

Thai Union Frozen Products Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2011 and 2010

## **Report of Independent Auditor**

To the Shareholders of Thai Union Frozen Products Public Company Limited

I have audited the accompanying consolidated statement of financial position of Thai Union Frozen Products Public Company Limited and its subsidiaries as at 31 December 2011, the related consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and have also audited the separate financial statements of Thai Union Frozen Products Public Company Limited for the same year. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of overseas subsidiaries, Thai Union International, Inc. and its subsidiaries and PT Juifa International Foods and Yueh Chyang Canned Food Co., Ltd., which are included in the consolidated financial statements. As at 31 December 2011, these subsidiaries had total assets of Baht 15,617 million, and total revenues for the year then ended of Baht 32,375 million. The financial statements of these subsidiaries were audited by another auditors whose reports have been furnished to me, and my opinion, in so far as it relates to the amounts included for those subsidiaries in the consolidated financial statements, is based solely on the report of those auditors.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit, together with the reports of the other auditors referred to in the first paragraph, provide a reasonable basis for my opinion.

In my opinion, based on my audit and the audit reports of another auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Union Frozen Products Public Company Limited and its subsidiaries and of Thai Union Frozen Products Public Company Limited as at 31 December 2011, and the results of their operations, and cash flows for the year then ended in accordance with generally accepted accounting principles.

The consolidated financial statements of Thai Union Frozen Products Public Company Limited and its subsidiaries, and the separate financial statements of Thai Union Frozen Products Public Company Limited for the year ended 31 December 2010 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under her report dated 28 February 2011, expressed an unqualified opinion on those statements and drew attention to the fair value of the tangible assets.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 and Note 5 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements.

Sophon Permsirivallop  
Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited  
Bangkok: 21 February 2012

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	902,520,399	1,037,296,710	55,908,174	14,912,270
Trade and other receivables	9, 10	11,160,791,416	9,261,819,663	4,088,187,150	3,066,632,071
Short-term loans to subsidiaries	10	-	-	80,000,000	625,824,650
Current portion of long-term loans to subsidiaries	10	-	-	440,335,000	2,691,738,000
Current portion of long-term loans to other companies		4,070,571	1,430,750	-	-
Inventories	11	26,131,954,501	21,346,117,741	3,618,231,368	2,423,325,643
Other current assets					
Prepaid income tax		106,600,895	286,323,491	28,162,734	28,162,734
Current portion of forward exchange contracts receivables		142,731,953	748,337,711	140,443,542	558,700,840
Value added tax refundable		664,015,221	538,929,720	42,214,924	60,726,120
Others		817,680,910	739,834,454	34,631,753	51,494,323
Total other current assets		1,731,028,979	2,313,425,376	245,452,953	699,084,017
<b>Total current assets</b>		<b>39,930,365,866</b>	<b>33,960,090,240</b>	<b>8,528,114,645</b>	<b>9,521,516,651</b>
<b>Non-current assets</b>					
Restricted deposits with financial institution	12	12,024,282	11,031,720	-	-
Investments in subsidiaries	13	-	-	4,566,571,387	4,396,708,852
Investments in associates	14	923,968,413	837,717,064	66,231,008	66,231,008
Other long-term investments	15	70,305,372	72,669,275	34,579,160	34,579,160
Long-term loans to subsidiaries - net of current portion	10	-	-	17,007,904,981	15,429,105,300
Long-term loans to other companies - net of					
current portion		24,557,502	28,630,292	-	-
Property, plant and equipment	16	15,654,960,315	14,190,173,390	3,204,693,088	3,004,741,748
Goodwill		11,674,495,827	11,396,141,526	-	-
Intangible assets	17	13,349,544,156	13,027,293,393	1,675,667	1,508,855
Other non-current assets					
Forward exchange contracts receivables					
- net of current portion		76,264,500	387,308,300	76,264,500	387,308,300
Leasehold rights		175,671,012	21,094,331	-	-
Advance payment for purchase property, plant and equipment		8,251,306	35,227,356	-	-
Deferred tax assets	24	1,062,569,162	498,561,829	35,156,604	18,609,334
Unamortized discount from forward exchange contracts		185,529,121	246,928,814	185,529,121	246,928,815
Others		81,058,709	64,055,054	16,195,821	10,773,125
<b>Total non-current assets</b>		<b>43,299,199,677</b>	<b>40,816,832,344</b>	<b>25,194,801,337</b>	<b>23,596,494,497</b>
<b>Total assets</b>		<b>83,229,565,543</b>	<b>74,776,922,584</b>	<b>33,722,915,982</b>	<b>33,118,011,148</b>

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	19	14,477,174,817	8,363,776,804	3,553,985,552	1,992,669,842
Trade and other payables	10, 18	7,919,074,759	7,194,757,157	1,372,242,118	1,297,504,736
Short-term loans from subsidiaries	10	-	-	-	245,840,000
Current portion of long-term loans	20	983,548,345	516,057,950	-	-
Current portion of debentures	21	-	3,200,000,000	-	3,200,000,000
Income tax payable		202,584,061	187,665,033	36,862,821	25,084,196
Other current liabilities		1,559,477,746	1,479,031,528	343,641,837	265,745,009
<b>Total current liabilities</b>		<b>25,141,859,728</b>	<b>20,941,288,472</b>	<b>5,306,732,328</b>	<b>7,026,843,783</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	20	14,615,040,023	22,500,817,529	2,250,000,000	8,896,807,865
Debentures - net of current portion	21	7,228,325,702	500,000,000	7,228,325,702	500,000,000
Convertible bond	22	2,462,169,097	2,390,745,712	2,462,169,097	2,390,745,712
Provision for long-term employee benefits	23	992,478,495	-	190,432,553	-
Deferred tax liabilities	24	4,918,293,992	4,641,052,228	626,052	-
Forward exchange contracts payable - net of current portion		411,350,702	88,683,600	362,851,125	88,683,600
Other non-current liabilities		391,011,166	478,800,280	88,236,570	47,267,248
<b>Total non-current liabilities</b>		<b>31,018,669,177</b>	<b>30,600,099,349</b>	<b>12,582,641,099</b>	<b>11,923,504,425</b>
<b>Total liabilities</b>		<b>56,160,528,905</b>	<b>51,541,387,821</b>	<b>17,889,373,427</b>	<b>18,950,348,208</b>
<b>Shareholders' equity</b>					
Share capital	25				
Registered					
1,000,000,000 ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and paid-up					
956,329,407 ordinary shares of Baht 1 each		956,329,407	956,329,407	956,329,407	956,329,407
Share premium		8,158,890,230	8,158,890,230	8,158,890,230	8,158,890,230
Retained earnings					
Appropriated - statutory reserve	26	100,000,000	89,000,000	100,000,000	89,000,000
Unappropriated		15,207,087,354	11,850,241,901	6,618,322,918	4,963,443,303
Other components of shareholders' equity		(4,663,470)	(87,474,610)	-	-
Equity attributable to owners of the Company		24,417,643,521	20,966,986,928	15,833,542,555	14,167,662,940
Non-controlling interests of the subsidiaries		2,651,393,117	2,268,547,835	-	-
<b>Total shareholders' equity</b>		<b>27,069,036,638</b>	<b>23,235,534,763</b>	<b>15,833,542,555</b>	<b>14,167,662,940</b>
<b>Total liabilities and shareholders' equity</b>		<b>83,229,565,543</b>	<b>74,776,922,584</b>	<b>33,722,915,982</b>	<b>33,118,011,148</b>

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

Directors

Thai Union Frozen Products Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Revenues</b>					
Sales	10	98,670,377,747	71,507,401,428	23,725,730,352	21,183,980,131
Other income					
Dividend income		828,755	351,530	1,214,008,607	1,218,830,079
Interest income		9,813,442	5,458,483	1,049,605,168	437,024,383
Exchange gains		304,755,850	806,951,116	47,608,703	356,087,169
Others		603,149,130	489,528,362	203,671,429	197,178,319
Total other income		918,547,177	1,302,289,491	2,514,893,907	2,209,119,950
<b>Total revenues</b>		<b>99,588,924,924</b>	<b>72,809,690,919</b>	<b>26,240,624,259</b>	<b>23,393,100,081</b>
<b>Expenses</b>					
Cost of sales		82,301,395,646	61,976,442,881	20,907,255,927	19,586,410,643
Selling expenses		4,943,658,813	3,887,944,873	793,262,577	933,906,512
Administrative expenses		3,938,537,211	2,224,376,582	731,729,179	502,777,272
<b>Total expenses</b>		<b>91,183,591,670</b>	<b>68,088,764,336</b>	<b>22,432,247,683</b>	<b>21,023,094,427</b>
<b>Profit before share of profit from investments</b>					
<b>in associates, finance cost and corporate income tax</b>		<b>8,405,333,254</b>	<b>4,720,926,583</b>	<b>3,808,376,576</b>	<b>2,370,005,654</b>
Share of profit from investments in associates		83,729,560	23,521,321	-	-
<b>Profit before finance cost and corporate income tax</b>		<b>8,489,062,814</b>	<b>4,744,447,904</b>	<b>3,808,376,576</b>	<b>2,370,005,654</b>
Finance cost		(2,272,152,444)	(763,644,302)	(675,156,144)	(341,496,134)
<b>Profit before corporate income tax</b>		<b>6,216,910,370</b>	<b>3,980,803,602</b>	<b>3,133,220,432</b>	<b>2,028,509,520</b>
Corporate income tax	24	(192,158,813)	(628,569,170)	(110,110,413)	(77,560,909)
<b>Profit for the year</b>		<b>6,024,751,557</b>	<b>3,352,234,432</b>	<b>3,023,110,019</b>	<b>1,950,948,611</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		5,074,540,384	2,873,694,317	3,023,110,019	1,950,948,611
Non-controlling interests of the subsidiaries		950,211,173	478,540,115		
		<u>6,024,751,557</u>	<u>3,352,234,432</u>		
<b>Earnings per share</b>					
29					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>5.30</u>	<u>3.20</u>	<u>3.16</u>	<u>2.17</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company		<u>5.17</u>	<u>3.19</u>	<u>3.11</u>	<u>2.17</u>

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Profit for the year</b>	6,024,751,557	3,352,234,432	3,023,110,019	1,950,948,611
<b>Other comprehensive income:</b>				
Exchange differences on translation of				
financial statements in foreign currency	80,905,135	51,778,081	-	-
Gain on change in value of available-for-sale investments	1,168,445	1,249,855	-	498,600
Loss on change in the value of pension fund	(28,937,425)	(14,102,896)	-	-
Increase (decrease) in other reserves	(5,471,986)	5,940,220	-	-
<b>Other comprehensive income for the year</b>	47,664,169	44,865,260	-	498,600
<b>Total comprehensive income for the year</b>	6,072,415,726	3,397,099,692	3,023,110,019	1,951,447,211
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	5,157,351,524	2,918,559,577	3,023,110,019	1,951,447,211
Non-controlling interests of the subsidiaries	915,064,202	478,540,115		
	6,072,415,726	3,397,099,692		

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

**Thai Union Frozen Products Public Company Limited and its subsidiaries**

**Cash flows statements**

**For the years ended 31 December 2011 and 2010**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>				
Profit before tax	6,216,910,370	3,980,803,602	3,133,220,432	2,028,509,520
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,616,173,839	1,218,951,112	273,012,582	321,396,732
Amortisation of premium/discount from forward foreign exchange contracts	63,014,522	(20,092,691)	63,413,780	(16,151,035)
Amortisation of issue cost of convertible bond, debentures and long-term loans from financial institutions	163,988,942	24,622,866	111,307,543	6,519,270
Allowance for doubtful accounts (reversal)	14,684,702	28,431,144	22,572,912	(5,553,031)
Decrease of inventory to net realisable value	84,431,465	60,876,793	34,941,812	5,151,959
Allowance for loss on impairment of assets	17,938,239	-	29,772,627	-
Allowance for loss on impairment of goodwill	16,743,910	-	-	-
Reverse of allowance for loss on impairment of other long-term investments	-	(9,677,789)	-	-
Share of profit from investments in associates	(83,729,560)	(23,521,321)	-	-
Loss on sale of investments	1,401,327	1,672,850	-	459,050
Provision for long-term employee benefits	146,852,225	-	24,739,652	-
Gain on dissolution of subsidiaries	(1,113)	-	-	-
Loss (gain) on sale / write-off of property, plant and equipment and other intangible assets	30,275,050	4,705,935	5,076,340	(467,262)
Loss on write-off of leasehold right	1,504,070	1,231,079	-	-
Unrealised exchange loss (gain)	812,917,376	(193,805,314)	611,414,570	(74,126,280)
Dividend income	(828,755)	(351,530)	(1,214,008,607)	(1,218,830,079)
Interest income	(9,813,442)	(5,472,882)	(1,049,605,168)	(437,024,383)
Interest expense	2,063,502,112	675,995,934	558,153,628	329,299,896
<b>Profit from operating activities before change in operating assets and liabilities</b>	<b>11,155,965,279</b>	<b>5,744,369,788</b>	<b>2,604,012,103</b>	<b>939,184,357</b>
<b>Decrease (increase) in operating assets</b>				
Trade and other receivables	(1,617,843,008)	(545,450,821)	(950,398,721)	(148,078,403)
Inventories	(4,301,590,313)	(603,777,734)	(1,228,040,546)	1,475,559,827
Other current assets	(225,389,433)	193,796,342	32,891,163	6,171,700
Other non-current assets	10,984,622	(78,651,292)	(16,194,681)	(4,264,187)
<b>Increase (decrease) in operating liabilities</b>				
Trade and other payables	653,779,147	(146,678,004)	111,324,157	(273,636,674)
Other current liabilities	(1,828,977)	(463,083,360)	15,797,820	12,772,392
Other non-current liabilities	115,970,729	(45,232,836)	49,125,531	(19,668,925)
Cash flows from operating activities	5,790,048,046	4,055,292,083	618,516,826	1,988,040,087
Cash paid for corporate income tax	(328,043,131)	(618,967,962)	(107,022,356)	(53,747,447)
<b>Net cash from operating activities</b>	<b>5,462,004,915</b>	<b>3,436,324,121</b>	<b>511,494,470</b>	<b>1,934,292,640</b>

