

Thai Union Frozen Products Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2014

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 2014, 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 statements 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 judgement, 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 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182

EY Office Limited
Bangkok: 27 February 2015

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|------------------------|-------------------------------|-----------------------|
| | | As at | As at | As at | As at |
| | | 31 December 2014 | 31 December 2013 | 31 December 2014 | 31 December 2013 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6 | 2,123,441,142 | 1,620,733,842 | 12,091,024 | 69,190,002 |
| Short-term investments | 7 | 4,032,884,358 | 1,593,720,000 | 4,032,884,358 | 1,593,720,000 |
| Trade and other receivables | 8,9 | 15,403,766,438 | 13,948,340,827 | 3,527,687,332 | 3,367,595,407 |
| Short-term loans to subsidiaries | 9 | - | - | 1,631,880,900 | 80,000,000 |
| Short-term loans to other companies | | 4,190,549 | 2,958,144 | - | - |
| Current portion of long-term loans to subsidiaries | 9 | - | - | 1,982,410,000 | 724,893,875 |
| Current portion of long-term loans to other companies | | 4,527,284 | 4,116,389 | - | - |
| Inventories | 10 | 37,517,574,734 | 36,917,346,432 | 4,103,171,547 | 5,019,971,420 |
| Other current assets | | | | | |
| Prepaid income tax | | 264,910,200 | 210,550,144 | 74,055,789 | 76,604,805 |
| Current portion of forward exchange contracts receivables | | 127,232,183 | 4,416,493 | 108,897,183 | 3,766,952 |
| Value added tax refundable | | 463,727,277 | 360,128,163 | 38,459,252 | 33,167,458 |
| Others | | 921,645,384 | 881,998,439 | 82,231,858 | 144,607,784 |
| Total other current assets | | 1,777,515,044 | 1,457,093,239 | 303,644,082 | 258,146,999 |
| Total current assets | | 60,863,899,549 | 55,544,308,873 | 15,593,769,243 | 11,113,517,703 |
| Non-current assets | | | | | |
| Restricted bank deposits | 11 | 43,431,894 | 11,093,803 | - | - |
| Investments in associates | 12 | 1,368,820,607 | 1,289,600,593 | 155,573,639 | 155,573,639 |
| Investments in subsidiaries | 13 | - | - | 16,500,073,014 | 16,442,429,520 |
| Investments in joint ventures | 14 | 552,484,252 | 578,939,615 | - | - |
| Other long-term investments | 15 | 30,592,384 | 33,919,431 | - | - |
| Long-term loans to subsidiaries - net of current portion | 9 | - | - | 22,936,080,058 | 23,863,646,852 |
| Long-term loans to other companies - net of | | | | | |
| current portion | | 23,979,691 | 10,871,831 | - | - |
| Property, plant and equipment | 16 | 23,051,729,809 | 21,472,833,289 | 4,261,711,074 | 4,188,048,894 |
| Goodwill | | 13,078,776,785 | 12,791,945,754 | - | - |
| Other intangible assets | 17 | 14,197,193,924 | 14,696,284,206 | 21,081,546 | 4,445,278 |
| Other non-current assets | | | | | |
| Forward exchange contracts receivables | | | | | |
| - net of current portion | | 1,208,571,100 | 48,275,500 | 1,208,571,100 | 48,275,500 |
| Leasehold rights | | 30,186,252 | 204,929,425 | - | - |
| Advance payment for purchase of property, | | | | | |
| plant and equipment | | 14,952,190 | 97,089,256 | - | - |
| Deferred tax assets | 27 | 796,370,285 | 1,328,856,000 | 25,256,110 | 31,497,750 |
| Unamortised discount from forward exchange contracts | | 64,252,266 | 29,581,420 | 64,252,266 | 29,581,420 |
| Others | | 117,420,159 | 151,753,855 | 11,908,922 | 20,343,697 |
| Total non-current assets | | 54,578,761,598 | 52,745,973,978 | 45,184,507,729 | 44,783,842,550 |
| Total assets | | 115,442,661,147 | 108,290,282,851 | 60,778,276,972 | 55,897,360,253 |

