

**CHAINGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31,2002 AND 2001**

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**1. GENERAL INFORMATION**

Chiangmai Frozen Foods Public Company Limited was a public company limited and was listed on the Stock Exchange of Thailand in 1993. The Company engages in its core business of manufacturing and exporting of frozen fruits and vegetable. The registered office of the Company is located at 149/34 Soi Anglo Plaza, Surawongse road, Bangrak, Bangkok.

**2. BASIS OF FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENT PREPARATION**

The Company and consolidated financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act, B.E. 2543, being those Thai Accounting Standards issued by the Institute of Certified Accountants and Auditors of Thailand and approved under law by the Board of Supervision of Auditing Practices appointed by the Minister of Commerce under the Auditor Act, B.E. 2505, and the financial reporting requirements of the Securities and Exchange Commission.

The consolidated financial statements include the account of Chiangmai Frozen Foods Public Company Limited and subsidiary ,C&W Interfoods Co., Ltd which holding 49 % of share capital which its two directors who are the authorized persons to make decision for such subsidiary's operation.

Significant intercompany transactions with subsidiary in the consolidated financial statements have been eliminated.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of the Company and subsidiary's financial statements are as follows:

**3.1 Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and deposits at financial institutions. The Company and subsidiary maintain cash on hand for general use. Deposits at financial institutions, including short – term saving deposits, are highly liquid investments that are readily convertible to known amounts with original maturities of three (3) months or less and that are subject to an insignificant risk of change in value.

**3.2 Accounts Receivable**

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

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**3.3 Allowance For Doubtful Accounts**

The Company and subsidiary 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.

**3. 4 Inventories**

Inventories are valued at the lower of cost (weighted average) or net realizable value, after provision for obsolescence.

**3. 5 Investments**

Investments in subsidiary are valued by the equity method.

Equity method of accounting involves recognizing the Company's share of the subsidiary's profit or loss for the years. The Company's investments in the subsidiary which carried in the Company's balance sheets are the amount that reflects its share of net assets in the subsidiary.

**3.6 Property, Plant and Equipment**

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

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

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

When assets are sold or retired, the Company and subsidiary 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.

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**3.7 Interest Capitalization**

Subsidiary capitalizes interest on loan for the construction of plant, machinery and equipment under construction and/or installation as part of the cost of assets. Capitalization of interest will cease when those assets are ready for use in the operations.

Interest capitalized as part of the cost of assets for the year 2002 amounted to approximately Baht 0.3 million.

**3.8 Finance Lease**

Leases of assets where the Company and subsidiary have substantially been transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized as assets and liabilities 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 between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period. The lease payment amount net of finance charges is recorded as the reduction of the outstanding liability. The depreciable assets acquired under finance leases are depreciated over the useful life of the assets.

**3.9 Impairment of Assets**

The Company and subsidiary 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 Company and subsidiary recognize the impairment losses in the statements of income. The reversal of impairment losses recognized in prior years is recorded as other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

**3.10 Foreign Currency Transactions**

Foreign currency transactions throughout the years are recorded to Thai Baht at the rates prevailing at the transactions dates. The balances of assets and liabilities in foreign currency outstanding at the balance sheet dates are translated into Baht at the rates prevailing at those dates. Gain or loss is credited or charged to current operations.

**3.11 Revenue Recognition**

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

**3.12 Income Tax**

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The Company and subsidiary recorded income tax based on the actual amount currently payable according to the Revenue Code.

### **3.13 Basic Earnings per share**

Basic earnings per share is calculated by dividing the net income attributable to shareholders by weighted average number of ordinary shares in issue during the years.

## **4. TRANSACTION WITH RELATED COMPANIES**

The Company have certain transactions with their related companies. A portion of assets, liabilities, revenues and expenses arose from transactions with said related companies. These related companies are related through common shareholding and/or directorships. The effects of these transactions are reflected in the accompanying financial statements on the bases mutually considered by the companies concerned, and other entities, normal course of business.

