

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005 (REVIEWED) AND DECEMBER 31, 2005 (AUDITED)

1. BASIS OF INTERIM FINANCIAL STATEMENT AND CONSOLIDATED INTERIM FINANCIAL STATEMENT PREPARATION

The accompanying interim financial statements and consolidated interim financial statements are 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. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders' equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard 41, 'Interim Financial Reporting' and additional notes are presented as required by the Securities and Exchange Commission.

The accompanying interim financial statements and consolidated interim financial statements are prepared as additional information to financial statements for the year ended December 31, 2005 with the emphasis on the more current information about activities, events and situations, not a duplicate of information previously reported. These interim financial statements should therefore be read in conjunction with the financial statements for the year ended December 31, 2005.

The consolidated financial statements include the account of Chiangmai Frozen Foods Public Company Limited and Subsidiaries which are owned by Chiangmai Frozen Foods Public Company Limited as follows:

	<u>PERCENTAGE OF HOLDING</u>		<u>NATURE OF BUSINESS</u>
	<u>2006</u>	<u>2005</u>	
C&W INTERFOODS CO.,LTD.	49.00	49.00	Frozen Dough and Bakery Products
AGRIFOOD PROCESSING CO., LTD.	100.00	100.00	Transmuted Sweet Corn Distribution

During the year 2005, C&W Interfoods Co., Ltd. increased the authorized share capital amounted to Baht 12.5 million. The Company purchased those increased share of Baht 6.1 million to maintain the same percentage of holding.

Subsidiaries undertakings are those companies in which the Group, directly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies, have been consolidated. Subsidiaries are consolidated from the date on which effective control transferred to the Group.

The significant transactions between the Company and its subsidiaries have been eliminated in the consolidated interim financial statements.

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2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies and the methods of computation used to prepare the interim financial statements and the interim consolidated financial statements for the three-month and six-month periods ended June 30, 2006 are consistent with those used to prepared the financial statements for the year ended December 31, 2005.

3. TRANSACTION WITH PERSON AND RELATED PARTIES

The Company has certain transactions with their subsidiaries, person and related companies. A portion of assets, liabilities, revenues and expenses arose from transactions with said person and related companies.

3.1 Relationships and pricing policies

The relationship and pricing policies among the Company , Subsidiaries, Person and Related companies are as follows:

	<u>Relationships</u>
<u>Subsidiaries :</u>	
Agrifood Processing Co., Ltd.	Shareholding and Directorship
C&W Interfoods Co.,Ltd.	Shareholding and Directorship
<u>Related companies :</u>	
Itochu Corporation Co., Ltd.	Shareholders
P P Foods Supply Co., Ltd.	Cross shareholding
Ing shiang Co., Ltd.	Cross shareholding
Agri World Co.,Ltd.	Common shareholders and directors
C.T.Prosper Group Co.,Ltd	Common shareholders and directors
Wonder Interfoods Co.,Ltd	Shareholding in subsidiary
	<u>Pricing policy</u>
Sales	At normal business prices, as same as other entities.
Rental revenue	At contract price which had been agreed upon.
Service expenses	At normal business prices, as same as other entities.
Loans from/Loans to	At interest rate 3.25% per annum.
Service expenses	At price which had been agreed upon.

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3.2 Balances of transactions with subsidiary, person and related companies

Balances of transactions with subsidiary, person and related companies are as follows:

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	June 30,2006	December 31,2005	June 30,2006	December 31,2005
Accounts receivable				
<u>Subsidiary</u>				
Agrifood Processing Co., Ltd.	-	-	11,455,345	5,467,450
<u>Related companies</u>				
Itochu Corporation Co., Ltd.	12,074,306	7,238,206	11,051,539	5,134,949
P P Foods Supply Co., Ltd.	9,359,405	10,960,040	9,359,405	10,960,040
Ing shiang Co., Ltd.	-	2,174,684	-	423,162
Total	21,433,711	20,372,930	20,410,944	16,518,151
Grand Total	21,433,711	20,372,930	31,866,289	21,985,601
Other receivable				
C.T.Prosper Group Co.,Ltd	-	-	12,686	-
Accrued interest				
C&W Interfoods Co.,Ltd	-	-	65,445	67,627
Long - term loans to				
C&W Interfoods Co.,Ltd	-	-	24,500,000	24,500,000
Other payable				
P P Foods Supply Co., Ltd.	119,869	39,659	-	-
Long - term loans from				
Wonder Interfoods Co.,Ltd	25,500,000	25,500,000	-	-
Accrued Interest Expenses				
Wonder Interfoods Co.,Ltd	70,387	-	-	-
Accrued Commission Expenses				
Related persons	359,326	385,998	359,326	385,998
Related companies				
Itochu Corporation Co., Ltd.	1,658,847	382,720	1,424,659	360,888
P P Foods Supply Co., Ltd.	2,670,954	3,030,142	2,670,954	3,030,142
Ing shiang Co., Ltd.	614,765	98,839	614,765	98,839
Total	4,944,566	3,511,701	4,710,378	3,489,869
Grand Total	5,303,892	3,897,699	5,069,704	3,875,867
Deposit				
Agrifood Processing Co., Ltd.	-	-	30,000	30,000