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 2014

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|------------------------|-------------------------------|-----------------------|
| | | As at | As at | As at | As at |
| | | 31 December 2014 | 31 December 2013 | 31 December 2014 | 31 December 2013 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans from | | | | | |
| financial institutions | 18 | 26,086,541,039 | 29,374,817,980 | 8,889,560,679 | 11,473,312,757 |
| Trade and other payables | 9,19 | 10,724,557,023 | 9,802,404,454 | 1,963,106,426 | 1,593,911,988 |
| Short-term loans from associated | 9 | 52,700,000 | - | - | - |
| Current portion of long-term loans | 20 | 936,034,537 | 779,500,000 | 450,000,000 | 450,000,000 |
| Current portion of debentures | 21 | - | 3,297,649,536 | - | 3,297,649,536 |
| Income tax payable | | 272,609,805 | 235,338,189 | 13,454,824 | 110,449,932 |
| Other current liabilities | | 2,281,404,217 | 3,440,727,862 | 199,168,682 | 1,926,162,378 |
| Total current liabilities | | 40,353,846,621 | 46,930,438,021 | 11,515,290,611 | 18,851,486,591 |
| Non-current liabilities | | | | | |
| Long-term loans - net of current portion | 20 | 3,050,224,081 | 3,442,645,296 | 2,857,040,458 | 3,297,722,485 |
| Debentures - net of current portion | 21 | 16,174,785,391 | 3,441,968,780 | 16,174,785,391 | 3,441,968,780 |
| Convertible debenture | 22 | - | 2,713,756,045 | - | 2,713,756,045 |
| Provision for long-term employee benefits | 23 | 1,831,625,035 | 1,718,005,641 | 414,845,608 | 377,386,130 |
| Deferred tax liabilities | 27 | 5,167,596,399 | 5,534,565,671 | 56,848,407 | 47,887,494 |
| Forward exchange contracts payable - net of | | | | | |
| current portion | | 207,031,217 | 709,677,314 | 117,293,000 | 625,211,000 |
| Other non-current liabilities | | 1,190,645,184 | 452,117,488 | 634,379,726 | 83,019,089 |
| Total non-current liabilities | | 27,621,907,307 | 18,012,736,235 | 20,255,192,590 | 10,586,951,023 |
| Total liabilities | | 67,975,753,928 | 64,943,174,256 | 31,770,483,201 | 29,438,437,614 |
| Shareholders' equity | | | | | |
| Share capital | 24 | | | | |
| Registered | | | | | |
| 4,808,000,000 ordinary shares of Baht 0.25 each | | | | | |
| (2013: 1,202,000,000 ordinary shares of Baht 1 each) | | 1,202,000,000 | 1,202,000,000 | 1,202,000,000 | 1,202,000,000 |
| Issued and paid-up | | | | | |
| 4,771,815,496 ordinary shares of Baht 0.25 each | | | | | |
| (2013: 1,147,593,829 ordinary shares of Baht 1 each) | | 1,192,953,874 | 1,147,593,829 | 1,192,953,874 | 1,147,593,829 |
| Share premium | | 19,948,328,826 | 17,500,508,871 | 19,948,328,826 | 17,500,508,871 |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 25 | 120,200,000 | 120,200,000 | 120,200,000 | 120,200,000 |
| Unappropriated | | 21,526,719,737 | 18,716,270,733 | 7,566,721,542 | 7,511,030,410 |
| Other components of shareholders' equity | | 877,180,375 | 2,051,805,259 | 179,589,529 | 179,589,529 |
| Equity attributable to owners of the Company | | 43,665,382,812 | 39,536,378,692 | 29,007,793,771 | 26,458,922,639 |
| Non-controlling interests of the subsidiaries | | 3,801,524,407 | 3,810,729,903 | - | - |
| Total shareholders' equity | | 47,466,907,219 | 43,347,108,595 | 29,007,793,771 | 26,458,922,639 |
| Total liabilities and shareholders' equity | | 115,442,661,147 | 108,290,282,851 | 60,778,276,972 | 55,897,360,253 |

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 2014

(Unit: Baht)

| Note | Consolidated financial statements | | Separate financial statements | | |
|--|-----------------------------------|------------------------|-------------------------------|-----------------------|-----------------------|
| | 2014 | 2013 | 2014 | 2013 | |
| Revenues | | | | | |
| Sales | 9, 28 | 121,402,355,983 | 112,812,594,229 | 21,120,430,731 | 23,457,148,276 |
| Other income | | | | | |
| Dividend income | | 66,000 | 5,904,000 | 1,425,091,068 | 835,437,467 |
| Interest income | | 158,984,967 | 14,704,705 | 1,154,634,703 | 1,026,379,407 |
| Exchange gains | | 283,681,557 | 51,774,083 | - | 100,291,708 |
| Others | | 885,703,678 | 1,392,317,105 | 467,895,880 | 554,120,471 |
| Total other income | | 1,328,436,202 | 1,464,699,893 | 3,047,621,651 | 2,516,229,053 |
| Total revenues | | 122,730,792,185 | 114,277,294,122 | 24,168,052,382 | 25,973,377,329 |
| Expenses | | | | | |
| Cost of sales | | 102,381,913,425 | 98,590,391,272 | 18,906,905,243 | 21,562,120,190 |
| Selling expenses | | 5,995,761,423 | 5,060,281,049 | 654,278,224 | 692,676,898 |
| Administrative expenses | | 6,035,104,026 | 5,173,919,602 | 1,143,381,720 | 857,433,919 |
| Total expenses | | 114,412,778,874 | 108,824,591,923 | 20,704,565,187 | 23,112,231,007 |
| Profit before share of profit from investments in associates and joint ventures, finance cost and income tax expenses | | | | | |
| | | 8,318,013,311 | 5,452,702,199 | 3,463,487,195 | 2,861,146,322 |
| Share of profit from investments in associates and joint ventures | | | | | |
| | 12, 14 | 162,408,003 | 175,795,934 | - | - |
| Profit before finance cost and income tax expenses | | | | | |
| | | 8,480,421,314 | 5,628,498,133 | 3,463,487,195 | 2,861,146,322 |
| Finance cost | | | | | |
| | | (1,673,261,199) | (1,654,909,119) | (929,438,168) | (855,088,580) |
| Profit before income tax expenses | | | | | |
| | | 6,807,160,115 | 3,973,589,014 | 2,534,049,027 | 2,006,057,742 |
| Income tax expenses | | | | | |
| | 27 | (1,039,750,579) | (494,616,168) | (80,008,549) | (205,929,525) |
| Profit for the year | | | | | |
| | | 5,767,409,536 | 3,478,972,846 | 2,454,040,478 | 1,800,128,217 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | | | | |
| | | 5,091,579,693 | 2,852,828,488 | 2,454,040,478 | 1,800,128,217 |
| Non-controlling interests of the subsidiaries | | | | | |
| | | 675,829,843 | 626,144,358 | | |
| | | 5,767,409,536 | 3,478,972,846 | | |
| (Restated) | | | | | |
| Earnings per share | | | | | |
| Basic earnings per share | | | | | |
| | 29 | 1.099 | 0.622 | 0.530 | 0.392 |
| Diluted earnings per share | | | | | |
| | | 1.084 | 0.619 | 0.530 | 0.392 |