### **4.1 Relationships and pricing policies**

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

<b><u>Related Companies :</u></b>	<b><u>Relationships</u></b>		<b><u>Pricing Policy</u></b>	
Itochu Corporation	Shareholders	Sales	At normal business prices, as same as other entities	
P.P Foods Supply Co., Ltd.	Shareholders	Sales	At normal business prices, as same as other entities	
Ing shiang Co., Ltd.	Shareholders	Sales	At normal business prices, as same as other entities	

### **4.2 Balances of transactions with Related Companies**

Balances of transactions with related companies as at December 31, 2002 and 2001 are as follows :

	<b>IN BAHT</b>			
	<b><u>CONSOLIDATED</u></b>		<b><u>THE COMPANY ONLY</u></b>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Accounts receivable				
Itochu Corporation	2,239,593	4,114,093	2,239,593	4,114,093
P.P Foods Supply Co., Ltd.	2,599,115	1,596,800	2,599,115	1,596,800
Ing shiang Co., Ltd.	494,492	506,961	494,492	506,961
Total	<u>5,333,200</u>	<u>6,217,854</u>	<u>5,333,200</u>	<u>6,217,854</u>

### **4.3 Revenue**

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Revenue between the Company and related companies for the years ended December 31, 2002 and 2001 are as follows :

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Sales				
Itochu Corporation	121,400,268	137,180,147	121,400,268	137,180,147
P.P Foods Supply Co., Ltd.	11,159,427	13,312,763	11,159,427	13,312,763
Ing shiang Co., Ltd.	502,644	17,409	502,644	17,409
	<u>133,062,339</u>	<u>150,510,319</u>	<u>133,062,339</u>	<u>150,510,319</u>

**5. CASH AND CASH EQUIVALENTS**

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Cash on hand	317,244	107,199	118,155	86,275
Deposits at financial institutions - Current account	740,415	8,399,498	1,931	1,000
Deposits at financial institutions – Savings account	78,252,187	138,401,184	76,691,089	138,400,184
Total	<u>79,309,846</u>	<u>146,907,881</u>	<u>76,811,175</u>	<u>138,487,459</u>

The weighted average effective interest rates of deposits at financial institutions were 0.25 – 0.75 % per annum (2001: 0.25 – 0.75 % per annum)

**6. CURRENT INVESTMENTS**

Current investments are fixed deposits and treasury bills which bear interest at the rate of 0.5 – 1.8 % per annum in 2002 (0.5 – 3.0 % per annum in 2001)

**7. ACCOUNTS RECEIVABLE – TRADE**

The aging of outstanding balances as at December 31, 2002 and 2001 are as follows:

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	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Accounts receivable–Related Companies				
Past due 1-3 months	4,838,708	6,217,854	4,838,708	6,217,854
Over 3 months	494,492	-	494,492	-
Total accounts receivable–Related Companies	<u>5,333,200</u>	<u>6,217,854</u>	<u>5,333,200</u>	<u>6,217,854</u>
Accounts receivable–Other Companies				
Past due 1-3 months	30,014,835	50,594,353	22,444,022	50,594,353
Over 3 months	3,532,140	-	3,442,524	-
Total accounts receivable–Other Companies	<u>33,546,975</u>	<u>50,594,353</u>	<u>25,886,546</u>	<u>50,594,353</u>

**6. INVENTORIES**

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Finished goods and semi - product	136,831,391	97,802,162	136,598,474	97,802,162
Seeds, insecticide, fertilizer	20,960,931	24,869,842	20,960,931	24,869,842
Raw material and supplies	30,072,963	21,442,142	26,973,630	21,442,142
Total	187,865,285	144,114,146	184,533,035	144,114,146
<u>Less</u> Provision for obsolescence	<u>(7,629,996)</u>	<u>(6,147,199)</u>	<u>(7,629,996)</u>	<u>(6,147,199)</u>
Net	<u>180,235,289</u>	<u>137,966,947</u>	<u>176,903,039</u>	<u>137,966,947</u>

The Company provided the provision for obsolete inventories , semi – product , seeds and packaging.

**9. ACCOUNTS RECEIVABLE - PLANTERS - NET**

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Accounts receivable-planters	33,174,798	23,889,404	33,174,798	23,889,404
<u>Less</u> Allowance for doubtful account	<u>(3,317,479)</u>	<u>(2,388,940)</u>	<u>(3,317,479)</u>	<u>(2,388,940)</u>
Net	<u>29,857,319</u>	<u>21,500,464</u>	<u>29,857,319</u>	<u>21,500,464</u>

The Company provides allowance for doubtful accounts equal to 10% of accounts receivable- planter.

