



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

GENERAL INFORMATION

Name	Chiangmai Frozen Foods Public Company Limited
Office Location	149/34 Soi Anglo Plaza, Surawongse Road, Suriyawongse , Bangrak, Bangkok 10500
Registration	0107537000513 (Old registration no. Bor Mor Jor 298)
Telephone	(662) 238 - 4091 , 634 - 0061 - 4
Facsimile	(662) 238 - 4090
Home Page	www.cmfrozen.com
Business Type	Manufacture and Export of Frozen Vegetables and Fruits Such as Green Beans, Soy Beans, Carrot, Baby Corn, Sweet Corn, Mango, Pineapple etc
Capacity	27,000 Metric Tons per Year
Factory (Branch)	1st Plant No. 92 Moo 3, Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai Province 50210, Thailand. 2nd Plant No. 299 Moo 14, Chiangmai-Phrao Road, Mae Fag Mai, Sansai, Chiangmai Province 50290 , Thailand.
Registered Capital	346,497,096 common shares each with par value 1 bahts and in the aggregate value of 346,497,096 bahts.
Paid-up Capital	346,496,592 common shares each with par value 1 bahts and in the aggregate value of 346,496,592 bahts.

SHARES IN JURISTIC PERSONS HELD BY THE COMPANY FROM 10 % UPWARDS .

Name	Agrifood Processing Co., Ltd.
Location	149 / 34 Soi Anglo Plaza, Surawongse Rd., Bangrak, Bangkok 10500
Business Type	Sell Frozen Sweet Corns and Canned Sweet Corns
Registered Capital	120 million bahts
Paid-up Capital	30 million bahts
Percentage of Shareholding	100 % by the company.



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

OTHER REFERRED JURISTIC PERSONS

Registrar	Thailand Securities Depository Co.,Ltd. 62 The Stock Exchange of Thailand Building, 4, 6-7th Floor, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand. Tel. (662) 229-2800, 654-5599 Fax. (662) 359-1262-3
Auditor	Mr. Pradit Rodloytuk, C.P.A. (Thailand) No. 0218 or Miss Nongram Laoha-areedilok, C.P.A. (Thailand) No. 4334 AST Master Office of 790/12 Thonglor Tower , Soi Thonglor 18, Sukhumvit Road 55, Klongtoey, Bangkok 10110, Thailand. Tel. (662) 381-5716, 381-8016
Legal Advisor	Mr. Wanchandr Sivaboonyawongs, Wisal & Associates Law Co.,Ltd. 83-85 Soi Anuman Rajathon, Dejo Road, Khet Bangrak, Bangkok 10500, Thailand. Tel. (662) 266-8217-8
Financial Institution	Siam Commercial Bank Public Co., Ltd. Calyon Corporate and Investment Bank - Bangkok Office Mizuho Corporate Bank , Ltd. - Bangkok Office Siam City Bank Public Co., Ltd.



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

(Unit : Thousand Baht)

INFORMATION FROM FINANCIAL STATEMENTS	Consolidated			The Company Only			
	2008	2007	2006	2008	2007	2006	
Total assets	1,270,155	1,232,615	1,204,362	1,258,285	1,226,155	1,195,532	
Total liabilities	74,022	74,841	67,759	71,824	72,426	66,475	
Shareholders' equity	1,196,133	1,157,774	1,136,603	1,186,461	1,153,729	1,129,057	
Sale revenue	1,275,570	1,051,451	1,320,368	1,239,871	1,033,023	1,047,811	
Total income	1,292,067	1,073,308	1,348,227	1,258,081	1,054,565	1,071,958	
Gross profit	348,578	269,145	352,490	316,344	251,201	298,771	
Net profit (loss)	142,306	99,920	105,737	136,680	103,421	106,390	
FINANCIAL RATIO							
Net profit ratio per total income	%	11.01	9.31	7.84	10.86	9.81	9.92
Return on equity	%	11.90	8.63	9.30	11.52	8.96	9.42
Return on assets	%	11.20	8.11	8.78	10.86	8.43	8.90
Net profit (loss) per share	Baht	0.41	0.30	0.34	0.39	0.31	0.34
Annual Dividend per share	Baht	0.30	0.30	0.25	0.30	0.30	0.25
Stock Dividend per share	Baht	0.10	-	0.10	0.10	-	0.10
Book value per share	Baht	3.45	3.46	3.61	3.42	3.45	3.58
Net assets value per share	Baht	3.67	3.69	3.82	3.63	3.67	3.80

Remark : Weighted average number of common shares for the year 2006 = 314,997,360 shares and 2007 = 334,242,096 shares.



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

CLARIFICATION FROM CHAIRMAN OF BOARD OF DIRECTORS

To : The Shareholders ;

In the year 2008, the company earned total income amount 1,292 million bahts, increased from the year 2007 amount 219 million bahts comes to 20.4 % , having net profit amount 142.3 million bahts, increased by amount 42.4 million bahts comes to 42.4 % , having sale volumn in the year 2008 amount 25,670 metric tons increased from the year 2007 amount 3,820 metric tons or 17.5 %. Therefore, the resolution in the meeting of the Board of Company Director then agree to pay dividend to the shareholders amount 346,496,592 shares in rate 0.30 baht/share, comes to amount 103,948,977.60 bahts and pay stock dividend to the shareholders amount 346,496,592 shares in ratio 10 original shares / 1 new share, comes to stock dividend amount 34,649,659 shares or comes to pay dividend 0.10 baht/share.

As for the year 2009 , the company puts sale target at 25,000 metric tons. Lastly, the company believes that under an endeavour and confident of the customers toward the company would help the company able to score a success in running the business and having good business result in order the company would be able to pay dividend to the shareholders regularly.

(Mr. Prayoon Pholpipattanaphong)

Chairman

February 9, 2009.



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

CLARIFICATION FROM CHAIRMAN OF AUDIT COMMITTEE

To : The Shareholders ;

As the Board of company has resolved to nominate the Board of Audit Committee which comprise three independent non-executives directors, namely Mr. Santichai Suakanonth as Chairman of the Board of Audit Committee, Mr. Amnuay Yossuck, Ph.D. and Mr. Ampon Ruayfupant as Audit Committees to performe the duties assigned from the Board of Company which mentioned clearly in the Audit Committee Charter which is according to the provision of the Stock Exchange of Thailand.

During the year 2008, the Board of Audit Committee conducted 4 meetings with External Auditors, Management and Internal Auditor to review as limit and responsibility by having the significant duties summarized as follows :

1. Review the financial statement quarterly and annual financial statement of 2008 and adequately listen the clear explanations and report from the Management and Auditor in related subject. Therefore, the Audit Committee's opinion is in correspond line with the External Auditors that said quarterly and annual financial statements are correct and sufficiently disclosed for all material respects in conformity with the generally accepted accounting principles.
2. Review the disclosure of connected and related information between the company , subsidiary company and concerned company and it is of opinion that such related information adequately and correctly disclosed.
3. Review the compliance with the laws and regulation of Securities and Stock Exchange and related law of the company business and found no material flaw.
4. Promote the independence of internal audit operation, agreeing with internal audit plan and reviewing to have the adequacy and effective internal control system and found no significant weakness of control that may have adverse impact.

(Mr. Santichai Suakanonth)

Chairman of Audit Committee

February 27., 2009



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

1. RISK

NATURE FACTOR

The company is a manufacturer and dealer of frozen fruits and vegetables which mainly use Green Beans ,Soy Beans and Sweet Corns as raw material for producing at ratio 42 % of producing cost .But since these raw materials are the agriculture raw material that mainly depends on the season and nature factors , therefore the company may affect from its shortage .

To serve this risk , the company would increase more volume of producing in next stage due to raw material would be able to grow 2-3 stages a year and harvesting life is about 30 days . Therefore , if the problem arises in any stage of growing , the company would increase more growing area in next stage .

MARKETING

The company has presently exported Frozen Fruits and Vegetables product to Japan market valued 824.5 million bahts or 65.5 % of total income which this dependence on Japan market at high proportion would affect the company business from their economic depressed . and /or change on the trade policy of such country .

However , as the products of the company which is food type necessary for standard of living and Japanese peoples like to consume Soy Beans and Frozen Soy Beans , so the affective from depending on Japan market as a main would not be so risk .

To prevent from such risk , the company must try to look for more market in Europe and U.S.A. by 2008 , the company would be able to export to such markets at 13.3 % of total income .

EXCHANGE RATE

As the company has its value export at 80.5 % of total income with all currency sold in US Dollar , so the company may affect due to strong exchange rate which make the company receive less Baht value from less exchange rate .

The measurement to reduce risk in this case , the company has made a US exchange forward contract which can reduce risk from foreign exchange rate in moderate which the company will make advance sell about 200,000 - 1,000,000 US Dollars per time .



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QUALITY PRODUCTS

Quality products that must free from chemical causes the company having risk in returning products from the customers if incapable to control the quality to free from chemical as agreed with the customers .

The standard measure of controlling quality products which is effected from chemical residue , the company has paid much strictness on using chemical in which the company has arranged detector for chemical residue which presently the company available 6 detectors to capable to detect the chemical residue more than 250 kinds whereas the company uses the chemical about 20 kinds .

2. BUSINESS CHARACTER

1) HISTORY

The company has manufactured and exported frozen fruits and vegetables since 1990 under joint - venture between Thai , Taiwan and Japan with appointed board of directors comprised 4 directors from Thai group led by Mr. Prayoon Pholpipattanaphong and group of 3 foreigners (exclude independent directors) . The company has permitted from the Stock Exchange of Thailand to be a registered company on January 19,1993 and started buying - selling shares in the Stock Exchange on January 25, 1993 . Furthermore , the company has obtained investment promotion from the investment promotion committee since 1988 till present.

2) TO CARRY ON BUSINESS OF THE COMPANY , SUBSIDIARY COMPANY AND INCOME RATIO

The company is a manufacturer and exporter of Frozen Fruits and Vegetables which to be brought the agricultural products as raw materials to pass the processing methods then brings to keep at storing room with temperature -25 degrees celsius.

The products of the company are categorized as follows :

Frozen vegetables such as Green Beans, Soy Beans, Carrot , Baby Corn, Sweet Corn etc.

Frozen fruits such as Mango, Pineapple etc.

Pouch Sweet Corns .



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In Thousand Baht.

STRUCTURE OF REVENUE	Chiangmai Frozen Foods Public Company Limited					
	2008		2007		2006	
Products	Amount	%	Amount	%	Amount	%
Frozen Vegetables	1,227,346	97.6	1,020,740	96.8	1,023,872	95.5
Frozen Fruits	12,525	1.0	9,814	0.9	15,280	1.4
Sweet Corns (Canned, Pouch)	-	-	2,406	0.2	8,659	0.8
Gain from exchange rate	5,097	0.4	2,836	0.3	15,274	1.4
Others income	13,113	1.0	18,769	1.8	8,873	0.9
Total	1,258,081	100.0	1,054,565	100.0	1,071,958	100.0

PRODUCT MARKETS

Overseas	1,013,074	80.5	825,920	78.3	885,466	82.6
Domestic	226,797	18.0	207,102	19.6	162,345	15.1
Gain from exchange rate	5,097	0.4	2,836	0.3	15,274	1.4
Others income	13,113	1.1	18,707	1.8	8,873	0.9
Total	1,258,081	100.0	1,054,565	100.0	1,071,958	100.0

Remark : Domestic sale, partly from indirect export which is exported by Agrifood Processing Co.,Ltd.(Subsidiary)

Percentage

NATURE OF CUSTOMERS	Oversea Market	Domestic Market	Total
Total sale value	82.00	18.00	100.00
Sale of frozen vegetables	82.00	18.00	100.00
Sale of frozen fruits	99.00	1.00	100.00

OPERATION CYCLE

Percentage

Sales statistics	2008	2007	2006
1st Quarter	19.00	23.00	22.00
2nd Quarter	31.00	33.00	33.00
3rd Quarter	27.00	23.00	27.00
4th Quarter	23.00	21.00	18.00
Total	100.00	100.00	100.00



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SUBSIDIARY COMPANY

Agrifood Processing Co., Ltd. , distributes Canned Sweet Corns and Frozen Sweet Corns

Structure of Income

Agrifood Processing Co.,Ltd.

(Unit : Thousand baht)

	2008		2007		2006	
	Amount	%	Amount	%	Amount	%
Revenue from Sales	248,489	99.8	198,898	99.5	153,881	99.5
Others income	533	0.2	947	0.5	773	0.5
Total	249,022	100.0	199,845	100.0	154,654	100.0

3) BUSINESS TARGET

The company has a target of expanding business but under studying .

3. TO CARRY ON BUSINESS OF EACH PRODUCTS

1) CHARACTER OF PRODUCTS OR SERVICE

Products of the company are frozen fruits and vegetables which pass a quality standard production process and has obtained various standard certification such as ISO 9002 , HACCP and GMP .

RIGHT AND LIMITATION IN CARRYING BUSINESS

Number of promotion certificates ;

1st Certificate No. 1727/Sor Or./1988

2nd Certificate No. 1063/Sor Or./1993

3rd Certificate No. 1397/1994

4th Certificate No. 1465/1999

5th Certificate No. 1545(3)/2004

List	1st Certificate	2nd Certificate	3rd Certificate	4th Certificate	5th Certificate
Plant Number	1	1	2	2	2
Promotion certificate date	12/12/1988	28/04/1993	7/07/1994	28/10/1999	6/07/2004
Business capacity (tons / year)	10,000	5,000	12,000	15,000	5,850
Validity of promotion certificate (years)	7	6	8	8	8
Effective dates of promotion certificate	1/02/1990	1/11/1994	3/03/1996	1/11/2001	Don't start
Expiry dates of promotion certificate	1/02/1997	1/11/2000	3/03/2004	1/11/2009	
Granted investment promotion in the :-					



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- manufacture of vegetables & fruits	Yes	Yes	Yes	Yes	
- Cold Storage Business					Yes
Type of business	1.3	1.8	1.8	1.8	1.17
1.3 Food manufacture or preservation					
1.8 Food manufacture					
1.17 Cold Storage Service					
Exemption from company income tax	Yes	Yes	Yes	Yes	Yes
Deduction of two times of transportation and electricity fee for ten years as from income earning commencement	Yes	Yes	Yes	Yes	-
After the expiry of promotion certificate, deduction of 50 % / Year company income tax for five years	Yes	Yes	Yes	Yes	-

As an investment promoted company , the company is required to comply with the conditions and regulations as stipulated in the Investment Promotion Certification .

