

REPORT ON THE DISCLOSURE OF ADDITIONAL INFORMATION

(FORM 56 – 1)

Submitted to

OFFICE OF THE SECURITIES AND EXCHANGE COMMISSION

OF

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED OF DECEMBER 31, 2012

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1. General information

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

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

| | |
|----------------------------|--|
| Name | Agrifood Processing Co., Ltd. |
| Location | 149/34 Soi Anglo Plaza, Surawongse Rd., Kwaeng Suriyawongse, Bangrak, Bangkok 10500, Thailand. |
| Telephone, Facsimile | Phone: (662) 634-2282-6 Fax: (662) 634-2287 |
| Business Type | Conduct business buying-selling, distributor (Export) Frozen Sweet Corn. |
| Registered Capital | Ordinary share 12,000,000 shares of each 10 baht/share total 120,000,000.00 baht. |
| Paid-up Capital | Ordinary share 12,000,000 shares of each 10 baht/share paid up 30,000,000.00 baht. |
| Percentage of Shareholding | 100 % by the company. |

Other referred juristic persons

| | |
|------------------------------|---|
| Registrar | Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, 4,6-7 th Floor, Rachadapisek Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok 10110,Thailand. Tel.(662)229-2800,654-5599 Fax.(662)359-1262-3 |
| Auditor | Miss Nongram Laoha-areedilok,C.P.A.(Thailand) No.4334 AST Master Office of 790/12 Thonglor Tower, Soi Tonglor 18, Sukhumvit Road 55, Kwaeng Klongtoey, Khet Wattana, Bangkok 10110, Thailand. Tel.(662)381-5716, 381-8016 |
| Legal Advisor | Mr. Wanchandr Sivaboonyawongs, Wisal & Associates Law Co., Ltd. 83-85 Soi Anuman Rajathon, Dejo Road, Khet Bangrak, Bangkok 10500, Thailand. Tel.(662)266-8217-8 |
| Financial Institution | Siam Commercial Bank Public Co., Ltd. Mizuho Corporate Bank, Ltd. – Bangkok Office. Thanachart Bank |

SUMMARY FINANCIAL INFORMATION OF THE COMPANY
Financial Statements (Unit: Thousand Baht)

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

Financial Ratio

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

2. Risk

Producing

The Company is a manufacturer and distributor of Frozen Vegetables product which must use Soy Beans, Green Beans and Sweet Corns as important raw materials of producing capital and since these raw materials are the agriculture raw materials that mainly depends on the nature factors make the company may affect and incur some shortage of such raw materials.

To serve this risk, the company would use the way of increasing more volume of producing in next stage due to raw materials could be able to grow 2-3 stages a year and harvesting life is only about 60-90 days. Therefore, if the problem arises in any stage of growing, the company would increase more growing area in next stage.

From arose of flood problem, the growing areas of the formers whose joint company project were few affect owing most growing areas were in the upper Northern region of the country.

Conducting business

The Company has presently exported Frozen Vegetables product to Japan market about 76% of the total sale which this dependence on Japan market at high portion would affect the company business from their economic slowdown. And/or change on the trade policy of such country.

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

Exchange rate

As the company has its value export about 82% of the total sale with all products sold in US Dollar currency, so the company may be affected due to stronger exchange rate, would make the company receive less baht value from less exchange rate.

The measurement to reduce risk in this case, the company has made a US exchange forward contract which can reduce moderate risk from foreign exchange rate in which the company will make forward sell

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

Quality products

Quality products that must free from chemical causes the company having risk in returning products from the customers if incapable to control the quality to free from chemical as agreed with the customers.

The standard measure of controlling quality products which is an impact incur from chemical residue, the company is available an inspection process strictly according to GMP standard in which the company has arranged detector for detecting chemical residue that having high efficient which presently the company available 2 detectors capable to detect the chemical residue more than 250 kinds whereas the company uses the chemical about 20 kinds.

Management

Board of Company comprise 7 directors represented main shareholders group which are of experience in agricultural business for a long time and 4 Independent Directors jointly formulate the policy to the Board of Executive, take care and control operation of the Board of Executive continuously and efficiency.

Board of Executive comprise 5 high rank executive team which each of person is of knowledgeable and competent in managing agricultural business excellently, having scatter an authority in management and decision appropriately inclusive meeting together to make decision in an important point.

Working of the Board of Executive and Board of Company are conducting under the policy of Good Corporate Governance, think of every group of stakeholders, transparency, checkable and in every meeting of Board of Company, the meeting has reported operation review and open a chance to every director for making inquiry at their wish, so risk in management of the company then is in a low level.

Financial

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

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

Investors

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

BUSINESS CHARACTER

(1) Change and development significant

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

Change of authority in controlling the company

None

Change of holding structure, management or conducting business in the passed 3 years

No any change.

Important incident in 2012

None

(2) To carry on business of the company.

The Company is a Manufacturer and Exporter of Frozen Vegetables which to be brought the agricultural products as raw materials to pass the processing methods then brings to keep at Cold Storage with temperature - 25 degrees Celsius.

The products of the company are Frozen Vegetables such as Soy Beans, Green Beans, Sweet Corns. Carrots, Baby Corns etc.

(3) Structure of Revenue

For Chiangmai Frozen Foods Public Company Limited

(In Thousand Baht)

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

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

Remark: Domestic sale, mostly from indirect export which is exported by Agrifood Processing Co., Ltd. (Subsidiary Company)

| Nature of Customers | Percentage | | |
|---------------------|----------------|-----------------|--------|
| | Oversea Market | Domestic Market | Total |
| Total sale value | 81.4 | 18.6 | 100.00 |

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

Subsidiary company

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

Structure of Income

(Unit: Thousand baht)

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

Business target

- Maintain the product quality always in standard.
- Always strive to produce the goods to meet consumer requirement.
- Seek the business expansion channel for maximum advantage to every shareholder.
- Fairly conduct business, not ruin an environment and promote of living together with good relationship between company and community.

3. To carry on business of each products

(1) Character of products or service

Products of the company are Frozen Vegetables which produce by passing a quality standard production process and have obtained various standard certification such as ISO 22000, HACCP, GMP.

Privileges or limitation in conducting business

Number of promotion certificates;

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

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

3rd Certificate No. 1397/1994

4th Certificate No. 1465/1999

5th Certificate No. 1545(3)/2004

| Particular | 1 st Certificate | 2 nd Certificate | 3 rd Certificate | 4 th Certificate | 5 th Certificate |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Plant number | 1 | 1 | 2 | 2 | 2 |
| Promotion certificate date | 12/12/1988 | 28/04/1993 | 7/07/1994 | 28/10/1999 | 6/07/2004 |
| Business capacity (tons / year) | 10,000 | 5,000 | 12,000 | 15,000 | 5,850 |
| Validity of promotion certificate (years) | 7 | 6 | 8 | 8 | 8 |
| Effective dates of promotion certificate | 1/02/1990 | 1/11/1994 | 3/03/1996 | 1/11/2001 | - |
| Expiry dates of promotion certificate | 1/02/1997 | 1/11/2000 | 3/03/2004 | 1/11/2009 | - |
| Granted investment promotion in the:- -Manufacture of Frozen Vegetables. -Cold storage service | yes | yes | yes | yes | yes |
| Type of business:- 1.3 Food manufacture or preservation 1.8 Food manufacture 1.17 Cold storage business | 1.3 | 1.8 | 1.8 | 1.8 | 1.17 |
| Exemption from company income tax | yes | yes | yes | yes | yes |
| Deduction of two times of transportation and electricity fee for 10 years as from income earning commencement | yes | yes | yes | yes | yes |
| After the expiry of promotion certificate, deduction of 50% income tax per year for 5 years | yes | yes | yes | yes | yes |

As an investment promoted company, the company is required to comply with the conditions and regulations as stipulated in the Investment Promotion Certification.

(2) Marketing and competition condition

Previous year marketing

In previous year, the company had total top sale 1,466 million baht increased from previous year 198 million baht or 15.6%. The Company had export value 1,193 million baht come to 81.4% and domestic sale 273 million baht come to 18.6%. The Company had export volume amount 26,000 metric tons increased from previous year 300 metric tons or 1.2%.

Marketing Tactics

The industrial of manufacturing frozen vegetables uses the modern technology. The products are able to retain for its color, nutrition value with taste like fresh one, no preservative added and also can keep for long, also comfortable and easy when to eat. This is a new line of industrial products which add a new choice for the consumers who are able to buy and eat all year.

Important of competitive tactics

1. Quality of products is up to standard, to be accepted by oversea customers
2. Regular delivery at time of need.
3. Products are free from chemical residue and preservative added.
4. Closely and continuously communicate and exchange information with the customers in order to repay the customer required more better and better.

Advantages

1. The company has very strong market base.
2. High rank executives of the company are entirely experienced with knowledge of trading in agricultural products for a decade
3. Main products of the company is the produces from agriculture of good quality, fresh and safety
4. The growing areas are of plentiful and able to grow throughout the year and few affect from natural peril such as wind storm, heavy rain and flood when compare with the competitor country like China and Taiwan.

Disadvantages

1. The delivery distant both inland and sea are farther when compare to the competitor in overseas which make the delivery cost higher.
2. Size of growing areas is mostly small and scatter in wide vicinity, control of growing areas and chemical usage are done harder when compare with the competitors in overseas.

Target customers

Most of the company consumers are the middle class up group and business group who need the goods in form of half-cooked, clean, healthy and easy consume.

Pricing policy

The Company has a policy to distribute the products at the price of capable to compete with the competitors both from domestic and overseas.

Distribution and distribution channels

Most all the company's products exported to the overseas through the distribution channels of:-

Overseas There are three channels:

1. Distribute through an importer and the representative such as Itochu Corporation and Nichirei Corporation by having sale portion through this channel approximate 54.0% of the total sale.
2. Distribute directly to the customers by having distribution portion through this channel approximate 27.4% of the total sale.

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

Domestic Direct distribution to the small customers approximate 1.3% of the total sale.