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



Thai Union Frozen Products Public Company Limited and its subsidiaries

Cash flows statements (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Cash flows from investing activities</b>				
Increase in restricted deposits with financial institutions	(735,191)	(67,050)	-	-
Acquisitions of property, plant and equipment	(3,364,840,178)	(2,727,955,535)	(556,106,161)	(849,726,010)
Acquisitions of intangible assets	(37,306,973)	(10,529,932)	(640,038)	(982,829)
Acquisitions of leasehold rights	(2,365,337)	(5,210,703)	-	-
Decrease in short-term loans to subsidiaries	-	-	545,824,650	880,900,360
Decrease (increase) in long-term loans to subsidiaries	-	-	1,119,297,720	(14,241,728,600)
Decrease (increase) in long-term loans to other companies	1,304,154	(18,467,276)	-	-
Cash paid to purchase of investments in subsidiaries (Note 2.2)	-	(28,371,146,505)	-	-
Increase in investments in subsidiaries	-	-	(169,862,535)	(1,052,755,665)
Increase in investments in associates	(44,548,168)	(35,688,000)	-	-
Decrease (increase) in other long-term investments	(1,040,989)	-	-	4,565,950
Dissolution of subsidiaries	(174,911)	-	-	-
Interest received	9,802,775	4,433,406	1,040,025,013	300,032,832
Dividend received	35,828,755	11,851,530	1,214,008,607	1,218,830,079
Proceeds from sale of investments	3,154,823	23,638,101	-	-
Proceeds from sales of property, plant and equipment and intangible assets	222,988,668	369,573,119	1,262,886	19,705,711
<b>Net cash from (used in) investing activities</b>	<b>(3,177,932,572)</b>	<b>(30,759,568,845)</b>	<b>3,193,810,142</b>	<b>(13,721,158,172)</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans from financial institutions	5,838,799,223	3,096,225,965	1,561,315,710	1,109,682,138
Decrease in short-term loans from subsidiaries	-	-	(245,840,000)	(732,770,000)
Increase (decrease) in long-term loans from financial institutions	(7,964,450,950)	22,989,777,010	(6,750,000,000)	9,000,000,000
Increase (decrease) in debentures	3,550,000,000	(1,500,000,000)	3,550,000,000	(1,500,000,000)
Cash paid for interest expense	(2,059,765,423)	(589,445,249)	(560,455,101)	(258,781,706)
Cash paid for unamortized front end and deferred debentures fees	(23,964,321)	(887,504,570)	(23,964,321)	(133,749,693)
Increase in convertible bond	-	2,502,060,000	-	2,502,060,000
Proceeds from issued additional share capital	-	3,713,251,829	-	3,713,251,829
Decrease in non-controlling interests of the subsidiaries	(511,958,582)	(438,633,033)	-	-
Dividend paid	(1,195,364,996)	(1,995,945,703)	(1,195,364,996)	(1,995,945,703)
<b>Net cash from (used in) financing activities</b>	<b>(2,366,705,049)</b>	<b>26,889,786,249</b>	<b>(3,664,308,708)</b>	<b>11,703,746,865</b>
<b>Increase (decrease) in translation adjustment</b>	<b>(52,143,605)</b>	<b>742,380,572</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(134,776,311)</b>	<b>308,922,097</b>	<b>40,995,904</b>	<b>(83,118,667)</b>
Cash and cash equivalents at beginning of year	1,037,296,710	728,374,613	14,912,270	98,030,937
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>902,520,399</b>	<b>1,037,296,710</b>	<b>55,908,174</b>	<b>14,912,270</b>

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

**Thai Union Frozen Products Public Company Limited and its subsidiaries**

**Cash flows statements (continued)**

**For the years ended 31 December 2011 and 2010**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Supplement cash flows information</b>				
Non-cash items:				
Undue installment of acquisition of property, plant and equipment	95,370,986	180,495,494	24,143,691	70,611,788
Unrealised gain on changes in the value of investments	(1,168,445)	(751,255)	-	-
Transfer of properties foreclosed to property, plant and equipment	57,056,539	-	57,056,539	-
Transfer of property, plant and equipment to other current assets	3,371,006	-	-	-
Transfer of property, plant and equipment to leasehold rights	152,767,975	-	-	-
An adjustment provision for long-term employee benefits to the beginning balance of retained earnings	511,329,935	-	161,865,408	-

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
				Other components of shareholders' equity								
				Other comprehensive income								
		Retained earnings		Exchange	differences on		Surplus (deficit)					
	Issued and	Share premium	Appropriated	Unappropriated	translation of	on changes	Provision for					
	fully paid-up				financial	in value of	changes in	Other	Total other	Total equity	Equity attributable	Total
	share capital				statements in	available-for-sale	the value of	reserves	components of	attributable to	to non-controlling	shareholders'
					foreign currency	investments	pension fund		shareholders'	the Company	interests of	equity
<b>Balance as at 31 December 2009</b>	883,170,950	4,518,796,858	89,000,000	10,972,493,287	(99,416,505)	(19,362,247)	(13,561,118)	-	(132,339,870)	16,331,121,225	2,079,643,560	18,410,764,785
Dividend paid (Note 33)	-	-	-	(1,995,945,703)	-	-	-	-	-	(1,995,945,703)	(500,316,794)	(2,496,262,497)
Total comprehensive income for the year	-	-	-	2,873,694,317	51,778,081	1,249,855	(14,102,896)	5,940,220	44,865,260	2,918,559,577	478,540,115	3,397,099,692
Issued ordinary share capital (Note 25)	73,158,457	3,640,093,372	-	-	-	-	-	-	-	3,713,251,829	122,500,000	3,835,751,829
Increase in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	88,180,954	88,180,954
<b>Balance as at 31 December 2010</b>	<u>956,329,407</u>	<u>8,158,890,230</u>	<u>89,000,000</u>	<u>11,850,241,901</u>	<u>(47,638,424)</u>	<u>(18,112,392)</u>	<u>(27,664,014)</u>	<u>5,940,220</u>	<u>(87,474,610)</u>	<u>20,966,986,928</u>	<u>2,268,547,835</u>	<u>23,235,534,763</u>
<b>Balance as at 31 December 2010</b>	956,329,407	8,158,890,230	89,000,000	11,850,241,901	(47,638,424)	(18,112,392)	(27,664,014)	5,940,220	(87,474,610)	20,966,986,928	2,268,547,835	23,235,534,763
Cumulative effect of change in accounting policy for employee benefits (Note 5)	-	-	-	(511,329,935)	-	-	-	-	-	(511,329,935)	(60,093,550)	(571,423,485)
Dividend paid (Note 33)	-	-	-	(1,195,364,996)	-	-	-	-	-	(1,195,364,996)	(455,841,067)	(1,651,206,063)
Total comprehensive income for the year	-	-	-	5,074,540,384	116,052,106	1,168,445	(28,937,425)	(5,471,986)	82,811,140	5,157,351,524	915,064,202	6,072,415,726
Unappropriated retained earnings transferred to statutory reserve (Note 26)	-	-	11,000,000	(11,000,000)	-	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,284,303)	(16,284,303)
<b>Balance as at 31 December 2011</b>	<u>956,329,407</u>	<u>8,158,890,230</u>	<u>100,000,000</u>	<u>15,207,087,354</u>	<u>68,413,682</u>	<u>(16,943,947)</u>	<u>(56,601,439)</u>	<u>468,234</u>	<u>(4,663,470)</u>	<u>24,417,643,521</u>	<u>2,651,393,117</u>	<u>27,069,036,638</u>

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

**Thai Union Frozen Products Public Company Limited and its subsidiaries**

**Statements of changes in shareholders' equity**

**For the years ended 31 December 2011 and 2010**

(Unit: Baht)

**Separate financial statements**

	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
			Appropriated	Unappropriated	Other comprehensive income	Total other components of shareholders' equity	
					Surplus (deficit) on changes in value of available-for-sale investments		
<b>Balance as at 31 December 2009</b>	883,170,950	4,518,796,858	89,000,000	5,008,440,395	(498,600)	(498,600)	10,498,909,603
Dividend paid (Note 33)	-	-	-	(1,995,945,703)	-	-	(1,995,945,703)
Total comprehensive income for the year	-	-	-	1,950,948,611	498,600	498,600	1,951,447,211
Issued ordinary share capital (Note 25)	73,158,457	3,640,093,372	-	-	-	-	3,713,251,829
<b>Balance as at 31 December 2010</b>	<u>956,329,407</u>	<u>8,158,890,230</u>	<u>89,000,000</u>	<u>4,963,443,303</u>	<u>-</u>	<u>-</u>	<u>14,167,662,940</u>
<b>Balance as at 31 December 2010</b>	956,329,407	8,158,890,230	89,000,000	4,963,443,303	-	-	14,167,662,940
Cumulative effect of change in accounting policy for employee benefits (Note 5)	-	-	-	(161,865,408)	-	-	(161,865,408)
Dividend paid (Note 33)	-	-	-	(1,195,364,996)	-	-	(1,195,364,996)
Total comprehensive income for the year	-	-	-	3,023,110,019	-	-	3,023,110,019
Unappropriated retained earnings transferred to statutory reserve (Note 26)	-	-	11,000,000	(11,000,000)	-	-	-
<b>Balance as at 31 December 2011</b>	<u>956,329,407</u>	<u>8,158,890,230</u>	<u>100,000,000</u>	<u>6,618,322,918</u>	<u>-</u>	<u>-</u>	<u>15,833,542,555</u>

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

## **Thai Union Frozen Products Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the years ended 31 December 2011 and 2010**

#### **1. General information**

##### **1.1 Corporate information**

Thai Union Frozen Products Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand.

The Company operates its business in Thailand and its subsidiaries operate their businesses in Thailand and overseas. Their principal activities in Thailand are the manufacture and export of frozen and canned seafood, and local subsidiaries are also engaged in the packaging and printing, pet food businesses and fishery. The principal activities of the overseas subsidiaries are the manufacture and distribution of canned seafood, and the import of shrimp and other frozen seafood products for sale to restaurant chains, retailers, wholesalers and food processors which are principally located in the United States and the manufacture and distribution of seafood which are principally located in Indonesia and Vietnam.

The principal activities of the overseas subsidiaries such as the subsidiaries in United States are the manufacture and distribution of canned seafood, and the import of shrimp and other frozen seafood products for sale to restaurant chains, retailing, wholesaling and food processing, the subsidiaries in Europe are the manufacturer and distributor of ambient seafood products to countries in Europe under their trademarks, and two subsidiaries in Asia, principally located in Indonesia and Vietnam are the manufacturer and distributor of seafood.

The Company’s registered address is 72/1 Moo 7, Sethakit 1 Road, Tambon Tarsrai, Amphur Muang, Samutsakorn. The Company has 5 branches in Bangkok and Samutsakorn.

##### **1.2 Acquisition of PPC’s shares**

The Board of Directors’ Meeting held on 21 December 2011 of the Company has approved a resolution for the Company to make a voluntary tender offer for all shares of Pakfood Public Company Limited (PPC or Pakfood). The details of this transaction are as follows.

- On 21 December 2011, the Company and a group of existing shareholders of Pakfood have entered into the Share Sale and Purchase Agreement (SPA) of PPC. The Company, pursuant to Thai applicable laws, is required to make a voluntary tender offer for all shares in PPC. The acquisition will be executed when all conditions precedent stated in the SPA are fully satisfied. The transaction is expected to take place in second quarter of 2012.
- The Company will purchase Pakfood's common in a voluntary tender offer process with conditions that the aggregate number of shares acquired in the tender offer shall not be less than 40% of total issued and paid-up shares of Pakfood. The offer price per share is equal to the net book value per share of the audited Pakfood's consolidated financial statements for the year ended 31 December 2011. The Company will pay fully in cash.
- Pakfood is a listed company in the Stock Exchange of Thailand. Pakfood and its subsidiaries operate as a manufacturer and distributor of food products, semi-finished food products, ready to eat meal, both chilled and frozen, domestically and internationally.
- The Company will purchase Pakfood's shares if conditions precedent including but not limited to the following conditions are satisfied.
  1. The purchase price per share shall be based on the net book value per share of Pakfood pursuant of the audited financial statement of Pakfood as of 31 December 2011.
  2. The meetings of the board of directors and/or the shareholders of Pakfood shall have been duly convened and approve all matters as required under transaction documents.
  3. Legal, customs, tax and financial due diligence of Pakfood shall be completed at satisfaction of the Company.
  4. Documentation in relation to waivers of event of defaults and consents by lenders to Pakfood shall be signed in a form satisfactory to the Company.
- This investment will strengthen frozen food and ready to eat meal sectors especially in terms of export.
- The source of fund is from cash flow from the operation of the Company.

## **2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the early adoption of TAS No. 12 "Income Taxes".

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Thai Union Frozen Products Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2011</u> Percent	<u>2010</u> Percent
<u>Held by the Company</u>				
Thai Union Manufacturing Co., Ltd.	Manufacturer & exporter of canned tuna and pet food	Thailand	90.08	90.08
Songkla Canning Pcl.	Manufacturer & exporter of canned seafood	Thailand	90.44	90.44
Thai Union Seafood Co., Ltd.	Manufacturer & exporter of frozen shrimp	Thailand	51.00	51.00
T-Holding Co., Ltd.	Distributor	Thailand	90.00	90.00
Thai Union Feedmill Co., Ltd.	Manufacturer & distributor of animal feeds	Thailand	51.00	51.00
Thai Union Graphic Co., Ltd.	Printing manufacturer	Thailand	74.00	74.00
Thai Union International, Inc. (TUI)	Holding company	USA	100.00	100.00
PT Juifa International Foods	Manufacturer & distributor of canned tuna and seafood	Indonesia	88.78	76.50
Thai Union Investment Holding Co., Ltd. (TUIH)	Holding company	Mauritius	100.00	100.00
<u>Held by subsidiaries</u>				
Tri-Union Seafoods, LLC	Manufacturer &	USA	100.00	100.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2011	2010
			Percent	Percent
(100% held by TUI)	distributor of canned tuna and seafood			
Tri-Union Samoa Packing Corporation (100% held by Tri-Union Seafoods, LLC)	Liquidated	USA	-	100.00
Tri-Union Frozen Products, Inc. (TUFP) (82% held by TUI)	Importer and distributor of frozen seafood	USA	82.00	82.00*
Empress International, Ltd. (Empress) (100% held by TUI)	Importer and distributor of frozen shrimp and other seafood	USA	-	-*
Tri-Union Frozen Foods, LLC (70% held by TUI)	Importer and distributor of frozen seafood	USA	-	-*
US Pet Nutrition, LLC (USPN) (99% held by TUI and 1% held by Tri-Union Seafoods, LLC)	Manufacturer & distributor of premium pet food	USA	100.00	100.00
Empress International of California Ltd. (100% held by Empress)	Sales office	USA	-	-*
Empress International Midwest Ltd. (100% held by Empress)	Sales office	USA	-	-*
Asian-Pacific Can Co., Ltd. (90.5% held by Songkla Canning Pcl.)	Manufacturer & distributor of packaging for food products	Thailand	81.85	81.85
Yueh Chyang Canned Food Co., Ltd. (51% held by Songkla Canning Pcl.)	Manufacturer & distributor of canned tuna and seafood	Vietnam	46.12	46.12
Thai Union Hatchery Co., Ltd. (99.99% held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and rearing	Thailand	51.00	51.00
Thai Quality Shrimp Co., Ltd. (95% held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and species developer	Thailand	48.45	48.45
Phuket Fishing Co., Ltd. (100% held by Thai Union)	Liquidated	Thailand	-	90.08