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 2014

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Profit for the year | 5,767,409,536 | 3,478,972,846 | 2,454,040,478 | 1,800,128,217 |
| Other comprehensive income: | | | | |
| Exchange differences on translation of financial statements in foreign currency | (1,170,118,887) | 1,406,488,173 | - | - |
| Gain on change in value of available-for-sale investments, net of income tax | 684,679 | 4,851,646 | - | - |
| Gain (loss) on change in the value of pension fund | 7,452,938 | (12,886,232) | - | - |
| Actuarial gain, net of income tax | 115,453,727 | - | - | - |
| Increase (decrease) in other reserves | (41,073,950) | 7,718,563 | - | - |
| Other comprehensive income for the year | (1,087,601,493) | 1,406,172,150 | - | - |
| Total comprehensive income for the year | 4,679,808,043 | 4,885,144,996 | 2,454,040,478 | 1,800,128,217 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 4,037,031,438 | 4,191,396,101 | 2,454,040,478 | 1,800,128,217 |
| Non-controlling interests of the subsidiaries | 642,776,605 | 693,748,895 | | |
| | 4,679,808,043 | 4,885,144,996 | | |

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 2014

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------------|--------------------------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Cash flows from operating activities | | | | |
| Profit before tax | 6,807,160,115 | 3,973,589,014 | 2,534,049,027 | 2,006,057,742 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 2,518,083,960 | 2,238,134,174 | 371,265,403 | 402,754,290 |
| Amortisation of discount/premium from forward foreign exchange contracts | (207,443,862) | 72,506,413 | (202,793,062) | 72,212,043 |
| Amortisation of issue cost of convertible bond, debentures and long-term loans from financial institutions | 13,826,629 | 12,371,202 | 13,826,629 | 12,371,202 |
| Allowance for doubtful accounts (reversal) | 25,490,178 | 80,841,482 | (517,020) | 1,529,429 |
| Reduction of inventory to net realisable value (reversal) | 225,084,923 | 494,367,773 | (50,778,002) | 97,610,178 |
| Allowance for loss on impairment of assets (reversal) | 15,564,374 | (3,517,526) | - | - |
| Allowance for loss on impairment of other intangible assets | - | 2,506,826 | - | - |
| Allowance for loans to other companies (reversal) | (10,000,000) | 10,000,000 | - | - |
| Share of profit from investments in associates and joint ventures | (162,408,003) | (175,795,934) | - | - |
| Loss on sale of other investments | 937,976 | 1,328,736 | - | 3,491,789 |
| Provision for long-term employee benefits | 173,577,426 | 213,398,696 | 44,814,600 | 41,666,008 |
| Gain on transfer investment in associates to subsidiaries | - | (49,735,894) | - | - |
| Loss on dissolution of subsidiaries | - | 58,200,188 | - | - |
| Gain on fair value adjustment from investments in joint venture | - | (160,994,223) | - | - |
| Gain on sale of investments in subsidiaries to joint venture | - | (37,691,845) | - | - |
| Loss (gain) on sale / write-off of property, plant and equipment and other intangible assets | 419,351,491 | (38,342,810) | 17,458,883 | 8,095,967 |
| Loss on write-off of leasehold right | 8,168,906 | - | - | - |
| Unrealised exchange loss (gain) | (589,234,904) | 337,795,135 | (450,678,712) | 218,493,313 |
| Dividend income | (66,000) | (5,904,000) | (1,425,091,068) | (835,437,467) |
| Interest income | (158,984,967) | (14,704,705) | (1,154,634,703) | (1,026,379,407) |
| Interest expenses | 1,334,705,136 | 1,554,723,457 | 904,411,354 | 836,744,559 |
| Profit from operating activities before change in operating assets and liabilities | 10,413,813,378 | 8,563,076,159 | 601,333,329 | 1,839,209,646 |
| Decrease (increase) in operating assets | | | | |
| Trade and other receivables | (834,784,634) | (934,068,832) | (137,277,552) | 837,250,719 |
| Inventories | (910,885,108) | (1,620,946,259) | 965,876,178 | (247,620,249) |
| Other current assets | (407,051,278) | 215,671,996 | (3,782,554) | 31,347,727 |
| Other non-current assets | 103,488,404 | (59,016,526) | 8,361,787 | 19,873,753 |
| Increase (decrease) in operating liabilities | | | | |
| Trade and other payables | 1,122,975,060 | (1,690,281,305) | 298,096,425 | (283,925,270) |
| Other current liabilities | 246,525,573 | (60,575,118) | 14,197,519 | (92,180,466) |
| Other non-current liabilities | 117,099,660 | (144,699,645) | (46,171,371) | (69,206,815) |
| Cash flows from operating activities | 9,851,181,055 | 4,269,160,470 | 1,700,633,761 | 2,034,749,045 |
| Cash paid for corporate income tax | (575,345,269) | (398,068,790) | (159,252,088) | (95,153,725) |
| Net cash from operating activities | 9,275,835,786 | 3,871,091,680 | 1,541,381,673 | 1,939,595,320 |

