

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

INTERIM FINANCIAL STATEMENTS

AND REVIEW REPORT OF CERTIFIED PUBLIC ACCOUNTANT

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007

EXPRESSED IN THAI BAHT

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

**BALANCE SHEETS**

**AS AT JUNE 30, 2008 AND DECEMBER 31, 2007**

|   |                     | In Baht                  |                      |                          |                      |
|---|---------------------|--------------------------|----------------------|--------------------------|----------------------|
|   |                     | Consolidated             |                      | Separate                 |                      |
|   |                     | financial statements     |                      | financial statements     |                      |
|   |                     | June 30, 2008            | December 31, 2007    | June 30, 2008            | December 31, 2007    |
|   |                     | "Unaudited"              | "Audited"            | "Unaudited"              | "Audited"            |
| <b><u>ASSETS</u></b>                          | <b><u>Notes</u></b> | <b><u>"Reviewed"</u></b> |                      | <b><u>"Reviewed"</u></b> |                      |
| <b>CURRENT ASSETS</b>                         |                     |                          |                      |                          |                      |
| Cash and cash equivalents                     |                     | 147,138,820              | 142,307,959          | 133,925,786              | 122,171,317          |
| Current investments                           | 5                   | -                        | 50,000,000           | -                        | 50,000,000           |
| Trade accounts receivable - related companies | 4.2,6               | 30,470,895               | 19,047,724           | 42,621,348               | 33,216,698           |
| - other companies - net                       | 6                   | 92,150,224               | 43,559,316           | 82,942,116               | 30,730,324           |
| Inventories-net                               | 7                   | 338,417,796              | 366,532,091          | 335,422,690              | 366,532,091          |
| Other current assets                          |                     |                          |                      |                          |                      |
| Accounts receivable - planters - net          | 8                   | 36,488,440               | 29,295,519           | 36,488,440               | 29,295,519           |
| Value added tax receivable                    |                     | 2,146,429                | 2,573,109            | 2,070,261                | 2,519,868            |
| Others  |                     | 3,302,922                | 1,585,261            | 3,241,857                | 1,529,654            |
| Total other current assets                    |                     | 41,937,791               | 33,453,889           | 41,800,558               | 33,345,041           |
| <b>TOTAL CURRENT ASSETS</b>                   |                     | <b>650,115,526</b>       | <b>654,900,979</b>   | <b>636,712,498</b>       | <b>635,995,471</b>   |
| <b>NON - CURRENT ASSETS</b>                   |                     |                          |                      |                          |                      |
| Investments in subsidiary                     | 9                   | -                        | -                    | 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           | 10                  | 509,703,215              | 526,291,136          | 509,356,362              | 525,759,482          |
| Non operating land                            | 11                  | 13,437,988               | 13,437,988           | 13,437,988               | 13,437,988           |
| Intangible assets - net                       | 12                  | 647,571                  | 858,584              | 647,571                  | 858,584              |
| Other non - current assets                    |                     |                          |                      |                          |                      |
| Fixed deposits pledged as collateral          | 13                  | 14,067,990               | 10,375,838           | -                        | -                    |
| Others  |                     | 1,379,045                | 2,250,505            | 1,378,145                | 2,249,605            |
| Total other non - current assets              |                     | 15,447,035               | 12,626,343           | 1,378,145                | 2,249,605            |
| <b>TOTAL NON - CURRENT ASSETS</b>             |                     | <b>563,735,809</b>       | <b>577,714,051</b>   | <b>572,673,724</b>       | <b>590,159,317</b>   |
| <b>TOTAL ASSETS</b>                           |                     | <b>1,213,851,335</b>     | <b>1,232,615,030</b> | <b>1,209,386,222</b>     | <b>1,226,154,788</b> |

