

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007(REVIEWED) AND DECEMBER 31, 2007 (AUDITED)**

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**1. BASIS OF INTERIM FINANCIAL STATEMENTS AND CONSOLIDATED INTERIM FINANCIAL STATEMENT PREPARATION**

The accompanying consolidated interim financial statements and separate interim 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 related interpretations and guidelines promulgated by the Federation of Accounting Professions and regulations of the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard No. 41, 'Interim Financial Reporting' and additional notes are presented as required by the Securities and Exchange Commission.

The consolidated interim financial statements and separate interim financial statements are prepared as additional information to financial statements for the year ended December 31, 2007 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, 2007.

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.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The Company and subsidiary uses the same significant accounting policies and calculation method in these interim financial statements for the nine-month period ended September 30, 2008 as those used in the financial statements for the year ended December 31, 2007.

**3. ACCOUNTING STANDARDS WHICH ARE EFFECTIVE IN THE CURRENT YEAR**

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 43 (revised 2007) and TAS 49 (revised 2007) are not relevant to the business of the Company, whereas TAS 25 (revised 2007), TAS 29 (revised 2007), TAS 31 (revised 2007), TAS 33 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007) and TAS 51 do not have any significant impact on the financial statements for the current period.

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**4. TRANSACTIONS WITH RELATED COMPANIES**

The Company had transactions with subsidiaries and related companies. A part of assets, liabilities, revenues and expenses occurred among the Company, subsidiary and related companies.

**4.1 Relationships and pricing policies**

<b>Subsidiary :</b>	<b>Relationship</b>
Agrifood Processing Co., Ltd.	Shareholding and Directorship
<b>Related companies :</b>	
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
	<b>Pricing policy</b>
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.

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

	<b>In Baht</b>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>September 30,</b>	<b>December</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2008</b>	<b>31, 2007</b>	<b>2008</b>	<b>2007</b>
<b>Accounts receivable</b>				
Subsidiary				
Agrifood Processing Co., Ltd.	-	-	21,717,007	16,845,141
Related companies				
Itochu Corporation Co., Ltd.	10,399,367	5,667,280	4,145,191	2,991,113
P P Foods Supply Co., Ltd	6,073,950	12,313,180	6,073,950	12,313,180
Ing shiang Co., Ltd.	625,920	1,067,264	625,920	1,067,264
Total	17,099,237	19,047,724	10,845,061	16,371,557
Grand Total	17,099,237	19,047,724	32,562,068	33,216,698

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	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	September 30, 2008	December 31, 2007	September 30, 2008	December 31, 2007
<b>Other receivable</b>				
Related company				
C.T.Prosper Group Co.,Ltd.	12,230	15,269	12,230	15,269
<b>Accrued interest</b>				
Related company				
C&W Interfoods Co.,Ltd.	65,266	67,627	65,266	67,627
<b>Long - term loans to</b>				
Related company				
C&W Interfoods Co.,Ltd.	24,500,000	24,500,000	24,500,000	24,500,000

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 the year 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 shareholders of C&W Interfoods Co.,Ltd. and Mr.Nirand Pholpipattanapong, the director of C&W Interfoods Co.,Ltd.

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	September 30, 2008	December 31, 2007	September 30, 2008	December 31, 2007
<b>Accrued commission expenses</b>				
Related companies				
Itochu Corporation Co., Ltd.	2,047,093	1,082,757	1,521,242	957,151
P P Foods Supply Co., Ltd.	1,504,602	2,702,543	1,504,602	2,702,543
Ing shiang Co., Ltd.	1,225,454	420,253	1,225,454	420,253
Total	4,777,149	4,205,553	4,251,298	4,079,947
<b>Accrued Service Expense</b>				
Related company				
Agriworld Co., Ltd.	-	302,673	-	302,673
<b>Deposit</b>				
Subsidiary				
Agrifood Processing Co., Ltd.	-	-	30,000	30,000

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**4.3 Revenue and expenses among the Company, subsidiary and related companies**