(2) MARKETING AND COMPETING CONDITION

MARKETING STRATEGY

The industrial of manufacturing frozen fruits and vegetables use the modern technology .The products are able to retain for its color , nutrition value with taste like fresh one , no preservative added and also can keep for long , comfortable and easy when to eat . This is a new line of industrial products which add a new way for the consumers who are able to buy and eat all year .

IMPORTANT OF COMPETITIVE TACTICS

1. Quality of products with standard , fresh , delicious .
2. Regular delivery at time of need .
3. Reasonable or lower price than competitor but better in quality .
4. To provide discount when quantity order is high .
5. To pay visit and take care customers closely .

ADVANTAGES

1. The company has very strong market status .
2. High rank of executive directors of the company are entirely experienced with knowledge of trading in agricultural products for a decade .



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3. Main products of the company is the produces from agriculture of good quality , fresh and safety .
4. The growing areas are of plentiful and able to grow throughout the year and few affect from nature like wind storm , heavy rain and flood when compare with the competitor country like China and Taiwan .

DISADVANTAGES

1. The delivery distant both inland and sea when compare to the competitor in foreign country more distant make the delivery cost higher .
2. Uncertainty of money value .
3. Size of growing areas is small supervision of growing areas and control of chemical usage are done harder.

TARGET CUSTOMERS

Main customers of the company will be the department store , hotel , Japanese Resturant which will emphasize on middle class group and business group who need the goods in form of half - cooked , clean , healthy and easy consume .

PRICING POLICY

It is the policy of the company to sell products at reasonable price , as compares to the price of foreign competitors , price of the company's product is neighbouring or a bit higher but better in quality.

DISTRIBUTION AND DISTRIBUTION CHANNELS

Almost all the company's products are exported overseas through the distribution channels of :

DOMESTIC

There are two channels :

1. Direct distribution to the factory approx. 0.3 of the total sale value .
2. The distribution is done through P. P. Food Supply Co., Ltd., having distributed proportion 0.8 % of the total sale and Agrifood Processing Co., Ltd., having distributed proportion 17.2 % of the total sale .

OVERSEAS

There are two channels :

1. Direct distribution to the customers which mainly are department stores and various supermarkets in foreign with distribution rate approximate 56.9 % to Japan of the total sale value and approximate 14.4 % to U.S.A. , Sweden, Denmark , Taiwan and China .



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2. Distribute through the representative such as Itochu Corporation and Ing Shiang Co.,Ltd., which are a joint-venture of the company with having sale proportion approximate 10.4 % of the total sale in which the company will pay the commission to the representative at the rate of 1.5 - 3 % of total sale (F.O.B.).

REPRESENTATIVES

Since most of the company's products are exported, so the company recruits suitable representative, however, the company does not appoint representative, who competes with the company to obtain customers, as its agents. The principal conditions for each purchases order from overseas is that the customer has to open a letter of Credit in the company's name or make a payment by telegraphic transfer payable directly to the company . make the operation result as passed, the company has a very low bad debt incurred from selling its products.

NATURE OF CUSTOMERS

Most customers of the company are department stores and supermarkets in foreign. The company is confident that ,based on the good relationship maintained among the partners , the company will not lose any of its customers . On the contrary , the company has been prosperous and has had continuous good performances since the commencement of its business in 1990. Navertheless , chance to lose the important customers of the company as still existing. In order to minimize the risk of losing important customers , the company has been trying to penetrate more markets . At present, the company is able to export more products to the U.S.A. , Sweden , Denmark , Taiwan and China .

(3) ARRANGEMENT AND SERVICES

Products of the company are the produce bought from the farmers in project , covering areas of 14 provinces of Northern region -Chiang Mai, Chiang Rai, Phrae , Nan, Phayao, Lamphun, Mae Hong Son , Lampang , Phichit , Phetchabun , Kamphaeng Phet , Phitsanulok , Sukhothai and Tak in which the company will arrange for seeds , fertiliser and insecticide to the farmers for substitution and the company shall buy their produces under guarantee price . During growing period , there will be the specialist which is our agricultural promotion officer to provide knowledge and advice to the farmers for nursing , fertilising and taking care for using chemical in order to obtain quality of produces , safe for consumer and highest yield per rai . When the produces could harvest , the company will buy at guarantee price and deduct the cost of seeds , fertiliser and insecticide from the produces price .



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PRPDUCTION CAPACITY AND PRODUCTION VOLUME

Description	Unit	2008	2007	2006
Full production capacity	Metric Tons	27,000	27,000	27,000
Actual production volume	Metric Tons	24,310	24,157	21,683
Actual rate of usage capacity	%	90.04	89.47	80.31
Increase (decrease) rate of productic	%	0.63	11.41	(2.00)
Increase (decrease) rate of productic	%	8.60	5.24	(5.70)

Remark : There are three production shifts. Actual production , which depends on the volumn of raw materials supplied to the factory , ranges from one to three shifts .

Buying rate of Raw Material :

Domestic : 200 distributer sold raw material at 95.0 %

Foreign : The company imports raw material at 5.0 %

AFFECTS ON ENVIRONMENT

Wasted water that passed the process of the company may affect on environment . So the company takes to pass the system of reforming wasted water in order to meet the requirement of department of industrial works before to let to the system of drain water . For the remainder of raw materal from the process , the company will sell in form of advantage to use as animal feed make no wasted things to effect the environment .

(4) UNDELIVERY GOODS

Since the company produces the goods for selling all year and delivery according to order regularly , so no undelivery goods remain .

4. RESEARCH AND DEVELOPMENT

The company has made research and development in the field of ready to eat food and trial a new variety seeds .

	2008	2007	2006
Expenses for research and developr	5,869,058	6,795,576	4,724,176



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5. ASSETS FOR BUSINESS OPERATION

Type of assets	Type of possession	Value (Million bahts)	Burden
Land of office building , No. 149 / 32 - 34 Soi Anglo Plaza, Surawongse Road, Bangrak, Bangkok 54.4 Square wahs	Owner	25.6	No encumbered with a charge .
Land 1st Plant No. 92 Moo 3 Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai 15 rais 36.6 square wahs	Owner	3.1	The Siam Commercial Bank Amount 48.29 Million bahts
Land 2nd Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai 27 rais 3 ngan 98.9 square wahs	Owner	34.7	The Siam Commercial Bank Amount 31.29 Million bahts
Land 2nd Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai 15 rais 1 ngan 53.6 square wahs	Owner	7.2	No encumbered with a charge .
Land 2nd Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai 16 rais - ngan 108.2 square wahs	Owner	9.6	No encumbered with a charge .
Land-New cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai 8 rais 3 ngan 97 square wahs	Owner	5.4	No encumbered with a charge .
Land at Amphur Bangragum, Phitsanuloke Province 154 rais - ngan 30 square wahs	Owner	13.4	No encumbered with a charge .
Office Building , 4 Floors, 3 Units 149 / 32 - 34 Soi Anglo Plaza, Surawongse Rd., Bangrak, Bangkok	Owner	6.1	No encumbered with a charge .
1st Plant Building No. 92 Moo 3	Owner	31.2	The Siam Commercial Bank



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Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai			Amount 35.41 Million bahts
2nd Plant Building No. 299 Moo 14	Owner	84	The Siam Commercial Bank
Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai			Amount 59.11 Million bahts
New cold storate Building No.299/1 Moo 14	Owner	84.8	No encumbered with a charge .
Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai			
Machine for manufacture frozen vegetables & fruits	Owner	147.5	The Siam Commercial Bank Amount 105.36 Million bahts

6. FUTURE PROJECT

The company has its own future project but under studying .

7. LEGAL DISPUTES

- none -

8. CAPITAL STRUCTURE

(1) SECURITY OF COMPANY

The company's registered capital is 346,497,096 bahts , paid up of 346,496,592 bahts, divided into 346,496,592 common shares and each with par value of 1 baht .

(2) SHAREHOLDERS as at December 31 , 2008

The First ten major shareholders	Amount of Shares	Percentages
1. Nothern Agricultural Co., Ltd.	60,687,000	17.51
2. Itochu Corporation	45,855,150	13.23
3. Itochu (Thailand) Ltd..	23,444,850	6.77
4. Mr. Suppachai Saharattanachaiwong	16,566,000	4.78
5. Mr. Lan Mu Chiou + spouse	15,907,129	4.59
6. Mr. Prapas Pholpipattanaphong + spouse	15,162,000	4.38
7. Miss Chang Min Fang	7,368,837	2.13
8. Mr. Lu Yu Chin	5,550,281	1.60



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9. Mr. Lan Ming Te	5,353,763	1.55
10. Mr. Liu Chi Rong	5,197,500	1.50
Total	10,551,263	-
Other Shareholders	335,945,329	100.00
Total	346,496,592	100.00
Thai Nationality Shareholders	201,158,100	58.05
Foreign Nationality Shareholders	145,338,492	41.95

(3) DIVIDEND PAYMENT POLICY

Normally , the company has a policy to pay dividend 60 % of net profit except in case there is a plan to expand investment , then will consider to pay dividend as financial appropriate .

Record of dividend and stock dividend payments.

Year	Rate (Baht / share)	Amount of shares (in million)	Date of closing register book for the right of div.	Dividend payment dates
2003	0.30	210,000,000	May 14, 2004	May 28, 2004
2004	0.75	210,000,000	April 07, 2005	May 27, 2005
2005	0.25	314,997,360	May 08, 2006	May 25, 2006
2006	0.35	314,997,360	May 02, 2007	May 23, 2007
2007	0.30	346,496,592	May 13, 2008	May 30, 2008
2008	0.40	346,496,592	May 13-14, 2009	May 29, 2009

Remark : Year 2002 - 2004 changed the old data from base of par value 10 bahts/share to 1 baht/share for comparison with the current data.

Items	Unit	2008	2007	2006	2005	2004	2003
Net profit	,000 baht	142,306	99,920	105,737	88,386	91,408	99,386
Amount of shares	,000 share	346,497	346,497	314,997	314,997	210,000	210,000
Par value	baht/share	1.00	1.00	1.00	1.00	1.00	1.00
Profit per shares	baht/share	0.41	0.30	0.34	0.32	0.44	0.47
Book value	baht/share	3.45	3.46	3.61	4.18	5.44	5.31
Annu. Div.	,000 baht	103,949	103,949	78,749	78,749	52,500	63,000
Stock Div.	,000 baht	34,650	-	31,500	-	105,000	-
Annu. Div.	baht/share	0.30	0.30	0.25	0.25	0.25	0.30



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Stock Div.	baht/share	0.10	-	0.10	-	0.50	-
Payout ratio	%	97.39	104.03	104.27	89.10	172.30	63.39

- Remark :
1. Year 2003 - 2004 changed the old data from base of par value 10 bahts/share to 1 baht/share for comparison with the current data.
 2. Weighted average number of common shares for the year 2005 = 277,025,712 shares, year 2006 = 314,997,360 shares and year 2007 = 334,242,096 shares.

Rights and equality of shareholders

Board of Company Director have realised fully an important of shareholders by intending the shareholders to be treated equally on the process of good corporate governance. The company then opens a chance for the shareholders to participate by present the subject that think its important to put in the agenda of Ordinary Shareholder Meeting and present person name of knowledgeable, ability and appropriate qualified for receiving consideration of electing as company director and enable to send the question concerning agenda of meeting to the Board of Director in advanced before meeting day and the company is still aware of the right of shareholders in receiving the company data with correct , sufficient, intime, and equal to make decision in shareholder meeting. Therefore, in every shareholder meeting, the company will send a letter of convening meeting with data for meeting that contains full details, sufficient inclusive Board of Director comments in every agenda toward securities registrar of the company in order to reach in hand of the shareholders before meeting 14 days as fixed by law and the shareholders are still able to study the data for meeting in advanced through Website of the company at l east 30 days before shareholder meeting day to open a chance to the shareholders having time to study such data in details. Besides, the company has still given facilities to the shareholders in participating the shareholders meeting by fixing day, time and venue to reach convenient and having appropriate size for receiving meeting attendant sufficiently and in case the shareholders are unable to attend the meeting by themselves then able to delegate other persons or Independent Director of either of their company to present and cast a vote by proxy.



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SHAREHOLDERS' MEETINGS

Board of Director manage to have shareholder meeting as annual ordinary meeting within 4 months from the date ended of accounting year of the company and have a policy to give facilities to every shareholder equally, open a chance for shareholders to inquire suspicion, propose an opinion and use the right to vote clearly and justice and manage minutes of a meeting completely and spread out minutes of a meeting toward Stock Exchange of Thailand and report through Website of the company within 14 days from date of shareholder meeting.

Basis and method of casting a vote in electing director are as follows:

1. One shareholder has a vote equal to one share / one vote.
2. Each shareholder must use all existing vote as 1 to elect one person or many persons as director but can not share the vote to anyone more or less.
3. A person which receives maximum vote respectively shall be elected as director equal to number of available director as it must be and must elect in that time. In case a person which is elected respective by has equal vote exceed number of director that must have or must elect in that time, let the chairman vote for arbitrating.

