

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**

FINANCIAL STATEMENTS

AND REPORT OF CERTIFIED PUBLIC ACCOUNTANT

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

EXPRESSED IN THAI BAHT

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2011 AND 2010**

| <b><u>ASSETS</u></b>                          | <b>Notes</b> | <b>In Baht</b>              |                      |                             |                      |
|---|--------------|-----------------------------|----------------------|-----------------------------|----------------------|
|   |              | <b>Consolidated</b>         |                      | <b>Separate</b>             |                      |
|   |              | <b>financial statements</b> |                      | <b>financial statements</b> |                      |
|   |              | <b>2011</b>                 | <b>2010</b>          | <b>2011</b>                 | <b>2010</b>          |
| <b>CURRENT ASSETS</b>                         |              |                             |                      |                             |                      |
| Cash and cash equivalents                     | 8            | 261,771,921                 | 180,543,896          | 242,783,021                 | 159,538,653          |
| Short - term investments                      | 9            | 155,600,000                 | 305,563,080          | 150,000,000                 | 300,000,000          |
| Trade accounts receivable - related companies | 7.2, 10      | 5,255,835                   | 8,393,339            | 18,972,870                  | 21,678,626           |
| - other companies                             | 10           | 49,787,448                  | 44,525,784           | 35,683,762                  | 36,831,724           |
| Inventories                                   | 11           | 336,257,594                 | 309,958,460          | 336,257,594                 | 309,958,460          |
| Other current assets                          |              |                             |                      |                             |                      |
| Accounts receivable - planters                | 12           | 28,821,956                  | 36,184,230           | 28,821,956                  | 36,184,230           |
| Value added tax receivable                    |              | 1,753,466                   | 1,633,661            | 1,702,302                   | 1,611,619            |
| Others  |              | 4,309,686                   | 1,822,277            | 4,107,782                   | 1,808,861            |
| Total other current assets                    |              | 34,885,108                  | 39,640,168           | 34,632,040                  | 39,604,710           |
| <b>TOTAL CURRENT ASSETS</b>                   |              | <b>843,557,906</b>          | <b>888,624,727</b>   | <b>818,329,287</b>          | <b>867,612,173</b>   |
| <b>NON - CURRENT ASSETS</b>                   |              |                             |                      |                             |                      |
| Fixed deposits pledged as collateral          | 13           | 14,672,090                  | 14,491,685           | -                           | -                    |
| Investment in subsidiary                      | 14           | -                           | -                    | 23,353,658                  | 23,353,658           |
| Property, plant and equipment                 | 15           | 407,198,912                 | 449,709,592          | 406,033,043                 | 448,218,189          |
| Computer software - installation              |              | 2,976,673                   | 2,798,886            | 2,976,673                   | 2,798,886            |
| Other non - current assets                    |              | 5,054,007                   | 3,205,087            | 5,053,107                   | 3,204,187            |
| <b>TOTAL NON - CURRENT ASSETS</b>             |              | <b>429,901,682</b>          | <b>470,205,250</b>   | <b>437,416,481</b>          | <b>477,574,920</b>   |
| <b>TOTAL ASSETS</b>                           |              | <b>1,273,459,588</b>        | <b>1,358,829,977</b> | <b>1,255,745,768</b>        | <b>1,345,187,093</b> |

The notes to financial statements are an integral part of these financial statements.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2011 AND 2010**