Revenue and expenses between the Company, subsidiary and related companies for the three-month periods ended September 30, 2008 and 2007 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b>Sales</b>				
Subsidiary				
Agrifood Processing Co., Ltd.	-	-	63,483,157	44,758,796
Related companies				
Itochu Corporation Co., Ltd.	45,829,566	38,094,308	24,581,645	29,887,884
P P Foods Supply Co., Ltd.	2,797,450	3,353,460	2,797,450	3,353,460
Ing shiang Co., Ltd.	621,145	-	621,145	-
Total	49,248,161	41,447,768	28,000,240	33,241,344
Grand Total	49,248,161	41,447,768	91,483,397	78,000,140
<b>Other income</b>				
Subsidiary				
Agrifood Processing Co., Ltd.	-	-	155,100	157,940
Related company				
C.T.Prosper Group Co.,Ltd.	22,500	22,500	22,500	22,500
Total	22,500	22,500	177,600	180,440
<b>Interest Income</b>				
Related company				
C&W Interfoods Co.,Ltd.	200,150	200,698	200,150	200,698
<b>Commission Expenses</b>				
Related companies				
Itochu Corporation Co., Ltd.	920,136	701,580	493,646	571,712
P P Foods Supply Co., Ltd.	431,013	436,553	431,013	436,553
Ing shiang Co., Ltd.	496,122	182,527	496,122	182,527
Total	1,847,271	1,320,660	1,420,781	1,190,792

Revenue and expenses between the Company, subsidiary and related companies for the nine-month periods ended September 30, 2008 and 2007 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b>Sales</b>				
Subsidiary				
Agrifood Processing Co., Ltd.	-	-	151,350,317	124,399,432
Related companies				
C&W Interfoods Co.,Ltd.	1,600	-	-	-
Itochu Corporation Co., Ltd.	137,102,915	119,144,121	96,083,446	98,428,453
P P Foods Supply Co., Ltd.	6,824,950	12,181,580	6,761,950	12,181,580
Ing shiang Co., Ltd.	6,076,548	442,024	5,448,406	442,024
Total	150,006,013	131,767,725	108,293,802	111,052,057
Grand Total	150,006,013	131,767,725	259,644,119	235,451,489

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	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b>Other income</b>				
Subsidiary				
Agrifood Processing Co., Ltd.	-	-	465,300	476,660
Related company				
C.T.Prosper Group Co.,Ltd.	67,500	67,500	67,500	67,500
Total	67,500	67,500	532,800	544,160
<b>Interest Income</b>				
Related company				
C&W Interfoods Co.,Ltd.	596,100	595,551	596,100	595,551
<b>Commission Expenses</b>				
Related companies				
Itochu Corporation Co., Ltd.	2,760,467	2,305,072	1,928,358	1,941,321
P P Foods Supply Co., Ltd.	1,528,110	1,340,708	1,528,110	1,340,708
Ing shiang Co., Ltd.	1,185,459	629,832	1,185,459	629,832
Total	5,474,036	4,275,612	4,641,927	3,911,861
<b>Service Expenses</b>				
Related company				
Agriworld Co.,Ltd.	1,210,692	-	1,210,692	-

## 5. CURRENT INVESTMENTS

As at September 30, 2008 and December 31, 2007, the Company has current investments in deposits at financial institution amounting of Baht 50.0 million which are 5 - 6 month fixed deposits bear interest at the rate of 2.80 - 4.00% per annum

## 6. TRADE ACCOUNTS RECEIVABLE - NET

The aging of outstanding balances as at September 30, 2008 and December 31, 2007 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	September 30, 2008	December 31, 2007	September 30, 2008	December 31, 2007
Accounts receivable - Related companies				
Not yet due	12,213,367	7,341,280	27,676,198	21,510,254
Over due within 1- 3 months	2,108,670	4,201,464	2,108,670	4,201,464
Over due within 4 - 6 months	2,777,200	4,068,760	2,777,200	4,068,760
Over due within 7 - 12 months	-	3,436,220	-	3,436,220
Total accounts receivable				
- Related companies	17,099,237	19,047,724	32,562,068	33,216,698

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	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	September 30, 2008	December 31, 2007	September 30, 2008	December 31, 2007
Trade accounts receivable - Other companies				
Not yet due	57,967,518	42,053,633	44,479,100	29,347,041
Over due within 1 - 3 months	11,278,475	1,475,683	8,240,805	1,353,283
Over due within 7 - 12 months	-	2,721,014	-	2,721,014
Over due over 12 months	2,751,014	30,000	2,751,014	30,000
Total accounts receivable - Other companies	71,997,007	46,280,330	55,470,919	33,451,338
<u>Less</u> Allowance for doubtful accounts	(2,751,014)	(2,721,014)	(2,751,014)	(2,721,014)
Total accounts receivable				
- Other companies - Net	69,245,993	43,559,316	52,719,905	30,730,324