Manufacturing Co., Ltd.)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2011</u> Percent	<u>2010</u> Percent
Samui Fishing Co., Ltd. (100% held by Thai Union Manufacturing Co., Ltd.)	Liquidated	Thailand	-	90.08
Phang-nga Fishing Co., Ltd. (100% held by Thai Union Manufacturing Co., Ltd.)	Liquidated	Thailand	-	90.08
Songkla Fishing Co., Ltd. (100% held by Thai Union Manufacturing Co., Ltd.)	Liquidated	Thailand	-	90.08
Siam Fishing Pte. Ltd. (100% held by Thai Union Manufacturing Co., Ltd.)	General wholesale trade (including importers and exporters)	Singapore	90.08	90.08
Mauritius Company (100% held by TUIH)	Holding company	Mauritius	100.00	100.00
Thai Union EU Seafood 1 SA (100% held by TUIH)	Holding company	Luxembourg	100.00	100.00
Thai Union EU Seafood 2 SA (100% held by Thai Union EU Seafood 1 SA)	Holding company	Luxembourg	100.00	100.00
Thai Union France Holding SAS (100% held by Thai Union EU Seafood 2 SA)	Holding company	France	100.00	100.00
MW Brands Holding SAS (100% held by Thai Union France Holding SAS)	Liquidated	France	-	100.00
MW Brands SAS (100% held by MW Brands Holding SAS)	Headquarter activity	France	100.00	100.00
MW Brands Seychelles Limited (100% held by MW Brands SAS)	Exporter of canned Tuna	Seychelles	100.00	100.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2011</u> Percent	<u>2010</u> Percent
Etablissements Paul Paulet SAS (100% held by MW Brands SAS)	Manufacturer, importer, distributor and exporter of canned seafood	France	100.00	100.00
European Seafood Investment Portugal (74% held by MW Brands SAS and 26% held by Thai Union France Holding SAS)	Manufacturer and exporter of canned sardines and mackerel	Portugal	100.00	100.00
Pioneer Food Cannery Limited (100% held by Etablissements Paul Paulet SAS)	Manufacturer of canned tuna	Ghana	100.00	100.00
Mareblu SRL (74% held by MW Brands SAS and 26% held by Thai Union France Holding SAS)	Importer and distributor of canned seafood	Italy	100.00	100.00
UK Seafood Investments Limited (100% held by MW Brands SAS)	Holding company	United Kingdom	100.00	100.00
Indian Ocean Tuna Limited (60% held by Thai Union France Holding SAS)	Manufacturer and exporter of canned tuna	Seychelles	60.00	60.00
John West Foods Limited (100% held by UK Seafood Investments Limited)	Importer and distributor of canned seafood	United Kingdom	100.00	100.00
Irish Seafood Investments Limited (100% held by MW Brands SAS)	Importer and distributor of canned seafood	Ireland	100.00	100.00
John West Holland BV (100% held by Irish Seafood Investments Limited)	Importer and distributor of canned seafood	Netherland	100.00	100.00
TTV Limited (50% held by Etablissements Paul Paulet SAS)	Deep-sea fishing fleet operation	Ghana	50.00	50.00

\* On 31 December 2010, Tri-Union Frozen Foods, LLC (TUFF) was merged with and into Empress International Ltd. (Empress), a subsidiary of Thai Union International, Inc. The merger was accounted for as a combination of entities under common control. The surviving entity was Empress and its name was changed to Tri-Union Frozen Products, Inc. (TUFPI). As at 31 December 2010, TUFPI is 82% owned by TUI.

On 7 October 2011, Phuket Fishing Co., Ltd., Samui Fishing Co., Ltd., Phang-nga Fishing Co., Ltd. and Songkla Fishing Co., Ltd., subsidiaries of Thai Union Manufacturing Co., Ltd. were registered to close the operation and completed the liquidation in November 2011.

During 2010, the overseas subsidiary established US Pet Nutrition LLC, (USPN) in the USA to engage in the manufacture and distribution of pet food.

On 5 October 2010, the overseas subsidiary sold its production facility on the America Samoa Island, including all equipment and machineries that remained at the facility, to a third party. Tri-Union Samoa Packing Corporation was liquidated effective 31 December 2010. MW Brands Holding SAS was liquidated effective 31 January 2011.

During 2010, the Company invested in 100% ordinary shares of Thai Union Investment Holding Co., Ltd., a company registered in the Republic of Mauritius, to acquire MW Brands Holdings SAS in France. The consolidated financial statements include the statement of financial position of that company as at 31 December 2010 and the profit or loss for the period from the investment date to 31 December 2010. Such company has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. However, the Company has recorded some tangible assets acquired at their net book value, not fair value. The Company is awaiting tangible a third party appraisal in order to allocate the fair value associated with the assets. During the second quarter of current year, the subsidiary obtained these appraisals of the tangible assets from such third party. The appraisal value immaterially differs from net book value. The Company therefore has not adjusted the value of goodwill. During the third quarter of the current year, a subsidiary revised the component approach of certain assets, resulting in an increase of their net book value by EUR 0.86 million or Baht 36 million. This adjustment has been reduced in the goodwill from the acquisition of MW Brands and in accumulated depreciation in those assets.

Details of the fair values of identifiable assets, liabilities and contingent liabilities of MW Brands and their net book values, are as follow:

	(Unit: Million Baht)	
	<u>Fair value</u>	<u>Net book value</u>
<b>Assets</b>		
Cash and cash equivalents	643	643
Trade accounts receivable	3,311	3,311
Inventories	5,863	5,519
Property, plant and equipment, net	3,841	3,782
Intangible assets (Note 17)	12,944	172
Other assets	558	391
Total assets	<u>27,160</u>	<u>13,818</u>
<b>Liabilities</b>		
Trade accounts payables	4,608	4,608
Deferred tax liabilities (Note 24)	4,162	-
Other liabilities	982	963
Total liabilities	<u>9,752</u>	<u>5,571</u>
Net asset value	<u>17,408</u>	<u>8,247</u>
Equity of the Company (%)	<u>100</u>	
Net assets value attributable to the company's investment	17,408	
Positive goodwill	11,606	
Purchase price	29,014	
Less: Cash and cash equivalents of subsidiaries	<u>(643)</u>	
Net cash paid for purchase of subsidiaries	<u>28,371</u>	

Details of acquisition of MW Brands Group are as follows.

	(Unit: Million Baht)
<b>Purchase price</b>	
Cash paid	28,742
Direct costs related to the acquisition	<u>272</u>
Total	29,014
Fair value of net assets received	<u>17,408</u>

The largest fair value adjustments above relate to the recognition of the present value of the portfolio of trademarks comprising Petit Navire, John West, Hyacinthe Parmentier, Mareblu and Starkist. The values derived from the royalty approach have been considered and they have also been corroborated by the profit premium approach. The royalty approach consists in applying to the trademark revenues derived from a royalty rate determined by a qualitative and quantitative analysis of the positioning of the trademarks in the market. The profit premium approach is based on the difference of EBIT per ton between trademark and private labels activities, which is then applied on the projected trademark volumes to determine the present value of the forecasted cash flows. The determined fair value of the trademarks amounts to Baht 12,334 million (EUR 296 million), with related deferred tax liabilities of Baht 3,917 million (EUR 94 million).

Relationship with distributors in France of Baht 235 million (EUR 6 million) and a free license agreement of the Weight Watchers trademark of Baht 210 million (EUR 5 million). The distributor relationship relates to the long term tracked record of the private label activities in France and has been valued using the excess earning methodology which expresses the discounted excess of profitability over the post tax contributory assets charges. This asset has a definite life of 20 years. The same approach has been retained to evaluate the Weight Watchers free license agreement corroborated by a relief from the royalty approach. A definite life of 39 years has been retained. Both intangible assets have related deferred tax liabilities of Baht 140 million (EUR 3.4 million). The Baht 1 million amortisation of these two assets has been included in the consolidated profit or loss for 2010.

The finished goods have also been subject to a fair value evaluation. This resulted in a Baht 344 million (EUR 8 million) increased in inventories, with related deferred tax liabilities of Baht 105 million (EUR 2.5 million). These inventories had 3 months selling maturity therefore an amount of Baht 156 million (EUR 3.8 million), net of deferred tax, has been released in the consolidated profit or loss for 2010.

The contingent liabilities have also been subject to a review bringing an additional EUR 0.4 million provision related to a withholding tax risk in Ghana. This provision has been released offsetting the risk effect on the consolidated profit or loss for 2010.

The residual goodwill of EUR 272 million represents MW Brands specific positioning in the whole value chain thanks to its global tax rate which is lower than the tax rates applied on the recognised items, the cost of the assembled workforce and future synergies expected to arise in the combined life operations.

The operating loss of MW Brands Group (included TUIH) from the acquisition date to 31 December 2010 amounting to Baht 7 million was included in the consolidated financial statements. If the combination had taken place at the beginning of the year, the operating results of MW Brands Group had been included in the consolidated financial statements as though it had been the Company's subsidiaries since 1 January 2010, total revenues and profit in profit or loss for the year ended 31 December 2010 would have been by Baht 18,520 million (EUR 458.4 million) and Baht 818 million (EUR 20.3 million), respectively.

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.
  - c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - d) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
  - e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
  - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Group and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

### 3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

#### Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

#### Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources



Financial Reporting Standard Interpretations:

TFRIC 15                      Agreements for the Construction of Real Estate

Accounting Standard Interpretations:

SIC 31                      Revenue-Barter Transactions Involving Advertising Services

These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

**TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The change will have the effect of decreasing the profit of the Company and its subsidiaries for the years ended 31 December 2011 by Baht 147 million, or 0.15 Baht per share (Separate financial statements: decreasing profit by Baht 25 million, or 0.02 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5 to financial statements.

**4. New accounting standards issued during the years not yet effective**

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12                      Income Taxes

TAS 20 (revised 2009)    Accounting for Government Grants and Disclosure of  
Government Assistance

TAS 21 (revised 2009)    The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10                      Government Assistance - No Specific Relation to Operating Activities

SIC 21                      Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25                      Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards.

### **TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates**

This accounting standard requires an entity to identify its functional currency in accordance with certain conditions in the standard and to record transactions and report its financial position and operating results in this functional currency, which may not be Baht.

At present, the management is still evaluating the impact on the financial statements in the year when this standard is adopted.

## **5. Cumulative effect of changes in accounting policies due to the adoption of TAS 19**

During the current year, the Company made the changes to its significant accounting policies described in Note 3, as a result of the adoption of TAS 19 Employee Benefits. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the provision for long-term employee benefits (net of deferred tax assets of Baht 32 million) and unappropriated retained earnings in the statement of financial position as at 1 January 2011 resulted decreased of Baht 571 million (Separate financial statements: Baht 162 million (net of deferred tax assets of Baht 7 million)), excluding the provision that the overseas subsidiaries had already established.

## **6. Significant accounting policies**

### **6.1 Revenue recognition**

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value of goods supplied, excluding value added tax, of goods supplied after deducting discount and allowances.

Sales of merchandise by an overseas subsidiary under commercial agreements are recognised when the subsidiary's distributor sells such merchandise. The overseas subsidiary may be reimbursed for bank charges, warehousing, and certain other costs incurred in connection with these agreements, and the subsidiary records such reimbursements as a deduction from cost of sales.

### *Interest income*

Interest income is recognised as interest accrues based on the effective rate method.

### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### *Tax coupon received*

Subsidies granted by the Ministry of Finance in the form of tax coupons are recognised as income when the Company obtains written notification of approval of the tax coupon.

## **6.2 Cash and cash equivalents**

Cash and cash equivalents included cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **6.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

## **6.4 Inventories**

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials are valued at cost (first-in, first-out method). Ingredients and packaging are valued at cost (weighted average method).

Some local subsidiaries record ingredients and packaging using the first-in, first-out method. The effect of the difference in accounting policy is immaterial to profit and the book values of inventories in the consolidated financial statements as at 31 December 2011 and 2010.

## **6.5 Investments**

a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in profit or loss when the securities are sold.

- b) Investments in non-marketable equity securities, which the Company classifies as other investment, are stated at cost net of allowance for loss on diminution in value (if any).
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

## **6.6 Property, plant and equipment and Depreciation**

Land is stated at cost. Land improvement, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any). Depreciation of land improvement, plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement, buildings and construction	-	3 - 40	years
Machinery and equipment	-	3 - 25	years
Furniture and fixtures	-	3 - 20	years
Motor vehicles	-	3 - 20	years

Depreciation of machinery and equipment, furniture and fixtures and motor vehicles of an overseas subsidiary is calculated on the declining balance basis over their estimated useful lives of 5 - 20 years. The effect of the difference in accounting policy is immaterial to profit or loss.

No depreciation is provided for land and construction in progress.

Equipment under a capital lease is stated at the present value of the minimum lease payments and amortised on a straight-line method over the lesser of the lease term or the estimated useful life of the equipment.

Depreciation is included in determining income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

## 6.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 6.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Trademarks	- 5, 10, 20, 39 years
Copyrights	- 1 - 7 years
Computer software	- 3, 5, 10 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level.

## 6.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **6.10 Leasehold right and amortisation**

Leasehold right is stated at cost less accumulated amortisation. Amortisation of leasehold right is calculated by reference to its cost on a straight-line basis over the period of lease.

#### **6.11 Deferred financial fees**

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in determining borrowing costs.

#### **6.12 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

### **6.13 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the leased assets.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

### **6.14 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

### **6.15 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

The Company and its subsidiaries recognized an impairment loss in profit or loss.

## **6.16 Employee benefits**

### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

### *Post-employment benefits (Defined contribution plans)*

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

### *Post-employment benefits (Defined benefit plans)*

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

The overseas subsidiary has a defined benefit plan covering all of its former production employees in American Samoa. The benefits are based on a percentage of compensation during each year of service. The overseas subsidiary makes annual contributions to the plan equal to the minimum required by applicable regulations.

## **6.17 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



## **6.18 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation of each country. Income tax of the overseas subsidiaries is provided for in the accounts based on the taxable profits determined in accordance with tax legislation of their countries.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rate enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax rates to items that are recorded directly to share holders' equity.

## **6.19 Asset retirement obligations**

The overseas subsidiary accounts for asset retirement obligations in accordance with FASB statement No. 143, "Accounting for Asset Retirement Obligations". The effect of the difference in accounting policy is immaterial to profit or loss for the years 2011 and 2010.

## **6.20 Derivatives**

### **Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

### **Interest rate swap contracts**

The net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts is recognised as income or expenses on an accrual basis.

