	(881,273)	-	(59,534,162)
Closing net book amount	<u>104,185,950</u>	<u>131,026,254</u>	<u>101,143,213</u>	<u>6,220,378</u>	<u>2,200,520</u>	<u>23,215,287</u>	<u>367,991,602</u>
As at 31 December 2013							
Cost	110,493,651	451,000,649	753,424,908	43,825,215	22,677,297	23,215,287	1,404,637,007
<u>Less</u> Accumulated depreciation	(6,307,701)	(319,025,266)	(649,358,577)	(37,604,837)	(20,476,777)	-	(1,032,773,158)
Allowance for impairment	-	(949,129)	(2,923,118)	-	-	-	(3,872,247)
Net book amount	<u>104,185,950</u>	<u>131,026,254</u>	<u>101,143,213</u>	<u>6,220,378</u>	<u>2,200,520</u>	<u>23,215,287</u>	<u>367,991,602</u>



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**13. PROPERTY, PLANT AND EQUIPMENT (CON'T)  
CONSOLIDATED FINANCIAL STATEMENTS**

	In Baht						
	Land and Improvement	Building and Improvement	Machineries and equipment	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	Total
Transactions for the year ended 31 December 2014							
Opening net book amount	104,185,950	131,026,254	101,143,213	6,220,378	2,200,520	23,215,287	367,991,602
<u>Add</u> Acquisition	-	4,145,630	8,031,330	1,614,117	692,477	25,153,165	39,636,719
Transfer in (out)	-	3,463,889	42,000,145	-	912,913	(46,376,947)	-
<u>Less</u> Disposals and amortization	-	(24)	(122,872)	(31,198)	(7,019)	-	(161,113)
Depreciation	-	(25,223,374)	(32,259,496)	(1,905,793)	(847,410)	-	(60,236,073)
Closing net book amount	<u>104,185,950</u>	<u>113,412,375</u>	<u>118,792,320</u>	<u>5,897,504</u>	<u>2,951,481</u>	<u>1,991,505</u>	<u>347,231,135</u>
At 31 December 2014							
Cost	110,493,651	454,482,312	780,231,129	37,479,386	22,818,465	1,991,505	1,407,496,448
<u>Less</u> Accumulated depreciation	(6,307,701)	(340,191,243)	(659,576,578)	(31,581,882)	(19,866,984)	-	(1,057,524,388)
Allowance for impairment	-	(878,694)	(1,862,231)	-	-	-	(2,740,925)
Net book amount	<u>104,185,950</u>	<u>113,412,375</u>	<u>118,792,320</u>	<u>5,897,504</u>	<u>2,951,481</u>	<u>1,991,505</u>	<u>347,231,135</u>



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
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**13. PROPERTY, PLANT AND EQUIPMENT (CON'T)  
THE SEPARATE FINANCIAL STATEMENTS**

	In Baht						
	Land and Improvement	Building and Improvement	Machineries and equipment	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	Total
As at 1 January 2013							
Cost	110,493,651	450,948,610	729,016,477	37,148,635	21,641,420	18,612,371	1,367,861,164
<u>Less</u> Accumulated depreciation	(6,307,701)	(293,921,487)	(627,633,493)	(33,693,065)	(19,575,163)	-	(981,130,909)
Allowance for impairment	-	(1,019,563)	(5,247,073)	-	-	-	(6,266,636)
Net book amount	<u>104,185,950</u>	<u>156,007,560</u>	<u>96,135,911</u>	<u>3,455,570</u>	<u>2,066,257</u>	<u>18,612,371</u>	<u>380,463,691</u>
Transactions for the year ended 31 December 2013							
Opening net book amount	104,185,950	156,007,560	96,135,911	3,455,570	2,066,257	18,612,371	380,463,619
<u>Add</u> Acquisition	-	522,620	11,569,104	4,897,579	895,656	28,492,458	46,377,417
Transfer in (out)	-	-	23,889,542	-	-	(23,889,542)	-
<u>Less</u> Disposals and amortization	-	(2)	(172,095)	-	(23,606)	-	(195,703)
Depreciation	-	(25,503,924)	(30,279,249)	(2,513,917)	(842,657)	-	(59,139,747)
Closing net book amount	<u>104,185,950</u>	<u>131,026,254</u>	<u>101,143,213</u>	<u>5,839,232</u>	<u>2,095,650</u>	<u>23,215,287</u>	<u>367,505,586</u>
As at 31 December 2013							
Cost	110,493,651	451,000,649	753,424,908	42,046,215	21,656,216	23,215,287	1,401,836,926
<u>Less</u> Accumulated depreciation	(6,307,701)	(319,025,266)	(649,358,577)	(36,206,983)	(19,560,566)	-	(1,030,459,093)
Allowance for impairment	-	(949,129)	(2,923,118)	-	-	-	(3,872,247)
Net book amount	<u>104,185,950</u>	<u>131,026,254</u>	<u>101,143,213</u>	<u>5,839,232</u>	<u>2,095,650</u>	<u>23,215,287</u>	<u>367,505,586</u>