**10. RECEIVABLES FROM SALES OF INVESTMENTS IN SUBSIDIARIES**

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On April 12, 2000, the Company entered into an agreement to sell all of its investments in LAIYANG CHONGTAI FROZEN FOODS CO., LTD and C.T LAIYANG FROZEN FOODS CO.,LTD. to the existing shareholders of Baht 15.3 million reflecting gain on sales of investments of Baht 3.0 million , which included in income from operations for the year 2000. The sale price was payable in installments up to year 2005 are as follows:

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Year 2002	1,801,727	3,725,453	1,801,727	3,725,453
Year 2003	3,512,356	3,600,926	3,512,356	3,600,926
Year 2004	3,390,891	3,476,398	3,390,891	3,476,398
Year 2005	1,649,896	1,691,501	1,649,896	1,691,501
Total	10,354,870	12,494,278	10,354,870	12,494,278
<u>Less</u> Current portion	<u>(5,314,083)</u>	<u>(3,725,453)</u>	<u>(5,314,083)</u>	<u>(3,725,453)</u>
Net	<u>5,040,787</u>	<u>8,768,825</u>	<u>5,040,787</u>	<u>8,768,825</u>

**11. INVESTMENTS IN SUBSIDIARY**

**AS AT DECEMBER 31, 2002**

Name	Activities	Paid up Capital (In Baht)	% Holdings	In Baht		Dividends
				At Cost	At Equity	
C & W Interfoods Co., Ltd.	Frozen Dough , Bakery Products	159,750,000	49.0	<u>78,277,500</u>	<u>65,887,517</u>	-

**AS AT DECEMBER 31, 2001**

Name	Activities	Paid up Capital (In Baht)	% Holdings	In Baht		Dividends
				At Cost	At Equity	
C & W Interfoods Co., Ltd.	Frozen Dough , Bakery Products	70,500,000	49.0	<u>34,500,000</u>	<u>33,924,855</u>	-

In 2001, the Company invested in C&W Interfoods Co.,Ltd. which jointly between Chaingmai Frozen Foods Public Company Limited and Wonder Interfoods Co., Ltd., percentage of holding 49:51. This company is related through directorship. Such subsidiary was incorporated as a limited company with Ministry of Commerces on August 17,2001 and started commercial operations on May 21,2002.

**12. PROPERTY, PLANT AND EQUIPMENT - NET**

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**CONSOLIDATED**

	In Baht						Total
	Land	Building	Machinery and equipment	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	
At December 31, 2001							
Cost	90,012,747	242,863,685	426,197,330	23,433,098	17,934,496	51,630,626	852,071,982
<u>Less</u> Accumulated Depreciation	-	(83,524,729)	(241,456,455)	(13,191,694)	(15,535,950)	-	(353,708,828)
Impairment of assets	-	-	(5,528,835)	-	-	-	(5,528,835)
Net book amount	<u>90,012,747</u>	<u>159,338,956</u>	<u>179,212,040</u>	<u>10,241,404</u>	<u>2,398,546</u>	<u>51,630,626</u>	<u>492,834,319</u>
For the year ended December 31, 2002							
Opening net book amount	90,012,747	159,338,956	179,212,040	10,241,404	2,398,546	51,630,626	492,834,319
Additions (transfer)	2,612,500	46,953,085	130,610,819	5,033,806	5,079,018	(38,209,601)	152,079,627
<u>Less</u> Disposals	-	-	(197,753)	-	(5)	-	(197,758)
Depreciation charge	-	(13,651,488)	(43,400,489)	(4,487,774)	(1,265,515)	-	(62,805,266)
Closing net book amount	<u>92,625,247</u>	<u>192,640,553</u>	<u>266,224,617</u>	<u>10,787,436</u>	<u>6,212,044</u>	<u>13,421,025</u>	<u>581,910,922</u>
At December 31, 2002							
Cost	92,625,247	289,816,768	556,601,113	28,466,904	21,824,837	13,421,025	1,002,755,894
<u>Less</u> Accumulated Depreciation	-	(97,176,215)	(284,847,661)	(17,679,468)	(15,612,793)	-	(415,316,137)
Impairment of assets	-	-	(5,528,835)	-	-	-	(5,528,835)
Net book amount	<u>92,625,247</u>	<u>192,640,553</u>	<u>266,224,617</u>	<u>10,787,436</u>	<u>6,212,044</u>	<u>13,421,025</u>	<u>581,910,922</u>

