

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO THE INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009 (REVIEWED) AND DECEMBER 31, 2009 (AUDITED)

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 and subsidiary are engaged in business of manufacturing and exporting of frozen fruits and vegetable and transmuted sweet corn distribution.

2. BASIS FOR INTERIM FINANCIAL STATEMENTS AND INTERIM FINANCIAL STATEMENTS PREPARATION

These interim consolidated financial statements and interim separate financial statements are prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders' equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard No. 34 (formerly: no.41), 'Interim Financial Reporting' and additional notes are presented as required by the Securities and Exchange Commission.

The interim consolidated financial statements and interim separate financial statements are prepared as additional information to financial statements for the year ended December 31, 2009 with the emphasis on the more current information about activities, events and situations, not a duplicate of information previously reported. These interim financial statements should therefore be read in conjunction with the financial statements for the year ended December 31, 2009.

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

The consolidated financial statements include the account of Chiangmai Frozen Foods Public Company Limited and Subsidiary, Agrifood Processing Co., Ltd. with the percentage of holding of 100% of authorized share.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The Company and subsidiary uses the same significant accounting policies and calculation method in these interim financial statements for the three-month and nine-month periods ended September 30, 2010 as those used in the financial statements for the year ended December 31, 2009.

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4. ADOPTION OF NEW ACCOUNTING STANDARDS

New accounting standards, new financial reporting standards, amendments to accounting standards and accounting framework

a) Accounting framework

The amendment of the accounting framework was announced by the Federation of Accounting Professions on May 26, 2010 with effect on May 26, 2010.

b) New accounting standards, new financial reporting standards and amendments to accounting standards

The following new accounting standards, new financial reporting standards and amendments to accounting standards were announced by the Federation of Accounting Professions on May 26, 2010 and are mandatory for the accounting periods beginning on or after January 1, 2011 and January 1, 2013. The Company and subsidiary have elected not to early adopt these standards.

Effective for the period beginning on or after January 1, 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 17 (Revised 2009)	Leases
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Effective for the period beginning on or after January 1, 2013

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance

The management of the Company has assessed the effect of the accounting standards and financial reporting standards and believes that these standards will not have any significant impact on the financial statements for the year in which they are initially applied. This excludes TAS 12 for which management is still evaluating the first-year impact to the financial statements, and has yet to reach a conclusion.

5. TRANSACTIONS WITH RELATED COMPANIES

5.1 Relationships and pricing policies

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

<u>Subsidiary :</u>	<u>Relationship</u>
Agrifood Processing Co., Ltd.	Shareholding and Directorship
<u>Related companies :</u>	
C&W Interfoods Co.,Ltd.	Common shareholders
Itochu Corporation Co., Ltd.	Shareholder
P.P. Foods Supply Co., Ltd.	Common shareholders
Ing Shiang Co., Ltd.	Common shareholders
Agri World Co.,Ltd.	Common Shareholders and directors
C.T.Prosper Group Co.,Ltd.	Common Shareholders and directors
Wonder Interfoods Co.,Ltd.	Close relative of directors

	<u>Pricing policy</u>
Sales	At normal business prices, as same as other entities.
Rental revenue	At contract price which had been agreed upon.
Service income	At price which had been agreed upon.
Service expense	At price which had been agreed upon.
Commission	At rate 1.50 – 3.00% of sales.
Loan to	At interest rate 3.25% per annum.

5.2 Balances of transactions with subsidiary and related companies

Balances of transactions with subsidiary and related companies as at September 30, 2010 and December 31, 2009 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Trade accounts receivable				
Agrifood Processing Co., Ltd.	-	-	21,537,723	9,543,913
Itochu Corporation Co., Ltd.	7,028,952	5,031,350	2,564,216	3,065,855
P. P. Foods Supply Co., Ltd.	1,917,245	1,881,500	1,917,245	1,881,500
Ing shiang Co., Ltd.	1,286,680	1,134,487	1,286,680	1,134,487
Total	<u>10,232,877</u>	<u>8,047,337</u>	<u>27,305,864</u>	<u>15,625,755</u>
Loans to				
C&W Interfoods Co., Ltd.	-	24,500,000	-	24,500,000
Interest receivable				
C&W Interfoods Co., Ltd.	-	67,627	-	67,627

In 2005 the Company entered into an agreement to lend to related company (C&W Interfoods Co.,Ltd.), amount to Baht 24.5 million. The full principal repayment was due within 2010. The interest is repayable on monthly basis at the last day of each month under the interest rate of 3.25% per annum. Such loan was guaranteed by Wonder Interfoods Co.,Ltd., which is the major shareholder of C&W Interfoods Co.,Ltd. and Mr.Nirand Pholpipattanapong, the director of C&W Interfoods Co.,Ltd. The company has received entire repayment of principal and interest receivable from related company on June 21, 2010.