**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

**THE SEPARATE FINANCIAL STATEMENTS**

	In Baht						
	Land and Improvement	Building and Improvement	Machineries and equipment	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	Total
Transactions for the year ended 31 December 2014							
Opening net book amount	104,185,950	131,026,254	101,143,213	5,839,232	2,095,650	23,215,287	367,505,586
<u>Add</u> Acquisition	-	4,145,630	8,031,330	1,614,117	679,486	25,153,165	39,623,728
Transfer in (out)	-	3,463,889	42,000,145	-	912,913	(46,376,947)	-
<u>Less</u> Disposals	-	(24)	(122,872)	(4)	(7,019)	-	(129,919)
Depreciation	-	(25,223,374)	(32,259,496)	(1,555,841)	(810,148)	-	(59,848,859)
Closing net book amount	<u>104,185,950</u>	<u>113,412,375</u>	<u>118,792,320</u>	<u>5,897,504</u>	<u>2,870,882</u>	<u>1,991,505</u>	<u>347,150,536</u>
At 31 December 2014							
Cost	110,493,651	454,482,312	780,231,129	37,479,386	21,784,394	1,991,505	1,406,462,377
<u>Less</u> Accumulated depreciation	(6,307,701)	(340,191,243)	(659,576,578)	(31,581,882)	(18,913,512)	-	(1,056,570,916)
Allowance for impairment	-	(878,694)	(1,862,231)	-	-	-	(2,740,925)
Net book amount	<u>104,185,950</u>	<u>113,412,375</u>	<u>118,792,320</u>	<u>5,897,504</u>	<u>2,870,882</u>	<u>1,991,505</u>	<u>347,150,536</u>



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
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**14. INTANGIBLE ASSETS - SOFTWARE**

	In Baht		
	Consolidated and separate financial statement		
	Software	Software in progress	Total
As at 31 December 2013			
Cost	4,489,696	4,037,904	8,527,600
Accumulated amortization	(1,854,909)	-	(1,854,909)
Allowance for impairment of assets	(2,634,787)	-	(2,634,787)
Net book value	-	4,037,904	4,037,904
Transactions for the year ended 31 December 2014			
Opening net book amount	-	4,037,904	4,037,904
Add : Acquisition	-	2,756,431	2,756,431
Transfer in (out)	1,697,652	(1,697,652)	-
Less : Amortization	(42,790)	-	(42,790)
Net book value	1,654,862	5,096,683	6,751,545
As at 31 December 2014			
Cost	6,187,348	5,096,683	11,284,031
Accumulated amortization	(1,897,699)	-	(1,897,699)
Allowance for impairment of assets	(2,634,787)	-	(2,634,787)
Net book value	1,654,862	5,096,683	6,751,545

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

As at 31 December 2014 and 2013, the Company has the overdrafts and short-term loans lines amounted to Baht 273.1 million and Baht 432.9 million, respectively. The facilities charge an interest at the rate of MOR per annum.

**16. TRADE AND OTHER PAYABLES**

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables	35,389,796	36,845,438	35,389,796	36,845,438
Accrued commission expenses (Note 5.2)	138,037	5,017,747	138,037	4,581,133
Accrued expenses	38,358,285	39,341,703	36,939,906	38,002,737
Others	300,974	466,754	300,974	466,754
Total	74,187,092	81,671,642	72,768,713	79,896,062



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**17. EMPLOYEE BENEFIT OBLIGATIONS**

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

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

Movement in the present value of the defined benefit obligations:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
For the year ended 31 December				
Defined benefit obligations at 1 January	35,301,931	29,588,203	34,182,292	28,169,254
Current service costs and interest	6,120,567	5,000,683	6,095,206	4,686,047
Transfer to accrued expenses	(1,825,000)	-	(680,000)	-
Benefit paid for the year	(1,299,000)	(457,500)	(1,299,000)	(457,500)
Actuarial loss	2,005,322	1,170,545	2,005,322	1,784,491
Defined benefit obligations at 31 December	40,303,820	35,301,931	40,303,820	34,182,292

Expense recognized in profit or loss for the year ended 31 December 2014 and 2013:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current service costs	4,334,456	4,174,157	4,367,188	3,889,376
Interest on obligation	1,786,111	826,526	1,728,018	796,671
Total	6,120,567	5,000,683	6,095,206	4,686,047

