

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**  
FINANCIAL STATEMENTS  
AND REVIEW REPORT OF CERTIFIED PUBLIC ACCOUNTANT  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED  
EXPRESSED IN THAI BAHT

**AND SUBSIDIARIES**

JUNE 30, 2005 AND 2004

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

**BALANCE SHEETS**

**AS AT JUNE 30, 2005 AND DECEMBER 31, 2004**

		IN BAHT			
		CONSOLIDATED		THE COMPANY ONLY	
		June 30,2005	December 31,2004	June 30,2005	December 31,2004
		"UNAUDITED"		"UNAUDITED"	
<u>ASSETS</u>	Notes	<u>"REVIEWED"</u>	<u>"AUDITED"</u>	<u>"REVIEWED"</u>	<u>"AUDITED"</u>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		76,698,729	85,890,428	60,166,242	68,226,033
Current investments		-	150,000,000	-	150,000,000
Trade accounts receivable - related companies	3.2,4	22,864,508	22,128,649	33,250,614	23,065,771
- other companies	4	80,964,932	76,045,987	48,821,382	50,831,962
Short-term loans form related company	3.2	-	-	30,000,000	-
Inventories-net		275,379,889	250,743,682	264,394,871	241,846,302
Other current assets					
Accounts receivable - planters- net		19,851,519	32,447,423	19,851,519	32,447,423
Current portion of receivables from sales of investments	5	2,327,554	3,991,448	2,327,554	3,991,448
Value added tax receivable		14,368,154	14,573,684	2,291,768	2,551,169
Others		<u>9,276,517</u>	<u>12,407,875</u>	<u>6,476,577</u>	<u>11,071,677</u>
Total other current assets		<u>45,823,744</u>	<u>63,420,430</u>	<u>30,947,418</u>	<u>50,061,717</u>
<b>TOTAL CURRENT ASSETS</b>		<u>501,731,802</u>	<u>648,229,176</u>	<u>467,580,527</u>	<u>584,031,785</u>
<b>NON - CURRENT ASSETS</b>					
Investments in subsidiaries at equity method	6	-	-	83,116,914	88,361,856
Property, plant and equipment - net	7	770,580,074	674,219,145	595,109,799	491,886,431
Other non - current assets					
Deposits pledged as collateral	16.1	4,573,265	5,015,666	-	-
Others		<u>3,300,665</u>	<u>5,091,505</u>	<u>2,737,534</u>	<u>4,465,969</u>
Total other non - current assets		<u>7,873,930</u>	<u>10,107,171</u>	<u>2,737,534</u>	<u>4,465,969</u>
<b>TOTAL NON - CURRENT ASSETS</b>		<u>778,454,004</u>	<u>684,326,316</u>	<u>680,964,247</u>	<u>584,714,256</u>
<b>TOTAL ASSETS</b>		<u><u>1,280,185,806</u></u>	<u><u>1,332,555,492</u></u>	<u><u>1,148,544,774</u></u>	<u><u>1,168,746,041</u></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 JUNE 30, 2005 AND DECEMBER 31, 2004**