9. MANAGEMENT

1) STRUCTURE OF MANAGEMENT

DIRECTORS

Names	Position	Type of director
1. Mr. Prayoon Pholpipattanaphong	Chairman	Executive Director
2. Mr. Prapas Pholpipattanaphong	Managing Director	Executive Director
3. Mr. Suwat Phongphasura	Director	Executive Director
4. Mr. Ankoon Pholpipattanaphong	Director	Executive Director
5. Mr. Lan, Mu - Chiou	Director	Non-executive Director
6. Mr. Lu, Tsung - Jen	Director	Non-executive Director
7. Mr. Shigeto Tamaoki	Director	Non-executive Director
8. Mr. Santichai Suakanonth	Director	Independent Director
9. Mr. Amnuay Yossuck	Director	Independent Director



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10. Mr. Ampon Ruayfupant Director Independent Director

By Mr. Sakda Phimmuang as Secretary to the Board of Director .

AUDIT COMMITTEES Position Type of director

1. Mr. Santichai Suakanonth Chairman Independent Director

2. Mr. Amnuay Yossuck Director Independent Director

3. Mr. Ampon Ruayfupant Director Independent Director

By Mr. Suphot Sutthiprapa as Secretary to the Board of Audit Committee

EXECUTIVE DIRECTORS Position Type of director

1. Mr. Prayoon Pholpipattanaphong Chairman Executive Director

2. Mr. Prapas Pholpipattanaphong Managing Director Executive Director

3. Mr. Suwat Phongphasura Director Executive Director

4. Mr. Ankoon Pholpipattanaphong Director Executive Director

5. Mr. Prayuth Pholpipattanaphong Director Business & Development Manager

6. Mr. Kang, Chan - Lung Director Senior Plant Manager

By Mr. Ankoon Pholpipattanaphong as Secretary to the Board of Executive Director

NOMINATION COMMITTEES Position Type of director

1. Mr. Amnuay Yossuck Chairman Independent Director

2. Mr. Santichai Suakanonth Director Independent Director

3. Mr. Ampon Ruayfupant Director Independent Director

4. Mr. Prapas Pholpipattanaphong Director Executive Director

5. Mr. Wanchandr Sivaboonyawong Director Legal Advisor

By Mr. Wanchandr Sivaboonyawongs as Secretary to the Board of Nomination Committee

REMUNERATION COMMITTEE Position Type of director

1. Mr. Ampon Ruayfupant Chairman Independent Director

2. Mr. Santichai Suakanonth Director Independent Director

3. Mr. Amnuay Yossuck Director Independent Director

By Mr. Sakda Phimmuang as Secretary to the Board of Remuneration Committee

RISK MANAGEMENT COMMITTEE Position Type of director

1. Mr. Prapas Pholpipattanaphong Chairman Executive Director

2. Mr. Ankoon Pholpipattanaphong Director Executive Director

3. Mr. Prayuth Pholpipattanaphong Director Business & Development Manager

4. Mr. Wanchandr Sivaboonyawong Director Legal Advisor



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5. Mr. Sakda Phimmuang Director Accounting Manager

By Mr. Sakda Phimmuang as Secretary to the Board of Risk Management Committee.

EXECUTIVES

Position

Education

- | | | |
|----------------------------------|---------------------|--------------------------------------|
| 1. Mr. Kang, Chan - Lung | Senior Plant Mana | Bechelor of Food Science |
| 2. Mr. Prayuth Pholpipatanaphong | Business & Develop | Bechelor of Science |
| 3. Mr. Sakda Phimmuang | Accounting Manag | Bechelor of Accounting, MBA |
| 4. Miss Piyalak Chuapoodee | Plant Manager | Bechelor of Foods Science |
| 5. Mr. Rangsit Ojaroen | Office Manager | Bechelor of Art in Economic |
| 6. Miss Warissara Kangkanka | Office Manager | Diploma |
| 7. Miss Chanita Tiparadee | Vice Accounting M | Bechelor of Accounting |
| 8. Miss Thanarat Thepyothin | Vice Office Manag | M.S.- Art in Industrial Psychology |
| 9. Mr. Piroj Charoensanti | Assis. Plant Manag | Mechanical Engineer |
| 10. Mr. Sairung Boontom | Assis. Office Mana | Agricultural Education Horticulture |
| 11. Mr. Apidate Koonprayong | Assis. Plant Manag | Bechelor of Food Science |
| 12. Mr. Boonmee Saman | Assis. Plant Manag | Bechelor of Plant Science (Agronomy) |
| 13. Mr. Thanom Chaiwong | Assis. Quality Assu | Master of Food Science |
| | Development Manager | |
| 14. Mr. Chanwit Suwannarat | Assis. Quality Assu | Bechelor of Food Science |
| | Development Manager | |

DIRECTORS - Subsidiaries Company

Agrifood Processing Company Limited

1. Mr. Prayoon Pholpipattanaphong
2. Mr. Prapas Pholpipattanaphong
3. Mr. Prayuth Pholpipatanaphong
4. Mr. Ankoon Pholpipattanaphong
5. Mr. Suwat Phongphasura

BIOGRAPHY OF THE DIRECTORS

1. Mr. Prayoon Pholpipattanaohong

Type of director	- Executive Director
Age	- 75 years
Education	- Accounting Profession
	- Honorary Doctorate Degree in Agriculture



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Director training program	- DAP-15
Experience	- Chairman of Chiangmai Frozen Foods PCL.(1988-present)
Positions in other listed companies	- None
Positions in non-listed companies	- Director of Agrifood Processing Co.,Ltd.(2003-present)
Positions in rival companies / related companies	- None
Meeting attendance in 2008	- Board of Director Meeting 4 / 4 times - Executive Director Meeting 1 / 1 times
No. of years on the board	- 21 years
CM Shareholding on Dec. 31'2008	- 278,652 shares or 0.08 %

2. Mr. Prapas Pholpipattanaohong

Type of director	- Executive Director
Age	- 60 years
Education	- High school certificate
Director training program	- DAP-8
Experience	- Managing Director of Chiangmai Frozen Foods PCL.(1988-present)
Positions in other listed companies	- None
Positions in non-listed companies	- Director of Agrifood Processing Co.,Ltd.(2003-present)
Positions in rival companies / related companies	- None
Meeting attendance in 2008	- Board of Director Meeting 4 / 4 times - Executive Directors Meeting 1 / 1 times - Nomination Committees Meeting 1 / 1 time - Risk Management Committees Meeting 1 / 1 time
No. of years on the board	- 21 years
CM Shareholding + spouse on Dec.31'2008	- 15,162,000 shares or 4.38 %

3. Mr. Suwat Phongphasura

Type of director	- Executive Director
Age	- 67 years
Education	- High school certificate
Director training program	- DAP-12
Experience	- Executive Director of Chiangmai Frozen Foods PCL.(1988-present)
Positions in other listed companies	- None



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Positions in non-listed companies	- Director of Agrifood Processing Co.,Ltd.(2004-present)
Positions in rival companies / related companies	- None
Meeting attendance in 2008	- Board of Director Meeting 4 / 4 times - Executive Directors Meeting 1 / 1 times
No. of years on the board	- 21 years
CM Shareholding on Dec.31'2008	- 2,227,500 shares or 0.64 %

4. Mr. Ankoon Pholpipattanaphong

Type of director	- Executive Director
Age	- 39 years
Education	- Bachelor of Communication Art, MBA-USA.
Director training program	- DAP-12, UFS-10
Experience	- Director & Marketing Manager of Chiangmai Frozen Foods PCL.(2000-present) - Assis. Managing Director of Chiangmai Frozen Foods PCL.(2007-present) - Company's Secretary of Chiangmai Frozen Foods PCL.(2008-present)

Positions in other listed companies	- None
Positions in non-listed companies	- Director of Agrifood Processing Co.,Ltd.(2003-present)
Positions in rival companies / related companies	- None
Meeting attendance in 2008	- Board of Director Meeting 4 / 4 times - Executive Directors Meeting 1 / 1 times - Risk Management Committees Meeting 1 / 1 time
No. of years on the board	- 9 years
CM Shareholding+spouse+minor child on 31/12/08	- 3,861,000 shares or 1.11 %

5. Mr. Lan Mu Chiou

Type of director	- Non - executive Director
Age	- 61 years
Education	- High school certificate
Director training program	- None
Experience	- Director of Chiangmai Frozen Foods PCL.(1988-present)
Positions in other listed companies	- None



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Positions in non-listed companies	- None
Positions in rival companies / related companies	- None
Meeting attendance in 2008	- Board of Director Meeting 3 / 4 times
No. of years on the board	- 21 years
CM Shareholding + spouse on Dec.31'2008	- 15,907,129 shares or 4.59 %

6. Mr. Lu Tsung Jen

Type of director	- Non - executive Director
Age	- 71 years
Education	- High school certificate
Director training program	- None
Experience	- Advisor of Board of Director of Chiangmai Frozen Foods PCL.(1988-2006).

Positions in other listed companies	- None
Positions in non-listed companies	- None
Positions in rival companies / related companies	- None
Meeting attendance in 2008	- Board of Director Meeting 3 / 4 times
No. of years on the board	- 2 year
CM Shareholding on Dec.31'2008	- None

7. Mr. Shigeto Tamaoki

Type of director	- Non - executive Director
Age	- 52 years
Education	- Bachelor of Agriculture
Director training program	- None
Experience	- Executive of Itochu (Thailand) Ltd.(1981-present)
Positions in other listed companies	- None
Positions in non-listed companies	- None
Positions in rival companies / related companies	- Executive of Itochu (Thailand) Ltd.(1981-present)
Meeting attendance in 2008	- Board of Director Meeting 4 / 4 times
No. of years on the board	- 2 year
CM Shareholding on Dec.31'2008	- None

8. Mr. Santichai Suakanonth

Type of director	- Independent Director
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Age	- 75 years
Education	- Bachelor of Accounting , Thammasat University - Certified Public Accountant Registration No. 422
Director training program	- DAP-15, ACP13/2006
Experience	- Vice Manager of Krungsriyudhya Bank, Siam Squire Branch(1975-1992)
Positions in other listed companies	- None
Positions in non-listed companies	- None
Positions in rival companies / related companies	- None
Meeting attendance in 2008	- Board of Director Meeting 4 / 4 times - Audit Committees Meeting 4 / 4 times - Nomination Committees Meeing 1 / 1 time
No. of years on the board	- 17 years
CM Shareholding on Dec.31'2008	- 41,580 shares or 0.01 %
9. Mr. Amnuay Yossuck	
Type of director	- Independent Director
Age	- 72 years
Education	- Bachelor of Economics , Thammasat University - MBA Arisona, U.S.A. - Honorary Doctorate Degree
Director training program	- DAP-15
Experience	- Deputy Minister , Ministry of Public Health(1981-1983) - Deputy Minister, Ministry of Finance.(1983-1985) - Deputy Minister, Ministry of Commerce.(1985-1986) - Prime Minister Adviser(1988-1990) - Deputy Minister, Ministry of Foreign Affairs.(1990)
Positions in other listed companies	- None
Positions in non-listed companies	- Chairman of Board of Director of Piriyaopol International(1986-present) - President of Mae Joe University Council.(1999-present)
Positions in rival companies / related companies	- None
Meeting attendance in 2008	- Board of Director Meeting 4 / 4 times



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	- Audit Committees Meeting 4 / 4 times
	- Nomination Committees Meeting 1 / 1 time
No. of years on the board	- 16 years
CM Shareholding on Dec.31'2008	- 607,200 shares or 0.18 %
10. Mr. Ampon Ruayfupant	
Type of director	- Independent Director
Age	- 40 years
Education	- Master of Business-Finance , Cornell University
Director training program	- None
Experience	- Risk Management Manager of GE Capital(1994-1996)
Positions in other listed companies	- None
Positions in non-listed companies	- Executive Director of Pilot Knit Sport Ward Co.,Ltd.(2000-present)
Positions in rival companies / related companies	- None
Meeting attendance in 2008	- Board of Director Meeting 4 / 4 times - Audit Committees Meeting 4 / 4 times
No. of years on the board	- 3 years
CM Shareholding on Dec.31'2008	- 65,340 shares or 0.02 %

BALANCE OF POWER FOR NON-EXECUTIVE DIRECTORS

To appoint director of the company is according to the agreement of shareholders group that cooperated in establishing the company that formulate the director of the company comes from representative of main shareholders group as per share portion in which Board of Company Director consist of 10 directors as follows :

- 4 executive directors .
- 3 non-executive directors .
- 3 independent directors .

The Chairman of the company though is having blood relations with Managing Director but each of them has a view in freely operation. Also Board of Company Director structure consist of directors represented from two main shareholders group which would incur retardness and 3 independent directors can freely verify and upright. Therefore it convinces that the Chairman and Managing Director have served their duty extremely in the capacity as representative of shareholders and having appropriate retardness.



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AGGREGATION OR SEGREGATION OF POSITIONS

The chairman and Managing Director are not the same person so as to make the role separated clearly.

BOARD OF SUB COMMITTEES

The Board of Company Director have appointed Board of Sub - Committee to help in supervising the activity of the company as follows :

Board of Executive Directors

Established on January 4 , 2000 consist of 3 executive directors and executives and nominates more 3 persons on March 22, 2005 total 6 persons by setting authority as follows :

1. To set the executive policy and operation direction to coordinate with policy and company objectives with intends to create security and maximum advantage to the company .
2. To governance the management to proceed as policy that set with efficiently and effectively .
3. To have authority to consent in buying assets investment , other expenditures and or borrow money in amount not exceed 30 million bahts per time . In case amount exceed 30 million bahts , let ask aproval from the Board of Company Director Meeting first , except in necessary urgent case , let give consent prior payment and inform Board of Director later .
4. To act others as assigned by Board of Director .