The above expense recognized in profit or loss is recognized in the following line items for the year ended 31 December 2014 and 2013:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Costs of sales	4,933,391	3,914,006	4,933,391	3,914,006
Sales expenses	274,052	226,639	267,044	136,246
Administrative expenses	913,124	860,038	894,771	635,795
Total	6,120,567	5,000,683	6,095,206	4,686,047



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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Principal actuarial assumptions at the reporting date

	Consolidated and Separate financial statements	
	2014	2013
Discount rate	4.16 % per annum	4.5% per annum
Salary increase rate	5.82%	0.5-5.5%
Employee turnover rate	Scale related to Age ranging from 0 – 26%	Scale related to Age ranging from 0 – 26.32%
Mortality rate	According to Thailand TMO 2008 male and female tables tables	According to Thailand TMO 2008 male and female tables tables

## 18. LEGAL RESERVE

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

## 19. DIVIDENDS PAID

According to the resolution of the ordinary shareholders' meeting for the year 2014 held on 23 April 2014 had the resolution to approve the payment of cash dividends at Baht 0.31 per share to the shareholders of 381,145,725 shares totaling Baht 118.2 million from operational result of year 2013. The Company paid dividends on 12 May 2014.

According to the resolution of the ordinary shareholders' meeting for the year 2013 held on 19 April 2013 had the resolution to approve the payment of cash dividends at Baht 0.28 per share to the shareholders of 381,145,725 shares totaling Baht 106.7 million from operational result of year 2012. The Company paid dividends on 10 May 2013.

## 20. EXPENSES BY NATURE

Significant expenses by nature are as follow :

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Changes in finished goods, semi - finished products and raw materials	(96,575,130)	15,764,878	(96,575,130)	15,764,878
Purchase raw materials	604,617,863	490,780,537	604,617,863	490,780,537
Depreciation and amortization	60,278,862	59,698,261	59,891,649	59,303,846
Staff costs	280,356,800	261,960,758	276,712,735	258,612,913



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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## 21. PROMOTIONAL PRIVILEGES

By virtue of the provisions of Industrial Investment Promotion Act. B.E. 1977, the Company was granted certain privileges as follows :

certificate No.1545(3)/2004 exemption from payment of income tax for eight years starting from the commencement date of the promoted business and 50 percent reduction from the normal income tax rate for the next five years after the period of eight years are expired.

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

Sales classified as promoted and non-promoted business, for the years ended 31 December 2014 and 2013 are summarized as follows:

	In Thousand Baht					
	2014			2013		
	Promoted Business	Non- Promoted Business	Total	Promoted Business	Non- Promoted Business	Total
Export sales	831,499	336,808	1,168,307	929,766	217,734	1,147,500
Domestic sales	8,589	209,219	217,808	12,686	247,569	260,255
Total	840,088	546,027	1,386,115	942,452	465,303	1,407,755

## 22. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Group has engaged in business of manufacturing and distribution of frozen vegetables and operated in one geographical area in Thailand. Therefore, these financial statements do not present the geographical segment.

For the year 2014 and 2013, export sales of the Group was 99% of total sales

Major customers

For the year 2014, the Group has revenue from 3 major customers, representing 75 percent of total revenue, arising from manufacturing and distribution of frozen vegetables (2013: 76 percent of total revenue was derived from 3 major customers).

## 23. PROVIDENT FUND

The Company established a contributory registered provident fund in accordance with the Provident fund Act.B.E.1987 Under the provident fund, the Company contributes an amount equivalent to the employees' contribution, which is 3% of their basic salaries. The company appointed The Siam Commercial Bank Public Co., Ltd. as a fund manager to manage the fund in accordance with the Provident Fund Act (B.E. 1987), which was amended by the Provident Fund Act (No.2) (B.E. 1999), under supervision of the Office of the Securities and Exchange Commission.

The Company's contribution net of the refund amount for the years ended 31 December 2014 and 2013 amounted to Baht 1.8 million and Baht 1.7 million, respectively.



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**24. ADDITIONAL TAX EXPENSES**

In the second quarter of 2014, the Revenue Department examined the Company's valued add tax (VAT) filing and found that the average input VAT of the non-vat business was wrongly submitted. The Company has additionally filed the VAT refund for a period from January 2012 to May 2014 and recalculated corporate income tax for years 2012 and 2013. The Company has to pay the unclaimed input VAT amounting to Baht 8.1 million and penalty amounting to Baht 3.4 million, totaling Baht 11.5 million and the Company paid such tax in July 2014. In addition, the Company is in the process of refund the additional corporate income tax of Baht 1.3 million, which recorded in the consolidated and separate statements of financial position under "Income tax receivable" (Note 8) and recorded the additional tax expense of Baht 9.4 million in the consolidated and separate statements of comprehensive income under "Administrative expenses" for the year ended 31 December 2014.

