

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

INTERIM FINANCIAL STATEMENTS

AND REVIEW REPORT OF CERTIFIED PUBLIC ACCOUNTANT

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

EXPRESSED IN THAI BAHT

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

BALANCE SHEETS

AS AT SEPTEMBER 30, 2009 AND DECEMBER 31, 2008

| ASSETS | Notes | In Baht | | | |
|---|--------------|----------------------|----------------------|----------------------|----------------------|
| | | Consolidated | | Separate | |
| | | financial statements | | financial statements | |
| | | September 30, 2009 | December 31, 2008 | September 30, 2009 | December 31, 2008 |
| | | "Unaudited" | "Audited" | "Unaudited" | "Audited" |
| | | <u>"Reviewed"</u> | <u></u> | <u>"Reviewed"</u> | <u></u> |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 5 | 270,557,151 | 114,643,090 | 243,093,164 | 90,489,605 |
| Short - term investments | 6 | 50,000,000 | 140,000,000 | 50,000,000 | 140,000,000 |
| Trade accounts receivable - related companies | 4,2,7 | 9,610,648 | 22,797,895 | 31,253,355 | 38,501,603 |
| - other companies - net | 7 | 46,001,654 | 60,999,071 | 30,236,947 | 49,031,840 |
| Inventories - net | 8 | 367,925,080 | 353,186,642 | 365,276,170 | 353,186,642 |
| Other current assets | | | | | |
| Accounts receivable - planters - net | 9 | 26,206,294 | 26,566,547 | 26,206,294 | 26,566,547 |
| Value added tax receivable | | 1,538,597 | 1,471,060 | 1,474,269 | 1,209,170 |
| Others | | <u>2,480,785</u> | <u>4,383,317</u> | <u>2,464,741</u> | <u>4,312,779</u> |
| Total other current assets | | <u>30,225,676</u> | <u>32,420,924</u> | <u>30,145,304</u> | <u>32,088,496</u> |
| TOTAL CURRENT ASSETS | | <u>774,320,209</u> | <u>724,047,622</u> | <u>750,004,940</u> | <u>703,298,186</u> |
| NON - CURRENT ASSETS | | | | | |
| Fixed deposits pledged as collateral | 10 | 14,398,615 | 14,239,642 | - | - |
| Investments in subsidiary | 11 | - | - | 23,353,658 | 23,353,658 |
| Long - term loan to related company | 4.2 | 24,500,000 | 24,500,000 | 24,500,000 | 24,500,000 |
| Property, plant and equipment - net | 12 | 451,903,809 | 487,280,190 | 451,824,133 | 487,046,365 |
| Non operating assets - net | 13 | 18,111,973 | 18,404,787 | 18,111,973 | 18,404,787 |
| Computer software - net | 14 | 258,279 | 520,422 | 258,279 | 520,422 |
| Other non - current assets | | <u>3,482,685</u> | <u>1,161,989</u> | <u>3,481,785</u> | <u>1,161,089</u> |
| TOTAL NON - CURRENT ASSETS | | <u>512,655,361</u> | <u>546,107,030</u> | <u>521,529,828</u> | <u>554,986,321</u> |
| TOTAL ASSETS | | <u>1,286,975,570</u> | <u>1,270,154,652</u> | <u>1,271,534,768</u> | <u>1,258,284,507</u> |

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

BALANCE SHEETS (CONTINUED)