### **Foreign currency option agreements**

The notional amounts of the foreign currency option agreements utilised by the Company and its subsidiaries are not recognised as assets or liabilities upon inception of the agreements. Gain and loss from the translation are included in determining income.

## **7. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Impairment of equity investments**

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when the management judges that there has been a

significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Goodwill and intangible assets**

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Deferred tax assets**

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

### **Post-employment benefit under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### **Litigation**

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management has used judgement to assess of the results of the litigation and

believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash	3,398	3,057	1,572	1,238
Bank deposits	899,122	1,034,240	54,336	13,674
<b>Total</b>	<b>902,520</b>	<b>1,037,297</b>	<b>55,908</b>	<b>14,912</b>

As at 31 December 2011, bank deposits in saving accounts and fixed deposits carried interests between 0.17 and 1.93% per annum (2010: between 0.04 and 1.37% per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	21,050	21,681	1,134,315	1,369,499
Past due				
1 - 30 days	40,341	39,254	534,394	249,097
31 - 60 days	-	4	358,201	151,800
61 - 90 days	-	-	447,824	12,672
91 - 120 days	-	-	-	5,082
<b>Total trade receivables - related parties</b>	<b>61,391</b>	<b>60,939</b>	<b>2,474,734</b>	<b>1,788,150</b>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	9,222,755	7,026,107	1,226,524	854,306
Past due				
1 - 30 days	1,421,944	1,717,161	170,386	160,023
31 - 60 days	210,035	280,892	5,791	45,664
61 - 90 days	102,888	82,706	1,560	11,109
91 - 120 days	58,582	65,733	-	12,345
121 - 180 days	37,279	50,708	-	9,191
181 - 365 days	66,298	43,026	-	4,768
Over 365 days	164,281	123,853	20,915	326
<b>Total trade receivables - unrelated parties</b>	<b>11,284,062</b>	<b>9,390,186</b>	<b>1,425,176</b>	<b>1,097,732</b>
<b>Total trade receivables</b>	<b>11,345,453</b>	<b>9,451,125</b>	<b>3,899,910</b>	<b>2,885,882</b>
Less: Allowance for doubtful accounts	(250,793)	(233,267)	(25,518)	(2,945)
<b>Total trade receivable - net</b>	<b>11,094,660</b>	<b>9,217,858</b>	<b>3,874,392</b>	<b>2,882,937</b>
<u>Other receivables</u>				
Interest receivable - related parties				
	576	565	184,652	175,072
Accrued income	26,688	16,953	11,668	8,378
Advance payment	38,867	26,444	17,475	245

Total other receivables	66,131	43,962	213,795	183,695
Total trade and other receivables				
- net	<u>11,160,791</u>	<u>9,261,820</u>	<u>4,088,187</u>	<u>3,066,632</u>

As at 31 December 2011 and 2010, certain trade accounts receivable of two overseas subsidiaries have secured their credit facilities as mentioned in Note 19.

## 10. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions are summarised below.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<b>Transactions with subsidiaries:</b>					
(Eliminated from consolidated financial statements)					
Sales	-	-	10,348	9,222	Cost plus margin
Dividend income	-	-	1,196	1,207	As declared
Interest income	-	-	1,049	435	2.55 - 6.40% per annum (2010: 1.85 - 6.40% per annum)
Other income	-	-	41	37	Near market price
Sale of assets	-	-	-	44	Near market price
Purchases of goods	-	-	1,115	981	Cost plus margin
Purchase of assets	-	-	-	111	Near market price
Interest expense	-	-	3	12	2.50% per annum (2010: 1.10 - 1.95% per annum)
Management fee	-	-	52	41	Contract price
Other expenses	-	-	87	48	Near market price
<b>Transactions with associates:</b>					
Sales	26	19	7	6	Cost plus margin
Dividend income	35	12	35	12	As declared
Other income	21	16	-	-	Near market price
Purchases of goods	9	11	-	-	Cost plus margin
Purchases service expense	1	1	-	-	Near market price
<b>Transactions with related companies:</b>					
Sales	1,064	1,139	238	248	Cost plus margin
Purchases of goods	4,775	3,124	3,910	2,244	Cost plus margin
Transportation expense	44	42	8	10	Near market price
Expenses relating to assets	132	286	54	197	Near market price

The Company and its subsidiaries have insured with Asia-Pacific Risk Consultants (Thailand) Co., Ltd. which is an insurance broker related by way of having common directors. During the year 2011, insurance premiums paid through that company amounted to Baht 52 million (2010: Baht 60 million).

The relationships between the Company and the related parties are summarised below.

List of related companies	Relationship
Songkla Canning Pcl.	Subsidiary
Thai Union Manufacturing Co., Ltd.	Subsidiary
Thai Union Seafood Co., Ltd.	Subsidiary
T-Holding Co., Ltd.	Subsidiary
Thai Union Feedmill Co., Ltd.	Subsidiary
Thai Union Graphic Co., Ltd.	Subsidiary
Thai Union International, Inc. (TUI)	Subsidiary
PT Juifa International Foods	Subsidiary
Thai Union Investment Holding Co., Ltd. (TUIH)	Subsidiary
Tri-Union Seafoods, LLC	Subsidiary (Held by subsidiary)
Tri-Union Frozen products, Inc. (TUFP)	Subsidiary (Held by subsidiary)
Empress International, Ltd. (Empress)	Subsidiary (Held by subsidiary)
Tri-Union Frozen Foods, LLC	Subsidiary (Held by subsidiary)
US Pet Nutrition, LLC (USPN)	Subsidiary (Held by subsidiary)
Canadian Pet Nutrition, ULC	Subsidiary (Held by subsidiary)
Empress International of California Ltd.	Subsidiary (Held by subsidiary)
Empress International Midwest Ltd.	Subsidiary (Held by subsidiary)
Asian-Pacific Can Co., Ltd.	Subsidiary (Held by subsidiary)
Yueh Chyang Canned Food Co., Ltd.	Subsidiary (Held by subsidiary)
Thai Union Hatchery Co., Ltd.	Subsidiary (Held by subsidiary)
Thai Quality Shrimp Co., Ltd.	Subsidiary (Held by subsidiary)
Phuket Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Samui Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Phang-nga Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Songkla Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Siam Fishing Pte. Ltd.	Subsidiary (Held by subsidiary)
Thai Union EU Seafood 1 S.A.	Subsidiary (Held by subsidiary)
Thai Union EU Seafood 2 S.A.	Subsidiary (Held by subsidiary)
MW Brands SAS	Subsidiary (Held by subsidiary)
European Seafood Investment Portugal	Subsidiary (Held by subsidiary)
UK Seafood Investment Limited	Subsidiary (Held by subsidiary)
John West Food Limited	Subsidiary (Held by subsidiary)
Mareblu SRL	Subsidiary (Held by subsidiary)
MW Brands Seychelles Limited	Subsidiary (Held by subsidiary)
Indian Ocean Tuna Limited	Subsidiary (Held by subsidiary)
Pioneer Food Cannery Limited	Subsidiary (Held by subsidiary)
TTV Limited	Subsidiary (Held by subsidiary)
Mauritius Company	Subsidiary (Held by subsidiary)

List of related companies	Relationship
Thai Union France Holding SAS	Subsidiary (Held by subsidiary)
Etablissements Paul Paulet SAS	Subsidiary (Held by subsidiary)
Irish Seafood Investments Limited	Subsidiary (Held by subsidiary)
John West Holland BV	Subsidiary (Held by subsidiary)
Lucky Union Foods Co., Ltd.	Associated company
Biz Dimension Co., Ltd.	Associated company
Avanti Thai Aqua Feeds Private Limited	Associated company
Century Trading (Shanghai) Co., Ltd.	Associated company (Held by subsidiary)
TN Fine Chemicals Co., Ltd.	Associated company (Held by subsidiary)
Moresby International Holdings Inc.	Associated company (Held by subsidiary)
LDH (La Doria) Limited	Associated company (Held by subsidiary)
Geminai & Associate Co., Ltd.	Common shareholders/Relative of directors
Chansiri Real Estate Co., Ltd.	Common major shareholders/Common directors
Thai Union Securities Co., Ltd.	Common major shareholders/Common directors
Asian Pacific Thai Tuna Co., Ltd.	Common major shareholders/Common directors
T.C. Union Global Pcl.	Common major shareholders/Common directors
Jana Fish Industries Limited	Common major shareholders/Common directors
T.C. Union Agrotech Co., Ltd.	Common major shareholders/Common directors
Waithai Co., Ltd.	Common major shareholders/Common directors
Merchant Partners Securities Co., Ltd.	Common shareholders/Common directors
Thaipatana Stainless Steel Co., Ltd.	Common major shareholders/Common directors
Hanhong Kanchang Registered Ordinary Partnership	Common major shareholders/Common directors
Pae Ekawat	Relative of directors
Lucky Surimi Products Co., Ltd.	Common directors
Asia-Pacific Risk Consultants (Thailand) Co., Ltd	Common shareholders/Common directors
Asia-Pacific Risk Insurance Broker Co., Ltd.	Common shareholders/Common directors
Ahead Way International Co., Ltd.	Common major shareholders/Common directors
Ekawat Products Co., Ltd.	Relative of director
Miss Rungtiwa Boonmechote	Relative of director

The balances of the accounts as at 31 December 2011 and 2010 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<u>Trade accounts receivable - related parties (Note 9)</u>				
Subsidiaries	-	-	2,465,524	1,778,370
Associated companies	4,622	7,750	1,056	1,073
Related companies	56,769	53,189	8,154	8,707
Total trade accounts receivable - related parties	<u>61,391</u>	<u>60,939</u>	<u>2,474,734</u>	<u>1,788,150</u>
<u>Trade and other payables - related parties (Note 18)</u>				
Subsidiaries	-	-	220,906	235,982
Associated companies	1,584	2,928	48	56
Related companies	64,724	88,300	22,288	40,036
Total trade and other payables - related parties	<u>66,308</u>	<u>91,228</u>	<u>243,242</u>	<u>276,074</u>
<u>Short-term loans to subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	-	545,825
Thai Union Graphic Co., Ltd.	-	-	80,000	80,000
Total	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>625,825</u>
<u>Long-term loans to subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union Investment Holding Co., Ltd.	-	-	15,207,249	13,963,603
Thai Union International, Inc.	-	-	2,240,991	2,362,748
Thai Union Manufacturing Co., Ltd.	-	-	-	1,794,492
Total	<u>-</u>	<u>-</u>	<u>17,448,240</u>	<u>18,120,843</u>
Less: Current portion				
Thai Union International, Inc.	-	-	(440,335)	(897,246)
Thai Union Manufacturing Co., Ltd.	-	-	-	(1,794,492)
	<u>-</u>	<u>-</u>	<u>(440,335)</u>	<u>(2,691,738)</u>
Net	<u>-</u>	<u>-</u>	<u>17,007,905</u>	<u>15,429,105</u>



(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Short-term loans from subsidiaries</b>				
(Eliminated from consolidated financial statements)				
Songkla Canning Pcl.	-	-	-	245,840
Total	-	-	-	245,840

During 2011, movements of loans to/from related parties were as follows:

(Unit: Thousand Baht)

	Separate financial statements				Balance as at 31 December 2011
	Balance as at 1 January 2011	During the year			
		Increase	Decrease	Revaluation	
<b>Short-term loans to subsidiaries</b>					
Thai Union International, Inc.	545,825	-	(583,055)	37,230	-
Thai Union Manufacturing Co., Ltd.	-	254,970	(254,970)	-	-
Songkla Canning Pcl.	-	107,460	(107,460)	-	-
Thai Union Graphic Co., Ltd.	80,000	13,840	(13,840)	-	80,000
	625,825	376,270	(959,325)	37,230	80,000
<b>Long-term loans to subsidiaries</b>					
Thai Union Investment Holding Co., Ltd.	13,963,603	898,265	-	345,381	15,207,249
Thai Union International, Inc.	2,362,748	674,175	(897,246)	101,314	2,240,991
Thai Union Manufacturing Co., Ltd.	1,794,492	-	(1,794,492)	-	-
	18,120,843	1,572,440	(2,691,738)	446,695	17,448,240
<b>Short-term loans from subsidiaries</b>					
Thai Union Manufacturing Co., Ltd.	-	804,360	(804,360)	-	-
Songkla Canning Pcl.	245,840	635,090	(880,930)	-	-
Thai Union Feedmill Co., Ltd.	-	11,500	(11,500)	-	-
	245,840	1,450,950	(1,696,790)	-	-

### Directors and management's benefits

During the years ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefits expenses payable to their directors and management as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	Short-term employee benefits	614	410	78
Post-employment benefits	17	-	4	-
Other long-term benefits	5	101	-	-
Termination benefits	45	24	-	-
<b>Total</b>	<b>681</b>	<b>535</b>	<b>82</b>	<b>52</b>

### 11. Inventory

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2011	2010	2011	2010	2011	2010
Finished goods	13,932,395	11,878,951	(251,014)	(207,525)	13,681,381	11,671,426
Work in process	66,796	63,625	(328)	-	66,468	63,625
Raw materials	7,047,991	5,244,553	(112,276)	(84,921)	6,935,715	5,159,632
Ingredient and packaging	1,477,321	1,179,481	(70,225)	(62,812)	1,407,096	1,116,669
Goods in transit	542,705	2,923,102	(9,206)	-	533,499	2,923,102
Spare parts	3,507,796	411,664	-	-	3,507,796	411,664
<b>Total</b>	<b>26,575,004</b>	<b>21,701,376</b>	<b>(443,049)</b>	<b>(355,258)</b>	<b>26,131,955</b>	<b>21,346,118</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Finished goods	1,248,738	841,306	(45,032)	(46,123)	1,203,706	795,183
Work in process	21,529	19,875	-	-	21,529	19,875
Raw materials	1,745,004	1,276,836	(43,817)	(4,567)	1,701,187	1,272,269
Ingredient and packaging	260,433	258,200	(13,463)	(16,680)	246,970	241,520
Goods in transit	421,724	74,798	-	-	421,724	74,798
Spare parts	23,115	19,681	-	-	23,115	19,681
<b>Total</b>	<b>3,720,543</b>	<b>2,490,696</b>	<b>(102,312)</b>	<b>(67,370)</b>	<b>3,618,231</b>	<b>2,423,326</b>

Two overseas subsidiaries have mortgaged the certain inventories of that company to financial institutions to secure its credit facilities as mentioned in Note 19.

## 12. Restricted deposits with financial institutions

These represent fixed deposits pledged with financial institution to secure credit facilities.