**7. INVENTORIES – NET**

	In Baht	
	Consolidated and Separate	
	financial statements	
	September 30, 2008	December 31, 2007
Finished goods and semi - products	305,800,395	317,943,090
Seeds, insecticide, fertilizer	23,596,346	24,172,086
Raw material and supplies	30,287,085	27,861,776
Total	359,683,826	369,976,952
<u>Less</u> Provision for inventory obsolescence	(3,237,338)	(3,444,861)
Net	356,446,488	366,532,091

**8. ACCOUNTS RECEIVABLE - PLANTERS – NET**

	In Baht	
	Consolidated and Separate	
	financial statements	
	September 30, 2008	December 31, 2007
Accounts receivable-planters	30,480,547	30,200,091
<u>Less</u> Allowance for doubtful accounts	(694,881)	(904,572)
Net	29,785,666	29,295,519

**9. INVESTMENTS IN SUBSIDIARY**

Separate financial statements

As at September 30, 2008 and December 31, 2007.

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

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

	In Baht	
	Consolidated financial statements	Separate financial statements
Transaction for the nine-month period ended September 30, 2008		
Opening net book amount	526,291,136	525,759,482
Acquisition	30,302,212	30,291,242
Disposals	(7,136)	(7,136)
Depreciation	(58,840,981)	(58,585,690)
Closing net book amount	<u>497,745,231</u>	<u>497,457,898</u>

Net book value of land, building and machinery amounted to Baht 155.29 million were mortgaged and pledged as collateral against partial bank overdrafts and short-term loans from financial institutions as discussed in Note 14 to interim financial statements.

**11. NON OPERATING LAND**

Unused land of the Company amounting of Baht 16.11 million (December 31, 2007 : Baht 13.44 million) is reserved for the plant expansion.

**12. INTANGIBLE ASSETS - NET**

	In Baht
	Consolidated and Separate financial statements
Transaction for the nine-month period ended September 30, 2008	
Opening net book value	858,584
<u>Less</u> Amortization during the period	<u>(310,365)</u>
Closing net book value	<u>548,219</u>
As at September 30, 2008	
Cost	1,690,810
<u>Less</u> Accumulative amortization	<u>(1,142,591)</u>
Net book value	<u>548,219</u>

**13. FIXED DEPOSITS PLEDGED AS COLLATERAL**

As at September 30, 2008 and December 31, 2007, the subsidiary has fixed deposit amounted to Baht 14.15 million and Baht 10.38 million, respectively which pledged as collateral against credit line from a local financial institution.

**14. OVERDRAFTS AND SHORT - TERM LOAN FROM FINANCIAL INSTITUTIONS**

As at September 30, 2008 and December 31, 2007, the Company has the overdraft and short-term loan lines amounted to Baht 540.0 million and Baht 443.6 million, respectively which bears interest at the rate of MOR per annum. Such overdraft and short-term loan lines are guaranteed by mortgaging land and structures thereon and pledging of machineries of the Company as discussed in Note 10 to interim financial statements.

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**15. SHARE CAPITAL**

- According to the resolution of the shareholders' meeting No.1/2007 held on April 23, 2007 the shareholders had the resolution to approve as follows :
  - Approved the capital decreasing of the Company's authorized share capital from Baht 315,000,000 (315,000,000 of common shares with a par value of Baht 1 per share) to Baht 314,997,360 (314,997,360 of common shares with a par value of Baht 1 per share). The Company registered with the Ministry of Commerce on May 1, 2007.
  - Approved the capital increasing amount to Baht 31,499,736 of the Company's authorized share capital from Baht 314,997,360 (314,997,360 of common shares with a par value of Baht 1 per share) to Baht 346,497,096 (346,497,096 of common shares with a par value of Baht 1 per share) The Company registered with the Ministry of Commerce on May 2, 2007.
- On May 23, 2007, the Company paid stock dividends to the existing shareholders at the ratio of 10 existing common shares to 1 common shares (decimal round off) accounting for total stock dividend paid of 31,499,232 shares at the rate Baht 0.10 per share with a par value of Baht 1 per share amount to Baht 31,499,232. The paid up share capital increased amount 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 23, 2007.

**16. DIVIDENDS PAID**

At the shareholders' meeting No.1/2008 held on April 30, 2008, the shareholders were unanimously approved the payment of dividends from the operation of the year 2005-2007 under the Board of Investment Promotional Certificate No. 1465/2542 to the shareholders for 346,496,592 on shares, at Baht 0.30 per share amounted to Baht 103,947,478. Such dividends were paid on May 30, 2008.

