

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2005 AND 2004

<u>ASSETS</u>	Notes	IN BAHT		
		<u>CONSOLIDATED</u>		<u>THE COMPANY</u>
		<u>2005</u>	<u>2004</u>	<u>2005</u>
CURRENT ASSETS				
Cash and cash equivalents	5	123,888,186	85,890,428	91,629,533
Current investments				
Deposits at financial institutions-fixed deposits	6	50,000,000	150,000,000	50,000,000
Trade accounts receivable - related companies	4,2,7	20,372,930	22,128,649	21,985,601
- other companies	7	75,072,666	76,045,987	43,982,919
Inventories-net	8	274,969,754	250,743,682	267,570,846
Other current assets				
Accounts receivable - planters- net	9	26,177,890	32,447,423	26,177,890
Current portion of receivables from sales of investments	10	1,298,736	3,991,448	1,298,736
Value added tax receivable		1,669,797	14,573,684	1,188,668
Others		4,460,452	12,407,875	1,520,298
Total other current assets		33,606,875	63,420,430	30,185,592
TOTAL CURRENT ASSETS		<u>577,910,411</u>	<u>648,229,176</u>	<u>505,354,491</u>
NON - CURRENT ASSETS				
Investments in subsidiaries at equity method	11	-	-	76,778,665
Long - term loans to related company	4,2,12	-	-	24,500,000
Property, plant and equipment - net	13,15,17	747,570,604	674,219,145	579,506,429
Intangible assets - net	14	1,774,298	-	1,534,907
Other non - current assets				
Deposits pledged as collateral	29.1	4,675,988	5,015,666	-
Others		3,700,933	5,091,505	2,682,684
Total other non - current assets		8,376,921	10,107,171	2,682,684
TOTAL NON - CURRENT ASSETS		<u>757,721,823</u>	<u>684,326,316</u>	<u>685,002,685</u>
TOTAL ASSETS		<u>1,335,632,234</u>	<u>1,332,555,492</u>	<u>1,190,357,176</u>

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS(CONTINUED)

AS AT DECEMBER 31, 2005 AND 2004

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	IN BAHT		
		CONSOLIDATED		THE COMPANY
		2005	2004	2005
CURRENT LIABILITIES				
Bank Overdrafts	13,15	20,627,792	33,666,680	4,019,782
Trade accounts payable		58,768,380	73,739,336	36,901,874
Current portion of liabilities under finance lease contracts	16	1,634,679	1,741,863	-
Current portion of long-term loans	17	13,200,000	13,200,000	-
Other current liabilities				
Accrued income tax and accrued expenses		41,224,394	35,576,012	33,364,433
Others		4,592,189	4,387,231	6,455,885
Total other current liabilities		45,816,583	39,963,243	39,820,318
TOTAL CURRENT LIABILITIES		140,047,434	162,311,122	80,741,974
NON - CURRENT LIABILITIES				
Liabilities under finance lease contracts - net	16	797,188	2,590,884	-
Long - term loans from financial institution - net	13,17	12,600,000	24,700,000	-
Long - term loans from related companies	4.2,18	25,500,000	-	-
TOTAL NON - CURRENT LIABILITIES		38,897,188	27,290,884	-
TOTAL LIABILITIES		178,944,622	189,602,006	80,741,974
SHAREHOLDERS' EQUITY				
Share capital				
Authorized shares				
Common share 315,000,000 shares, Baht 1 par value in 2005 and				
21,000,000 shares, Baht 10 par value in 2004	19	315,000,000	210,000,000	315,000,000
Issued and paid - up shares				
Common share 314,997,360 shares, Baht 1 par value in 2005 and				
21,000,000 shares, Baht 10 par value in 2004		314,997,360	210,000,000	314,997,360
Premium on share capital		68,000,000	68,000,000	68,000,000
Retained earnings				
Appropriated for legal reserve	21	25,420,000	21,000,000	25,420,000
Unappropriated		701,197,842	774,729,161	701,197,842
Total parent's shareholders' equity		1,109,615,202	1,073,729,161	1,109,615,202
Minority interest	22	47,072,410	69,224,325	-
Total Shareholders' Equity		1,156,687,612	1,142,953,486	1,109,615,202
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,335,632,234	1,332,555,492	1,190,357,176

