

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FINANCIAL STATEMENTS

AND REPORT OF CERTIFIED PUBLIC ACCOUNTANT

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

EXPRESSED IN THAI BAHT

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT MARCH 31, 2007 AND DECEMBER 31, 2006

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		March 31,2007	December 31,2006	March 31,2007	December 31,2006
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
<u>ASSETS</u>	Notes	<u>"Reviewed"</u>		<u>"Reviewed"</u>	<u>(Restated)</u>
CURRENT ASSETS					
Cash and cash equivalents		111,894,419	208,458,965	95,832,199	181,007,023
Trade accounts receivable - related companies	4.2, 5	20,275,737	16,693,088	30,866,465	21,080,541
- other companies	5	92,643,525	38,077,020	79,840,924	33,268,904
Inventories-net	6	356,976,300	302,892,768	356,976,300	302,892,768
Other current assets					
Accounts receivable - planters- net	7	10,029,850	22,838,172	10,029,850	22,838,172
Value added tax receivable		4,208,652	3,385,924	4,052,065	3,306,182
Others		1,789,699	3,239,399	1,625,273	3,097,901
Total other current assets		16,028,201	29,463,495	15,707,188	29,242,255
TOTAL CURRENT ASSETS		597,818,182	595,585,336	579,223,076	567,491,491
NON - CURRENT ASSETS					
Investments in subsidiary	8	-	-	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	9	577,916,147	578,303,076	577,076,731	577,362,938
Intangible assets - net	10	1,121,441	1,196,745	1,121,441	1,196,745
Other non - current assets					
Fixed deposits pledged as collateral	11	10,151,968	3,118,892	-	-
Others		1,743,295	1,658,236	1,742,395	1,627,336
Total other non - current assets		11,895,263	4,777,128	1,742,395	1,627,336
TOTAL NON - CURRENT ASSETS		615,432,851	608,776,949	627,794,225	628,040,677
TOTAL ASSETS		1,213,251,033	1,204,362,285	1,207,017,301	1,195,532,168

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS(CONTINUED)

AS AT MARCH 31, 2007 AND DECEMBER 31, 2006

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		March 31,2007	December 31,2006	March 31,2007	December 31,2006
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Notes</u>	<u>"Reviewed"</u>		<u>"Reviewed"</u>	<u>(Restated)</u>
CURRENT LIABILITIES					
Trade accounts payable		36,899,817	29,333,382	36,899,817	29,333,382
Other current liabilities					
Accrued income tax and accrued expenses		27,768,456	36,844,109	26,785,362	35,696,413
Others		1,986,890	1,581,873	1,886,626	1,444,862
Total other current liabilities		29,755,346	38,425,982	28,671,988	37,141,275
TOTAL CURRENT LIABILITIES		66,655,163	67,759,364	65,571,805	66,474,657
SHAREHOLDERS' EQUITY					
Share capital					
Authorized shares					
Common share 315,000,000 shares, Baht 1 par value		315,000,000	315,000,000	315,000,000	315,000,000
Issued and paid - up shares					
Common share 314,997,360 shares, Baht 1 par value		314,997,360	314,997,360	314,997,360	314,997,360
Premium on share capital		68,000,000	68,000,000	68,000,000	68,000,000
Retained earnings					
Appropriated for legal reserve	13	30,710,000	30,710,000	30,710,000	30,710,000
Unappropriated		732,888,510	722,895,561	727,738,136	715,350,151
Total shareholders' equity		1,146,595,870	1,136,602,921	1,141,445,496	1,129,057,511
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,213,251,033	1,204,362,285	1,207,017,301	1,195,532,168

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

"UNAUDITED"

"REVIEWED"

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
REVENUES					
Sales		240,853,793	283,224,103	238,009,005	226,823,662
Gain on exchange rate		846,590	3,922,617	846,590	3,922,617
Interest income		1,320,020	508,685	1,110,927	646,336
Other income		754,565	1,886,668	910,925	1,218,330
Total revenues		243,774,968	289,542,073	240,877,447	232,610,945
EXPENSES					
Cost of sales		189,733,258	217,199,888	189,733,258	171,246,570
Selling and administrative expenses		42,703,080	61,182,971	37,410,523	39,643,183
Loss on diminution of Investment in subsidiary		-	-	-	5,893,095
Director's remuneration		1,340,000	1,280,000	1,340,000	1,280,000
Total expenses		233,776,338	279,662,859	228,483,781	218,062,848
Income before interest expenses and income tax		9,998,630	9,879,214	12,393,666	14,548,097
Interest expenses		(5,681)	(1,116,784)	(5,681)	(34)
Income tax		-	(106,274)	-	-
Income after income tax		9,992,949	8,656,156	12,387,985	14,548,063
Minority interest in net loss of subsidiary		-	6,133,630	-	-
NET INCOME		9,992,949	14,789,786	12,387,985	14,548,063
BASIC EARNINGS PER SHARE					
NET INCOME		0.03	0.05	0.04	0.05
Weighted average number of common shares	shares	314,997,360	314,997,360	314,997,360	314,997,360

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

"UNAUDITED"

"REVIEWED"