AS AT SEPTEMBER 30, 2009 AND DECEMBER 31, 2008

| | | In Baht | | | |
|--|---------------------|--------------------------|----------------------|--------------------------|----------------------|
| | | Consolidated | | Separate | |
| | | financial statements | | financial statements | |
| | | September 30, 2009 | December 31, 2008 | September 30, 2009 | December 31, 2008 |
| | | "Unaudited" | "Audited" | "Unaudited" | "Audited" |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | <u>Notes</u> | <u>"Reviewed"</u> | | <u>"Reviewed"</u> | |
| CURRENT LIABILITIES | | | | | |
| Trade accounts payable | | 29,724,927 | 33,838,652 | 29,724,927 | 33,838,652 |
| Accrued income tax and accrued expenses | | 38,740,766 | 38,551,798 | 37,019,358 | 36,622,505 |
| Other current liabilities | | 1,372,134 | 1,631,550 | 1,148,845 | 1,362,544 |
| TOTAL CURRENT LIABILITIES | | 69,837,827 | 74,022,000 | 67,893,130 | 71,823,701 |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital - Baht 1 par value | | | | | |
| Authorized shares | | | | | |
| 381,146,251 common shares | | | | | |
| (December 31, 2008 : 346,497,096 common shares) | 16 | 381,146,251 | 346,497,096 | 381,146,251 | 346,497,096 |
| Issued and paid - up shares | | | | | |
| 381,145,725 common shares | | | | | |
| (December 31, 2008 : 346,496,592 common shares) | | 381,145,725 | 346,496,592 | 381,145,725 | 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 | 17 | 34,650,000 | 34,650,000 | 34,650,000 | 34,650,000 |
| Unappropriated | | 733,342,018 | 746,986,060 | 719,845,913 | 737,314,214 |
| TOTAL SHAREHOLDERS' EQUITY | | 1,217,137,743 | 1,196,132,652 | 1,203,641,638 | 1,186,460,806 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 1,286,975,570 | 1,270,154,652 | 1,271,534,768 | 1,258,284,507 |

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF INCOME
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

| | | In Baht | | | |
|------------------------------------|--|----------------------|-------------|----------------------|-------------|
| | | Consolidated | | Separate | |
| | | financial statements | | financial statements | |
| Note | | 2009 | 2008 | 2009 | 2008 |
| REVENUES | | | | | |
| | Sales | 351,109,365 | 350,114,738 | 343,732,427 | 337,144,256 |
| | Gain on exchange rate | 3,338,312 | - | 2,088,654 | - |
| | Interest income | 361,915 | 946,174 | 535,219 | 835,918 |
| | Other income | 1,641,870 | 3,552,864 | 1,595,383 | 3,707,964 |
| | Total revenues | 356,451,462 | 354,613,776 | 347,951,683 | 341,688,138 |
| EXPENSES | | | | | |
| | Cost of sales | 245,864,834 | 251,278,594 | 245,365,334 | 249,622,844 |
| | Selling expenses | 30,084,761 | 37,455,907 | 24,936,331 | 31,347,667 |
| | Administrative expenses | 12,528,480 | 12,781,474 | 12,382,329 | 11,022,022 |
| | Directors and managements' remuneration | 10,556,586 | 8,673,391 | 9,927,711 | 8,091,941 |
| | Loss on exchange rate | - | 3,286,781 | - | 1,944,022 |
| | Total expenses | 299,034,661 | 313,476,147 | 292,611,705 | 302,028,496 |
| | Income before income tax | 57,416,801 | 41,137,629 | 55,339,978 | 39,659,642 |
| | Income tax | (624,853) | - | - | - |
| | NET INCOME | 56,791,948 | 41,137,629 | 55,339,978 | 39,659,642 |
| Net income attributable to: | | | | | |
| | Equity holders of the parent | 56,791,948 | 41,137,629 | 55,339,978 | 39,659,642 |
| | Minority interest of the subsidiary | - | - | - | - |
| | | 56,791,948 | 41,137,629 | 55,339,978 | 39,659,642 |
| BASIC EARNINGS PER SHARE | | | | | |
| | NET INCOME | 0.15 | 0.11 | 0.15 | 0.10 |
| | Weighted average number of common shares (shares) | 381,145,725 | 381,145,725 | 381,145,725 | 381,145,725 |

