

Thai Union Frozen Products Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2012

## **Independent Auditor's Report**

To the Shareholders of Thai Union Frozen Products Public Company Limited

I have audited the accompanying consolidated financial statements of Thai Union Frozen Products Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statement of Thai Union Frozen Products Public Company Limited for the same period.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, 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 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### **Emphasis of matter**

I draw attention to Note 4 to the financial statements, regarding the changes made by the Company and its subsidiaries to their accounting policies in 2012, whereby from presenting land at cost to presented it on a revaluation basis, and on accounting for raw material inventories from a first-in, first-out basis to an average cost basis. The Company and its subsidiaries have restated the financial statements presented herein for comparative purposes as if they had always presented raw materials on an average cost basis. My opinion is not qualified in respect of this matter.

Sophon Permsirivallop  
Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited  
Bangkok: 1 March 2013

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2012

(Unit: Baht)

	Consolidated financial statements			Separate financial statements			
	Note	As at 31 December 2012	As at 31 December 2011 (restated)	As at 1 January 2011 (restated)	As at 31 December 2012	As at 31 December 2011 (restated)	As at 1 January 2011 (restated)
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	7	1,400,044,853	902,520,399	1,037,296,710	62,334,789	55,908,174	14,912,270
Trade and other receivables	8,9	11,918,157,723	11,160,791,416	9,261,819,663	4,196,393,140	4,088,187,150	3,066,632,071
Short-term loans to subsidiaries	9	-	-	-	1,417,041,200	80,000,000	625,824,650
Short-term loans to other companies		11,652,013	-	-	5,465,000	-	-
Current portion of long-term loans to subsidiaries	9	-	-	-	-	440,335,000	2,691,738,000
Current portion of long-term loans to other companies		6,954,524	4,070,571	1,430,750	1,608,338	-	-
Inventories	10	33,290,478,541	26,179,795,469	21,345,831,518	4,871,029,878	3,644,784,286	2,450,618,428
<b>Other current assets</b>							
Prepaid income tax		127,239,879	106,600,895	286,323,491	60,357,391	28,162,734	28,162,734
Current portion of forward exchange contracts receivables		240,052,680	142,731,953	748,337,711	130,727,848	140,443,542	558,700,840
Value added tax refundable		461,043,103	664,015,221	538,929,720	68,340,536	42,214,924	60,726,120
Others		881,003,687	817,680,911	739,834,454	73,173,048	34,631,753	51,494,323
Total other current assets		1,709,339,349	1,731,028,980	2,313,425,376	332,598,823	245,452,953	699,084,017
<b>Total current assets</b>		<b>48,336,627,003</b>	<b>39,978,206,835</b>	<b>33,959,804,017</b>	<b>10,886,471,168</b>	<b>8,554,667,563</b>	<b>9,548,809,436</b>
<b>Non-current assets</b>							
Restricted bank deposits	11	13,649,287	12,024,282	11,031,720	-	-	-
Investments in associates	12	1,806,273,171	923,968,413	837,717,064	929,033,585	66,231,008	66,231,008
Investments in subsidiaries	13	-	-	-	14,063,001,850	4,566,571,387	4,396,708,852
Other long-term investments	14	32,317,276	70,305,372	72,669,275	-	34,579,160	34,579,160
Long-term loans to subsidiaries - net of current portion	9	-	-	-	21,129,712,775	17,007,904,981	15,429,105,300
Long-term loans to other companies - net of current portion		24,121,373	24,557,502	28,630,292	1,260,000	-	-
Property, plant and equipment	15	17,923,268,913	15,654,960,315	14,190,173,390	3,849,580,950	3,204,693,088	3,004,741,748
Goodwill		11,536,447,404	11,674,495,827	11,396,141,526	-	-	-
Intangible assets	16	13,278,430,015	13,349,544,156	13,027,293,393	2,929,189	1,675,667	1,508,855
<b>Other non-current assets</b>							
Forward exchange contracts receivables - net of current portion		97,167,200	76,264,500	387,308,300	97,167,200	76,264,500	387,308,300
Leasehold rights		204,308,926	175,671,012	21,094,331	-	-	-
Advance payment for purchase of property, plant and equipment		37,734,173	8,251,306	35,227,356	-	-	-
Deferred tax assets	23	1,163,761,179	1,062,569,162	498,561,829	50,086,434	35,156,604	18,609,334
Unamortised discount from forward exchange contracts		157,955,797	185,529,121	246,928,814	157,955,797	185,529,121	246,928,815
Others		146,586,104	81,058,709	64,055,054	40,165,074	16,195,821	10,773,125
<b>Total non-current assets</b>		<b>46,422,020,818</b>	<b>43,299,199,677</b>	<b>40,816,832,344</b>	<b>40,320,892,854</b>	<b>25,194,801,337</b>	<b>23,596,494,497</b>
<b>Total assets</b>		<b>94,758,647,821</b>	<b>83,277,406,512</b>	<b>74,776,636,361</b>	<b>51,207,364,022</b>	<b>33,749,468,900</b>	<b>33,145,303,933</b>

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Consolidated financial statements			Separate financial statements			
	As at	As at	As at	As at	As at	As at	
	Note	31 December 2012	31 December 2011 (restated)	1 January 2011 (restated)	31 December 2012	31 December 2011 (restated)	1 January 2011 (restated)
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Bank overdrafts and short-term loans from							
financial institutions	17	22,511,200,366	14,477,174,817	8,363,776,804	9,787,924,156	3,553,985,552	1,992,669,842
Trade and other payables	9, 18	10,544,727,744	7,919,074,759	7,194,757,157	1,928,711,772	1,372,242,118	1,297,504,736
Short-term loans from subsidiaries	9	-	-	-	-	-	245,840,000
Current portion of long-term loans	19	399,000,000	983,548,345	516,057,950	112,500,000	-	-
Current portion of debentures	20	500,000,000	-	3,200,000,000	500,000,000	-	3,200,000,000
Income tax payable		116,397,844	202,584,061	187,665,033	-	36,862,821	25,084,196
Other current liabilities		1,477,549,180	1,559,477,746	1,479,031,528	201,891,448	343,641,837	265,745,009
<b>Total current liabilities</b>		<b>35,548,875,134</b>	<b>25,141,859,728</b>	<b>20,941,288,472</b>	<b>12,531,027,376</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	19	2,424,826,880	14,615,040,023	22,500,817,529	2,137,500,000	2,250,000,000	8,896,807,865
Debentures - net of current portion	20	6,733,847,032	7,228,325,702	500,000,000	6,733,847,032	7,228,325,702	500,000,000
Convertible bond	21	2,439,562,712	2,462,169,097	2,390,745,712	2,439,562,712	2,462,169,097	2,390,745,712
Provision for long-term employee benefits	22	1,476,893,699	1,005,703,635	584,648,625	341,674,259	190,432,553	161,865,407
Deferred tax liabilities	23	4,925,039,153	4,918,293,992	4,641,052,228	49,902,896	626,052	-
Forward exchange contracts payable - net of							
current portion		339,211,088	411,350,702	88,683,600	324,647,375	362,851,125	88,683,600
Other non-current liabilities		526,758,955	377,786,026	465,575,140	154,334,132	88,236,570	47,267,248
<b>Total non-current liabilities</b>		<b>18,866,139,519</b>	<b>31,018,669,177</b>	<b>31,171,522,834</b>	<b>12,181,468,406</b>	<b>12,582,641,099</b>	<b>12,085,369,832</b>
<b>Total liabilities</b>		<b>54,415,014,653</b>	<b>56,160,528,905</b>	<b>52,112,811,306</b>	<b>24,712,495,782</b>	<b>17,889,373,427</b>	<b>19,112,213,615</b>
<b>Shareholders' equity</b>							
Share capital	24						
Registered							
1,202,000,000 ordinary shares of Baht 1 each							
(31 December 2011 and 1 January 2011:							
1,000,000,000 ordinary shares of Baht 1 each)		1,202,000,000	1,000,000,000	1,000,000,000	1,202,000,000	1,000,000,000	1,000,000,000
Issued and paid-up							
1,147,593,829 ordinary shares of Baht 1 each							
(31 December 2011 and 1 January 2011:							
956,329,407 ordinary shares of Baht 1 each)		1,147,593,829	956,329,407	956,329,407	1,147,593,829	956,329,407	956,329,407
Share premium		17,500,508,871	8,158,890,230	8,158,890,230	17,500,508,871	8,158,890,230	8,158,890,230
Retained earnings							
Appropriated - statutory reserve	25	120,200,000	100,000,000	89,000,000	120,200,000	100,000,000	89,000,000
Unappropriated		17,699,516,062	15,247,385,852	11,336,526,710	7,546,976,011	6,644,875,836	4,828,870,681
Other components of shareholders' equity		747,611,124	(4,663,468)	(87,474,610)	179,589,529	-	-
Equity attributable to owners of the Company		37,215,429,886	24,457,942,021	20,453,271,737	26,494,868,240	15,860,095,473	14,033,090,318
Non-controlling interests of the subsidiaries		3,128,203,282	2,658,935,586	2,210,553,318	-	-	-
<b>Total shareholders' equity</b>		<b>40,343,633,168</b>	<b>27,116,877,607</b>	<b>22,663,825,055</b>	<b>26,494,868,240</b>	<b>15,860,095,473</b>	<b>14,033,090,318</b>
<b>Total liabilities and shareholders' equity</b>		<b>94,758,647,821</b>	<b>83,277,406,512</b>	<b>74,776,636,361</b>	<b>51,207,364,022</b>	<b>33,749,468,900</b>	<b>33,145,303,933</b>

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

Directors

Thai Union Frozen Products Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2012

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements		
	2012	2011 (restated)	2012	2011 (restated)	
<b>Revenues</b>					
Sales	9	106,697,622,358	98,670,377,747	25,071,942,048	23,725,730,352
Other income					
Dividend income		72,000	828,755	1,421,743,357	1,214,008,607
Interest income		11,796,393	9,813,442	987,553,868	1,049,605,168
Exchange gains		496,804,699	304,755,850	217,898,692	47,608,703
Others		472,831,214	603,149,130	222,018,667	203,671,429
Total other income		981,504,306	918,547,177	2,849,214,584	2,514,893,907
<b>Total revenues</b>		<b>107,679,126,664</b>	<b>99,588,924,924</b>	<b>27,921,156,632</b>	<b>26,240,624,259</b>
<b>Expenses</b>					
Cost of sales		90,335,525,090	82,253,268,454	22,649,962,345	20,907,995,795
Selling expenses		4,826,874,163	4,943,658,813	878,763,235	793,262,577
Administrative expenses		4,666,036,936	3,938,537,211	720,930,137	731,729,179
<b>Total expenses</b>		<b>99,828,436,189</b>	<b>91,135,464,478</b>	<b>24,249,655,717</b>	<b>22,432,987,551</b>
<b>Profit before share of profit from investments</b>					
<b>in associates, finance cost and income tax expenses</b>		<b>7,850,690,475</b>	<b>8,453,460,446</b>	<b>3,671,500,915</b>	<b>3,807,636,708</b>
Share of profit from investments in associates		69,830,149	83,729,560	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>7,920,520,624</b>	<b>8,537,190,006</b>	<b>3,671,500,915</b>	<b>3,807,636,708</b>
Finance cost		(2,328,874,222)	(2,272,152,444)	(706,000,826)	(675,156,144)
<b>Profit before income tax expenses</b>		<b>5,591,646,402</b>	<b>6,265,037,562</b>	<b>2,965,500,089</b>	<b>3,132,480,564</b>
Income tax expenses	23	(120,158,878)	(192,158,813)	(30,365,070)	(110,110,413)
<b>Profit for the year</b>		<b>5,471,487,524</b>	<b>6,072,878,749</b>	<b>2,935,135,019</b>	<b>3,022,370,151</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		4,693,736,006	5,117,224,138	2,935,135,019	3,022,370,151
Non-controlling interests of the subsidiaries		777,751,518	955,654,611		
		<b>5,471,487,524</b>	<b>6,072,878,749</b>		
<b>Earnings per share</b>					
28					
Basic earnings per share					
Profit attributable to equity holders of the Company		4.39	5.35	2.74	3.16
Diluted earnings per share					
Profit attributable to equity holders of the Company		4.29	5.21	2.71	3.11