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5.2 Balances of transactions with subsidiary and related companies (Con't)

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Accrued expenses				
Itochu Corporation Co., Ltd.	257,862	882,570	115,056	354,143
P.P. Foods Supply Co., Ltd.	228,447	379,771	228,447	379,771
Ing shiang Co., Ltd.	1,998,078	2,375,552	1,998,078	2,375,552
Agri World Co.,Ltd.	-	12,593	-	12,593
Total	<u>2,484,387</u>	<u>3,650,486</u>	<u>2,341,581</u>	<u>3,122,059</u>
Deposit				
Agrifood Processing Co., Ltd.	-	-	30,000	30,000

5.3 Revenue and expenses transactions with subsidiary and related companies

Revenue and expenses between the Company, subsidiary and related companies for the three-month periods ended September 30, 2010 and 2009 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Sales				
Agrifood Processing Co., Ltd.	-	-	61,644,756	65,540,818
Itochu Corporation Co., Ltd.	49,007,553	56,811,259	28,863,791	34,155,162
P.P. Foods Supply Co., Ltd.	4,382,211	2,571,500	2,680,211	2,571,500
Ing shiang Co., Ltd.	938,934	1,703,198	938,934	1,703,198
Total	<u>54,328,698</u>	<u>61,085,957</u>	<u>94,127,692</u>	<u>103,970,678</u>
Interest income				
C&W Interfoods Co., Ltd.	-	200,698	-	200,698
Other income				
Agrifood Processing Co., Ltd.	-	-	155,100	155,100
C.T.Prosper Group Co., Ltd.	22,500	22,500	22,500	22,500
Total	<u>22,500</u>	<u>22,500</u>	<u>177,600</u>	<u>177,600</u>
Commission expenses				
Itochu Corporation Co., Ltd.	963,917	1,113,389	574,337	681,261
P.P. Foods Supply Co., Ltd.	121,448	218,968	121,448	218,968
Ing shiang Co., Ltd.	561,785	541,487	561,785	541,487
Total	<u>1,647,150</u>	<u>1,873,844</u>	<u>1,257,570</u>	<u>1,441,716</u>

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5.3 Revenue and expenses transactions with subsidiary and related companies (Con't)

Revenue and expenses between the Company, subsidiary and related companies for the nine-month periods ended September 30, 2010 and 2009 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Sales				
Agrifood Processing Co., Ltd.	-	-	171,751,056	163,137,285
Itochu Corporation Co., Ltd.	165,635,252	145,210,665	118,559,818	107,312,606
P.P. Foods Supply Co., Ltd.	9,344,500	8,514,000	6,305,500	8,262,000
Ing shiang Co., Ltd.	3,597,773	3,449,856	3,597,773	2,800,064
Total	<u>178,577,525</u>	<u>157,174,521</u>	<u>300,214,147</u>	<u>281,511,955</u>
Interest income				
C&W Interfoods Co., Ltd.	373,038	595,551	373,038	595,551
Other income				
Agrifood Processing Co., Ltd.	-	-	465,300	465,300
C.T.Prosper Group Co., Ltd.	67,500	67,500	67,500	67,500
Total	<u>67,500</u>	<u>67,500</u>	<u>532,800</u>	<u>532,800</u>
Commission expenses				
Itochu Corporation Co., Ltd.	3,343,377	2,887,688	2,376,258	2,161,245
P.P. Foods Supply Co., Ltd.	710,566	942,373	710,566	942,373
Ing shiang Co., Ltd.	2,119,616	1,791,746	2,119,616	1,791,746
Total	<u>6,173,559</u>	<u>5,621,807</u>	<u>5,206,440</u>	<u>4,895,364</u>
Service expenses				
Agri World Co.,Ltd.	658,217	-	658,217	-

6. CASH AND CASH EQUIVALENTS

	In Baht			
	Consolidated financial statements		Separate financial statements	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Cash	209,958	125,153	199,958	115,153
Current accounts	71,169	285,057	-	-
Saving accounts	187,023,166	152,065,602	165,279,542	132,355,352
Fixed deposits : Less than 3 months	165,552,688	115,521,965	160,000,000	110,000,000
Total	<u>352,856,981</u>	<u>267,997,777</u>	<u>325,479,500</u>	<u>242,470,505</u>

The weighted average effective interest rates of deposits at financial institutions were 0.5% - 1.0% per annum (December 31, 2009: 0.5% - 0.75% per annum).

