

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**JUNE 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 six-month periods ended June 30, 2010 as those used in the financial statements for the year ended December 31, 2009.

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

---

**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.

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

**5. TRANSACTIONS WITH RELATED COMPANIES**

**5.1 Relationships and pricing policies**

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 June 30, 2010 and December 31, 2009 are as follows:

	In Baht			
	Consolidated		Separate	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
<b>Trade accounts receivable</b>				
Agrifood Processing Co., Ltd.	-	-	21,708,592	9,543,913
Itochu Corporation Co., Ltd.	20,775,068	5,031,350	17,913,896	3,065,855
P. P. Foods Supply Co., Ltd.	1,237,789	1,881,500	1,015,789	1,881,500
Ing shiang Co., Ltd.	2,106,064	1,134,487	2,106,064	1,134,487
Total	<u>24,118,921</u>	<u>8,047,337</u>	<u>42,744,341</u>	<u>15,625,755</u>
<b>Loans to</b>				
C&W Interfoods Co., Ltd.	-	24,500,000	-	24,500,000
<b>Interest receivable</b>				
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.

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

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

	In Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
<b>Accrued expenses</b>				
Itochu Corporation Co., Ltd.	1,859,738	882,570	1,446,845	354,143
P.P. Foods Supply Co., Ltd.	325,971	379,771	325,971	379,771
Ing shiang Co., Ltd.	1,549,147	2,375,552	1,549,147	2,375,552
Agri World Co.,Ltd.	-	12,593	-	12,593
Total	<u>3,734,856</u>	<u>3,650,486</u>	<u>3,321,963</u>	<u>3,122,059</u>
<b>Deposit</b>				
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 June 30, 2010 and 2009 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Sales</b>				
Agrifood Processing Co., Ltd.	-	-	53,040,830	46,110,152
Itochu Corporation Co., Ltd.	70,930,870	57,101,128	59,693,708	51,277,696
P.P. Foods Supply Co., Ltd.	2,352,789	2,260,000	1,015,789	2,260,000
Ing shiang Co., Ltd.	1,621,394	1,096,866	1,621,394	1,096,866
Total	<u>74,905,053</u>	<u>60,457,994</u>	<u>115,371,721</u>	<u>100,744,714</u>
<b>Interest income</b>				
C&W Interfoods Co., Ltd.	176,702	198,517	176,702	198,517
<b>Other income</b>				
Agrifood Processing Co., Ltd.	-	-	155,100	155,100
C.T.Prosper Group Co., Ltd.	22,500	22,500	25,500	22,500
Total	<u>22,500</u>	<u>22,500</u>	<u>177,600</u>	<u>177,600</u>
<b>Commission expenses</b>				
Itochu Corporation Co., Ltd.	1,428,332	1,139,798	1,203,596	1,035,076
P.P. Foods Supply Co., Ltd.	214,733	291,809	214,733	291,809
Ing shiang Co., Ltd.	842,537	669,865	842,537	669,865
Total	<u>2,485,602</u>	<u>2,101,472</u>	<u>2,260,866</u>	<u>1,996,750</u>
<b>Service expenses</b>				
Agri World Co.,Ltd.	161,453	-	161,453	-