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 2014

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------------|--------------------------------------|------------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Cash flows from investing activities | | | | |
| Decrease (increase) in restricted deposits with financial institutions | (35,861,266) | 2,147,280 | - | - |
| Increase in short-term investments | (2,450,091,607) | (1,593,720,000) | (2,450,091,606) | (1,593,720,000) |
| Acquisitions of property, plant and equipment | (3,267,451,059) | (4,206,425,735) | (465,881,332) | (813,426,967) |
| Acquisitions of intangible assets | (29,837,546) | (17,438,383) | - | (1,980,558) |
| Acquisitions of leasehold rights | (19,812,887) | (3,367,025) | - | - |
| Other investments | - | (1,350) | - | - |
| Decrease (increase) in short-term loans to subsidiaries | - | - | (1,554,090,000) | 1,337,041,200 |
| Decrease (increase) in short-term loans to other companies | (1,232,405) | 8,693,869 | - | 5,465,000 |
| Increase in long-term loans to subsidiaries | - | - | (2,787,517,254) | (1,127,723,524) |
| Decrease (increase) in long-term loans to other companies | (3,458,029) | 6,369,684 | - | 2,868,338 |
| Increase in investments in subsidiaries | - | - | (57,643,494) | (1,180,226,767) |
| Increase in investments in associates | - | (39,553,333) | - | - |
| Increase in other long-term investments | (170,588) | - | - | - |
| Interest received | 162,053,466 | 9,468,087 | 1,144,873,911 | 1,083,105,498 |
| Dividend received | 94,852,028 | 79,907,440 | 1,425,091,068 | 835,437,467 |
| Proceeds from sale of investment in subsidiaries | - | 602,181,622 | - | 79,480,740 |
| Increase in investments in joint ventures | (8,075,000) | (438,410,217) | - | - |
| Proceeds in acquisitions of subsidiaries | (3,202,751,645) | (324,572,169) | - | (508,713,486) |
| Proceeds from sales of investments | 3,317,694 | 3,212,621 | - | - |
| Proceeds from sales of property, plant and equipment and other intangible assets | 67,547,591 | 347,108,965 | 4,074,843 | 2,871,801 |
| Net cash used in investing activities | (8,690,971,253) | (5,564,398,644) | (4,741,183,864) | (1,879,521,258) |
| Cash flows from financing activities | | | | |
| Increase (decrease) in bank overdrafts and short-term loans from financial institutions | (3,566,618,913) | 5,157,997,283 | (2,583,752,078) | 1,685,388,601 |
| Increase (decrease) in long-term loans from financial institutions | (610,076,456) | 1,105,120,000 | (450,000,000) | 1,435,622,300 |
| Increase in short-term loans from associate | 52,700,000 | - | - | - |
| Cash paid for deferred financial fee | (21,785,825) | (4,424,700) | (21,785,825) | (4,427,000) |
| Cash paid for debentures | (3,300,000,000) | (500,000,000) | (3,300,000,000) | (500,000,000) |
| Proceeds from issued debentures | 12,750,000,000 | - | 12,750,000,000 | - |
| Cash paid for interest expense | (1,231,841,983) | (1,563,586,125) | (853,616,861) | (834,254,741) |
| Decrease in non-controlling interests of the subsidiaries | (651,982,101) | (11,222,274) | - | - |
| Dividend paid | (2,398,142,023) | (1,835,548,009) | (2,398,142,023) | (1,835,548,009) |
| Net cash from (used in) financing activities | 1,022,252,699 | 2,348,336,175 | 3,142,703,213 | (53,218,849) |
| Decrease in translation adjustment | (1,104,409,932) | (434,340,222) | - | - |
| Net increase (decrease) in cash and cash equivalents | 502,707,300 | 220,688,989 | (57,098,978) | 6,855,213 |
| Cash and cash equivalents at beginning of year | 1,620,733,842 | 1,400,044,853 | 69,190,002 | 62,334,789 |
| Cash and cash equivalents at end of year (Note 6) | 2,123,441,142 | 1,620,733,842 | 12,091,024 | 69,190,002 |

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 2014

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-------------|-------------------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| Supplemental cash flows information | | | | |
| Non-cash items: | | | | |
| Undue installment of acquisition of property, plant and equipment | 169,401,318 | 165,177,470 | 27,793,599 | 10,577,356 |
| Unrealised gain on changes in the value of investments | (684,679) | (4,851,646) | - | - |
| Transfer of non-current assets to other intangible assets | 9,897,312 | 5,522,955 | - | - |
| Transfer of property, plant and equipment to non-current assets | 182,747,374 | 179,043,803 | 17,920,203 | - |
| Transfer of non-current assets to property, plant and equipment | 214,530,498 | - | - | - |
| Unpaid dividend | 5,071,030 | 4,863,707 | 1,460,342 | 1,253,019 |
| Transfer of investments in associate to investment in subsidiary | - | 714,754,055 | - | 773,459,946 |
| Conversion of convertible bond to ordinary share | 2,493,180,000 | - | 2,493,180,000 | - |
| Transfer of investment in associates to joint ventures | 30,304,742 | - | - | - |

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 2014

(Unit: Baht)