During the period, the movements of loans to related companies are as follows:-

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	June 30,2006	December 31,2005	June 30,2006	December 31,2005
Beginning balance	-	-	24,500,000	-
New loan	-	-	-	30,000,000
Repayment of loan	-	-	-	(5,500,000)
Ending balance	-	-	24,500,000	24,500,000

The Company entered into an agreement to loan to subsidiary (C&W Interfoods Co.,Ltd.), payable in all installments within the year 2009, interest payable monthly and bears interest at the rate 3.25 per annum.

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3.3 Revenue among the company, subsidiary and related companies

Revenue between the company, subsidiary and related companies for the three-month periods ended June 30, 2006 and 2005 are as follows:

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
Sales				
Subsidiary				
Agrifood Processing Co., Ltd.	-	-	34,118,412	29,287,093
Related companies				
Itochu Corporation Co., Ltd.	40,744,591	45,313,354	36,940,592	42,607,520
P P Foods Supply Co., Ltd.	5,215,700	5,625,225	5,215,700	5,622,615
Ing shiang Co., Ltd.	-	2,728,711	-	1,458,798
Total	45,960,291	53,667,290	42,156,292	49,688,933
Grand Total	45,960,291	53,677,290	76,274,704	78,976,026
Other income				
Agrifood Processing Co., Ltd.	-	-	156,360	214,120
C.T.Prosper Group Co.,Ltd	22,500	22,500	22,500	22,500
Total	22,500	22,500	178,860	236,620
Interest revenue				
C&W Interfoods Co.,Ltd.	-	-	198,517	157,158
Service expenses				
Agri World Co.,Ltd.	-	716,718	-	716,718
Commission Expenses				
Related Persons	-	111,388	-	111,388
Related companies				
Itochu Corporation Co., Ltd.	802,824	863,873	724,315	815,431
P P Foods Supply Co., Ltd.	672,962	872,104	672,962	872,104
Ing shiang Co., Ltd.	301,284	399,027	301,284	399,027
Total	1,777,070	2,135,004	1,698,561	2,086,562
Grand Total	1,777,070	2,246,392	1,698,561	2,197,950
Interest Expenses				
Wonder Interfoods Co.,Ltd	206,620	-	-	-

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Revenue between the Company, Subsidiary and Related Companies for the six-month periods ended June 30, 2006 and 2005 are as follows:

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
Sales				
Subsidiary				
Agrifood Processing Co., Ltd.	-	-	66,424,875	45,837,224
Related companies				
Itochu Corporation Co., Ltd.	65,519,914	61,736,584	55,277,671	56,016,731
P P Foods Supply Co., Ltd.	9,359,405	10,131,075	9,359,405	10,127,815
Ing shiang Co., Ltd.	-	3,692,508	-	1,954,966
Total	74,879,319	75,560,167	64,637,076	68,099,512
Grand Total	74,879,319	75,560,167	131,061,951	113,936,736
Other income				
Agrifood Processing Co., Ltd.	-	-	312,720	374,120
C.T.Prosper Group Co.,Ltd	45,000	45,000	45,000	45,000
Total	45,000	45,000	357,720	419,120
Interest revenue				
C&W Interfoods Co.,Ltd.	-	-	394,853	163,390
Service expenses				
Agri World Co.,Ltd.	-	-	-	4,552,702
Commission Expenses				
Related Persons	-	127,492	-	127,492
Related companies				
Itochu Corporation Co., Ltd.	1,308,990	1,194,860	1,092,960	1,089,807
P P Foods Supply Co., Ltd.	1,359,164	2,120,243	1,359,164	2,120,243
Ing shiang Co., Ltd.	526,220	562,659	526,220	562,659
Total	3,194,374	3,877,762	2,978,344	3,772,709
Grand Total	3,194,374	4,005,254	2,978,344	3,900,201
Interest Expenses				
P P Foods Supply Co.,Ltd.	-	9,925	-	-
Wonder Interfoods Co.,Ltd	410,969	-	-	-
Total	410,969	9,925	-	-

4. CURRENT INVESTMENTS

Current investments are deposits at financial institution - fixed deposits which bears interest at the rate of 3.65 % per annum.