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

**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 six-month periods ended June 30, 2010 and 2009 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Sales</b>				
Agrifood Processing Co., Ltd.	-	-	110,106,300	97,596,467
Itochu Corporation Co., Ltd.	116,627,699	88,399,406	89,696,027	73,157,444
P.P. Foods Supply Co., Ltd.	4,962,289	5,942,500	3,625,289	5,690,500
				1,096,866
Ing shiang Co., Ltd.	2,658,839	1,746,658	2,658,839	
	124,248,827			177,541,277
Total		96,088,564	206,086,455	
<b>Interest income</b>				
C&W Interfoods Co., Ltd.	373,038	394,853	373,038	394,853
<b>Other income</b>				
Agrifood Processing Co., Ltd.	-	-	310,200	310,200
C.T.Prospers Group Co., Ltd.	45,000	45,000	45,000	45,000
Total	45,000	45,000	355,200	355,200
<b>Commission expenses</b>				
Itochu Corporation Co., Ltd.	2,379,460	1,774,299	1,801,921	1,479,984
P.P. Foods Supply Co., Ltd.	589,118	723,405	589,118	723,405
Ing shiang Co., Ltd.	1,557,831	1,250,259	1,557,831	1,250,259
Total	4,526,409	3,747,963	3,948,870	3,453,648
<b>Service expenses</b>				
Agri World Co.,Ltd.	658,217	-	658,217	-

**6. CASH AND CASH EQUIVALENTS**

	In Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Cash on hand	121,853	125,153	111,853	115,153
Current accounts	269,583	285,057	-	-
Saving accounts	190,179,736	262,065,602	170,479,294	132,355,352
Fixed deposits : Less than 3 months	155,542,428	5,521,965	150,000,000	110,000,000
Total	346,113,600	267,997,777	320,591,147	242,470,505

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 December 31, 2009, the Company has short-term investments in fixed deposits at financial institution amounting of Baht 50.0 million which are 8 months period, bear interest at the rate of 1.0% per annum.

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

**8. TRADE ACCOUNTS RECEIVABLE - NET**

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

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Accounts receivable - Related companies				
Not yet due	22,495,766	7,550,688	41,121,186	15,129,106
Over due within 1 - 3 months	1,140,246	496,649	1,140,246	496,649
Over due within 4 - 6 months	482,909	-	482,909	-
Total accounts receivable				
- Related companies	<u>24,118,921</u>	<u>8,047,337</u>	<u>42,744,341</u>	<u>15,625,755</u>
Trade accounts receivable - Other companies				
Not yet due	86,417,837	28,854,127	74,050,516	22,413,926
Over due within 1 - 3 months	1,902,588	7,359,864	1,902,588	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	91,071,439	38,965,005	78,704,118	31,960,804
<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>88,320,425</u>	<u>36,213,991</u>	<u>75,953,104</u>	<u>29,209,790</u>

**9. INVENTORIES – NET**

Consolidated financial statements

	In Baht					
	At Cost		Provision for diminution in		Inventories-net	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Finished goods and semi - products	315,257,199	352,489,131	(1,607,832)	(1,400,639)	313,649,367	351,088,492
Raw material and supplies	33,945,815	34,275,583	(666,717)	(776,947)	33,279,098	33,498,636
Seeds, insecticide, fertilizer	26,452,177	17,077,032	(71,286)	(61,122)	26,380,891	17,015,910
Total	<u>375,655,191</u>	<u>403,841,746</u>	<u>(2,345,835)</u>	<u>(2,238,708)</u>	<u>373,309,356</u>	<u>401,603,038</u>

Separate financial statements

	In Baht					
	At Cost		Provision for diminution in		Inventories-net	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Finished goods and semi - products	312,577,825	352,489,131	(1,607,832)	(1,400,639)	310,969,993	351,088,492
Raw material and supplies	33,945,815	34,275,583	(666,717)	(776,947)	33,279,098	33,498,636
Seeds, insecticide, fertilizer	26,452,177	17,077,032	(71,286)	(61,122)	26,380,891	17,015,910

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

Total	<u>372,975,817</u>	<u>403,841,746</u>	<u>(2,345,835)</u>	<u>(2,238,708)</u>	<u>370,629,982</u>	<u>401,603,038</u>
-------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------

**10.ACCOUNTS RECEIVABLE - PLANTERS - NET**

	In Baht	
	Consolidated and Separate	
	financial statements	
	June 30, 2010	December 31, 2009
Accounts receivable-planters	21,837,960	27,369,166
<u>Less</u> Allowance for doubtful accounts	<u>(690,810)</u>	<u>(697,457)</u>
Accounts receivable - planters - Net	<u>21,147,150</u>	<u>26,671,709</u>