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011 (restated)	2012	2011 (restated)
<b>Profit for the year</b>	5,471,487,524	6,072,878,749	2,935,135,019	3,022,370,151
<b>Other comprehensive income:</b>				
Exchange differences on translation of financial statements in foreign currency	88,925,545	80,905,135	-	-
Gain on change in value of available-for-sale investments, net of income tax	5,373,974	1,168,445	-	-
Gain (loss) on change in the value of pension fund	39,803,020	(28,937,425)	-	-
Gain on revaluation of land, net of income tax	725,773,616	-	179,589,529	-
Actuarial losses, net of income tax	(391,975,886)	-	(128,882,502)	-
Increase (decrease) in other reserves	7,369,252	(5,471,986)	-	-
<b>Other comprehensive income for the year</b>	475,269,521	47,664,169	50,707,027	-
<b>Total comprehensive income for the year</b>	<u>5,946,757,045</u>	<u>6,120,542,918</u>	<u>2,985,842,046</u>	<u>3,022,370,151</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	5,108,557,144	5,200,035,280	<u>2,985,842,046</u>	<u>3,022,370,151</u>
Non-controlling interests of the subsidiaries	838,199,901	920,507,638		
	<u>5,946,757,045</u>	<u>6,120,542,918</u>		

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011 (restated)	2012	2011 (restated)
<b>Cash flows from operating activities</b>				
Profit before tax	5,591,646,402	6,265,037,562	2,965,500,089	3,132,480,564
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,902,394,522	1,616,173,839	335,581,784	273,012,582
Amortisation of premium/discount from forward foreign exchange contracts	71,257,387	63,014,522	75,921,504	63,413,780
Amortisation of issue cost of convertible bond, debentures and long-term loans from financial institutions	676,369,715	163,988,942	11,678,945	111,307,543
Loss on write-off of unclaimed prepaid income tax	7,981,413	-	7,981,413	-
Allowance for doubtful accounts	1,871,776	14,684,702	97,797	22,572,912
Decrease of inventory to net realisable value (Reversal)	308,412,675	84,431,465	(28,312,207)	34,941,812
Allowance for loss on impairment of assets (Reversal)	(28,702,970)	17,938,239	(29,365,348)	29,772,627
Allowance for loss on impairment of goodwill	-	16,743,910	-	-
Reversal of allowance for impairment loss of investments	-	-	(26,136,437)	-
Share of profit from investments in associates	(69,830,149)	(83,729,560)	-	-
Loss on sale of investments	1,277,548	1,401,327	-	-
Provision for long-term employee benefits	190,278,148	146,852,225	25,755,163	24,739,652
Gain on dissolution of subsidiaries	(24,209)	(1,113)	-	-
Loss on sale / write-off of property, plant and equipment and other intangible assets	167,823,203	30,275,050	155,811,526	5,076,340
Loss on write-off of leasehold right	4,189,487	1,504,070	-	-
Unrealised exchange loss (gain)	(168,914,350)	812,917,376	(29,795,259)	611,414,570
Gain on share swap of investments in associates	(54,763,471)	-	(54,763,471)	-
Dividend income	(72,000)	(828,755)	(1,421,743,357)	(1,214,008,607)
Interest income	(11,796,393)	(9,813,442)	(987,553,868)	(1,049,605,168)
Interest expense	2,247,595,457	2,063,502,112	687,393,166	558,153,628
<b>Profit from operating activities before change in operating assets and liabilities</b>	10,836,994,191	11,204,092,471	1,688,051,440	2,603,272,235
<b>Decrease (increase) in operating assets</b>				
Trade and other receivables	(930,089,533)	(1,617,843,008)	(223,928,951)	(950,398,721)
Inventories	(7,805,934,416)	(4,351,469,787)	(1,201,128,853)	(1,227,300,688)
Other current assets	59,827,190	(225,389,433)	(63,592,655)	32,891,163
Other non-current assets	(97,530,874)	10,984,622	(24,510,095)	(16,194,681)
<b>Increase (decrease) in operating liabilities</b>				
Trade and other payables	2,623,837,551	653,779,147	517,297,852	111,324,157
Other current liabilities	74,789,851	(1,828,977)	(40,764,766)	15,797,820
Other non-current liabilities	94,249,717	115,970,729	61,468,027	49,125,541
Cash flows from operating activities	4,856,143,677	5,788,295,764	712,891,999	618,516,826
Cash paid for corporate income tax	(405,330,451)	(328,043,131)	(121,493,013)	(107,022,356)
<b>Net cash from operating activities</b>	4,450,813,226	5,460,252,633	591,398,986	511,494,470

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



Thai Union Frozen Products Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		(restated)		(restated)
<b>Cash flows from investing activities</b>				
Increase in restricted deposits with financial institutions	(1,742,870)	(735,191)	-	-
Acquisitions of property, plant and equipment	(3,615,104,967)	(3,364,840,178)	(859,456,519)	(556,106,161)
Acquisitions of intangible assets	(22,959,172)	(37,306,973)	(1,570,670)	(640,038)
Acquisitions of leasehold rights	(9,207,473)	(2,365,337)	-	-
Decrease (increase) in short-term loans to subsidiaries	-	-	(1,356,907,200)	545,824,650
Increase in short-term loans to other companies	(11,652,013)	-	(5,465,000)	-
Decrease (increase) in long-term loans to subsidiaries	-	-	(3,845,397,970)	1,119,297,720
Decrease (increase) in long-term loans to other companies	(2,478,533)	1,304,154	(1,674,840)	-
Increase in investments in subsidiaries	-	-	(9,470,294,026)	(169,862,535)
Increase in investments in associates	(773,459,946)	(44,548,168)	(773,459,946)	-
Increase in other long-term investments	(200,368)	(1,040,989)	-	-
Dissolution of subsidiaries	24,209	(174,911)	-	-
Interest received	12,215,820	9,802,775	1,085,063,999	1,040,025,013
Dividend received	55,249,439	35,828,755	1,421,743,357	1,214,008,607
Proceeds from sale of investments	4,782,221	3,154,823	-	-
Proceeds from sales of property, plant and equipment and intangible assets	81,502,668	222,988,668	25,479,854	1,262,886
<b>Net cash from (used in) investing activities</b>	<b>(4,283,030,985)</b>	<b>(3,177,932,572)</b>	<b>(13,781,938,961)</b>	<b>3,193,810,142</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans from financial institutions	8,248,147,433	5,838,799,223	6,233,938,604	1,561,315,710
Decrease in short-term loans from subsidiaries	-	-	-	(245,840,000)
Decrease in long-term loans from financial institutions	(13,439,584,588)	(7,964,450,950)	-	(6,750,000,000)
Increase in debentures	-	3,550,000,000	-	3,550,000,000
Cash paid for interest expense	(2,256,563,390)	(2,059,765,423)	(685,902,735)	(560,455,101)
Cash paid for unamortised front end and deferred debentures fees	-	(23,964,321)	-	(23,964,321)
Proceeds from issued additional share capital	9,532,883,063	-	9,532,883,063	-
Decrease in non-controlling interests of the subsidiaries	(368,932,205)	(511,604,091)	-	-
Dividend paid	(1,883,952,342)	(1,195,364,996)	(1,883,952,342)	(1,195,364,996)
<b>Net cash from (used in) financing activities</b>	<b>(168,002,029)</b>	<b>(2,366,350,558)</b>	<b>13,196,966,590</b>	<b>(3,664,308,708)</b>
<b>Increase (decrease) in translation adjustment</b>	<b>497,744,242</b>	<b>(50,745,814)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>497,524,454</b>	<b>(134,776,311)</b>	<b>6,426,615</b>	<b>40,995,904</b>
Cash and cash equivalents at beginning of year	902,520,399	1,037,296,710	55,908,174	14,912,270
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>1,400,044,853</b>	<b>902,520,399</b>	<b>62,334,789</b>	<b>55,908,174</b>

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		(restated)		(restated)
<b>Supplement cash flows information</b>				
Non-cash items:				
Undue installment of acquisition of property, plant and equipment	188,809,392	95,370,986	72,278,789	24,143,691
Unrealised gain on changes in the value of investments	(5,373,974)	(1,168,445)	-	-
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	41,360,857	152,767,975	-	-
Transfer of property, plant and equipment to intangible assets	210,456,642	-	-	-
An adjustment provision for long-term employee benefits to the beginning balance of retained earnings	-	511,329,935	-	161,865,408
Increase in revaluation surplus on land	725,773,616	-	179,589,529	-
Transfer of other long-term investment to investment in associate	34,579,160	-	34,579,160	-
Increase in actuarial losses	(391,975,886)	-	(128,882,502)	-