|  |       | In Baht              |                      |                      |                      |
|--|-------|----------------------|----------------------|----------------------|----------------------|
|  |       | Consolidated         |                      | Separate             |                      |
|  |       | financial statements |                      | financial statements |                      |
| <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b> | Notes | 2011                 | 2010                 | 2011                 | 2010                 |
| <b>CURRENT LIABILITIES</b>                         |       |                      |                      |                      |                      |
| Trade accounts payable                             |       | 35,556,013           | 37,844,294           | 35,556,013           | 37,844,294           |
| Accrued income tax                                 |       | 4,801,658            | 1,375,966            | 3,895,749            | 1,375,966            |
| Accrued expenses - related companies               | 7.2   | 4,293,705            | 4,037,604            | 3,933,923            | 3,501,026            |
| - other companies                                  |       | 30,346,940           | 39,949,425           | 29,599,166           | 39,131,689           |
| Payable from acquisition of assets                 |       | 381,603              | 2,240,552            | 381,603              | 2,240,552            |
| Other current liabilities                          |       | 1,566,241            | 2,412,106            | 1,441,373            | 2,372,857            |
| <b>TOTAL CURRENT LIABILITIES</b>                   |       | <b>76,946,160</b>    | <b>87,859,947</b>    | <b>74,807,827</b>    | <b>86,466,384</b>    |
| <b>NON - CURRENT LIABILITIES</b>                   |       |                      |                      |                      |                      |
| Employee benefit obligations                       | 17    | 26,241,311           | -                    | 24,899,344           | -                    |
| <b>TOTAL LIABILITIES</b>                           |       | <b>103,187,471</b>   | <b>87,859,947</b>    | <b>99,707,171</b>    | <b>86,466,384</b>    |
| <b>SHAREHOLDERS' EQUITY</b>                        |       |                      |                      |                      |                      |
| Share capital - Baht 1 par value                   |       |                      |                      |                      |                      |
| Authorized shares                                  |       |                      |                      |                      |                      |
| 381,146,251 common shares                          |       | 381,146,251          | 381,146,251          | 381,146,251          | 381,146,251          |
| Issued and paid - up shares                        |       |                      |                      |                      |                      |
| 381,145,725 common shares                          |       | 381,145,725          | 381,145,725          | 381,145,725          | 381,145,725          |
| Premium on share capital                           |       | 68,000,000           | 68,000,000           | 68,000,000           | 68,000,000           |
| Retained earnings                                  |       |                      |                      |                      |                      |
| Appropriated for legal reserve                     | 18    | 38,115,000           | 38,115,000           | 38,115,000           | 38,115,000           |
| Unappropriated                                     |       | 683,011,392          | 783,709,305          | 668,777,872          | 771,459,984          |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                  |       | <b>1,170,272,117</b> | <b>1,270,970,030</b> | <b>1,156,038,597</b> | <b>1,258,720,709</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |       | <b>1,273,459,588</b> | <b>1,358,829,977</b> | <b>1,255,745,768</b> | <b>1,345,187,093</b> |

The notes to financial statements are an integral part of these financial statements.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

In Baht

|  | Consolidated         |                    | Separate             |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | financial statements |                    | financial statements |                    |
|  | 2011                 | 2010               | 2011                 | 2010               |
| Revenues from sales                                      | 1,293,386,520        | 1,367,578,383      | 1,267,969,807        | 1,349,072,122      |
| Cost of sales  | (1,049,127,207)      | (1,028,858,624)    | (1,048,132,207)      | (1,027,217,303)    |
| <b>Gross profit</b>                                      | <b>244,259,313</b>   | <b>338,719,759</b> | <b>219,837,600</b>   | <b>321,854,819</b> |
| Gain on exchange rate                                    | 12,782,132           | 33,428,610         | 11,132,990           | 29,645,028         |
| Other income   | 11,603,976           | 9,866,876          | 11,793,612           | 9,795,857          |
| <b>Profit before expenses</b>                            | <b>268,645,421</b>   | <b>382,015,245</b> | <b>242,764,202</b>   | <b>361,295,704</b> |
| Selling expenses   | (120,368,268)        | (128,365,184)      | (103,576,397)        | (110,964,710)      |
| Administrative expenses                                  | (57,267,685)         | (52,674,602)       | (54,571,946)         | (50,173,559)       |
| Managements' remuneration                                | (30,290,859)         | (41,344,419)       | (28,061,934)         | (38,990,619)       |
| Total expenses   | (207,926,812)        | (222,384,205)      | (186,210,277)        | (200,128,888)      |
| <b>Profit before income tax</b>                          | <b>60,718,609</b>    | <b>159,631,040</b> | <b>56,553,925</b>    | <b>161,166,816</b> |
| Income tax   | (4,922,254)          | (1,443,142)        | (4,011,990)          | (1,443,142)        |
| <b>Profit for the year</b>                               | <b>55,796,355</b>    | <b>158,187,898</b> | <b>52,541,935</b>    | <b>159,723,674</b> |
| <b>Other comprehensive income for the year</b>           | <b>-</b>             | <b>-</b>           | <b>-</b>             | <b>-</b>           |
| <b>Total comprehensive income for the year</b>           | <b>55,796,355</b>    | <b>158,187,898</b> | <b>52,541,935</b>    | <b>159,723,674</b> |
| <b>Profit attributable to:</b>                           |                      |                    |                      |                    |
| Equity holders of the parent                             | 55,796,355           | 158,187,898        | 52,541,935           | 159,723,674        |
| Non - controlling interests                              | -                    | -                  | -                    | -                  |
|  | <u>55,796,355</u>    | <u>158,187,898</u> | <u>52,541,935</u>    | <u>159,723,674</u> |
| <b>BASIC EARNINGS PER SHARE</b>                          |                      |                    |                      |                    |
| Net profit attributable to equity holders of the parent  | 0.15                 | 0.42               | 0.14                 | 0.42               |
| <b>Weighted average number of common shares (shares)</b> | <u>381,145,725</u>   | <u>381,145,725</u> | <u>381,145,725</u>   | <u>381,145,725</u> |