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

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

**BALANCE SHEETS(CONTINUED)**

**AS AT JUNE 30, 2008 AND DECEMBER 31, 2007**

|  |                     | In Baht                  |                   |                          |                   |
|--|---------------------|--------------------------|-------------------|--------------------------|-------------------|
|  |                     | Consolidated             |                   | Separate                 |                   |
|  |                     | financial statements     |                   | financial statements     |                   |
|  |                     | June 30, 2008            | December 31, 2007 | June 30, 2008            | December 31, 2007 |
|  |                     | "Unaudited"              | "Audited"         | "Unaudited"              | "Audited"         |
| <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b> | <b><u>Notes</u></b> | <b><u>"Reviewed"</u></b> |                   | <b><u>"Reviewed"</u></b> |                   |
| <b>CURRENT LIABILITIES</b>                         |                     |                          |                   |                          |                   |
| Trade accounts payable                             |                     | 54,176,717               | 38,593,017        | 54,176,717               | 38,593,017        |
| Other current liabilities                          |                     |                          |                   |                          |                   |
| Accrued expenses                                   |                     | 25,147,330               | 33,789,153        | 24,295,322               | 32,463,184        |
| Others   |                     | 1,707,852                | 2,458,974         | 1,627,051                | 1,369,891         |
| Total other current liabilities                    |                     | 26,855,182               | 36,248,127        | 25,922,373               | 33,833,075        |
| <b>TOTAL CURRENT LIABILITIES</b>                   |                     | 81,031,899               | 74,841,144        | 80,099,090               | 72,426,092        |
| <b>SHAREHOLDERS' EQUITY</b>                        |                     |                          |                   |                          |                   |
| Share capital - Baht 1 par value                   |                     |                          |                   |                          |                   |
| Authorized shares                                  |                     |                          |                   |                          |                   |
| 346,497,096 common shares                          |                     | 346,497,096              | 346,497,096       | 346,497,096              | 346,497,096       |
| Issued and paid - up shares                        |                     |                          |                   |                          |                   |
| 346,496,592 common shares                          |                     | 346,496,592              | 346,496,592       | 346,496,592              | 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                     | 17                  | 34,650,000               | 34,650,000        | 34,650,000               | 34,650,000        |
| Unappropriated                                     |                     | 683,672,844              | 708,627,294       | 680,140,540              | 704,582,104       |
| Total shareholders' equity                         |                     | 1,132,819,436            | 1,157,773,886     | 1,129,287,132            | 1,153,728,696     |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                     | 1,213,851,335            | 1,232,615,030     | 1,209,386,222            | 1,226,154,788     |

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 SUBSIDIARY**

**STATEMENTS OF INCOME**

**FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007**

|  |        | In Baht              |                    |                      |                    |
|--|--------|----------------------|--------------------|----------------------|--------------------|
|  |        | Consolidated         |                    | Separate             |                    |
|  |        | financial statements |                    | financial statements |                    |
|  |        | 2008                 | 2007               | 2008                 | 2007               |
| <b>REVENUES</b>                                  |        |                      |                    |                      |                    |
| Sales  |        | 384,089,160          | 346,844,300        | 379,392,355          | 342,759,392        |
| Gain on exchange rate                            |        | 6,654,308            | 1,062,576          | 5,781,684            | 1,062,576          |
| Interest income                                  |        | 895,009              | 1,165,145          | 766,618              | 983,307            |
| Reversal of provision for inventory obsolescence |        | 5,132,521            | 9,906,512          | 5,132,521            | 9,906,512          |
| Other income                                     |        | 1,485,915            | 1,673,876          | 1,641,015            | 1,836,236          |
| Total revenues                                   |        | 398,256,913          | 360,652,409        | 392,714,193          | 356,548,023        |
| <b>EXPENSES</b>                                  |        |                      |                    |                      |                    |
| Cost of sales                                    |        | 264,588,279          | 233,419,877        | 264,588,279          | 232,935,843        |
| Selling and administrative expenses              |        | 55,374,116           | 56,851,386         | 50,583,165           | 52,090,223         |
| Director's remuneration                          |        | 1,340,000            | 1,340,000          | 1,340,000            | 1,340,000          |
| Total expenses                                   |        | 321,302,395          | 291,611,263        | 316,511,444          | 286,366,066        |
| <b>Income before interest expenses</b>           |        | 76,954,518           | 69,041,146         | 76,202,749           | 70,181,957         |
| Interest expenses                                |        | -                    | (290)              | -                    | (290)              |
| <b>NET INCOME</b>                                |        | <u>76,954,518</u>    | <u>69,040,856</u>  | <u>76,202,749</u>    | <u>70,181,667</u>  |
| <b>Net income attributable to:</b>               |        |                      |                    |                      |                    |
| Equity holders of the parent                     |        | 76,954,518           | 69,040,856         | 76,202,749           | 70,181,667         |
| Minority interest of the subsidiary              |        | -                    | -                  | -                    | -                  |
|  |        | <u>76,954,518</u>    | <u>69,040,856</u>  | <u>76,202,749</u>    | <u>70,181,667</u>  |
| <b>BASIC EARNINGS PER SHARE</b>                  |        |                      |                    |                      |                    |
| NET INCOME                                       |        | <u>0.22</u>          | <u>0.21</u>        | <u>0.22</u>          | <u>0.21</u>        |
| <b>Weighted average number of common shares</b>  | shares | <u>346,496,592</u>   | <u>328,497,031</u> | <u>346,496,592</u>   | <u>328,497,031</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 AND SUBSIDIARY**