Nature of customers

Most customers of the company are importers, big traders, representative and small customers which are scatter the goods to Supermarkets, various retail shops and manufacturer in foods industry. Based on the good relationship maintained with the partners and customers, make the company will not lose any of its customers. On the contrary, the company has its progressive and continuously good performances since the commencement of its business in 1990. However, chance to lose an important customers of the company is still existing. Then the company has tried to penetrate more markets which presently, the company is able to export more products to other markets apart from Japan market that are U.S.A., Sweden, Denmark, Taiwan and China.

State of competition

Owing Thailand is a country of plentiful with available fresh vegetables eatable all year round, therefore, the main market of frozen vegetable business are oversea markets especially Japan market which is a market of high potential, need to consume frozen vegetables in large quantity because Japan customers prefer to consume in the form of half-cooked, fresh, clean, healthy and easy to eat. The Company is a main exporter of frozen vegetables of the country and many companies that are doing the same business but export portion are less than the company.

(3) Arrangement and services

Products of the company produce from raw materials bought from the farmers in project through the collector of raw materials, covering areas of 16 provinces of Northern region namely: Chiang Mai, Chiang Rai, Phare, Nan, Phayao, Lamphun, Mae Hong Son, Lampang, Phichit, Phetchabun, Kamphaeng Phet, Phitsanulok, Sukhothai, Tak Utaithani and Udtharadit, in which the company will arrange seeds, fertilizers and insecticides to the farmers for substitution and the company shall buy their produces under guarantee price. During

growing period, there will be the officer which is our agricultural promotion employee to provide knowledge and advice to the farmers for nursing, fertilizing and governance for using chemical in order to obtain quality of produces, safe for consumer and highest yield per rai. When the produces could harvest, the company would buy at guarantee price and deduct the cost of seeds, fertilizers and insecticides from buying price of the produces.

Production capacity, production volume and production value

| Particular | Unit | 2012 | 2011 | 2010 |
|---|-------------|-------------|-------------|-------------|
| Full production capacity of machinery | Metric tons | 42,000 | 42,000 | 42,000 |
| Actual production volume depend on season and raw material volume | Metric tons | 26,212 | 26,280 | 22,276 |
| Actual rate of usage capacity | % | 62.41 | 62.57 | 53.04 |
| Increase (decrease) rate of production volume | % | (0.26) | 17.97 | (18.23) |
| Increase (decrease) rate of production value | % | 5.76 | 13.13 | (2.98) |

Remark: There are three production shifts. Actual production, which depends on the volume of raw materials supplied to the factory, ranges from one to three shifts.

Buying portion of Raw Material :

Domestic: Approximate 200 collectors of raw material at 96%

Oversea : The Company imports raw material at 4%

Affects on environment

Wasted water that passed the process of the company may affect on environment. So the company takes to pass the system of reforming wasted water in order to meet the requirement of Department of Industrial Works before to let to the system of drain water. For the remainder of raw material from the process, the company will sell in the form of advantage to use as animal feed make no wasted things in this part to affect the environment.

In the past 3 years, the company effort to reduce environment impact to comply with laws carefully, then the company has no any dispute or to be accused concerning environment impact.

(4) Undelivered goods

Since the company produces the goods for selling all year and manage to deliver according to order regularly, so no any order that enable to deliver.

5. Assets for business operation

| Type of assets | Type of possession | Value (Million baht) | Burden |
|---|--------------------|----------------------|-----------------------------|
| Land of office building, No.149/32-34 Soi Anglo Plaza, Surawongse Road, Kwaeng Suriyawongse, Khet Bangrak, Bangkok 54.4 Square wahs | Owner | 25.6 | No encumbered with a charge |
| Land 1 st Plant No.92 Moo 3 Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai 15 rais 36.6 Square wahs | Owner | 3.1 | No encumbered with a charge |
| Land 2 nd Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 27 rais 3 ngan 98.9 Square wahs | Owner | 34.7 | No encumbered with a charge |
| Land 2 nd Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 15 rais 1 ngan 53.6 Square wahs | Owner | 7.2 | No encumbered with a charge |
| Land 2 nd Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 16 rais 108.2 Square wahs | Owner | 9.6 | No encumbered with a charge |
| Land 2 nd Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 6 rais 54.3 Square wahs | Owner | 3.2 | No encumbered with a charge |
| Land –New Cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai,Sansai,Chiangmai 8 rais 3 ngan 97 square wahs | Owner | 5.4 | No encumbered with a charge |
| Land at Amphur Bangragum,Phitsunulok Province 154 rais 30 square wahs | Owner | 15.4 | No encumbered with a charge |

| | | | |
|---|-------|------|-----------------------------|
| Office Building, 4 Floors, 3 Units No. 149/32-34 Soi Anglo Plaza, Surawongse Road, Bangrak, Bangkok | Owner | 5.9 | No encumbered with a charge |
| 1 st Plant Building No. 92 Moo 3 Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai | Owner | 27.2 | No encumbered with a charge |
| 2 nd Plant Building No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai | Owner | 50.3 | No encumbered with a charge |
| New cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai | Owner | 61.4 | No encumbered with a charge |
| Total machinery | Owner | 89.3 | No encumbered with a charge |

Future project

The Company always attempts to study various projects include the project that may be advantaged under an agreement frame of Asian Economic Cooperation (AEC).

6. Legal disputes

None

7. Capital structure

(1) Security of company

The Company's registered capital is 381,146,251 baht, paid up of 381,145,725 baht, divided into 381,145,725 common shares and each with par value of 1 baht.

(2) Shareholders as at December 31, 2012

| The first ten major shareholders | Amount of shares | Percentages |
|---|------------------|-------------|
| 1. Northern Agricultural Co., Ltd. | 66,755,700 | 17.51 |
| 2. Itochu Corporation | 50,440,665 | 13.23 |
| 3. Itochu (Thailand) Ltd. | 25,789,335 | 6.77 |
| 4. Nomura Securities Co., Ltd. | 19,057,313 | 5.00 |
| 5. Mr. Lan Mu Chiou + spouse | 18,030,830 | 4.73 |
| 6. Mr. Prapas Pholpipattanaphong + spouse | 16,066,200 | 4.22 |
| 7. Thai and VDR Co., Ltd. | 14,965,295 | 3.93 |
| 8. Miss Chang, Min - Fang | 8,837,730 | 2.32 |
| 9. Miss Ninjarat Saharattanachaiwong | 6,261,750 | 1.64 |

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

(3) Dividend payment policy

Normally, the company has a policy to pay dividend not less than 60% of net profit except in case there is a plan to expand investment, then will consider to pay dividend as financial appropriate.

Record of Dividend and Stock Dividend payments

| Year | Rate (Baht/share) | Amount of shares (Shares) | Date of closing register book for the right of dividend | Dividend payment dates |
|------|----------------------|---------------------------------|--|------------------------------|
| 2007 | 0.30 | 346,496,592 | May 13,2008 | May 30,2008 |
| 2008 | 0.40 | 346,496,592 | May 13-14,2009 | May 29,2009 |
| 2009 | 0.25 | 381,145,725 | Aug.28,31,2009 | Sep.11,2009 |
| 2009 | 0.25 | 381,145,725 | May 13-14,2010 | May 27,2010 |
| 2010 | 0.35 | 381,145,725 | May 12-13,2011 | May 27,2011 |
| 2011 | 0.14 | 381,145,725 | Mar.13-14,2012 | May 11,2012 |
| 2012 | 0.28 | 381,145,725 | Mar.13-14,2013 | May 10,2013 |

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

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

Rights and equality of shareholders

Board of Company have fully realized an important of shareholders by intending the shareholders to be treated equally on the process of good corporate governance. The Company then opens a chance for the shareholders to participate by presenting the subject that think its important to put in the agenda of Ordinary Shareholder Meeting and presenting person name of knowledgeable, competent and appropriate qualified for receiving consideration of electing as company director and enable to send the question concerning agenda of meeting to the Board of Director in advanced before meeting day and the company is still aware of the right of shareholders in receiving the company information with correct, sufficient, in time and equal to make decision in Shareholder Meeting. Therefore, in every Shareholder Meeting, the company will send a letter of convening meeting with document information for meeting that contains full details and sufficient inclusive Board of Company comments in every agenda toward securities registrar of the company in order to reach in hand of the shareholders before meeting 14 days as fixed by law and the shareholders are still able to study an information for meeting in advanced through website of the company at least 30 days before Shareholder Meeting day to open a chance to the shareholders having time to study such information in details. Besides, the company has still given facilities to the shareholders in participating the Shareholders Meeting by fixing day,

time and venue to reach convenient and having appropriate size for serving meeting attendant sufficiently and in case the shareholders are unable to attend the meeting by themselves then able to delegate other persons or Independent Director of either of their company to attend and cast a vote by proxy.

Shareholders' Meetings

Board of Company manage to have Shareholder Meeting as Annual Ordinary Meeting within 4 months from the date ended of accounting year of the company and have a policy to give facilities to every shareholder equally, open a chance for shareholders to inquire suspicion, propose an opinion and use the right to vote clearly and justice and manage minutes of a meeting completely and spread out minutes of a meeting toward the Securities and Stock Exchange of Thailand and report through website of the company within 14 days from date of Shareholder Meeting.

Basis and method of casting a vote in electing director are as follows:

1. One shareholder has a vote equal to one share/one vote.
2. Each shareholder must use all existing vote as 1 to elect one person or many persons as director but can't share the vote to anyone more or less.
3. A person which receives maximum vote respectively shall be elected as director equal to number of available director as it must be and must elect in that time. In case a person which is elected respectively by having equal vote exceed number of director that must have or must elect in that time, let the Chairman vote for arbitrating.

