

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

D AND SUBSIDIARIES

T

D JUNE 30, 2006 AND 2005

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT JUNE 30, 2006 AND DECEMBER 31, 2005

		IN BAHT			
		CONSOLIDATED		THE COMPANY ONLY	
		June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
		"UNAUDITED"		"UNAUDITED"	
		"REVIEWED"	"AUDITED"	"REVIEWED"	"AUDITED"
<u>ASSETS</u>	<u>Notes</u>				
CURRENT ASSETS					
Cash and cash equivalents		151,975,196	123,888,186	110,059,978	91,629,533
Current investments					
Deposits at financial institutions-fixed deposits	4	50,000,000	50,000,000	50,000,000	50,000,000
Trade accounts receivable - related companies	3.2,5	21,433,711	20,372,930	31,866,289	21,985,601
- other companies-net	5	115,517,886	75,072,666	76,918,015	43,982,919
Inventories-net	6	251,735,923	274,969,754	243,208,067	267,570,846
Other current assets					
Accounts receivable - planters- net	7	27,834,074	26,177,890	27,834,074	26,177,890
Receivables from sales of investments		-	1,298,736	-	1,298,736
Value added tax receivable		2,847,143	1,669,797	1,854,281	1,188,668
Others		6,067,765	4,460,452	3,574,468	1,520,298
Total other current assets		36,748,982	33,606,875	33,262,823	30,185,592
TOTAL CURRENT ASSETS		627,411,698	577,910,411	545,315,172	505,354,491
NON - CURRENT ASSETS					
Investments in subsidiaries at equity method	8	-	-	66,361,593	76,778,665
Long-term loan to related company	3.2	-	-	24,500,000	24,500,000
Property, plant and equipment - net	9	728,087,045	747,570,604	564,968,951	579,506,429
Intangible assets - net	10	1,561,360	1,774,298	1,374,170	1,534,907
Other non - current assets					
Fixed deposits pledged as collateral	18.1	3,577,803	4,675,988	-	-
Others		2,583,447	3,700,933	1,822,581	2,682,684
Total other non - current assets		6,161,250	8,376,921	1,822,581	2,682,684
TOTAL NON - CURRENT ASSETS		735,809,655	757,721,823	659,027,295	685,002,685
TOTAL ASSETS		1,363,221,353	1,335,632,234	1,204,342,467	1,190,357,176

The notes to 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 JUNE 30, 2006 AND DECEMBER 31, 2005

		IN BAHT			
		CONSOLIDATED		THE COMPANY ONLY	
		June 30,2006	December 31,2005	June 30,2006	December 31,2005
		"UNAUDITED"		"UNAUDITED"	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Notes	"REVIEWED"	"AUDITED"	"REVIEWED"	"AUDITED"
CURRENT LIABILITIES					
Bank Overdrafts	11	35,376,758	20,627,792	5,929,571	4,019,782
Trade accounts payable		79,271,030	58,768,380	42,547,363	36,901,874
Current portion of liabilities under finance lease agreements		1,493,073	1,634,679	-	-
Current portion of long-term loans	12	13,200,000	13,200,000	-	-
Other current liabilities					
Accrued income tax and accrued expenses		34,970,697	41,224,394	27,016,679	33,364,433
Others		5,177,226	4,592,189	1,782,726	6,455,885
Total other current liabilities		40,147,923	45,816,583	28,799,405	39,820,318
TOTAL CURRENT LIABILITIES		169,488,784	140,047,434	77,276,339	80,741,974
NON - CURRENT LIABILITIES					
Liabilities under finance lease agreements - net		137,286	797,188	-	-
Long - term loans from financial institution - net	12	4,900,000	12,600,000	-	-
Long - term loans from related companies	3.2	25,500,000	25,500,000	-	-
TOTAL NON - CURRENT LIABILITIES		30,537,286	38,897,188	-	-
TOTAL LIABILITIES		200,026,070	178,944,622	77,276,339	80,741,974
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	15	25,420,000	25,420,000	25,420,000	25,420,000
Unappropriated		718,648,768	701,197,842	718,648,768	701,197,842
Total parent's shareholders' equity		1,127,066,128	1,109,615,202	1,127,066,128	1,109,615,202
Minority interest		36,129,155	47,072,410	-	-
Total Shareholders' Equity		1,163,195,283	1,156,687,612	1,127,066,128	1,109,615,202
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,363,221,353	1,335,632,234	1,204,342,467	1,190,357,176