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
				Other components of shareholders' equity									
				Other comprehensive income									
				Exchange									
				differences on									
				translation of									
				financial									
				statements in									
				foreign currency									
				investments									
				the value of									
				Revaluation									
				surplus on land									
				Other									
				reserves									
				Total other									
				components of									
				shareholders'									
				equity									
				Total equity									
				attributable to									
				owners of									
				the Company									
				Equity attributable									
				to non-controlling									
				interests of									
				the subsidiaries									
				Total									
				shareholders'									
				equity									
				Issued and									
				fully paid-up									
				share capital									
				Share premium									
				Retained earnings									
				Appropriated									
				Unappropriated									
<b>Balance as at 1 January 2011</b>	956,329,407	8,158,890,230	89,000,000	11,338,911,966	(47,638,424)	(18,112,392)	(27,664,014)	-	5,940,220	(87,474,610)	20,455,656,993	2,208,454,285	22,664,111,278
Cumulative effect of change in													
accounting policy for inventories (Note 4)	-	-	-	(2,385,256)	-	-	-	-	-	-	(2,385,256)	2,099,033	(286,223)
<b>Balance as at 1 January 2011 - as restated</b>	956,329,407	8,158,890,230	89,000,000	11,336,526,710	(47,638,424)	(18,112,392)	(27,664,014)	-	5,940,220	(87,474,610)	20,453,271,737	2,210,553,318	22,663,825,055
Dividend paid (Note 32)	-	-	-	(1,195,364,996)	-	-	-	-	-	-	(1,195,364,996)	(455,841,067)	(1,651,206,063)
Total comprehensive income for the year													
- as restated	-	-	-	5,117,224,138	116,052,108	1,168,445	(28,937,425)	-	(5,471,986)	82,811,142	5,200,035,280	920,507,638	6,120,542,918
Unappropriated retained earnings transferred													
to statutory reserve (Note 25)	-	-	11,000,000	(11,000,000)	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests													
of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(16,284,303)	(16,284,303)
<b>Balance as at 31 December 2011</b>	956,329,407	8,158,890,230	100,000,000	15,247,385,852	68,413,684	(16,943,947)	(56,601,439)	-	468,234	(4,663,468)	24,457,942,021	2,658,935,586	27,116,877,607
<b>Balance as at 1 January 2012</b>	956,329,407	8,158,890,230	100,000,000	15,207,087,354	68,413,684	(16,943,947)	(56,601,439)	-	468,234	(4,663,468)	24,417,643,523	2,651,393,117	27,069,036,640
Cumulative effect of change in													
accounting policy for inventories (Note 4)	-	-	-	40,298,498	-	-	-	-	-	-	40,298,498	7,542,469	47,840,967
<b>Balance as at 1 January 2012 - as restated</b>	956,329,407	8,158,890,230	100,000,000	15,247,385,852	68,413,684	(16,943,947)	(56,601,439)	-	468,234	(4,663,468)	24,457,942,021	2,658,935,586	27,116,877,607
Dividend paid (Note 32)	-	-	-	(1,883,952,342)	-	-	-	-	-	-	(1,883,952,342)	(485,032,213)	(2,368,984,555)
Total comprehensive income for the year	-	-	-	4,356,282,552	95,136,852	5,373,974	39,803,020	604,591,494	7,369,252	752,274,592	5,108,557,144	838,199,901	5,946,757,045
Issued ordinary share capital (Note 24)	191,264,422	9,341,618,641	-	-	-	-	-	-	-	-	9,532,883,063	116,100,008	9,648,983,071
Unappropriated retained earnings transferred													
to statutory reserve (Note 25)	-	-	20,200,000	(20,200,000)	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2012</b>	1,147,593,829	17,500,508,871	120,200,000	17,699,516,062	163,550,536	(11,569,973)	(16,798,419)	604,591,494	7,837,486	747,611,124	37,215,429,886	3,128,203,282	40,343,633,168
	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

Separate financial statements

	Issued and fully paid-up share capital		Retained earnings		Other components of shareholders' equity		
					Other comprehensive income	Total other components of shareholders' equity	Total shareholders' equity
<b>Balance as at 1 January 2011</b>	956,329,407	8,158,890,230	89,000,000	4,801,577,895	-	-	14,005,797,532
Cumulative effect of change in accounting policy for inventories (Note 4)	-	-	-	27,292,786	-	-	27,292,786
<b>Balance as at 1 January 2011 - as restated</b>	956,329,407	8,158,890,230	89,000,000	4,828,870,681	-	-	14,033,090,318
Dividend paid (Note 32)	-	-	-	(1,195,364,996)	-	-	(1,195,364,996)
Total comprehensive income for the year	-	-	-	3,022,370,151	-	-	3,022,370,151
Unappropriated retained earnings transferred to statutory reserve (Note 25)	-	-	11,000,000	(11,000,000)	-	-	-
<b>Balance as at 31 December 2011</b>	956,329,407	8,158,890,230	100,000,000	6,644,875,836	-	-	15,860,095,473
<b>Balance as at 1 January 2012</b>	956,329,407	8,158,890,230	100,000,000	6,618,322,918	-	-	15,833,542,555
Cumulative effect of change in accounting policy for inventories (Note 4)	-	-	-	26,552,918	-	-	26,552,918
<b>Balance as at 1 January 2012 - as restated</b>	956,329,407	8,158,890,230	100,000,000	6,644,875,836	-	-	15,860,095,473
Dividend paid (Note 32)	-	-	-	(1,883,952,342)	-	-	(1,883,952,342)
Total comprehensive income for the year	-	-	-	2,806,252,517	179,589,529	179,589,529	2,985,842,046
Issued ordinary share capital (Note 24)	191,264,422	9,341,618,641	-	-	-	-	9,532,883,063
Unappropriated retained earnings transferred to statutory reserve (Note 25)	-	-	20,200,000	(20,200,000)	-	-	-
<b>Balance as at 31 December 2012</b>	1,147,593,829	17,500,508,871	120,200,000	7,546,976,011	179,589,529	179,589,529	26,494,868,240
	-	-	-	-	-	-	-

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 year ended 31 December 2012**

#### **1. General 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, printing and pet food businesses.

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, and wholesaling, 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 7 branches in Bangkok and Samutsakorn.

#### **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	
			2012 Percent	2011 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 seafood	Indonesia	88.78	88.78
Thai Union Investment Holding Co., Ltd. (TUIH)	Holding company	Mauritius	100.00	100.00
<u>Held by subsidiaries</u>				
Tri-Union Seafoods, LLC (100% held by TUI)	Manufacturer & distributor of canned tuna and seafood	USA	100.00	100.00
Tri-Union Frozen Products, Inc. (TUFP) (82% held by TUI)	Importer and distributor of frozen seafood	USA	82.00	82.00
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
Canadian Pet Nutrition, ULC (100% held by USPN)	Distributor of pet food	Canada	100.00	100.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2012	2011
			Percent	Percent
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
TCM Fishery Co., Ltd. (75% held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and rearing	Thailand	38.25	-
TMK Farm Co., Ltd. (80% held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and rearing	Thailand	40.80	-
TMAC Co., Ltd. (51% held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and rearing	Thailand	26.01	-
Siam Fishing Pte. Ltd. (100% held by Thai Union Manufacturing Co., Ltd.)	General wholesale trade (including importers and exporters)	Singapore	-	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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2012 Percent	2011 Percent
Thai Union France Holding 2 SAS (100% held by Thai Union EU Seafood 1 SA)	Holding company	France	100.00	100.00
MW Brands SAS (100% held by Thai Union France Holding 2 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
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 2 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 MW Brands 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



Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2012	2011
			Percent	Percent
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

During the year, Thai Union Feedmill Co., Ltd. established TCM Fishery Co., Ltd., TMK Farm Co., Ltd. and TMAC Co., Ltd. to engage in the shrimp breeding and rearing, as mentioned in Note 13.

- 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.



The management of the Company has assessed the effect of these standards and believes that SIC 29 and TFRIC 12 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of Accounting Treatment Guidance for Transfers of Financial Assets, TFRIC 4 and TFRIC 13 and has yet to reach a conclusion.

#### 4. Change in accounting policies

- 4.1 In 2012, the Company and its subsidiaries have changed their accounting policy on land, from presenting it at cost basis to presenting it under a revaluation method to reflect the market value of such assets.

The amounts of adjustments affecting the financial statements as at 31 December 2012 resulted in property, plant and equipment increase of Baht 907 million (Separate financial statements: Baht 224 million), deferred tax liabilities increase of Baht 181 million (Separate financial statements: Baht 45 million) and other components of shareholders' equity increase of Baht 726 million (Separate financial statements: Baht 179 million).

- 4.2 In 2012, the Company and its subsidiaries have changed their accounting policy on inventories for raw material, from first-in, first-out to average cost method which is more suitable for the businesses of the group. The change in the accounting policy on inventories for raw material has been applied retrospectively as though the financial statements had originally been prepared using the average cost. The cumulative effect of the changes in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position as at 31 December 2011, and 1 January 2011 and the income statements for the year ended 31 December 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2011	1 January 2011
<b>Statements of financial position</b>		
Increase (decrease) in inventories	47,842	(286)
Increase (decrease) in unappropriated retained earnings	40,299	(2,385)

Increase in non-controlling interest of the subsidiaries	7,543	2,009
--	-------	-------

(Unit: Thousand Baht)

	Separate financial statements	
	31 December	1 January
	2011	2011
<b>Statements of financial position</b>		
Increase in inventories	26,553	27,293
Increase in unappropriated retained earnings	26,553	27,293

(Unit: Thousand Baht)

	Consolidated	Separate
	financial	financial
	statements	statements
	For the year ended 31 December 2011	
<b>Income and comprehensive income statements</b>		
Decrease (increase) in cost of sales	48,127	(740)
Increase (decrease) in basic earnings per share (Baht)	0.05	(0.001)

## 5. Significant accounting policies

### 5.1 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.

## **5.2 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.

## **5.3 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.

## **5.4 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, ingredients and packaging are valued at cost (average method).

## **5.5 Investments**

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, 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.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

Land is stated at cost or revalued amount. Land improvement, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to fair values of land. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

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	-	5 - 40	years
Machinery and equipment	-	3 - 20	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 is included in profit or loss when the asset is derecognised.

## **5.7 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.

## **5.8 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, 40 years
Copyrights	- 3, 5, 10 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. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

## **5.9 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.

## **5.10 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.

### **5.11 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.

### **5.12 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.

### **5.13 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.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

### **5.14 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.

### **5.15 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform 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 recognised an impairment loss in profit or loss.

### **5.16 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.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits in 2011, 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 2011.

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.

#### **5.17 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.

#### **5.18 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. 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.

## **5.19 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.

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

The preparation of financial statements in conformity with financial reporting standards 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 from these estimates. 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 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 of the management.

**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.

The Company and its subsidiaries measure land at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land. The valuation involves certain assumptions and estimates.

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 for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses 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 taxable profits.

### Post-employment benefit under defined benefit plans

The obligation under the defined benefit plan 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.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	4,410	3,398	1,282	1,572
Bank deposits	1,387,110	899,122	61,053	54,336
Bill of exchange	8,525	-	-	-
Total	1,400,045	902,520	62,335	55,908

As at 31 December 2012, bank deposits in saving accounts and bill of exchange carried interests between 0.10% and 2.47% per annum (2011: between 0.17% and 1.93% per annum).



## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	48,963	21,050	1,508,041	1,134,315
Past due				
1 - 30 days	6,149	40,341	712,228	534,394
31 - 60 days	-	-	33,971	358,201
61 - 90 days	-	-	-	447,824
Total trade receivables - related parties	55,112	61,391	2,254,240	2,474,734
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	9,322,154	9,222,755	1,448,326	1,226,524
Past due				
1 - 30 days	1,573,063	1,421,944	215,571	170,386
31 - 60 days	397,745	210,035	41,023	5,791
61 - 90 days	232,978	102,888	319	1,560
91 - 120 days	90,924	58,582	358	-
121 - 180 days	56,859	37,279	226	-
181 - 365 days	68,593	66,298	1,028	-
Over 365 days	174,903	164,281	24,719	20,915
Total trade receivables - unrelated parties	11,917,219	11,284,062	1,731,570	1,425,176
Total trade receivables	11,972,331	11,345,453	3,985,810	3,899,910
Less: Allowance for doubtful accounts	(251,190)	(250,793)	(25,616)	(25,518)
Total trade receivables - net	11,721,141	11,094,660	3,960,194	3,874,392
<u>Other receivables</u>				
Interest receivables - related parties	-	-	87,115	184,652
Interest receivable	156	576	27	-
Accrued income	150,041	26,688	137,035	11,668
Advance payment	46,820	38,867	12,022	17,475
Total other receivables	197,017	66,131	236,199	213,795
Total trade and other receivables - net	11,918,158	11,160,791	4,196,393	4,088,187

As at 31 December 2012, certain trade accounts receivable of three overseas subsidiaries have secured their credit facilities as mentioned in Note 17.

