

Part 3

Financial status and operation result

13. Financial data

1) Financial Statements information

A. Report of the Independent Auditor

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 Standard, 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 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 statement, whether due to fraud or error. In making those risk assessments, the auditor consider 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.

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.

PREDIT RODLOYTUK

Certified Public Accountant

Registration No. 218

AST Master Co., Ltd.

26 February 2015

Remark: -Opinion in the Auditor's report of the past three years

is unconditional

Important Accounting Policies

Basic for financial statements preparation

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

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

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

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

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

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

Cash and cash equivalents

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

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

Accounts receivable

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

Allowance for doubtful accounts

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

Inventories

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

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

Investments in subsidiary

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

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

Property, plant and equipment

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

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

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

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

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

Intangible asset and amortization

Intangible asset is computer software which is stated at historical cost and amortized using the straight line method over

its useful life (3-5 years).

Impairment of assets

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

Foreign currency transactions

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

Accounting for leases – where a company is the lessee

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the 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 lease are classified as operating leases. Payments made under operating leases (net of any incentives received from the less or) are charged to the profit or loss on a straight-line basis over the period of the lease.

Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Provisions

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

Revenue recognition

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

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

Income tax

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

Current tax

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

Deferred tax

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

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

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

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

Basic earnings per share

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

Financial instruments

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

Significant accounting judgments and estimates

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

Allowance for doubtful accounts

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

Allowance for net realizable value

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

Property plant and equipment/Depreciation

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

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

Related person and companies

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

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

B. Summary of Financial Statements

Statements of Financial Position

(Unit: Thousand baht)

ASSETS	Separate Financial Statements					
	2014	%	2013	%	2012	%
Current Assets						
Cash and cash equivalents	129,142	9.5	150,493	10.5	327,082	23.0
Short-term investments	290,000	21.3	400,000	28.0	200,000	14.1
Trade and other receivables	91,561	6.8	94,744	6.6	67,181	4.7
Accounts receivable-planters-net	24,831	1.8	39,645	2.8	49,733	3.5
Inventories-net	436,666	32.1	339,472	23.8	356,818	25.2
Total Current Assets	972,200	71.5	1,024,354	71.7	1,000,814	70.5
Investments in subsidiary	23,354	1.7	23,354	1.6	23,354	1.6
Property, plant and equipment-net	347,151	25.5	367,506	25.7	380,464	26.8
Computer software-net	6,751	0.5	4,038	0.3	4,579	0.3
Deferred tax assets	9,094	0.7	7,895	0.6	6,730	0.5
Other non-current assets	1,760	0.1	1,759	0.1	4,204	0.3
Total non-current assets	388,110	28.5	404,552	28.3	419,331	29.5
TOTAL ASSETS	1,360,310	100.0	1,428,906	100.0	1,420,145	100.0

(Unit: Thousand baht)

LIABILITIES AND SHAREHOLDERS' EQUITY	Separate Financial Statements					
	2014	%	2013	%	2012	%
Current Liabilities						
Trade and other payables	72,769	5.4	79,896	5.6	91,601	6.4
Accrued income tax	957	0.1	6,879	0.5	16,617	1.2
Other current liabilities	3,346	0.2	3,029	0.2	2,767	0.2
Total Current Liabilities	77,072	5.7	89,804	6.3	110,985	7.8
Employee benefit obligations	40,304	2.9	34,182	2.4	28,169	2.0
Total Liabilities	117,376	8.6	123,986	8.7	139,154	9.8
Shareholders' Equity						
Share capital - Baht 1 par value						
Authorized shares						
381,146,251 common shares						
in 2012- 2014						
Issued and paid-up Shares						
381,146,251 in 2012-2014	381,146	28.0	381,146	26.7	381,146	26.8
Premium on share capital	68,000	5.0	68,000	4.8	68,000	4.8
Retained earnings						
-Appropriated for legal						
reserve	38,115	2.8	38,115	2.7	38,115	2.7
-Un appropriated	755,673	55.6	817,659	57.1	793,730	55.9
Total Shareholders' Equity	1,242,934	91.4	1,304,920	91.3	1,280,991	90.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,360,310	100.0	1,428,906	100.0	1,420,145	100.0