| Consolidated financial statements | | | | | | | | | | | | | | |
|--|--|-----------------------|--------------------|-----------------------|--|---|---|--------------------------------|---------------------|---|---|---|---|----------------------------------|
| Equity attributable to owners of the Company | | | | | | | | | | | | | | |
| Other components of shareholders' equity | | | | | | | | | | | | | | |
| Other comprehensive income | | | | | | | | | | | | | | |
| | Issued and fully paid-up share capital | Share premium | Retained earnings | | Exchange differences on translation of financial statements in foreign currency | Surplus (deficit) on changes in value of available-for-sale investments | Provision for changes in the value of pension fund | Revaluation surplus on land | Other reserves | Deficit on revaluation of investments in subsidiaries | 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 |
| | | | Appropriated | Unappropriated | | | | | | | | | | |
| Balance as at 1 January 2013 | 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 |
| Profit for the year | - | - | - | 2,852,828,488 | - | - | - | - | - | - | - | 2,852,828,488 | 626,144,358 | 3,478,972,846 |
| Other comprehensive income for the year | - | - | - | - | 1,338,883,636 | 4,851,646 | (12,886,232) | - | 7,718,563 | - | 1,338,567,613 | 1,338,567,613 | 67,604,537 | 1,406,172,150 |
| Total comprehensive income for the year | - | - | - | 2,852,828,488 | 1,338,883,636 | 4,851,646 | (12,886,232) | - | 7,718,563 | - | 1,338,567,613 | 4,191,396,101 | 693,748,895 | 4,885,144,996 |
| Dividend paid (Note 33) | - | - | - | (1,836,073,817) | - | - | - | - | - | - | - | (1,836,073,817) | (240,713,374) | (2,076,787,191) |
| Increase in proportion of investments in subsidiaries | - | - | - | - | - | - | - | - | - | (34,373,478) | (34,373,478) | (34,373,478) | 7,607,722 | (26,765,756) |
| Increase in shares capital of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | 48,204,604 | 48,204,604 |
| Increase in non-controlling interests from change in investment in subsidiaries (Note 2.2) | - | - | - | - | - | - | - | - | - | - | - | - | 173,678,774 | 173,678,774 |
| Balance as at 31 December 2013 | <u>1,147,593,829</u> | <u>17,500,508,871</u> | <u>120,200,000</u> | <u>18,716,270,733</u> | <u>1,502,434,172</u> | <u>(6,718,327)</u> | <u>(29,684,651)</u> | <u>604,591,494</u> | <u>15,556,049</u> | <u>(34,373,478)</u> | <u>2,051,805,259</u> | <u>39,536,378,692</u> | <u>3,810,729,903</u> | <u>43,347,108,595</u> |
| Balance as at 1 January 2014 | 1,147,593,829 | 17,500,508,871 | 120,200,000 | 18,716,270,733 | 1,502,434,172 | (6,718,327) | (29,684,651) | 604,591,494 | 15,556,049 | (34,373,478) | 2,051,805,259 | 39,536,378,692 | 3,810,729,903 | 43,347,108,595 |
| Profit for the year | - | - | - | 5,091,579,693 | - | - | - | - | - | - | - | 5,091,579,693 | 675,829,843 | 5,767,409,536 |
| Other comprehensive income for the year | - | - | - | 117,218,657 | (1,138,830,579) | 684,679 | 7,452,938 | - | (41,073,950) | - | (1,171,766,912) | (1,054,548,255) | (33,053,238) | (1,087,601,493) |
| Total comprehensive income for the year | - | - | - | 5,208,798,350 | (1,138,830,579) | 684,679 | 7,452,938 | - | (41,073,950) | - | (1,171,766,912) | 4,037,031,438 | 642,776,605 | 4,679,808,043 |
| Convertible bond treated as equity securities issued (Note 22, 24) | 45,360,045 | 2,447,819,955 | - | - | - | - | - | - | - | - | - | 2,493,180,000 | - | 2,493,180,000 |
| Dividend paid (Note 33) | - | - | - | (2,398,349,346) | - | - | - | - | - | - | - | (2,398,349,346) | (599,401,414) | (2,997,750,760) |
| Increase in proportion of investments in subsidiaries | - | - | - | - | - | - | - | - | - | (2,857,972) | (2,857,972) | (2,857,972) | (52,580,687) | (55,438,659) |
| Balance as at 31 December 2014 | <u>1,192,953,874</u> | <u>19,948,328,826</u> | <u>120,200,000</u> | <u>21,526,719,737</u> | <u>363,603,593</u> | <u>(6,033,648)</u> | <u>(22,231,713)</u> | <u>604,591,494</u> | <u>(25,517,901)</u> | <u>(37,231,450)</u> | <u>877,180,375</u> | <u>43,665,382,812</u> | <u>3,801,524,407</u> | <u>47,466,907,219</u> |

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 (continued)

For the year ended 31 December 2014

(Unit: Baht)

| | Separate financial statements | | | | | | |
|---|--|-----------------------|--------------------|----------------------|---|--------------------|----------------------------------|
| | Issued and fully paid-up share capital | Share premium | Retained earnings | | Other components of shareholders' equity | | Total shareholders' equity |
| | | | Appropriated | Unappropriated | Other comprehensive | Total other | |
| | | | | | income | components of | |
| Revaluation Surplus on land | shareholders' equity | | | | | | |
| Balance as at 1 January 2013 | 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 |
| Profit for the year | - | - | - | 1,800,128,217 | - | - | 1,800,128,217 |
| Total comprehensive income for the year | - | - | - | 1,800,128,217 | - | - | 1,800,128,217 |
| Dividend paid (Note 33) | - | - | - | (1,836,073,818) | - | - | (1,836,073,818) |
| Balance as at 31 December 2013 | <u>1,147,593,829</u> | <u>17,500,508,871</u> | <u>120,200,000</u> | <u>7,511,030,410</u> | <u>179,589,529</u> | <u>179,589,529</u> | <u>26,458,922,639</u> |
| Balance as at 1 January 2014 | 1,147,593,829 | 17,500,508,871 | 120,200,000 | 7,511,030,410 | 179,589,529 | 179,589,529 | 26,458,922,639 |
| Profit for the year | - | - | - | 2,454,040,478 | - | - | 2,454,040,478 |
| Total comprehensive income for the year | - | - | - | 2,454,040,478 | - | - | 2,454,040,478 |
| Convertible bond treated as equity | | | | | | | |
| securities issued (Note 22, 24) | 45,360,045 | 2,447,819,955 | - | - | - | - | 2,493,180,000 |
| Dividend paid (Note 33) | - | - | - | (2,398,349,346) | - | - | (2,398,349,346) |
| Balance as at 31 December 2014 | <u>1,192,953,874</u> | <u>19,948,328,826</u> | <u>120,200,000</u> | <u>7,566,721,542</u> | <u>179,589,529</u> | <u>179,589,529</u> | <u>29,007,793,771</u> |
| | - | - | - | - | - | - | - |

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2014

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 a subsidiary in Asia is the manufacturer and distributor of seafood in Vietnam.

In addition, during the current year, the Company acquired new groups of overseas subsidiaries as described in Note 2.2. Their principal activities are as follows.

- MerAlliance, a producer of smoked salmon products with the headquarters located in France, and having production facilities in Scotland, Poland and France.
- King Oscar, a producer and distributor of canned seafood products across Europe, United States and Australia under its brands with the headquarters located in Norway, and having the production facilities in Poland and Norway.

