

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

	Notes	In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
ASSETS		"Reviewed"		"Reviewed"	
CURRENT ASSETS					
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
TOTAL CURRENT ASSETS		650,115,526	654,900,979	636,712,498	635,995,471
NON - CURRENT ASSETS					
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
TOTAL NON - CURRENT ASSETS		563,735,809	577,714,051	572,673,724	590,159,317
TOTAL ASSETS		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.

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"
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Notes	<u>"Reviewed"</u>	<u>"Reviewed"</u>	<u>"Reviewed"</u>	<u>"Reviewed"</u>
CURRENT LIABILITIES					
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		<u>26,855,182</u>	<u>36,248,127</u>	<u>25,922,373</u>	<u>33,833,075</u>
TOTAL CURRENT LIABILITIES		<u>81,031,899</u>	<u>74,841,144</u>	<u>80,099,090</u>	<u>72,426,092</u>
SHAREHOLDERS' EQUITY					
Share capital - Baht 1 par value					
Authorized shares					
346,497,096 common shares		<u>346,497,096</u>	<u>346,497,096</u>	<u>346,497,096</u>	<u>346,497,096</u>
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		<u>683,672,844</u>	<u>708,627,294</u>	<u>680,140,540</u>	<u>704,582,104</u>
Total shareholders' equity		<u>1,132,819,436</u>	<u>1,157,773,886</u>	<u>1,129,287,132</u>	<u>1,153,728,696</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,213,851,335</u>	<u>1,232,615,030</u>	<u>1,209,386,222</u>	<u>1,226,154,788</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 THREE-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
REVENUES				
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	<u>398,256,913</u>	<u>360,652,409</u>	<u>392,714,193</u>	<u>356,548,023</u>
EXPENSES				
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	<u>321,302,395</u>	<u>291,611,263</u>	<u>316,511,444</u>	<u>286,366,066</u>
Income before interest expenses	76,954,518	69,041,146	76,202,749	70,181,957
Interest expenses	-	(290)	-	(290)
NET INCOME	<u>76,954,518</u>	<u>69,040,856</u>	<u>76,202,749</u>	<u>70,181,667</u>
Net income attributable to:				
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>
BASIC EARNINGS PER SHARE				
NET INCOME	<u>0.22</u>	<u>0.21</u>	<u>0.22</u>	<u>0.21</u>
Weighted average number of common shares 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
REVENUES				
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	<u>634,194,053</u>	<u>604,427,377</u>	<u>623,687,783</u>	<u>597,425,470</u>
EXPENSES				
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	<u>555,201,025</u>	<u>525,387,601</u>	<u>544,181,869</u>	<u>514,849,847</u>
Income before interest expenses	78,993,028	79,039,776	79,505,914	82,575,623
Interest expenses	-	(5,971)	-	(5,971)
NET INCOME	<u>78,993,028</u>	<u>79,033,805</u>	<u>79,505,914</u>	<u>82,569,652</u>
Net income attributable to:				
Equity holders of the parent	78,993,028	79,033,805	79,505,914	82,569,652
Minority interest of the subsidiary	-	-	-	-
	<u>78,993,028</u>	<u>79,033,805</u>	<u>79,505,914</u>	<u>82,569,652</u>
BASIC EARNINGS PER SHARE				
NET INCOME	<u>0.23</u>	<u>0.25</u>	<u>0.23</u>	<u>0.26</u>
Weighted average number of common shares shares	<u>346,496,592</u>	<u>321,784,487</u>	<u>346,496,592</u>	<u>321,784,487</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
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007

	NOTES	In Baht				Total
		Issued and paid-up share capital	Premium on share capital	Retained earnings		
				for legal reserve	Unappropriated	
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		<u>346,496,592</u>	<u>68,000,000</u>	<u>30,710,000</u>	<u>691,680,790</u>	<u>1,136,887,382</u>
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		<u>346,496,592</u>	<u>68,000,000</u>	<u>34,650,000</u>	<u>683,672,844</u>	<u>1,132,819,436</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 SIX-MONTH PERIODS ENDED JUNE 30, 2008 AND 2007

		In Baht				
		Issued and	Premium	Retained earnings		
		paid - up	on share	Appropriated		
<u>NOTES</u>		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	<u>346,496,592</u>	<u>68,000,000</u>	<u>30,710,000</u>	<u>687,671,227</u>	<u>1,132,877,819</u>
	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	<u>346,496,592</u>	<u>68,000,000</u>	<u>34,650,000</u>	<u>680,140,540</u>	<u>1,129,287,132</u>

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
CASH FLOWS FROM OPERATING ACTIVITIES				
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
Cash receipt from operation	81,195,455	115,552,627	84,413,580	116,397,762
Interest paid	-	(5,971)	-	(5,971)
Income taxes paid	(43,447)	(41,500)	(41,086)	(37,112)
Net cash provided by operating activities	<u>81,152,008</u>	<u>115,505,156</u>	<u>84,372,494</u>	<u>116,354,679</u>

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
CASH FLOWS FROM INVESTING ACTIVITIES				
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	<u>27,626,331</u>	<u>(27,071,925)</u>	<u>31,329,453</u>	<u>(19,940,822)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(103,947,478)	(78,749,344)	(103,947,478)	(78,749,344)
Net cash used in financing activities	<u>(103,947,478)</u>	<u>(78,749,344)</u>	<u>(103,947,478)</u>	<u>(78,749,344)</u>
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	<u>147,138,820</u>	<u>218,142,852</u>	<u>133,925,786</u>	<u>198,671,536</u>
<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	<u>1,513,197</u>	<u>1,092,662</u>	<u>1,513,197</u>	<u>1,092,662</u>
Cash paid for acquisition of property, plant and equipment	<u>(18,682,265)</u>	<u>(20,859,635)</u>	<u>(18,671,295)</u>	<u>(20,859,635)</u>

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