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

| | | In Baht | | | |
|------------------------------------|--|----------------------|-------------|----------------------|-------------|
| | | Consolidated | | Separate | |
| | | financial statements | | financial statements | |
| Note | | 2009 | 2008 | 2009 | 2008 |
| REVENUES | | | | | |
| | Sales | 1,086,234,287 | 971,582,396 | 1,064,204,449 | 949,377,419 |
| | Gain on exchange rate | 1,255,476 | 5,015,379 | - | 5,015,379 |
| | Interest income | 2,528,164 | 2,801,333 | 2,528,164 | 2,451,861 |
| | Other income | 5,086,207 | 6,121,940 | 5,349,920 | 6,587,240 |
| | Total revenues | 1,095,104,134 | 985,521,048 | 1,072,082,533 | 963,431,899 |
| EXPENSES | | | | | |
| | Cost of sales | 712,992,227 | 704,580,145 | 711,965,477 | 702,195,578 |
| | Selling expenses | 94,632,093 | 98,963,335 | 81,651,415 | 85,173,223 |
| | Administrative expenses | 36,563,541 | 35,784,491 | 35,067,647 | 32,577,472 |
| | Directors and managements' remuneration | 28,873,502 | 26,062,420 | 26,984,477 | 24,320,070 |
| | Total expenses | 873,061,363 | 865,390,391 | 855,669,016 | 844,266,343 |
| | Income before income tax | 222,042,771 | 120,130,657 | 216,413,517 | 119,165,556 |
| | Income tax | (1,804,995) | - | - | - |
| | NET INCOME | 220,237,776 | 120,130,657 | 216,413,517 | 119,165,556 |
| Net income attributable to: | | | | | |
| | Equity holders of the parent | 220,237,776 | 120,130,657 | 216,413,517 | 119,165,556 |
| | Minority interest of the subsidiary | - | - | - | - |
| | | 220,237,776 | 120,130,657 | 216,413,517 | 119,165,556 |
| BASIC EARNINGS PER SHARE | | | | | |
| | NET INCOME | 0.58 | 0.32 | 0.57 | 0.31 |
| | Weighted average number of common shares (shares) | 381,145,725 | 381,145,725 | 381,145,725 | 381,145,725 |

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

"Unaudited"

"Reviewed"

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

| | | In Baht | | | | |
|----------------------------------|----|--------------------|-------------------|-------------------|--------------------|----------------------|
| | | Issued and | Premium | Retained earnings | | |
| | | paid-up | on share | Appropriated | | |
| Notes | | share capital | capital | for legal reserve | Unappropriated | Total |
| | | | | | | |
| BALANCE as at January 1, 2008 | | 346,496,592 | 68,000,000 | 34,650,000 | 708,627,294 | 1,157,773,886 |
| Dividends paid | 18 | - | - | - | (103,947,478) | (103,947,478) |
| Net income | | - | - | - | 120,130,657 | 120,130,657 |
| BALANCE as at September 30, 2008 | | <u>346,496,592</u> | <u>68,000,000</u> | <u>34,650,000</u> | <u>724,810,473</u> | <u>1,173,957,065</u> |
| | | | | | | |
| BALANCE as at January 1, 2009 | | 346,496,592 | 68,000,000 | 34,650,000 | 746,986,060 | 1,196,132,652 |
| Stock dividends | 16 | 34,649,133 | - | - | (34,649,133) | - |
| Dividends paid | 18 | - | - | - | (199,232,685) | (199,232,685) |
| Net income | | - | - | - | 220,237,776 | 220,237,776 |
| BALANCE as at September 30, 2009 | | <u>381,145,725</u> | <u>68,000,000</u> | <u>34,650,000</u> | <u>733,342,018</u> | <u>1,217,137,743</u> |

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

"Unaudited"

"Reviewed"

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED
SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

| | | In Baht | | | |
|----------------------------------|-------|--|--------------------------------|-----------------------------------|----------------|
| | | Issued and paid - up share capital | Premium on share capital | Retained earnings | |
| | Notes | | | Appropriated for legal reserve | Unappropriated |
| | | | | | Total |
| 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 | | - | - | - | 119,165,556 |
| BALANCE as at September 30, 2008 | | 346,496,592 | 68,000,000 | 34,650,000 | 719,800,182 |
| | | | | | |
| BALANCE as at January 1, 2009 | | 346,496,592 | 68,000,000 | 34,650,000 | 737,314,214 |
| Stock dividends | 16 | 34,649,133 | - | - | (34,649,133) |
| Dividends paid | 18 | - | - | - | (199,232,685) |
| Net income | | - | - | - | 216,413,517 |
| BALANCE as at September 30, 2009 | | 381,145,725 | 68,000,000 | 34,650,000 | 719,845,913 |