8. Management

(1) Structure of Management

Board of Company

| Names | Position | Type of director |
|-----------------------------------|-------------------|-------------------------|
| 1. Mr. Prayoon Pholpipattanaphong | Chairman | Executive director |
| 2. Mr. Prapas Pholpipattanaphong | Managing Director | Executive director |
| 3. Mr. Suwat Phongphasura | Director | Executive director |
| 4. Mr. Prayuth Pholpipatanaphong | Director | Executive director |
| 5. Mr. Ankoon Pholpipattanaphong | Director | Executive director |
| 6. Mr. Lan Mu Chiou | Director | Non-executive director |
| 7. Mr. Kenichi Tai | Director | Non-executive director |

| | | |
|---|----------|----------------------|
| 8. Mr. Santichai Suakanonth | Director | Independent director |
| 9. Mr. Amnuay Yossuck | Director | Independent director |
| 10. Mr. Ampon Ruayfupant | Director | Independent director |
| 11. Dr. Phusit Wonglorsaichon | Director | Independent director |
| By Mr. Ankoon Pholpipattanaphong as Secretary to the Board of Company | | |

Board of Audit Committee

| Names | Position | Type of director |
|---|-----------------|-------------------------|
| 1. Mr. Santichai Suakanonth | Chairman | Independent director |
| 2. Mr. Amnuay Yossuck | Director | Independent director |
| 3. Mr. Ampon Ruayfupant | Director | Independent director |
| Mr. Santichai Suakanonth – certified Public Account No. 422 is a person of knowledgeable in accounting and experience in auditing financial statements. | | |
| By Mr. Suphot Sutthiprapa as Secretary to the Board of Audit Committee | | |

Board of Executive Directors

| Names | Position | Type of director |
|--|-------------------|-------------------------|
| 1. Mr. Prayoon Pholpipattanaphong | Chairman | Executive director |
| 2. Mr. Prapas Pholpipattanaphong | Managing Director | Executive director |
| 3. Mr. Suwat Phongphasura | Director | Executive director |
| 4. Mr. Prayuth Pholpipattanaphong | Director | Executive director |
| 5. Mr. Ankoon Pholpipattanaphong | Director | Executive director |
| By Mr. Ankoon Pholpipattanaphong as Secretary to the Board of Executive Director | | |

Board of Nomination and Remuneration Committee

| Names | Position | Type of director |
|---|-----------------|-------------------------|
| 1. Mr. Amnuay Yossuck | Chairman | Independent director |
| 2. Mr. Santichai Suakanonth | Director | Independent director |
| 3. Mr. Ampon Ruayfupant | Director | Independent director |
| 4. Mr. Prapas Pholpipattanaphong | Director | Executive director |
| 5. Mr. Wanchandr Sivaboonyawongs | Director | Legal Advisor |
| By Mr. Wanchandr Sivaboonyawongs as Secretary to the Board of Nomination & Remuneration Committee | | |

Board of Corporate Governance Committee

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

Board of Risk Management Committee

| Names | Position | Type of director |
|--|-----------------|-------------------------|
| 1.Mr.Prapas Pholpipattanaphong | Chairman | Executive director |
| 2.Mr.Suwat Phongphasra | Director | Executive director |
| 3.Mr.Ankoon Pholpipattanaphong | Director | Executive director |
| 4.Mr.Prayuth Pholpipatanaphong | Director | Executive director |
| 5.Mr.Wanchandr Sivaboonyasongs | Director | Legal advisor |
| 6.Mr.Sakda Phimmuang | Director | Accounting manager |
| By Mr.Sakda Phimmuang as Secretary to the Board of Risk Management Committee | | |

Executive Officers and Manager

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

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

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

Biography of the Directors

1.Mr. Prayoon Pholpipattanaphong

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

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

2.Mr. Prapas Pholpipattanaphong

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

3.Mr. Suwat Phongphasura

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

4.Mr. Prayuth Pholpipatanaphong

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

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

5.Mr. Ankoon Pholpipattanaphong

| | |
|--|--|
| Type of director | Executive director (Asst. Managing Director, Secretary) |
| Age | 43 years |
| Education | Master of Business Administration- Colorado University Bachelor of Communication, Bangkok University |
| Director training program | DAP-12, UFS-10 |
| Experience | Director & Marketing Manager of Chiangmai Frozen Foods PCL., from Apr. 27, 2000-present Assis.Managing Director of Chiangmai Frozen Foods PCL., from Feb. 1, 2007-present Company's Secretary of Chiangmai Frozen Foods PCL., from Feb. 28, 2008-present |
| Positions in listed companies | None |
| Positions in non-listed companies | Director of Agrifood Processing Co., Ltd., from Jun. 6, 2003-present |
| Positions in rival companies / related companies | None |
| Meeting attendance in 2012 | Board of Director Meeting 6 / 6 times Board of Executive Director Meeting 2 / 2 times Board of Corporate Governance Meeting 1 / 1 time Board of Risk Management Meeting 1 / 1 time |
| No. of years on the board | 13 years |
| CM Shareholding on Dec. 31'2012 | Private 3,702,600 shares or 0.96% Spouse 181,500 shares or 0.05% Child 363,000 shares or 0.10% Total 4,247,100 shares or 1.11% |

6.Mr. Lan Mu Chiou

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

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

7.Mr. Kenichi Tai

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

8.Mr. Santichai Suakanonth

| | |
|--|---|
| Type of director | Independent director |
| Age | 79 years |
| Education | Bachelor of Commercial, Thammasat University Bachelor of Accounting, Thammasat University |
| Other qualification | Certified Public Accountant Registration No. 422 |
| Director training program | DAP-15, ACP13/2549 |
| Experience | Manager of Krungsriyudhya Bank, Pernchit Office (1993-1995) Independent Director-Chiangmai Frozen Foods PCL., from Nov. 20, 1992-present |
| Positions in listed companies | None |
| Positions in non-listed companies | None |
| Positions in rival companies / related companies | None |
| Meeting attendance in 2012 | Board of Director Meeting 6 / 6 times Board of Audit Committee Meeting 4 / 4 times |

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

9.Mr. Amnuay Yossuck

| | |
|--|---|
| Type of director | Independent director |
| Age | 76 years |
| Education | Master of Economic (Agriculture), Arisona University Bachelor of Economics, Thammasat University |
| Other qualification | Honorary Doctor, Cooperative Agricultural, Maejoe University |
| Director training program | DAP-15 |
| Experience | Deputy Minister, Ministry of Public Health(1981-1983) Deputy Minister, Ministry of Finance (1983-1985) Deputy Minister, Ministry of Commerce (1985-1986) Prime Minister Adviser (1988-1990) Deputy Minister, Ministry of Foreign Affairs (1985-1986) Independent Director-Chiangmai Frozen Foods PCL., from Mar. 12, 1993-present |
| Positions in listed companies | None |
| Positions in non-listed companies | Chairman of Board of Director of PiriyaPol International (1986-present) President of Mae Joe University Council (1999-present) |
| Positions in rival companies / related companies | None |
| Meeting attendance in 2012 | Board of Director Meeting 6 / 6 times Board of Audit Committee Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 1 / 1 time |
| No. of years on the board | 20 years |
| CM Shareholding on Dec. 31'2012 | 667,920 shares or 0.18% |

10.Mr. Ampon Ruayfupant

| | |
|--|---|
| Type of director | Independent director |
| Age | 44 years |
| Education | Master of Business-Finance, Cornell University Bachelor-Business Administration, Assumption University |
| Director training program | None |
| Experience | Risk Management Manager of GE Capital(1994-1996) Independent Director-Chiangmai Frozen Foods PCL., from Apr. 26, 2006-present |
| Positions in listed companies | None |
| Positions in non-listed companies | Executive director of Pilot Knit Sport Wear Co., Ltd. (2000-present) |
| Positions in rival companies / related companies | None |
| Meeting attendance in 2012 | Board of Director Meeting 6 / 6 times |

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

11. Dr. Phusit Wonglorsaichon

| | |
|--|--|
| Type of director | Independent director |
| Age | 42 years |
| Education | Ph.D - Business Administration Nova Southeastern University. Master of Business Administration (Honor) Indianapolis University. Bachelor - Material Science, Ceramics Chulalongkorn University |
| Director training program | None |
| Experience | Lecturer, University of the Thai Chamber of Commerce -start Jun. 1, 2005-present Director of D.B.A. (Management), University of the Thai Chamber of Commerce.-start Jul. 23, 2011-present Director of MBA Online (Management), University of the Thai Chamber of Commerce.-start Sep. 28, 2012-present Independent Director-Chiangmai Frozen Foods PCL., from Apr. 30, 2010-present |
| Positions in listed companies | None |
| Positions in non-listed companies | None |
| Positions in rival companies / related companies | None |
| Meeting attendance in 2012 | Board of Director Meeting 6 / 6 times Board of Corporate Governance 1 / 1 time |
| No. of years on the board | 3 years |
| CM Shareholding on Dec. 31'2012 | None |

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

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

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

Limit of duty authority of Board of Company

1. Board of Company have an authority according to the regulation of the company which include supervision and management the company in accordance with laws, objective, regulation and resolution at the shareholder meeting.
2. To formulate visibility, direction and tactics of the company.
3. To give approval for important tactics and policy including objective, financial target and company plan also follow up, supervise to have practice as planned.
4. To manage having account system, financial report and auditing inclusive supervise for having an internal control system and internal audit to be efficiently and effective.
5. To investigate supervising and manage to amend problem of conflicts on benefits that may arise inclusive related subject.
6. To formulate risk management line and supervise executive for having system or efficiently process in risk management.
7. To supervise in having system or mechanism of paying suitable remuneration to the high rank of executive to create inducement power both in short-run and long-run.
8. To supervise for having appropriately channel of communicate with each group of shareholder and stakeholder of the company appropriately.
9. Allow to have disclosure of correct information, clear, transparent, reliably and high standard.
10. To be a leader and good example in practice.

Balance of power for Non-executive Directors

Board of Company consist of 11 Directors as follows:

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

The Chairman of the company though is having blood relations with Managing Director but having a view in freely operation. Also Board of Company structure consist of directors represented from two main shareholders group which would incur balance of power and 4 Independent Directors can freely verify and upright. Therefore it convinces that the Chairman and Managing Director have served their duty extremely in the capacity as representative of shareholders and having appropriate balance of power.

