

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

FINANCIAL STATEMENTS

AND REPORT OF CERTIFIED PUBLIC ACCOUNTANT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

EXPRESSED IN THAI BAHT

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

**BALANCE SHEETS**

**AS AT DECEMBER 31, 2009 AND 2008**

| <u>ASSETS</u>                                 | Notes | In Baht              |                      |                      |                      |
|---|-------|----------------------|----------------------|----------------------|----------------------|
|   |       | Consolidated         |                      | Separate             |                      |
|   |       | financial statements |                      | financial statements |                      |
|   |       | 2009                 | 2008                 | 2009                 | 2008                 |
| <b>CURRENT ASSETS</b>                         |       |                      |                      |                      |                      |
| Cash and cash equivalents                     | 6     | 267,997,777          | 114,643,090          | 242,470,505          | 90,489,605           |
| Short - term investments                      | 7     | 50,000,000           | 140,000,000          | 50,000,000           | 140,000,000          |
| Trade accounts receivable - related companies | 5.2,8 | 8,047,337            | 22,797,895           | 15,625,755           | 38,501,603           |
| - other companies - net                       | 8     | 36,213,991           | 60,999,071           | 29,209,790           | 49,031,840           |
| Loan to related company                       | 5.2   | 24,500,000           | -                    | 24,500,000           | -                    |
| Inventories - net                             | 9     | 401,603,038          | 353,186,642          | 401,603,038          | 353,186,642          |
| Other current assets                          |       |                      |                      |                      |                      |
| Accounts receivable - planters - net          | 10    | 26,671,709           | 26,566,547           | 26,671,709           | 26,566,547           |
| Value added tax receivable                    |       | 1,638,826            | 1,471,060            | 1,624,182            | 1,209,170            |
| Others  |       | 1,205,201            | 4,383,317            | 1,188,969            | 4,312,779            |
| Total other current assets                    |       | 29,515,736           | 32,420,924           | 29,484,860           | 32,088,496           |
| <b>TOTAL CURRENT ASSETS</b>                   |       | <b>817,877,879</b>   | <b>724,047,622</b>   | <b>792,893,948</b>   | <b>703,298,186</b>   |
| <b>NON - CURRENT ASSETS</b>                   |       |                      |                      |                      |                      |
| Fixed deposits pledged as collateral          | 11    | 14,416,580           | 14,239,642           | -                    | -                    |
| Investments in subsidiary                     | 12    | -                    | -                    | 23,353,658           | 23,353,658           |
| Long - term loan to related company           | 5.2   | -                    | 24,500,000           | -                    | 24,500,000           |
| Property, plant and equipment - net           | 13    | 448,455,591          | 485,338,057          | 448,386,945          | 485,104,232          |
| Non operating assets - net                    | 14    | 21,076,158           | 20,346,920           | 21,076,158           | 20,346,920           |
| Computer software - net                       | 15    | 182,260              | 520,422              | 182,260              | 520,422              |
| Other non - current assets                    |       | 3,473,214            | 1,161,989            | 3,472,314            | 1,161,089            |
| <b>TOTAL NON - CURRENT ASSETS</b>             |       | <b>487,603,803</b>   | <b>546,107,030</b>   | <b>496,471,335</b>   | <b>554,986,321</b>   |
| <b>TOTAL ASSETS</b>                           |       | <b>1,305,481,682</b> | <b>1,270,154,652</b> | <b>1,289,365,283</b> | <b>1,258,284,507</b> |

The notes to 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, 2009 AND 2008**