## 13. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows.

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
			%	%				
Songkla Canning Pcl.	Baht 360 million	Baht 360 million	90.44	90.44	1,379,791	1,379,791	569,744	406,960
Thai Union Manufacturing Co., Ltd.	Baht 300 million	Baht 300 million	90.08	90.08	1,212,172	1,212,172	270,254	364,842
Thai Union Seafood Co., Ltd.	Baht 300 million	Baht 300 million	51.00	51.00	189,316	189,316	-	30,600
T-Holding Co., Ltd.	Baht 70 million	Baht 70 million	90.00	90.00	20,699	20,699	3,150	-
Thai Union Feedmill Co., Ltd.	Baht 500 million	Baht 500 million	51.00	51.00	255,000	255,000	307,020	367,200
Thai Union Graphic Co., Ltd.	Baht 40 million	Baht 40 million	74.00	74.00	45,331	45,331	5,180	10,360
Thai Union International, Inc. (TUI)	USD 13.1 million	USD 8.1 million	100.00	100.00	482,170	325,770	-	-
PT Juifa International Foods	USD 2.7 million	USD 2.7 million	88.78	76.50	82,972	69,510	26,577	27,151
Thai Union Investment Holding Co., Ltd. (TUIH)	EUR 22 million	EUR 22 million	100.00	100.00	925,256	925,256	-	-
<b>Total</b>					<b>4,592,707</b>	<b>4,422,845</b>	<b>1,181,905</b>	<b>1,207,113</b>
Less: Provision for impairment of investments					(26,136)	(26,136)		
<b>Net</b>					<b>4,566,571</b>	<b>4,396,709</b>		

The shares of MW Brands and its subsidiaries, subsidiaries of Thai Union Investment Holding Co., Ltd., were pledged as collateral of their subsidiaries long-term loans as described in Note 20.

During the second quarter of the current year, US Pet Nutrition, LLC (USPN), which is the subsidiary of Thai Union International, Inc. (TUI), established Canadian Pet Nutrition, ULC in Canada to engage in the distribution of pet food.

During the fourth quarter of the current year, the Company increased portion of investment in PT Juifa International Foods, which is the subsidiary of the Company from 76.50% to 88.78% or amount of Baht 13.5 million.

On 21 December 2011, the meeting of the Board of Directors approved the additional investment in TUI of not over USD 15 million. During the fourth quarter of the current year, the Company invested in this company amounting to USD 5 million.

During the first quarter of 2010, Thai Union Seafood Co., Ltd., subsidiary, called-up the additional 25% of its share capital. The Company additionally invested Baht 25.5 million in this company.

During the third quarter of 2010, Thai Union Feedmill Co., Ltd., subsidiary, increased in the registered share capital of Baht 200 million. The Company additionally invested Baht 102 million in this company.

#### Acquisition of MW Brands

On 27 July 2010, the meeting of the Company's Board of Directors approved the acquisition of MW Brands, which can be summarised as follow.

- Approval of the entry into Share Purchase Agreement and associated ancillary agreements in regards to the acquisition of shares and business of MW Brands Holdings SAS ("MW Brands"). MW Brands is a vertically integrated group, which manufactures and distributes the ambient seafood products through its trademarks. MW Brands, headquartered in France, has factories in strategic locations close to two major fishing grounds, Seychelles and Ghana, and also in Portugal and France. MW Brands market its products across Europe through four main trademarks. The details of the transaction as prescribed in the Acquisition Rule as follows.
- The Company and the Seller have entered into a sale and purchase agreement in relation to the Company's proposed acquisition of MW Brands on 27 July 2010. Completion of the Transaction is conditional on approval

from the Extraordinary General Meeting of Shareholders, which will be held on 2 September 2010 and Competition Clearance.

- The purchaser, Thai Union EU Seafood 2 S.A. incorporated in Luxembourg for the purposes of the acquisition, which is wholly owned by the Company.
- The Company will purchase 31,367,000 shares of MW Brands, equivalent to 100 % of the issued share capital as at 27 July 2010 of MW Brands and a maximum number of 417,517 additional shares of MW Brands to be issued upon exercise of stock-option granted by MW Brands together with the repayment of long-term debt and shareholders' debt for the amount equivalent to an enterprise value of EUR 680 million.
- The Company has agreed to pay for 100% of the share capital of MW Brands as at 27 July 2010 from the sources of funds derived from domestic financial institutions and overseas for the total enterprise value of upto EUR 680 million (equivalent to Baht 28,496 million). The payment shall be made to the seller and its creditors on the closing date.
- Source of funds
  - Long-term loans from 3 leading domestic financial institutions for the total credit line of up to Baht 15,000 million. Such loans will have maturities of 6 years and 8 years.
  - Long-term loans contract with 4 leading foreign financial institutions in the amount of EUR 340 million. Such loans will have maturities of 6 years and 7 years and collateral in the form of shares of MW Brands and its subsidiaries.
  - The Company will issue a convertible bond to private placement investor worth EUR 60 million. The bond will have a tenor of 4 years from the issue date and an annual coupon of 5% p.a. and an overall yield of 8% p.a. unless converted into common shares. The bond can be converted into common shares at any time after the first year at a conversion price of Baht 56 per share (Revised).
- Approval of the execution of Credit Facility Agreements for the acquisition of shares and business of MW Brands as described above.
- Approval of the reduction of the Company's registered capital from Baht 885,090,950 to Baht 883,170,950.
- Approval of the increase of the Company's registered capital in the additional amount of 116,829,050 shares (Baht 1 per share) from the current registered capital of Baht 883,170,950 and the new registered capital will be Baht

1,000,000,000 for the purpose of reserving the issuance of newly issued convertible bond.

- Approval of the allotment of new ordinary shares from capital increase of the Company reserving for the issuance of convertible bond as described above.
- Approval of the issuance and offering of newly issued convertible bond to specific investors (Private Placement) in the amount not exceeding EUR 60 million as described above.
- Approval of the allotment of remaining ordinary shares from those shares reserved for the issuance of convertible bond, as preceding paragraph, to the existing shareholders on a pro rata basis (Right Offering) or to the investors on a Private Placement basis.
- Approval of the Company's incorporation of its new overseas subsidiary, commercially referred to as Thai Union Investment Holding Co., Ltd. on the territory of Republic of Mauritius under total registered capital of EUR 1, which will be wholly owned by the Company. The Company additionally invested EUR 22 million during 2010. The purpose of the incorporation of Thai Union Investment Holding is to acquire MW Brands Holdings SAS.
- Approval of the appointment of the Company's appointment of CIMB Securities (Thailand) Co., Ltd. as an independent financial advisor to give the Company's directors and shareholders its professional opinions on the acquisition of MW Brands Holdings SAS.
- Approval of the date and agendas for the Extraordinary General Meeting of Shareholders No.1/2010 that shall be held on 2 September 2010.

On 2 September 2010, the Extraordinary General Meeting of Shareholders approved the acquisition of MW Brands, the execution of credit long-term loan agreements, the reduction and increase of the Company's registered capital and the issuance and offering of new convertible bond. The bond are to partially fund the acquisition of MW Brands' shares and business in accordance with the resolution of the Board of Directors meeting held on 27 July 2010. The Company subsequently received confirmation from the UK Office of Fair Trading regarding its anti-trust obligations in respect of the merger.

Thai Union EU Seafood 1 S.A., by the Company, purchased 100% interests in MW Brands and settled the long-term loans and loans from shareholders, which equaled the total enterprise value of EUR 680 million. The completion date of this acquisition is 29 October 2010 as described in Note 2.2.

## 14. Investments in associates

### 14.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2011	2010	2011	2010	2011	2010
		%	%					
<b>Investments in associates, directly held by the Company</b>								
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500	37,500	298,386	295,100
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010	1,010	19,711	17,911
Avanti Thai Aqua Feeds Private Limited	Manufacturer & distributor of animal feeds	India	50.00	50.00	27,721	27,721	27,721	27,721
<b>Investments in associates, directly held by subsidiaries</b>								
Century Trading (Shanghai) Co., Ltd. (50% held by Thai Union Manufacturing Co., Ltd.)	Importer & exporter of food products	The People's Republic of China	45.04	45.04	75,900	75,900	25,265	18,337
TN Fine Chemical Co., Ltd. (49% held by Thai Union Manufacturing Co., Ltd.)	Manufacturer & exporter of by-products from seafoods	Thailand	44.14	44.14	44,070	44,070	44,894	38,000
Moresby International Holdings Inc. (33% held by Thai Union Manufacturing Co., Ltd.)	Holding in fishing company	British Virgin Island	33.33	33.33	96,981	52,433	96,981	52,433
LDH (La Doria) Limited (20% held by MW Brands)	Distributor of food products	United Kingdom	20.00	20.00	95,940	95,940	411,010	388,215
					379,122	334,574	923,968	837,717

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2011	2010	2011	2010
		%	%			
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500	37,500
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010	1,010
Avanti Thai Aqua Feeds Private Limited	Manufacturer & distributor of animal feeds	India	50.00	50.00	27,721	27,721
					66,231	66,231

## 14.2 Share of income/loss

During the year, the Company and its subsidiaries have recognised its share of net income (loss) from investments in associated companies in the consolidated financial statements as follows:

Company's name	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Share of income (loss) from investments in associates during the year	
	<u>2011</u>	<u>2010</u>
Lucky Union Foods Co., Ltd.	38,287	25,958
Biz Dimension Co., Ltd.	1,801	1,671
Century Trading (Shanghai) Co., Ltd.	6,927	(538)
TN Fine Chemicals Co., Ltd.	6,894	(3,570)
LDH (La Doria) Limited	29,821	-
<b>Total</b>	<b>83,730</b>	<b>23,521</b>

## 14.3 Summarised financial information of associates

Financial information of associates is summarised below.

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the years ended		Profit (loss) for the years ended	
	31 December		31 December		31 December		31 December		31 December	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Lucky Union Foods Co., Ltd.	Baht 150 million	Baht 150 million	1,726	1,719	560	552	1,297	1,035	153	104
Biz Dimension Co., Ltd.	Baht 25 million	Baht 25 million	49	42	6	5	74	76	9	8
Avanti Thai Aqua Feeds Private Limited	Rupee 76.9 million	Rupee 76.9 million	71	52	24	1	1	2	1	1
Century Trading (Shanghai) Co., Ltd.	USD 4 million	USD 4 million	55	46	4	13	225	177	14	(1)
TN Fine Chemicals Co., Ltd.	Baht 90 million	Baht 90 million	99	116	8	39	100	55	14	(7)
Moresby International Holdings Inc.	USD 9.4 million	USD 5.0 million	295	149	-	-	-	-	-	-
LDH (La Doria) Limited	GBP 1 million	GBP 1 million	3,758	2,658	2,796	1,602	11,567	9,178	363	244



During the current year, Moresby International Holdings Inc. increased the registered share capital of USD 4.4 million. Thai Union Manufacturing Co., Ltd. additionally invested USD 1.5 million in this company.

Investments in some associates were determined on the basis of financial information provided by those companies' management. These were unaudited by their external auditors due to time constraints. However, the values of the investments in associates are immaterial.

## 15. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	2011		2010	
	Cost	Fair value	Cost	Fair value
<b>Other long-term investments</b>				
Available-for-sale securities - Unit trusts	50,546	<u>33,577</u>	55,101	<u>36,989</u>
Unrealised loss on changes in the value of investments	(16,969)		(18,112)	
Total available-for-sale securities	<u>33,577</u>		<u>36,989</u>	
Other investments				
- Ordinary shares	36,628		35,580	
- Unit trusts	<u>100</u>		<u>100</u>	
Total other long-term investments	<u>70,305</u>		<u>72,669</u>	

(Unit: Thousand Baht)

	Separate financial statements	
	2011	2010
<b>Other long-term investments</b>		
Other investments - ordinary shares	<u>34,579</u>	<u>34,579</u>

## 16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and improvement	Buildings and building improvement	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	
<b>Cost</b>							
1 January 2010	1,248,104	4,437,996	9,645,069	366,040	418,971	1,104,878	17,221,058
Increase from acquisition of subsidiaries during the year (Note 2.2)	48,664	1,979,489	4,955,046	292,320	198,649	330,902	7,805,070
Additions	409,111	38,148	75,483	31,574	27,376	2,169,735	2,751,427
Disposals/write off	(116,349)	(207,788)	(1,051,767)	(43,191)	(33,647)	(678)	(1,453,420)
Transfer in (out)	31,057	539,753	1,317,522	30,660	59,545	(1,978,537)	-
Translation adjustment	(3,682)	(123,496)	(242,559)	(22,470)	(8,041)	(28,754)	(429,002)
31 December 2010	1,616,905	6,664,102	14,698,794	654,933	662,853	1,597,546	25,895,133
Additions	44,332	65,307	370,512	27,239	47,848	2,724,477	3,279,715
Disposals/write off	-	(145,839)	(301,968)	(42,436)	(27,660)	(12,412)	(530,315)
Transfer to other assets	-	-	-	-	-	(156,138)	(156,138)
Transfer in (out)	6,830	546,388	1,595,738	71,631	25,349	(2,245,936)	-
Translation adjustment	3,233	67,005	153,337	15,467	6,337	7,768	253,147
31 December 2011	1,671,300	7,196,963	16,516,413	726,834	714,727	1,915,305	28,741,542
<b>Accumulated depreciation</b>							
1 January 2010	17,925	1,793,468	5,229,436	284,361	277,713	-	7,602,903
Increase from acquisition of subsidiaries during the year (Note 2.2)	991	778,613	2,855,075	172,766	156,801	-	3,964,246
Depreciation for the year	4,809	225,011	873,228	35,220	50,108	-	1,188,376
Depreciation for disposals/write off	(887)	(141,928)	(685,292)	(37,065)	(28,184)	-	(893,356)
Translation adjustment	(131)	(51,334)	(135,886)	(15,360)	(6,257)	-	(208,968)
31 December 2010	22,707	2,603,830	8,136,561	439,922	450,181	-	11,653,201
Depreciation for the year	4,722	325,686	1,094,947	72,736	53,608	-	1,551,699
Depreciation for disposals/write off	-	(137,489)	(111,802)	(40,153)	(23,443)	-	(312,887)
Translation adjustment	89	19,468	90,485	9,220	4,667	-	123,929
31 December 2011	27,518	2,811,495	9,210,191	481,725	485,013	-	13,015,942
<b>Allowance for loss on impairment of assets</b>							
1 January 2010	-	32,371	215,823	-	3,483	-	251,677
Decrease during the year	-	-	(190,088)	-	-	-	(190,088)
Translation adjustment	-	-	(9,830)	-	-	-	(9,830)
31 December 2010	-	32,371	15,905	-	3,483	-	51,759
Increase during the year	-	33,255	-	-	-	-	33,255
Decrease during the year	-	-	(11,834)	-	(3,483)	-	(15,317)
Translation adjustment	-	-	943	-	-	-	943
31 December 2011	-	65,626	5,014	-	-	-	70,640