Aggregation or segregation of positions

The Chairman and Managing Director are not the same person so as to make the role separated clearly.

Board of Directors' Meeting

1. The Company formulates advance table of the Board of Director Meeting yearly by formulating to have a regular meeting at least one time/quarter and each director acknowledges of it.
2. The Chairman and Managing Director joint in consideration for agenda meeting.
3. To manage in sending invitation letter for meeting, agenda of a meeting and document for meeting to the directors in advanced at least 7 days before meeting enable to have time for considering information sufficiently.
4. To formulate in having the directors attend the meeting with quorum when having considered to resolve in important matters such as list of obtained or distributed assets of the company and subsidiary company that affect to the company, expansion of investment project, formulate work level of executive power, formulate financial management policy and risk management above all.
5. In the meeting, if any director who is a stakeholder in the considering agenda, must depart from the meeting before begin considering in that agenda.

6. Every director has a right to present the subject to the agenda of a meeting, examine document for meeting and other important documents. If any doubt, other directors and management must operate for answering that doubt.
7. Company Secretary or one who has assigned must manage minutes of the Board of Director Meeting completely within time formulated by the laws.

Board of Sub-Committees

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

Board of Executive Directors

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

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

“Mr. Prayoon Pholpipattanaphong, Chairman or Mr. Prapas Pholpipattanaphong, Managing Director or Mr. Suwat Phongphasura gives signature and stamp of the company”

Board of Audit Committee

Established on August 28, 1998 with holding term each time 3 years, consist of 3 directors which are all Independent Directors and one Independent Director namely: Mr. Santichai Suakanonth is knowledgeable in accounting and financial which names are as follows:

1. Mr. Santichai Suakanonth Chairman
2. Mr. Amnuay Yossuck Audit Committee

3. Mr. Ampon Ruayfupant Audit Committee

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

Audit Committee hold regular meeting. In the year 2011, they held total 4 times meeting and reported to the Board of Company. Audit Committees have a duty to consider and proceed as follows:

1. To verify report of company financial before propose to the Board of Director.
2. To provide advice concerning appointing and fixing remuneration of company auditor to join together with auditor concerning objectives, limit, guide line and inspection plan including problem find during inspection and the point that auditor thinks it has important essence.
3. To join together with company interior audit concerning objectives and inspection planning, an assessment effective of internal control system of the company and adequacy of resources that use in internal inspection include report of inspection result and problem find during inspection.
4. To provide consultation and consider reviewing inspection result and proposal both independent auditor and internal audit section include follow up the operation of management to such proposal in order to propose to the Board of Company for acknowledgement.
5. To governance in having acted according to the law and provision of the section that governance the company.
6. To governance in having important risk management of the company.

Board of Nomination & Remuneration Committee

Established on August 13, 2009 with holding term each time 3 years. There are 5 Directors, consist of 3 Independent Directors, 1 Executive Director and 1 Legal Advisor in which Independent Director performs duty as Chairman, having an authority to select appropriate qualified person to be director as provision of the company and qualified as the provision of Securities and Stock Exchange of Thailand and Securities and Exchange Commission to present toward Board of Company to consider for approval and present to the Shareholder Meeting for appointing and have an authority to consider the style and basis of paying remuneration of directors to recommend an opinion toward Board of Company and Board of Company will present in the Shareholder Meeting for approval.

Board of Corporate Governance Committee

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

Board of Risk Management Committee

The company manages to have Board of Risk Management Committee comprise 4 Executive Directors, 1 Executive and 1 Legal Adviser to consider formulating the policy and system of risk management, follow up result in risk management from the process of pointing out, analyze, management assess, follow up and report in system inclusive to provide supporting by managing to have advisory of risk management process to various internal sections through follow up to have continuously and regularly practice to the whole company.

Meeting attendance of each director concludes as follows:

| Name list | Period of rank hold | Attending meeting / total meeting (times) | | |
|----------------------------------|---------------------|---|-----------------|-------|
| | | Normal meeting | Special meeting | Total |
| 1.Mr. Prayoon Pholpipattanaphong | 3 years | 6 / 6 | - | 6 / 6 |
| 2.Mr. Prapas Pholpipattanaphong | 3 years | 6 / 6 | - | 6 / 6 |
| 3.Mr. Suwat Phongphasura | 3 years | 6 / 6 | - | 6 / 6 |
| 4.Mr. Prayuth Pholpipatanaphong | 3 years | 6 / 6 | - | 6 / 6 |
| 5.Mr. Ankoon Pholpipattanaphong | 3 years | 6 / 6 | - | 6 / 6 |
| 6.Mr. Lan Mu Chiou | 3 years | 4 / 6 | - | 4 / 6 |

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

Meeting attendance of each sub-committee concludes as follows:

| Name list | Board of Executive Directors | Board of Audit Committee | Board of Nomination & Remuneration Committee | Board of Corporate Governance Committee | Board of Risk Management Committee |
|----------------------------------|------------------------------|--------------------------|--|---|------------------------------------|
| 1.Mr. Prayoon Pholpipattanaphong | 2 / 2 | | | | |
| 2.Mr. Prapas Pholpipattanaphong | 2 / 2 | | 1 / 1 | | 1 / 1 |
| 3.Mr. Suwat Phongphasura | 2 / 2 | | | | 1 / 1 |
| 4.Mr. Prayuth Pholpipattanaphong | 2 / 2 | | | 1 / 1 | 1 / 1 |
| 5.Mr. Ankoon Pholpipattanaphong | 2 / 2 | | | 1 / 1 | 1 / 1 |
| 6.Mr. Santichai Suakanonth | | 4 / 4 | 1 / 1 | | |
| 7.Mr. Amnuay Yossuck | | 4 / 4 | 1 / 1 | | |
| 8.Mr. Ampon Ruayfupant | | 4 / 4 | 1 / 1 | 1 / 1 | |
| 9.Dr. Phusit Wonglorsaichon | | | | 1 / 1 | |
| 10.Mr.Wanchandr Sibaboonyawongse | | | 1 / 1 | | 1 / 1 |
| 11.Mr. Sakda Phimmuang | | | | 1 / 1 | 1 / 1 |

Board of Company's Report

Board of Company are responsible for Financial Statements and Consolidated Financial Statements of the Company and Subsidiary Company and financial news that appears in Annual Report. Such Financial Statements have managed as per general certified standard account in Thailand by choosing to use an appropriate account policy and keep practiced regularly. The Company has used discretion carefully and best estimate in managing Financial Statements including disclose important information sufficiently in note to Financial Statements.

Board of Company have managed to maintain Internal Control System with effective to incur conviction reasonably that information in accounting is correct, having usage of company assets with efficiently and able to know the weak point to prevent from dishonest or abnormal proceeding.

In this circumstances, Board of Company have appointed Board of Audit Committee which consist of Independent Directors whose

responsible concerning quality of Financial Statements subject and to review an adequacy of internal inspection system. Report of the Board of Audit Committee have already shown in Annual Report.

(2) Selection of Directors and Executives

Board of Nomination and Remuneration Committee perform duty in selecting appropriate qualified person to be director as provision of the company to present toward Board of Company to consider giving approval and present to the Shareholder Meeting to resolve in electing.

Portion of the directors representing the shareholder of each group 5 Thais : 2 Foreigners (except Independent Directors) due to group of Pholpipattanaphong family, Taiwan group and Japan group held the shares total exceed 60%, so nomination of company directors can't be done if without receive consent from such shareholder group.

In the Shareholder Meeting must have shareholders and proxy from shareholders (if any) to attend meeting not less than 25 persons and must hold the shares total not less than one third of 381,145,725 shares to be as quorum.

Each shareholder has to use all their vote to elect one person or many persons as director but can't share the vote to either of them more or less.

To nominate director must receive approval from the Shareholder Meeting. The person who gets highest vote respectively will be elected as director according to the number of available directors or election that time. In case of the elected respective person who has equal vote exceed quota, final vote will be made by Chairman for arbitration.

The Company formulates to have the descent plan of high rank executives to maintain conviction with the investors and officers that the operation of the company would receive continuation in proper time.

Self-assessment of Board of Company

Board of Company have performed its duty completely and have realized fully to the effective improvement on more and more performance continuously by having self-assessment of Board of Company which is an assessment yearly and for an annual assessment of 2011 which concludes that performance effective of Board of Company are in good basis.

(3) Remuneration for Directors and Executives

The Company has fixed clearly and transparently the remuneration for Directors and Executives in the appropriate basis to uphold as Directors and Executives with required qualification. The Directors that assigned as Audit Committee will receive additional remuneration according to the volume of work.

Remuneration amount: In the year 2011, the company has paid various remuneration to the Directors and Executives as following details:

Remuneration in value

Directors

(Unit : Baht)

| Names | Position | 2012 | 2011 |
|----------------------------------|----------------------|-----------|-----------|
| 1.Mr. Prayoon Pholpipattanaphong | Chairman | 400,000 | 400,000 |
| 2.Mr. Prapas Pholpipattanaphong | Managing Director | 400,000 | 400,000 |
| 3.Mr. Suwat Phongphasura | Executive Director | 400,000 | 400,000 |
| 4.Mr. Prayuth Pholpipattanaphong | Executive Director | 400,000 | 400,000 |
| 5.Mr. Ankoon Pholpipattanaphong | Executive Director | 400,000 | 400,000 |
| 6.Mr. Lan Mu Chiou | Director | 400,000 | 400,000 |
| 7.Mr. Kenichi Tai | Director | 400,000 | 400,000 |
| 8.Mr. Santichai Suakanonth | Independent Director | 400,000 | 400,000 |
| 9.Mr. Amnuay Yossuck | Independent Director | 400,000 | 400,000 |
| 10.Mr. Ampon Ruayfupant | Independent Director | 400,000 | 400,000 |
| 11.Dr. Phusit Wonglorsaichon | Independent Director | 400,000 | 400,000 |
| Total | | 4,400,000 | 4,400,000 |

Audit Committee

(Unit : Baht)

| Names | Position | 2012 | 2011 |
|----------------------------|----------|---------|---------|
| 1.Mr. Santichai Suakanonth | Chairman | 480,000 | 480,000 |
| 2.Mr. Amnuay Yossuck | Director | 240,000 | 240,000 |
| 3.Mr. Ampon Ruayfupant | Director | 240,000 | 240,000 |
| Total | | 960,000 | 960,000 |

Executive Directors and Executives

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

Other remuneration not in value

- Director: none
- Executive Directors and Executives: Provident fund 3% of payroll, office car.