**STATEMENTS OF INCOME**

**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007**

|  |        | In Baht              |             |                      |             |
|--|--------|----------------------|-------------|----------------------|-------------|
|  |        | Consolidated         |             | Separate             |             |
|  |        | financial statements |             | financial statements |             |
|  |        | 2008                 | 2007        | 2008                 | 2007        |
| <b>REVENUES</b>                                  |        |                      |             |                      |             |
| Sales  |        | 621,467,658          | 587,698,093 | 612,233,163          | 580,768,397 |
| Gain on exchange rate                            |        | 8,302,160            | 1,909,166   | 6,959,401            | 1,909,166   |
| Interest income                                  |        | 1,855,159            | 2,485,165   | 1,615,943            | 2,094,234   |
| Reversal of provision for inventory obsolescence |        | -                    | 10,012,483  | -                    | 10,012,483  |
| Other income                                     |        | 2,569,076            | 2,322,470   | 2,879,276            | 2,641,190   |
| Total revenues                                   |        | 634,194,053          | 604,427,377 | 623,687,783          | 597,425,470 |
| <b>EXPENSES</b>                                  |        |                      |             |                      |             |
| Cost of sales                                    |        | 453,301,551          | 423,153,135 | 452,572,734          | 422,669,101 |
| Selling and administrative expenses              |        | 99,219,474           | 99,554,466  | 88,929,135           | 89,500,746  |
| Director's remuneration                          |        | 2,680,000            | 2,680,000   | 2,680,000            | 2,680,000   |
| Total expenses                                   |        | 555,201,025          | 525,387,601 | 544,181,869          | 514,849,847 |
| <b>Income before interest expenses</b>           |        | 78,993,028           | 79,039,776  | 79,505,914           | 82,575,623  |
| Interest expenses                                |        | -                    | (5,971)     | -                    | (5,971)     |
| <b>NET INCOME</b>                                |        | 78,993,028           | 79,033,805  | 79,505,914           | 82,569,652  |
| <b>Net income attributable to:</b>               |        |                      |             |                      |             |
| Equity holders of the parent                     |        | 78,993,028           | 79,033,805  | 79,505,914           | 82,569,652  |
| Minority interest of the subsidiary              |        | -                    | -           | -                    | -           |
|  |        | 78,993,028           | 79,033,805  | 79,505,914           | 82,569,652  |
| <b>BASIC EARNINGS PER SHARE</b>                  |        |                      |             |                      |             |
| NET INCOME                                       |        | 0.23                 | 0.25        | 0.23                 | 0.26        |
| <b>Weighted average number of common shares</b>  | shares | 346,496,592          | 321,784,487 | 346,496,592          | 321,784,487 |