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

		IN BAHT	
		CONSOLIDATED	THE COMPANY
		2006	2005
		2006	2006
REVENUES			
Sales and service income		411,975,879	398,717,355
Share of profit from investments in subsidiary at equity method		-	-
Gain on exchange rate		7,447,231	7,447,231
Interest income		875,380	72,835
Other income		2,912,729	2,171,294
Total revenues		423,211,219	359,487,763
EXPENSES			
Cost of sales and services		278,174,496	284,188,117
Selling and administrative expenses		66,072,453	74,094,492
Share of loss of investments in subsidiaries at equity method		-	4,765,700
Loss on exchange rate		-	1,256,418
Director's remuneration		1,233,333	1,233,333
Total expenses		345,480,282	278,077,130
Income before interest expenses and income tax		77,730,937	81,410,633
Interest expenses		(1,190,718)	(153)
Reversal Income tax		60,636	-
Income after income tax		76,600,855	81,410,480
Minority interest in net loss of subsidiary		4,809,625	-
NET INCOME		81,410,480	81,410,480
BASIC EARNINGS(LOSS) PER SHARE			
NET INCOME		0.26	0.26
Weighted average number of common shares	shares	314,997,360	314,997,360

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

"UNAUDITED"
"REVIEWED"

ANY ONLY

2005

344,603,910

3,877,677

-

198,558

1,966,281

350,646,426

242,842,794

50,963,721

7,071,791

1,213,604

1,100,000

303,191,910

47,454,516

(70,760)

-

47,383,756

-

47,383,756

0.18

266,537,040

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

		IN BAHT			
		CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
REVENUES					
Sales and service income		695,199,982	635,909,338	575,837,384	537,810,104
Share of profit from investments in subsidiary					
at equity method		-	-	97,035	4,209,713
Gain on exchange rate		11,369,848	1,876,914	11,369,848	1,668,108
Interest income		1,384,065	551,347	1,501,852	679,517
Other income		4,799,397	5,606,729	3,389,624	4,353,368
Total revenues		712,753,292	643,944,328	592,195,743	548,720,810
EXPENSES					
Cost of sales and services		495,374,384	507,260,675	397,833,022	427,523,912
Selling and administrative expenses		127,435,424	135,535,603	85,314,828	90,074,163
Share of loss of investments in subsidiary					
at equity method		-	-	10,514,107	15,579,655
Director's remuneration		2,333,333	2,200,000	2,333,333	2,200,000
Total expenses		625,143,141	644,996,278	495,995,290	535,377,730
Income(Loss) before interest expenses and income tax		87,610,151	(1,051,950)	96,200,453	13,343,080
Interest expenses		(2,307,502)	(2,004,528)	(187)	(183,998)
Income tax		(45,638)	-	-	-
Income(Loss) after income tax		85,257,011	(3,056,478)	96,200,266	13,159,082
Minority interest in net loss of subsidiary		10,943,255	16,215,560	-	-
NET INCOME		96,200,266	13,159,082	96,200,266	13,159,082
BASIC EARNINGS PER SHARE					
NET INCOME		0.31	0.06	0.31	0.06
Weighted average number of common shares	shares	314,997,360	238,424,700	314,997,360	238,424,700

The notes to 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 SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

		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, 2005	210,000,000	68,000,000	21,000,000	774,729,161	69,224,325	1,142,953,486
13	Stock dividends	104,997,360	-	-	(104,997,360)	-	-
14	Dividends paid	-	-	-	(52,500,000)	-	(52,500,000)
	Net income	-	-	-	13,159,082	-	13,159,082
	Minority interest from investment in subsidiary	-	-	-	-	6,375,000	6,375,000
	Minority interest in net loss of subsidiary	-	-	-	-	(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>
	BALANCE as at January 1, 2006	314,997,360	68,000,000	25,420,000	701,197,842	47,072,410	1,156,687,612
14	Dividends paid	-	-	-	(78,749,340)	-	(78,749,340)
	Net income	-	-	-	96,200,266	-	96,200,266
	Minority interest in net loss of subsidiary	-	-	-	-	(10,943,255)	(10,943,255)
	BALANCE as at June 30, 2006	<u>314,997,360</u>	<u>68,000,000</u>	<u>25,420,000</u>	<u>718,648,768</u>	<u>36,129,155</u>	<u>1,163,195,283</u>

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

"UNAUDITED"

"REVIEWED"