|  |              | In Baht              |                      |                      |                      |
|--|--------------|----------------------|----------------------|----------------------|----------------------|
|  |              | Consolidated         |                      | Separate             |                      |
|  |              | financial statements |                      | financial statements |                      |
| <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b> | <b>Notes</b> | <b>2009</b>          | <b>2008</b>          | <b>2009</b>          | <b>2008</b>          |
| <b>CURRENT LIABILITIES</b>                         |              |                      |                      |                      |                      |
| Trade accounts payable                             |              | 48,641,856           | 33,838,652           | 48,641,856           | 33,838,652           |
| Accrued income tax                                 |              | 749,651              | 783,982              | -                    | -                    |
| Accrued expenses - related companies               | 5.2          | 3,650,486            | 3,535,988            | 3,122,059            | 3,319,251            |
| - other companies                                  |              | 43,041,639           | 34,231,828           | 42,016,575           | 33,303,254           |
| Other current liabilities                          |              | <u>1,330,862</u>     | <u>1,631,550</u>     | <u>1,302,702</u>     | <u>1,362,544</u>     |
| <b>TOTAL CURRENT LIABILITIES</b>                   |              | <u>97,414,494</u>    | <u>74,022,000</u>    | <u>95,083,192</u>    | <u>71,823,701</u>    |
| <b>SHAREHOLDERS' EQUITY</b>                        |              |                      |                      |                      |                      |
| Share capital - Baht 1 par value                   |              |                      |                      |                      |                      |
| Authorized shares                                  |              |                      |                      |                      |                      |
| 381,146,251 common shares                          |              |                      |                      |                      |                      |
| (2008 : 346,497,096 common shares)                 | 17           | <u>381,146,251</u>   | <u>346,497,096</u>   | <u>381,146,251</u>   | <u>346,497,096</u>   |
| Issued and paid - up shares                        |              |                      |                      |                      |                      |
| 381,145,725 common shares                          |              |                      |                      |                      |                      |
| (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                     | 19           | 38,115,000           | 34,650,000           | 38,115,000           | 34,650,000           |
| Unappropriated                                     |              | <u>720,806,463</u>   | <u>746,986,060</u>   | <u>707,021,366</u>   | <u>737,314,214</u>   |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                  |              | <u>1,208,067,188</u> | <u>1,196,132,652</u> | <u>1,194,282,091</u> | <u>1,186,460,806</u> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |              | <u>1,305,481,682</u> | <u>1,270,154,652</u> | <u>1,289,365,283</u> | <u>1,258,284,507</u> |

The notes to 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, 2009 AND 2008**

|  | In Baht              |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Consolidated         |                      | Separate             |                      |
|  | financial statements |                      | financial statements |                      |
| Note   | 2009                 | 2008                 | 2009                 | 2008                 |
| <b>REVENUES</b>  |                      |                      |                      |                      |
| Sales  | 1,321,454,879        | 1,275,569,881        | 1,294,066,043        | 1,239,871,042        |
| Gain on exchange rate                                    | 6,221,129            | 3,471,125            | 3,606,131            | 5,096,604            |
| Interest income  | 3,689,169            | 4,398,346            | 3,433,350            | 3,880,010            |
| Other income   | 4,881,723            | 8,627,317            | 5,502,123            | 9,233,486            |
| <b>Total revenues</b>                                    | <b>1,336,246,900</b> | <b>1,292,066,669</b> | <b>1,306,607,647</b> | <b>1,258,081,142</b> |
| <b>EXPENSES</b>  |                      |                      |                      |                      |
| Cost of sales  | 913,392,443          | 926,992,048          | 912,365,692          | 923,527,480          |
| Selling expenses   | 119,022,195          | 131,002,022          | 101,338,706          | 111,772,418          |
| Administrative expenses                                  | 50,607,932           | 50,972,077           | 48,241,079           | 48,435,039           |
| Managements' remuneration                                | 40,126,400           | 36,672,469           | 37,608,200           | 34,221,419           |
| Loss on impairment of assets                             | -                    | 3,445,198            | -                    | 3,445,198            |
| <b>Total expenses</b>                                    | <b>1,123,148,970</b> | <b>1,149,083,814</b> | <b>1,099,553,677</b> | <b>1,121,401,554</b> |
| <b>Profit before income tax</b>                          | <b>213,097,930</b>   | <b>142,982,855</b>   | <b>207,053,970</b>   | <b>136,679,588</b>   |
| Income tax   | (1,930,709)          | (676,611)            | -                    | -                    |
| <b>NET PROFIT</b>  | <b>211,167,221</b>   | <b>142,306,244</b>   | <b>207,053,970</b>   | <b>136,679,588</b>   |
| <b>Net profit attributable to:</b>                       |                      |                      |                      |                      |
| Equity holders of the parent                             | 211,167,221          | 142,306,244          | 207,053,970          | 136,679,588          |
| Minority interest of the subsidiary                      | -                    | -                    | -                    | -                    |
|  | <b>211,167,221</b>   | <b>142,306,244</b>   | <b>207,053,970</b>   | <b>136,679,588</b>   |
| <b>BASIC EARNINGS PER SHARE</b>                          |                      |                      |                      |                      |
|  | 20                   |                      |                      |                      |
| NET PROFIT   | 0.55                 | 0.37                 | 0.54                 | 0.36                 |
| <b>Weighted average number of common shares (shares)</b> | <b>381,145,725</b>   | <b>381,145,725</b>   | <b>381,145,725</b>   | <b>381,145,725</b>   |