The notes to financial statements are an integral part of these financial statements.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

|   |              | In Baht                                |                                |  |                    |                                  |                      |
|---|--------------|--|--------------------------------|--|--------------------|----------------------------------|----------------------|
|   |              | Issued and<br>paid-up<br>share capital | Premium<br>on share<br>capital | Retained earnings<br>Appropriated<br>for legal reserve | Unappropriated     | Other<br>comprehensive<br>income | Total                |
| BALANCE                                     | <u>Notes</u> |  |                                |  |                    |                                  |                      |
| as at January 1, 2010                       |              | 381,145,725                            | 68,000,000                     | 38,115,000   | 720,806,463        | -                                | 1,208,067,188        |
| Dividends paid                              | 19           | -                                      | -                              | -  | (95,285,056)       | -                                | (95,285,056)         |
| Total comprehensive income for the year     |              | -                                      | -                              | -  | 158,187,898        | -                                | 158,187,898          |
| BALANCE as at December 31, 2010             |              | <u>381,145,725</u>                     | <u>68,000,000</u>              | <u>38,115,000</u>                                      | <u>783,709,305</u> | -                                | <u>1,270,970,030</u> |
| BALANCE as at January 1, 2011 - as reported |              | 381,145,725                            | 68,000,000                     | 38,115,000   | 783,709,305        | -                                | 1,270,970,030        |
| Impact of changes in accounting policies    |              |  |                                |  |                    |                                  |                      |
| - Employee benefit obligations              | 5            | -                                      | -                              | -  | (23,095,014)       | -                                | (23,095,014)         |
| BALANCE as at January 1, 2011 - restated    |              | 381,145,725                            | 68,000,000                     | 38,115,000   | 760,614,291        | -                                | 1,247,875,016        |
| Dividends paid                              | 19           | -                                      | -                              | -  | (133,399,254)      | -                                | (133,399,254)        |
| Total comprehensive income for the year     |              | -                                      | -                              | -  | 55,796,355         | -                                | 55,796,355           |
| BALANCE as at December 31, 2011             |              | <u>381,145,725</u>                     | <u>68,000,000</u>              | <u>38,115,000</u>                                      | <u>683,011,392</u> | -                                | <u>1,170,272,117</u> |

The notes to financial statements are an integral part of these financial statements.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**  
**SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