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 SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007**

|                               |       | In Baht                                |                                |                                   |                |               |
|-------------------------------|-------|--|--------------------------------|-----------------------------------|----------------|---------------|
|                               |       | Issued and<br>paid-up<br>share capital | Premium<br>on share<br>capital | Retained earnings                 |                |               |
|                               | NOTES |  |                                | Appropriated<br>for legal reserve | Unappropriated |               |
|                               |       |  |                                |                                   | Total          |               |
| BALANCE as at January 1, 2007 |       | 314,997,360                            | 68,000,000                     | 30,710,000                        | 722,895,561    | 1,136,602,921 |
| Stock dividends               | 15    | 31,499,232                             | -                              | -                                 | (31,499,232)   | -             |
| Dividends paid                | 16    | -                                      | -                              | -                                 | (78,749,344)   | (78,749,344)  |
| Net income                    |       | -                                      | -                              | -                                 | 79,033,805     | 79,033,805    |
| BALANCE as at June 30, 2007   |       | 346,496,592                            | 68,000,000                     | 30,710,000                        | 691,680,790    | 1,136,887,382 |
| BALANCE as at January 1, 2008 |       | 346,496,592                            | 68,000,000                     | 34,650,000                        | 708,627,294    | 1,157,773,886 |
| Dividends paid                | 16    | -                                      | -                              | -                                 | (103,947,478)  | (103,947,478) |
| Net income                    |       | -                                      | -                              | -                                 | 78,993,028     | 78,993,028    |
| BALANCE as at June 30, 2008   |       | 346,496,592                            | 68,000,000                     | 34,650,000                        | 683,672,844    | 1,132,819,436 |

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 SIX-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007**

|                               |    | 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, 2007 |    | 314,997,360   | 68,000,000 | 30,710,000        | 715,350,151    | 1,129,057,511 |
| Stock dividends               | 15 | 31,499,232    | -          | -                 | (31,499,232)   | -             |
| Dividends paid                | 16 | -             | -          | -                 | (78,749,344)   | (78,749,344)  |
| Net income                    |    | -             | -          | -                 | 82,569,652     | 82,569,652    |
| BALANCE as at June 30, 2007   |    | 346,496,592   | 68,000,000 | 30,710,000        | 687,671,227    | 1,132,877,819 |
|                               |    |               |            |                   |                |               |
| BALANCE as at January 1, 2008 |    | 346,496,592   | 68,000,000 | 34,650,000        | 704,582,104    | 1,153,728,696 |
| Dividends paid                | 16 | -             | -          | -                 | (103,947,478)  | (103,947,478) |
| Net income                    |    | -             | -          | -                 | 79,505,914     | 79,505,914    |
| BALANCE as at June 30, 2008   |    | 346,496,592   | 68,000,000 | 34,650,000        | 680,140,540    | 1,129,287,132 |