Audit fees

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

(4) Policy on Corporate Governance

Board of Company have realized the important of Good Corporate Governance for clearness, to add limit of ability in work racing and add confident to the Shareholders, investors and every concerned, then have formulated the operation policy for cooperating governance by covering the following keystones:

1. The Company will serve the shareholders and stakeholders in equal manner with justice for everyone.
2. Board of Company are intended to build up lasting growth of the company in long-run, to execute the company activity with careful and caution under regulation frame of law and business morality. All this Board of Company will perform duty with full capability in order to produce maximum advantage toward the shareholders, and other stakeholders, also take care of not having conflict on interest arises and responsible toward decision and self-performance.

3. The Company will operate with transparency, able to check and disclose sufficiently information to every party concern.
4. The Company will conduct the business with always thinking of risk and will execute risk appropriately.
5. The Company has formulated an important policy that will be the operation direction of the company in advance every year. Board of Company will pay an important toward internal control and inspection system by governance executive section to proceed as efficiency policy.
6. The Company has managed business morality to let directors, executives and every officer practice.

Leadership and Vision

Board of Company have participated in formulating Policy of Corporate Governance, visibility, mission, tactics, objective and business plan of the company, also governance the management to operate as per formulated business plan efficiently and effectively as to add maximum value in economic to the business and maximum security to the Shareholders.

Conflict on interest

Board of Company have executed carefully and cautiously to prevent conflict on interest when incur any matter that may cause conflict on interest. Board of Audit Committee will learn about the subject that get conflict on interest and related subject and have considered the suitability thoroughly every time by formulating to have practice according to the basis of Securities of Stock Exchange in which prices and conditions as if doing subject with outsiders and disclose details, subject value, partnership, reason/necessity in the annual report and type 56-1 also have disclosed in notes to Financial Statements heading, general information and account with related person.

Various groups of stakeholders

Board of Company acknowledged and aware of the right of concerned stakeholders and have a policy to support in incurring a cooperation between the company with stakeholders in creating advantage among themselves and take care firmly that all stakeholders have received well protected and served by paying important toward the right of every group of stakeholder such as officers, customers, co-partners, competitors,

shareholders and whole society with formulate a practical line for directors, executives and officers clearly in business morality inclusive provide a channel that stakeholders will claim to the company in case not receive justice from the performance of the company whether by directors, executives or officers of the company.

Business Morality

Board of Company have permitted discipline of business morality to promote the directors, executives and every rank of officers to hold in practice regularly as usual which the directors, executives and every officers have signed for document concerning such discipline and confirmed in practice which regards as practical standard frame of the company, also all Board of Company have assigned one who responsible to follow up result of practice continuously and always revise such discipline appropriately.

Corporate Governance

Board of Company Director have an intently to build up the process of Good Corporate Governance that standardizes and allow scatter the practice to every rank of the officers of the whole company to create real culture of Good Corporate Governance, so wish the directors, executives and every officer to hold in practice according to the policy of Good Corporate Governance 2nd revise edition which has received permission to modify from the Board of Company Meeting no. 1/2013 dated February 26, 2013 (policy of Good Corporate Governance obtained first permission from the Board of Company Meeting no. 1/2004 Dated March 25, 2004).

Company secretary

The Company manages to have company secretary to perform duty of governance activity of the Board of Company inclusive to cooperate in the following various matters:

1. To give primary advice to the directors concerning provision, rule, discipline and various regulations of the company and follow up to act properly and regularly inclusive alteration report of important point to the directors.
2. To manage shareholder meeting and Board of Director Meeting in accordance with laws, regulation of the company and various practices.

3. To record the proceedings of Shareholder Meeting and Board of Company Meeting inclusive follow up to act as resolution at the Shareholder Meeting and resolution at the Board of Company.
4. To governance in having disclose information and report news in responsible part in accordance with discipline and provision of Securities and Stock Exchange of Thailand and Securities and Exchange Commission.
5. To contact and communicate with General Shareholders to learn about various right and information of the company.
6. To governance activity of the Board of Company.

Society and Environments

The Company is fully aware of the responsibility toward society and environment by holding the principle of “use human to create work and use work to create human”.

In the year 2012, the company proceeded various projects for society and environments as follows:

- 5 office steps activity
- Muanjai New Year activity
- Sports relationship activity
- Giving food alms to bonzes every on 9th activity
- National Father Day activity
- National Mother Day activity
- Scholarship support activity
- National Children’s day
- National Labor Day activity
- To do merit by offering gift made to bonzes activity
- Big cleaning Day Activity
- To pour scented water on the head of seniority Activity
- Week of energy preservation to coordinate with safety activity
- Sell merchandise on cheap price activity
- Blood donation Activity
- Pha Pa Samukkee – Recycle rubbish Activity

Relations with investors

Board of Company realize that company information both concern and not concern with financial are entirely effected to the decision

of investor and stakeholders of the company. Board of Company then have a policy to let the executives section disclosing complete information to correspond with truth, reliable, regular and in time which the company has paid an important and kept throughout practicing. With regard to work in investment relation, the company has not set up this section owing such activity is not much but has assigned **Mr. Ankoon Pholpipattanaphong - Company Secretary** to contact and communicate with institution investors, shareholders, analyst and state concerned which the investors can see the company information at Website : <http://www.cmfrozen.com> or contact at phone : (662) 238-4091 or at E-mail address : info@cmfrozen.com

(5) Usage control of inner information

The Company has a policy and method of governing the executives in taking the company information to use for personal interest as follows:

1. Provide knowledge to the directors including executives concerning the duty that must report of self-holding securities, married couple and child of un-attain majority and lesson of penalty formulation according to Royal Act of Securities and Stock Exchange of 1992 and according to the provision of Securities and Stock Exchange of Thailand.
2. Formulate the executives to report changing of holding securities toward Securities and Exchange Commission as clause 59 of Royal Act of Securities and Stock Exchange of 1992 and manage to dispatch this copy report to the company in the same day of dispatching report toward Securities and Exchange Commission.
3. The executives are prohibited to use internal information that not yet disclosed for making buying-selling of company securities before that information would disclose to the public and are prohibited to disclose the information that are important essence to the outsider with is regarded as one of the rule concerning with the working of the company as well.

(6) Personnel

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

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

- The remuneration of the employees amount 281,843,317.- baht comprises salary, wages, remuneration, bonus, overtime, diligent cowries, hospital charge, cost of insurance group, cost of living, provident fund 3% of salary.

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

9. Controlling system and Internal Audit

The Company pays an important on internal control system with efficiently both in executive level and practical level, then has formulated duty, operation power of proceeding and executives in writing, having control usage of company assets to incur advantage and available development of good internal control system in regard to financial and accounting include effective report system.

The Company has an internal inspection section which are appointed by Board of Executive Director with an approval of Board of Audit Committee to perform inspection duty to ensure that the main practical and important financial activity of the company have proceeded as estimated way with efficiently inclusive inspection practice as laws and provision of the company as per work chains.

Risk Management

Board of Company are aware of the important risk management and see that such process is one of the most important component of good corporate governance. So it manages to have risk management process which is standard system and more efficiently by assigning the Board of

Risk Management Committee to formulate the policy, objectives, tactics in risk management and risk level that the company acceptable inclusive notify these matters to everyone in association to acknowledge for aware an important and is to make culture in risk management to incur in every rank of the company enabling to bring for continuously practice to overtake changed situation for being as practice on background of risk management inclusive take care of having formulate to follow up method of risk management result appropriately owing it is an important final step that effect toward success of risk management and formulate for reporting to the Board of Company.

10. Interrelated transactions

Conflict of interests

Board of Company have executed carefully and cautiously to prevent conflict on benefit when any matter that may cause conflict on benefit. Board of Audit Committee will learn about the subject that get conflict on benefit and related subject and have considered the suitability cautiously every time by formulating to have practiced according to the basis of Securities and Stock Exchange of Thailand in which prices and conditions are as if doing subject with outsider and have already disclosed details, subject value, partnership, reason/necessity in the annual report and type 56-1 also have disclosed in notes to Financial Statements heading : general information and account with related person.

The Company has a policy to fix the selling price of the products to the related company as trade agreement in the same manner with sages should do with general partners under same circumstances.

The necessity of listing among themselves, owing the company established from business cooperation between investor Thai, Taiwan and Japan to Manufacture and Export Frozen Vegetables to Japan. Also Japan and Taiwan investors have their own customer bases make the company has an advantage that able to produce goods by having their market served. There the company uses their customer bases as good export base. Meanwhile, the company has tried to look for further new customers. For domestic sale, the company has sold through P.P. Foods Supply Co., Ltd., which the executive has a good relationship with main shareholder of the company. With reason that Thailand is the land with plenty of fresh vegetables in season, able to buy throughout the year with cheap price

cause popularity of frozen vegetables in domestic declined and the important is that price is expensive, also very few customers in Thailand, so the company is necessary to distribute through such company to have more channels of distributing and to release the products that cannot export. However, the company is in position to accept every new customer which intends to sell our product by fixing the sale price as per market same with everyone.

For the step of making list among themselves will be in accordance with the business mechanic in all respects both in fixing the price, provide discount and credit by the authorized officer who responsible directly with an approval of the executives. For the shareholders who have common interest, take no part in such approval. However, to fix the price, provide discount and credit shall be in accordance with the market mechanic which the company has treated in the same way with every customer of the company.