### Insurance claim receivable

On 11 February 2012, there was a fire incident in shrimp section of the Company's plant located in Samutsakorn province, which has no effect to other production lines. The Company assessed the damage caused by the fire incident and found damage to inventories with costs amounting to Baht 261 million and damage to building and

machineries with total net book value of Baht 123 million. However, the Company has insurance coverage for direct asset damage and filed a claim with the insurance company. In February 2012, the insurer's surveyor conducted an assessment for the damage in order to quantify the indemnification. The Company received a compensation payment of Baht 110 million and Baht 165 million and Baht 135 million on 23 March 2012 and 28 June 2012, and 28 February 2013, respectively. The Company recorded insurance recovery income amounting to Baht 410 million by offsetting it with the loss from the fire incident in the income statement for the year ended 31 December 2012.

## 9. 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		
	2012	2011	2012	2011	
<b>Transactions with subsidiaries:</b>					
(Eliminated from consolidated financial statements)					
Sales	-	-	10,061	10,348	Cost plus margin
Dividend income	-	-	1,404	1,178	As declared
Interest income	-	-	987	1,049	1.22 - 6.25% per annum (2011: 2.55 - 6.40% per annum)
Other income	-	-	62	41	Near market price
Purchases of goods	-	-	1,827	1,115	Cost plus margin
Interest expense	-	-	-	3	2.85% per annum (2011: 2.50% per annum)
Management fee	-	-	54	52	Contract price
Other expenses	-	-	105	87	Near market price
<b>Transactions with associates:</b>					
Sales	37	26	15	7	Cost plus margin
Dividend income	18	35	18	35	As declared
Other income	20	21	-	-	Near market price
Purchases of goods	193	9	182	-	Cost plus margin
<b>Transactions with related companies:</b>					
Sales	1,099	1,064	244	238	Cost plus margin
Purchases of goods	3,794	4,775	2,802	3,910	Cost plus margin
Transportation expense	48	44	7	8	Near market price
Expenses relating to assets	133	132	25	54	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 shareholders and directors. During the year 2012, insurance premiums paid through that company amounted to Baht 84 million (2011: Baht 52 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)
US Pet Nutrition, LLC (USPN)	Subsidiary (Held by subsidiary)
Canadian Pet Nutrition, ULC	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)
TCM Fishery Co., Ltd.	Subsidiary (Held by subsidiary)
TMK Farm Co., Ltd.	Subsidiary (Held by subsidiary)
TMAC 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)
Thai Union France Holding 2 SAS	Subsidiary (Held by subsidiary)
Etablissements Paul Paulet SAS	Subsidiary (Held by subsidiary)
Irish Seafood Investments Limited	Subsidiary (Held by subsidiary)

List of related companies	Relationship
John West Holland BV	Subsidiary (Held by subsidiary)
Lucky Union Foods Co., Ltd.	Associated company
Biz Dimension Co., Ltd.	Associated company
Pakfood Pcl. (PPC)	Associated company
Avanti Feeds 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.	Shareholders/ Director related to director
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
Thai Union Properties Co., Ltd.	Common major shareholders/Common directors
Hanhong Kanchang Registered Ordinary Partnership	Common major shareholders/Common 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.	Common major shareholders/ Director related to director
Geminai Watercrafts Co., Ltd.	Shareholders/ Director related to director
Miss Rungtiwa Boonmechote	Relative of director
Pae Parichart Boonmechote	Relative of director

The balances of the accounts as at 31 December 2012 and 2011 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<u>Trade and other receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	2,326,986	2,650,176
Associated companies	22,496	4,622	1,051	1,056
Related companies	32,616	56,769	13,318	8,154
Total trade and other receivables - related parties	55,112	61,391	2,341,355	2,659,386
<u>Trade and other payables - related parties (Note 18)</u>				
Subsidiaries	-	-	337,790	220,906
Associated companies	12,305	1,584	11,367	48
Related companies	177,071	64,727	84,067	28,636
Total trade and other payables - related parties	189,376	66,308	433,224	249,590
<u>Short-term loans to subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union Graphic Co., Ltd.	-	-	80,000	80,000
Thai Union International, Inc.	-	-	1,337,041	-
Total	-	-	1,417,041	80,000
<u>Long-term loans to subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union Investment Holding Co., Ltd.	-	-	20,453,595	15,207,249
Thai Union International, Inc.	-	-	676,118	2,240,991
Total	-	-	21,129,713	17,448,240
Less: Current portion				
Thai Union International, Inc.	-	-	-	(440,335)
Net	-	-	21,129,713	17,007,905

During 2012, movements of loans to/from related parties were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2012	During the year		Balance as at 31 December 2012
		Increase	Decrease	
<u>Short-term loans to subsidiaries</u>				
Thai Union Manufacturing Co., Ltd.	-	70,000	(70,000)	-
Songkla Canning Pcl.	-	66,450	(66,450)	-
Thai Union Graphic Co., Ltd.	80,000	-	-	80,000
Thai Union International, Inc.	-	1,515,507	(158,200)	(19,866)
Thai Union Investment Holding Co., Ltd.	-	756,200	(756,200)	-

<u>80,000</u>	<u>2,407,757</u>	<u>(1,050,850)</u>	<u>(19,866)</u>	<u>1,417,041</u>
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(Unit: Thousand Baht)

	Separate financial statements				Balance as at 31 December 2012
	Balance as at	During the year			
	1 January 2012	Increase	Decrease	Revaluation	
<b><u>Long-term loans to subsidiaries</u></b>					
Thai Union Investment Holding Co., Ltd.	15,207,249	5,386,570	-	(140,224)	20,453,595
Thai Union International, Inc.	2,240,991	284,760	(1,825,932)	(23,701)	676,118
	<u>17,448,240</u>	<u>5,671,330</u>	<u>(1,825,932)</u>	<u>(163,925)</u>	<u>21,129,713</u>
<b><u>Short-term loans from subsidiaries</u></b>					
Thai Union Manufacturing Co., Ltd.	-	76,290	(76,290)	-	-
Songkla Canning Pcl.	-	45,150	(45,150)	-	-
	<u>-</u>	<u>121,440</u>	<u>(121,440)</u>	<u>-</u>	<u>-</u>

**Directors and management's benefits**

During the years ended 31 December 2012 and 2011, the Company and its subsidiaries had employee benefits expenses payable to their directors and management as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	725	614	73	78
Post-employment benefits	33	17	4	4
Other long-term benefits	4	5	-	-
Termination benefits	18	45	-	-
Total	<u>780</u>	<u>681</u>	<u>77</u>	<u>82</u>

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2012	2011	2012	2011	2012	2011
		(Restated)				(Restated)
Finished goods	16,449,282	13,932,395	(473,601)	(251,014)	15,975,681	13,681,381
Work in process	137,864	66,796	(328)	(328)	137,536	66,468
Raw materials	10,752,836	7,095,832	(172,720)	(112,276)	10,580,116	6,983,556
Ingredient and packaging	1,638,343	1,477,321	(90,815)	(70,225)	1,547,528	1,407,096
Goods in transit	617,779	542,705	(12,995)	(9,206)	604,784	533,499
Spare parts	4,445,837	3,507,796	(1,003)	-	4,444,834	3,507,796
<b>Total</b>	<b>34,041,941</b>	<b>26,622,845</b>	<b>(751,462)</b>	<b>(443,049)</b>	<b>33,290,479</b>	<b>26,179,796</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2012	2011	2012	2011	2012	2011
		(Restated)				(Restated)
Finished goods	1,690,448	1,248,738	(58,080)	(45,032)	1,632,368	1,203,706
Work in process	18,553	21,529	-	-	18,553	21,529
Raw materials	2,525,137	1,771,557	(4,051)	(43,817)	2,521,086	1,727,740
Ingredient and packaging	309,401	260,433	(10,866)	(13,463)	298,535	246,970
Goods in transit	377,517	421,724	(1,003)	-	376,514	421,724
Spare parts	23,974	23,115	-	-	23,974	23,115
<b>Total</b>	<b>4,945,030</b>	<b>3,747,096</b>	<b>(74,000)</b>	<b>(102,312)</b>	<b>4,871,030</b>	<b>3,644,784</b>

Three overseas subsidiaries have mortgaged the certain inventories of that company to financial institutions to secure its credit facilities as mentioned in Note 17.

During the current year, the Company has written off damaged inventories for the net book values amounting to Baht 261 million from a fire incident in one section of the Company's plant located in Samutsakorn province, as mentioned in Note 8.



During the current year, the Company and its subsidiaries have changed its accounting policy on inventories for raw material, from first-in, first-out to average cost as mentioned in Note 4.

## 11. Restricted bank deposits

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

## 12. Investments in associates

### 12.1 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	
			2012	2011	2012	2011	2012	2011
			(%)	(%)				
<b><u>Investments in associates, directly held by the Company</u></b>								
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500	37,500	329,523	298,386
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010	1,010	21,934	19,711
Avanti Thai Aqua Feeds Private Limited	Manufacturer & distributor of animal feeds	India	-	50.00	-	27,721	-	27,721
Avanti Feeds Limited	Manufacturer & exporter of animal feeds and shrimp products	India	25.12	-	117,064	-	120,816	-
Pakfood Pcl.	Manufacturer & distributed of frozen foods and aquatic animals	Thailand	49.97	-	773,460	-	734,987	-
<b><u>Investments in associates, directly held by subsidiaries</u></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	34,916	25,265
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	51,256	44,894
Moresby International Holdings Inc. (33% held by Thai Union Manufacturing Co., Ltd.)	Holding in fishing company	British Virgin Island	30.03	30.03	96,981	96,981	96,981	96,981
LDH (La Doria) Limited (20% held by MW Brands)	Distributor of food products	United Kingdom	20.00	20.00	95,940	95,940	415,860	411,010
					1,241,925	379,122	1,806,273	923,968

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2012	2011	2012	2011
			(%)	(%)		
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	-	27,721
Avanti Feeds Limited	Manufacturer & exporter of animal feeds and shrimp	India	25.12	-	117,064	-

Pakfood Pcl.	products Manufacturer & distributed of frozen foods and aquatic animals	Thailand	49.97	-	773,460	-
					929,034	66,231

## 12.2 Share of profit/loss and dividend received

During the years, the Company and its subsidiaries have recognised its share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Share of profit/loss from investments in associates during the year		Dividend received during the year	
	2012	2011	2012	2011
Lucky Union Foods Co., Ltd.	38,637	38,287	7,500	35,000
Biz Dimension Co., Ltd.	4,623	1,801	2,400	-
Century Trading (Shanghai) Co., Ltd.	9,651	6,927	-	-
TN Fine Chemicals Co., Ltd.	6,362	6,894	-	-
LDH (La Doria) Limited	37,185	29,821	-	-
Avanti Feeds Limited	11,844	-	8,092	777
Pakfood Pcl.	(38,473)	-	-	-
<b>Total</b>	<b>69,830</b>	<b>83,730</b>	<b>17,992</b>	<b>35,777</b>

## 12.3 Fair value investments in listed associated company

In respect of investment in associated company that is listed company on the Stock Exchange of Thailand, its fair value is as follows:

(Unit: Million Baht)	
Company's name	Fair values as at 31 December 2012
Pakfood Pcl.	749.5