**THE COMPANY ONLY**

At December 31, 2001							
Cost	70,675,092	242,863,685	426,158,476	23,433,098	17,913,281	5,168,928	786,212,560
<u>Less</u> Accumulated Depreciation	-	(83,524,729)	(241,454,910)	(13,191,694)	(15,535,024)	-	(353,706,357)
Impairment of assets	-	-	(5,528,835)	-	-	-	(5,528,835)
Net book amount	<u>70,675,092</u>	<u>159,338,956</u>	<u>179,174,731</u>	<u>10,241,404</u>	<u>2,378,257</u>	<u>5,168,928</u>	<u>426,977,368</u>
For the year ended December 31, 2002							
Opening net book amount	70,675,092	159,338,956	179,174,731	10,241,404	2,378,257	5,168,928	426,977,368
Additions	2,612,500	-	6,147,015	-	1,025,002	20,027,787	29,812,304
Transfer	-	1,140,684	10,549,136	-	150,580	(11,840,400)	-
<u>Less</u> Disposals	-	-	-	-	(5)	-	(5)
Depreciation charge	-	(12,328,603)	(35,401,111)	(3,893,516)	(879,642)	-	(52,502,872)
Closing net book amount	<u>73,287,592</u>	<u>148,151,037</u>	<u>160,469,771</u>	<u>6,347,888</u>	<u>2,674,192</u>	<u>13,356,315</u>	<u>404,286,795</u>
At December 31, 2002							
Cost	73,287,592	244,004,368	442,854,627	23,433,098	17,900,186	13,356,315	814,836,186
<u>Less</u> Accumulated Depreciation	-	(95,853,331)	(276,856,021)	(17,085,210)	(15,225,994)	-	(405,020,556)
Impairment of assets	-	-	(5,528,835)	-	-	-	(5,528,835)
Net book amount	<u>73,287,592</u>	<u>148,151,037</u>	<u>160,469,771</u>	<u>6,347,888</u>	<u>2,674,192</u>	<u>13,356,315</u>	<u>404,286,795</u>

In 1999,the Company recognized provision for impairment loss of machinery of Baht 5.5 million. because of The Company has changed the production plans and valued machinery by the proceed from sales assets deducted with cost of sales.



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Net book value of land and structures thereon and equipment of Baht 433.7 million were mortgaged and pledged as collateral against bank overdraft ,short-term loans from financial institutions and long – term loans as discussed in Note 13and 16 to financial statements.

As at December 31,2002 and 2001, the Company had gross carrying amounts that are fully depreciated . These are still in active use amounting to approximately Baht 96.5 million and Baht 97.8 million , respectively.

**13. OVERDRAFT AND SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS**

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Bank overdraft	237,697	-	-	-
Import loan	680,604	-	-	-
Short-term loan	5,000,000	-	-	-
Total	<u>5,918,301</u>	<u>-</u>	<u>-</u>	<u>-</u>

In 2002, subsidiary has the overdraft line and short - term loans from a financial institution amounted to Baht 45 million. Import loan bears interest at the rate of 6.25 % per annum and short-term loan bears interest at the rate of MLR-1 per annum. Such loans are guaranteed by mortgaged of loan and structures thereon and pledged machinery of subsidiary.

**14. LIABILITIES UNDER FINANCE LEASE CONTRACTS - NET**

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Liabilities under finance lease contracts	1,102,947	-	-	-
Less : Current portion of liabilities under finance lease contracts	<u>(385,573)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net	<u>717,374</u>	<u>-</u>	<u>-</u>	<u>-</u>

In 2002, subsidiary acquired its assets under financial lease contracts with a leasing company for a period of three to four years , which will due within November 2006. Value of its assets under such lease contracts amounted to approximately Baht 1.6 million. Subsidiary has a purchase option based on the prices indicated in the contracts when the period of leases are expired.

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**15. LIABILITIES UNDER HIRE - PURCHASE CONTRACTS - NET**

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Liabilities under hire - purchase contracts	769,176	-	-	-
<u>Less</u> Deferred interest charges	(38,645)	-	-	-
Current portion of liabilities under hire - purchase contracts (Net of deferred interest charges amounted to Baht 33,433)	(479,351)	-	-	-
Net	<u>251,180</u>	<u>-</u>	<u>-</u>	<u>-</u>

The ownership of the assets under hire - purchase contracts will be transferred to the Company when the last installment is paid.