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

## CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

## STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007

|  | In Baht              |                    |                      |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | Consolidated         |                    | Separate             |                    |
|  | financial statements |                    | financial statements |                    |
|  | 2008                 | 2007               | 2008                 | 2007               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |                    |                      |                    |
| Net income   | 78,993,028           | 79,033,805         | 79,505,914           | 82,569,652         |
| Adjustments to reconcile net income to net cash provided by operating activities     |                      |                    |                      |                    |
| Unrealized loss (gain) on exchange rate  | (615,654)            | 174,781            | (558,513)            | 160,347            |
| Bad debts and doubtful accounts (Reversal of )                                       | 164,028              | (1,974,614)        | 164,028              | (1,974,614)        |
| Provision for inventory obsolescence (Reversal of )                                  | 4,489                | (9,289,363)        | 4,489                | (9,289,363)        |
| Loss (Gain) on disposal of equipment   | (743)                | 261,073            | (743)                | 261,073            |
| Loss on written off assets   | -                    | 632,797            | -                    | 632,797            |
| Depreciation   | 36,783,378           | 36,551,902         | 36,587,607           | 36,349,339         |
| Amortization of intangible assets  | 211,013              | 186,459            | 211,013              | 186,459            |
| Interest expenses  | -                    | 5,971              | -                    | 5,971              |
| Income from operating activities before change in operational assets and liabilities | 115,539,539          | 105,582,811        | 115,913,795          | 108,901,661        |
| Decrease (Increase) in operational assets  |                      |                    |                      |                    |
| Trade accounts receivable - related companies  | (11,163,883)         | (1,994,644)        | (9,159,530)          | (10,619,920)       |
| Trade accounts receivable - other companies  | (48,174,736)         | (26,163,096)       | (51,843,924)         | (20,523,993)       |
| Inventories  | 28,109,806           | 17,754,439         | 31,104,912           | 18,545,409         |
| Accounts receivable - planters   | (7,326,949)          | (5,965,121)        | (7,326,949)          | (5,965,121)        |
| Value added tax receivable   | 426,680              | 330,871            | 449,607              | 298,997            |
| Other current assets   | (1,717,661)          | (1,114,464)        | (1,712,203)          | (1,127,946)        |
| Other non - current assets   | 914,907              | (162,851)          | 912,546              | (197,239)          |
| Increase (Decrease) in operational liabilities                                       |                      |                    |                      |                    |
| Trade accounts payable   | 14,070,503           | 27,602,257         | 14,070,503           | 27,602,257         |
| Accrued expenses   | (8,731,629)          | (8,106,092)        | (8,252,337)          | (8,262,210)        |
| Other current liabilities  | (751,122)            | 7,788,517          | 257,160              | 7,745,867          |
| <b>Cash receipt from operation</b>   | <b>81,195,455</b>    | <b>115,552,627</b> | <b>84,413,580</b>    | <b>116,397,762</b> |
| Interest paid  | -                    | (5,971)            | -                    | (5,971)            |
| Income taxes paid  | (43,447)             | (41,500)           | (41,086)             | (37,112)           |
| Net cash provided by operating activities  | <b>81,152,008</b>    | <b>115,505,156</b> | <b>84,372,494</b>    | <b>116,354,679</b> |

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



## CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

## STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007

|   | In Baht              |              |                      |              |
|---|----------------------|--------------|----------------------|--------------|
|   | Consolidated         |              | Separate             |              |
|   | financial statements |              | financial statements |              |
|   | 2008                 | 2007         | 2008                 | 2007         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                      |              |                      |              |
| Decrease (Increase) in fixed deposits at financial institutions | 46,307,848           | (7,131,103)  | 50,000,000           | -            |
| Proceeds from disposal of equipment                             | 748                  | 918,813      | 748                  | 918,813      |
| Cash paid for acquisition of property, plant and equipment      |                      |              |                      |              |
| (cash flows information)  | (18,682,265)         | (20,859,635) | (18,671,295)         | (20,859,635) |
| Net cash provided by (used in) investing activities             | 27,626,331           | (27,071,925) | 31,329,453           | (19,940,822) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                      |              |                      |              |
| Dividend paid   | (103,947,478)        | (78,749,344) | (103,947,478)        | (78,749,344) |
| Net cash used in financing activities                           | (103,947,478)        | (78,749,344) | (103,947,478)        | (78,749,344) |
| Net increase in cash and cash equivalents                       | 4,830,861            | 9,683,887    | 11,754,469           | 17,664,513   |
| Cash and cash equivalents, beginning of period                  | 142,307,959          | 208,458,965  | 122,171,317          | 181,007,023  |
| Cash and cash equivalents, end of period                        | 147,138,820          | 218,142,852  | 133,925,786          | 198,671,536  |
| <u>Supplement disclosures of cash flows information</u>         |                      |              |                      |              |
| <u>Property, Plant and Equipment</u>                            |                      |              |                      |              |
| Detail of acquisition of property, plant and equipment          |                      |              |                      |              |
| during the period are as follows :                              |                      |              |                      |              |
| Acquisition of property, plant and equipment during the period  | (20,195,462)         | (21,952,297) | (20,184,492)         | (21,952,297) |
| <u>Less</u> outstanding liabilities                             | 1,513,197            | 1,092,662    | 1,513,197            | 1,092,662    |
| Cash paid for acquisition of property, plant and equipment      | (18,682,265)         | (20,859,635) | (18,671,295)         | (20,859,635) |

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