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 Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation 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 | |
|--|--|--------------------------|----------------------------|---------|
| | | | 2014 | 2013 |
| | | | Percent | 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 | 98.00 | 74.00 |
| Thai Union International, Inc. (TUI) | Holding company | USA | 100.00 | 100.00 |
| Thai Union Investment Holding Co., Ltd. (TUIH) | Holding company | Mauritius | 100.00 | 100.00 |
| Pakfood Pcl. | Manufacturer & distributor of frozen foods & aquatic animal | Thailand | 77.44 | 77.06 |
| <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. (TUFFP) (82% held by TUI) | Importer and distributor of frozen seafood | USA | 82.00 | 82.00 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|---|--|--------------------------|----------------------------|-----------------|
| | | | 2014 Percent | 2013 Percent |
| 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 |
| 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 |
| New Frontier Food Co., Ltd. (100% held by Thai Union Manufacturing Co., Ltd.) | Manufacturer & exporter of canned tuna and pet food | Thailand | - | 90.08 |
| Thai Union European Seafood 1 SA (100% held by TUIH) | Holding company | Luxembourg | 100.00 | 100.00 |
| Thai Union France Holding 2 SAS (100% held by Thai Union European Seafood 1 SA) | Holding company | France | 100.00 | 100.00 |
| MW Brands SAS (100% held by Thai Union France Holding 2 SAS) | Headquarters 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 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|---|--------------------------|----------------------------|-----------------|
| | | | 2014 Percent | 2013 Percent |
| 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 2 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 |
| John West Holland BV (100% held by Irish Seafood Investments Limited) | Importer and distributor of canned seafood | Netherlands | 100.00 | 100.00 |
| TTV Limited (50% held by Etablissements Paul Paulet SAS) | Deep-sea fishing fleet operation | Ghana | 50.00 | 50.00 |
| Chaophraya Coldstorage Co., Ltd (100% held by Pakfood Pcl.) | Property rental | Thailand | 77.44 | 77.06 |
| Okeanos Food Co., Ltd. (100% held by Pakfood Pcl.) | Manufacturer & distributor of frozen foods & aquatic animal | Thailand | 77.44 | 77.06 |
| Okeanos Co., Ltd. (100% held by Pakfood Pcl.) | Dormant | Thailand | 77.44 | 77.06 |
| Takzin Samut Co., Ltd. (100% held by Pakfood Pcl.) | Dormant | Thailand | 77.44 | 77.06 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|---|--------------------------|----------------------------|-----------------|
| | | | 2014 Percent | 2013 Percent |
| EUROPEENNE DE LA MER SAS (100% held by Thai Union France Holding 2 SAS) | Holding company | France | 100.00 | - |
| MERINVEST SAS (100% held by EUROPEENNE DE LA MER SAS) | Holding company | France | 100.00 | - |
| MERALLIANCE ARMORIC (100% held by MERINVEST SAS) | Manufacturer of smoked salmon | France | 100.00 | - |
| IMSAUM SCI (100% held by MERINVEST SAS) | Property rental | France | 100.00 | - |
| MERALLIANCE SAS (100% held by MERINVEST SAS) | Distributor of smoked salmon | France | 100.00 | - |
| MERALLIANCE LOGISTIC (100% held by MERINVEST SAS) | Logistic company | France | 100.00 | - |
| MERALLIANCE POLAND (100% held by MERINVEST SAS) | Manufacturer of smoked salmon | Poland | 100.00 | - |
| ARMORIC NORWAY (100% held by MERINVEST SAS) | Holding company | Norway | 100.00 | - |
| NACO TRADING (100% held by ARMORIC NORWAY) | Distributor of salmon | Norway | 100.00 | - |
| ESCO (100% held by MERINVEST SAS) | Manufacturer and distributor of smoked salmon | Scotland | 100.00 | - |
| ARMORIC USA (100% held by MERINVEST SAS) | Dormant | USA | 100.00 | - |
| Thai Union Norway AS (100% held by Thai Union European Seafood 1 SA) | Holding company | Norway | 100.00 | - |
| King Oscar Holding AS (100% held by Thai Union Norway AS) | Holding company | Norway | 100.00 | - |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|---|--------------------------|----------------------------|-----------------|
| | | | 2014 Percent | 2013 Percent |
| King Oscar AS (100% held by King Oscar Holding AS) | Manufacturer and distributor of canned seafood | Norway | 100.00 | - |
| King Oscar Inc. (100% held by King Oscar AS) | Importer and distributor of canned seafood | USA | 100.00 | - |
| Norway Foods Europe b.v. (100% held by King Oscar AS) | Importer and distributor of canned seafood | Belgium | 100.00 | - |
| Norway Foods AS (100% held by King Oscar AS) | Importer and distributor of canned seafood | Norway | 100.00 | - |
| Thai Union Poland Sp. Z.o.o. (100% held by Thai Union European Seafood 1 SA) | Holding company | Poland | 100.00 | - |
| King Oscar Poland Sp. Z.o.o. (100% held by Thai Union Poland Sp. Z.o.o) | Manufacturer and distributor of canned seafood | Poland | 100.00 | - |

During the current year, Thai Union France Holding 2 SAS (TUFH), a company registered in France, invested in EUROPEENNE DE LA MER SAS a company registered in the France. These consolidated financial statements include the statement of financial position of that company as at 31 December 2014 and the statement of comprehensive income for the period from the investment date to 31 December 2014. Such company has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. However, the Company has recorded some tangible assets acquired at their net book value, not fair value. The Company is awaiting tangible a third party appraisal in order to allocate the fair value associated with the assets. The Company expects to obtain this appraisal and complete the purchase price allocation by the end of December 2015.

