

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

INTERIM FINANCIAL STATEMENTS

AND REVIEW REPORT OF CERTIFIED PUBLIC ACCOUNTANT

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

EXPRESSED IN THAI BAHT

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARY

BALANCE SHEETS

AS AT SEPTEMBER 30, 2008 AND DECEMBER 31, 2007

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		September 30, 2008	December 31, 2007	September 30, 2008	December 31, 2007
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
<u>ASSETS</u>	<u>Notes</u>	<u>"Reviewed"</u>		<u>"Reviewed"</u>	
CURRENT ASSETS					
Cash and cash equivalents		155,791,248	142,307,959	140,793,046	122,171,317
Current investments	5	50,000,000	50,000,000	50,000,000	50,000,000
Trade accounts receivable - related companies	4.2,6	17,099,237	19,047,724	32,562,068	33,216,698
- other companies - net	6	69,245,993	43,559,316	52,719,905	30,730,324
Inventories-net	7	356,446,488	366,532,091	356,446,488	366,532,091
Other current assets					
Accounts receivable - planters - net	8	29,785,666	29,295,519	29,785,666	29,295,519
Value added tax receivable		1,202,961	2,573,109	1,080,162	2,519,868
Others		2,617,367	1,585,261	2,554,874	1,529,654
Total other current assets		33,605,994	33,453,889	33,420,702	33,345,041
TOTAL CURRENT ASSETS		682,188,960	654,900,979	665,942,209	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	497,745,231	526,291,136	497,457,898	525,759,482
Non operating land	11	16,107,988	13,437,988	16,107,988	13,437,988
Intangible assets - net	12	548,219	858,584	548,219	858,584
Other non - current assets					
Fixed deposits pledged as collateral	13	14,146,975	10,375,838	-	-
Others		1,505,178	2,250,505	1,504,278	2,249,605
Total other non - current assets		15,652,153	12,626,343	1,504,278	2,249,605
TOTAL NON - CURRENT ASSETS		554,553,591	577,714,051	563,472,041	590,159,317
TOTAL ASSETS		1,236,742,551	1,232,615,030	1,229,414,250	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 SEPTEMBER 30, 2008 AND DECEMBER 31, 2007

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		September 30, 2008	December 31, 2007	September 30, 2008	December 31, 2007
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Notes</u>	<u>"Reviewed"</u>		<u>"Reviewed"</u>	
CURRENT LIABILITIES					
Trade accounts payable		34,256,909	38,593,017	34,256,909	38,593,017
Other current liabilities					
Accrued expenses		26,629,957	33,789,153	24,723,913	32,463,184
Others		1,898,620	2,458,974	1,486,654	1,369,891
Total other current liabilities		28,528,577	36,248,127	26,210,567	33,833,075
TOTAL CURRENT LIABILITIES		62,785,486	74,841,144	60,467,476	72,426,092
SHAREHOLDERS' EQUITY					
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		724,810,473	708,627,294	719,800,182	704,582,104
Total shareholders' equity		1,173,957,065	1,157,773,886	1,168,946,774	1,153,728,696
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,236,742,551	1,232,615,030	1,229,414,250	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 SEPTEMBER 30, 2008 AND 2007

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
REVENUES				
Sales	350,114,738	245,449,506	337,144,256	241,110,402
Gain on exchange rate	-	527,725	-	500,234
Interest income	946,174	1,191,404	835,918	1,063,225
Reversal of provision for inventory obsolescence	207,523	139,679	207,523	139,679
Other income	3,345,341	1,488,048	3,500,441	1,645,501
Total revenues	354,613,776	248,796,362	341,688,138	244,459,041
EXPENSES				
Cost of sales	251,278,594	183,173,707	249,622,844	183,173,707
Selling and administrative expenses	57,598,335	40,208,512	49,149,193	34,657,192
Loss on exchange rate	3,286,781	-	1,944,022	-
Directors' remuneration	1,312,404	1,340,000	1,312,404	1,340,000
Total expenses	313,476,114	224,722,219	302,028,463	219,170,899
Income before interest expenses	41,137,662	24,074,143	39,659,675	25,288,142
Interest expenses	(33)	(5)	(33)	(5)
NET INCOME	41,137,629	24,074,138	39,659,642	25,288,137
Net income attributable to:				
Equity holders of the parent	41,137,629	24,074,138	39,659,642	25,288,137
Minority interest of the subsidiary	-	-	-	-
	41,137,629	24,074,138	39,659,642	25,288,137
BASIC EARNINGS PER SHARE				
NET INCOME	0.12	0.07	0.11	0.07
Weighted average number of common shares shares	346,496,592	346,496,592	346,496,592	346,496,592