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

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

|                                 | Notes | In Baht                          |                          |                                |                    | Total                |
|---------------------------------|-------|----------------------------------|--------------------------|--------------------------------|--------------------|----------------------|
|                                 |       | Issued and paid-up share capital | Premium on share capital | Retained earnings              | Unappropriated     |                      |
|                                 |       |                                  |                          | Appropriated for legal reserve |                    |                      |
| 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 profit                      |       | -                                | -                        | -                              | 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> |
| BALANCE as at January 1, 2009   |       | 346,496,592                      | 68,000,000               | 34,650,000                     | 746,986,060        | 1,196,132,652        |
| Stock dividends                 | 17    | 34,649,133                       | -                        | -                              | (34,649,133)       | -                    |
| Dividends paid                  | 18    | -                                | -                        | -                              | (199,232,685)      | (199,232,685)        |
| Appropriated for legal reserve  | 19    | -                                | -                        | 3,465,000                      | (3,465,000)        | -                    |
| Net profit                      |       | -                                | -                        | -                              | 211,167,221        | 211,167,221          |
| BALANCE as at December 31, 2009 |       | <u>381,145,725</u>               | <u>68,000,000</u>        | <u>38,115,000</u>              | <u>720,806,463</u> | <u>1,208,067,188</u> |

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



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**  
**SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

|                                 | In Baht                                  |                                |  |                    |                      |
|---------------------------------|--|--------------------------------|--|--------------------|----------------------|
|                                 | Issued and<br>paid - up<br>share capital | Premium<br>on share<br>capital | Retained earnings<br>Appropriated<br>for legal reserve | Unappropriated     | Total                |
| BALANCE as at January 1, 2008   | 346,496,592                              | 68,000,000                     | 34,650,000   | 704,582,104        | 1,153,728,696        |
| Dividends paid                  | -  | -                              | -  | (103,947,478)      | (103,947,478)        |
| Net profit                      | -  | -                              | -  | 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> |
| BALANCE as at January 1, 2009   | 346,496,592                              | 68,000,000                     | 34,650,000   | 737,314,214        | 1,186,460,806        |
| Stock dividends                 | 34,649,133                               | -                              | -  | (34,649,133)       | -                    |
| Dividends paid                  | -  | -                              | -  | (199,232,685)      | (199,232,685)        |
| Appropriated for legal reserve  | -  | -                              | 3,465,000  | (3,465,000)        | -                    |
| Net profit                      | -  | -                              | -  | 207,053,970        | 207,053,970          |
| BALANCE as at December 31, 2009 | <u>381,145,725</u>                       | <u>68,000,000</u>              | <u>38,115,000</u>                                      | <u>707,021,366</u> | <u>1,194,282,091</u> |

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

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

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

|  | In Baht              |                    |                      |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | Consolidated         |                    | Separate             |                    |
|  | financial statements |                    | financial statements |                    |
|  | 2009                 | 2008               | 2009                 | 2008               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |                    |                      |                    |
| Profit before income tax   | 213,097,930          | 142,982,855        | 207,053,970          | 136,679,588        |
| Adjustments to reconcile net profit to net cash provided by operating activities     |                      |                    |                      |                    |
| Unrealized gain on exchange rate   | (128,127)            | (1,040,673)        | (117,344)            | (973,936)          |
| Doubtful accounts (reversal)   | (14,064)             | 184,660            | (14,064)             | 184,660            |
| Reversal of loss on diminution of inventories  | (491,095)            | (715,057)          | (491,095)            | (715,057)          |
| Loss (Gain) on disposal of equipment and written off                                 | 293,974              | (2,479,232)        | 293,974              | (2,479,232)        |
| Depreciation   | 68,780,389           | 71,045,560         | 68,564,892           | 70,736,761         |
| Amortization of computer software  | 338,162              | 338,162            | 338,162              | 338,162            |
| Loss on impairment of assets   | -                    | 3,445,198          | -                    | 3,445,198          |
| Amortization of withholding tax and duty tax   | -                    | 555,479            | -                    | 555,479            |
| Profit from operating activities before change in operational assets and liabilities | 281,877,169          | 214,316,952        | 275,628,495          | 207,771,623        |
| Decrease (Increase) in operational assets  |                      |                    |                      |                    |
| Trade accounts receivable - related companies  | 14,751,689           | (3,329,423)        | 22,877,626           | (4,871,148)        |
| Trade accounts receivable - other companies  | 24,902,673           | (16,789,286)       | 19,928,955           | (17,710,066)       |
| Inventories  | (47,925,301)         | 14,060,506         | (47,925,301)         | 14,060,506         |
| Accounts receivable - planters   | (91,098)             | 2,574,312          | (91,098)             | 2,574,312          |
| Value added tax receivable   | (167,766)            | 1,102,049          | (415,012)            | 1,310,698          |
| Other current assets   | 3,178,116            | (2,798,056)        | 3,123,810            | (2,783,125)        |
| Other non - current assets   | (2,240,957)          | 605,533            | (2,240,957)          | 600,499            |
| Increase (Decrease) in operational liabilities                                       |                      |                    |                      |                    |
| Trade accounts payable   | 15,305,001           | (5,688,238)        | 15,477,327           | (5,688,238)        |
| Accrued expenses - related companies   | 114,498              | (972,238)          | (197,192)            | (1,063,369)        |
| Accrued expenses - other companies   | 8,819,214            | 4,997,728          | 8,721,982            | 5,161,419          |
| Other current liabilities  | (300,688)            | (827,424)          | (232,168)            | (7,347)            |
| <b>Cash receipt from operation</b>   | <b>298,222,550</b>   | <b>207,252,415</b> | <b>294,656,467</b>   | <b>199,355,764</b> |
| Income tax paid  | (2,035,308)          | (72,496)           | (70,268)             | (67,462)           |
| Net cash provided by operating activities  | 296,187,242          | 207,179,919        | 294,586,199          | 199,288,302        |