**16. LONG -TERM LOANS – NET**

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Loans denominated in Thai Baht	43,480,851	-	-	-
<u>Less</u> Current portion	(2,550,000)	-	-	-
Net	<u>40,930,851</u>	<u>-</u>	<u>-</u>	<u>-</u>

Loans denominated in Thai Baht are from local financial institution consist of :-

The first loan of Baht 29.8 million , payable in installments through April 2008 with interest payable monthly which bears interest at the rates of MLR-1 to MLR per annum.

The second loan of Baht 13.7 million , payable in installments through February 2007 with interest payable monthly which bears interest at the rates of MLR-1 to MLR per annum.

The aforementioned loans were collateralized by mortgaged land and structures thereon and pledged machinery of subsidiary.

**17. LEGAL RESERVE**

Under the provisions of the Limited Public Company Act B.E 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution. As at December 31,2002 and 2001 , the Company's legal reserve reaches 10 % of authorized share capital.

**18. MINORITY INTEREST**

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	IN BAHT	
	CONSOLIDATED	
	2002	2001
Beginning balance	9,401,380	-
Increase during the year	71,472,500	36,000,000
Less Share subscription receivables	-	(26,000,000)
Shares of losses from subsidiary for the year	(12,297,076)	(598,620)
Ending balance	68,576,804	9,401,380

## 19. DIVIDENDS

At the Ordinary Shareholders' Meeting for the year 2002, held on April 30, 2002, the shareholders were unanimously approved the payment of dividends from net income under the Board of Investment Promotional Certificate No.1397/2537 to the shareholders for 21 million shares, at Baht 4 per share totalling Baht 84 million. Such dividends paid on May 30, 2002.

At the Ordinary Shareholders' Meeting for the year 2001, held on April 30, 2001, the shareholders were unanimously approved the payment of dividends from net income under the Board of Investment Promotional Certificate No.1397/2537 to the shareholders for 21 million shares, at Baht 4 per share totalling Baht 84 million. Such dividends paid on May 30, 2001.

## 20. OPERATING PROFIT

The following expenditures, classified by nature, have been charged in arriving at operating income :

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Depreciation on property and equipment (Note 12)	62,805,266	46,347,087	52,502,872	46,344,616
Staff costs	155,642,289	132,968,998	143,321,918	132,761,988
Number of employees as at December 31, (person)	1,469	1,131	1,245	1,120

## 21. PROMOTIONAL PRIVILEGES

By virtue of the provisions of Industrial Investment Promotion Act. B.E. 2520, the Company was granted certain privileges as follows :

21.1 Under the Board of Investment Promotional Certificate No.1727/2531, exemption from payment of income tax for seven years starting from the commencement date of the promoted business (February 1,1990 - February 1,1997)

21.2 Under the Board of Investment Promotional Certificate No.1063/2536, exemption

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from payment of income tax for six years starting from the commencement date of the promoted business (November 1,1994 - November 1,2000)

21.3 Under the Board of Investment Promotional Certificate No.1397/2537, exemption from payment of income tax for eight years starting from the commencement date of the promoted business. (March 3, 1996 - March 3, 2004)

21.4 Under the Board of Investment Promotional Certificate No.1465/2542 , exception from payment of income tax for eight years starting from the commencement date of the promoted business. (November 1,2001- November 1,2009)

Sales for the years ended December 31,2002 and 2001 were the entire amount of the promoted business.

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

**22. SEGMENTED INFORMATION**

The Company segment information for the year 2002 are as follows:

In Baht						
	Exported	Domestic				
	Sales	Sales	Total	Subsidiary	Elimination	Net
Net sales	793,434,945	22,600,446	816,035,391	36,097,542	-	852,132,933
Cost of sales	548,846,510	15,633,513	564,480,023	38,771,831	-	603,251,854
Gross Profit (loss)	244,588,435	6,966,933	251,555,368	(2,674,289)	-	248,881,079
Selling expenses	73,097,616	2,082,135	75,179,751	7,869,827	-	83,049,578
Income (loss) from operating	171,490,819	4,884,798	176,375,617	(10,544,116)	-	165,831,501
Interest and other income			6,479,890	528,577	-	7,008,467
Central expenses			(89,046,851)	(12,582,752)	11,814,838	(89,814,765)
Interest expenses			(2,558)	(1,513,623)	-	(1,516,181)
Income tax			(2,738,356)	-	-	(2,738,356)
Minority interest in net loss			-	-	12,297,076	12,297,076
Net income (loss)			91,067,742	(24,111,914)	24,111,914	91,067,742
Net property , plant and equipment as at December 31,2002			404,286,795	177,624,127	-	581,910,922
Other assets			674,577,377	25,926,735	(65,887,517)	634,616,595
Total assets			1,078,864,172	203,550,862	(65,887,517)	1,216,527,517