In future this making list among themselves shall have to continue further with thinking of the company maximum advantage that the company would receive as main.

Itochu Corporation

Itochu Corporation does a buying and selling business in Japan. Itochu is a major shareholder of the company which holds 13.23% of the company's shares. It is represented by Mr. Kenichi Tai as a director of the company. Itochu's sales value in 2012 was 110.2 million baht or 7.5% of the total sale.

Ing Shiang Co.,Ltd.

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

Agrifood Processing Co., Ltd. (Subsidiary)

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

11. Financial Status and Operation Performance

1) Financial Statements

A. Report of the Independent Auditor

- Miss Nongram Laoha-areedilok, C.P.A.(Thailand) No.4334
- Opinion in the Auditor's report of the past three years is unconditional
- Important accounting policies

Basic for Consolidated Financial Statements and Separate Financial Statements Preparation

The consolidated and the Separate Financial Statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act, B.E.2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act, B.E.2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The preparation of Financial Statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Financial Statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

The consolidated Financial Statements include the Financial Statements of Chiangmai Frozen Foods Public Company Limited and its Subsidiary, Agrifood Processing Company Limited, with the holding of 100% of authorized share.

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

The significant transactions between the Company and its subsidiary have been eliminated in the consolidated Financial Statements.

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

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 so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the assets.

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

Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

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

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

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

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 | | | | | |
|-----------------------------------|-------------------------------|--------------|------------------|--------------|------------------|--------------|
| | 2012 | % | 2011 | % | 2010 | % |
| Current Assets | | | | | | |
| Cash and cash equivalents | 327,082 | 23.1 | 242,783 | 19.3 | 159,539 | 11.9 |
| Short-term investments | 200,000 | 14.1 | 150,000 | 12.0 | 300,000 | 22.3 |
| Trade and other receivables | 64,578 | 4.6 | 58,040 | 4.6 | 58,511 | 4.4 |
| Inventories-net | 356,818 | 25.3 | 336,257 | 26.8 | 309,958 | 23.0 |
| Accounts receivable-planters-net | 49,733 | 3.5 | 28,822 | 2.3 | 36,184 | 2.7 |
| Other current assets | 2,603 | 0.2 | 2,427 | 0.2 | 3,420 | 0.2 |
| Total Current Assets | 1,000,814 | 70.8 | 818,329 | 65.2 | 867,612 | 64.5 |
| Investments in subsidiary | 23,354 | 1.7 | 23,354 | 1.9 | 23,354 | 1.7 |
| Property, plant and equipment-net | 380,464 | 26.9 | 406,033 | 32.3 | 448,218 | 33.4 |
| Computer software-net | 4,579 | 0.3 | 2,977 | 0.2 | 2,799 | 0.2 |
| Other non-current assets | 4,204 | 0.3 | 5,053 | 0.4 | 3,204 | 0.2 |
| TOTAL ASSETS | 1,413,415 | 100.0 | 1,255,746 | 100.0 | 1,345,187 | 100.0 |

(Unit: Thousand baht)

| LIABILITIES AND SHAREHOLDERS' EQUITY | Separate Financial Statements | | | | | |
|--|--------------------------------------|--------------|------------------|--------------|------------------|--------------|
| | 2012 | % | 2011 | % | 2010 | % |
| Current Liabilities | | | | | | |
| Trade and other payables | 91,601 | 6.5 | 68,303 | 5.5 | 82,717 | 6.1 |
| Accrued income tax | 16,617 | 1.2 | 3,896 | 0.3 | 1,376 | 0.1 |
| Other current liabilities | 2,767 | 0.2 | 2,609 | 0.2 | 2,373 | 0.2 |
| Total Current Liabilities | 110,985 | 7.9 | 74,808 | 6.0 | 86,466 | 6.4 |
| Employee benefit obligations | 28,169 | 2.0 | 24,899 | 2.0 | - | - |
| Total Liabilities | 139,154 | 9.9 | 99,707 | 8.0 | 86,466 | 6.4 |
| Shareholders' Equity | | | | | | |
| Share capital - Baht 1 par value Authorized shares 381,146,251 common shares in 2010, 2011 and 2012 Issued and paid-up Shares 381,146,251 in 2010, 2011 and 2012 | 381,146 | 27.0 | 381,146 | 30.3 | 381,146 | 28.3 |
| Premium on share capital | 68,000 | 4.8 | 68,000 | 5.4 | 68,000 | 5.1 |
| Retained earnings | | | | | | |
| -Appropriated for legal reserve | 38,115 | 2.7 | 38,115 | 3.0 | 38,115 | 2.8 |
| -Un appropriated | 787,000 | 55.6 | 668,778 | 53.3 | 771,460 | 57.4 |
| Total Shareholders' Equity | 1,274,261 | 90.1 | 1,156,039 | 92.0 | 1,258,721 | 93.6 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,413,415 | 100.0 | 1,255,746 | 100.0 | 1,345,187 | 100.0 |

Statements of Financial Position

(Unit: Thousand baht)

| ASSETS | Consolidated Financial Statements | | | | | |
|-------------------------------------|--|--------------|------------------|--------------|------------------|--------------|
| | 2012 | % | 2011 | % | 2010 | % |
| Current Assets | | | | | | |
| Cash and cash equivalents | 354,251 | 24.7 | 261,772 | 20.5 | 180,544 | 13.3 |
| Short-term investments | 205,600 | 14.3 | 155,600 | 12.2 | 305,563 | 22.5 |
| Trade and other receivables | 60,672 | 4.2 | 58,593 | 4.6 | 52,919 | 3.9 |
| Inventories-net | 356,258 | 24.9 | 336,258 | 26.4 | 309,959 | 22.8 |
| Accounts receivable-planters-net | 49,733 | 3.5 | 28,822 | 2.3 | 36,184 | 2.7 |
| Others current assets | 2,657 | 0.2 | 2,513 | 0.2 | 3,456 | 0.2 |
| Total Current Assets | 1,029,731 | 71.8 | 843,558 | 66.2 | 888,625 | 65.4 |
| Fixed deposit pledged as collateral | 14,942 | 1.0 | 14,672 | 1.2 | 14,492 | 1.1 |
| Property, plant and equipment-net | 381,281 | 26.6 | 407,199 | 32.0 | 449,709 | 33.1 |
| Computer software-net | 4,579 | 0.3 | 2,977 | 0.2 | 2,799 | 0.2 |
| Other non-current assets | 4,205 | 0.3 | 5,054 | 0.4 | 3,205 | 0.2 |
| TOTAL ASSETS | 1,434,738 | 100.0 | 1,273,460 | 100.0 | 1,358,830 | 100.0 |

(Unit: Thousand baht)

| LIABILITIES AND SHAREHOLDERS' EQUITY | Consolidated Financial Statements | | | | | |
|--|--|--------------|------------------|--------------|------------------|--------------|
| | 2012 | % | 2011 | % | 2010 | % |
| Current Liabilities | | | | | | |
| Trade and other payables | 93,435 | 6.6 | 69,411 | 5.4 | 84,072 | 6.2 |
| Accrued income tax | 17,237 | 1.2 | 4,802 | 0.4 | 1,376 | 0.1 |
| Other current liabilities | 2,827 | 0.2 | 2,734 | 0.2 | 2,412 | 0.2 |
| Total Current Liabilities | 113,499 | 8.0 | 76,947 | 6.0 | 87,860 | 6.5 |
| Employee benefit obligations | 29,588 | 2.0 | 26,241 | 2.1 | - | - |
| Total Liabilities | 143,087 | 10.0 | 103,188 | 8.1 | 87,860 | 6.5 |
| Shareholders' Equity | | | | | | |
| Share capital - Baht 1 par value Authorized shares 381,146,251 common shares in 2010, 2011 and 2012 Issued and paid-up Shares 381,146,251 in 2010, 2011 and 2012 | 381,146 | 26.6 | 381,146 | 29.9 | 381,146 | 28.0 |
| Premium on share capital | 68,000 | 4.7 | 68,000 | 5.4 | 68,000 | 5.0 |
| Retained earnings | | | | | | |
| -Appropriated for legal reserve | 38,115 | 2.7 | 38,115 | 3.0 | 38,115 | 2.8 |
| -Un appropriated | 804,390 | 56.0 | 683,011 | 53.6 | 783,709 | 57.7 |
| Total Shareholders' Equity | 1,291,651 | 90.0 | 1,170,272 | 91.9 | 1,270,970 | 93.5 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,434,738 | 100.0 | 1,273,460 | 100.0 | 1,358,830 | 100.0 |

Statements of Comprehensive Income

(Unit: Thousand baht)

| Particular | Separate Financial Statements | | | | | |
|---|-------------------------------|-------------|----------------|-------------|----------------|-------------|
| | 2012 | % | 2011 | % | 2010 | % |
| Revenues from sales | 1,466,095 | 100.0 | 1,267,970 | 100.0 | 1,349,072 | 100.0 |
| Cost of sales | (1,108,121) | (75.6) | (1,048,132) | (82.7) | (1,027,217) | (76.1) |
| Gross profit | 357,974 | 24.4 | 219,838 | 17.3 | 321,855 | 23.9 |
| Gain on exchange rate | 8,410 | 0.6 | 11,133 | 0.9 | 29,645 | 2.2 |
| Other income | 17,813 | 1.2 | 11,793 | 0.9 | 9,796 | 0.7 |
| Profit before expenses | 384,197 | 26.2 | 242,764 | 19.1 | 361,296 | 26.8 |
| Selling expenses | (93,907) | (6.4) | (103,576) | (8.2) | (110,965) | (8.2) |
| Administrative expenses | (86,033) | (5.9) | (82,634) | (6.5) | (89,164) | (6.7) |
| Profit before income tax | 204,257 | 13.9 | 56,554 | 4.4 | 161,167 | 11.9 |
| Income tax | (32,676) | (2.2) | (4,012) | (0.3) | (1,443) | (0.1) |
| Total comprehensive income for the year | 171,581 | 11.7 | 52,542 | 4.1 | 159,724 | 11.8 |
| Earnings per share | 0.45 | | 0.14 | | 0.42 | |
| Net profit attributable to: Equity holders of the parent | 171,581 | | 52,542 | | 159,724 | |
| Un-appropriated retained earnings | | | | | | |
| Beginning balance | 668,778 | | 771,460 | | 707,021 | |
| Appropriated for -Dividend paid | (53,360) | | (133,399) | | (95,285) | |
| -Stock Dividend | - | | - | | - | |
| Employee benefit obligations | - | | (21,825) | | - | |
| -Legal reserve | - | | - | | - | |
| Ending balance | 786,999 | | 668,778 | | 771,460 | |