	Notes	IN BAHT			
		CONSOLIDATED		THE COMPANY ONLY	
		June 30,2005	December 31,2004	June 30,2005	December 31,2004
		"UNAUDITED"	"UNAUDITED"	"UNAUDITED"	"UNAUDITED"
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		<b><u>"REVIEWED"</u></b>	<b><u>"AUDITED"</u></b>	<b><u>"REVIEWED"</u></b>	<b><u>"AUDITED"</u></b>
<b>CURRENT LIABILITIES</b>					
Bank overdrafts	8	30,967,560	33,666,680	1,496,184	3,668,335
Trade accounts payable		86,007,685	73,739,336	69,703,982	56,110,640
Current portion of liabilities under finance lease contracts		1,572,274	1,741,863	-	-
Current portion of long-term loans	9	13,200,000	13,200,000	-	-
Other current liabilities					
Accrued income tax and accrued expenses		31,899,724	35,576,012	25,908,338	31,751,270
Others		3,036,196	4,387,231	17,048,027	3,486,635
Total other current liabilities		34,935,920	39,963,243	42,956,365	35,237,905
<b>TOTAL CURRENT LIABILITIES</b>		<b>166,683,439</b>	<b>162,311,122</b>	<b>114,156,531</b>	<b>95,016,880</b>
<b>NON - CURRENT LIABILITIES</b>					
Liabilities under finance lease contracts - net		1,630,359	2,590,884	-	-
Long - term loans - net	9	18,100,000	24,700,000	-	-
<b>TOTAL NON - CURRENT LIABILITIES</b>		<b>19,730,359</b>	<b>27,290,884</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>186,413,798</b>	<b>189,602,006</b>	<b>114,156,531</b>	<b>95,016,880</b>
<b>SHAREHOLDERS' EQUITY</b>					
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	10	315,000,000	210,000,000	315,000,000	210,000,000
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	210,000,000
Premium on share capital		68,000,000	68,000,000	68,000,000	68,000,000
Retained earnings					
Appropriated for legal reserve	12	21,000,000	21,000,000	21,000,000	21,000,000
Unappropriated		630,390,883	774,729,161	630,390,883	774,729,161
Total parent's shareholders' equity		1,034,388,243	1,073,729,161	1,034,388,243	1,073,729,161
Minority interest		59,383,765	69,224,325	-	-
Total Shareholders' Equity		1,093,772,008	1,142,953,486	1,034,388,243	1,073,729,161
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,280,185,806</b>	<b>1,332,555,492</b>	<b>1,148,544,774</b>	<b>1,168,746,041</b>

The accompanying notes are an integral part of these financial statements

"UNAUDITED"  
"REVIEWED"

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

**STATEMENTS OF INCOME**

**FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004**

		IN BAHT			
		CONSOLIDATED		THE COMPANY ONLY	
Note		2005	2004	2005	2004
<b>REVENUES</b>					
	Sales and service income	398,717,355	418,563,434	344,603,910	383,222,045
	Surcharge income from defaulting condition in purchase and sale agreement	-	-	-	8,057,830
	Share of profit from investments in subsidiaries at equity method	-	-	3,877,677	-
	Interest income	72,835	365,236	198,558	356,123
	Other income	2,542,962	5,384,601	1,966,281	5,182,156
	Total revenues	401,333,152	424,313,271	350,646,426	396,818,154
<b>EXPENSES</b>					
	Cost of sales and service income	284,188,117	284,490,263	242,842,794	253,975,427
	Selling and administrative expenses	75,350,910	72,020,373	52,177,325	53,806,286
	Share of loss of investments in subsidiaries at equity method	-	-	7,071,791	11,116,641
	Director's remuneration	1,100,000	1,100,000	1,100,000	1,100,000
	Total expenses	360,639,027	357,610,636	303,191,910	319,998,354
<b>Income before interest expenses and income tax</b>		40,694,125	66,702,635	47,454,516	76,819,800
	Interest expenses	(815,141)	(1,183,826)	(70,760)	(6,163)
	Reversal income tax (Income tax)	144,335	(567,939)	-	(567,939)
<b>Income after income tax</b>		40,023,319	64,950,870	47,383,756	76,245,698
Minority interest in net loss of subsidiaries		7,360,437	11,294,828	-	-
<b>NET INCOME</b>		47,383,756	76,245,698	47,383,756	76,245,698
<b>BASIC EARNINGS PER SHARE</b>		13			
	NET INCOME	0.18	0.36	0.18	0.36
<b>Weighted average number of ordinary shares</b>		(shares)			
		266,537,040	210,000,000	266,537,040	210,000,000