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
REVENUES					
Sales		971,582,396	833,147,599	949,377,419	821,878,799
Gain on exchange rate		5,015,379	2,436,891	5,015,379	2,409,400
Interest income		2,801,333	3,676,569	2,451,861	3,157,459
Reversal of provision for inventory obsolescence		207,523	10,152,162	207,523	10,152,162
Other income		5,914,417	3,810,518	6,379,717	4,286,691
Total revenues		985,521,048	853,223,739	963,431,899	841,884,511
EXPENSES					
Cost of sales		704,580,145	606,326,842	702,195,578	605,842,808
Selling and administrative expenses		156,817,794	139,762,978	138,078,313	124,157,938
Directors' remuneration		3,992,404	4,020,000	3,992,404	4,020,000
Total expenses		865,390,343	750,109,820	844,266,295	734,020,746
Income before interest expenses		120,130,705	103,113,919	119,165,604	107,863,765
Interest expenses		(48)	(5,976)	(48)	(5,976)
NET INCOME		120,130,657	103,107,943	119,165,556	107,857,789
Net income attributable to:					
Equity holders of the parent		120,130,657	103,107,943	119,165,556	107,857,789
Minority interest of the subsidiary		-	-	-	-
		120,130,657	103,107,943	119,165,556	107,857,789
BASIC EARNINGS PER SHARE					
NET INCOME		0.35	0.31	0.34	0.33
Weighted average number of common shares	shares	346,496,592	330,112,376	346,496,592	330,112,376

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

		In Baht				
		Issued and paid-up share capital	Premium on share capital	Retained earnings		
	NOTES			Appropriated 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		-	-	-	103,107,943	103,107,943
BALANCE as at September 30, 2007		<u>346,496,592</u>	<u>68,000,000</u>	<u>30,710,000</u>	<u>715,754,928</u>	<u>1,160,961,520</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		-	-	-	120,130,657	120,130,657
BALANCE as at September 30, 2008		<u>346,496,592</u>	<u>68,000,000</u>	<u>34,650,000</u>	<u>724,810,473</u>	<u>1,173,957,065</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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

		In Baht				
	NOTES	Issued and	Premium	Retained earnings		Total
		paid - up	on share	Appropriated	Unappropriated	
		share capital	capital	for legal reserve		
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		-	-	-	107,857,789	107,857,789
BALANCE as at September 30, 2007		<u>346,496,592</u>	<u>68,000,000</u>	<u>30,710,000</u>	<u>712,959,364</u>	<u>1,158,165,956</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		-	-	-	119,165,556	119,165,556
BALANCE as at September 30, 2008		<u>346,496,592</u>	<u>68,000,000</u>	<u>34,650,000</u>	<u>719,800,182</u>	<u>1,168,946,774</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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	120,130,657	103,107,943	119,165,556	107,857,789
Adjustments to reconcile net income to net cash provided by operating activities				
Unrealized loss (Gain) on exchange rate	(260,445)	6,320	(403,565)	11,660
Bad debts and doubtful accounts (Reversal of)	168,020	(2,712,532)	168,020	(2,712,532)
Reversal of provision for inventory obsolescence	(207,523)	(9,075,272)	(207,523)	(9,075,272)
Loss (Gain) on disposal of equipment	(1,048,798)	261,073	(1,048,798)	261,073
Loss on written off assets	-	632,802	-	632,802
Depreciation	58,840,981	55,841,096	58,585,690	55,535,573
Amortization of intangible assets	310,365	260,594	310,365	260,594
Interest expenses	48	5,976	48	5,976
Income from operating activities before change in operational assets and liabilities	177,933,305	148,328,000	176,569,793	152,777,663
Decrease (Increase) in operational assets				
Trade accounts receivable - related companies	2,120,124	(1,845,095)	875,277	(9,454,556)
Trade accounts receivable - other companies	(25,551,002)	(7,890,648)	(21,758,817)	(438,983)
Inventories	10,293,126	(33,254,867)	10,293,126	(32,571,737)
Accounts receivable - planters	(628,167)	4,872,122	(628,167)	4,872,122
Value added tax receivable	1,370,148	636,806	1,439,706	683,417
Other current assets	(1,032,106)	920,482	(1,025,220)	895,858
Other non - current assets	804,612	(352,727)	801,152	(388,523)
Increase (Decrease) in operational liabilities				
Trade accounts payable	(5,269,908)	(1,438,451)	(5,269,908)	(1,438,451)
Accrued expenses	(7,236,063)	(9,808,235)	(7,817,117)	(10,036,884)
Other current liabilities	(560,354)	530,690	116,763	(18,845)
Cash receipt from operation	152,243,715	100,698,077	153,596,588	104,881,081
Interest paid	(48)	(5,976)	(48)	(5,976)
Income taxes paid	(59,285)	(135,575)	(55,825)	(129,779)
Net cash provided by operating activities	152,184,382	100,556,526	153,540,715	104,745,326

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in fixed deposits at financial institutions	(3,771,137)	(57,199,017)	-	(50,000,000)
Proceeds from disposal of equipment	1,055,934	918,813	1,055,934	918,813
Cash paid for acquisition of property, plant and equipment (cash flows information)	(29,368,412)	(28,138,404)	(29,357,442)	(28,138,404)
Cash paid for acquisition of non operating land	(2,670,000)	-	(2,670,000)	-
Net cash used in investing activities	(34,753,615)	(84,418,608)	(30,971,508)	(77,219,591)
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	(103,947,478)	(78,749,344)	(103,947,478)	(78,749,344)
Net increase(decrease) in cash and cash equivalents	13,483,289	(62,611,426)	18,621,729	(51,223,609)
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	155,791,248	145,847,539	140,793,046	129,783,414
<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	(30,302,212)	(28,966,370)	(30,291,242)	(28,966,370)
<u>Less</u> Increase in payable from acquisition of assets	933,800	827,966	933,800	827,966
Cash paid for acquisition of property, plant and equipment	(29,368,412)	(28,138,404)	(29,357,442)	(28,138,404)

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