**11.FIXED DEPOSITS PLEDGED AS COLLATERAL**

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

**12.INVESTMENTS IN SUBSIDIARY**

Separate financial statements

As at June 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 six-month period ended June 30, 2010		
Opening net book amount	448,455,591	448,386,945
<u>Add</u> Acquisition	33,077,116	31,298,115
<u>Less</u> Disposals	(4,542)	(4,541)
<u>Less</u> Depreciation	<u>(39,743,129)</u>	<u>(39,576,293)</u>
Closing net book amount	<u>441,785,036</u>	<u>440,104,226</u>

Net book value of land and buildings amounted to Baht 141.0 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.

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

**14. NON OPERATING ASSETS - NET**

	In Baht		
	Consolidated and Separate financial statements		
	Land	Machineries and equipment	Total
Transaction for the six-month period ended June 30, 2010			
Opening net book value	18,050,121	3,026,037	21,076,158
<u>Less</u> Depreciation	-	(455,233)	(455,233)
Closing net book value	18,050,121	2,570,804	20,620,925

Unused land of the Company amounting of Baht 18.1 million to prepare for the plant expansion in the future.

**15. COMPUTER SOFTWARE - NET**

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

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

As at June 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



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

shares with a par value of Baht 1 per share). The Company registered with the Ministry of Commerce on June 2, 2009.

**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.BASIC EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of common shares in issue during the period. The numbers of common shares are adjusted by the stock dividends distributed during the year 2009 are incurred in the beginning.

Basic earnings per share for the three - month and six - month periods ended June 30, 2009 were recalculated for comparison purpose.

**21.EXPENSES BY NATURE**

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

	In Baht			
	Consolidated		Separate	
	2010	2009	2010	2009
Changes in raw materials, semi - finished products and finished goods	83,969,603	24,095,639	83,969,603	24,095,639
Purchase of raw material	68,705,325	105,930,155	68,705,325	105,930,155
Depreciation and amortization	23,509,196	22,803,688	23,413,649	22,750,493
Staff costs	48,633,855	43,369,123	48,221,070	42,966,883

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

**21. EXPENSES BY NATURE (Con't)**

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

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Changes in raw materials, semi - finished products and finished goods	40,580,822	(8,028,015)	40,580,822	(8,028,015)
Purchase of raw material	215,636,919	229,776,058	215,636,919	229,776,058
Depreciation and amortization	40,380,622	38,046,468	40,213,786	37,940,786
Staff costs	95,476,399	88,205,489	94,649,719	87,400,908

**22. 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 June 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	426,101	426,145	775	1,340	426,876	427,485
Cost of sales	(289,823)	(258,379)	(1,502)	(1,552)	(291,325)	(259,931)
Gross profit (Loss)	136,278	167,766	(727)	(212)	135,551	167,554
Selling expenses	(37,127)	(34,833)	(62)	(117)	(37,189)	(34,950)
Profit (Loss) from operating	99,151	132,933	(789)	(329)	98,362	132,604
Gain on exchange rate					4,708	935
Interest and other income					2,766	2,336
Central expenses					(21,136)	(22,570)
Profit before income tax					84,700	113,305
Income tax					-	(632)
Net profit					84,700	112,673

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

**22. SEGMENT INFORMATION (Con't)**

The details of business segment information for the six-month periods ended June 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	744,288	733,785	1,355	1,340	745,643	735,125
Cost of sales	(528,358)	(465,576)	(2,020)	(1,552)	(530,378)	(467,128)
Gross profit (Loss)	215,930	268,209	(665)	(212)	215,265	267,997
Selling expenses	(66,167)	(64,430)	(86)	(117)	(66,253)	(64,547)
Profit (Loss) from operating	149,763	203,779	(751)	(329)	149,012	203,450
Gain on exchange rate					9,057	-
Interest and other income					4,763	5,611
Central expenses					(44,562)	(44,435)
Profit before income tax					118,270	164,626
Income tax					-	(1,180)
Net profit					118,270	163,446
Property , plant and equipment - net by segment as at June 30,	359,055	380,981	41,151	39,837	400,206	420,818
Property , plant and equipment - net which cannot be classified by segment					41,579	42,474
Other assets					902,000	886,198
Total assets					1,343,785	1,349,490