|   |       | In Baht                                  |                                |                                   |                    |                                  |                      |
|---|-------|--|--------------------------------|-----------------------------------|--------------------|----------------------------------|----------------------|
|   | Notes | Issued and<br>paid - up<br>share capital | Premium<br>on share<br>capital | Retained earnings                 |                    | Other<br>comprehensive<br>income | Total                |
|   |       |  |                                | Appropriated<br>for legal reserve | Unappropriated     |                                  |                      |
| BALANCE as at January 1, 2010               |       | 381,145,725                              | 68,000,000                     | 38,115,000                        | 707,021,366        | -                                | 1,194,282,091        |
| Dividends paid                              | 19    | -  | -                              | -                                 | (95,285,056)       | -                                | (95,285,056)         |
| Total comprehensive income for the year     |       | -  | -                              | -                                 | 159,723,674        | -                                | 159,723,674          |
| BALANCE as at December 31, 2010             |       | <u>381,145,725</u>                       | <u>68,000,000</u>              | <u>38,115,000</u>                 | <u>771,459,984</u> | -                                | <u>1,258,720,709</u> |
| BALANCE as at January 1, 2011 - as reported |       | 381,145,725                              | 68,000,000                     | 38,115,000                        | 771,459,984        | -                                | 1,258,720,709        |
| Impact of changes in accounting policies    |       |  |                                |                                   |                    |                                  |                      |
| - Employee benefit obligations              | 5     | -  | -                              | -                                 | (21,824,793)       | -                                | (21,824,793)         |
| BALANCE as at January 1, 2011 - restated    |       | 381,145,725                              | 68,000,000                     | 38,115,000                        | 749,635,191        | -                                | 1,236,895,916        |
| Dividends paid                              | 19    | -  | -                              | -                                 | (133,399,254)      | -                                | (133,399,254)        |
| Total comprehensive income for the year     |       | -  | -                              | -                                 | 52,541,935         | -                                | 52,541,935           |
| BALANCE as at December 31, 2011             |       | <u>381,145,725</u>                       | <u>68,000,000</u>              | <u>38,115,000</u>                 | <u>668,777,872</u> | -                                | <u>1,156,038,597</u> |

The notes to financial statements are an integral part of these financial statements.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

|   | In Baht              |                    |                      |                    |
|---|----------------------|--------------------|----------------------|--------------------|
|   | Consolidated         |                    | Separate             |                    |
|   | financial statements |                    | financial statements |                    |
|   | 2011                 | 2010               | 2011                 | 2010               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                      |                    |                      |                    |
| Profit before income tax  | 60,718,609           | 159,631,040        | 56,553,925           | 161,166,816        |
| Adjustments to reconcile net profit to net cash provided by<br>provided by operating activities |                      |                    |                      |                    |
| Unrealized gain on exchange rate  | (630,567)            | (35,384)           | (469,378)            | (43,931)           |
| Doubtful accounts (reversal)  | 319,613              | (6,646)            | 319,613              | (6,646)            |
| Loss on diminution of inventories (reversal)  | 4,700,570            | (582,859)          | 4,700,570            | (582,859)          |
| Gain on disposal of equipment and written off   | (62,066)             | (1,180,123)        | (62,073)             | (665,639)          |
| Depreciation  | 66,977,615           | 68,496,491         | 66,604,462           | 68,140,249         |
| Amortization of computer software   | -                    | 182,260            | -                    | 182,260            |
| Write off withholding income tax  | -                    | 1,798              | -                    | -                  |
| Provisions for employee benefit obligations   | 3,146,297            | -                  | 3,074,551            | -                  |
| Profit from operating activities before change in operational<br>assets and liabilities         | 135,170,071          | 226,506,577        | 130,721,670          | 228,190,250        |
| Decrease (Increase) in operational assets   |                      |                    |                      |                    |
| Trade accounts receivable - related companies   | 3,220,612            | (346,562)          | 2,779,909            | (6,049,412)        |
| Trade accounts receivable - other companies   | (4,648,458)          | (8,293,130)        | 1,602,616            | (7,598,304)        |
| Inventories   | (30,999,704)         | 92,227,437         | (30,999,704)         | 92,227,437         |
| Accounts receivable - planters  | 7,042,661            | (9,505,875)        | 7,042,661            | (9,505,875)        |
| Value added tax receivable  | (119,805)            | 5,165              | (90,683)             | 12,563             |
| Other current assets  | (2,487,409)          | (617,076)          | (2,298,921)          | (619,892)          |
| Other non - current assets  | (1,848,920)          | 268,127            | (1,848,920)          | 268,127            |
| Increase (Decrease) in operational liabilities  |                      |                    |                      |                    |
| Trade accounts payable  | (2,288,281)          | (10,079,564)       | (2,288,281)          | (10,079,564)       |
| Accrued expenses - related companies  | 190,354              | 404,399            | 373,468              | 395,809            |
| Accrued expenses - other companies  | (9,704,439)          | (3,185,530)        | (9,634,477)          | (2,978,202)        |
| Other current liabilities   | (845,866)            | 1,081,244          | (931,485)            | 1,070,155          |
| <b>Cash receipt from operation</b>  | <b>92,680,816</b>    | <b>288,465,212</b> | <b>94,427,853</b>    | <b>285,333,092</b> |
| Income tax paid   | (1,496,561)          | (818,625)          | (1,492,206)          | (67,176)           |
| Net cash provided by operating activities   | 91,184,255           | 287,646,587        | 92,935,647           | 285,265,916        |