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

		IN BAHT			
<u>Notes</u>		Issued and paid - up share capital	Premium on share capital	Retained earnings	
				Appropriated for legal reserve	Unappropriated
					Total
BALANCE as at January 1, 2005		210,000,000	68,000,000	21,000,000	774,729,161
Stock dividends	13	104,997,360	-	-	(104,997,360)
Dividends paid	14	-	-	-	(52,500,000)
Net income		-	-	-	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>
BALANCE as at January 1, 2006		314,997,360	68,000,000	25,420,000	701,197,842
Dividends paid	14	-	-	-	(78,749,340)
Net income		-	-	-	96,200,266
BALANCE as at June 30, 2006		<u>314,997,360</u>	<u>68,000,000</u>	<u>25,420,000</u>	<u>718,648,768</u>

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

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"REVIEWED"

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	96,200,266	13,159,082	96,200,266	13,159,082
Adjustments to reconcile net income to net cash provided by operating activities				
Unrealized loss(gain) on exchange rate	298,924	(2,097,322)	261,357	(2,040,039)
Allowance for doubtful accounts (Reversal)	730,626	571,174	184,020	(1,399,545)
Loss(gain) on disposal of fixed assets	(875,574)	60,619	(875,574)	60,619
Loss on written off assets	11,104	313,909	11,104	-
Depreciation	46,202,143	43,446,323	34,242,439	32,034,496
Amortization of software	212,938	-	160,737	-
Provision for obsolescence	(1,527,991)	(2,151,832)	(1,527,991)	(2,151,832)
Share of profit from investments in subsidiary at equity method	-	-	(97,035)	(4,209,713)
Share of loss from investments in subsidiary at equity method	-	-	10,514,107	15,579,655
Minority interest in net loss of subsidiary	(10,943,255)	(16,215,560)	-	-
Income from operating activities before change in operational assets and liabilities	130,309,181	37,086,393	139,073,430	51,032,723
Decrease (Increase) in operational assets				
Trade accounts receivable	(42,372,832)	(5,588,070)	(43,093,450)	(6,194,069)
Inventories	24,761,822	(22,484,375)	25,890,770	(20,396,737)
Accounts receivable - planters	(1,840,204)	13,995,449	(1,840,204)	13,995,449
Other current assets	(1,485,923)	5,117,756	(1,421,047)	6,635,369
Other non - current assets	1,117,486	2,233,241	860,103	1,728,435
Increase (Decrease) in operational liabilities				
Trade accounts payable	19,484,553	8,545,805	4,623,392	9,870,798
Accrued income tax and accrued expenses	(6,232,396)	(3,733,393)	(6,331,445)	(5,900,061)
Other current liabilities	248,137	(1,351,035)	(4,673,159)	13,561,392
Net cash provided by operating activities	123,989,824	33,821,771	113,088,390	64,333,299

The notes to 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 SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

	IN BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in investment in subsidiary	-	-	-	(6,125,000)
Increase in long - term loan to related company	-	-	-	(30,000,000)
Decrease in deposits at financial institutions-fixed deposits	1,098,185	150,000,000	-	150,000,000
Proceeds from disposal of fixed assets	921,378	910,983	921,378	910,983
Cash paid for acquisition of plant and equipment (cash flows information)	(25,420,495)	(137,370,219)	(18,739,772)	(132,506,922)
Net cash provided by (used in) investing activities	(23,400,932)	13,540,764	(17,818,394)	(17,720,939)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (Decrease) in bank overdrafts	14,748,966	(2,699,120)	1,909,789	(2,172,151)
Repayment liabilities - under finance lease agreements	(801,508)	(1,130,114)	-	-
Repayment of long-term loans	(7,700,000)	(6,600,000)	-	-
Paid dividends	(78,749,340)	(52,500,000)	(78,749,340)	(52,500,000)
Cash received for capital from minority interest	-	6,375,000	-	-
Net cash used in financing activities	(72,501,882)	(56,554,234)	(76,839,551)	(54,672,151)
Net increase(decrease) in cash and cash equivalents	28,087,010	(9,191,699)	18,430,445	(8,059,791)
Cash and cash equivalents, beginning of period	123,888,186	85,890,428	91,629,533	68,226,033
Cash and cash equivalents, end of period	151,975,196	76,698,729	110,059,978	60,166,242

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

Interest expense	2,432,518	2,167,918	187	183,998
Corporate income tax	906,204	67,692	28,599	65,681

2. Property, Plant and Equipment

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

Acquisition of plant and equipment during the period	(26,775,492)	(141,092,763)	(19,761,869)	(136,229,466)
<u>Less</u> outstanding liabilities	1,354,997	3,722,544	1,022,097	3,722,544
Cash paid for acquisition of plant and equipment	(25,420,495)	(137,370,219)	(18,739,772)	(132,506,922)

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