Board of Audit Committtees

Established on August 28, 1998 with period of holding an office each time 3 years, consist of 3 directors which are all independent directors and one independent director is knowledgeable in accounting and financial which names are as follows:

1. Mr. Santichai Suakanon Chairman Independent Director
2. Mr. Amnuay Yossuck Director Independent Director
3. Mr. Ampon Ruayfupant Director Independent Director

By Mr. Suphot Sutthiprapa as Secretary to the Board of Audit Committee

Audit Committee hold regular meeting in the year 2008 , they held total 4 times meeting and reported to the Board of company director. Directors have a duty to consider and proceed as follows :

1. To verify report of company financial before propose to the Board of Director .



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2. To provide advice concerning appointing and fixing remuneration of company Auditor to join together with Auditor concerning objectives , limit , guide line and inspection plan including problem find during inspection and the point that Auditor thinks it has important essence .
3. To join together with company interior Audit concerning objectives and inspection planning , the assessment effective of internal control system of the company , and adequacy of resources that use in internal inspection include report of inspection result and problem find during inspection .
4. To provide consultation and consider reviewing inspection result and proposal both independent Auditor and internal audit section include follow up the operation of management to such proposal in order to propose to the Board of Company director for acknowledgement .
5. To supervise in having acted according to the law and provision of the section that governance the company .
6. To supervise in having executed important risk of the company .

Board of Nomination Committee

Board of Nomination Committee are of 5 directors, consist of 3 Independent Directors, 1 Executive Director and 1 Legal Adviser in which Independent Director performs duty as chairman, having an authority to select appropriate qualified person to be Director as provision of Company to present toward Board of Company Director to consider giving approval and present to the shareholder meeting for electing resolution.

Board of Remuneration Committee

Board of Remuneration Committee are of 3 directors, consist of 3 Independent Directors, having an authority to consider the style and basis of paying remuneration of directors to recommend an opinion toward Board of Company and Board of Company will present in the Shareholder meeting to consent.

Board of Risk Management Committee

As from the Board of Director Meeting No. 1 / 2004, the company manages to have Board of risk management committee having five directors, consist of two executive directors, two executives and one legal adviser to consider setting the policy and system of risk management, follow up result in risk management from the process of pointing out, analyse, manage assess, follow up and report in system inclusive to provide supporting by managing



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to have advisory of risk management process to various internal sections through follow up to have continuously and regularly practice to the whole company.

LIMIT OF DUTY AUTHORITY OF DIRECTORS

- Board of Director have an authority according to the regulation of the company which include supervision and management the company in accordance with law, objective, regulation and resolution at the shareholder meeting.
- To fix visibility , direction and tactics of the company.
- To give approval for important tactics and policy including objective, financial target and company plan also follow up, supervise to have practice as planned.
- To manage having account system, financial report and auditing inclusive supervise for having an internal control system and internal audit to be efficiency and effective.
- To investigate supervising and manage to amend conflicts problem on benefits that may arise inclusive related subject.
- To set management line of risk and supervise executive for having system or efficiency process in risk management.
- To supervise in having system or mechanism of paying suitable remuneration to the high rank of executive to create inducement power both in short - run and long - run.
- To make working assessment of Managing Director and fix remuneration to coordinate with the operation result.
- To supervise for having appropriately way of communicate with each group of shareholder and who has common interest of the company appropriately.
- Allow to have disclosure of correct data, clear, reliably and high standard.
- To be a leader and good example in practice.

LIMIT OF DUTY AUTHORITY OF EXECUTIVE DIRECTORS

- To set the executive policy and operation direction to coordinate with the policy and company objectives with intends to create security and maximum advantage to the company.
- To govern the management to follow the policy that set strictly.
- Consent powerful and make legal principle on the frame fixed by the Board of Company Director.
- Any other actions as assigned by the Board of Company Director.

Mr. Prayoon Pholpipattanaphong , Chairman or Mr. Prapas Pholpipattanaphong ,



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Managing Director or Mr. Suwat Phongphasura gives signature and stamp of the company .

BOARD OF DIRECTORS' MEETINGS

- 1 The Company fix advance table of the Board of Director Meeting yearly by fixing to have a regular meeting at least one time / quarter and each director learns of it.
- 2 The Chairman and Managing Director joint consideration for agenda meeting.
- 3 To manage in sending invitation letter for meeting, agenda of a meeting and document for meeting to the directors in advanced at least 7 days before meeting enable to have time for considering data sufficiently.
4. To fix in having the directors attend the meeting with quorum when having considered to resolve in important matters such as list of obtainable or distributed assets of the company and subsidiary company that affect to the company , expansion of capital project , fix work level of executive power , fix financial executing policy and risk executing above all.
- 5 In the meeting , if any director who has common interest in the considering agenda, must depart from the meeting before begin considering in that agenda.
- 6 Every director has a right to present the subject to the agenda of a meeting, examine document for meeting and other important documents. If any doubt, other directors and management must operate for answering that doubt.
- 7 Company secretary or one who has assigned must manage minutes of the Board of Director Meeting completely within time fixed by the law.

Meeting attendance of each director concludes as follows :

Name List	Period of rank hold	Attending meeting / Total meeting (times)		
		Normal meeting	Special meeting	Total
1. Mr. Prayoon Pholpipattanaphong	3 Years	4 / 4	-	4 / 4
2. Mr. Prapas Pholpipattanaphong	3 Years	4 / 4	-	4 / 4
3. Mr. Suwat Phongphasura	3 Years	4 / 4	-	4 / 4
4. Mr. Ankoon Pholpipattanaphong	3 Years	4 / 4	-	4 / 4
5. Mr. Lan, Mu - Chiou	3 Years	3 / 4	-	3 / 4
6. Mr. Lu, Tsung - Jen	3 Years	3 / 4	-	3 / 4
7. Mr. Shigeto Tamaoki	3 Years	4 / 4	-	4 / 4
8. Mr. Santichai Suakanonth	3 Years	4 / 4	-	4 / 4



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9. Mr. Amnuay Yossuck	3 Years	4 / 4	-	4 / 4
10. Dr. Olarn Chaipravat	3 Years	3 / 3	-	3 / 3
11. Mr. Ampon Ruayfupant	3 Years	4 / 4	-	4 / 4

Remark :- Dr. Olarn Chaipravat is out of to be independent director on September 22, 2008.

Meeting attendance of each sub-committee concludes as follows :

Name List	Board of Executive Directors	Board of Audit Committees	Board of Nomination Committees	Board of Risk Management Committees
1. Mr. Prayoon Pholpipattanaphong	1 / 1			
2. Mr. Prapas Pholpipattanaphong	1 / 1		1 / 1	1 / 1
3. Mr. Suwat Phongphasura	1 / 1			
4. Mr. Prayuth Pholpipatanaphong	1 / 1			1 / 1
5. Mr. Ankoon Pholpipattanaphong	1 / 1			1 / 1
6. Mr. Kang , Chan - Lung	1 / 1			
7. Mr. Santichai Suakanonth		4 / 4	1 / 1	
8. Mr. Amnuay Yossuck		4 / 4	1 / 1	
9. Mr. Ampon Ruayfupant		4 / 4		
10. Mr. Wanchandr Sivaboonyawongs			1 / 1	1 / 1
11. Mr. Sakda Phimmuang				1 / 1

DIRECTORS' REPORTING

Board of Company Director are responsible for total financial statement of the company and subsidiary company and financial statement news that appears in annual report . Such financial statement has managed as per general certified standard account in Thailand by choosing to use an appropriate account policy and keep practiced regularly . The company has used discretion carefully and best estimate in making financial statement including disclose important data sufficiently in note to financial statements .

Board of Director have managed to maintain internal control system with effective to incur convint resonably that data in account is correct ,having usage of company assets with efficiently and able to know the weak point to prevent from dishonest or abnormal proceeding .

In this circumstances , Board of company Director have appointed Board of Audit Committee which consist of independent directors whose responsible concerning quality of financial statement subject and to review an adequacy of internal inspection system . Report of the



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Board of Audit Committee has already shown in annual report .

(2) SELECTION OF DIRECTORS AND EXECUTIVES

Board of Selecting Director perform duty in selecting appropriate qualified person to be Director as provision of Company to present toward Board of Company Director for considering giving approval and present to the shareholder meeting for electing resolution.

Ratio of the directors representing the shareholder of each group : 4 Thais : 3 foreigners (except independent directors) due to group of Pholpipattanaphong family , Taiwan group and Japan group held the shares total exceed 60 % , so nomination of company directors can not be done if without receive consent from such shareholder group .

In the shareholder meeting must have shareholders and proxy from shareholders (if any) to attend meeting not less than 25 persons and must hold the shares total not less than one third of 346,496,592 shares to be as quorum .

Each shareholder has to use all their vote to elect one person or many persons as director but can not share the vote to either of them more or less .

To nominate director must receive approval from the shareholder meeting . The person who gets highest vote respectively will be elected as director according to the number of available directors or election that time . In case of the elected respective person who has equal vote exceed quota , final vote will be made by the chairman for arbitration.

The Company set to have the descent plan of high rank executives to maintain conviction with the investors and officers that the operation of the company would receive continuation in proper time.

(3) SELF - ASSESSMENT OF BOARD OF COMPANY

Board of Company have performed its duty completely and have realized fully to the effective improvement on more and more performance which is an assessment yearly and for an annual assessment of 2008 which concludes that performance effective of Board of Company is in good to very good basis.

(4) REMUNERATION FOR DIRECTORS AND EXECITIVES

The company has set clearly and transparently the remuneration for directors and executives in the appropriate basis to uphold as directors and executives with required qualification . The directors that assigned as Audit Committee will receive additional remuneration according to the volumn of work .



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Remuneration amount : In the year 2008 , the company has paid various remuneration to the Directors and Executors as following details :

- Directors (Unit : Bahts)

Names	Position	2008	2007
1. Mr. Prayoon Pholpipattanaphong	Chairman	400,000	400,000
2. Mr. Prapas Pholpipattanaphong	Managing Director	400,000	400,000
3. Mr. Suwat Phongphasura	Executive Director	400,000	400,000
4. Mr. Ankoon Pholpipattanaphong	Executive Director	400,000	400,000
5. Mr. Lan, Mu - Chiou	Director	400,000	400,000
6. Mr. Lu, Tsung - Jen	Director	400,000	400,000
7. Mr. Shigeto Tamaoki	Director	400,000	400,000
8. Mr. Santichai Suakanonth	Independent Director	400,000	400,000
9. Mr. Amnuay Yossuck	Independent Director	400,000	400,000
10. Dr. Olarn Chaiparvat	Independent Director	289,617	400,000
11. Mr. Ampon Ruayfupant	Independent Director	400,000	400,000
Total		4,289,617	4,400,000

Remark :- Dr. Olarn Chaiparvat is out of to be independent director on September 22, 2008.

- Audit Committee

Names	Position	2008	2007
1. Mr. Santichai Suakanonth	Chairman	480,000	480,000
2. Mr. Amnuay Yossuck	Director	240,000	240,000
3. Mr. Ampon Ruayfupant	Director	240,000	240,000
Total		960,000	960,000

- Executive Directors and Executors

Particular	Year 2008		Year 2007	
	No. of person	Total amount (Bahts)	No. of person	Total amount (Bahts)
Salary	7	21,606,000	7	21,504,320
Bonus	7	7,292,154	7	6,201,058
Cost of living	7	19,600		
House rental	1	54,000	1	54,000
Total	7	28,971,754	7	27,759,378



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Other remunerations not in value

- Directors : none
- Executive Directors and Executors : Provident fund 3 % of Payroll, Office car.

Audit Fees

- The Company and Subsidiaries paid audit fees for 2008 amount 630,000.00 Bahts.
- Other service : none

(5) POLICY ON CORPORATE GOVERNANCE

Board of company has realized the important of good corporate governance for clearness , to add limit of ability in work racing and add confident to the shareholders , investors and every concerned , then has set the operation policy for corporating governance by covering the following keystones :

1. The company will serve the shareholders and people who have common interest in equal manner with justice for everyone .
2. Board of Company Director are intended to build up lasting growth of the company in long-run , to execute the company activity with careful and caution under regulation frame of law and business morality , All this Board of Director will perform duty with full capability in order to produce maximum advantage toward the shareholders , and other peoples who have common interest , also take care of not having conflict on interest arises and responsible toward decision and self - performance .
3. The company will operate with clearness , able to check and disclose sufficiently data to every party concern .
4. The company will conduct the business with always thinking of risk and will execute risk appropriately .
5. The company has set an important policy that will be the operation direction of the company in advance every year . Board of company director will pay an important toward internal control and inspection system ,by supervising executive section to proceed as efficiency policy .
6. The company has managed business morality , ethics of personnel of the company to let directors , executives and every officers practice .



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

LEADERSHIP AND VISION

Board of Director have participated in setting visibility , mission , tactics , objective and business plan of the company , also supervise the management to operate as per set business plan efficiently and effectively as to add maximum value in economic to the business and maximum security to the shareholders .

Conflict on interest

Board of Director have executed carefully and cautiously to prevent conflict on interest when incur any matter that may cause conflict on interest. Board of Audit Committee will learn about the subject that get conflict on interest and related subject and have considered the suitability throughly every time by setting to have practice according to the basis of Stock Exchange in which prices and conditions as if doing subject with outsiders and disclose details, subject value, partnership, reason / necessity in the annual report and type 56-1 also have disclosed in notes to financial statements heading, general information and account with related person.