Details of the fair values of net assets of EUROPEENNE DE LA MER SAS and their net book values, are as follows:

| | Fair value | (Unit: Million Baht) Net book value |
|---|-----------------------------|--|
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash and cash equivalents | 233 | 233 |
| Trade and other receivables | 822 | 822 |
| Inventories | 481 | 444 |
| Property, plant and equipment, net (Note 16) | 842 | 842 |
| Intangible assets (Note 17) | 395 | 4 |
| Other assets | 53 | 53 |
| | <u> </u> | <u> </u> |
| Total assets | 2,826 | 2,398 |
| | <u> </u> | <u> </u> |
| Liabilities | | |
| Short-term loans from financial institutions | 586 | 586 |
| Trade accounts payables | 653 | 653 |
| Long-term loans | 202 | 202 |
| Deferred tax liabilities (Note 27) | 168 | 35 |
| Other liabilities | 465 | 465 |
| | <u> </u> | <u> </u> |
| Total liabilities | 2,074 | 1,941 |
| | <u> </u> | <u> </u> |
| Net asset value | 752 | 457 |
| | <u> </u> | <u> </u> |
| Equity of the Company (%) | 100 | |
| | <u> </u> | |
| Net asset value attributable to the company's investment | 752 | |
| Positive goodwill | 866 | |
| | <u> </u> | |
| Purchase price | 1,618 | |
| Less: Cash and cash equivalents of subsidiaries | (233) | |
| | <u> </u> | |
| Net cash paid for purchase of subsidiaries | 1,385 | |
| | <u> </u> | |

Details of acquisition of EUROPEENNE DE LA MER SAS are as follows.

| | (Unit: Million Baht) |
|-----------------------------------|-----------------------------|
| Purchase price | |
| Cash paid | 1,618 |
| Fair value of net assets received | (752) |
| | <u> </u> |
| Goodwill | 866 |
| | <u> </u> |

The revenue and profit of EUROPION DE LA MER Group from the acquisition date to 31 December 2014 amounting to Baht 1,551 million and Baht 7 million, respectively, is included in the consolidated financial statements.

During the current year, Thai Union European Seafood 1 S.A., a company registered in Luxemburg, invested in Thai Union Norway AS (TU Norway), a company registered in Norway, to acquire King Oscar in Norway. These consolidated financial statements include the statement of financial position of that company as at 31 December 2014 and the statement of comprehensive income for the period from the investment date to 31 December 2014. Such company has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. However, the Company has recorded some tangible assets acquired at their net book value, not fair value. The Company is awaiting tangible a third party appraisal in order to allocate the fair value associated with the assets. The Company expects to obtain this appraisal and complete the purchase price allocation by the end of December 2015.

Details of the fair values of net assets of King Oscar and their net book values, are as follows:

| | (Unit: Million Baht) | |
|--|----------------------|----------------|
| | Fair value | Net book value |
| Assets | | |
| Cash and cash equivalents | 14 | 14 |
| Trade and other receivable | 324 | 324 |
| Inventories | 507 | 486 |
| Property, plant and equipment, net (Note 16) | 583 | 583 |
| Intangible assets (Note 17) | 617 | 264 |
| Other assets | 7 | 7 |
| Total assets | 2,052 | 1,678 |
| Liabilities | | |
| Short-term loans from financial institutions | 374 | 374 |
| Trade accounts payables | 196 | 196 |
| Long-term loans | 191 | 191 |
| Deferred tax liabilities (Note 27) | 160 | 64 |
| Other liabilities | 132 | 132 |
| Total liabilities | 1,053 | 957 |
| Net asset value | 999 | 721 |
| Equity of the Company (%) | 100 | |
| Net assets value attributable to the company's investment | 999 | |
| Positive goodwill | 833 | |
| Purchase price | 1,832 | |
| Less: Cash and cash equivalents of subsidiaries | (14) | |

| | |
|--|--------------|
| Net cash paid for purchase of subsidiaries | <u>1,818</u> |
|--|--------------|

Details of acquisition of King Oscar are as follows.

(Unit: Million Baht)

Purchase price

| | |
|-----------------------------------|--------------|
| Cash paid | 1,832 |
| Fair value of net assets received | <u>(999)</u> |
| Goodwill | <u>833</u> |

The revenue and loss of King Oscar Group from the acquisition date to 31 December 2014 amounting to Baht 469 million and Baht 29 million, respectively, are included in the consolidated financial statements.

During the first quarter of the year 2013, the Company sold investment in PT Juifa International Foods (a subsidiary) to third party for 23,970 shares, totally 88.78% of shareholding in the subsidiary at the price of Baht 3,315.84 per share or amounting to Baht 79 million, resulting in loss incurred from sale of investment in subsidiary of Baht 58 million presented in the consolidated profit or loss (separate profit or loss: loss of Baht 3 million). As a result of the transaction, PT Juifa International Foods was no longer the subsidiary of the Company. Up to the disposal date of such investments, the Company received the dividend amounting to Baht 164 million.

Details of the net asset value of PT Juifa International Foods as at the disposal date are as follows:

(Unit: Million Baht)

| | |
|--|-------------|
| Total assets | 193 |
| Total liabilities | (80) |
| Translation adjustment | <u>45</u> |
| Net asset value | 158 |
| Less: Non-controlling interests of subsidiary | <u>(21)</u> |
| Net asset value attributable to the Company's investment | 137 |
| Selling price | <u>(79)</u> |
| Loss from the disposal of investment in subsidiary | <u>58</u> |

During the first quarter of the year 2013, Thai Union Manufacturing Co., Ltd. formed New Frontier Foods Co., Ltd. to engage in Manufacturer & exporter of canned tuna and pet food.

During the first quarter of the year 2013, the Company purchased 9.6 million ordinary shares of Pakfood Public Company Limited (PPC) (or 29.2% of the total 33 million issued and paid-up shares of PPC). As a result of the transaction, the investment proportion in PPC increased from 49.97% (of the total 30 million issued and paid-up shares of PPC) to 74.64%. Thus, PPC is a subsidiary of the Company. These consolidated financial statements included the statement of financial position of PPC as at 31 December 2013 and the comprehensive income for the period from the investment date to 31 December 2013. Such company has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price under the fair value of the net assets acquired has been recorded as other income in income statement. During the fourth quarter of the year 2013, the Company completed the purchase price allocation of PPC; however, the appraised price is not materially different from the book value, then the Company did not record goodwill allocation.

