

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

FINANCIAL STATEMENTS

AND REPORT OF CERTIFIED PUBLIC ACCOUNTANT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

EXPRESSED IN THAI BAHT

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

BALANCE SHEETS

AS AT DECEMBER 31, 2008 AND 2007

ASSETS	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 AND SUBSIDIARY

BALANCE SHEETS(CONTINUED)

AS AT DECEMBER 31, 2008 AND 2007

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
LIABILITIES AND SHAREHOLDERS' EQUITY	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 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	99,927,552	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 shares	shares	<u>346,496,592</u>	<u>334,242,096</u>	<u>346,496,592</u>
		<u>346,496,592</u>	<u>334,242,096</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 AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	In Baht				Total
	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	1,136,602,921
Stock dividends	17 31,499,232	-	-	(31,499,232)	-
Dividends paid	18 -	-	-	(78,749,344)	(78,749,344)
Net income	-	-	-	99,920,309	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>	<u>1,157,773,886</u>
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	-	-	-	142,306,244	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>	<u>1,196,132,652</u>

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

	In Baht				Total
	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	1,129,057,511
Stock dividends	17 31,499,232	-	-	(31,499,232)	-
Dividends paid	18 -	-	-	(78,749,344)	(78,749,344)
Net income	-	-	-	103,420,529	103,420,529
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>704,582,104</u>	<u>1,153,728,696</u>
BALANCE as at January 1, 2008	346,496,592	68,000,000	34,650,000	704,582,104	1,153,728,696
Dividends paid	18 -	-	-	(103,947,478)	(103,947,478)
Net income	-	-	-	136,679,588	136,679,588
BALANCE as at December 31, 2008	<u>346,496,592</u>	<u>68,000,000</u>	<u>34,650,000</u>	<u>737,314,214</u>	<u>1,186,460,806</u>

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	In Baht			
	Consolidated		Separate	
	financial statements	financial statements	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	207,179,919	101,988,546	199,288,302	102,046,900

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	In Baht			
	Consolidated		Separate	
	financial statements	financial statements	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	(130,897,310)	(89,390,208)	(127,022,536)	(82,133,262)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(103,947,478)	(78,749,344)	(103,947,478)	(78,749,344)
Net cash used in financing activities	(103,947,478)	(78,749,344)	(103,947,478)	(78,749,344)
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	114,643,090	142,307,959	90,489,605	122,171,317
<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	(36,849,888)	(33,390,080)	(36,838,918)	(33,390,080)

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