Statements of Comprehensive Income

(Unit: Thousand baht)

| Particular | Consolidated Financial Statements | | | | | |
|---|-----------------------------------|-------------|----------------|-------------|----------------|-------------|
| | 2012 | % | 2011 | % | 2010 | % |
| Revenues from sales | 1,491,529 | 100.0 | 1,293,386 | 100.0 | 1,367,578 | 100.0 |
| Cost of sales | (1,110,786) | (74.5) | (1,049,127) | (81.1) | (1,028,859) | (75.2) |
| Gross profit | 380,743 | 25.5 | 244,259 | 18.9 | 338,719 | 24.8 |
| Gain on exchange rate | 11,596 | 0.8 | 12,782 | 1.0 | 33,429 | 2.4 |
| Other income | 17,738 | 1.2 | 11,604 | 0.9 | 9,867 | 0.7 |
| Profit before expenses | 410,077 | 27.5 | 268,645 | 20.8 | 382,015 | 27.9 |
| Selling expenses | (110,222) | (7.4) | (120,368) | (9.3) | (128,365) | (9.4) |
| Administrative expenses | (91,422) | (6.1) | (87,559) | (6.8) | (94,019) | (6.8) |
| Profit before income tax | 208,433 | 14.0 | 60,718 | 4.7 | 159,631 | 11.7 |
| Income tax | (33,695) | (2.3) | (4,922) | (0.4) | (1,443) | (0.1) |
| Total comprehensive income for the year | 174,738 | 11.7 | 55,796 | 4.3 | 158,188 | 11.6 |
| Earnings per share | 0.46 | | 0.15 | | 0.42 | |
| Net profit attributable to: Equity holders of the parent | 174,738 | | 55,796 | | 158,188 | |
| Un-appropriated retained earnings | | | | | | |
| Beginning balance | 683,011 | | 783,709 | | 720,806 | |
| Appropriated for | | | | | | |
| -Dividend paid | (53,360) | | (133,399) | | (95,285) | |
| -Stock Dividend | - | | - | | - | |
| Employee benefit obligations | - | | (23,095) | | - | |
| -Legal reserve | - | | - | | - | |
| Ending balance | 804,389 | | 683,011 | | 783,709 | |

STATEMENTS OF CASH FLOWS

(Unit: Thousand baht)

| Particular | Separate F/S. | | |
|---|-----------------|----------------|------------------|
| | 2012 | 2011 | 2010 |
| Cash flows from operating activities: | | | |
| Profit before income tax | 204,257 | 56,554 | 161,167 |
| Adjustments to reconcile net profit to net cash provided by operating activities | | | |
| Unrealized gain on exchange rate | 1 | (469) | (44) |
| Reversal of doubtful accounts | (447) | 320 | (7) |
| Reversal of loss on diminution of inventories | (1,440) | 4,700 | (583) |
| Loss(gain) on disposal of equipment and written off | (3,214) | (62) | (665) |
| Depreciation | 61,368 | 66,604 | 68,140 |
| Amortization of computer software | - | - | 182 |
| Impairment of assets | 4,679 | - | - |
| Provisions for employee benefit obligations | 3,650 | 3,074 | - |
| Profit from operating activities before change in operational assets and liabilities | 268,854 | 130,721 | 228,190 |
| Decrease (increase) in operational assets | | | |
| Trade accounts receivables | (6,556) | 2,491 | (13,648) |
| Inventories | (19,120) | (31,000) | 92,227 |
| Accounts receivable-planters | (20,465) | 7,043 | (9,506) |
| Other current assets | (176) | (498) | (606) |
| Other non-current assets | 849 | (1,849) | 268 |
| Increase (decrease) in operational liabilities | | | |
| Trade accounts payable | 19,698 | (11,549) | (12,662) |
| Employee benefit obligations | (380) | - | - |
| Other current liabilities | (28) | (932) | 1,070 |
| Cash received from operation | 242,676 | 94,427 | 285,333 |
| Income tax paid | (19,955) | (1,492) | (67) |
| Net cash provided by operating activities | 222,721 | 92,935 | 285,266 |
| Cash flows from Investing Activities | | | |
| Decrease (increase) in short-term investments | (50,000) | 150,000 | (250,000) |
| Cash receipt from loan to related company | - | - | 24,500 |
| Proceeds from disposal of vehicle and equipment | 5,303 | 68 | 674 |
| Cash paid for acquisition of plant and equipment | (38,950) | (26,284) | (47,772) |
| Cash paid for acquisition of computer software | (1,602) | (178) | (408) |
| Net cash provided by (use in) Investing Activities | (85,249) | 123,606 | (273,006) |

| | | | |
|---|-----------------|------------------|-----------------|
| Cash flows from financial activities | | | |
| Cash paid for dividends | (53,173) | (133,297) | (95,192) |
| Net cash used in financing activities | (53,173) | (133,297) | (95,192) |
| Net increase (decrease) in cash and cash equivalents | 84,299 | 83,244 | (82,932) |
| Cash and cash equivalents, Beginning of year | 242,783 | 159,539 | 242,471 |
| Cash and cash equivalents, End of year | 327,082 | 242,783 | 159,539 |
| <u>Supplement disclosure of cash flows information</u> | | | |
| 1. Property, Plant and Equipment:- | | | |
| Acquisition of plant and equipment during the year | (42,566) | (24,425) | (46,104) |
| Increase (decrease) in payable from acquisition of assets | 3,617 | (1,859) | 1,523 |
| Cash paid for acquisition of plant and equipment | (38,949) | (26,284) | (44,581) |
| 2. Cash paid for Dividends | | | |
| Dividends paid | (53,360) | (133,399) | (95,285) |
| Increase in accrued dividends | 187 | 102 | 93 |
| Cash paid for dividends | (53,173) | (133,297) | (95,192) |

STATEMENTS OF CASH FLOWS

(Unit: Thousand baht)

| Particular | Consolidated F/S. | | |
|---|-------------------|----------------|------------------|
| | 2012 | 2011 | 2010 |
| Cash flows from operating activities: | | | |
| Profit before income tax | 208,433 | 60,719 | 159,631 |
| Adjustments to reconcile net profit to net cash provided by operating activities | | | |
| Unrealized gain on exchange rate | (2) | (631) | (35) |
| Reversal of doubtful accounts | (446) | 320 | (7) |
| Reversal of loss on diminution of inventories | (1,440) | 4,700 | (583) |
| Loss(gain) on disposal of equipment and written off | (3,222) | (62) | (1,180) |
| Depreciation | 61,749 | 66,978 | 68,497 |
| Impairment of assets | 4,679 | - | - |
| Amortization of computer software | - | - | 182 |
| Amortization of withholding tax | - | - | 2 |
| Provisions for employee benefit obligations | 3,727 | 3,146 | - |
| Profit from operating activities before change in Operational assets and liabilities | 273,478 | 135,170 | 226,507 |
| Decrease (increase) in operational assets | | | |
| Trade accounts receivables | (2,095) | (3,487) | (8,640) |
| Inventories | (19,120) | (31,000) | 92,227 |
| Accounts receivable-planters | (20,465) | 7,043 | (9,506) |
| Other current assets | (144) | (549) | (612) |
| Other non-current assets | 849 | (1,849) | 268 |
| Increase (decrease) in operational liabilities | | | |
| Trade accounts payable | 20,426 | (11,802) | (12,860) |
| Employee benefit obligations | (380) | - | - |
| Other current liabilities | (93) | (845) | 1,081 |
| Cash received from operation | 252,456 | 92,681 | 288,465 |
| Income tax paid | (21,261) | (1,497) | (818) |
| Net cash provided by operating activities | 231,195 | 91,184 | 287,647 |
| Cash flows from Investing Activities | | | |
| Decrease (increase) in short-term investments | (50,000) | 149,963 | (255,563) |
| Increase in fixed deposits pledged as collateral | (270) | (180) | (75) |
| Cash receipt from loan to related company | - | - | 24,500 |
| Proceeds from disposal of vehicle and equipment | 5,312 | 68 | 1,188 |
| Cash paid for acquisition of plant and equipment | (38,983) | (26,332) | (49,551) |
| Cash paid for acquisition of computer software | (1,602) | (178) | (408) |
| Net cash provided by (used in) Investing Activities | (85,543) | 123,341 | (279,909) |
| Cash flows from financing activities | | | |

| | | | |
|---|-----------------|------------------|-----------------|
| Cash paid for dividends | (53,173) | (133,297) | (95,192) |
| Net cash used in financing activities | (53,173) | (133,297) | (95,192) |
| Net increase (decrease) in cash and cash equivalents | 92,479 | 81,228 | (87,454) |
| Cash and cash equivalents, Beginning of year | 261,772 | 180,544 | 267,998 |
| Cash and cash equivalents, End of year | 354,251 | 261,772 | 180,544 |
| <u>Supplement disclosure of cash flows information</u> | | | |
| 1. Property, Plant and Equipment | | | |
| Acquisition of plant and equipment during the year | (42,600) | (24,473) | (47,883) |
| Increase (decrease) in payable from acquisition of assets | 3,617 | (1,859) | 1,523 |
| Cash paid for acquisition of plant and equipment | (38,983) | (26,332) | (46,360) |
| 2. Cash paid for dividends | | | |
| Dividends paid | (53,360) | (133,399) | (95,285) |
| Increase in accrued dividends | 187 | 102 | 93 |
| Cash paid for dividends | (53,173) | (133,297) | (95,192) |