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

		IN BAHT			
		CONSOLIDATED		THE COMPANY ONLY	
	Note	2005	2004	2005	2004
<b>REVENUES</b>					
Sales and service income		635,909,338	649,982,289	537,810,104	588,104,807
Surcharge income from defaulting condition in purchase and sale agreement		-	-	-	8,057,830
Share of profit from investments in subsidiaries at equity method		-	-	4,209,713	-
Gain on exchange rate		1,876,914	-	1,668,108	-
Interest income		551,347	805,578	679,517	795,507
Other income		5,606,729	7,213,389	4,353,368	7,109,810
Total revenues		643,944,328	658,001,256	548,720,810	604,067,954
<b>EXPENSES</b>					
Cost of sales and service income		507,260,675	502,078,993	427,523,912	443,982,896
Selling and administrative expenses		135,535,603	120,436,593	90,074,163	86,571,063
Share of loss of investments in subsidiaries at equity method		-	-	15,579,655	19,913,188
Director's remuneration		2,200,000	2,200,000	2,200,000	2,200,000
Total expenses		644,996,278	624,715,586	535,377,730	552,667,147
<b>Income (loss) before interest expenses and income tax</b>		(1,051,950)	33,285,670	13,343,080	51,400,807
Interest expenses		(2,004,528)	(2,239,079)	(183,998)	(13,657)
Income tax		-	(924,130)	-	(924,130)
<b>Income (loss) after income tax</b>		(3,056,478)	30,122,461	13,159,082	50,463,020
Minority interest in net loss of subsidiaries		16,215,560	20,340,559	-	-
<b>NET INCOME</b>		13,159,082	50,463,020	13,159,082	50,463,020
<b>BASIC EARNINGS PER SHARE</b>	13				
NET INCOME		0.06	0.24	0.06	0.24
<b>Weighted average number of ordinary shares</b>	(shares)	238,424,700	210,000,000	238,424,700	210,000,000

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

"UNAUDITED"

"REVIEWED"

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004**

IN BAHT						
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Minority interest	Total
			Appropriated for legal reserve	Unappropriated		
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	11	-	-	(63,000,000)	-	(63,000,000)
Net income	-	-	-	50,463,020	-	50,463,020
Minority interest from investment in subsidiaries	-	-	-	-	22,100,000	22,100,000
Minority interest in net loss of subsidiaries	-	-	-	-	(20,340,559)	(20,340,559)
BALANCE as at June 30, 2004	<u>210,000,000</u>	<u>68,000,000</u>	<u>21,000,000</u>	<u>733,784,168</u>	<u>71,525,795</u>	<u>1,104,309,963</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	10	104,997,360	-	(104,997,360)	-	-
Dividends paid	11	-	-	(52,500,000)	-	(52,500,000)
Net income	-	-	-	13,159,082	-	13,159,082
Minority interest from investment in subsidiaries	-	-	-	-	6,375,000	6,375,000
Minority interest in net loss of subsidiaries	-	-	-	-	(16,215,560)	(16,215,560)
BALANCE as at June 30, 2005	<u>314,997,360</u>	<u>68,000,000</u>	<u>21,000,000</u>	<u>630,390,883</u>	<u>59,383,765</u>	<u>1,093,772,008</u>

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

"UNAUDITED"

"REVIEWED"

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004**

IN BAHT					
Notes	Issued and paid - up share capital	Premium on share capital	Retained earnings		Total
			Appropriated for legal reserve	Unappropriated	
BALANCE as at January 1, 2004	210,000,000	68,000,000	21,000,000	746,321,148	1,045,321,148
Dividends paid	11	-	-	(63,000,000)	(63,000,000)
Net income	-	-	-	50,463,020	50,463,020
BALANCE as at June 30, 2004	<u>210,000,000</u>	<u>68,000,000</u>	<u>21,000,000</u>	<u>733,784,168</u>	<u>1,032,784,168</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	10	104,997,360	-	(104,997,360)	-
Dividends paid	11	-	-	(52,500,000)	(52,500,000)
Net income	-	-	-	13,159,082	13,159,082
BALANCE as at June 30, 2005	<u>314,997,360</u>	<u>68,000,000</u>	<u>21,000,000</u>	<u>630,390,883</u>	<u>1,034,388,243</u>