7. SHORT- TERM INVESTMENTS

As at September 30, 2010 and December 31, 2009, the Company has short-term investments in fixed deposits at financial institution amounting of Baht 70.0 million and Baht 50.0 million, respectively, which are 3 months period, bear interest at the rate of 1.0%-1.5% per annum.

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8. TRADE ACCOUNTS RECEIVABLE - NET

The aging of outstanding balances as at September 30, 2010 and December 31, 2009 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Accounts receivable - Related companies				
Not yet due	9,398,795	7,550,688	26,471,782	15,129,106
Over due within 1 - 3 months	834,082	496,649	834,082	496,649
Total accounts receivable - Related companies	<u>10,232,877</u>	<u>8,047,337</u>	<u>27,305,864</u>	<u>15,625,755</u>
Trade accounts receivable - Other companies				
Not yet due	53,174,520	28,854,127	46,109,595	22,413,926
Over due within 1 - 3 months	2,806,958	7,359,864	-	6,795,864
Over due over 12 months	2,751,014	2,751,014	2,751,014	2,751,014
Total accounts receivable - Other companies	<u>58,732,492</u>	<u>38,965,005</u>	<u>48,860,609</u>	<u>31,960,804</u>
<u>Less</u> Allowance for doubtful accounts	<u>(2,751,014)</u>	<u>(2,751,014)</u>	<u>(2,751,014)</u>	<u>(2,751,014)</u>
Total accounts receivable - Other companies - Net	<u>55,981,478</u>	<u>36,213,991</u>	<u>46,109,595</u>	<u>29,209,790</u>

9. INVENTORIES – NET

Consolidated financial statements

	In Baht					
	At Cost		Provision for diminution in value of inventories		Inventories-net	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Finished goods and semi - products	297,082,207	352,489,131	(1,549,413)	(1,400,639)	295,532,794	351,088,492
Raw material and supplies	29,195,264	34,275,583	(825,202)	(776,947)	28,370,062	33,498,636
Seeds, insecticide, fertilizer	20,900,815	17,077,032	(71,113)	(61,122)	20,829,702	17,015,910
Total	<u>347,178,286</u>	<u>403,841,746</u>	<u>(2,445,728)</u>	<u>(2,238,708)</u>	<u>344,732,558</u>	<u>401,603,038</u>

Separate financial statements

	In Baht					
	At Cost		Provision for diminution in value of inventories		Inventories-net	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Finished goods and semi - products	294,503,961	352,489,131	(1,549,413)	(1,400,639)	292,954,548	351,088,492
Raw material and supplies	29,195,264	34,275,583	(825,202)	(776,947)	28,370,062	33,498,636
Seeds, insecticide, fertilizer	20,900,815	17,077,032	(71,113)	(61,122)	20,829,702	17,015,910
Total	<u>344,600,040</u>	<u>403,841,746</u>	<u>(2,445,728)</u>	<u>(2,238,708)</u>	<u>342,154,312</u>	<u>401,603,038</u>

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10. ACCOUNTS RECEIVABLE - PLANTERS - NET

	In Baht	
	Consolidated and Separate financial statements	
	September 30, 2010	December 31, 2009
Accounts receivable-planters	18,288,360	27,369,166
<u>Less</u> Allowance for doubtful accounts	(690,810)	(697,457)
Accounts receivable - planters - Net	<u>17,597,550</u>	<u>26,671,709</u>

11. FIXED DEPOSITS PLEDGED AS COLLATERAL

As at September 30, 2010 and December 31, 2009, the subsidiary has fixed deposit amounted to Baht 14.5 million and Baht 14.4 million, respectively, which pledged as collateral against credit line from a local financial institution.