The details of business segment information for the three-month periods ended June 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	420,785	419,799	783	681	421,568	420,480
Cost of sales	(289,823)	(258,379)	(1,502)	(1,024)	(291,325)	(259,403)
Gross profit (Loss)	130,962	161,420	(719)	(343)	130,243	161,077
Selling expenses	(33,111)	(31,461)	(38)	(54)	(33,149)	(31,515)
Profit (Loss) from operating	97,851	129,959	(757)	(397)	97,094	129,562
Gain on exchange rate					3,858	603
Interest and other income					2,875	2,415
Central expenses					(20,005)	(21,380)
Net profit					83,822	111,200

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

**22. SEGMENT INFORMATION (Con't)**

The details of business segment information for the six-month periods ended June 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	735,304	719,791	783	681	736,087	720,472
Cost of sales	(528,358)	(465,576)	(1,502)	(1,024)	(529,860)	(466,600)
Gross profit (Loss)	206,946	254,215	(719)	(343)	206,227	253,872
Selling expenses	(58,027)	(56,661)	(38)	(54)	(58,065)	(56,715)
Profit (Loss) from operating	148,919	197,554	(757)	(397)	148,162	197,157
Gain on exchange rate					7,855	-
Interest and other income					4,484	5,747
Central expenses					(41,906)	(41,831)
Net profit					118,595	161,073
Property , plant and equipment - net by segment as at June 30,	359,055	380,981	41,151	39,837	400,206	420,818
Property , plant and equipment - net which cannot be classified by segment					39,898	42,341
Other assets					888,915	871,924
Total assets					1,329,019	1,335,083

**23.FINANCIAL INSTRUMENTS**

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

**23.1 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.

**23.2 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 June 30, 2010, the Company and subsidiary has outstanding forward foreign exchange selling contracts and option contracts of a total of U.S. Dollars 10.6 million in exchange of Baht 344.9 million with 3 commercial banks. The contract will be due on December 2010. Per comparative between fair value and contract value, the loss amounting Baht 0.3 million is incurred.

As at June 30, 2010, liabilities of the Company and subsidiary have accrued commission amounting of U.S.Dollars 106,912 which is not hedged.

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

---

**23.FINANCIAL INSTRUMENTS (Con't)**

**23.3 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.

**23.4 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.

**24.COMMITMENTS AND CONTINGENT LIABILITY**

As at June 30, 2010

- 24.1 The Company has commitment to pay the uncalled investments in Agrifood Processing Co., Ltd. amounting to approximately Baht 90 million.
- 24.2 The Company has commitments for software license with a local company amounting of Baht 1.0 million.
- 24.3 The Company has contingent liable for bank guarantees issued in favor of government agency amounting to approximately Baht 8.9 million.

**25.RECLASSIFICATION OF ACCOUNTS**

Certain amounts in the financial statements as at December 31, 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	
	Consolidated and Separate financial statements	
	The Reclassifications	The Previously Reported
Trade accounts payable	47,923,858	48,641,856
Payable from acquisition of assets	717,998	-

**26.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 June 30, 2010 debt to equity ratio in the consolidated financial statements is 0.09:1 (the separate financial statements: 0.09:1)

**27.APPROVAL OF INTERIM FINANCIAL STATEMENTS**

These consolidated financial statements and separate financial statements have been approved by the Company's Board of directors on August 13, 2010.