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	
<b>Net book value</b>							
31 December 2010	1,594,198	4,027,901	6,546,328	215,011	209,189	1,597,546	14,190,173
31 December 2011	1,643,782	4,319,842	7,301,209	245,109	229,714	1,915,304	15,654,960
<b>Depreciation for the years</b>							
2010 (Baht 1,039 million include in manufacturing cost and the balances in selling and administrative expenses)							1,188,376
2011 (Baht 1,446 million include in manufacturing cost and the balances in selling and administrative expenses)							1,551,699

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	
<b>Cost</b>							
1 January 2010	387,280	1,525,668	1,690,486	51,429	127,518	341,308	4,123,689
Additions	369,912	-	19,158	2,130	7,092	527,717	926,009
Disposals/write off	(17,079)	-	(2,867)	(1,851)	(1,125)	(2,617)	(25,539)
Transfer in (out)	-	177,158	131,663	6,115	2,710	(317,646)	-
31 December 2010	740,113	1,702,826	1,838,440	57,823	136,195	548,762	5,024,159
Additions	-	41,758	120,531	5,134	23,464	318,751	509,638
Disposals/write off	-	-	(14,192)	(257)	(7,913)	(114)	(22,476)
Transfer in (out)	2,257	269,410	160,925	441	(6,484)	(426,549)	-
31 December 2011	742,370	2,013,994	2,105,704	63,141	145,262	440,850	5,511,321
<b>Accumulated depreciation</b>							
1 January 2010	-	560,751	993,951	26,238	85,311	-	1,666,251
Depreciation for the year	-	81,833	216,386	8,465	14,318	-	321,002
Depreciation for disposals/ write off	-	-	(834)	(1,731)	(1,125)	-	(3,690)
31 December 2010	-	642,584	1,209,503	32,972	98,504	-	1,983,563
Depreciation for the year	-	62,929	190,820	9,381	9,409	-	272,539
Depreciation for disposals/ write off	-	-	(7,022)	(227)	(7,851)	-	(15,100)
31 December 2011	-	705,513	1,393,301	42,126	100,062	-	2,241,002
<b>Allowance for loss on impairment of assets</b>							
1 January 2010	-	32,371	-	-	3,483	-	35,854
Increase (Decrease)	-	-	-	-	-	-	-
31 December 2010	-	32,371	-	-	3,483	-	35,854
Increase during the year	-	33,255	-	-	-	-	33,255
Decrease during the year	-	-	-	-	(3,483)	-	(3,483)
31 December 2011	-	65,626	-	-	-	-	65,626

(Unit: Thousand Baht)

	Separate financial statements						Total
	Buildings		Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	
	Land and land improvement	and building improvement					
<b>Net book value</b>							
31 December 2010	740,113	1,027,871	628,937	24,851	34,208	548,762	3,004,742
31 December 2011	742,370	1,242,855	712,403	21,015	45,200	440,850	3,204,693
<b>Depreciation for the years</b>							
2010 (Baht 304 million include in manufacturing cost and the balances in selling and administrative expenses)							321,002
2011 (Baht 255 million include in manufacturing cost and the balances in selling and administrative expenses)							272,539

As at 31 December 2011, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 5,189 million (2010: Baht 4,664 million).

## 17. Intangible assets

(Unit: Million Baht)

	Consolidated financial statements								Total
	Licences	Trademark	Patents	Customer relationships	Covenant		Distributor relationships	Others	
					not to complete	Computer software			
<b>Cost</b>									
At 1 January 2010	47	874	36	141	14	92	-	-	1,204
Increase from acquisition of subsidiaries (Note 2.2)	210	12,585	-	-	-	159	235	2	13,191
Additions	2	-	-	-	-	9	-	-	11
Disposal/write off	-	-	-	-	-	(3)	-	-	(3)
Translation adjustment	(7)	(622)	-	(14)	(1)	(8)	(10)	-	(662)
At 31 December 2010	252	12,837	36	127	13	249	225	2	13,741
Addition	-	1	-	-	-	37	-	1	39
Disposal/write off	-	-	(36)	-	-	-	-	-	(36)
Translation adjustment	12	376	-	7	-	3	7	-	405
31 December 2011	264	13,214	-	134	13	289	232	3	14,149

(Unit: Million Baht)

Consolidated financial statements									
	Licences	Trademark	Patents	Customer relationships	Covenant not to complete	Computer software	Distributor relationships	Others	Total
<b>Amortisation</b>									
At 1 January 2010	12	296	-	90	14	78	-	-	490
Increase from acquisition of subsidiaries (Note 2.2)	-	-	-	-	-	65	-	-	65
Amortisation	6	-	-	13	-	8	1	-	28
Amortisation for disposal/write off	-	-	-	-	-	(3)	-	-	(3)
Translation adjustment	-	(28)	-	(8)	(1)	(3)	-	-	(40)
At 31 December 2010	18	268	-	95	13	145	1	-	540
Amortisation	9	-	-	13	-	31	8	-	61
Translation adjustment	-	13	-	5	-	1	-	-	19
<b>At 31 December 2011</b>	<b>27</b>	<b>281</b>	<b>-</b>	<b>113</b>	<b>13</b>	<b>177</b>	<b>9</b>	<b>-</b>	<b>620</b>
<b>Impairment</b>									
At 1 January 2010	-	-	-	-	-	-	-	-	-
Increase from acquisition of subsidiaries (Note 2.2)	-	182	-	-	-	-	-	-	182
Translation adjustment	-	(8)	-	-	-	-	-	-	(8)
At 31 December 2010	-	174	-	-	-	-	-	-	174
Translation adjustment	-	5	-	-	-	-	-	-	5
At 31 December 2011	-	179	-	-	-	-	-	-	179
<b>Net book value</b>									
At 31 December 2010	234	12,395	36	32	-	104	224	2	13,027
At 31 December 2011	237	12,754	-	21	-	112	223	3	13,350

(Unit: Million Baht)

Separate financial statements

Computer software

**Cost**

At 1 January 2010	8.0
Additions	1.0
At 31 December 2010	9.0
Additions	0.7
At 31 December 2011	9.7

	(Unit: Million Baht)
	Separate financial statements
	<u>Computer software</u>
<b>Amortisation</b>	
At 1 January 2010	7.1
Amortisation	0.4
At 31 December 2010	7.5
Amortisation	0.5
At 31 December 2011	8.0
<b>Net book value</b>	
At 31 December 2010	1.5
At 31 December 2011	1.7

#### Acquisition during the year

Licenses, distributor relationships trademark and intangible assets acquired through business combinations. These licenses and distributor relationships have been granted for approximately 39 years and 20 years, respectively. Trademarks acquired have indefinite useful life.

As at 31 December 2011, some trademark of the overseas subsidiary was incorporated at eligible collateral as mentioned in Note 19.

#### 18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Trade payables - related parties	28,047	39,975	231,330	243,513
Trade payables - unrelated parties	6,444,194	5,869,655	833,626	696,100
Accrued interest expenses to related parties	-	-	8	445
Accrued expenses - related parties	38,261	51,253	11,904	32,116
Other payables construction and asset purchase	95,371	180,495	24,144	70,612
Accrued expenses	1,313,202	1,053,379	271,230	254,719
Total trade and other payables	<u>7,919,075</u>	<u>7,194,757</u>	<u>1,372,242</u>	<u>1,297,505</u>

## **19. Bank overdrafts and short-term loans from financial institutions**

The Company entered into interest rate swap agreements for short-term loans from financial institution to hedge interest rate risk, as mentioned in Note 35.1

TUI entered into an amended and restated credit agreement (the TUI credit facility) with Bank of America N.A. The TUI credit facility provides for a USD 85 million revolving facility and expires on 15 October 2013. Borrowings under the credit facility bear interest, at TUI's option, at LIBOR plus a margin of 2.00 to 2.50% per annum, or the bank's prime rate plus 1.00 to 1.50% per annum, subject to excess availability evaluated on a quarterly basis. An unused line fee is charged at 0.25% per annum, subject to adjustment, on the average daily unused portion of the credit facility. The credit facility is secured by all accounts receivable and inventory of TUI. This revolving credit agreement includes a requirement that all borrowers maintain a lockbox arrangement whereby cash receipts are used to repay the amounts outstanding under the revolving agreement. Therefore, all borrowings made under the TUI credit agreement will be classified as short-term.

On 16 February 2011, TUI entered into a second amendment to the TUI credit agreement with Bank of America, N.A. for USD 15 million temporary increase in the availability under the TUI Credit Agreement through 16 May 2011, which was extended through 15 June 2011 under a TUI third amendment. Borrowings under the TUI amendments No. 2, 3 and 4 bear interest at LIBOR plus 2.25% per annum or the bank's prime rate plus 1.25% per annum, subject to excess availability evaluated on a quarterly basis. The unused line fee remains at 0.25% per annum, subject to adjustment on the average daily unused portion of the credit facility. On 6 June 2011, TUI entered into a fourth amendment to the Credit Agreement (TUI Amendment No. 4) with BOA, which increased the temporary credit line to USD 115 million through 15 July 2011. On 16 July 2011, TUI further amended the TUI Credit Agreement (TUI Amendment No. 5) to increase the credit line to USD 140 million through the 15 October 2013 expiration date, with other terms remaining unchanged from the initial TUI Credit Agreement.

As at 31 December 2011, the balance under the credit facility was USD 126 million at interest rate between 2.28 to 4.25% per annum and actual unused availability was approximately USD 12 million. TUI is subject to certain financial covenants including interest coverage ratio and leverage coverage ratio and others. As at 31 December 2011, TUI determined it was in compliance with these covenants.

Tri-Union Frozen Foods, LLC (TUFF) maintained a revolving credit facility with Wells Fargo Foothill, LLC until 15 October 2010, which was replaced by TUFF credit facility. The TUFF Facility provided for borrowing and the issuance of letter of credit of up to USD 45 million subject to limitations based on eligible accounts receivable and inventory and may be increased to USD 75 million under certain conditions. The issuance of letters of credit reduces the borrowing capacity. Borrowings under the credit agreement bear interest, at TUFF's option, at LIBOR plus a margin of 2.75% per annum or the Central Bank's rate plus 2% per annum. TUFF was subject to certain financial covenants including fixed coverage ratio and leverage coverage ratio as well as other operating covenants including limitation capital expenditures, transactions with affiliates, distributions, and dividends. The facility is guaranteed by the Company and collateralised by TUFF's accounts receivable and inventory. In association with the TUFF Credit Facility in place, TUFF repaid Wells Fargo Foothill, LLC for the entire outstanding balance on 15 October 2010.

On 11 March 2011, Tri-Union Seafoods, LLC (Tri-U) entered into an amended revolving credit facility with Bank of America N.A. The credit facility, which expires on 11 March 2014, provides for borrowings and the issuance of letters of credit up to USD 95 million subject to limitations based on eligible accounts receivable and inventory. The issuance of letters of credit reduces the amount of borrowing capacity. Borrowings under the credit facility bear interest, at Tri-U's option, at LIBOR plus a margin of 2.00% per annum or 2.25% per annum, the bank's prime rate, or the bank's prime rate plus 1.00% per annum or 1.25% per annum, depending upon the ratio of amounts outstanding to secured accounts receivable and inventory, subject to quarterly adjustment. An unused line fee is charged at 0.375% per annum, subject to adjustment, on the average daily unused portion of the credit facility. The credit facility is secured by accounts receivable and inventory of Tri-U. On 6 June 2011, Tri-U amended its credit facility with the above financial institution to incorporate the "Chicken of the Sea" trademark at eligible collateral with USD 10 million additional availability component loan at LIBOR plus a margin of 3.75% or 4.00% per annum or the bank's prime rate plus 2.75% or 3.00% per annum within the USD 95 million credit line. Until repayment in full of the additional component loan, borrowing under Tri-U credit facility bears interest at LIBOR plus 2.25% or 2.50% per annum, or the bank's prime rate plus 1.25% or 1.50% per annum at Tri-U option. As at 31 December 2011, the balance under the credit facility was USD 87 million with interest rate at 2.63 to 6.00% per annum and actual unused availability was approximately USD 5 million. Tri-U is subject to certain financial covenants including an interest coverage ratio and leverage ratio and other covenants, including limitations on indebtedness capital leases



capital expenditures, transactions with affiliates, distributions, and dividends. Tri-U determined it was not in compliance with these covenants as of 31 December 2011. The financial institution has the right to call the debt immediately due and payable. As of 10 February 2012, management has not received any notification from the bank that it intends to call the debts. The Company is currently engaged in negotiations with the financial institution to modify the terms of the covenants in order to be in compliance through at least 31 December 2012. There can be no assurances that Tri-U will be successful in negotiating a debt modification. The Company has confirmed to Tri-U that it will provide financial support sufficient for Tri-U to satisfy its obligations and debt service requirements as they come due until at least 1 January 2013.

## 20. Long-term loans

Long-term loans as at 31 December 2011 and 2010 consist of:

(Unit: Million Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2011	2010	2011	2010
USD loans	9	8	-	-
Baht loans	3,092	10,259	2,250	9,000
EUR loans	13,240	13,589	-	-
Less: Deferred financial fees	(742)	(839)	-	(103)
Total	15,599	23,017	2,250	8,897
Less: Current portion	(984)	(516)	-	-
Net	14,615	22,501	2,250	8,897

During the third quarter of 2006, a local subsidiary entered into two loan agreements amounting to Baht 150 million with two local financial institutions. The loans carry interest at MLR minus 1.25% per annum and MLR minus 0.50% per annum. These loans are to be repaid within year 2013 and have been guaranteed by a local subsidiary. During the second quarter of the current year, the above subsidiary had already paid the principal in full amount.

During the second quarter of 2007, a local subsidiary drew Baht 380 million of two loan agreements from a local financial institution. The loans carry interest at 4.85% per annum, and THBFIX plus 0.5% per annum. These loans are to be repaid within year 2012. As at 31 December 2011, the balance of this loan is Baht 24 million.

During the third quarter of 2007, a local subsidiary entered into a 7-year loan agreement amounting to Baht 1,190 million with a local financial institution. The loan carries interest at THBFIX plus 0.39% per annum and is to be repaid in semi-annually installments, the first of which will be due in January 2011. The loan contains covenants relating to various matters stipulated in the agreement. However, during 2008, the above subsidiary had repaid principal amount of Baht 100 million. As at 31 December 2011, the balance of this loan was Baht 818 million.

During the last quarter of 2010, the Company has entered into, two unsecured loan agreements 6-year and 8-year, amounting to Baht 9,000 million in total with the group of financial institutions. The loan carries interest at THBFIX plus 1.50 to 1.75% per annum and is to be repaid within year 2019. However, during the current quarter, the Company had restructured and had already paid in full.

In 2010, an overseas subsidiary has entered into loan agreements with four overseas financial institutions to acquire EUR 340 million loans. The loans carry interest at the LIBOR plus 4.5 to 5.0% per annum, are to be repaid within 6 years and 7 years and secured by the shares of MW Brands and its subsidiaries.