The notes to financial statements are an integral part of these financial statements.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF CASH FLOWS (CONTINUED)**

**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

|  | In Baht                     |                            |                             |                            |
|--|-----------------------------|----------------------------|-----------------------------|----------------------------|
|  | Consolidated                |                            | Separate                    |                            |
|  | financial statements        |                            | financial statements        |                            |
|  | 2011                        | 2010                       | 2011                        | 2010                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                             |                            |                             |                            |
| Decrease (Increase) in short - term investments  | 149,963,080                 | (255,563,080)              | 150,000,000                 | (250,000,000)              |
| Increase in fixed deposits pledged as collateral   | (180,405)                   | (75,105)                   | -                           | -                          |
| Cash receipts from loan to related company   | -                           | 24,500,000                 | -                           | 24,500,000                 |
| Proceeds from disposal of equipment  | 67,822                      | 1,188,316                  | 67,822                      | 673,830                    |
| Cash paid for acquisition of plant and equipment<br>(Supplement of cash flows information 1) | (26,331,640)                | (49,551,014)               | (26,284,014)                | (47,772,013)               |
| Cash paid for acquisition of computer software   | <u>(177,787)</u>            | <u>(407,845)</u>           | <u>(177,787)</u>            | <u>(407,845)</u>           |
| Net cash provided by (used in) investing activities  | <u>123,341,070</u>          | <u>(279,908,728)</u>       | <u>123,606,021</u>          | <u>(273,006,028)</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                             |                            |                             |                            |
| Cash paid for dividends (Supplement of cash flows information 2)                             | <u>(133,297,300)</u>        | <u>(95,191,740)</u>        | <u>(133,297,300)</u>        | <u>(95,191,740)</u>        |
| Net cash used in financing activities  | <u>(133,297,300)</u>        | <u>(95,191,740)</u>        | <u>(133,297,300)</u>        | <u>(95,191,740)</u>        |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                  | 81,228,025                  | (87,453,881)               | 83,244,368                  | (82,931,852)               |
| Cash and cash equivalents, beginning of the year   | <u>180,543,896</u>          | <u>267,997,777</u>         | <u>159,538,653</u>          | <u>242,470,505</u>         |
| <b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>  | <u><u>261,771,921</u></u>   | <u><u>180,543,896</u></u>  | <u><u>242,783,021</u></u>   | <u><u>159,538,653</u></u>  |
| <u>Supplement disclosures of cash flows information</u>                                      |                             |                            |                             |                            |
| <u>1. Property, Plant and Equipment</u>  |                             |                            |                             |                            |
| Details of acquisition of plant and equipment during the year are as follows :               |                             |                            |                             |                            |
| Acquisition of plant and equipment during the year   | (24,472,691)                | (51,073,568)               | (24,425,065)                | (49,294,567)               |
| Increase (Decrease) in payable from acquisition of assets                                    | <u>(1,858,949)</u>          | <u>1,522,554</u>           | <u>(1,858,949)</u>          | <u>1,522,554</u>           |
| Cash paid for acquisition of plant and equipment   | <u><u>(26,331,640)</u></u>  | <u><u>(49,551,014)</u></u> | <u><u>(26,284,014)</u></u>  | <u><u>(47,772,013)</u></u> |
| <u>2. Cash paid for dividends</u>  |                             |                            |                             |                            |
| Dividends paid   | (133,399,254)               | (95,285,056)               | (133,399,254)               | (95,285,056)               |
| Increase in accrued dividends  | <u>101,954</u>              | <u>93,316</u>              | <u>101,954</u>              | <u>93,316</u>              |
| Cash paid for dividends  | <u><u>(133,297,300)</u></u> | <u><u>(95,191,740)</u></u> | <u><u>(133,297,300)</u></u> | <u><u>(95,191,740)</u></u> |

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