C. FINANCIAL RATIOS

| Particular | Separate F/S. | | | |
|----------------------------------|---------------|-------|-------|-------|
| | Unit | 2012 | 2011 | 2010 |
| Liquidity Ratios | | | | |
| Current ratio | Time | 9.0 | 10.9 | 10.0 |
| Quick ratio | Time | 5.3 | 6.0 | 6.0 |
| Cash flow ratio | Time | 2.4 | 1.2 | 3.1 |
| Account receivable turnover | Time | 23.9 | 22.4 | 26.1 |
| Debt collection period | Days | 15 | 16 | 14 |
| Inventory turnover | Time | 3.2 | 3.2 | 2.9 |
| Good distribution ratio period | Days | 113 | 113 | 124 |
| Account payable turnover | Time | 29.7 | 28.6 | 24.0 |
| Debt payment period | Days | 12 | 13 | 15 |
| Cash cycle | Days | 116 | 116 | 123 |
| Profitability Ratios | | | | |
| Gross profit margin | % | 24.4 | 17.3 | 23.9 |
| Operation profit margin | % | 12.1 | 2.7 | 9.0 |
| Cash ratio against making profit | % | 125.1 | 276.4 | 234.4 |
| Net profit margin | % | 11.7 | 4.1 | 11.8 |
| Return on equity | % | 14.1 | 4.4 | 13.0 |
| Efficiency Ratios | | | | |
| Return on total assets | % | 12.9 | 4.0 | 12.1 |
| Return on fixed assets | % | 59.2 | 27.9 | 49.5 |
| Total assets turnover | Time | 1.1 | 1.0 | 1.1 |
| Financial Policy Ratios | | | | |
| Ratio debt against equity part | Time | 0.1 | 0.1 | 0.1 |
| Dividends paid rate | % | 62.2 | 101.6 | 83.5 |

| Particular | Consolidated F/S. | | | |
|----------------------------------|-------------------|-------|-------|-------|
| | Unit | 2012 | 2011 | 2010 |
| Liquidity Ratios | | | | |
| Current ratio | Time | 9.1 | 11.0 | 10.1 |
| Quick ratio | Time | 5.5 | 6.1 | 6.1 |
| Cash flow ratio | Time | 2.4 | 1.1 | 3.1 |
| Account receivable turnover | Time | 25.0 | 24.0 | 28.1 |
| Debt collection period | Days | 14 | 15 | 13 |
| Inventory turnover | Time | 3.2 | 3.2 | 2.9 |
| Good distribution ratio period | Days | 113 | 113 | 124 |
| Account payable turnover | Time | 29.8 | 28.6 | 24.0 |
| Debt payment period | Days | 12 | 13 | 15 |
| Cash cycle | Days | 115 | 115 | 122 |
| Profitability Ratios | | | | |
| Gross profit margin | % | 25.5 | 18.9 | 24.8 |
| Operation profit margin | % | 12.0 | 2.8 | 8.5 |
| Cash ratio against making profit | % | 129.1 | 251.0 | 247.3 |
| Net profit margin | % | 11.7 | 4.3 | 11.6 |
| Return on equity | % | 14.2 | 4.6 | 12.8 |
| Efficiency Ratios | | | | |
| Return on total assets | % | 12.9 | 4.2 | 11.9 |
| Return on fixed assets | % | 60.0 | 28.7 | 49.1 |
| Total assets turnover | Time | 1.1 | 1.0 | 1.1 |
| Financial Policy Ratios | | | | |
| Ratio debt against equity part | Time | 0.1 | 0.1 | 0.1 |
| Dividends paid rate | % | 61.1 | 95.6 | 84.3 |

2) Explanation and analysis financial situation and operation result:

a) Practical result in business proceeding

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

b) Operation result

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

(Unit: Million baht)

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

Important points with change on items

1. Income from sales increased 198.1 million baht happened from sale price increased 156.4 million baht, from exchange rate increased 23.6 million baht and from sale volume increased 18.1 million baht.
2. Cost of Sales increased happened from sale volume increased 300 metric tons and increased on raw material cost, wages, electricity charges chiefly.
3. Other incomes increased from interest income and sold equipment from impairment.
4. Selling and administrative expenses decreased which happened from freight charges decreased.

5. Income tax increased which happened from the company beyond from obtained investment promotion and paid income tax in rate 50% of normal rate from profit of investment promotion certificate no. 1465/1999, remaining profit paid in normal rate.

c) Financial situation

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

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

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

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

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

d) Factor and main influence that may affect on operation or financial situation in future

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

12.OTHER CONCERN INFORMATIONS

None

CERTIFICATION OF CORRECT INFORMATIONS

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

1. Financial Statements and financial data that concluded in the list of annual data form have shown perfectly correctness of data in the significant substance related with financial status, operation result and cash flow of the company and subsidiary company.
2. I am responsible toward an arrangement for the company to have a good data disclosure system to assure that the company has disclosed data in the part that is significant substance both the company and subsidiary company with perfectly correctness including supervise to have performed according to such system.
3. I am responsible toward an arrangement for the company to have a good internal control system and supervise to have performed according to such system and I have informed an assessment data of internal control system on December 31, 2012 to Independent Auditor and Audit Committee of the company which covers defect and significant changes of internal control system including misconduct that may affect toward managing financial report of the company and subsidiary company.

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

| Names | Position | Signature |
|---|--------------------|-----------|
| 1.Mr.Prayoon Pholpipattanaphong | Chairman | |
| 2.Mr.Prapas Pholpipattanaphong | Managing Director | |
| 3.Mr.Suwat Phongphasura | Executive Director | |
| Name | Position | Signature |
| The attorney-in-fact: Mr.Prayuth Pholpipatanaphong | Executive Director | |

Details of Directors and Company Executives and Interrelated Transaction

| Names | Company | Related Company | Related Company 1.Itochu Corporation 2.P.P. Foods Supply Co., Ltd. 3.Agrifood Processing Co., Ltd. | | |
|-------------------------------|---------|-----------------|---|---|-----|
| | | | 1 | 2 | 3 |
| Mr.Prayoon Pholpipattanaphong | C,E | D | | | D |
| Mr.Prapas Pholpipattanaphong | D,E | D | | | D |
| Mr.Suwat Phongphasura | D,E | D | | | D |
| Mr.Prayuth Pholpipattanaphong | D,M | D,E | | | D,E |
| Mr.Ankoon Pholpipattanaphong | D,M,S | D,E | | | D,E |
| Mr.Lan Mu Chiou | D | None | | | |
| Mr.Kenechi Tai | D | M | M | | |
| Mr.Santichai Suakanonth | I | None | | | |
| Mr.Amnuay Yossuck | I | None | | | |
| Mr.Ampon Ruayfupant | I | None | | | |
| Dr.Phusit Wonglorsaichon | I | None | | | |
| Mr.Sakda Phimmuang | M | None | | | |
| Miss Piyalak Chuapoodee | M | None | | | |

C=Chairman D=Director S=Company's Secretary E=Authority
M=Executive I=Independent Director

Information summary of subsidiary company

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

AGRIFOOD PROCESSING CO., LTD.

(Unit: Baht)

| Particular | 2012 | 2011 | 2010 |
|----------------------|-------------|-------------|-------------|
| Total assets | 58,202,265 | 55,798,347 | 53,003,507 |
| Total liabilities | 17,458,310 | 18,211,168 | 17,400,527 |
| Shareholders' equity | 40,743,955 | 37,587,179 | 35,602,980 |
| Sales | 279,500,126 | 261,066,067 | 248,377,542 |
| Total revenues | 283,286,965 | 263,172,372 | 252,852,544 |
| Gross profit | 22,768,804 | 24,421,714 | 16,864,940 |
| Net income (loss) | 3,156,776 | 3,254,420 | (1,535,776) |

March 12, 2013

The Board of Directors
Chiangmai Frozen Foods Public Company Limited

Subject: Internal Control Report

Dear Sirs:

We have audited the financial statements of Chiangmai Frozen Foods Public Company Limited as of December 31, 2012 in accordance with generally accepted auditing standards as indicated in the audit report dated February 26, 2013. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. During the auditing process, we have studied and appraised the efficiency of the company's accounting internal audit deemed necessary to set the well-conceived and appropriate auditing procedure. We do not find any material weakness in the accounting internal control which will significantly affect the opinion on the financial statement as at December 31, 2012.

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

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

Yours sincerely,

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

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. Santichai Suakanonth as Chairman of the Board of Audit Committee, Mr. Amnuay Yossuck, Ph.D. and Mr. Ampon Ruayfupant as Audit Committee to perform the duties assigned from the Board of Company which mentioned clearly in the Audit Committee charter which is according to the provision of the Stock Exchange of Thailand.

During the year 2012, the Board of Audit Committee conducted 4 meetings with External Auditors, Management and Internal Auditor to review as limit and responsibility by having the significant duties summarized as follows:

1. Review the Financial Statement quarterly and Annual Financial Statement of 2012 and adequately listen the clear explanations and report from the Management and Auditor in related subject. Therefore, the Audit Committee's opinion is to coordinate with the External Auditors that said quarterly and annual financial statements are correct and sufficiently disclosed for all material respects in conformity with the general accepted accounting principles.
2. Review the disclosure of connected and related information between the company, subsidiary company and concerned company and it is of opinion that such related information has adequately and correctly disclosed.
3. Review the compliance with the laws and regulation of Securities and Stock Exchange and related law with the company business and found no material flaw.
4. Promote the independence of internal audit operation, agreeing with internal audit plan and reviewing to have the adequacy and effective internal control system and found no significant weakness of control that may have adverse impact.

(Mr. Santichai Suakanonth)
Chairman of the Audit Committee
February 22, 2013