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

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

**STATEMENTS OF CASH FLOWS (CONTINUED)**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

|  | In Baht                    |                            |                            |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | Consolidated               |                            | Separate                   |                            |
|  | financial statements       |                            | financial statements       |                            |
|  | 2009                       | 2008                       | 2009                       | 2008                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                  |                            |                            |                            |                            |
| Decrease(increase) in fixed deposits at financial institutions               | 89,823,062                 | (93,863,804)               | 90,000,000                 | (90,000,000)               |
| Proceeds from disposal of equipment  | 455,653                    | 2,486,382                  | 455,653                    | 2,486,382                  |
| Cash paid for acquisition of plant and equipment<br>(cash flows information) | (33,878,585)               | (36,849,888)               | (33,828,267)               | (36,838,918)               |
| Cash paid for acquisition of non operating land                              | -                          | (2,670,000)                | -                          | (2,670,000)                |
| Net cash provided by (used in) investing activities                          | <u>56,400,130</u>          | <u>(130,897,310)</u>       | <u>56,627,386</u>          | <u>(127,022,536)</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                  |                            |                            |                            |                            |
| Paid dividends   | <u>(199,232,685)</u>       | <u>(103,947,478)</u>       | <u>(199,232,685)</u>       | <u>(103,947,478)</u>       |
| Net cash used in financing activities  | <u>(199,232,685)</u>       | <u>(103,947,478)</u>       | <u>(199,232,685)</u>       | <u>(103,947,478)</u>       |
| Net increase (decrease) in cash and cash equivalents                         | 153,354,687                | (27,664,869)               | 151,980,900                | (31,681,712)               |
| Cash and cash equivalents, beginning of year                                 | <u>114,643,090</u>         | <u>142,307,959</u>         | <u>90,489,605</u>          | <u>122,171,317</u>         |
| Cash and cash equivalents, end of year                                       | <u><u>267,997,777</u></u>  | <u><u>114,643,090</u></u>  | <u><u>242,470,505</u></u>  | <u><u>90,489,605</u></u>   |
| <u>Supplement disclosures of cash flows information</u>                      |                            |                            |                            |                            |
| <u>Property, Plant and Equipment</u>   |                            |                            |                            |                            |
| Details of acquisition of plant and equipment                                |                            |                            |                            |                            |
| during the year are as follows :   |                            |                            |                            |                            |
| Acquisition of plant and equipment during the year                           | (33,376,788)               | (37,783,761)               | (33,326,470)               | (37,772,791)               |
| Increase (Decrease) in payable from acquisition of assets                    | <u>(501,797)</u>           | <u>933,873</u>             | <u>(501,797)</u>           | <u>933,873</u>             |
| Cash paid for acquisition of plant and equipment                             | <u><u>(33,878,585)</u></u> | <u><u>(36,849,888)</u></u> | <u><u>(33,828,267)</u></u> | <u><u>(36,838,918)</u></u> |

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