The accompanying notes are an integral part of the financial statements

ANY ONLY
2004

68,226,033

150,000,000

23,065,771

50,831,962

241,846,302

32,447,423

3,991,448

2,551,169

11,071,677

50,061,717

584,031,785

88,361,856

-

491,886,431

-

-

4,465,969

4,465,969

584,714,256

1,168,746,041

ANY ONLY

2004

3,668,335

56,110,640

-

-

31,751,270

3,486,635

35,237,905

95,016,880

-

-

-

-

95,016,880

210,000,000

210,000,000

68,000,000

21,000,000

774,729,161

1,073,729,161

-

1,073,729,161

1,168,746,041

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

		IN BAHT		
		CONSOLIDATED		THE COMPA
Notes		2005	2004	2005
REVENUES				
	Sales and service income	1,306,597,926	1,266,804,865	1,083,917,233
	Surcharge income from defaulting condition in purchase and sale agreement	-	-	-
	Share of profit from investments in subsidiary at equity method	-	-	9,700,021
	Gain on exchange rate	1,856,014	-	1,335,183
	Interest income	948,311	1,639,099	1,473,895
	Other income	14,200,810	12,397,973	11,152,142
	Total revenues	1,323,603,061	1,280,841,937	1,107,578,474
EXPENSES				
	Cost of sales and service	980,446,844	964,203,703	809,520,193
	Selling and administrative expenses	273,770,821	253,669,380	177,673,999
	Share of loss of investments in subsidiaries at equity method	-	-	27,408,212
	Director's remuneration	4,400,000	4,400,000	4,400,000
	Total expenses	1,258,617,665	1,222,273,083	1,019,002,404
	Income before interest expenses and income tax	64,985,396	58,568,854	88,576,070
	Interest expenses	(4,183,406)	(4,270,799)	(190,029)
	Income tax	(942,864)	-	-
	Income after income tax	59,859,126	54,298,055	88,386,041
	Minority interest in net loss of subsidiaries	22 28,526,915	37,109,958	-
	NET INCOME	88,386,041	91,408,013	88,386,041
	BASIC EARNINGS PER SHARE	24		
	NET INCOME	0.32	0.44	0.32
	Weighted average number of ordinary shares	shares 277,025,712	210,000,000	277,025,712

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

NY ONLY

2004

1,124,275,361

8,057,830

-

-

1,639,099

10,415,551

1,144,387,841

839,237,932

178,712,991

30,612,344

4,400,000

1,052,963,267

91,424,574

(16,561)

-

91,408,013

-

91,408,013

0.44

210,000,000

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

		IN BAHT					
		Issued and	Premium	Retained earnings		Minority	Total
		paid-up	on share	Appropriated	Unappropriated	interest	
		share capital	capital	for legal			
Notes				reserve			
Balance as at January 1, 2004		210,000,000	68,000,000	21,000,000	746,321,148	69,766,354	1,115,087,502
Dividends paid	20	-	-	-	(63,000,000)	-	(63,000,000)
Net income		-	-	-	91,408,013	-	91,408,013
Minority interest from investment in subsidiaries		-	-	-	-	36,567,929	36,567,929
Minority interest in net loss of subsidiaries	21	-	-	-	-	(37,109,958)	(37,109,958)
Balance as at December 31, 2004		<u>210,000,000</u>	<u>68,000,000</u>	<u>21,000,000</u>	<u>774,729,161</u>	<u>69,224,325</u>	<u>1,142,953,486</u>
Balance as at January 1, 2005		210,000,000	68,000,000	21,000,000	774,729,161	69,224,325	1,142,953,486
Stock dividends	20	104,997,360	-	-	(104,997,360)	-	-
Dividends paid	20	-	-	-	(52,500,000)	-	(52,500,000)
Net income		-	-	-	88,386,041	-	88,386,041
Appropriated for legal reserve	21	-	-	4,420,000	(4,420,000)	-	-
Minority interest from investment in subsidiaries		-	-	-	-	6,375,000	6,375,000
Minority interest in net loss of subsidiaries	22	-	-	-	-	(28,526,915)	(28,526,915)
Balance as at December 31, 2005		<u>314,997,360</u>	<u>68,000,000</u>	<u>25,420,000</u>	<u>701,197,842</u>	<u>47,072,410</u>	<u>1,156,687,612</u>