The Company segment information for the year 2001 are as follows:

In Baht						
	Exported	Domestic				
	Sales	Sales	Total	Subsidiary	Elimination	Net
Net sales	879,560,266	17,868,534	897,428,800	-	-	897,428,800
Cost of sales	563,296,695	11,443,543	574,740,238	-	-	574,740,238
Gross Profit	316,263,571	6,424,991	322,688,562	-	-	322,688,562
Selling expenses	81,888,446	1,663,589	83,552,035	-	-	83,552,035

In Baht

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	Exported Sales	Domestic Sales	Total	Subsidiary	Elimination	Net
Income from operating	234,375,125	4,761,402	239,136,527	-	-	239,136,527
Interest and other income			10,406,993	62,913	-	10,469,906
Central expenses			(73,365,653)	(1,236,678)	575,145	(74,027,186)
Interest expenses			(1,679)	-	-	(1,679)
Income tax			(1,366,529)	-	-	(1,366,529)
Minority interest in net loss			-	-	598,620	598,620
Net income (loss)			<u>174,809,659</u>	<u>(1,173,765)</u>	<u>1,173,765</u>	<u>174,809,659</u>
Net property , plant and equipment as at December31,2001			426,977,368	65,856,951	-	492,834,319
Other assets			632,071,005	16,676,955	(33,924,855)	614,823,105
Total assets			<u>1,059,048,373</u>	<u>82,533,906</u>	<u>(33,924,855)</u>	<u>1,107,657,424</u>

### 23. Provident Fund

The Company established a contributory registered provident fund in accordance with the Provident Fund Act. B.E. 2530. Under the provident fund, the Company contributes an amount equivalent to the employees' contribution, which is 3% of their basic salary. The Company appointed The Siam Commercial Bank Public Co., Ltd. as a fund manager to manage the fund in accordance with the Provident Fund Act (B.E. 2530), which was amended by the Provident Fund Act (No.2) (B.E. 2542), under supervision of the Office of the Securities and Exchange Commission.

The Company's net contribution for the year ended December 31, 2002 amounted to Baht 1.1 million (2001: Baht 0.98 million).

### 24. FINANCIAL INSTRUMENTS

As at December 31, 2002, the Company and subsidiary have no policy to perform speculate or trade the financial instrument transaction (derivatives).

Financial assets and financial liabilities carried on the balance sheets include cash and deposits at financial institutions, current investments , trade and other accounts receivable and payable and loans. The recognition and measurement of these items are disclosed and presented in fair value.

As at December 31,2002 and 2001 ,the carrying values of the Company's financial instruments are not significantly different from their fair value.

#### 24.1 Liquidity Risk

Liquidity risk, or funding risk ,is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

#### 24.2 Credit risk

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The risk arises from the counterparties defaulting which results in a financial loss to the Company. To manage this risk, the Company generally requests its customers to open letters of credit. The Company does not expect any counterparties to fail to meet their obligations.

**24.3 Foreign Currency Risk and Risk Management**

The Company's exposure to foreign currency risk almost relates to selling in U.S. Dollars. The Company primarily utilizes forward exchange contracts to hedge exchange rate risk occasionally if its necessary.

As at December 31, 2002, assets and liabilities of the Company which are not hedged as follows :

	<b>Currencies</b>	<b>The Company only</b>
Receivables from sales of investment	U.S. Dollar	240,815
Accrued expenses	U.S. Dollar	32,985

**24.4 Interest rate risk**

The interest rate risk is the risk that future movements in market interest rates will affect the results of the subsidiary's operations and its cash flows. The subsidiary's exposure to interest rate risk relates primarily to short - term loans from financial institutions and long-term loans (the details in Note 13 and 16 to financial statements)

**25. CONTINGENT LIABILITIES**

As at December 31, 2002 The Company and subsidiary have contingent liabilities from issuing letters of guarantee issued by the banks amounting to approximately Baht 7.5 million

**26. RECLASSIFICATION OF ACCOUNTS**

Certain accounts in 2001 financial statements have been reclassified to conform with the 2002 financial statement presentation with no effect on previously reported net earnings or shareholder's equity.