## 12.4 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		Profit (loss) for the	
	31 December		31 December		31 December		for the years ended		years ended	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Lucky Union Foods Co., Ltd.	Baht 150 million	Baht 150 million	2,619	1,726	1,002	560	1,822	1,297	155	153
Biz Dimension Co., Ltd.	Baht 25 million	Baht 25 million	61	49	11	6	103	74	23	9
Avanti Thai Aqua Feeds Private Limited	-	Rupee 76.9 million	-	71	-	24	-	1	-	1
Avanti Feeds Limited	Rupee 90.8 million	-	1,242	-	470	-	3,280	-	158	-
Pakfood Pcl.	Baht 300 million	Baht 300 million	3,550	3,817	1,905	2,099	6,642	7,244	(77)	190
Century Trading (Shanghai) Co., Ltd.	USD 4 million	USD 4 million	94	55	25	4	217	225	19	14
TN Fine Chemicals Co., Ltd.	Baht 90 million	Baht 90 million	110	99	6	8	91	100	13	14
Moresby International Holdings Inc.	USD 9.4 million	USD 9.4 million	295	295	-	-	-	-	-	-
LDH (La Doria) Limited	GBP 1 million	GBP 1 million	3,949	3,758	2,857	2,796	12,422	11,567	450	363

On 20 April 2012, the Company purchased 12 million ordinary shares of Pakfood Public Company Limited (PPC) (or 40% of the total 30 million issued and paid up shares of PPC) at a purchase price of Baht 51 per share, or a total of Baht 612 million. On 18 December 2012, the Company purchased 3 million ordinary shares of Pakfood Public Company Limited (PPC) at a purchase price of Baht 54 per share, or a total of Baht 161 million. As at 31 December 2012, the Company hold 15 million ordinary shares of PPC or 49.97% of the total issued and paid up shares of PPC. The Company has no control in PPC, therefore the Company does not included the financial statements of PPC in the Company's consolidated financial statements.

During the third quarter of the current year, the Company sold investment in Avanti Thai Aqua Feeds Private Limited by swapping ordinary shares of Avanti Feeds Limited, and thus the investment proportion in Avanti Feeds Limited increased from 14.99% to 25.12%. The Company changed the recording of the investment in Avanti Feeds Limited from other long-term investment to investment in associated company. Gain on ordinary share swap, totaling Baht 54.8 million, is included in the income statement for the year ended 31 December 2012.

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

### 13. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2012	2011	2012	2011	2012	2011	2012	2011
			%	%				
Songkla Canning Pcl.	Baht 360 million	Baht 360 million	90.44	90.44	1,379,791	1,379,791	219,759	569,744
Thai Union Manufacturing Co., Ltd.	Baht 300 million	Baht 300 million	90.08	90.08	1,212,172	1,212,172	837,786	270,254
Thai Union Seafood Co., Ltd.	Baht 300 million	Baht 300 million	51.00	51.00	189,316	189,316	140,760	-
T-Holding Co., Ltd.	Baht 70 million	Baht 70 million	90.00	90.00	20,699	20,699	19,530	3,150
Thai Union Feedmill Co., Ltd.	Baht 500 million	Baht 500 million	51.00	51.00	255,000	255,000	137,700	307,020
Thai Union Graphic Co., Ltd.	Baht 40 million	Baht 40 million	74.00	74.00	45,331	45,331	7,400	5,180
Thai Union International, Inc. (TUI)	USD 61.6 million	USD 13.1 million	100.00	100.00	1,977,465	482,170	-	-
PT Juifa International Foods	USD 2.7 million	USD 2.7 million	88.78	88.78	82,972	82,972	40,817	22,884
Thai Union Investment Holding Co., Ltd. (TUIH)	EUR 222 million	EUR 22 million	100.00	100.00	8,900,256	925,256	-	-
<b>Total</b>					<b>14,063,002</b>	<b>4,592,707</b>	<b>1,403,752</b>	<b>1,178,232</b>
Less: Allowance for impairment of investments					-	(26,136)		
<b>Net</b>					<b>14,063,002</b>	<b>4,566,571</b>		

On 8 May 2012, Thai Union Seafood Co., Ltd. registered the decrease of its registered share capital from Baht 400 million (40 million ordinary shares of Baht 10 each) to Baht 300 million (30 million ordinary shares of Baht 10 each) with the Ministry of Commerce, by canceling 10 million registered shares that had yet to be allocated.

During the current year, the Company additionally invested EUR 200 million or Baht 7,975 million in Thai Union Investment Holding Co., Ltd.

During the current year, Thai Union France Holding 2 SAS additionally invested EUR 61 million or Baht 2,363 million in MW Brands SAS (par value of Baht 473 million and share premium of Baht 1,890 million).

During the current year, Thai Union Investment Holding Co., Ltd. additionally invested EUR 210 million in Thai Union EU Seafood 1 S.A. through the conversion of a part of the inter-company loan.

During the current year, the Company additionally invested USD 48.5 million or Baht 1,495.3 million in Thai Union International, Inc.

During the current year, Thai Union Feedmill Co., Ltd. formed TCM Fishery Co., Ltd., in which it holds 5.25 million ordinary shares (or 75% of the 7 million issued and paid-up shares of such company) with a par value of Baht 10 per share, fully paid-up, for a total payment of Baht 52.5 million.

During the current year, Thai Union Feedmill Co., Ltd. formed TMK Farm Co., Ltd., in which it holds 12 million ordinary shares (or 80% of the 15 million issued and paid-up shares of such company) with a par value of Baht 10 per share, fully paid-up, for a total payment of Baht 120 million.

During the current year, Thai Union Feedmill Co., Ltd. formed TMAC Co., Ltd., in which it holds 28.56 million ordinary shares (or 51% of the 56 million issued and paid-up shares of such company) with a par value of Baht 10 per share, 25% paid up, for a total payment of Baht 71.4 million.

On 20 February 2012, Siam Fishing Pte Ltd., a subsidiary of Thai Union Manufacturing Co., Ltd. was liquidated.

On 24 December 2012, Thai Union Eu Seafood 2 S.A., a subsidiary of Thai Union Eu Seafood 1 S.A. was liquidated and merged with Thai Union Eu Seafood 1 S.A., the common subsidiary of Thai Union Investment Holding Co., Ltd.

On 28 December 2012, Board of Directors meeting No. 1/2013 of Thai Union Manufacturing Co., Ltd. passed resolution on forming New Frontier Foods Co., Ltd., in which it holds 1 million ordinary shares (100% of the 1 million issued and paid-up shares of such company) with a par value of Baht 10 per share, 25% paid up, for a total payment of Baht 2.5 million. The said company registered in forming with the Ministry of Commerce on 21 January 2013.

During the current year, the Company has reversed allowance for impairment loss of investment in subsidiary in full amount.

## 14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2012		2011	
	Cost	Fair value	Cost	Fair value
<b>Other long-term investments</b>				
Available-for-sale securities - Unit trusts	46,104	<u>31,653</u>	50,646	<u>33,677</u>
Unrealised loss on changes in the value of investments	(14,451)		(16,969)	
Total available-for-sale securities	31,653		33,677	
Other investments				
- Ordinary shares	664		36,628	
Total other long-term investments	<u>32,317</u>		<u>70,305</u>	

(Unit: Thousand Baht)

### Separate financial statements

	2012	2011
<b>Other long-term investments</b>		
Other investments - ordinary shares	-	<u>34,579</u>

During the current year, the Company swapped ordinary shares of Avanti Thai Aqua Feeds Private Limited with those of Avanti Feeds Limited, and thus the investment proportion in Avanti Feeds Limited increased from 14.99% to 25.12%. The Company also changed the recording of the investment in Avanti Feeds Limited from other long-term investment to investment in associated company, as mentioned in Note 12.

## 15. Property, plant and equipment

(Unit: Thousand Baht)

Cost/Revalued amount	Consolidated financial statements						
	Revaluation basis	Cost basis					Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	
1 January 2011	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
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(Unit: Thousand Baht)

## Consolidated financial statements

	Revaluation basis		Cost basis				Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	
Additions	180,895	16,807	457,234	70,393	55,859	2,927,354	3,708,542
Disposals/write off	(29)	(326,196)	(246,835)	(32,213)	(123,452)	(60,502)	(789,227)
Transfer to other assets	-	-	-	-	-	(251,817)	(251,817)
Revaluation	907,217	-	-	-	-	-	907,217
Transfer in (out)	35,385	896,941	1,419,151	16,902	74,667	(2,443,046)	-
Translation adjustment	(2,956)	(38,582)	(161,528)	(5,565)	(4,579)	(15,575)	(228,785)
31 December 2012	<u>2,791,812</u>	<u>7,745,933</u>	<u>17,984,435</u>	<u>776,351</u>	<u>717,222</u>	<u>2,071,719</u>	<u>32,087,472</u>
<b>Accumulated depreciation</b>							
1 January 2011	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	<u>27,518</u>	<u>2,811,495</u>	<u>9,210,191</u>	<u>481,725</u>	<u>485,013</u>	<u>-</u>	<u>13,015,942</u>
Depreciation for the year	4,964	310,046	1,334,920	35,735	60,833	-	1,746,498
Depreciation for disposals/ write off	-	(182,419)	(213,269)	(31,383)	(117,972)	-	(545,043)
Translation adjustment	(74)	(15,741)	(69,786)	(3,920)	(3,676)	-	(93,197)
31 December 2012	<u>32,408</u>	<u>2,923,381</u>	<u>10,262,056</u>	<u>482,157</u>	<u>424,198</u>	<u>-</u>	<u>14,124,200</u>
<b>Allowance for loss on impairment of assets</b>							
1 January 2011	-	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	<u>-</u>	<u>65,626</u>	<u>5,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,640</u>
Decrease during the year	-	(28,703)	-	-	-	-	(28,703)
Translation adjustment	-	-	(1,934)	-	-	-	(1,934)
31 December 2012	<u>-</u>	<u>36,923</u>	<u>3,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,003</u>
<b>Net book value</b>							
31 December 2011	<u>1,643,782</u>	<u>4,319,842</u>	<u>7,301,208</u>	<u>245,109</u>	<u>229,714</u>	<u>1,915,305</u>	<u>15,654,960</u>
31 December 2012	<u>2,759,404</u>	<u>4,785,629</u>	<u>7,719,299</u>	<u>294,194</u>	<u>293,024</u>	<u>2,071,719</u>	<u>17,923,269</u>
<b>Depreciation for the years</b>							
2011 (Baht 1,446 million include in manufacturing cost and the balances in selling and administrative expenses)							<u>1,551,699</u>
2012 (Baht 1,671 million include in manufacturing cost and the balances in selling and administrative expenses)							<u>1,746,498</u>

(Unit: Thousand Baht)