12. INVESTMENTS IN SUBSIDIARY

Separate financial statements

As at September 30, 2010 and December 31, 2009.

	Activities	Paid up Capital (In Baht)	Holdings	At Cost (In Baht)
Agrifood Processing Co.,Ltd.	Transmuted Sweet corn distribution	30,000,000	100%	<u>23,353,658</u>

13. PROPERTY, PLANT AND EQUIPMENT - NET

	In Baht	
	Consolidated financial statements	Separate financial statements
Transaction for the nine-month period ended September 30, 2010		
Opening net book amount	448,455,591	448,386,945
<u>Add</u> Acquisition	37,744,319	35,965,319
<u>Less</u> Disposals	(8,161)	(8,160)
<u>Less</u> Depreciation	(56,296,325)	(56,034,368)
Closing net book amount	<u>429,895,424</u>	<u>428,309,736</u>

Net book value of land and buildings amounted to Baht 137.6 million were mortgaged and pledged as collateral against bank overdrafts and short-term loans from financial institutions as discussed in Note 16 to interim financial statements.

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14. NON OPERATING ASSETS - NET

	In Baht		
	Consolidated and		Separate financial statements
	Land	Machineries and equipment	Total
Transaction for the nine-month period ended September 30, 2010			
Opening net book value	18,050,121	3,026,037	21,076,158
<u>Add</u> Acquisition	3,190,590	-	3,190,590
<u>Less</u> Depreciation	-	(676,417)	(676,417)
Closing net book value	<u>21,240,711</u>	<u>2,349,620</u>	<u>23,590,331</u>

Unused land of the Company amounting of Baht 21.2 million to prepare for the plant expansion in the future.

15. COMPUTER SOFTWARE - NET

	In Baht
	Consolidated and Separate financial statements
Transaction for the nine-month period ended September 30, 2010	
Opening net book value	182,260
<u>Less</u> Amortization	(182,260)
Closing net book value	<u>-</u>

16. OVERDRAFTS AND SHORT-TERM LOAN FROM FINANCIAL INSTITUTIONS

As at September 30, 2010 and December 31, 2009, the Company has the overdrafts and short-term loans lines amounted to Baht 420 million. The facilities charge an interest at the rate of MOR per annum. Such overdrafts and short-term loans lines are secured over a part of the land and buildings of the Company as discussed in Note 13 to interim financial statements.

17. SHARE CAPITAL

- According to the resolution of the shareholders' meeting No.1/2009 held on April 30, 2009 the shareholders had the resolution as follows :
 - To approve the capital decreasing of the Company's authorized share capital from Baht 346,497,096 (346,497,096 of common shares with a par value of Baht 1 per share) to Baht 346,496,592 (346,496,592 of common shares with a par value of Baht 1 per share). The Company registered with the Ministry of Commerce on May 12, 2009.
 - To approved the capital increasing amount to Baht 34,649,659 of the Company's authorized share capital from Baht 346,496,592 (346,496,592 of common shares with a par value of Baht 1 per share) to Baht 381,146,251 (381,146,251 of common shares with a par value of Baht 1 per share) The Company registered with the Ministry of Commerce on June 2, 2009.
- On May 29, 2009, the Company paid stock dividends to the existing shareholders at the ratio of 10 existing common shares to 1 new common shares (rounding off fraction) totaling 34,649,133 shares at the rate Baht 0.10 per share with a par value of Baht 1 per share amount to Baht 34,649,133. The paid up share capital increased to Baht 381,145,725 (381,145,725 of common shares with a par value of Baht 1 per share). The Company registered with the Ministry of Commerce on June 2, 2009.

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18. LEGAL RESERVE

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

19. DIVIDENDS PAID

According to the resolution of the ordinary shareholders' meeting for the year 2010 held on April 30, 2010 had the resolution to approve the payment of cash dividends at Baht 0.5 per share to the shareholders of 381,145,725 shares totaling Baht 190.6 million from operational result of year 2009. On September 11, 2009, the Company paid interim dividend at Baht 0.25 per share to the shareholders of 381,145,725 shares totaling Baht 95.3 million and the Company had already paid remaining dividend on May 27, 2010 at Baht 0.25 per share of 381,145,725 shares totaling Baht 95.3 million. However, dividends of Baht 1,375 were not paid to certain shareholders due to disqualification.