During the third quarter of 2011, the Company has entered into a 7-year loan agreement amounting to Baht 2,250 million with a local financial institution. The loan carries interest at THBFIX per annum and is to be repaid in quarterly installments, the first of which will be due in October 2013. The loan contains covenants relating to various matters stipulated in the agreement. As at 31 December 2011, the balance of this loan was Baht 2,250 million.

## **21. Debentures**

On 26 October 2005, a meeting of the Company's Board of Directors approved the issuance of debentures of the Company and/or its subsidiary companies in an amount of up to Baht 8,500 million or the equivalent of another currency, for the purposes of refinancing debt and future expansion. Such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.

On 7 June 2007, the Company issued Baht 3,200 million (3,200,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with no trustee, with interest rate at 3.91% per annum and the redemption in full is due in June 2011. The Company already paid in full in June 2011.

On 12 November 2008, the Company issued the 2-year debentures of Baht 1,500 million (1,500,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with no trustee, with interest rate at 4.7% per annum, which redeemed on the maturity date in 2010 and the 5-year debentures of Baht 500 million (500,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with no trustee, with interest rate at 5.5% per annum and the redemption is due in 2013.

On 25 April 2011, the Annual General Meeting of Shareholders approved the increase of credit limit for issuance of debentures of the Company and/or its subsidiaries in an amount of up to Baht 15,000 million or the equivalent in other currencies, for the purpose of refinancing debt and future expansion. Such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.

On 27 July 2011, the Company issued three debentures the 3 to 10 year debentures of Baht 6,750 million (6,750,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with no trustee, with interest rate at 4.51 to 5.02% per annum and the redemption is due in 2014, 2016 and 2021.

The debentures contain covenants relating to various matters such as the maintenance of debt to shareholders' equity ratio and interest cover ratio, and certain conditions in issuance of debentures agreements, for example, annual dividend payment in the form of cash exceeding 60 percent of net income of the year is prohibited, etc.

## **22. Convertible bond**

On 2 September 2010, the Extraordinary General Meeting of Shareholders approved the issuance non-secured convertible bond to specific investors (Private Placement) of EUR 60 million. The bond has a tenor of 4 years and an annual coupon of 5% p.a. and an overall yield of 8% p.a. unless converted into common shares. The bond can be converted into common shares at any time after the first year at a conversion price of Baht 56 per share. On 27 October 2010, the Company issued these convertible bond. The convertible bond contains covenants relating to various matters.

According to the Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", the issuer of convertible bond is required to classify the bond's liability and equity components and present them separately from the owner's equity in the statements of financial position. However, the rate of interest payable in the future on the convertible bond was the same as the market rate prevailing on the date of bond issuance. The Company therefore recorded all the convertible bond as liabilities.

The liability component continues to be presented on an amortised cost basis, until conversion to ordinary shares or maturity of the bond.

### 23. Provision for long-term employee benefits

The amount related to long-term employee benefits recognised in profit or loss and the statements of financial position are summarised below.

	(Unit: Thousand Baht)	
	2011	
	Consolidated financial statements	Separate financial statements
Current service cost	85,501	16,958
Interest cost	61,351	7,782
<b>Long-term employee benefit expenses for the years</b>	<b>146,852</b>	<b>24,740</b>
Defined benefit obligation	1,062,945	190,433
Fair value of plan assets	(70,467)	-
<b>Provisions for long-term employee benefits</b>	<b>992,478</b>	<b>190,433</b>

The changes in the present value of the defined benefit obligation are as follow:

	(Unit: Thousand Baht)	
	2011	
	Consolidated financial statements	Separate financial statements
<b>Defined benefit obligation at beginning of year</b>	397,714	-
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 5)	603,395	169,096
Current service cost	91,535	16,958
Interest cost	62,821	7,782
Benefits paid during the year	(125,326)	(3,403)
Actuarial losses	17,934	-
Translation adjustment	14,872	-
<b>Defined benefit obligation at end of year</b>	<b>1,062,945</b>	<b>190,433</b>

The change in the fair value of plan assets is as follows:

	(Unit: Thousand Baht)	
	2011	
	Consolidated financial statements	Separate financial statements
<b>Fair value of plan assets at beginning of year</b>	115,292	-
Expected return on plan assets	(8,851)	-
Contributions	41,745	-
Benefits paid during the year	(87,471)	-
Actuarial losses	5,482	-
Translation adjustments	4,270	-
<b>Fair value of plan assets at end of year</b>	<b>70,467</b>	<b>-</b>

The major categories of plan assets as a percentage of total plan assets are as follows:

	2011	
	Consolidated financial statements	Separate financial statements
	%	%
Equity securities	64	-
Debt securities	36	-

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.2 - 12.4	4.2 - 12.4	4.7	4.7
Future salary increase rate (depending on age of employee)	3.0 - 10.0	3.0 - 10.0	3.5 - 10.0	3.5 - 10.0
Staff turnover rate	1.0 - 30.0	1.0 - 30.0	2.5 - 30.0	2.5 - 30.0

## 24. Income tax/deferred tax assets (liabilities)

Income tax expenses for the years ended 31 December 2011 and 2010 are made up as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Current income tax:</b>				
Current income tax charge	586	293	119	79
Translation adjustment	11	13	-	-
Expense (income) in deferred income tax	(405)	323	(9)	(1)
Income tax expense reported in income statements	<u>192</u>	<u>629</u>	<u>110</u>	<u>78</u>

Reconciliation between tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended 31 December 2011 and 2010.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Accounting profit before corporate income tax	<u>6,217</u>	<u>3,981</u>	<u>3,133</u>	<u>2,029</u>
Applicable tax rate	10-35%	10-35%	30%	25-30%
Accounting profit before tax multiplied by applicable tax rate	2,075	1,150	940	594
Tax adjust for prior year	(2)	(1)	-	-
Tax effect of intercompany transactions	(345)	449	-	-
Tax effect for:				
investment promotion (Note 28)	(1,310)	(665)	(481)	(149)
tax-exempt incomes and non-deductible expenses	(168)	2	(341)	(366)
Increase in deferred tax assets	(155)	(693)	(9)	(1)
Increase in deferred tax liabilities	<u>97</u>	<u>387</u>	<u>1</u>	<u>-</u>
Corporate income tax in income statements	<u>192</u>	<u>629</u>	<u>110</u>	<u>78</u>

As at 31 December 2011 and 2010 the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Deferred tax assets</b>				
Tax losses brought forward	566	157	-	-
Tax effect of non-deductible expenses				
Allowance for doubtful accounts	20	19	5	1
Allowance for devaluation in the value of inventories	118	73	4	9
Assets value	13	9	13	9
Other allowance	21	2	-	-
Provision for long-term employee benefit	49	-	5	-
Accrued liabilities	125	159	-	-
Inventory cost capitalisation	142	79	-	-
Others	9	1	8	-
Total	<u>1,063</u>	<u>499</u>	<u>35</u>	<u>19</u>
<b>Deferred tax liabilities</b>				
Depreciation and amortisation	472	373	1	-
Intangible assets	3,853	3,749	-	-
Prepaid expense	19	14	-	-
Others reserves	207	149	-	-
Other	367	356	-	-
Total	<u>4,918</u>	<u>4,641</u>	<u>1</u>	<u>-</u>

The above deferred tax liabilities included the deferred tax liabilities of EUR 100 million from the appraised value of fair value of intangible assets at acquisition date as discussed in note 2.2.

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

## 25. Share capital

On 2 September 2010, the Extraordinary General Meeting of Shareholders of the Company approved the following resolutions relating to changes in the Company's registered share capital.

- 1) Approved the reduction of registered share capital of the Company from Baht 885,090,950 to Baht 883,170,950.
- 2) Approved the increase of registered share capital of the Company from Baht 883,170,950 to Baht 1,000,000,000.

The above reduction and increase of registered share capital were made for the purposes of the acquisition of MW Brands, as described in Note 13. The Company registered the reduction and increase in its registered share capital with the Ministry of Commerce on 10 September 2010 and 13 September 2010, respectively.

### Reconciliation of the number of issued and paid-up share capital

	(Unit: Shares)	
	For the years ended 31 December	
	<u>2011</u>	<u>2010</u>
Number of ordinary shares at the beginning of year	956,329,407	883,170,950
Increase in the number of ordinary shares due to share capital increase*	-	73,158,457
Number of ordinary shares at the end of year	<u>956,329,407</u>	<u>956,329,407</u>

\* The Company allocated the new 73,158,457 shares to the existing shareholders at the ratio of 20 existing common shares to 1 newly issued shares. The shares were offer at a price of Baht 50 per share, totaling 44,158,457 shares. In addition, the Company allocated 29,000,000 shares through private placement at the subscription price of Baht 53 per share. The Company registered its additional shares with the Ministry of Commerce on 27 October 2010 and the shares were first traded on Stock Exchange of Thailand on 29 October 2010.

## 26. Statutory reserve

Pursuant to section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution.



## 27. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Salary and wages and other employee				
benefits	8,620,366	5,486,862	1,944,049	1,740,563
Depreciation	1,551,699	1,188,376	272,539	321,002
Amortisation expenses	64,475	30,575	473	394
Loss on impairment	34,681	-	29,772	-
Rental expenses under operating lease				
agreements	737,568	582,988	184,220	249,438
Raw materials, consumables used				
and finished goods purchased	59,485,850	49,226,353	17,867,630	15,440,499
Changes in inventories of finished				
goods and work in progress	(2,056,615)	(2,892,682)	(409,086)	702,711

## 28. Promotional privileges

The Company has been granted promotional privileges by the Board of Investment to carry on the activity of producing frozen seafood, processed and semi- processed food and others. In addition, five subsidiaries were granted promotional privileges by the Board of Investment to produce frozen seafood, processed and semi-processed food, processed animal feeds and others. Subject to certain imposed conditions, the tax privileges of the Company and these subsidiaries include the following:

- Exemption from corporate income tax on income from the promoted activities for a period of 8 years, to the extent that the amount of tax exempted does not exceed investment capital exclusive of land and working capital for manufacturing frozen seafood and canned pet food and for a period of 8 years for semi-canned food and frozen ready-meal commencing as from the date of first earning operating income.

In case that there are losses incurred during the corporate income tax exemption period, the Company and its subsidiaries are allowed to utilise the losses as a deduction against net income of future years after the expiry of the tax exemption period but with a time limit of 5 years after that period.

- Exemption from income tax on dividend paid to the shareholders from the income of the promoted operation during the corporate income tax exemption period.

- Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year and/or 5 years as from the date of first import.
- Exemption from import duty on items which the promoted person imports for re-export for a period of 1 year and/or 5 years as from the date of first import.
- Five percent of any increment in export income over that of the preceding year is deductible from taxable income for a period of ten years commencing as from the date of first earning operating income, provided that the export sales of that year are not lower than the average export sales of the past three years, except for the first two years.
- Exemption from import duty on machinery as approved by the Board.

In addition, subsidiaries have been accorded the following additional privileges:

- A fifty percent reduction of corporate income tax on their net income, for a period of 5 years after the corporate income tax exemption expired.
- Permission to double deduct the costs of transportation, electricity and water supply for corporate income tax purpose, for a period of 10 years, commencing as from the date of first earning operating income.
- Permission to deduct twenty five percent of the cost of public utilities, in addition to normal depreciation charges.

The Company's operation revenues for the years are below shown divided according to promoted and non-promoted activities.

(Unit: Thousand Baht)

	2011			2010		
	B.O.I. promoted	Non - B.O.I. promoted	Total	B.O.I. promoted	Non - B.O.I. promoted	Total
Revenues						
Sales						
Local	2,784,983	775,403	3,560,386	1,930,745	1,025,087	2,955,832
Export	19,735,527	429,818	20,165,345	15,716,541	2,511,607	18,228,148
Other income	126,051	2,388,842	2,514,893	405,829	1,803,291	2,209,120
Total revenues	<u>22,646,561</u>	<u>3,594,063</u>	<u>26,240,624</u>	<u>18,053,115</u>	<u>5,339,985</u>	<u>23,393,100</u>

## 29. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

For the year ended 31 December 2011				
Profit for the year		Weighted average	Earnings per share	
Consolidated financial statements	Separate financial statements	number of ordinary shares	Consolidated financial statements	Separate financial statements
Million Baht	Million Baht	Million share	Baht	Baht
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the parent				
5,075	3,023	956.3	5.30	3.16
Add: Interest expense from convertible bond recognised during the year				
90	90	-		
Effect of dilutive potential ordinary shares				
-	-	42.9		
<b>Diluted earning per share</b>				
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares				
5,165	3,113	999.2	5.17	3.11

  

For the year ended 31 December 2010				
Profit for the year		Weighted average	Earnings per share	
Consolidated financial statements	Separate financial statements	number of ordinary shares	Consolidated financial statements	Separate financial statements
Million Baht	Million Baht	Million share	Baht	Baht
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the parent				
2,874	1,951	897.4	3.20	2.17
Add: Interest expense from convertible bond recognised during the year				
22	22	-		
Effect of dilutive potential ordinary shares				
-	-	7.8		
<b>Diluted earning per share</b>				
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares				
2,896	1,973	905.2	3.19	2.17

### 30. Segment information

The operations of the Company and its subsidiaries principally involve the production, distribution and export of frozen seafood products. Some overseas subsidiaries of which the principal business activity is overseas investments. These activities are carried out in Thailand and overseas. Their income comes from both local and export sales. Below is the consolidated financial information for the years ended 31 December 2011 and 2010 of the Company and its subsidiaries by segment.

(Unit: Million Baht)

	Frozen and canned		Other businesses		Total		Elimination		Grand total	
	food products									
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Sales										
- Local	4,571	3,704	11,221	10,532	15,792	14,236	(6,129)	(4,893)	9,663	9,343
- Export	102,509	74,844	898	668	103,407	75,512	(14,400)	(13,348)	89,007	62,164
Total sales	107,080	78,548	12,119	11,200	119,199	89,748	(20,529)	(18,241)	98,670	71,507
Segment operating income	7,772	3,275	1,323	1,297	9,095	4,572	(646)	152	8,449	4,724
Unallocated income (expenses):										
Interest income									10	5
Administrative expenses									(54)	(8)
Share of profit from investment in associated companies									84	24
Finance cost									(2,272)	(764)
Corporate income tax									(192)	(629)
Profit attributable to non-controlling interests of the subsidiaries									(950)	(478)
Profit attributable to equity holders of the company									5,075	2,874

Financial information of the Company and its subsidiaries presented by geographical segment for the years ended 31 December 2011 and 2010 is as follows:

(Unit: Million Baht)

	Thailand		Overseas		Total		Elimination		Grand total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Sales									
- Frozen and canned										
food products	51,330	44,430	55,750	34,118	107,080	78,548	(18,433)	(16,278)	88,647	62,270
- Other businesses	12,119	11,200	-	-	12,119	11,200	(2,096)	(1,963)	10,023	9,237
Total sales	63,449	55,630	55,750	34,118	119,199	89,748	(20,529)	(18,241)	98,670	71,507
Segment operating income									8,449	4,724
Property, plant and										
equipment	9,248	9,562	6,219	4,592	15,467	14,154	188	36	15,655	14,190
Unallocated assets									67,575	60,587
Total assets									83,230	74,777

Transfer prices between the Company and its subsidiaries are as set out in Note 10.