## Separate financial statements

	Revaluation basis		Cost basis				Total
	Land improvement	Buildings and building improvement	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	
<b>Cost /Revalued amount</b>							
1 January 2011	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
Additions	-	-	289,024	5,681	26,647	586,240	907,592
Disposals/write off	-	(302,120)	(48,371)	(13)	(29,242)	(37,577)	(417,323)
Revaluation	224,487	-	-	-	-	-	224,487
Transfer in (out)	13,470	309,553	128,842	25,827	17,359	(495,051)	-
31 December 2012	980,327	2,021,427	2,475,199	94,636	160,026	494,462	6,226,077
<b>Accumulated depreciation</b>							
1 January 2011	-	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
Depreciation for the year	-	85,317	228,450	11,667	9,830	-	335,264
Depreciation for disposals/ write off	-	(166,403)	(41,717)	(12)	(27,899)	-	(236,031)
31 December 2012	-	624,427	1,580,034	53,781	81,993	-	2,340,235
<b>Allowance for loss on impairment of assets</b>							
1 January 2011	-	32,371	-	-	3,483	-	35,854
Increase	-	33,255	-	-	-	-	33,255
(Decrease)	-	-	-	-	(3,483)	-	(3,483)
31 December 2011	-	65,626	-	-	-	-	65,626
Decrease during the year	-	(29,365)	-	-	-	-	(29,365)
31 December 2012	-	36,261	-	-	-	-	36,261
<b>Net book value</b>							
31 December 2011	742,370	1,242,855	712,403	21,015	45,200	440,850	3,204,693
31 December 2012	980,327	1,360,739	895,165	40,855	78,033	494,462	3,849,581
<b>Depreciation for the years</b>							
2011 (Baht 255 million include in manufacturing cost and the balances in selling and administrative expenses)							272,539
2012 (Baht 302 million include in manufacturing cost and the balances in selling and administrative expenses)							335,264

As breakdown of the land carried on the revaluation basis as at 31 December 2012 is as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statement	Separate financial statement
Historical cost	1,509,815	742,370
Surplus from revaluation	907,217	224,487
Revaluated amount	<u>2,417,032</u>	<u>966,857</u>

As at 31 December 2012, the Company and its subsidiaries had equipment under finance lease agreements with net book values amounting to Baht 520 million (2011: Baht 373 million).

As at 31 December 2012, 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 5,767 million (2011: Baht 5,189 million).

During the current year, the Company has written off damaged assets by Baht 123 million for the net book values of damaged assets from a fire incident in one section of the Company's plant located in Samutsakorn province, as mentioned in Note 8.

In 2012, the Company and its subsidiaries have changed their accounting policy for land, from presenting in at a cost basis to presenting it under a revaluation method to reflect the market value, as mentioned in Note 4.

As at 31 December 2012, an overseas subsidiary mortgaged some buildings and equipment of that company to financial institution to secure its credit facility, as mentioned in Note 17.

## 16. Intangible assets

(Unit: Million Baht)

	Consolidated financial statements								
	Licences	Trademark	Patents	Customer relationships	Covenant not to complete	Computer software	Distributor relationships	Others	Total
<b>Cost</b>									
At 1 January 2011	252	12,837	36	127	13	249	225	2	13,741
Additions	-	1	-	-	-	37	-	1	39
Disposal/write off	-	-	(36)	-	-	-	-	-	(36)
Translation adjustment	12	376	-	7	-	3	7	-	405
At 31 December 2011	264	13,214	-	134	13	289	232	3	14,149
Addition	-	1	-	-	-	233	-	-	234
Disposal/write off	-	-	-	-	-	(5)	-	-	(5)
Translation adjustment	3	(164)	-	(5)	-	(4)	(3)	-	(173)

31 December 2012

<u>267</u>	<u>13,051</u>	<u>-</u>	<u>129</u>	<u>13</u>	<u>513</u>	<u>229</u>	<u>3</u>	<u>14,205</u>
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(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 2011	18	268	-	95	13	145	1	-	540
Amortisation	9	-	-	13	-	31	8	-	61
Translation adjustment	-	13	-	5	-	1	-	-	19
At 31 December 2011	27	281	-	113	13	177	9	-	620
Amortisation	12	2	-	13	-	101	16	-	144
Translation adjustment	-	(9)	-	(4)	-	(1)	-	-	(14)
At 31 December 2012	39	274	-	122	13	277	25	-	750
<b>Impairment</b>									
At 1 January 2011	-	174	-	-	-	-	-	-	174
Translation adjustment	-	5	-	-	-	-	-	-	5
At 31 December 2011	-	179	-	-	-	-	-	-	179
Translation adjustment	-	(2)	-	-	-	-	-	-	(2)
At 31 December 2012	-	177	-	-	-	-	-	-	177
<b>Net book value</b>									
At 31 December 2011	237	12,754	-	21	-	112	223	3	13,350
At 31 December 2012	228	12,600	-	7	-	236	204	3	13,278

(Unit: Million Baht)

Separate financial  
statements

Computer software

**Cost**

At 1 January 2011 9.0

Additions 0.7

At 31 December 2011 9.7

Additions 1.5

At 31 December 2012 11.2

**Amortisation**

At 1 January 2011 7.5

Amortisation 0.5

At 31 December 2011 8.0

Amortisation 0.3

At 31 December 2012 8.3

**Net book value**

At 31 December 2011 1.7

At 31 December 2012 2.9

As at 31 December 2012, some trademark "Children of the sea" was used as collateral of credit facilities of an overseas subsidiary as mentioned in Note 17.

## **17. 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 34.1.

Tri-Union Frozen Products, Inc. (TUFPP) entered into an amended and restated credit facilities agreement with Bank of America N.A. (BOA). The TUFPP credit facility provides for a USD 85 million revolving facility and expires on 15 October 2013. Borrowings under the credit facility bear interest, at TUFPP'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 TUFPP. 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 TUFPP credit agreement will be classified as short-term.

On 16 February 2011, TUFPP entered into a second amendment to the TUFPP credit agreement with Bank of America, N.A. for USD 15 million temporary increase in the availability under the TUFPP Credit Agreement through 16 May 2011, which was extended through 15 June 2011 under a TUFPP third amendment. Borrowings under the TUFPP 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, TUFPP entered into a fourth amendment to the Credit Agreement (TUFPP Amendment No. 4) with BOA, which increased the temporary credit line to USD 115 million through 15 July 2011. On 16 July 2011, TUFPP further amended the TUFPP Credit Agreement (TUFPP 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 TUFPP Credit Agreement. On 28 September 2012, TUFPP amended the TUFPP Credit Agreement No. 6 with BOA to increase the credit line to USD 160 million through October 2012 to February 2013. The Additional Revolving Loans shall bear interest at LIBOR plus 3% per annum.

As at 31 December 2012, the balance under the credit facility was USD 100 million (2011: USD 126 million) at interest rate between 2.21% to 4.25% per annum and (2011: between 2.28% to 4.25% per annum) actual unused availability, which is based upon substantially all of the collateralized assets, was approximately USD 36 million.

TUFP is subject to certain financial covenants including interest coverage ratio and leverage coverage ratio and others. As at 31 December 2012, TUFP determined it was in compliance with these covenants.

On 11 March 2011, Tri-Union Seafoods, LLC (Tri-U) entered into an amended revolving credit facility agreement with BOA. 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% or 2.25% per annum, the bank's prime rate, or the bank's prime rate plus 1.00% 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 BOA to incorporate the "Chicken of the Sea" trademark as 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. On 23 March 2012, Tri-U entered into the second amendment revolving credit facility agreement to increase the credit line to USD 110 million through 11 March 2014. On 22 August 2012, Tri-U entered into the third amendment of its credit facility with BOA, which has a "Keep-well" provision allowing Tri-U to utilise equity contributions from its member funded within a 45-day grace period when calculating the leverage ratio for purposes of assessing compliance with covenants. Tri-U agreed to a 0.25% increase in the annual interest rate in consideration of this provision. As at 31 December 2012, the balance under the credit facility was USD 96 million (2011: USD 87 million), with interest rate at 3.00% to 6.50% per annum (2011: interest rate at 2.63% to 6.00% per annum) and actual unused availability was approximately USD 10 million (2011: 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 obtained USD 2 million of additional equity contributions from the member in order to maintain compliance with the covenants as of 31 December 2012.

As at 31 December 2012, Yueh Chyang Canned Food Co., Ltd. (YCC) obtained credit facilities from four financial institutions amounting to USD 14 million (2011: USD 7 million). The credit facilities bears interest rate at 2.8% per annum and cost of fund plus 1% and 2.25% per annum (2011: cost of fund plus 1% per annum). As at 31 December 2012, the balance under the credit facilities was USD 7 million (2011: USD 2 million). The unused available was approximately USD 7 million (2011: USD 5 million). The credit facilities were secured by accounts receivable, inventory, plant and equipment of YCC.

## 18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade payables - related parties	85,302	28,047	381,475	231,330
Trade payables - unrelated parties	8,940,811	6,444,194	1,179,377	833,626
Accrued interest expenses to related parties	-	-	1	8
Accrued expenses - related parties	92,465	24,328	41,763	11,904
Accrued expenses	1,237,340	1,327,135	253,817	271,230
Other payables - construction and equipment purchase - related party	11,609	13,933	9,985	6,348
Other payables - construction and equipment purchase - unrelated parties	177,201	81,438	62,294	17,796
Total trade and other payables	<u>10,544,728</u>	<u>7,919,075</u>	<u>1,928,712</u>	<u>1,372,242</u>

## 19. Long-term loans

Long-term loans as at 31 December 2012 and 2011 consist of:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
USD loans	9	9	-	-
Baht loans	2,815	3,092	2,250	2,250
EUR loans	-	13,162	-	-
Less: Deferred financial fees	-	(664)	-	-
Total	2,824	15,599	2,250	2,250
Less: Current portion	(399)	(984)	(112)	-
Net	<u>2,425</u>	<u>14,615</u>	<u>2,138</u>	<u>2,250</u>



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 repaid during the current year.

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. As at 31 December 2012, the balance of this loan was Baht 545 million (2011: Baht 818 million).

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. These loans repaid in full amount during the current year.

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 2012, the balance of this loan was Baht 2,250 million (2011: Baht 2,250 million).

During the fourth quarter of 2012, a local subsidiary entered into a 2-year loan agreement amounting to Baht 20 million with a local financial institution. The loan carries interest at MLR less 3% per annum and is to be repaid in quarterly installment. As at 31 December 2012, the balance of this loan was Baht 20 million.

## **20. 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 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.

## **21. 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. On 6 March 2012, the meeting of the Company's Board of Directors approved the change of conversion price to Baht 52.91 per share.

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.