According to the resolution of the ordinary shareholders' meeting for the year 2009 held on April 30, 2009 had the resolution to approve the payment of cash dividends and stock dividends. To pay cash dividends from net income for the year 2007 - 2008 under the Board of Investment Promotional Certificate No.1465/2542 to the shareholders for 346,496,592 shares, at Baht 0.30 per share amounted to Baht 103,947,503 and to pay stock dividends from net income for the year 2007 - 2008 under the Board of Investment Promotional Certificate No.1465/2542 to the existing shareholders at the ratio of 10 existing common shares to 1 common shares (throw away fraction) at the rate Baht 0.10 per share amounted to 34,649,133 shares with a par value of Baht 1 per share amounted to Baht 34,649,133. The Company paid such dividends on May 29, 2009. However, dividends of Baht 1,475 were not paid to certain shareholders due to disqualification.

20. EXPENSES BY NATURE

Significant expenses by nature for three-month periods ended September 30, 2010 and 2009 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2010	2009	2010	2009
Changes in raw materials, semi - finished products and finished goods	18,622,235	(16,501,339)	18,622,235	(16,501,339)
Purchase of raw material	112,317,299	140,354,530	112,317,299	140,354,530
Depreciation and amortization	16,774,380	18,319,442	16,679,259	18,265,657
Staff costs	51,168,887	46,571,319	50,756,102	46,172,663

Significant expenses by nature for nine-month periods ended September 30, 2010 and 2009 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2010	2009	2010	2009
Changes in raw materials, semi - finished products and finished goods	59,203,057	(24,529,354)	59,203,057	(24,529,354)
Purchase of raw material	327,954,218	370,130,588	327,954,218	370,130,588
Depreciation and amortization	57,155,002	56,365,910	56,893,045	56,206,443
Staff costs	146,645,286	134,776,808	145,405,821	133,573,571

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21. SEGMENT INFORMATION

The Company and subsidiary are engaged in business of manufacturing and exporting of frozen fruits and vegetables, transmuted sweet corn distribution and operate in one geographical area in Thailand. Therefore, these financial statements do not present the geographical segment.

The details of business segment information for the three-month periods ended September 30, 2010 and 2009 are as follows:

Consolidated financial statements

	In Thousand Baht					
	Frozen Products		Transmuted Products		Total	
	2010	2009	2010	2009	2010	2009
Sales	343,193	349,785	1,263	1,324	344,456	351,109
Cost of sales	(262,320)	(244,366)	(1,606)	(1,498)	(263,926)	(245,864)
Gross profit (Loss)	80,873	105,419	(343)	(174)	80,530	105,245
Selling expenses	(31,033)	(29,990)	(126)	(95)	(31,159)	(30,085)
Profit (Loss) from operating	49,840	75,429	(469)	(269)	49,371	75,160
Gain on exchange rate					6,101	3,338
Other income					2,648	2,004
Central expenses					(20,958)	(23,085)
Profit before income tax					37,162	57,417
Income tax					-	(625)
Net profit					37,162	56,792

The details of business segment information for the nine-month periods ended September 30, 2010 and 2009 are as follows:

Consolidated financial statements

	In Thousand Baht					
	Frozen Products		Transmuted Products		Total	
	2010	2009	2010	2009	2010	2009
Sales	1,087,481	1,083,570	2,618	2,664	1,090,099	1,086,234
Cost of sales	(790,678)	(709,942)	(3,626)	(3,050)	(794,304)	(712,992)
Gross profit (Loss)	296,803	373,628	(1,008)	(386)	295,795	373,242
Selling expenses	(97,200)	(94,420)	(212)	(212)	(97,412)	(94,632)
Profit (Loss) from operating	199,603	279,208	(1,220)	(598)	198,383	278,610
Gain on exchange rate					15,158	1,255
Other income					7,411	7,614
Central expenses					(65,520)	(65,436)
Profit before income tax					155,432	222,043
Income tax					-	(1,805)
Net profit					155,432	220,238
Property , plant and equipment - net by segment as at September 30, 2010	348,629	386,152	40,414	24,245	389,043	410,397
Property , plant and equipment - net which cannot be classified by segment					40,852	41,507
Other assets					899,563	835,072
Total assets					1,329,458	1,286,976

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2010 AND 2009 (REVIEWED) AND DECEMBER 31, 2009 (AUDITED)