VARIOUS GROUPS OF STAKEHOLDERS

Board of Director are acknowledged and awared of the right of concerned people who have common interest and have a policy to support in incurring a cooperation between the company with people who have common interest in creating advantage among themselves and take care firmly that people who have common interest have received well protected and served by paying important toward the right of every group who have common interest such as officers, customers , co-traders, competitors, shareholders and whole society with set a practical line for directors , executives and officers clearly in business morality inclusive provide a way that people who have common interest will claim to the company in case not receive justice from the performance of the company whether by directors, executives or officers of the company.

Risk Management

Board of Director are awared of the important risk management and see that such process is one of the most important component of good corporate governance. So it manages to have risk management process which is standard system and more efficiently by assigning the Board of Risk Management Committee to fix the policy, objectives, tactics in risk management and risk level that the company acceptable inclusive notify these matters to everyone



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in association to acknowledge for awarding an important and is to make culture in risk management to incur in every rank of the company enabling to bring for continuously practice to overtake changed situation for being as practice on background of risk management inclusive take care of having fix follow up method of risk management result appropriately owing it is an important final step that effect toward success of risk management and fix for reporting to the Board of Director.

BUSINESS MORALITY

Board of Director have permitted discipline of business morality to promote the directors, executives and every rank of officers to hold in practice regularly as usual which the directors, executives and every officers have signed for document concerning such discipline and confirm in practice which regards as practical standard frame of the company, also all Board of Director have assigned one who responsible to follow up result of practice continuously and always revise such discipline appropriately.

Board of Company Director have an intently to build up the process of good corporate governance that standardizes and allow scatter the practice to every rank of the officers of the whole company to create real culture of good corporate governance , so wish the directors, executives and every officer to hold in practice according to the policy of good corporate governance 1st revise edition which has received permission to modify from the Board of Company Director Meeting No. 1/2008 Dated February 28, 2008 (policy of good corporate governance obtained first permission from the Board of Company Director Meeing No. 1/2004 dated March 25, 2004) .

Company secretary

The Company set to have company secretary to perform duty of supervising activity of the Board of Director inclusive to coordinate in the following various matters :

- To give primary advice to the directors concerning provision, rule, discipline and various regulations of the company and follow up to act as properly and regularly inclusive alteration report of important point to the directors.
- To manage shareholder meeting and Board of Director Meeting in accordance with law , regulation of the company and various practices.
- To record the proceedings of Shareholder Meeting and Board of Company



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Director inclusive follow up to act as resolution at the shareholder meeting and resolution at the Board of Company Director.

- To supervise in having disclose data and report news in responsible part in accordance with discipline and provision of Stock Exchange of Thailand and Securities and Exchange Commission.
- To contact and communicate with general shareholders to learn about various right and information of the company.
- To supervise activity of the Board of Company Director.

SOCIETY AND ENVIRONMENTS

The company is fully aware of the responsibility toward society and environment, by holding the principle of "use human to create work and use work to create human". In the year 2008, the company executes various projects for society and environments as follows :

1. Social support for internal company
 - 1.1 CM " Stop Narcotic Drugs " project
 - 1.2 Walk Rally Mini - Marathon project
 - 1.3 A provide " Mother Day " project
2. Community support for nearby company
 - 2.1 Offering the Buddhist Lenten candles at Wat Sanpasak, Tambol Nong Jom, Amphur Sansai, Chiangmai Province.
 - 2.2 Offering the Buddhist Lenten candles at Wat Jaedeemaekua Tambol Mae Fag , Amphur Sansai, Chiangmai Province.
 - 2.3 Offering cloth to the Buddhist monks at Wat Nongsae Tambol Mae Fag , Amphur Sansai, Chiangmai Province.
 - 2.4 Doing merit by giving food alms to bonzes monthly.
 - 2.5 Donating money for presentation yellow robes to monks at Wat Jaedeemaekua, Tambol Mae Fag, Amphur Sansai, Chiangmai Province.
 - 2.6 Building sentry box for maintaining peace, hand over to



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

Pongsanpasak Village project, Tambol Nong Jom ,

Amphur Sansai, Chiangmai Province.

2.7 Collecting aluminium rings for contributing to make synthetic legs project.

2.8 Collecting remaining things for lack persons project.

3. General social support for external company.

3.1 Welcome students from educational institution and vanooies organizations for task study.

3.2 Blood donation project.

3.3 Donating money to support various projects set up for helping social project.

4. Natural and environment support

4.1 The green workshop project.

4.2 Jointly growing plants with workshop community project.

4.3 Contest on the topic " CM energetic presentation and help slow down global warming " project.

4.4 Development of Temples, Villages and Stream for honouring to Royalty project.

On January 16, 2008, the company has obtained certification from Department of \quality Environment Promotion Ministry of Natural Resources and Environment that the company has passed the processing basis the goes well together with an environments for frozen / refrigerated fruits and vegetables in great level.

RELATIONS WITH INVESTORS

Board of company director realize that company data both concern and not concern with financial are entirely effected to the decision of investor and who have common interest of the company . Board of company then have a policy to let the executives section disclosing complete data to correspond with truth , realiable , regular and intime which the executives section of the company has paid an important and kept throughout practicing . With regard to work in investment relation , the company has not set up this section owing such activity is not much but has assigned **Company Secretary** to contact and communicate with institution



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

investors , shareholders , inclusive analyser and State concerned which the investors can see the company data at Website : www.cmfrozen.com or contact at phone : 0-2238-4091 or at E-mail address : info@cmfrozen.com .

(6) USAGE CONTROL OF INNER INFORMATION

The company has a policy and method of governing the executives in taking the company information to use for personal interest as follows :

- provide knowledge to the directors including various section of executives concerning the duty that must report of self - holding securities , married couple and child of unattain majority and lesson of penalty formulation according to Royal Act of Securities and Stock Exchange of 1992 and according to the provision of Stock Exchange of Thailand.
- formulate the executives to report changing of holding securities toward Securities and Exchange Commission as clause 59 of Royal Act of Securities and Stock Exchange of 1992 and manage to dispatch this copy report to the company in the same day with the date of dispatching report toward Securities and Exchange Commission.
- the executives are prohibited to use internal information that not yet disclosed for making buying - selling of company securities before that information would disclose to the public and are prohibited to disclose the information that are important essence to the outsider with is regarded as one of the rule concerning with the working of the company as well.

(7) PERSONNEL

	Male	Female	Total
Management / Administration Department	26	45	71
Manufacture / Technical Engineering Department	94	22	116
Daily Employees	457	1,241	1,698
Total	577	1,308	1,885

- No change shall be made on number of employee or an dispute in labour during the passed three years .
- The remuneration of the employees amount 198,396,777.- million bahts comprises salary , wages , bonus, overtime , hospital charge, cost of insurance group, cost of living , provident fund.



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- The development on employees has made every year by inviting outsiderscholar to train to provide knowledge in practical , safety on working and to cooperate in developing association . Besides , the company has sent them to receive training in various training institute regularly .

10. CONTROLLING SYSTEM AND INTERNAL AUDIT

The company pays an important on internal control system with efficiently both in executing level and practical level , then has set duty , operation power of proceeding and executives in writing ,having control usage of company assets to incur advantange and available development of good internal control system in regard to financial and accounting include effective report system .

The company has an internal inspection section which are obtained approval from Board of Audit Committee to perform inspection duty to ensure that the main practical and important financial activity of the company have proceeded as estimated way with efficiently inclusive inspection of performance as law and provision of the company as per work chains . Internal inspection section must report to the Managing Director but for the report as duty , internal inspection section must report to the Board of Audit Committee of the company and Board of Audit Committee will do assessment result of internal inspection section .

11. INTERRELATED TRANSACTIONS

CONFLICT OF INTERESTS

To prevent conflict on benefits , Board of Director have executed carefully and cautiously to prevent conflict on benefit when any matter that may cause conflict on benefits . Audit Committee will learn about the subject that get conflict on benefits and related subject and have considered the suitability cautiously every time inclusive to serve according to the basis of Stock Exchange of Thailand in which prices and conditions as if doing subject with outsider and have disclosed details, subject value , partnership , reason / necessity in the annual report and type 56-1 also have disclosed in notes to financial statement heading : general information and account with related person .

The company has a policy to fix the selling price of the products to the related company as trade agreement in the same manner with sages should do with general partners under same circumstances.

The necessity of listing among themself , owing the company established from



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

business cooperation between investor Thai ,Thailand and Japan to manufacture and export frozen fruits and vegetables to Japan which the investor Japan is running the business of buying and selling with branches all the world , the most important is to have a lot of market base in Japan . Therefore this is a good opportunity for the company to use as our export base . Meanwhile ,the company has tried to look for further new customers . For domestic sale , the company has sold through P.P. Foods Supply Co.,Ltd. Which the executive has a good relationship with main shareholder of the company . With reason that Thailand is the land with plenty of fresh fruits and vegetables in season , able to buy throughout the year with cheap price which cause popularity of frozen fruits /vegetables declined but the important is that price is expensive , also very few customers in Thailand , so the company is necessary to distribute through such company to have more way of distributing and to release the product that can not export . However ,the company is in position to accept every new customer which intends to sell our product by fixing the sale price as per market same with everyone.

For the step of making list among themselves will be in accordance with the business mechanic in all respects both in fixing the price , discount , credit by the authorized officer who responsible directly with approval of the executives only . For the shareholders who have common interest , shall take no part in such approval . However , to fix the price , provide discount and credit shall be in accordance with the market mechanic which the company has treated in the same way with every customer of the company.

This making list among themselves shall have to continue further with thinking of the company maximum advantage that the company would receive as main.

P. P. FOODS SUPPLY CO., LTD.

P.P. Foods Supply Co.,Ltd., which is having an executive who has relationship with the main shareholder of the company acts as representative to distribute in domestic, having its distribution value in 2008 amount 9.5 million bahts or 4.2 % of distribution value in domestic amount 226.8 million bahts.

ITOCHU CORPORATION

Itochu Corporation does a buying and selling business in Japan . Itochu is a major shareholder of the company and it holds 13.23 % of the company's shares . It is represented by Mr. Shigeto Tamaoki as a Director of the company . Itochu 's sales value in 2008 was 118.7 million bahts or 11.7 % of export value amount 1,013.1 million bahts .



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

ING SHIANG CO., LTD.

Ing Shiang Co.,Ltd. is a company that conducts business transaction of buying - selling within Taiwan . The manager of this company is Mr. Lu, Tsung - Jen which is a Director of Company. In 2008 had a sale value through Ing Shiang Co.,Ltd., amount 10.2 million bahts or 1.0 % of export value amount 1,013.1 million bahts.

AGRIFOOD PROCESSING CO.,LTD.

Agrifood Processing Co., Ltd. (AFP) is a joint - venture company between Chiangmai Frozen Foods Public Company Limited with investment portion 51 % with River Kwai International Food Industry Co.,Ltd. (RKI) with investment portion 49 % to conduct business of buying - selling . Presently Agrifood Processing Co.,Ltd. has bought Canned and Frozen Sweet Corns products from Chiangmai Frozen Foods Public Co.,Ltd. Later , on July 1, 2004 the company had bought common share investment from RKI that being held in AFP by 49 % total amount 8.1 million bahts resulted the company had shareholding portion in AFP increased from 51 % to 100 %.

In 2008 , having total buying value 212.8 million bahts or 93.8 % of total domestic distributing value amount 226.8 million bahts and Agrifood Processing Co.,Ltd. has rented an office building from Chiangmai Frozen Foods Public Co.,Ltd., 4th Floor No. 149 / 32 - 33 Soi Anglo Plaza, Surawongse Road, Khaeng Suriyawongse ,Khet Bangrak, Bangkok with number of area 102 squarmetres,monthly rental 25,500.- bahts by making year by year contract .

12. Explanation and analysis financial situation and operation result :

a) Practical result in business proceeding

In the year 2008 , the company had sale volume amount 25,670 metric tons , increased from last year amount 3,820 metric tons or 17.5 % and higher than sale plan that put down at 2,570 metric tons or 11.1 %.

b) Operation result

The company obtained net profit in 2008 amount 142.3 million bahts increased from 2007 amount 42.4 million bahts or 42.4 % with following details :

REVENUE

-Income from selling increased arised from :	Million Bahts
Sale income (decreased) from (decreased) of average exchange rate	(32.3)
Sale income increased from increased of average sales price	54.3
Sale income increased from increased of Sale volume	184.8



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

-Gain on Exchange Rate increased	2.3
- Interest income (decreased)	(0.5)
-Other income (decreased)	(5.1)
Total revenue increased	-
EXPENSES	
-Cost of sales increased	141.7
- Selling expenses increased	25.6
- Administrative expenses (decreased)	(1.6)
- Managements' remuneration increased	1.1
- Loss on impairment of assets	3.4
Total expenses increased	170.2
Net profit increased - Separate	- 170.2
Gains from Subsidiary (Agrifood) Increased	9.1
Net profit increased - Consolidated	(161)

c) Financial situation

At December 31, 2008 , the company had the assets amount 1,258 million bahts , increased from last year 32 million bahts by having increased of cash , deposit and short term investment amount 58 million bahts , account receivable - trade increased amount 24 million bahts , inventories (decreased) amount (13) million bahts , net fixed assets (decreased) amount (39) million bahts and other assets increased amount 2 million bahts.

The ratio of liquidity of the company is at level 9.8 and ratio of quick liquidity is at level 4.4 which is very good whereas the company has ratio of debt against shareholders at level 0.1 only .

The company has its expense for investment in fixed assets amount 37 million bahts by using from financial source that derived from the company operation.

For subsidiary company , in 2008 , Agrifood Processing Co.,Ltd., had the total assets amount 52.8 million bahts , total liabilities amount 19.9 million bahts and shareholders' equity amount 32.9 million bahts .

d) Factor and main influence that may effect on operation or financial situation in future

in the year 2009 , the company believes that it would exportable approx. 25,000 metric tons and expects that the operation result would neighbouring with the year 2008.