## 22. 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)

	Consolidated financial		Separate financial	
	statements		statements	
	2012	2011	2012	2011
Current service cost	80,338	85,501	17,175	16,958
Interest cost	57,465	54,491	8,580	7,782
<b>Long-term employee benefit expenses for the years</b>	<b>137,803</b>	<b>139,992</b>	<b>25,755</b>	<b>24,740</b>
Line items under which such expenses are included in profit or loss				
Cost of sales	90,437	85,449	19,473	15,662
Selling and administrative expenses	47,366	54,543	6,282	9,078

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

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2012	2011	2012	2011
<b>Defined benefit obligation at beginning of year</b>	966,024	251,337	190,433	-
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings	-	603,395	-	169,096
Current service cost	80,338	85,501	17,175	16,958
Interest cost	57,465	54,491	8,580	7,782
Benefits paid during the year	(29,756)	(37,855)	(5,919)	(3,403)
Actuarial losses	407,786	599	131,405	-
Translation adjustment	(7,196)	8,556	-	-
<b>Defined benefit obligation at end of year</b>	<b>1,474,661</b>	<b>966,024</b>	<b>341,674</b>	<b>190,433</b>

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.8 - 20.0	4.2 - 12.4	3.7	4.7
Future salary increase rate (depending on age of employee)	3.0 - 15.0	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

Amounts of defined benefit obligation for the current and previous two years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
Year 2012	1,474,661	341,674	323,133	112,228
Year 2011	966,024	190,433	6,459	-
Year 2010	540,345	-	(3,064)	-

The oversea subsidiary has a define benefit plan as mentioned in Note 5.16. The amount related to such defined benefit plan recognised in profit or loss and the statement of financial position are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2012	2011
Interest cost	2,265	8,331
Expected return on plan asset	(1,334)	(2,818)
Amortisation of net loss	745	1,347
Expenses recognition due to settlements	50,762	-
<b>Long-term employee benefit expenses for the years</b>	<b>52,438</b>	<b>6,860</b>
Defined benefit obligation	29,421	110,146
Fair value of plan assets	(27,188)	(70,467)

**Provisions for long-term employee benefits**

2,233

39,679

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2012	2011
<b>Defined benefit obligation at beginning of year</b>	110,146	159,602
Interest cost	2,265	8,331
Benefits paid during the year	(1,427)	(87,471)
Actuarial losses	8,874	23,368
Translation adjustment	(2,565)	6,316
Settlement gain	(9,960)	-
Curtailments and settlements	(77,912)	-
<b>Defined benefit obligation at end of year</b>	<b>29,421</b>	<b>110,146</b>

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2012	2011
<b>Fair value of plan assets at beginning of year</b>	70,467	115,292
Expected return on plan assets	124	(3,369)
Contributions	35,031	41,745
Benefits paid during the year	(1,241)	(87,471)
Settlements	(75,430)	-
Translation adjustments	(1,763)	4,270
<b>Fair value of plan assets at end of year</b>	<b>27,188</b>	<b>70,467</b>

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

	Consolidated financial statements	
	2012	2011
	%	%
Equity securities	-	64
Debt securities	100	36

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements	
	2012	2011
	(% per annum)	(% per annum)
Discount rate	4.1	5.5
Expected long-term rate of return on plan assets	8.0	8.0

Amounts of defined benefit obligation for the current and previous two years are as follows:

	(Unit: Thousand Baht)	
	Defined benefit obligation	Experience adjustments arising on the plan liabilities
	Consolidated financial statements	Consolidated financial statements
Year 2012	2,233	4,951
Year 2011	39,679	998
Year 2010	44,304	(3,342)

### 23. Income tax

Income tax expenses for the years ended 31 December 2012 and 2011 are made up as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<b>Current income tax:</b>				
Current income tax charge	350	586	38	119
Translation adjustment	(1)	11	-	-
Income in deferred income tax	(229)	(405)	(8)	(9)
Income tax expense reported in profit or loss	<u>120</u>	<u>192</u>	<u>30</u>	<u>110</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2012 and 2011.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
		(restated)		(restated)
Accounting profit before income tax	5,592	6,265	2,966	3,133
Applicable tax rate	10-35%	10-35%	23%	30%
Accounting profit before tax multiplied by applicable tax rate	984	2,075	682	940
Tax adjust for prior year	(12)	(2)	(16)	-
Tax effect of intercompany transactions	1	(345)	-	-
Tax effect for:				
investment promotion (Note 27)	(713)	(1,310)	(264)	(481)
tax-exempt incomes and non-deductible expenses	(88)	(168)	(380)	(341)
Decrease (increase) in deferred tax assets	87	(155)	12	(9)
Increase (decrease) in deferred tax liabilities	(139)	97	(4)	1
Income tax expenses in income statements	120	192	30	110

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Deferred tax assets</b>				
Tax losses brought forward	503	566	-	-
Tax effect of non-deductible expenses				
Allowance for diminution in value of				
Accounts receivable	20	20	5	5
Inventories	135	118	1	4
Assets value	7	13	7	13
Others	12	21	-	-
Provision for long-term employee benefits	51	49	10	5



(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2012	2011	2012	2011
Accrued liabilities	168	125	-	-
Inventory cost capitalisation	212	142	-	-
Others	56	9	27	8
Total	<u>1,164</u>	<u>1,063</u>	<u>50</u>	<u>35</u>
<b>Deferred tax liabilities</b>				
Depreciation and amortisation	603	472	2	1
Intangible assets	3,784	3,853	-	-
Prepaid expense	16	19	-	-
Others reserves	213	207	-	-
Surplus on revaluation of land	181	-	45	-
Others	128	367	3	-
Total	<u>4,925</u>	<u>4,918</u>	<u>50</u>	<u>1</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.

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.

#### **24. Share capital**

On 10 April 2012, the Extraordinary General Meeting of the Company's Shareholders no. 1/2012 passed resolutions on the following matters.

- Approval was given to decrease the Company's registered share capital from Baht 1,000 million (1,000 million ordinary shares of Baht 1 each) to Baht 999 million (999 million ordinary shares of Baht 1 each), by canceling 813,450 registered shares that had yet to be allocated. The Company registered the decrease of its share capital with the Ministry of Commerce on 23 April 2012.

- Approval was given to increase the Company's registered share capital from Baht 999 million (999 million ordinary shares of Baht 1 each) to Baht 1,202 million (1,202 million ordinary shares of Baht 1 each) for the support of the issuance of new shares to existing shareholders (Rights Offering) according to Pro rata basis of shares and/or to the private placement and for the support of the conversion of debentures which were allocated to the private placement on 27 October 2010. The Company registered the increase of its share capital with the Ministry of Commerce on 24 April 2012.

Reconciliation of the number of issued and paid-up shares capital

(Unit: Share)

	Consolidated financial statements / Separate financial statements	
	31 December	
	2012	2011
Number of ordinary shares at the beginning of year	956,329,407	956,329,407
Increase in the number of ordinary shares due to share capital increase*	191,264,422	-
Number of ordinary shares at the end of year	<u>1,147,593,829</u>	<u>956,329,407</u>

\* The Company allocated the new 191,264,422 shares to the existing shareholders at the ratio of 5 existing common shares to 1 newly issued shares at the subscription price of Baht 50 per share. The Company registered its additional shares with the Ministry of Commerce on 28 May 2012 and the shares were first traded on the Stock Exchange of Thailand on 30 May 2012.

**25. 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. At present, the statutory reserve has fully been set a side.

## 26. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Salary and wages and other employee				
benefits	9,978,011	8,620,366	2,343,165	1,944,049
Depreciation	1,746,498	1,551,699	335,265	272,539
Amortisation expenses	155,897	64,475	317	473
Loss on impairment (reversal)	(28,703)	34,681	(29,365)	29,772
Rental expenses under operating lease				
agreements	1,184,108	737,568	357,570	184,220
Raw materials, consumables used				
and finished goods purchased	66,383,009	59,485,850	18,322,331	17,867,630
Changes in inventories of finished				
goods and work in progress	(2,587,955)	(2,056,615)	(438,734)	(409,086)

## 27. 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 10 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)					
	Promoted operations		Non-promoted operations		Total	
	2012	2011	2012	2011	2012	2011
Sales						
Domestic sales	2,412,520	2,784,983	1,623,981	775,403	4,036,501	3,560,386
Export sales	19,843,900	19,735,527	1,191,541	429,818	21,035,441	20,165,345
Other income	276,101	126,051	2,573,114	2,388,842	2,849,215	2,514,893
Total revenues	<u>22,532,521</u>	<u>22,646,561</u>	<u>5,388,636</u>	<u>3,594,063</u>	<u>27,921,157</u>	<u>26,240,624</u>

## 28. 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 2012				
Profit for the year		Weighted average	Earnings per share	
Consolidated financial statement	Separate financial statement	number of ordinary shares	Consolidated financial statement	Separate financial statement
Million Baht	Million Baht	Million share	Baht	Baht
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the parent				
4,694	2,935	1,070.3	4.39	2.74
Add: Interest expense from convertible bond recognised during the year				
93	93			
Effect of dilutive potential ordinary shares				
-	-	45.3		
<b>Diluted earning per share</b>				
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares				
4,787	3,028	1,115.6	4.29	2.71
For the year ended 31 December 2011				
Profit for the year (restated)		Weighted average	Earnings per share (restated)	
Consolidated financial statement	Separate financial statement	number of ordinary shares	Consolidated financial statement	Separate financial statement
Million Baht	Million Baht	Million share	Baht	Baht
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the parent				
5,117	3,022	956.3	5.35	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				
5,207	3,112	999.2	5.21	3.11

## 29. 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 2012 and 2011 (Restated) of the Company and its subsidiaries by segment.

(Unit: Million Baht)

	Frozen and canned		Other businesses		Total		Elimination		Grand total	
	food products									
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Sales										
- Local	5,469	4,571	11,963	11,221	17,432	15,792	(6,896)	(6,129)	10,536	9,663
- Export	110,166	102,509	977	898	111,143	103,407	(14,981)	(14,400)	96,162	89,007
Total sales	115,635	107,080	12,940	12,119	128,575	119,199	(21,877)	(20,529)	106,698	98,670
Segment operating income	6,017	7,820	1,340	1,323	7,357	9,143	455	(646)	7,812	8,497
Unallocated income (expenses):										
Interest income									12	10
Administrative expenses									27	(54)
Share of profit from investment in associates									70	84
Finance cost									(2,329)	(2,272)
Income tax expenses									(120)	(192)
Profit attributable to non-controlling interests of the subsidiaries									(778)	(956)
Profit attributable to equity holders of the company									4,694	5,117

Financial information of the Company and its subsidiaries presented by geographical segment for the years ended 31 December 2012 and 2011 (Restated) is as follows:

(Unit: Million Baht)

	Thailand		Overseas		Total		Elimination		Grand total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
										(Restated)
Sales										
- Frozen and canned										
food products	55,525	51,330	60,110	55,750	115,635	107,080	(18,383)	(18,433)	97,252	88,647
- Other businesses	12,940	12,119	-	-	12,940	12,119	(3,494)	(2,096)	9,446	10,023
Total sales	68,645	63,449	60,110	55,750	128,575	119,199	(21,877)	(20,529)	106,698	98,670
Segment operating income									7,812	8,497
Property, plant and										
equipment	11,425	9,248	6,325	6,219	17,750	15,467	173	188	17,923	15,655
Unallocated assets									76,836	67,622
Total assets									94,759	83,277

Transfer prices between the Company and its subsidiaries are as set out in Note 9.

### 30. 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 2012, the Company and its local subsidiaries contributed approximately Baht 52 million (2011: Baht 45 million) to the fund.

### 31. 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 0.5 million to the fund in the year 2012 (2011: USD 0.4 million).