The accompanying notes are an integral part of the financial statements

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

		IN BAHT				
		Issued and	Premium	Retained earnings		Total
		paid - up	on share	Appropriated	Unappropriated	
		share capital	capital	for legal		
Notes				reserve		
Balance as at January 1, 2004		210,000,000	68,000,000	21,000,000	746,321,148	1,045,321,148
Dividends paid	20	-	-	-	(63,000,000)	(63,000,000)
Net income		-	-	-	91,408,013	91,408,013
Balance as at December 31, 2004		<u>210,000,000</u>	<u>68,000,000</u>	<u>21,000,000</u>	<u>774,729,161</u>	<u>1,073,729,161</u>
Balance as at January 1, 2005		210,000,000	68,000,000	21,000,000	774,729,161	1,073,729,161
Stock dividends	20	104,997,360	-	-	(104,997,360)	-
Dividends paid	20	-	-	-	(52,500,000)	(52,500,000)
Net income		-	-	-	88,386,041	88,386,041
Appropriated for legal reserve	21	-	-	4,420,000	(4,420,000)	-
Balance as at December 31, 2005		<u>314,997,360</u>	<u>68,000,000</u>	<u>25,420,000</u>	<u>701,197,842</u>	<u>1,109,615,202</u>

The accompanying notes are an integral part of the financial statements

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	IN BAHT		
	CONSOLIDATED		THE COMPA
	2005	2004	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	88,386,041	91,408,013	88,386,041
Adjustments to reconcile net income to net cash provided by operating activities			
Unrealized loss on exchange rate	267,610	432,040	281,160
Provision for (Reversal of) doubtful accounts and bad debt	799,077	929,563	(696,615)
Reversal of Provision for obsolescence	(1,086,497)	(4,775,995)	(1,086,497)
Loss (gain) on disposal of fixed assets	(2,394)	128,854	(240,137)
Depreciation	91,594,661	79,677,916	68,286,395
Amortization of intangible assets	232,342	-	155,903
Negative goodwill recognized as income	-	(3,413)	-
Share of profit from investments in subsidiaries at equity method	-	-	(9,700,021)
Share of loss from investments in subsidiaries at equity method	-	-	27,408,212
Minority interest in net loss of subsidiaries	(28,526,915)	(37,109,958)	-
Income from operating activities before change in operational assets and liabilities	151,663,925	130,687,020	172,794,441
Decrease (Increase) in operational assets			
Trade accounts receivable	967,438	(30,773,099)	7,649,976
Inventories	(23,139,575)	37,055,599	(24,638,047)
Accounts receivable - planters	6,966,148	(9,295,633)	6,966,148
Other current assets	20,847,290	(9,687,472)	10,909,860
Other non - current assets	1,390,572	(1,201,800)	1,783,285
Increase (Decrease) in operational liabilities			
Trade accounts payable	(15,118,033)	14,382,625	(19,355,843)
Accrued income tax and accrued expenses	5,650,702	6,834,178	1,615,260
Other current liabilities	204,958	1,813,876	2,969,250
Net Cash Provided By Operating Activities	149,433,425	139,815,294	160,694,330