13. OTHER DATA TO CONCERN

- none -



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To The Board of Directors and Shareholders of
CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

I have audited the consolidated balance sheets of **CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY** as at December 31, 2008 and 2007, the consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. I have also audited the separate financial statements of **CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY** and of **CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED** as at December 31, 2008 and 2007, the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

(PRADIT RODLOYTUK)
Certified Public Accountant
Registration No. 218

Ast Master Co.,Ltd.
February 26, 2009



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
BALANCE SHEETS
AS AT DECEMBER 31, 2008 AND 2007

<u>ASSETS</u>	Notes	In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
CURRENT ASSETS					
Cash and cash equivalents	6	114,643,090	142,307,959	90,489,605	122,171,317
Short - term investments	7	140,000,000	50,000,000	140,000,000	50,000,000
Trade accounts receivable - related companies	5,2,8	22,797,895	19,047,724	38,501,603	33,216,698
- other companies - net	8	60,999,071	43,559,316	49,031,840	30,730,324
Inventories-net	9	353,186,642	366,532,091	353,186,642	366,532,091
Other current assets					
Accounts receivable - planters - net	10	26,566,547	29,295,519	26,566,547	29,295,519
Value added tax receivable		1,471,060	2,573,109	1,209,170	2,519,868
Others		4,383,317	1,585,261	4,312,779	1,529,654
Total other current assets		32,420,924	33,453,889	32,088,496	33,345,041
TOTAL CURRENT ASSETS		724,047,622	654,900,979	703,298,186	635,995,471
NON - CURRENT ASSETS					
Investments in subsidiary	11	-	-	23,353,658	23,353,658
Long - term loan to related company	5.2	24,500,000	24,500,000	24,500,000	24,500,000
Property, plant and equipment - net	12	487,280,190	526,291,136	487,046,365	525,759,482
Non operating assets - net	13	18,404,787	13,437,988	18,404,787	13,437,988
Software - net	14	520,422	858,584	520,422	858,584
Other non - current assets					
Fixed deposits pledged as collateral	15	14,239,642	10,375,838	-	-
Others		1,161,989	2,250,505	1,161,089	2,249,605
Total other non - current assets		15,401,631	12,626,343	1,161,089	2,249,605
TOTAL NON - CURRENT ASSETS		546,107,030	577,714,051	554,986,321	590,159,317
TOTAL ASSETS		1,270,154,652	1,232,615,030	1,258,284,507	1,226,154,788

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
BALANCE SHEETS(CONTINUED)
AS AT DECEMBER 31, 2008 AND 2007

		In Baht			
		Consolidated financial statements		Separate financial statements	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Notes	2008	2007	2008	2007
CURRENT LIABILITIES					
Trade accounts payable		33,838,652	38,593,017	33,838,652	38,593,017
Other current liabilities					
Accrued expenses		38,551,798	33,789,153	36,622,505	32,463,184
Others		1,631,550	2,458,974	1,362,544	1,369,891
Total other current liabilities		40,183,348	36,248,127	37,985,049	33,833,075
TOTAL CURRENT LIABILITIES		74,022,000	74,841,144	71,823,701	72,426,092
SHAREHOLDERS' EQUITY					
Share capital - Baht 1 par value					
Authorized shares					
346,497,096 common shares	17	346,497,096	346,497,096	346,497,096	346,497,096
Issued and paid - up shares					
346,496,592 common shares		346,496,592	346,496,592	346,496,592	346,496,592
Premium on share capital		68,000,000	68,000,000	68,000,000	68,000,000
Retained earnings					
Appropriated for legal reserve	19	34,650,000	34,650,000	34,650,000	34,650,000
Unappropriated		746,986,060	708,627,294	737,314,214	704,582,104
Total shareholders' equity		1,196,132,652	1,157,773,886	1,186,460,806	1,153,728,696
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,270,154,652	1,232,615,030	1,258,284,507	1,226,154,788

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
REVENUES				
Sales	1,275,569,881	1,051,450,745	1,239,871,042	1,033,022,619
Gain on exchange rate	3,471,125	3,134,990	5,096,604	2,835,633
Interest income	4,398,346	4,987,733	3,880,010	4,340,206
Other income	8,627,317	13,734,901	9,233,486	14,366,174
Total revenues	<u>1,292,066,669</u>	<u>1,073,308,369</u>	<u>1,258,081,142</u>	<u>1,054,564,632</u>
EXPENSES				
Cost of sales	926,992,048	782,305,446	923,527,480	781,821,413
Selling expenses	131,002,022	103,120,065	111,772,418	86,203,759
Administrative expenses	50,972,077	52,542,928	48,435,039	49,992,310
Managements' remuneration	36,672,421	35,412,378	34,221,371	33,119,378
Loss on impairment of assets	3,445,198	-	3,445,198	-
Total expenses	<u>1,149,083,766</u>	<u>973,380,817</u>	<u>1,121,401,506</u>	<u>951,136,860</u>
Income before finance costs and income tax	142,982,903	0	136,679,636	103,427,772
Finance costs	(48)	(7,243)	(48)	(7,243)
Income tax	(676,611)	-	-	-
NET INCOME	<u>142,306,244</u>	<u>99,920,309</u>	<u>136,679,588</u>	<u>103,420,529</u>
Net income attributable to:				
Equity holders of the parent	142,306,244	99,920,309	136,679,588	103,420,529
Minority interest of the subsidiary	-	-	-	-
	<u>142,306,244</u>	<u>99,920,309</u>	<u>136,679,588</u>	<u>103,420,529</u>
BASIC EARNINGS PER SHARE				
NET INCOME	<u>0.41</u>	<u>0.30</u>	<u>0.39</u>	<u>0.31</u>
Weighted average number of common share: shares	<u>346,496,592</u>	<u>334,242,096</u>	<u>346,496,592</u>	<u>334,242,096</u>

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	Note	In Baht			
		Issued and paid-up share capital	Premium on share capital	Retained earnings	
				Appropriated for legal reserve	Unappropriated
BALANCE as at January 1, 2007		314,997,360	68,000,000	30,710,000	722,895,561
Stock dividends	17	31,499,232	-	-	(31,499,232)
Dividends paid	18	-	-	-	(78,749,344)
Net income		-	-	-	99,920,309
Appropriated for legal reserve	19	-	-	3,940,000	(3,940,000)
BALANCE as at December 31, 2007		<u>346,496,592</u>	<u>68,000,000</u>	<u>34,650,000</u>	<u>708,627,294</u>
BALANCE as at January 1, 2008		346,496,592	68,000,000	34,650,000	708,627,294
Dividends paid	19	-	-	-	(103,947,478)
Net income		-	-	-	142,306,244
BALANCE as at December 31, 2008		<u>346,496,592</u>	<u>68,000,000</u>	<u>34,650,000</u>	<u>746,986,060</u>

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED
SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	NOTES	In Baht			
		Issued and paid - up share capital	Premium on share capital	Retained earnings	
				Appropriated for legal reserve	Unappropriated
BALANCE as at January 1, 2007		314,997,360	68,000,000	30,710,000	715,350,151
Stock dividends	17	31,499,232	-	-	(31,499,232)
Dividends paid	18	-	-	-	(78,749,344)
Net income		-	-	-	103,420,529
Appropriated for legal reserve	19	-	-	3,940,000	(3,940,000)
BALANCE as at December 31, 2007		346,496,592	68,000,000	34,650,000	704,582,104
BALANCE as at January 1, 2008		346,496,592	68,000,000	34,650,000	704,582,104
Dividends paid	18	-	-	-	(103,947,478)
Net income		-	-	-	136,679,588
BALANCE as at December 31, 2008		346,496,592	68,000,000	34,650,000	737,314,214

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income before income tax	142,982,855	99,920,309	136,679,588	103,420,529
Adjustments to reconcile net income to net cash provided by operating activities				
Unrealized Gain on exchange rate	(1,040,673)	(66,398)	(973,936)	(36,918)
Bad debts and doubtful accounts	184,660	366,091	184,660	366,091
Reversal of provision for inventory obsolescence	(715,057)	(9,427,226)	(715,057)	(9,427,226)
Gain on disposal of equipment	(2,479,232)	(76,376)	(2,479,232)	(76,376)
Loss on written off assets	-	637,869	-	637,869
Depreciation	71,045,560	70,431,643	70,736,761	70,023,159
Loss on impairment of assets	3,445,198	-	3,445,198	-
Amortization of computer software	338,162	338,161	338,162	338,161
Amortization of withholding tax and duty tax	555,479	57,342	555,479	-
Finance costs	48	7,243	48	7,243
Income from operating activities before change in operational assets and liabilities	214,317,000	162,188,658	207,771,671	165,252,532
Decrease (Increase) in operational assets				
Trade accounts receivable - related companies	(3,329,423)	(2,351,900)	(4,871,148)	(12,135,462)
Trade accounts receivable - other companies	(16,789,286)	(8,155,882)	(17,710,066)	(159,261)
Inventories	14,060,506	(54,212,097)	14,060,506	(54,212,097)
Accounts receivable - planters	2,574,312	(4,102,424)	2,574,312	(4,102,424)
Value added tax receivable	1,102,049	812,815	1,310,698	786,314
Other current assets	(2,798,056)	1,654,138	(2,783,125)	1,568,247
Other non - current assets	605,533	(563,569)	600,499	(543,359)
Increase (Decrease) in operational liabilities				
Trade accounts payable	(5,688,238)	8,973,713	(5,688,238)	8,973,713
Accrued expenses	4,025,490	(3,038,722)	4,098,050	(3,220,179)
Other current liabilities	(827,424)	877,101	(7,347)	(74,971)
Cash received from operation	207,252,463	102,081,831	199,355,812	102,133,053
Interest paid	(48)	(7,243)	(48)	(7,243)
Income tax paid	(72,496)	(86,042)	(67,462)	(78,910)
Net cash provided by operating activities	<u>207,179,919</u>	<u>101,988,546</u>	<u>199,288,302</u>	<u>102,046,900</u>

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in fixed deposits at financial institutions	(93,863,804)	(57,256,946)	(90,000,000)	(50,000,000)
Proceeds from disposal of equipment	2,486,382	1,256,818	2,486,382	1,256,818
Cash paid for acquisition of plant and equipment (cash flows information)	(36,849,888)	(33,390,080)	(36,838,918)	(33,390,080)
Cash paid for acquisition of non operating land	(2,670,000)	-	(2,670,000)	-
Net cash used in investing activities	<u>(130,897,310)</u>	<u>(89,390,208)</u>	<u>(127,022,536)</u>	<u>(82,133,262)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	<u>(103,947,478)</u>	<u>(78,749,344)</u>	<u>(103,947,478)</u>	<u>(78,749,344)</u>
Net cash used in financing activities	<u>(103,947,478)</u>	<u>(78,749,344)</u>	<u>(103,947,478)</u>	<u>(78,749,344)</u>
Net decrease in cash and cash equivalents	(27,664,869)	(66,151,006)	(31,681,712)	(58,835,706)
Cash and cash equivalents, beginning of year	142,307,959	208,458,965	122,171,317	181,007,023
Cash and cash equivalents, end of year	<u>114,643,090</u>	<u>142,307,959</u>	<u>90,489,605</u>	<u>122,171,317</u>
<u>Supplement disclosures of cash flows information</u>				
<u>Property, Plant and Equipment</u>				
Details of acquisition of plant and equipment during the period are as follows :				
Acquisition of plant and equipment during the year	(37,783,761)	(33,676,002)	(37,772,791)	(33,676,002)
<u>Less</u> Increase in payable from acquisition of assets	933,873	285,922	933,873	285,922
Cash paid for acquisition of plant and equipment	<u>(36,849,888)</u>	<u>(33,390,080)</u>	<u>(36,838,918)</u>	<u>(33,390,080)</u>

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED
CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

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. The registered office of the Company is located at 149/34 Soi Anglo Plaza, Surawongse road, Bangrak, Bangkok.

2. BASIS FOR FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS PREPARATION

The consolidated and the separate financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act, B.E.2543 being those Thai Accounting Standards issued under the Accounting Profession Act, B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The Company financial statements have been prepared under the historical cost.

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 financial statements.

3. NEW ACCOUNTING STANDARD AND AMENDMENTS TO ACCOUNTING STANDARDS

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



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3. NEW ACCOUNTING STANDARD AND AMENDMENTS TO ACCOUNTING STANDARDS (CONTINUED)

These accounting standards will become effective for the financial statements for fiscal years beginning on or after January 1, 2008. The management has assessed the effect of these revised 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.

The following standards are revised and mandatory for accounting periods beginning on or after January 1, 2009; and have not been early adopted by the Company

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current assets held for sale and Discontinued operations

Those two standards are not expected to have a material impact on the financial statements being presented.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

Deposits at financial institutions that are restricted in use are presented as "Fixed deposits pledged as collateral" as part of non - current assets in the balance sheets.

4.2 Accounts Receivable

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

4.3 Allowance For Doubtful Accounts

The Company and subsidiary provide allowance for doubtful accounts equal to the estimated losses that may be incurred in the collection of receivables and receivables- planters. The estimated losses are based on the collection experiences and the review of the current status of the existing receivables. Bad debts are written off during the year in which they are identified.

The Company and subsidiary' management estimates the allowance for doubtful accounts at end of year as follows:

	<u>The percentage of allowance for doubtful account</u>
Accounts receivable	100 % of over 12 months accounts receivable
Receivables – planters	100 % of over 24 month receivables - planters



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Other than mentioned general allowance, the individual allowance for specific debtors is also estimated by considering the customer's past collection experiences and its financial positions.