5. TRADE ACCOUNTS RECEIVABLE

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The aging of outstanding balances as at June 30, 2006 and December 31, 2005 are as follows:

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	June 30,2006	December 31,2005	June 30,2006	December 31,2005
Accounts receivable - Related Companies				
Not yet due receivables	15,550,203	8,219,025	25,998,112	13,686,475
Over due within 1 month to 3 months	1,724,472	7,881,199	1,724,472	5,305,309
Over due within 4 months to 6 months	4,159,036	4,272,706	4,143,705	2,993,817
Total accounts receivable - Related Companies	21,433,711	20,372,930	31,866,289	21,985,601
Trade accounts receivable - Other Companies				
Not yet due receivables	102,020,231	48,175,153	74,347,460	32,990,135
Over due within 1 month to 3 months	10,537,878	23,897,646	492,738	7,438,889
Over due within 4 months to 6 months	709,583	1,095,619	-	1,765,014
Over due within 7 months to 12 months	1,001,695	1,874,248	831,224	1,758,881
Over due over 12 months	2,453,607	1,161,164	1,246,593	30,000
Total accounts receivable - Other Companies	116,722,994	76,203,830	76,918,015	43,982,919
<u>Less</u> Allowance for doubtful accounts	(1,205,108)	(1,131,164)	-	-
Total accounts receivable - Other Companies-net	115,517,886	75,072,666	76,918,015	43,982,919

6. INVENTORIES - NET

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	June 30,2006	December 31,2005	June 30,2006	December 31,2005
Finished goods and semi – products	201,397,116	232,418,182	199,567,715	232,348,450
Seeds, insecticide, fertilizer	29,052,308	24,693,847	29,052,308	20,460,693
Raw material and supplies	32,562,637	30,661,854	25,864,182	27,565,832
Total	263,012,061	287,773,883	254,484,205	280,374,975
<u>Less</u> Provision for obsolescence	(11,276,138)	(12,804,129)	(11,276,138)	(12,804,129)
Net	251,735,923	274,969,754	243,208,067	267,570,846

7. ACCOUNTS RECEIVABLE - PLANTERS - NET

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	June 30,2006	December 31,2005	June 30,2006	December 31,2005
Accounts receivable-planters	30,926,748	29,086,544	30,926,748	29,086,544
<u>Less</u> Allowance for doubtful accounts	(3,092,674)	(2,908,654)	(3,092,674)	(2,908,654)
Net	27,834,074	26,177,890	27,834,074	26,177,890

The Company provides allowance for doubtful accounts equal to 10% of accounts receivable-planters.

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8. INVESTMENTS IN SUBSIDIARIES

AS AT JUNE 30, 2006

		Paid up Capital (In Baht)	% Holdings	In Baht		
Activities				At Cost	At Equity	Dividends
C & W Interfoods Co., Ltd.	Frozen Dough , Bakery Products	300,000,000	49.0	147,000,000	45,323,468	-
Agrifood Processing Co.,Ltd.	Transmuted Sweet corn distribution	30,000,000	100.0	<u>23,353,658</u>	<u>21,038,125</u>	-
Total				170,353,658	66,361,593	

AS AT DECEMBER 31, 2005

		Paid up Capital (In Baht)	% Holdings	In Baht		
Activities				At Cost	At Equity	Dividends
C & W Interfoods Co., Ltd.	Frozen Dough , Bakery Products	300,000,000	49.0	147,000,000	45,226,433	-
Agrifood Processing Co.,Ltd.	Transmuted Sweet corn distribution	30,000,000	100.0	<u>23,353,658</u>	<u>31,552,232</u>	-
Total				170,353,658	76,778,665	

9. PROPERTY , PLANT AND EQUIPMENT – NET

	IN BAHT	
	Consolidated	The Company Only
For the six-month period ended June 30, 2006		
Opening net book amount	747,570,604	579,506,429
Acquisition	26,775,492	19,761,869
Disposals	(56,908)	(56,908)
Depreciation	(46,202,143)	(34,242,439)
Closing net book amount	<u>728,087,045</u>	<u>564,968,951</u>

Net book value of land, building and machinery amounted to Baht 230.16 million were mortgaged and pledged as collateral against bank overdrafts and short-term loans from financial institutions as discussed in Notes 11 and long - term loans from financial institutions as discussed in Notes 12 to the financial statements.