### 31. Provident fund

The Company, the local subsidiaries and their employees have jointly established provident funds under the Provident Fund Act B.E. 2530. The funds are contributed to on a monthly basis, by the employees at rates ranging from 2 to 5 percent of the basic salaries, and by the Company and its local subsidiaries at rates ranging from 2 to 10 percent, based on the length of employment. The Company's fund is managed by MFC Asset Management Pcl. and the local subsidiaries' fund is managed by American International Assurance Co., Ltd. and TISCO Asset Management Co., Ltd.

During the year 2011, the Company and its local subsidiaries contributed approximately Baht 45 million (2010: Baht 42 million) to the fund.

### 32. Provision for changes in the value of pension fund

An overseas subsidiary has established a pension fund under which it matches participants' contributions under these plans at a rate of 50 percent of an employee's contribution up to a maximum of 6 percent of eligible compensation. The overseas subsidiary contributed USD 0.4 million to the fund in the year 2011 (2010: USD 0.4 million).

### 33. Dividends

(Unit: Million Baht)			
Dividends	Approved by	Total dividends	Dividend per share (Baht per share)
Final dividends for 2009	Annual General Meeting of the shareholders on 22 March 2010	883	1.00
Interim dividends for 2010	Board of Directors' meeting on 4 August 2010	883	1.00
Interim dividends for 2010	Board of Directors' meeting on 30 September 2010	230	0.26
Total dividends for 2010		<u>1,996</u>	
Interim dividends for 2011	Annual General Meeting of the shareholders on 25 April 2011	325	0.34
Interim dividends for 2011	Board of Directors' meeting on 5 August 2011	870	0.91
Total dividends for 2011		<u>1,195</u>	

### 34. Commitments and contingent liabilities

#### 34.1 Commitments

As at 31 December 2011, the Company and its subsidiaries have the following commitments:

a) The Company and its subsidiaries have the commitments under the following agreements:

	Payable within						Total
	Less than 1 year		1 to 5 years		More than 5 years		
Office rental and service agreements	Baht	52 million	Baht	57 million	Baht	9 million	Baht 118 million
	EUR	1 million	EUR	2 million	-	-	EUR 3 million
Land lease agreements	-	-	Baht	3 million	Baht	3 million	Baht 6 million
	USD	3 million	USD	9 million	USD	3 million	USD 15 million
	-	-	EUR	1 million	EUR	1 million	EUR 2 million
Car lease agreements	Baht	5 million	Baht	4 million	-	-	Baht 9 million
	EUR	1 million	-	-	-	-	EUR 1 million
Machine lease agreements	Baht	2 million	Baht	4 million	-	-	Baht 6 million
	-	-	USD	1 million	-	-	USD 1 million
Computer & copy machine lease							
Agreements	Baht	39 million	Baht	66 million	-	-	Baht 105 million
Warehouse and factory							
construction agreements	Baht	65 million	-	-	-	-	Baht 65 million
Purchase machinery, equipment							
and vehicle agreements	Baht	58 million	-	-	-	-	Baht 58 million
Advertising agreements	Baht	9 million	-	-	-	-	Baht 9 million
Communication agreements	Baht	1 million	Baht	1 million	-	-	Baht 2 million
Advisory agreements	Baht	14 million	-	-	-	-	Baht 14 million
Marketing and management							
service agreements	Baht	1 million	-	-	-	-	Baht 1 million
Internet network service agreements	Baht	3 million	Baht	7 million	-	-	Baht 10 million

b) The Company and its subsidiaries are committed to pay the uncalled portions of their investments as follows:

	Amount	
The local subsidiary	Baht	51.0 million
The overseas subsidiary	USD	1.9 million
The overseas associates	USD	2.3 million

c) The overseas subsidiary has agreed to make payments under royalty agreements for the use of certain production machinery and equipment. The agreements require fixed payments plus an additional sum based on output. Total payments

made under these arrangement for the year ended 2011 amounting to USD 1 million (2010: USD 1 million).

- d) The Office of the Attorney General of a US state filed a lawsuit against the three largest canned tuna companies in the US, including TUI, for failure to warn consumers that certain tuna contains mercury. Such case was dismissed on 8 January 2007. However, the plaintiff filed a notice of appeal and the appeal was granted on 19 August 2008. TUI filed a petition for an en banc appeal, which was denied. On 13 January 2009, TUI filed a petition with the Supreme Court, which the Court has declined to hear. Each party has subsequently filed motions and are currently awaiting the Judge's rulings. TUI is unable to predict the probable outcome of this matter. As such, TUI has no accrual related to this matter as of 31 December 2011.

### **34.2 Guarantees**

- a) As at 31 December 2011, there were outstanding bank guarantees of approximately Baht 54 million and USD 4 million (2010: Baht 58 million and USD 5 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.
- b) As at 31 December 2011, there were outstanding bank guarantees of approximately Baht 92 million (2010: Baht 103 million) issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of business.

## **35. Financial instruments**

### **35.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, restricted deposits with financial institutions, trade accounts receivable, loans, investments, accounts payable, short-term loans, long-term loans, debentures and convertible bond. The financial risks associated with these financial instruments and how they are managed are described below.



### **Credit risk**

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in the statement of financial position.

### **Interest rate risk**

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its deposits at financial institutions, bank overdrafts, short-term borrowings, long-term borrowings, debentures and convertible bond. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, including the Company and its subsidiaries had entered into interest rate swap agreements. The interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	543	360	903	0.17 - 1.93
Trade and other receivables	-	-	-	-	11,161	11,161	-
Restricted deposits with financial institutions	-	-	-	12	-	12	0.62
Long-term loans to other companies	4	12	13	-	-	29	3.00 - 3.75
	<u>4</u>	<u>12</u>	<u>13</u>	<u>555</u>	<u>11,521</u>	<u>12,105</u>	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	7,673	-	-	6,804	-	14,477	2.43 - 4.70
Trade and other payables	-	-	-	-	7,919	7,919	-
Long-term loans	10	-	9	15,580	-	15,599	3.69 - 5.00
Debentures	-	5,733	1,495	-	-	7,228	4.69
Convertible bond	-	2,462	-	-	-	2,462	5.00
	<u>7,683</u>	<u>8,195</u>	<u>1,504</u>	<u>22,384</u>	<u>7,919</u>	<u>47,685</u>	

Separate financial statements as at 31 December 2011

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	Over		Floating	Non- interest		
	1 year	1-5 years	5 years	interest rate	bearing		
	(Million Baht)						
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	30	26	56	0.17
Trade and other receivables	-	-	-	-	4,088	4,088	-
Short-term loans to subsidiaries	80	-	-	-	-	80	3.05
Long-term loans to subsidiaries	440	-	15,207	1,801	-	17,448	0.48 - 6.25
	520	-	15,207	1,831	4,114	21,672	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans							
from financial institutions	3,554	-	-	-	-	3,554	3.24
Trade and other payables	-	-	-	-	1,372	1,372	-
Long-term loans	-	-	-	2,250	-	2,250	3.91
Debentures	-	5,733	1,495	-	-	7,228	4.69
Convertible bond	-	2,462	-	-	-	2,462	5.00
	3,554	8,195	1,495	2,250	1,372	16,866	

The Company and its subsidiaries entered into interest rate swap agreements to manage risk associated with the financial liabilities carrying floating interest. The details of short-term loans from financial institutions and long-term loans are set out in Notes 19 and 20. The detail of the interest rate swap agreement outstanding as at 31 December 2011 is as follows:

The Company

	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Terminal date
1	Baht 2,040 million (first 2 years) Baht 170-1,700 million (remaining 4 years)	Float rate 3-month THBFIX-Reuters plus 1.50% (first 2 years) Float rate 3-month THBFIX-Reuters plus 1.75% (remaining 4 years)	Fixed rate 4.522%	October 2016
2	Baht 510 million (first 2 years) Baht 42.5-425 million (remaining 4 years)	Float rate 3-month THBFIX-Reuters plus 1.50% (first 2 years) Float rate 3-month THBFIX-Reuters plus 1.75% (remaining 4 years)	Fixed rate 4.48%	October 2016
3	Baht 500 million	Float rate 3-month THBFIX-Reuters	Fixed rate 3.39%	August 2015
4	Baht 500 million	Float rate 6-month	Fixed rate 3.50%	August 2015

		THBFIX		
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### Subsidiaries

	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Terminal date
1	EUR 94 million	Float rate 3-month EURIBOR	Fixed rate 2.70 %	October 2017
2	EUR 132 million	Float rate 3-month EURIBOR	Fixed rate 2.73 %	October 2017
3	USD 40 million	Float rate 3-month LIBOR	Fixed rate 1.85 - 2.55%	February 2016
4	USD 40 million	Float rate 3-month LIBOR	Fixed rate 1.85 - 2.55%	February 2016

### Cross currency and interest rate swap agreements

#### The Company

	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Terminal date
	Principal amount	Interest rate	Principal amount	Interest rate	
1*	Baht 397.8 million	Float rate 3-month THBFIX	USD 12 million	Fixed rate 4.4086%	July 2012
2	Baht 1,134 million	Float rate 3-month THBFIX - Reuters	USD 35 million	Float rate 3-month LIBOR-BBA plus 0.665%	July 2013
3	Baht 674 million	Float rate 3-month THBFIX plus 2.31%	USD 22 million	Float rate 3-month LIBOR plus 3.00%	June 2014

\* No initial exchange

### Subsidiaries

	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Terminal date
	Principal amount	Interest rate	Principal amount	Interest rate	
1	Baht 976 million	Float rate 3-month THBFIX plus 2.94%	USD 32 million	Fixed rate 5.65%	March 2015

### **Foreign currency risk**

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when it considers appropriate.

The balances of financial assets and liabilities denominated in foreign currencies of the Company and its subsidiaries as at 31 December 2011 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2011
	(Million)	(Million)	(Baht per 1 foreign currency unit)
USD	308	17	31.64
JPY	83	91	0.41
EUR	376	60	40.97

Foreign exchange contracts outstanding as at 31 December 2011 are summarised below.

Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
<u>The Company</u>					
USD against Baht	-	213	-	29.89 - 43.00	January 2012 - December 2014
JPY against Baht	-	107	-	0.41	April 2012 - June 2012
EUR against Baht	1	320	41.29 - 41.93	39.10 - 44.66	January 2012 - December 2014
<u>Subsidiaries</u>					
USD against Baht	-	164	-	30.26 - 32.13	January 2012 - January 2013
USD against GBP	4	-	1.58	-	December 2012
USD against EUR	3	-	1.45	-	January - March 2012
EUR against GBP	9	-	0.84	-	January - December 2012

As at 31 December 2011, the Company and its local subsidiaries have outstanding option agreements with special conditions with financial institutions under which they have obligations to sell amounts of between USD 30 million up to USD 67 million, depending on conditions stipulated in the agreements, at rates ranging from Baht 30.25 to Baht 31.70 per USD. These agreements will terminate within September 2012.

Moreover, as at 31 December 2011, the overseas subsidiaries have outstanding option agreements as follow.

Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
EUR against USD	18.6	26.8	1.4435	1.4435	December 2012
GBP against USD	24.2	40.0	1.6500	1.6500	December 2012

EUR against GBP	34.0	41.8	0.8125	0.8125	December 2012
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### **35.2 Fair values of financial instruments**

Since the majority of the Company and its subsidiaries' financial instruments bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### **36. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure in order to support its business and maximise shareholder value. As at 31 December 2011, the Group's debt to equity ratio was 2.07:1 (2010: 2.22:1) and the Company's was 1.12:1 (2010: 1.33:1).

### **37. Subsequent events**

On 11 February 2012, there was a fire incident in one section of the Company's plant located in Samutsakorn province, which has no effect to other production lines. The Company is currently estimating the resultant damage. However, the Company has comprehensive insurance coverage for damage to inventories and assets as well as business interruption insurance. The financial impact of the incident will be reflected in 2012 accounts. In addition, the Company has a plan to reallocate some its production lines to group companies and can thus assure that its production capacity is adequate to meet all customer orders both in terms of production and delivery.

The meeting of the Company's Board of Directors No. 1/2012, held on 21 February 2012, passed the resolution to approve dividend payment of Baht 0.65 per share from its income for the period from 1 July 2011 to 31 December 2011, to the Company's shareholders totaling Baht 622 million. The dividend will be paid on 4 April 2012.

### 38. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3 and Note 5, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to the current year's classification, without any effect to the previously reported profit or shareholders' equity. The reclassification are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Trade and other receivables	9,261,820	-	3,066,632	-
Trade accounts receivable -net	-	9,217,858	-	2,882,937
Inventories	21,346,118	20,934,454	2,423,326	2,403,645
Prepaid income tax	286,324	543,165	28,163	28,163
Prepaid expense	-	164,410	-	23,443
Spareparts	-	448,702	-	20,158
Interest receivables	-	565	-	175,072
Advance payment	-	26,444	-	245
Other current assets	739,834	339,436	51,495	35,962
Property ,plant and equipment - net	14,190,173	14,092,179	3,004,742	2,947,676
Properties foreclosed - net	-	57,057	-	57,057
Goodwill	11,396,143	-	-	-
Intangible assets	13,027,293	24,423,435	1,509	1,509
Trade and other payables	7,194,757	-	1,297,505	-
Trade accounts payable	-	5,909,630	-	939,613
Accrued expenses	-	1,104,632	-	287,280
Accounts payable - construction and asset purchase	-	180,495	-	70,612
Billback	-	162,793	-	-
Other current liabilities	1,479,031	1,316,238	265,745	265,745

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Revaluation deficit on change in value of investments	-	(18,112)	-	-
Provision for change in the value of pension fund	-	(27,664)	-	-
Other reserve	-	5,941	-	-
Translation adjustment	-	(47,640)	-	-
Other components of shareholders' equity	(87,475)	-	-	-
Compensation from accounts payable	-	61,085	-	59,049
Tax coupon received	-	104,931	-	22,436
Other income	489,528	323,512	197,178	115,693
Administrative expenses	2,224,377	2,162,497	502,777	444,861
Management benefits expenses	-	56,383	-	56,383
Other expenses	-	5,497	-	1,533

### 39. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's management on 21 February 2012.