4.4 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

At the end of year, the Company considers the physical of finished goods in the estimation of adequately allowance for obsolete.

4.5 Investments in subsidiary

Subsidiary, which is those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations are consolidated. Subsidiary is consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiary has been changed to ensure consistency with the policies adopted by the Group.

Investment in subsidiary is reported by using the cost method of accounting in the separate financial statements.

4.6 Property, Plant and Equipment

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

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

	No. of Years
Buildings	20
Machineries and equipment	5-10
Vehicles	5
Office equipment and fixtures	5

When assets are sold or retired, the Company and subsidiary will eliminated their costs and accumulated depreciation from the accounts and any gain or loss resulting from their disposal is included in the statements of income.

Building-in-progress and machinery under installation are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use.



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4.7 Non-operating assets

Non-operating assets are stated at the lower of cost and net realizable value.

4.8 Intangible asset and amortization

Intangible asset is computer software which is stated at historical cost and amortized using the straight line method over its useful life (3 – 5 years).

4.9 Finance Leases

Leases of assets where the Company and subsidiaries have substantially been transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized as assets and liabilities at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period. The lease payment amount net of finance charges is recorded as the reduction of the outstanding liability. The depreciable assets acquired under finance leases are depreciated over the useful life of the assets.

4.10 Impairment of Assets

The Company and subsidiary reviewed the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount of assets is below the carrying amount (the higher of an assets selling price or value in use). The review is made for individual assets or the cash generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company and subsidiary recognize the impairment losses in the statements of income. The reversal of impairment losses recognized in prior years is recorded as other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

4.11 Foreign Currency Transactions

Transactions in foreign currencies throughout the years are recorded in Baht at rates prevailing at the date of transactions. Outstanding foreign currency balances of assets and liabilities at the balance sheet dates are translated into Baht at the prevailing bank rates as of those dates. Transactions cover by foreign currency forward exchange contracts which are recorded at forward rates adjusted with unamortized premium. Gain or loss is credited or charged to current operations.

4.12 Provisions

Provisions are recognized when the Company and subsidiary have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company and subsidiary expect a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.



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4.13 Revenue Recognition

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

Interest incomes are recognized on an accrual basis.

4.14 Income Tax

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

4.15 Basic Earnings per Share

Basic earnings per share is calculated by dividing the net income by weighted average number of paid - up common shares during the years.

4.16 Financial instruments

Financial assets carried on the balance sheet include cash and cash equivalents, trade accounts receivable and loan. Financial liabilities carried on the balance sheet include trade accounts payable, accrued expenses. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiary and fellow subsidiary are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

5. TRANSACTION WITH PERSON AND RELATED PARTIES

The Company has certain transactions with its subsidiary, and related companies. A portion of assets, liabilities, revenues and expenses arose from transactions with said Subsidiary and related companies.

5.1 Relationships and pricing policies

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



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Subsidiary :	Relationship
Agrifood Processing Co., Ltd.	Shareholding and Directorship
Related companies :	
C&W Interfoods Co.,Ltd.	Directorship
Itochu Corporation Co., Ltd.	Shareholder
P.P Foods Supply Co., Ltd.	Common shareholder
Ing Shiang Co., Ltd.	Common shareholder
Agri World Co.,Ltd	Common Shareholders and directors
C.T.Prosper Group Co.,Ltd	Common Shareholders and directors
Wonder Interfoods Co.,Ltd	Share held by close relative of directors.

	Pricing policy
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 among the Company, Subsidiary and related companies as at December 31, 2008 and 2007 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Trade accounts receivable				
Subsidiary				
Agrifood Processing Co., Ltd.	-	-	17,520,430	16,845,141
Related companies				
Itochu Corporation Co., Ltd.	9,002,795	5,667,280	7,330,073	2,991,113
P P Foods Supply Co., Ltd	9,004,700	12,313,180	8,860,700	12,313,180
Ing shiang Co., Ltd.	4,790,400	1,067,264	4,790,400	1,067,264
Total	22,797,895	19,047,724	20,981,173	16,371,557
Grand Total	22,797,895	19,047,724	38,501,603	33,216,698
Accrued interest				
C&W Interfoods Co.,Ltd.	132,708	67,627	132,708	67,627
Long - term loans to				
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 and will be repayable within year 2010. The interest is



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repayable on monthly basis 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	financial statements	financial statements
	2008	2007	2008	2007
Accrued commission expenses				
Related companies				
Itochu Corporation Co., Ltd.	651,136	1,082,757	434,399	957,151
P P Foods Supply Co., Ltd.	945,489	2,702,543	945,489	2,702,543
Ing shiang Co., Ltd.	1,939,363	420,253	1,939,363	420,253
Total	<u>3,535,988</u>	<u>4,205,553</u>	<u>3,319,251</u>	<u>4,079,947</u>
Accrued expenses				
Agri World Co.,Ltd	-	302,673	-	302,673
Deposit				
Agrifood Processing Co., Ltd.	-	-	30,000	30,000

5.3 Revenue and expenses among the Company, subsidiary and related companies

Revenue and expenses among the Company, subsidiary and related companies for the years then ended December 31, 2008 and 2007 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2008	2007	2008	2007
Sales				
Subsidiary				
Agrifood Processing Co., Ltd.	-	-	212,790,327	135,528,004
Related companies				
C&W Interfoods Co.,Ltd.	1,600	33,000	-	-
Itochu Corporation Co., Ltd.	170,305,735	153,948,074	118,693,458	116,968,925
P.P Foods Supply Co., Ltd.	9,959,700	15,011,580	9,548,700	14,935,580
Ing shiang Co., Ltd.	10,856,587	1,946,132	10,228,445	1,946,132
Total	<u>191,123,622</u>	<u>170,938,786</u>	<u>138,470,603</u>	<u>133,850,637</u>
Grand Total	<u>191,123,622</u>	<u>170,938,786</u>	<u>351,260,930</u>	<u>269,378,641</u>
Other income				
Agrifood Processing Co., Ltd.	-	-	620,400	631,760
C.T.Prosper Group Co.,Ltd	90,000	90,000	90,000	90,000
Total	<u>90,000</u>	<u>90,000</u>	<u>710,400</u>	<u>721,760</u>
Interest revenue				
C&W Interfoods Co.,Ltd.	796,250	796,250	796,250	796,250
Commission Expenses				
Related companies				
Itochu Corporation Co., Ltd.	3,414,966	2,997,608	2,364,368	2,333,848



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P.P Foods Supply Co., Ltd.	2,055,755	1,785,391	2,055,755	1,785,391
Ing shiang Co., Ltd.	1,870,371	870,068	1,870,371	870,068
Total	<u>7,341,092</u>	<u>5,653,067</u>	<u>6,290,494</u>	<u>4,989,307</u>
Accrued expenses				
Agri World Co.,Ltd	<u>1,210,692</u>	<u>302,673</u>	<u>1,210,692</u>	<u>302,673</u>

6. CASH AND CASH EQUIVALENTS

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash on hand	116,343	115,875	106,343	105,875
Regular checking accounts	1,336,350	622,247	-	-
Saving accounts	107,749,668	62,718,358	90,383,262	52,065,442
Fixed deposits : Less than 3 months	5,440,729	78,851,479	-	70,000,000
Total	<u>114,643,090</u>	<u>142,307,959</u>	<u>90,489,605</u>	<u>122,171,317</u>

The weighted average effective interest rates of deposits at financial institutions were 0.25% – 4.00% per annum (2007: 0.50 % – 3.00 % per annum).

7. SHORT – TERM INVESTMENTS

Short - term investments are deposits at financial institution which are 4 - 6 month fixed deposits bear interest at the rate of 1.90 - 4.00% per annum (2007: 2.80% per annum).

8. TRADE ACCOUNTS RECEIVABLE

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

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Accounts receivable – Related Companies				
Not yet due receivables	12,780,947	7,341,280	28,514,619	21,510,254
Over due with 1 month to 3 months	5,756,998	4,201,464	5,727,034	4,201,464
Over due with 4 months to 6 months	1,482,750	4,068,760	1,482,750	4,068,760
Over due with 7 months to 12 months	2,777,200	3,436,220	2,777,200	3,436,220
Total accounts receivable – Related Companies	<u>22,797,895</u>	<u>19,047,724</u>	<u>38,501,603</u>	<u>33,216,698</u>
Trade accounts receivable – Other Companies				
Not yet due receivables	51,639,847	42,053,633	39,672,616	29,347,041
Over due with 1 month to 3 months	6,228,505	1,475,683	6,228,505	1,353,283
Over due with 4 month to 6 months	3,130,719	-	3,130,719	-
Over due with 7 months to 12 months	-	2,721,014	-	2,721,014
Over due 12 months	2,751,014	30,000	2,751,014	30,000
Total accounts receivable – Other Companies	<u>63,750,085</u>	<u>46,280,330</u>	<u>51,782,854</u>	<u>33,451,338</u>
Less Allowance for doubtful accounts	<u>(2,751,014)</u>	<u>(2,721,014)</u>	<u>(2,751,014)</u>	<u>(2,721,014)</u>
Total accounts receivable – Other Companies- Net	<u>60,999,071</u>	<u>43,559,316</u>	<u>49,031,840</u>	<u>30,730,324</u>



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9. INVENTORIES – NET

	In Baht	
	Consolidated and Separate financial statements	
	2008	2007
Finished goods and semi – finished products	294,365,295	317,943,090
Raw material and supplies	29,095,336	24,172,086
Seeds, insecticide, fertilizer	32,455,814	27,861,776
Total	355,916,445	369,976,952
<u>Less</u> Provision for obsolescence		
- Finished goods and semi – finished products	(2,207,779)	(2,098,676)
- Raw material and supplies	(427,723)	(1,196,082)
- Seeds, insecticide, fertilizer	(94,301)	(150,103)
Total	(2,729,803)	(3,444,861)
Net	353,186,642	366,532,091

During 2008, the Company reversed of provision for inventory obsolescence amounting to Baht 0.7 million (2007: Bath 9.4 million.) in the consolidated and separate financial statements.

10. ACCOUNTS RECEIVABLE – PLANTERS – NET

	In Baht	
	Consolidated and Separate financial statements	
	2008	2007
Accounts receivable-planters	27,278,068	30,200,091
<u>Less</u> Allowance for doubtful accounts	(711,521)	(904,572)
Net	26,566,547	29,295,519

11. INVESTMENTS IN SUBSIDIARY

As at December 31, 2008 and 2007.

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



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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008 AND 2007**

12. PROPERTY, PLANT AND EQUIPMENT - NET

CONSOLIDATED FINANCIAL STATEMENTS

	In Baht						Total
	Land	Building	Machineries and equipment	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	
As at December 31, 2007							
Cost	82,945,217	418,325,186	651,990,539	39,270,960	21,213,677	8,801,959	1,222,547,538
Less Accumulated depreciation	-	(175,636,609)	(466,256,114)	(30,087,752)	(18,747,092)	-	(690,727,567)
Impairment of assets	-	-	(5,528,835)	-	-	-	(5,528,835)
Net book amount	82,945,217	242,688,577	180,205,590	9,183,208	2,466,585	8,801,959	526,291,136
For the year ended							
December 31, 2008							
Opening net book amount	82,945,217	242,688,577	180,205,590	9,183,208	2,466,585	8,801,959	526,291,136
Add Acquisition	-	1,279	5,206,243	12,982,853	1,133,481	18,459,905	37,783,761
Transfer in (out)	-	5,808,590	17,297,655	-	-	(23,106,245)	-
Transfer to non-operating assets	-	-	(5,741,997)	-	-	-	(5,741,997)
Less Disposals	-	-	(7,132)	(6)	(12)	-	(7,150)
Depreciation charge	-	(23,419,239)	(41,163,276)	(5,206,657)	(1,256,388)	-	(71,045,560)
Closing net book amount	82,945,217	225,079,207	155,797,083	16,959,398	2,343,666	4,155,619	487,280,190
As at December 31, 2008							
Cost	82,945,217	424,135,055	662,127,027	44,240,440	22,248,415	4,155,619	1,239,851,773
Less Accumulated depreciation	-	(199,055,848)	(500,801,109)	(27,281,042)	(19,904,749)	-	(747,042,748)
Impairment of assets	-	-	(5,528,835)	-	-	-	(5,528,835)
Net book amount	82,945,217	225,079,207	155,797,083	16,959,398	2,343,666	4,155,619	487,280,190

Net book value of land and structures thereon and portion of equipment amounted to Baht 151.7 million (2007: Baht 162.3 million) were mortgaged and pledged as collateral against bank overdrafts, short-term loans from financial institutions as discussed in Note 16 to the financial statements.

As at December 31, 2008 and 2007, the Company has fully depreciated equipment which are still in use to approximately Baht 369.2 million and Baht 376.9 million, respectively.