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

"Unaudited"

"Reviewed"

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

| | In Baht | | | |
|--|----------------------|--------------|----------------------|--------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2009 | 2008 | 2009 | 2008 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income before income tax | 222,042,771 | 120,130,657 | 216,413,517 | 119,165,556 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | | |
| Unrealized gain on exchange rate | (34,488) | (260,445) | (155,970) | (403,565) |
| Bad debts and doubtful accounts (reversal) | (6,698) | 168,020 | (6,698) | 168,020 |
| Reversal of loss on diminution of inventories | (741,547) | (207,523) | (741,547) | (207,523) |
| Gain on disposal of equipment | (88,814) | (1,048,798) | (88,814) | (1,048,798) |
| Depreciation | 56,103,767 | 58,840,981 | 55,944,300 | 58,585,690 |
| Amortization of computer software | 262,143 | 310,365 | 262,143 | 310,365 |
| Income from operating activities before change in operational assets and liabilities | 277,537,134 | 177,933,257 | 271,626,931 | 176,569,745 |
| Decrease (Increase) in operational assets | | | | |
| Trade accounts receivable - related companies | 13,161,296 | 2,120,124 | 7,237,240 | 875,277 |
| Trade accounts receivable - other companies | 15,011,267 | (25,551,002) | 18,915,282 | (21,758,817) |
| Inventories | (13,996,891) | 10,293,126 | (11,347,981) | 10,293,126 |
| Accounts receivable - planters | 366,951 | (628,167) | 366,951 | (628,167) |
| Value added tax receivable | (67,537) | 1,370,148 | (265,099) | 1,439,706 |
| Other current assets | 1,902,532 | (1,032,106) | 1,848,038 | (1,025,220) |
| Other non - current assets | (2,266,477) | 804,612 | (2,266,477) | 801,152 |
| Increase (Decrease) in operational liabilities | | | | |
| Trade accounts payable | (5,136,378) | (5,269,908) | (5,136,378) | (5,269,908) |
| Accrued expenses | 282,657 | (7,236,063) | 443,442 | (7,817,117) |
| Other current liabilities | (259,416) | (560,354) | (213,699) | 116,763 |
| Cash receipt from operation | 286,535,138 | 152,243,667 | 281,208,250 | 153,596,540 |
| Income tax paid | (1,906,314) | (59,285) | (54,219) | (55,825) |
| Net cash provided by operating activities | 284,628,824 | 152,184,382 | 281,154,031 | 153,540,715 |

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

| | In Baht | | | |
|---|----------------------|---------------|----------------------|---------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2009 | 2008 | 2009 | 2008 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Decrease(increase) in fixed deposits at financial institutions | 89,841,027 | (3,771,137) | 90,000,000 | - |
| Proceeds from disposal of equipment | 104,219 | 1,055,934 | 104,219 | 1,055,934 |
| Cash paid for acquisition of plant and equipment (cash flows information) | (19,427,324) | (29,368,412) | (19,422,006) | (29,357,442) |
| Cash paid for acquisition of non operating assets | - | (2,670,000) | - | (2,670,000) |
| Net cash provided by (used in) investing activities | 70,517,922 | (34,753,615) | 70,682,213 | (30,971,508) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Paid dividends | (199,232,685) | (103,947,478) | (199,232,685) | (103,947,478) |
| Net cash used in financing activities | (199,232,685) | (103,947,478) | (199,232,685) | (103,947,478) |
| Net increase in cash and cash equivalents | 155,914,061 | 13,483,289 | 152,603,559 | 18,621,729 |
| Cash and cash equivalents, beginning of period | 114,643,090 | 142,307,959 | 90,489,605 | 122,171,317 |
| Cash and cash equivalents, end of period | 270,557,151 | 155,791,248 | 243,093,164 | 140,793,046 |
| <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 period | (20,449,977) | (30,302,212) | (20,444,659) | (30,291,242) |
| Increase in payable from acquisition of assets | 1,022,653 | 933,800 | 1,022,653 | 933,800 |
| Cash paid for acquisition of plant and equipment | (19,427,324) | (29,368,412) | (19,422,006) | (29,357,442) |

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