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

	In Baht				
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Minority
			Appropriated for legal reserve	Unappropriated	interest
					Total
BALANCE as at January 1, 2006	314,997,360	68,000,000	25,420,000	701,197,842	47,072,410
Net income	-	-	-	14,789,786	-
Minority interest in net loss of subsidiary	-	-	-	-	(6,133,630)
BALANCE as at March 31, 2006	<u>314,997,360</u>	<u>68,000,000</u>	<u>25,420,000</u>	<u>715,987,628</u>	<u>40,938,780</u>
BALANCE as at January 1, 2007	314,997,360	68,000,000	30,710,000	722,895,561	-
Net income	-	-	-	9,992,949	-
BALANCE as at March 31, 2007	<u>314,997,360</u>	<u>68,000,000</u>	<u>30,710,000</u>	<u>732,888,510</u>	<u>-</u>

The notes to the 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 THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

		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, 2006 - as previously reported		314,997,360	68,000,000	25,420,000	701,197,842	1,109,615,202
Cumulative effect of the change in accounting policy						
for investments in subsidiary	3	-	-	-	(8,198,574)	(8,198,574)
BALANCE as at January 1, 2006 - as restated		314,997,360	68,000,000	25,420,000	692,999,268	1,101,416,628
Net income		-	-	-	14,548,063	14,548,063
BALANCE as at March 31, 2006 - as restated		314,997,360	68,000,000	25,420,000	707,547,331	1,115,964,691
BALANCE as at January 1, 2007 - as previously reported		314,997,360	68,000,000	30,710,000	722,895,561	1,136,602,921
Cumulative effect of the change in accounting policy						
for investments in subsidiary	3	-	-	-	(7,545,410)	(7,545,410)
BALANCE as at January 1, 2007 - as restated		314,997,360	68,000,000	30,710,000	715,350,151	1,129,057,511
Net income		-	-	-	12,387,985	12,387,985
BALANCE as at March 31, 2007		314,997,360	68,000,000	30,710,000	727,738,136	1,141,445,496

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	9,992,949	14,789,786	12,387,985	14,548,063
Adjustments to reconcile net income to net cash used in operating activities				
Unrealized loss on exchange rate	356,693	681,199	335,392	526,269
Reversal of doubtful accounts	(2,668,032)	(1,621,081)	(2,668,032)	(1,679,564)
Provision for obsolescence	188,937	2,348,011	188,937	2,348,011
Loss on diminution of Investment in subsidiary	-	-	-	5,893,095
Loss (Gain) on disposal of equipment	270,327	(12,244)	270,327	(12,244)
Loss on written off assets	625,711	2,712	625,711	2,712
Depreciation	15,646,668	18,557,593	15,545,946	12,656,532
Amortization of intangible assets	75,304	88,088	75,304	62,132
Minority interest in net loss of subsidiary	-	(6,133,630)	-	-
Income from operating activities before change in operational assets and liabilities	24,488,557	28,700,434	26,761,570	34,345,006
Decrease (Increase) in operational assets				
Trade accounts receivable - Related companies	(3,582,649)	4,639,081	(9,785,924)	15,131
Trade accounts receivable - Other companies	(55,049,138)	(18,177,635)	(47,026,069)	(14,606,177)
Inventories	(54,272,469)	(50,376,241)	(54,272,469)	(49,172,583)
Accounts receivable - planters	15,476,354	16,795,637	15,476,354	16,795,637
Other current assets	626,972	(1,605,732)	726,745	(1,667,107)
Other non - current assets	(85,059)	1,306,808	(115,059)	1,049,746
Increase (Decrease) in operational liabilities				
Trade accounts payable	6,838,042	(15,995,292)	6,838,042	(15,530,086)
Accrued income tax and accrued expenses	(9,053,551)	(6,901,967)	(8,896,232)	(6,564,979)
Other current liabilities	405,017	1,000,216	441,764	(4,860,991)
Net cash used in operating activities	(74,207,924)	(40,614,691)	(69,851,278)	(40,196,403)

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
				(Restated)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (Increase) in deposits at financial institutions-fixed deposits	(7,033,076)	1,123,362	-	-
Proceeds from disposal of equipment	900,000	21,565	900,000	21,565
Cash paid for acquisition of plant and equipment (cash flows information 2)	(16,223,546)	(8,798,519)	(16,223,546)	(5,082,422)
Net cash used in investing activities	(22,356,622)	(7,653,592)	(15,323,546)	(5,060,857)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in bank overdrafts	-	15,836,559	-	2,693,547
Repayment liabilities under finance lease agreements	-	(396,855)	-	-
Repayment of long-term loan from financial institution	-	(4,400,000)	-	-
Net cash provided by financing activities	-	11,039,704	-	2,693,547
Net decrease in cash and cash equivalents	(96,564,546)	(37,228,579)	(85,174,824)	(42,563,713)
Cash and cash equivalents, beginning of period	208,458,965	123,888,186	181,007,023	91,629,533
Cash and cash equivalents, end of period	111,894,419	86,659,607	95,832,199	49,065,820

Supplement disclosures of cash flows information1. Cash paid during the period for :-

Interest expense	5,681	1,239,619	5,681	34
Income tax	69,322	14,487	89,420	13,418

2. Property, Plant and Equipment

Detail of acquisition of plant and equipment during the period are as follows :

Acquisition of plant and equipment during the period	(17,055,777)	(9,044,539)	(17,055,777)	(5,082,422)
<u>Less</u> outstanding liabilities	832,231	246,020	832,231	-
Cash paid for acquisition of plant and equipment	(16,223,546)	(8,798,519)	(16,223,546)	(5,082,422)

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