Statements of Financial Position

(Unit: Thousand baht)

ASSETS	Consolidated Financial Statements					
	2014	%	2013	%	2012	%
Current Assets						
Cash and cash equivalents	172,884	12.5	175,934	12.1	354,251	24.6
Short-term investments	296,000	21.3	406,000	27.9	205,600	14.3
Trade and other receivables	91,582	6.6	95,991	6.6	63,329	4.4
Accounts receivable-planters-net	24,831	1.8	39,645	2.7	49,733	3.4
Inventories-net	436,666	31.5	339,472	23.4	356,818	24.7
Total Current Assets	1,021,963	73.7	1,057,042	72.7	1,029,731	71.4
Fixed deposit pledged as collateral	-	-	15,197	1.0	14,942	1.0
Property, plant and equipment-net	347,231	25.0	367,991	25.3	381,281	26.5
Computer software-net	6,752	0.5	4,038	0.3	4,579	0.3
Deferred tax assets	9,323	0.7	8,119	0.6	7,013	0.5
Other non-current assets	1,761	0.1	1,760	0.1	4,205	0.3
Total non-current assets	365,067	26.3	397,105	27.3	412,020	28.6
TOTAL ASSETS	1,387,030	100.0	1,454,147	100.0	1,441,751	100.0

(Unit: Thousand baht)

LIABILITIES AND SHAREHOLDERS' EQUITY	Consolidated Financial Statements					
	2014	%	2013	%	2012	%
Current Liabilities						
Trade and other payables	74,187	5.4	81,671	5.6	93,435	6.5
Accrued income tax	1,664	0.1	7,165	0.5	17,237	1.2
Other current liabilities	3,377	0.2	3,180	0.2	2,827	0.2
Total Current Liabilities	79,228	5.7	92,016	6.3	113,499	7.9
Employee benefit obligations	40,304	2.9	35,302	2.5	29,588	2.0
Total Liabilities	119,532	8.6	127,318	8.8	143,087	9.9
Shareholders' Equity						
Share capital - Baht 1 par value						
Authorized shares						
381,146,251 common shares						
in 2012- 2014						
Issued and paid-up Shares						
381,146,251 in 2012-2014	381,146	27.5	381,146	26.2	381,146	26.4
Premium on share capital	68,000	4.9	68,000	4.7	68,000	4.7
Retained earnings						
-Appropriated for legal						
reserve	38,115	2.7	38,115	2.6	38,115	2.7
-Un appropriated	780,237	56.3	839,568	57.7	811,403	56.3
Total Shareholders' Equity	1,267,498	91.4	1,326,829	91.2	1,298,664	90.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,387,030	100.0	1,454,147	100.0	1,441,751	100.0

Statement of Comprehensive Income

(Unit: Thousand baht)

Particular	Separate Financial Statements					
	2014	%	2013	%	2012	%
Revenues from sales	1,386,116	100.0	1,407,756	100.0	1,466,095	100.0
Cost of sales	(1,140,891)	(82.3)	(1,112,922)	(79.1)	(1,108,121)	(75.6)
Gross profit	245,225	17.7	294,834	20.9	357,974	24.4
Gain on exchange rate	(22,921)	(1.7)	11,157	0.8	8,410	0.6
Other income	19,476	1.4	19,196	1.4	17,813	1.2
Profit before expenses	241,780	17.4	325,187	23.1	384,197	26.2
Selling expenses	(87,222)	(6.3)	(89,282)	(6.3)	(93,907)	(6.4)
Administrative expenses	(87,426)	(6.3)	(83,914)	(6.0)	(86,033)	(5.9)
Total expenses	(174,648)	(12.6)	(173,196)	(12.3)	(179,940)	(12.3)
Profit before income tax	67,132	4.8	151,991	10.8	204,257	13.9
Income tax	(9,360)	(0.7)	(19,918)	(1.4)	(33,367)	(2.2)
Profit for the year	57,772	4.1	132,073	9.4	170,890	11.7
Earnings per share	0.15		0.35		0.45	
Actuarial losses—net of tax	(1,604)		(1,427)		-	
Total comprehensive income for the year	56,168		130,646		170,890	
Equity holders of the parent	56,168		130,646		170,890	
Un-appropriated retained earnings Beginning balance	817,659		793,729		676,199	
Appropriated for -Dividend paid	(118,154)		(106,716)		(53,360)	
Ending balance	755,673		817,659		793,729	