### 32. Dividends

Dividends declared in 2012 and 2011 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividends on income for the period 1 July 2011 to 31 December 2011	Annual General Meeting of the shareholders on 26 March 2012	622	0.65
Interim dividends for 2012	Board of Directors' meeting on 8 August 2012	1,262	1.10
Total for 2012		<u>1,884</u>	
Dividends on income for the period 1 October 2010 to 31 December 2010	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 for 2011		<u>1,195</u>	

### 33. Commitments and contingent liabilities

#### 33.1 Commitments

The Company and its subsidiaries have the following commitments:

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

		As at 31 December 2012					
		Payable within			Total		
		Less than 1 year	1 to 5 years	More than 5 years			
Office rental and service agreements	Baht	119 million	Baht 53 million	Baht 6 million	Baht	178 million	
	EUR	2 million	EUR 3 million	-	EUR	5 million	
Land lease agreements	Baht	2 million	Baht 2 million	Baht 2 million	Baht	6 million	
	USD	3 million	USD 12 million	USD 2 million	USD	17 million	
	-	-	EUR 2 million	EUR 1 million	EUR	3 million	
Vehicle lease agreements	Baht	33 million	Baht 42 million	-	Baht	75 million	
	EUR	1 million	EUR 1 million	-	EUR	2 million	
Machine lease agreements	Baht	2 million	Baht 2 million	-	Baht	4 million	
	-	-	USD 1 million	-	USD	1 million	
Computer & copy machine lease agreements	Baht	17 million	Baht 8 million	-	Baht	25 million	
Warehouse and factory construction agreements	Baht	388 million	-	-	Baht	388 million	
Purchase machinery, equipment and vehicle agreements	Baht	54 million	-	-	Baht	54 million	
	USD	3 million	-	-	USD	3 million	
Communication agreements	Baht	1 million	-	-	Baht	1 million	
Advisory agreements	Baht	11 million	-	-	Baht	11 million	
Internet network service agreements	Baht	4 million	Baht 2 million	-	Baht	6 million	
Security service agreements	Baht	3 million	-	-	Baht	3 million	

		As at 31 December 2011					
		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 and copy machine lease Agreements	Baht	39 million	Baht 66 million	-	Baht	105 million	
Warehouse and factory construction agreements	Baht	65 million	-	-	Baht	65 million	



		As at 31 December 2011			
		Payable within			Total
		Less than 1 year	1 to 5 years	More than 5 years	
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:

		As at 31 December			
		2012		2011	
The local subsidiary	Baht	214.2 million		Baht	51.0 million
The overseas subsidiary	USD	1.9 million		USD	1.9 million
The overseas associates	USD	0.3 million		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 2012 amounting to USD 1 million (2011: 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 2012.

### **33.2 Guarantees**

- a) As at 31 December 2012, there were outstanding bank guarantees of approximately Baht 61 million and USD 2 million (2011: Baht 54 million and USD 4 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 2012, there were outstanding bank guarantees of approximately Baht 156 million (2011: Baht 92 million) issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of business.

### **34. Financial instruments**

#### **34.1 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 bank deposits, 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. 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.

Significant financial assets and liabilities 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.

Consolidated financial statement as at 31 December 2012

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	Over	Floating	Non- interest	bearing		
	1 year						
	(Million Baht)						
<b>Financial assets</b>							
Cash and cash equivalents	9	-	-	1,310	81	1,400	0.10 - 2.47
Trade and other receivables	-	-	-	-	11,918	11,918	-
Restricted bank deposits	2	-	-	12	-	14	1.20 - 3.00
Short-term loans to other companies	12	-	-	-	-	12	3.05 - 7.50
Long-term loans to other companies	7	21	-	-	3	31	3.00 - 7.50
	<u>30</u>	<u>21</u>	<u>-</u>	<u>1,322</u>	<u>12,002</u>	<u>13,375</u>	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans							
from financial institutions	16	-	-	7	-	23	1.11 - 4.01
Trade and other payables	-	-	-	-	10,545	10,545	-
Long-term loans	-	9	-	2,815	-	2,824	3.05 - 3.39
Debentures	500	5,239	1,495	-	-	7,234	4.68
Convertible bond	-	2,440	-	-	-	2,440	5.00
	<u>516</u>	<u>7,688</u>	<u>1,495</u>	<u>2,822</u>	<u>10,545</u>	<u>23,066</u>	

Consolidated financial statement as at 31 December 2011

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	Over	Floating	Non- interest	bearing		
	1 year						
	(Million Baht)						
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	543	360	903	0.17 - 1.93
Trade and other receivables	-	-	-	-	11,161	11,161	-
Restricted bank deposits	-	-	-	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 statement as at 31 December 2012

	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	-	-	-	14	48	62	0.10 - 2.50
Trade and other receivables	-	-	-	-	4,197	4,197	-
Short-term loans to subsidiaries	80	-	-	1,337	-	1,417	3.10 - 3.40
Short-term loans to other companies	5	-	-	-	-	5	7.50
Long-term loans to subsidiaries	-	-	15,798	5,332	-	21,130	1.11 - 5.50
Long-term loans to other companies	2	1	-	-	-	3	7.50
	<u>87</u>	<u>1</u>	<u>15,798</u>	<u>6,683</u>	<u>4,245</u>	<u>26,814</u>	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans							
from financial institutions	9,788	-	-	-	-	9,788	1.28
Trade and other payables	-	-	-	-	1,929	1,929	-
Long-term loans	-	-	-	2,250	-	2,250	2.60
Debentures	500	5,239	1,495	-	-	7,234	4.68
Convertible bond	-	2,440	-	-	-	2,440	5.00
	<u>10,288</u>	<u>7,679</u>	<u>1,495</u>	<u>2,250</u>	<u>1,929</u>	<u>23,641</u>	

Separate financial statement 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
	<u>520</u>	<u>-</u>	<u>15,207</u>	<u>1,831</u>	<u>4,114</u>	<u>21,672</u>	
<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
	<u>3,554</u>	<u>8,195</u>	<u>1,495</u>	<u>2,250</u>	<u>1,372</u>	<u>16,866</u>	

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 17 and 19. The details of the interest rate swap agreements outstanding as at 31 December 2012 and 2011 is as follows:

## The Company

As at 31 December 2012				
	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Termination date
1	Baht 2,040 million (first 2 years) Baht 170 - 1,700 million (remaining 4 years)	Floating rate 3-month THBFIX plus 1.50% (first 2 years) Floating rate 3-month THBFIX 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)	Floating rate 3-month THBFIX plus 1.50% (first 2 years) Floating rate 3-month THBFIX plus 1.75% (remaining 4 years)	Fixed rate 4.48%	October 2016
3	Baht 500 million	Floating rate 6-month THBFIX	Fixed rate 3.50%	August 2015
As at 31 December 2011				
	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Termination 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 THBFIX	Fixed rate 3.50%	August 2015

## Subsidiaries

As at 31 December 2012				
	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Termination date
1	EUR 88 million	Float rate 3-month EURIBOR	Fixed rate 2.70 %	October 2017
2	EUR 123 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
As at 31 December 2011				
	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Termination 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

As at 31 December 2012					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination date
	Principal amount	Interest rate	Principal amount	Interest rate	
1	Baht 1,134 million	Floating rate 3-month THBFIX	USD 35 million	Floating rate 3-month LIBOR-BBA plus 0.665%	July 2013
2	Baht 674 million	Floating rate 3-month THBFIX plus 2.31%	USD 22 million	Floating rate 3-month LIBOR plus 3.00%	June 2014
3	Baht 2,640 million	Fixed rate 1.78%	EUR 66 million	-	June 2015
4	Baht 1,997 million	Floating rate 6-month THBFIX minus 1.75%	EUR 50 million	-	June 2017
5	Baht 285 million	Floating rate 3-month THBFIX	USD 9 million	Floating rate LIBOR plus 0.42%	July 2013

As at 31 December 2011					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination 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	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

### Subsidiary

As at 31 December 2012 and 2011					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination 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 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2012	2011	2012	2011	2012	2011
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	311	308	31	17	30.58	31.64
JPY	149	83	239	91	0.35	0.41
EUR	513	376	61	60	40.50	40.97
VND	6,515	-	2,062	-	0.0015	-

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2012

Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)			
<u>The Company</u>					
USD against Baht	-	198	-	30.30 - 32.40	January 2013 - June 2014
JPY against Baht	-	143	-	0.36 - 0.41	January 2013 - June 2013
EUR against Baht	-	448	-	39.10 - 42.96	March 2013 - June 2017
<u>Subsidiaries</u>					
USD against Baht	-	209	-	30.73 - 32.48	May 2013 - December 2014
USD against GBP	16	-	1.61	-	May 2013
EUR against GBP	3	-	0.81	-	June 2013

As at 31 December 2011

Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)			
<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 2012 - March 2012
EUR against GBP	9	-	0.84	-	January 2012 - December 2012

As at 31 December 2012, 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 28 million up to USD 67 million (2011: between USD 30 million up to USD 76 million), depending on conditions stipulated in the agreements, at rates of Baht 30.85 to Baht 32.30 per USD 1 (2011: at rates of Baht 30.25 to Baht 31.70 per USD 1). These agreements will terminate within December 2013 (2011: September 2012) and the Company has outstanding option agreements with two local banks under which the Company has obligations to sell a total of EUR 200 million at rates of Baht 42.00 and Baht 42.50 per EUR 1. These agreements will terminate within May 2017. At the same time, the two local banks have



obligations to buy a total of EUR 200 million at rates of Baht 42.00 and Baht 42.50 per EUR 1. These agreements will terminate within May 2017.

Moreover the overseas subsidiaries have outstanding option agreements as follow.

As at 31 December 2012					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
EUR against USD	42.0	33.5	1.33	1.38	December 2013
GBP against USD	23.0	15.4	16.40	16.40	December 2013
EUR against GBP	38.1	30.1	0.79	0.79	June 2013 - December 2013

As at 31 December 2011					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			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

### 34.2 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.

### 35. 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 2012, the Group's debt to equity ratio was 1.35:1 (2011: 2.07:1) and the Company's was 0.93:1 (2011: 1.13:1).

### **36. Events after the reporting period**

On 4 January 2013, the Extraordinary General Meeting of the Shareholders of Thai Union Hatchery Co., Ltd., a subsidiary of Thai Union Feedmill Co., Ltd. no 1/2013 passed resolution on the increase its share capital from Baht 300 million (30 million ordinary shares of Baht 10 each) to Baht 420 million (42 million ordinary shares of Baht 10 each). The said company registered the increase of its share capital with the Ministry of Commerce on 9 January 2013.

On 28 January 2013, the Extraordinary General Meeting of the Shareholders of the Company no. 1/2013 passed resolution on additional purchase in ordinary shares of Pakfood Public Company Limited (PPC) from 49.97% to exceed 50% and up to 100% holding of the issued and paid-up share of PPC which it resulted in changing of the PPC's status from the associated company to subsidiary. On 21 February 2013, the Company purchased ordinary shares of PPC of 2,984,787 shares at a purchase price of Baht 50 per share, or a total of Baht 149 million. This purchase made the investment proportion in PPC increase from 49.97% to 54.46%.

On 1 March 2013, the meeting of the Company's Board of Directors No. 1/2013 passed resolution to approve dividend payment of Baht 2.10 per share from its net operating profit of the year 2012, to the Company's shareholders. However, by the resolution of the meeting of the Company's Board of Directors No. 4/2012 held on 8 August 2012, the Company had paid out the interim dividend payment of Baht 1.10 per share from the six-month operating profit ended 30 June 2012, to the Company's shareholders totaling Baht 1,262 million on 31 August 2012. The remaining dividend is Baht 1.00 per share or totaling Baht 1,148 million. The dividend will be paid on 22 April 2013.

### **37. Approval of financial statements**

These financial statements were authorised for issue by the Audit Committee and the Company's management on 1 March 2013.