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12. PROPERTY, PLANT AND EQUIPMENT - NET (CONTINUED)

THE SEPARATE FINANCIAL STATEMENTS

	In Baht						
	Land	Building	Machineries and equipment	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	Total
At December 31, 2007							
Cost	82,945,217	418,325,186	651,990,539	38,296,208	20,145,839	8,801,959	1,220,504,948
Less Accumulated depreciation	-	(175,636,609)	(466,256,114)	(29,505,038)	(17,818,870)	-	(689,216,631)
Impairment of assets	-	-	(5,528,835)	-	-	-	(5,528,835)
Net book amount	82,945,217	242,688,577	180,205,590	8,791,170	2,326,969	8,801,959	525,759,482
For the year ended							
December 31, 2008							
Opening net book amount	82,945,217	242,688,577	180,205,590	8,791,170	2,326,969	8,801,959	525,759,482
Add Acquisition	-	1,279	5,206,243	12,982,853	1,122,511	18,459,905	37,772,791
Transfer in (out)	-	5,808,590	17,297,655	-	-	(23,106,245)	-
Transfer to non-operating assets	-	-	(5,741,997)	-	-	-	(5,741,997)
Disposals	-	-	(7,132)	(6)	(12)	-	(7,150)
Depreciation charge	-	(23,419,239)	(41,163,276)	(5,011,707)	(1,142,539)	-	(70,736,761)
Closing net book amount	82,945,217	225,079,207	155,797,083	16,762,310	2,306,929	4,155,619	487,046,365
At December 31, 2008							
Cost	82,945,217	424,135,055	662,127,027	43,265,688	21,169,607	4,155,619	1,237,798,213
Less Accumulated depreciation	-	(199,055,848)	(500,801,109)	(26,503,378)	(18,862,678)	-	(745,223,013)
Impairment of assets	-	-	(5,528,835)	-	-	-	(5,528,835)
Net book amount	82,945,217	225,079,207	155,797,083	16,762,310	2,306,929	4,155,619	487,046,365

Net book value of land and structures thereon and portion of machineries amounted to Baht 151.7 million (2007: Baht 162.3 million) were mortgaged and pledged as collateral against bank overdrafts, short-term loans from financial institutions in Note 16 to the financial statements.

As at December 31, 2008 and 2007, the Company has fully depreciated equipment which are still in use to approximately Baht 368.2 million and Baht 376.9 million, respectively.



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**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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13. NON OPERATING ASSET - NET

	In Baht	
	Consolidated and Separate financial statements	
	2008	2007
Land	16,107,988	13,437,988
Machineries and equipment	5,741,997	-
Total	21,849,985	13,437,988
Less : Allowance for impairment	(3,445,198)	-
Net	18,404,787	13,437,988

Non operating land of the Company amounting of Baht 16.1 million (2007: Baht 13.4 million) was prepared for the plant expansion in the future.

14. SOFTWARE – NET

	In Baht
	Consolidated and Separate financial statements
For the year ended December 31, 2008	
Opening net book value	858,584
Less Amortization during the year	(338,162)
Ending net book value	520,422
As at December 31, 2008	
Cost	1,690,810
Less Accumulative amortization	(1,170,388)
Net book value	520,422

15. FIXED DEPOSITS PLEDGED AS COLLATERAL

As at December 31, 2008 and 2007, the subsidiary has fixed deposit amounted to Baht 14.2 million and Baht 10.4 million, respectively which pledged as collateral against credit line from a local financial institution.

16. BANK OVERDRAFTS

As at December 31, 2008 and 2007, the Company has the overdrafts and short-term loans lines amounted to Baht 540.0 million and Baht 443.6 million, respectively. 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 structures thereon and machineries of the company (Note 12).



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**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008 AND 2007**

17. SHARE CAPITAL

- According to the resolution of the shareholders' meeting No.1/2007 held on April 23, 2007 the shareholders had the resolution as follows :
 - To 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.
 - To 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 new common shares (rounding off fraction) totaling 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 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

18. DIVIDENDS PAID

At the ordinary shareholders' meeting No.1/2008 held on April 30, 2008 the shareholders had the resolution to approve the payment of cash dividends from net income for the year 2005-2007 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 103,947,478. The Company paid such dividends on May 30, 2008.

At the Ordinary Shareholders' Meeting No. 1/2007 held on April 23, 2007, the shareholders had the resolution to approve the payment of Dividends from net income for the year 2006 under the Board of Investment Promotional Certificate No. 1465/2542 to the shareholders for 314,997,360 shares, at Baht 0.25 per share amounted to Baht 78,749,344. Such dividends paid on May 23, 2007.

19. 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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**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008 AND 2007**

20. EXPENSES BY NATURE

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Changes in finished goods and semi – finished products	23,577,794	(47,056,761)	23,577,794	(47,056,761)
Purchase of finished goods – net	3,464,568	484,034	-	-
Raw materials and consumable used	543,007,670	494,188,215	543,007,670	494,188,215
Fuel used	31,141,755	22,732,273	31,079,370	22,672,700
Repairs expenditure	26,089,324	28,750,769	26,089,324	28,750,769
Depreciation	71,045,558	70,431,643	70,736,759	70,023,159
Staff costs	170,845,863	151,317,194	169,425,023	150,081,394
Managements' remuneration	36,672,421	35,412,378	34,221,371	33,119,378
Transport and distribution	121,018,421	92,906,214	106,025,022	79,766,063
Commission	10,768,028	9,053,303	7,566,263	6,525,449
Utilities	79,295,215	78,310,661	79,217,591	78,234,942
Loss on impairment of assets	3,445,198	-	3,445,198	-
Other expenses	28,711,951	36,850,894	27,010,121	34,831,552
Total expenses	1,149,083,766	973,380,817	1,121,401,506	951,136,860

21. PROMOTIONAL PRIVILEGES

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

- 21.1 Under the Board of Investment Promotional Certificate No. 1727/2531, exemption from payment of income tax for 7 years starting from the commencement date of the promoted business on February 1, 1990 to February 1, 1997.
- 21.2 Under the Board of Investment Promotional Certificate No.1063/2536, exemption from payment of income tax for 6 years starting from the commencement date of the promoted business on November 1, 1994 to November 1, 2000.
- 21.3 Under the Board of Investment Promotional Certificate No.1397/2537, exemption from payment of income tax for 8 years starting from the commencement date of the promoted business on March 3,1996 to March 3,2004.
- 21.4 Under the Board of Investment Promotional Certificate No.1465/2542 , exception from payment of income tax for 8 years starting from the commencement date of the promoted business on November 1, 2001 to November 1,2009.
- 21.5 Under the Board of Investment Promotional Certificate No.1545(3)/2547, exception from payment of income tax for 8 years starting from the commencement date of the promoted business.



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**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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As a promoted industry, the company must comply with certain conditions and restrictions provided for the promotional certificate Results of the company's operations classified under promoted and non-promoted businesses for the year ended December 31, 2008 follow:

	In Baht		
	Promoted Business	Non-Promoted Business	Total
REVENUES			
Sales	1,239,854,382	16,660	1,239,871,042
Interest and other income	17,954,618	255,482	18,210,100
Total revenues	1,257,809,000	272,142	1,258,081,142
EXPENSES			
Cost of sales	923,105,642	421,838	923,527,480
Selling expenses	111,770,916	1,502	111,772,418
Administrative expenses	48,434,389	650	48,435,039
Loss on impairment of assets	-	3,445,198	3,445,198
Managements' remuneration	34,220,911	460	34,221,371
Total expenses	1,117,531,858	3,869,648	1,121,401,506
Income(Loss) before Finance costs	140,277,142	(3,597,506)	136,679,636
Finance costs	(48)	-	(48)
Net Income (Loss)	140,277,094	(3,597,506)	136,679,588

Results of the company's operations classified under promoted and non-promoted businesses for the year ended December 31, 2007 follow:

	In Baht		
	Promoted Business	Non-Promoted Business	Total
REVENUES			
Sales	1,030,554,307	2,468,312	1,033,022,619
Interest and other income	21,993,247	(451,234)	21,542,013
Total revenues	1,052,547,554	2,017,078	1,054,564,632
EXPENSES			
Cost of sales	778,111,149	3,710,264	781,821,413
Selling expenses	85,997,783	205,976	86,203,759
Administrative expenses	49,872,858	119,452	49,992,310
Managements' remuneration	33,040,242	79,136	33,119,378
Total expenses	947,022,032	4,114,828	951,136,860
Income(Loss) before Finance costs	105,525,522	(2,097,750)	103,427,772
Finance costs	(7,224)	(19)	(7,243)
Net Income (Loss)	105,518,298	(2,097,769)	103,420,529

Definable direct cost and other income are allocated between promoted business and non-promoted business. Undefined indirect cost and other income are allocated based on the proportion of revenues of each segment to the total revenues.



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008 AND 2007**

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 frozen dough and bakery products 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 year ended December 31, 2008 are as follows:

Consolidated financial statements

	In Baht		
	Frozen Products	Transmuted Products	Total
Sales	1,271,454,465	4,115,416	1,275,569,881
Cost of sales	(923,105,642)	(3,886,406)	(926,992,048)
Gross profit	348,348,823	229,010	348,577,833
Selling expenses	(130,862,224)	(139,798)	(131,002,022)
Income from operating	217,486,599	89,212	217,575,811
Interest and other income			16,496,788
Central expenses			(87,644,498)
Loss on impairment of assets			(3,445,198)
Finance costs			(48)
Income tax			(676,611)
Net income			142,306,244
Property , plant and equipment by segment as at December 31, 2008	405,518,682	37,400,327	442,919,009
Property , plant and equipment which cannot be classified by segment			44,361,181
Other assets			782,874,462
Total assets			1,270,154,652

The details of segment information for the year ended December 31, 2007 are as follows:

Consolidated financial statements

	In Baht		
	Frozen Products	Transmuted Products	Total
Sales	1,048,300,834	3,149,911	1,051,450,745
Cost of sales	(778,186,383)	(4,119,063)	(782,305,446)
Gross profit (loss)	270,114,451	(969,152)	269,145,299
Selling expenses	(102,803,583)	(316,482)	(103,120,065)
Income (loss) from operating	167,310,868	(652,670)	166,025,234
Interest and other income			21,857,624
Central expenses			(87,955,306)
Finance costs			(7,243)
Net income			99,920,309
Property , plant and equipment by			



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segment as at December 31, 2007	448,236,844	39,406,701	487,643,545
Property, plant and equipment which cannot be classified by segment			38,647,591
Other assets			706,323,894
Total assets			<u>1,232,615,030</u>

The Company is engaged in business of manufacturing and exporting of frozen fruits and 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 year ended December 31, 2008 are as follows:

Separate financial statements

	In Baht		
	Frozen Products	Transmuted Products	Total
Sales	1,239,854,382	16,660	1,239,871,042
Cost of sales	(923,105,642)	(421,838)	(923,527,480)
Gross profit (loss)	316,748,740	(405,178)	316,343,562
	(111,770,916)		(111,772,418)
Selling expenses		(1,502)	
Income (loss) from operating	204,977,824	(406,680)	204,571,144
Interest and other income			18,210,100
Central expenses			(82,656,410)
Amortization of intangible assets			(3,445,198)
Finance costs			(48)
Net income			<u>136,679,588</u>
Property, plant and equipment by segment as at December 31, 2008	405,518,682	37,400,327	442,919,009
Property, plant and equipment which cannot be classified by segment			44,127,356
Other assets			771,238,142
Total assets			<u>1,258,284,507</u>

The details of segment information for the year ended December 31, 2007 are as follows:

Separate financial statements

	In Baht		
	Frozen Products	Transmuted Products	Total
Sales	1,030,616,474	2,406,145	1,033,022,619
Cost of sales	(778,186,383)	(3,635,030)	(781,821,413)
Gross profit (loss)	252,430,091	(1,228,885)	251,201,206
Selling expenses	(86,002,971)	(200,788)	(86,203,759)
Income (loss) from operating	166,427,120	(1,028,097)	164,997,447
Interest and other income			21,542,013



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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Central expenses			(83,111,688)
Finance costs			(7,243)
Net income			<u>103,420,529</u>
Property, plant and equipment by segment as at December 31, 2007	<u>448,236,844</u>	<u>39,406,701</u>	487,643,545
Property, plant and equipment which cannot be classified by segment			38,115,937
Other assets			<u>700,395,306</u>
Total assets			<u>1,226,154,788</u>

23. PROVIDENT FUND

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

The Company's contribution net of the refund amount for the year ended December 31, 2008 and 2007 amounted to Baht 1.5 million.

24. FINANCIAL INSTRUMENTS

As at December 31, 2008 the Company and subsidiary have no policy to perform speculate or trade the financial instrument transaction derivatives.

24.1 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 large number and diversity of the entities comprising the Group's customer base and confined credit policy adopted, 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 December 31, 2008 the Company has long-term loan to related company amounting of Baht. 24.5 million which is repayable within the year 2010 and is paid interest at the rate of 3.25 per annum by monthly. 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.



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24.2 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 December 31, 2008, the Company and subsidiary have outstanding forward foreign exchange selling contracts and option contracts of a total of U.S. Dollars 7.9 million in exchange of Baht 279.6 million with 2 commercial banks. The contract will be due in June 2009.

As at December 31, 2008, liabilities of the Company and subsidiary have accrued commission amounting of U.S.Dollars 73,840 which are not hedged.

24.3 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.

24.4 Fair value of financial instruments

The financial assets and liabilities include cash and cash equivalents, short-term investment, account receivable, overdue, account payable and borrowing .Their carried values approximate to their fair values.

25. COMMITMENT AND CONTINGENT LIABILITIES

As at December 31, 2008

- 25.1 The Company has contingent liable for bank guarantees issued in favor of government agency amounting to approximately Baht 8.9 million.
- 25.2 The Company has commitment to pay the uncalled investments in Agrifood Processing Co.,Ltd. amounting to approximately Baht 90 million.
- 25.3 The Company has commitment for software license with a local company amounting of Baht 1.3 million
- 25.4 The Company has commitment for the installation of machine and equipment amounting of Baht 3.9 million.

26. RECLASSIFICATION

Certain amounts in the financial statements for the year ended December 31, 2007 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:



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In Baht

	Consolidated financial statements		Separate financial statements	
	The reclassifications	The previously reported	The reclassifications	The previously reported
Administrative and selling expenses	-	185,715,371	-	163,955,447
Selling expenses	103,120,065	-	86,203,759	-
Administrative expenses	52,542,928	-	49,992,310	-
Managements' remuneration	35,412,378	5,360,000	33,119,378	5,360,000

27. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements and separate financial statements have been approved by the board of directors of the Company on February 26, 2009.