At the shareholders' meeting No.1/2007 held on April 23, 2007 the shareholders were unanimously approved the payment of dividends from the operation of the year under the Board of Investment Promotional Certificate No. 1465/2542 to the shareholders for 314,997,360 on shares, at the Baht 0.25 per share amounted to Baht 78,749,344. Such dividends were paid on May 23, 2007.

**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.



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**18. SEGMENT INFORMATION**

The Company and subsidiaries are engaged in business of manufacturing and exporting of frozen fruits, vegetables and 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 period ended September 30, 2008 and are as follows:

Consolidated financial statements

	In Baht		
	Frozen Products	Transmuted Products	Total
Sales	348,118,251	1,996,487	350,114,738
	(249,622,844		
Cost of sales	)	(1,655,750)	(251,278,594)
Gross profit	98,495,407	340,737	98,836,144
Selling expenses	(36,261,807)	(78,406)	(36,340,213)
Income from operating	62,233,600	262,331	62,495,931
Interest and other income			4,499,038
Central expenses			(25,857,307)
Interest expenses			(33)
Net income			41,137,629

The details of business segment information for the three-month period ended September 30, 2007 and are as follows:

Consolidated financial statements

	In Baht		
	Frozen Products	Transmuted Products	Total
Sales	244,766,376	683,130	245,449,506
	(182,474,451		
Cost of sales	)	(699,256)	(183,173,707)
Gross profit (loss)	62,291,925	(16,126)	62,275,799
Selling expenses	(22,596,684)	(21,636)	(22,618,320)
Income (loss) from operating	39,695,241	(37,762)	39,657,479
Interest and other income			3,346,856
Central expenses			(18,930,192)
Interest expenses			(5)
Net income			24,074,138

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The details of business segment information for the nine-month period ended September 30, 2008 and are as follows:

Consolidated financial statements

	In Baht		
	Frozen Products	Transmuted Products	Total
Sales	968,615,375	2,967,021	971,582,396
Cost of sales	(702,195,578)	(2,384,567)	(704,580,145)
Gross profit	266,419,797	582,454	267,002,251
Selling expenses	(96,170,725)	(94,223)	(96,264,948)
Income from operating	170,249,072	488,231	170,737,303
Interest and other income			13,938,652
Central expenses			(64,545,250)
Interest expenses			(48)
Net income			120,130,657
Property , plant and equipment by segment as at September 30,2008	414,893,710	39,600,296	454,494,006
Property , plant and equipment which cannot be classified by segment			43,251,225
Other assets			738,997,320
Total assets			1,236,742,551

The details of business segment information for the nine-month period ended September 30, 2007 and are as follows:

Consolidated financial statements

	In Baht		
	Frozen Products	Transmuted Products	Total
Sales	830,062,191	3,085,408	833,147,599
Cost of sales	(602,515,766)	(3,811,076)	(606,326,842)
Gross profit (loss)	227,546,425	(725,668)	226,820,757
Selling expenses	(75,587,449)	(177,209)	(75,764,658)
Income (loss) from operating	151,958,976	(902,877)	151,056,099
Interest and other income			20,076,140
Central expenses			(68,018,320)
Interest expenses			(5,976)
Net income			103,107,943
Property , plant and equipment by segment as at September 30,2007	459,075,292	37,509,422	496,584,714
Property , plant and equipment which cannot be classified by segment			39,592,960
Other assets			682,637,887
Total assets			1,218,815,561

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The details of business segment information for the three-month period ended September 30, 2008 are as follows:

Separate financial statements

	In Baht	
	Frozen Products	Transmuted Products
		Total
Sales	337,144,256	337,144,256
Cost of sales	(249,622,844)	(249,622,844)
Gross profit	87,521,412	87,521,412
Selling expenses	(30,633,573)	(30,633,573)
Income from operating	56,887,839	56,887,839
Interest and other income		4,543,882
Central expenses		(21,772,046)
Interest expenses		(33)
Net income		39,659,642

The details of business segment information for the three-month period ended September 30, 2007 are as follows:

Separate financial statements

	In Baht	
	Frozen Products	Transmuted Products
		Total
Sales	240,427,272	241,110,402
Cost of sales	(182,474,451)	(183,173,707)
Gross profit (loss)	57,952,821	57,936,695
Selling expenses	(18,631,200)	(18,652,835)
Income (loss) from operating	39,321,621	39,283,860
Interest and other income		3,348,639
Central expenses		(17,344,357)
Interest expenses		(5)
Net income		25,288,137

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The details of business segment information for the nine-month period ended September 30, 2008 are as follows:

Separate financial statements

	In Baht		
	Frozen Products	Transmuted Products	Total
Sales	949,377,419	-	949,377,419
	(702,195,578	-	(702,195,578)
Cost of sales	)		
Gross profit	247,181,841	-	247,181,841
Selling expenses	(83,204,036)	-	(83,204,036)
Income from operating	163,977,805	-	163,977,805
Interest and other income			14,054,480
Central expenses			(58,866,681)
Interest expenses			(48)
Net income			119,165,556
Property, plant and equipment - net by segment as at September 30, 2008	414,893,710	39,600,296	454,494,006
Property, plant and equipment - net which cannot be classified by segment			42,963,892
Other assets			731,956,352
Total assets			1,229,414,250

The details of business segment information for the nine-month period ended September 30, 2007 are as follows:

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	In Baht		
	Frozen Products	Transmuted Products	Total
Sales	819,472,653	2,406,146	821,878,799
	(602,515,766	(3,327,042)	(605,842,808)
Cost of sales	)		
Gross profit (loss)	216,956,887	(920,896)	216,035,991
Selling expenses	(64,924,070)	(101,363)	(65,025,433)
Income (loss) from operating	152,032,817	(1,022,259)	151,010,558
Interest and other income			20,005,712
Central expenses			(63,152,505)
Interest expenses			(5,976)
Net income			107,857,789
Property , plant and equipment by segment as at September 30,2007	459,075,292	37,509,422	496,584,714
Property , plant and equipment which cannot be classified by segment			38,958,345
Other assets			678,417,459

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Total assets	<u>1,213,960,518</u>
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## **19. FINANCIAL INSTRUMENTS**

As at September 30, 2008, the Company and subsidiary have no policy to perform speculate or trade the financial instrument transaction derivatives.

### **19.1 Credit risk**

Credit risk is the exposure to the risk that the counterparties might discharge their obligations which could cause the Company to incur financial loss. The main financial assets that potentially subject to the Company to credit risk are trade accounts receivable and long-term loan to related company.

- Trade accounts receivable, due to the confining credit policies adopted by the Company and subsidiary and the large number and diversity of the entities comprising the Company and subsidiary's customer base, The Company and subsidiary therefore does not anticipate material losses from its debt collection in excess of the allowance for doubtful accounts already set up in the accounts.
- Long - term loan to related company, the Company has managed credit risk by setting up appropriate credit limit and term which are granted, including personal and corporate guarantees as a means of mitigating the risk of financial loss from defaults. As at September 30, 2008 the Company has long-term loan to related company amounting of Baht 24.5 million with full principle repayment due within June 2010 and is paid interest at the rate of 3.25% per annum on monthly basis (at the last day of each month). Such loan is guaranteed by Wonder Interfoods Co., Ltd., which is the major shareholders of such related company and Mr. Nirand Pholpipattanapong as the director of such related company. The Company's management believes that the Company can get all loan repayment from the above related company.

### **19.2 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, 2008, the Company has outstanding forward foreign exchange selling contracts and option contracts of a total of U.S. Dollars 9.4 million in exchange of Baht 320.8 million with 4 commercial banks. The contract will be due on April 2009.

As at September 30, 2008, liabilities of the Company and subsidiary which are not hedged as follow:

	<u>Currency</u>	<u>Amount</u>
Accrued commission	U.S. Dollars	96,178

### **19.3 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

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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.

**19.4 Fair value**

The financial assets and liabilities include cash and cash equivalents, current investments, trade accounts receivable, overdraft, trade accounts payable and loans. Their carried values approximate to their fair values.

**20. COMMITMENTS AND CONTINGENT LIABILITY**

As at September 30, 2008

20.1 The Company has contingent liable for bank guarantees issued in favor of government agency amounting to approximately Baht 8.1 million.

20.2 The Company has commitment to pay the uncalled investments in Agrifood Processing Co.,Ltd. amounting to approximately Baht 90 million.

20.3 The Company has commitments for development information systems with a local company amounting of Baht 1.4 million.

**21. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

These the interim financial statements were authorized for issue by the Company's authorized director on November 13, 2008. .