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10. INTANGIBLE ASSETS – NET

	IN BAHT	
	Consolidated	The Company Only
Transaction for the period ended June 30, 2006		
Opening net book value	1,774,298	1,534,907
Amortization during the period	(212,938)	(160,737)
Closing net book value	1,561,360	1,374,170
As at June 30, 2006		
Cost	2,006,640	1,690,810
<u>Less</u> Accumulative amortization	(445,280)	(316,640)
Net book value	1,561,360	1,374,170

11. BANK OVERDRAFTS

Consolidated

As at June 30, 2006 and December 31, 2005, the Company and a subsidiary have the bank overdrafts and short-term loan lines amounted to Baht 418.3 million and Baht 421.1 million, respectively which bears interest at the rate of MOR per annum. Such overdrafts and short-term loan lines are guaranteed by mortgaging land and structures thereon and pledging of machineries of the Company and a subsidiary. (Note 9)

The Company Only

As at June 30, 2006 and December 31, 2005, the Company has the bank overdrafts and short-term loan lines amounted to Baht 388.3 million and Baht 391.1 million, respectively which bears interest at the rate of MOR per annum. Such overdrafts and short-term loan lines are guaranteed by mortgaging land and structures thereon and pledging of machineries of the Company and a subsidiary. (Note 9)

12. LONG -TERM LOANS – NET

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	June 30,2006	December 31,2005	June 30,2006	December 31,2005
Long – term loans	18,100,000	25,800,000	-	-
<u>Less</u> Current portion	(13,200,000)	(13,200,000)	-	-
Net	4,900,000	12,600,000	-	-

In the first quarter of 2003, a subsidiary obtained loan from a financial institution amounted to Baht 50 million, payable in installments through February 2008, interest payable monthly and bears interest at the rates ranging from MLR – 0.75 % to MLR per annum.

The aforementioned loans were collateralized by mortgaged land and structures and pledged portion of machinery of subsidiary. (Note 9)

13. SHARE CAPITAL

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- According to the resolution of the shareholders' meeting held on April 28, 2005 the shareholders had the resolution to approve as follows :
 - approved the capital increasing of the Company's authorized share capital from Baht 210 million (21,000,000 of common shares with a par value of Baht 10 per share) to Baht 315 million (31,500,000 of common shares with a par value of Baht 10 per share) and
 - approved the devalue of authorized share capital from Baht 10 per share to Baht 1 per share (31,500,000 of common shares with a par value of Baht 10 per share to 315,000,000 of common shares with a par value of Baht 1 per share). The Company registered with the Ministry of Commerce on May 13, 2005.
- On May 27, 2005, the Company paid stock dividends to the existing shareholders at the ratio of 2 existing common shares to 1 common shares totaling 10,499,736 shares at the rate Baht 5.0 per share with a par value of Baht 10 per share amount to Baht 104,997,360. The Company registered such changing in paid up share capital with the Ministry of Commerce on May 13, 2005.

14. DIVIDENDS

At the Ordinary Shareholders' Meeting for the year 2006 held on April 26, 2006, the shareholders were unanimously approved the payment of Dividends from net income under the Board of Investment Promotional Certificate No. 1465/2542 to the shareholders for 315 million shares, at Baht 0.25 per share totaling Baht 78.75 million. Such dividends paid on May 25, 2006.

At shareholders' meeting for the year 2005 held on April 28, 2005 the shareholders had the resolution to approved the payment of cash dividends and stock dividends. To pay cash dividend from net income for the year 2004 under the Board of Investment Promotional Certificate No.1465/2542 to the shareholders for 21.0 million shares, at Baht 2.5 per share totaling Baht 52.5 million and to pay stock dividends from net income for the year 2002 - 2004 under the Board of Investment Promotional Certificate No.1465/2542 to the existing shareholders at the ratio of 2 existing common shares to 1 common shares totaling 10.5 million shares at the rate Baht 5.0 per share with a par value of Baht 10 per share amount to Baht 105 million. The Company paid such dividends on May 27, 2005

15. 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.