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	IN BAHT		
	CONSOLIDATED		THE COMPA
	2005	2004	2005
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in investment in subsidiary	-	-	(6,125,000)
Cash paid for share subscription payable to subsidiary	-	-	-
Cash paid for acquisition of investment in subsidiary	-	(8,053,658)	-
Decrease (Increase) in deposits at			
financial institutions-fixed deposits	100,339,678	(54,254,828)	100,000,000
Proceeds from receivable from sales of investment	2,692,712	755,920	2,692,712
Increase in long - term loan to related company	-	-	(24,500,000)
Proceeds from disposal of fixed assets	1,490,078	259,855	1,290,078
Cash paid for acquisition of intangible assets	(2,006,640)	-	(1,690,810)
Cash paid for acquisition of property, plant and equipment	<u>(166,286,727)</u>	<u>(153,478,572)</u>	<u>(156,809,257)</u>
Net Cash Used In Investing Activities	<u>(63,770,899)</u>	<u>(214,771,283)</u>	<u>(85,142,277)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase(Decrease) in Bank overdrafts	(13,038,888)	(1,899,875)	351,447
Repayment short-term loan from related person	-	(3,000,000)	-
Repayment liabilities - under finance lease contracts	(1,900,880)	(2,197,943)	-
Repayment of long - term loans from financial institutions	(12,100,000)	(12,100,000)	-
Proceeds from long - term loan from related company	25,500,000	-	-
Dividends paid	(52,500,000)	(63,000,000)	(52,500,000)
Cash received for capital from minority interest	<u>6,375,000</u>	<u>44,625,000</u>	<u>-</u>
Net Cash Used In Financing Activities	<u>(47,664,768)</u>	<u>(37,572,818)</u>	<u>(52,148,553)</u>
Net increase(decrease) in Cash and Cash Equivalents	37,997,758	(112,528,807)	23,403,500
Cash and Cash Equivalents, Beginning of years	<u>85,890,428</u>	<u>198,419,235</u>	<u>68,226,033</u>
Cash and Cash Equivalents, End of years	<u><u>123,888,186</u></u>	<u><u>85,890,428</u></u>	<u><u>91,629,533</u></u>

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	IN BAHT		
	CONSOLIDATED		THE COMPA
	2005	2004	2005
<u>Supplement Disclosures of Cash Flows Information</u>			
<u>1.Cash paid during the years for :-</u>			
Interest paid	4,527,992	4,486,552	190,029
Corporate income tax	209,295	1,524,095	134,290

2. Property, Plant and Equipment

Detail of acquisition of Property, Plant and Equipment during the year is as follows :

Acquisition of fixed assets during the years	166,433,804	154,093,949	156,956,334
<u>Less</u> outstanding liabilities	(147,077)	(615,377)	(147,077)
Cash paid for acquisition of property, plant and equipment	166,286,727	153,478,572	156,809,257

3.Proceed from issue of common shares

The detail of "Proceed from issue of common shares"

Increase in share capital	104,997,360	-	104,997,360
<u>Less</u> stock dividend	(104,997,360)	-	(104,997,360)
Proceed from issue of common shares	-	-	-

4. Acquisition Investments in Subsidiary

On July 1, 2004, the Company acquired investment in subsidiary

which net book value of the net assets of subsidiary

as of acquisition date as follows:

	IN BAHT
Current Assets	25,847,021
Non-Current Assets	823,401
Total Assets	26,670,422
Current Liabilities	10,227,419
Net Book Value	16,443,003
Proportion of Acquisition Investment in Net Book Value (49.0 %)	8,057,071
Negative Goodwill	(3,413)
Cash Paid	8,053,658

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

NY ONLY

2004

91,408,013

299,950

929,563

(4,775,995)

(181,692)

58,591,889

-

-

-

30,612,344

-

176,884,072

(24,029,445)

40,254,952

(9,295,633)

(9,820,370)

(905,381)

4,843,488

5,221,542

(8,240,089)

174,913,136

NY ONLY

2004

(33,075,000)

(9,800,000)

(8,053,658)

(50,000,000)

755,920

-

201,309

-

(129,663,576)

(229,635,005)

2,895,967

-

-

-

-

(63,000,000)

-

(60,104,033)

(114,825,902)

183,051,935

68,226,033

NY ONLY

2004

16,561

1,521,992

129,663,576

-

129,663,576

-

-

-