Statement of Comprehensive Income

(Unit: Thousand baht)

Particular	Consolidated Financial Statements					
	2014	%	2013	%	2012	%
Revenues from sales	1,413,564	100.0	1,426,502	100.0	1,491,529	100.0
Cost of sales	(1,140,891)	(80.7)	(1,112,921)	(78.0)	(1,110,786)	(74.5)
Gross profit	272,673	19.3	313,581	22.0	380,743	25.5
Gain on exchange rate	(29,633)	(2.1)	17,717	1.3	11,596	0.8
Other income	19,786	1.4	19,116	1.3	17,738	1.2
Profit before expenses	262,826	18.6	350,414	24.6	410,077	27.5
Selling expenses	(100,516)	(7.1)	(104,589)	(7.3)	(110,222)	(7.4)
Administrative expenses	(91,817)	(6.5)	(89,109)	(6.3)	(91,422)	(6.1)
Total expenses	(192,333)	(13.6)	(193,698)	(13.6)	(201,644)	(13.5)
Profit before income tax	70,493	5.0	156,716	11.0	208,433	14.0
Income tax	(10,067)	(0.7)	(20,898)	(1.5)	(34,371)	(2.3)
Profit for the year	60,426	4.3	135,818	9.5	174,062	11.7
Earnings per share	0.16		0.36		0.46	
Actuarial losses—net of tax	(1,604)		(936)		-	
Total comprehensive income for the year	58,822		134,882		174,062	
Equity holders of the parent	58,822		134,882		174,062	
Un-appropriated retained earnings						
Beginning balance	839,568		811,403		690,701	
Appropriated for						
-Dividend paid	(118,153)		(106,717)		(53,360)	
Ending balance	780,237		839,568		811,403	

STATEMENT OF CASH FLOWS

(Unit: Thousand baht)

Particular	Separate F/S.		
	2014	2013	2012
Cash flows from operating activities:			
Profit before income tax	67,132	151,991	204,257
Adjustments to reconcile net profit to net cash provided by operating activities			
Unrealized gain on exchange rate	(78)	(846)	1
Reversal of doubtful accounts	41	-	(447)
Reversal of loss on diminution of inventories	115	(2,823)	(1,440)
Loss(gain) on disposal of equipment and written off	(1,763)	44	(3,214)
Depreciation	59,892	59,304	61,368
Impairment of assets	-	2,635	4,679
Provisions for employee benefit obligations	6,095	4,686	3,650
Profit from operating activities before change in operational assets and liabilities	131,434	214,991	268,854
Decrease (increase) in operational assets			
Trade accounts receivables	3,302	(26,570)	(6,732)
Accounts receivable-planters	14,773	10,088	(20,465)
Inventories	(97,309)	20,169	(19,120)
Other non-current assets	(1)	2,445	849
Increase (decrease) in operational liabilities			
Trade accounts payable	(7,659)	(8,316)	19,698
Employee benefit obligations	189	90	(380)
Other current liabilities	(1,299)	(458)	(28)
Cash received from operation	43,430	212,439	242,676
Income tax paid	(16,080)	(30,464)	(19,955)
Net cash provided by operating activities	27,350	181,975	222,721