**25. INCOME TAX**

Income tax expenses for the year ended 31 December 2014 and 2013 are made up as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Income tax recognized in profit or loss</b>				
<b>Current income tax</b>				
Current year	10,870,833	21,768,805	10,158,737	20,726,398
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences	(803,490)	(871,010)	(798,418)	(808,083)
<b>Total</b>	<u>10,067,343</u>	<u>20,897,795</u>	<u>9,360,319</u>	<u>19,918,315</u>
<b>Income tax recognised in other comprehensive income</b>				
Decrease in Actuarial losses	<u>(401,063)</u>	<u>(234,109)</u>	<u>(401,063)</u>	<u>(356,898)</u>
Reconciliation of effective tax rate				
	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Accounting profit before corporate income tax	70,493,430	156,715,768	67,132,548	151,991,477
Applicable tax rate (%)	20	20	20	20
Accounting profit before corporate income tax multiplied by applicable tax rate	14,098,686	31,343,154	13,426,510	30,398,295
Investment promotion	(5,493,778)	(9,582,318)	(5,493,778)	(9,582,318)
Incoming not subject to tax	(266,320)	-	(266,320)	-
Addition expenses deductible for tax purposes	(926,208)	(1,888,253)	(926,208)	(1,888,253)
Expenses not deductible for tax purposes	<u>3,458,453</u>	<u>1,896,222</u>	<u>3,418,533</u>	<u>1,798,674</u>
<b>Current tax</b>	<u>10,870,833</u>	<u>21,768,805</u>	<u>10,158,737</u>	<u>20,726,398</u>



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

Relating to origination and reversal of temporary

differences

**Income tax expense**

(803,490) (871,010) (798,418) (808,083)

10,067,343 20,897,795 9,360,319 19,918,315

Deferred tax assets is presented in the statement of financial positions as follows:

	In Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	2014	2013	2014	2013
<b>Statements of financial position</b>				
Increase in deferred tax assets				
Allowance for doubtful accounts	120,972	112,757	120,972	112,757
Allowance for diminution of inventories	441,636	418,696	441,636	418,696
Allowance for impairment of intangible assets	470,979	526,958	470,979	526,958
Provisions for employee benefit obligations	8,289,764	7,060,387	8,060,764	6,836,459
	9,323,351	8,118,798	9,094,351	7,894,870

## 26. FINANCIAL INSTRUMENTS

### 26.1 Credit risk

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

### 26.2 Foreign currency risk and risk management

The Group exposure to foreign currency risk relates primarily to their business transactions which are denominated in foreign currencies. The Group has policies to hedge such risks by using derivative financial instruments. As at 31 December 2014, the Group have outstanding forward foreign exchange selling contracts total of U.S. Dollars 30.5 million in exchange of Baht 999.6 million with 3 commercial banks. The contract will be due in December 2015. Per comparative between fair value and contract value, the profit amounting Baht 3.4 million is incurred.

As at 31 December 2014, the Group has accrued commission amounting of U.S.Dollars 0.1 million which are not hedged.

### 26.3 Interest rate risk

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

### 26.4 Fair value of financial instruments

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



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**27. COMMITMENT AND CONTINGENT LIABILITIES**

As at 31 December 2014

- 27.1 The Company has commitment to pay the uncalled investments in Agrifood Processing Co., Ltd. amounting to approximately Baht 90.0 million.
- 27.2 The Company has commitments for software license and system consulting agreement amounting of Baht 0.5 million.
- 27.3 The Company has commitment to pay the financial advisory about investment in Myanmar amounting to approximately Baht 1.2 million.
- 27.4 The Company has contingently liability for bank guarantees issued in favor of government agency amounting to approximately Baht 10.1 million.

**28. EVENTS AFTER THE REPORTING PERIOD**

On 26 February 2015, the Company's Board of Directors meeting No. 1/2015 approved for payment of a final dividend of Baht 0.1 per share for 381,145,725 shares, or a total of approximately Baht 38.1 million, from the operating results for the year 2014.

However, this resolution will be further proposed for the shareholders' approval in the Ordinary General Meeting of Shareholders for fiscal year 2015.

**29. APPROVAL OF FINANCIAL STATEMENTS**

These consolidated financial statements and separate financial statements have been approved by the Company's Board of Directors on 26 February 2015.



# PRODUCTS

## VEGETABLES

CATEGORIES



**Soy Beans**



**Green Beans**



**Baby Corns**



**Mixed Vegetables**



**Sweet Corn**



**Others**



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