16. SEGMENT INFORMATION

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The Company and subsidiaries are engaged in business of manufacturing and exporting of frozen fruits and vegetables, transmuted sweet corn, frozen dough and bakery 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 three-month period ended June 30, 2006 are as follows:

CONSOLIDATED

	IN BAHT			
	Frozen Products	Transmuted Products	Bakery	Total
Sales and service income	350,699,297	2,713,471	58,563,111	411,975,879
Cost of sales and services	(222,298,709)	(4,287,743)	(51,588,044)	(278,174,496)
Gross profit (loss)	128,400,588	(1,574,272)	6,975,067	133,801,383
Selling expenses	(31,253,503)	(436,341)	(16,788,345)	(48,478,189)
Income (loss) from operating	97,147,085	(2,010,613)	(9,813,278)	85,323,194
Interest and other income				11,235,340
Central expenses				(18,827,597)
Interest expenses				(1,190,718)
Reversal Income tax				60,636
Minority interest in net loss				4,809,625
Net income				81,410,480

The details of business segment information for the three-month period ended June 30, 2005 are as follows:

CONSOLIDATED

	IN BAHT			
	Frozen Products	Transmuted Products	Bakery	Total
Sales and service income	349,010,177	2,415,496	47,291,682	398,717,355
Cost of sales and services	(238,849,932)	(2,467,665)	(42,870,520)	(284,188,117)
Gross profit (loss)	110,160,245	(52,169)	4,421,162	114,529,238
Selling expenses	(34,184,575)	(267,304)	(12,394,845)	(46,846,724)
Income (loss) from operating	75,975,670	(319,473)	(7,973,683)	67,682,514
Interest and other income				2,615,797
Central expenses				(29,604,186)
Interest expenses				(815,141)
Reversal income tax				144,335
Minority interest in net loss				7,360,437
Net income				47,383,756

The details of business segment information for the six-month period ended June 30, 2006 are as follows:

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CONSOLIDATED

	IN BAHT			
	Frozen Products	Transmuted Products	Bakery	Total
Sales and service income	579,144,244	6,684,407	109,371,351	695,199,982
Cost of sales and services	(388,948,440)	(8,884,582)	(97,541,362)	(495,374,384)
Gross profit (loss)	190,195,784	(2,200,175)	11,829,989	199,825,598
Selling expenses	(53,808,493)	(648,174)	(20,243,612)	(74,700,279)
Income (loss) from operating	136,387,291	(2,848,349)	(8,413,623)	125,125,319
Interest and other income				17,553,310
Central expenses				(55,068,478)
Interest expenses				(2,307,502)
Income tax				(45,638)
Minority interest in net loss				10,943,255
Net income				96,200,266

The details of business segment information for the six-month period ended June 30, 2005 are as follows:

CONSOLIDATED

	IN BAHT			
	Frozen Products	Transmuted Products	Bakery	Total
Sales and service income	543,128,953	5,621,371	87,159,014	635,909,338
Cost of sales and services	(417,925,870)	(8,394,267)	(80,940,538)	(507,260,675)
Gross profit (loss)	125,203,083	(2,772,896)	6,218,476	128,648,663
Selling expenses	(56,540,418)	(473,278)	(23,728,001)	(80,741,697)
Income (loss) from operating	68,662,665	(3,246,174)	(17,509,525)	47,906,966
Interest and other income				8,034,990
Central expenses				(56,993,906)
Interest expenses				(2,004,528)
Minority interest in net loss				16,215,560
Net income				13,159,082

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.

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The details of business segment information for the three-month period ended June 30, 2006 are as follows:

THE COMPANY ONLY

	IN BAHT		
	Frozen Products	Transmuted Products	Total
Sales and service income	346,528,407	2,485,315	349,013,722
Cost of sales and services	(222,298,709)	(4,287,743)	(226,586,452)
Gross profit (loss)	124,229,698	(1,802,428)	122,427,270
Selling expenses	(28,469,700)	(125,594)	(28,595,294)
Income (loss) from operating	95,759,998	(1,928,022)	93,831,976
Interest and other income			10,474,042
Central expenses			(18,129,685)
Interest expenses			(153)
Share of loss of investments in subsidiary at equity method			(4,765,700)
Net income			81,410,480

The details of business segment information for the three-month period ended June 30, 2005 are as follows:

THE COMPANY ONLY

	IN BAHT		
	Frozen Products	Transmuted Products	Total
Sales and service income	342,556,536	2,047,374	344,603,910
Cost of sales and services	(240,375,129)	(2,467,665)	(242,842,794)
Gross profit (loss)	102,181,407	(420,291)	101,761,116
Selling expenses	(31,380,796)	(115,356)	(31,496,152)
Income (loss) from operating	70,800,611	(535,647)	70,264,964
Share of profit of investments in subsidiary at equity method			3,877,677
Interest and other income			2,164,839
Central expenses			(21,781,173)
Interest expenses			(70,760)
Share of loss of investments in subsidiary at equity method			(7,071,791)
Net income			47,383,756

The details of business segment information for the six-month period ended June 30, 2006 are as

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follows:

THE COMPANY ONLY

	IN BAHT		
	Frozen Products	Transmuted Products	Total
Sales and service income	569,466,000	6,371,384	575,837,384
Cost of sales and services	(388,948,440)	(8,884,582)	(397,833,022)
Gross profit (loss)	180,517,560	(2,513,198)	178,004,362
Selling expenses	(48,018,597)	(285,535)	(48,304,132)
Income(loss) from operating	132,498,963	(2,798,733)	129,700,230
Share of profit of investments in subsidiary at equity method			97,035
Interest and other income			16,261,325
Central expenses			(39,344,030)
Interest expenses			(187)
Share of loss of investments in subsidiary at equity method			(10,514,107)
Net income			<u>96,200,266</u>

The details of business segment information for the six-month period ended June 30, 2005 are as follows:

THE COMPANY ONLY

	IN BAHT		
	Frozen Products	Transmuted Products	Total
Sales and service income	532,604,440	5,205,664	537,810,104
Cost of sales and services	(419,129,645)	(8,394,267)	(427,523,912)
Gross profit (loss)	113,474,795	(3,188,603)	110,286,192
Selling expenses	(51,769,628)	(261,357)	(52,030,985)
Income (loss) from operating	61,705,167	(3,449,960)	58,255,207
Share of profit of investments in subsidiary at equity method			4,209,713
Interest and other income			6,700,993
Central expenses			(40,243,178)
Interest expenses			(183,998)
Share of loss of investments in subsidiary at equity method			(15,579,655)
Net income			<u>13,159,082</u>

17. FINANCIAL INSTRUMENTS

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As at June 30, 2006, the Company and subsidiaries have no policy to perform speculate or trade the financial instrument transaction (derivatives).

17.1 Credit risk

The risk arises from the counterparties defaulting which results in a financial loss to the Company and subsidiaries. At present the Company and subsidiaries uses prudent credit policies and maintains a diverse customer base. 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.

17.2 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 June 30, 2006, the Company and subsidiary have outstanding forward foreign exchange selling contracts and option contracts of a total of U.S. Dollars 2.88 million in exchange of Baht 109.8 million with 3 commercial banks. The contract will be due in 2006.

As at June 30, 2006, liabilities of the Company and subsidiary which are not hedged as follows :

	<u>Currency</u>	<u>The Company only</u>
Accrued commission	U.S. Dollars	72,257

17.3 Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of subsidiary's operations and its cash flows. The subsidiary's exposure to interest rate risk relates primarily to its bank overdrafts and long-term loans. The subsidiary believed that the future fluctuation on market interest rate would not provided significant effect to its operation and cash flow; therefore, no financial derivative was adopted to manage interest rate risk.

17.4 Fair value of financial instruments

The Company and subsidiaries used the following methods and assumptions in estimating the fair values of financial instruments. Because these financial instruments are in short-term maturity:

Cash and cash equivalents and accounts receivable; the carrying values approximate their fair values.

Accounts payable; the fair value based on the carrying value in the balance sheets.

Loans; the carrying values approximate their fair values

18. COMMITMENTS AND CONTINGENT LIABILITY

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As at June 30, 2006

- 18.1 The Company and subsidiaries have contingent liable for banks guarantee issued in favor of government agency amounting to approximately Baht 8.3 million which are pledged by subsidiaries' fixed deposit amounting to Baht 3.6 million.(December 31,2005 : Baht 4.7 million)
- 18.2 The Company has commitment to pay the uncalled investments in Agrifood Processing Co.,Ltd. amounting to approximately Baht 90 million.

19. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved by the board of directors of the Company.