21. SEGMENT INFORMATION (CON'T)

The details of business segment information for the three-month periods ended September 30, 2010 and 2009 are as follows:

Separate financial statements

	In Thousand Baht					
	Frozen Products		Transmuted Products		Total	
	2010	2009	2010	2009	2010	2009
Sales	337,245	343,042	690	690	337,935	343,732
Cost of sales	(262,320)	(244,366)	(1,094)	(999)	(263,414)	(245,365)
Gross profit (Loss)	74,925	98,676	(404)	(309)	74,521	98,367
Selling expenses	(26,087)	(24,885)	(77)	(51)	(26,164)	(24,936)
Profit (Loss) from operating	48,838	73,791	(481)	(360)	48,357	73,431
Gain on exchange rate					4,862	1,711
Other income					2,774	2,131
Central expenses					(19,756)	(21,933)
Net profit					36,237	55,340

The details of business segment information for the nine-month periods ended September 30, 2010 and 2009 are as follows:

Separate financial statements

	In Thousand Baht					
	Frozen Products		Transmuted Products		Total	
	2010	2009	2010	2009	2010	2009
Sales	1,072,549	1,062,833	1,473	1,371	1,074,022	1,064,204
Cost of sales	(790,678)	(709,942)	(2,596)	(2,023)	(793,274)	(711,965)
Gross profit (Loss)	281,871	352,891	(1,123)	(652)	280,748	352,239
Selling expenses	(84,114)	(81,546)	(115)	(105)	(84,229)	(81,651)
Profit (Loss) from operating	197,757	271,345	(1,238)	(757)	196,519	270,588
Gain on exchange rate					12,717	(377)
Other income					7,258	7,878
Central expenses					(61,662)	(61,675)
Net profit					154,832	216,414
Property , plant and equipment - net by segment as at September 30,	348,629	386,152	40,414	24,245	389,043	410,397
Property , plant and equipment - net which cannot be classified by segment					39,267	41,427
Other assets					885,643	819,711
Total assets					1,313,953	1,271,535

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
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22. FINANCIAL INSTRUMENTS

As at September 30, 2010, the Company and subsidiary have no policy to perform speculate or trade the financial instrument transaction derivatives.

22.1 Credit risk

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

22.2 Foreign currency risk and risk management

The Company and subsidiary exposure to foreign currency risk relates primarily to their business transactions which are denominated in foreign currencies. The Company and subsidiary have policies to hedge such risks by using derivative financial instruments. As at September 30, 2010, the Company and subsidiary has outstanding forward foreign exchange selling contracts and option contracts of a total of U.S. Dollars 12.9 million in exchange of Baht 393.9 million with 3 commercial banks. The contract will be due on March 2011. Per comparative between fair value and contract value, the profit amounting Baht 16.4 million is incurred.

As at September 30, 2010, liabilities of the Company and subsidiary have accrued commission amounting of U.S.Dollars 75,268 which is not hedged.

22.3 Interest rate risk

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

22.4 Fair value

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

23. COMMITMENTS AND CONTINGENT LIABILITY

As at September 30, 2010

- 23.1 The Company has commitment to pay the uncalled investments in Agrifood Processing Co., Ltd. amounting to approximately Baht 90.0 million.
- 23.2 The Company has capital commitments in respect of the construction of plant and equipment amounted to Baht 1.4 million.
- 23.3 The Company has commitments for software license with a local company amounting of Baht 0.9 million.
- 23.4 The Company has contingent liable for bank guarantees issued in favor of government agency amounting to approximately Baht 8.9 million.

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2010 AND 2009 (REVIEWED) AND DECEMBER 31, 2009 (AUDITED)

24. RECLASSIFICATION OF ACCOUNTS

Certain amounts in the financial statements for the three-month and nine-month periods ended September 30, 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

	In Baht			
	For three-month		For nine-month	
	Separate financial statements		Separate financial statements	
	The Reclassifications	The Previously Reported	The Reclassifications	The Previously Reported
Gain (Loss) on exchange rate	1,711,235	2,088,654	(377,419)	-
Administrative expenses	12,004,910	12,382,329	34,690,228	35,067,647

25. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at September 30, 2010 debt to equity ratio in the consolidated financial statements is 0.05:1 (the separate financial statements: 0.05:1)

26. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These consolidated financial statements and separate financial statements have been approved by the Company's Board of directors on November 12, 2010.