Cash flows from Investing Activities			
Decrease (increase) in short-term investments	110,000	(200,000)	(50,000)
Proceeds from disposal of vehicle and equipment	1,892	152	5,303
Cash paid for acquisition of plant and equipment	(39,812)	(49,913)	(38,950)
Cash paid for acquisition of computer software	(2,756)	(2,258)	(1,602)
Net cash provided by (use in) Investing Activities	69,324	(252,019)	(85,249)
Cash flows from financial activities			
Cash paid for dividends	(118,025)	(106,545)	(53,173)
Net cash used in financing activities	(118,025)	(106,545)	(53,173)
Net increase (decrease) in cash and cash equivalents	(21,351)	(176,589)	84,299
Cash and cash equivalents, Beginning of year	150,493	327,082	242,783
Cash and cash equivalents, End of year	129,142	150,493	327,082
<u>Supplement disclosure of cash flows information</u>			
1. Property, Plant and Equipment:-			
Acquisition of plant and equipment during the year	(39,624)	(46,377)	(42,566)
Increase (decrease) in payable from acquisition of assets	(188)	(3,536)	3,617
Cash paid for acquisition of plant and equipment	(39,812)	(49,913)	(38,949)
2. Cash paid for Dividends			
Dividends paid	(118,154)	(106,716)	(53,360)
Increase in accrued dividends	129	171	187
Cash paid for dividends	(118,025)	(106,545)	(53,173)

STATEMENT OF CASH FLOWS

(Unit: Thousand baht)

Particular	Consolidated F/S.		
	2014	2013	2012
Cash flows from operating activities:			
Profit before income tax	70,493	156,716	208,433
Adjustments to reconcile net profit to net cash provided by operating activities			
Unrealized gain on exchange rate	(78)	(940)	(2)
Reversal of doubtful accounts	41	-	(446)
Reversal of loss on diminution of inventories	115	(2,823)	(1,440)
Loss(gain) on disposal of equipment and written off	(2,245)	24	(3,222)
Depreciation	60,279	59,698	61,749
Impairment of assets	-	2,635	4,679
Provisions for employee benefit obligations	6,120	5,001	3,727
Profit from operating activities before change in Operational assets and liabilities	134,725	220,311	273,478
Decrease (increase) in operational assets			
Trade accounts receivables	4,527	(31,561)	(2,239)
Accounts receivable-planters	14,773	10,089	(20,465)
Inventories	(97,309)	20,169	(19,120)
Other non-current assets	(1)	2,445	849
Increase (decrease) in operational liabilities			
Trade accounts payable	(9,161)	(8,389)	20,426
Employee benefit obligations	69	181	(380)
Other current liabilities	(1,299)	(458)	(93)
Cash received from operation	46,324	212,787	252,456
Income tax paid	(16,371)	(31,841)	(21,261)
Net cash provided by operating activities	29,953	180,946	231,195
Cash flows from Investing Activities			

Decrease (increase) in short-term investments	110,000	(200,400)	(50,000)
Increase in fixed deposits pledged as collateral	15,197	(255)	(270)
Proceeds from disposal of vehicle and equipment	2,406	172	5,312
Cash paid for acquisition of plant and equipment	(39,825)	(49,976)	(38,983)
Cash paid for acquisition of computer software	(2,756)	(2,258)	(1,602)
Net cash provided by (used in) Investing Activities	85,022	(252,717)	(85,543)
Cash flows from financing activities			
Cash paid for dividends	(118,025)	(106,545)	(53,173)
Net cash used in financing activities	(118,025)	(106,545)	(53,173)
Net increase (decrease) in cash and cash equivalents	(3,050)	(178,316)	92,479
Cash and cash equivalents, Beginning of year	175,934	354,250	261,772
Cash and cash equivalents, End of year	172,884	175,934	354,251
<u>Supplement disclosure of cash flows information</u>			
1. Property, Plant and Equipment			
Acquisition of plant and equipment			
during the year	(39,637)	(46,440)	(42,600)
Increase (decrease) in payable from			
acquisition of assets	(188)	(3,536)	3,617
Cash paid for acquisition of plant and			
equipment	(39,825)	(49,976)	(38,983)
2. Cash paid for dividends			
Dividends paid	(118,154)	(106,716)	(53,360)
Increase in accrued dividends	129	171	187
Cash paid for dividends	(118,025)	(106,545)	(53,173)

2) FINANCIAL RATIOS

(unit: thousand baht)

Particular	Unit	Consolidated F/S.			Separate F/S.		
		2014	2013	2012	2014	2013	2012
Liquidity Ratios							
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
Profitability Ratios							
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
Efficiency Ratios							
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
Financial Policy Ratios							
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

1. 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.