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



## CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	13,159,082	50,463,020	13,159,082	50,463,020
Adjustments to reconcile net income to net cash provided by operating activities				
Unrealized loss exchange rate	(2,097,322)	(380,970)	(2,040,039)	(370,696)
(Reversal) of doubtful accounts	571,174	(739,619)	(1,399,545)	(739,619)
Loss (gain) on disposal of fixed assets	60,619	114,507	60,619	(192,295)
Loss on written off assets	313,909	-	-	-
Depreciation	43,446,323	41,379,391	32,034,496	31,369,264
Reversal Provision for obsolescence	(2,151,832)	(200,704)	(2,151,832)	(200,704)
Share of profit from investments in subsidiaries at equity method	-	-	(4,209,713)	-
Share of loss from investments in subsidiaries at equity method	-	-	15,579,655	19,913,188
Minority interest in net loss of subsidiaries	(16,215,560)	(20,340,559)	-	-
Income from operating activities before change in operational assets and liabilities	37,086,393	70,295,066	51,032,723	100,242,158
Decrease (Increase) in operational assets				
Trade accounts receivable	(5,588,070)	(38,037,806)	(6,194,069)	(25,722,535)
Inventories	(22,484,375)	314,822	(20,396,737)	725,701
Other receivable - related company	-	-	-	(7,955,320)
Accounts receivable - planters	13,995,449	7,396,193	13,995,449	7,396,193
Other current assets	5,117,756	(5,954,104)	6,635,369	(4,871,999)
Other non - current assets	2,233,241	(1,700,847)	1,728,435	414,416
Increase (Decrease) in operational liabilities				
Accounts payable - trade	8,545,805	4,698,750	9,870,798	(8,110,352)
Accrued income tax and accrued expenses	(3,733,393)	(1,112,947)	(5,900,061)	(1,135,174)
Other current liabilities	(1,351,035)	2,054,816	13,561,392	(5,100,469)
Net Cash Provided by Operating Activities	33,821,771	37,953,943	64,333,299	55,882,619

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 SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Increase in loan to related company	-	-	(30,000,000)	-
Increase in investment in subsidiary	-	-	(6,125,000)	(24,500,000)
Decrease in deposits at financial institutions-fixed deposits	150,000,000	48,349,042	150,000,000	50,000,000
Proceeds from disposal of fixed assets	910,983	218,181	910,983	201,308
Acquisition of fixed assets paid by cash	(137,370,219)	(41,164,508)	(132,506,922)	(28,031,922)
Net Cash Provided by (used in) Investing Activities	13,540,764	7,402,715	(17,720,939)	(2,330,614)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase(Decrease) in Bank overdrafts	(2,699,120)	(135,489)	(2,172,151)	4,406,872
Repayment short-term loan from related person	-	(3,000,000)	-	-
Repayment liabilities - under finance lease contracts	(1,130,114)	(1,113,857)	-	-
Repayment of long - term loans	(6,600,000)	(5,500,000)	-	-
Dividends paid	(52,500,000)	(63,000,000)	(52,500,000)	(63,000,000)
Cash received for capital from minority interest	6,375,000	22,100,000	-	-
Net Cash Used in Financing Activities	(56,554,234)	(50,649,346)	(54,672,151)	(58,593,128)
Net decrease in Cash and Cash Equivalents	(9,191,699)	(5,292,688)	(8,059,791)	(5,041,123)
Cash and Cash Equivalents, Beginning of periods	85,890,428	198,419,235	68,226,033	183,051,935
Cash and Cash Equivalents, End of periods	76,698,729	193,126,547	60,166,242	178,010,812

Supplement Disclosures of Cash Flows Information1. Cash paid during the periods for :-

Interest paid	2,167,918	2,454,832	183,998	13,657
Corporate income tax	67,692	470,135	65,681	469,264

2. Property, Plant and Equipment

Detail of acquisition of fixed assets during the periods is as follows :

Acquisition of fixed assets during the periods	141,092,763	41,857,972	136,229,466	28,031,922
<u>Less</u> outstanding liabilities	(3,722,544)	(693,464)	(3,722,544)	-
Acquisition of fixed assets paid by cash	137,370,219	41,164,508	132,506,922	28,031,922

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