Details of the fair value of net assets of PPC and their net book value, are as follows:

| | (Unit: Million Baht) | |
|--|----------------------|----------------|
| | Fair value | Net book value |
| Assets | | |
| Cash and cash equivalents | 184 | 184 |
| Trade and other receivables | 351 | 351 |
| Inventories | 813 | 813 |
| Property, plant and equipment | 1,927 | 1,431 |
| Other assets | 65 | 65 |
| Total assets | 3,340 | 2,844 |
| Liabilities | | |
| Trade and other payables | 215 | 215 |
| Long-term loans | 1,305 | 1,305 |
| Other liabilities | 70 | 62 |
| Total liabilities | 1,590 | 1,582 |
| Net assets value | 1,750 | 1,262 |
| Equity of the Company (%) | 74.64 | |
| Net asset value attributable to the company's investment | 1,306 | |
| Negative goodwill | (24) | |
| Purchase price | 1,282 | |
| Less: Cash and cash equivalents of subsidiary | (184) | |
| Cash paid for investment in PPC | 1,098 | |
| Less: Cash paid for investment in associated PPC | (773) | |
| Net cash paid for purchase of subsidiary PPC | 325 | |

During the second quarter of the year 2013, Thai Union Feedmill Co., Ltd. (TFM) restructured its investments in subsidiaries by selling its holdings in three subsidiaries namely Thai Union Hatchery Co., Ltd., TCM Fishery Co., Ltd., and TMK Farm Co., Ltd, to TMAC Co., Ltd., another joint venture of TFM. As a result of the transaction, these subsidiaries of TFM were no longer the subsidiaries of the Company. These consolidated financial statements included the statement of comprehensive income of TFM and these subsidiaries for the period from the 1 January 2013 to the selling date of these investments.

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

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

| | |
|-----------------------|--|
| TAS 1 (revised 2012) | Presentation of Financial Statements |
| TAS 7 (revised 2012) | Statement of Cash Flows |
| TAS 12 (revised 2012) | Income Taxes |
| TAS 17 (revised 2012) | Leases |
| TAS 18 (revised 2012) | Revenue |
| TAS 19 (revised 2012) | Employee Benefits |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates |
| TAS 24 (revised 2012) | Related Party Disclosures |
| TAS 28 (revised 2012) | Investments in Associates |
| TAS 31 (revised 2012) | Interests in Joint Ventures |
| TAS 34 (revised 2012) | Interim Financial Reporting |
| TAS 36 (revised 2012) | Impairment of Assets |
| TAS 38 (revised 2012) | Intangible Assets |

Financial Reporting Standards:

| | |
|-----------------------|--|
| TFRS 2 (revised 2012) | Share-based Payment |
| TFRS 3 (revised 2012) | Business Combinations |
| TFRS 5 (revised 2012) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 8 (revised 2012) | Operating Segments |

Accounting Standard Interpretations:

| | |
|---------|--|
| TSIC 15 | Operating Leases - Incentives |
| TSIC 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSIC 29 | Service Concession Arrangements: Disclosures |
| TSIC 32 | Intangible Assets - Web Site Costs |

Financial Reporting Standard Interpretations:

| | |
|---------|--|
| TFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 | Determining whether an Arrangement contains a Lease |
| TFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 7 | Applying the Restatement Approach under TAS 29 |

Financial Reporting in Hyperinflationary Economies

| | |
|----------|--|
| TFRIC 10 | Interim Financial Reporting and Impairment |
| TFRIC 12 | Service Concession Arrangements |
| TFRIC 13 | Customer Loyalty Programmes |
| TFRIC 17 | Distributions of Non-cash Assets to Owners |
| TFRIC 18 | Transfers of Assets from Customers |

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity that meets the definition of a joint venture using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company and its subsidiaries believes that this standard will not have any impact on the Company's and its subsidiaries' financial statements as the Company and its subsidiaries have already applied the equity method to an investment in a jointly controlled entity.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 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.

4.2 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.

4.3 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.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost under the weighted average method and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, ingredients and packaging are valued at cost (average method).

4.5 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 joint ventures and 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.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 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. 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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 are 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.

4.14 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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.

4.15 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 carry 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.

4.16 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.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they 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.

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

4.17 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.

4.18 Income tax

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

Current tax

The Company and its subsidiaries record income tax 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

The Company and its subsidiaries record deferred income tax 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 relates to items that are recorded directly to share holders' equity.

4.19 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 Company and its subsidiaries recognise the net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts 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.

5. 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:

Lease agreements

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 risks 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 judgments 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 measures 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 on the acquisition date, 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

The Company and its subsidiaries recognise 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.

6. Cash and cash equivalents

| | (Unit: Thousand Baht) | | | |
|---------------|--------------------------------------|------------------|----------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| Cash | 2,781 | 4,534 | 504 | 781 |
| Bank deposits | 2,120,660 | 1,616,200 | 11,587 | 68,409 |
| Total | <u>2,123,441</u> | <u>1,620,734</u> | <u>12,091</u> | <u>69,190</u> |

As at 31 December 2014, bank deposits in savings accounts and fixed accounts carried interests between 0.10% and 2.12% per annum (2013: between 0.10% and 2.50% per annum).

7. Short-term investment

As at 31 December 2014, short-term investments represented a fixed deposit at financial institutions totaling Baht 2,000 million and USD 62 million (2013: CNY 300 million). The fixed deposit carries interest at the rates from 2.85% and 1.30% per annum, respectively (2013: 3.05% per annum) and will be due in April 2015 (2013: July 2014).

8. Trade and other receivables

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|-------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| <u>Trade receivables - related parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 69,936 | 116,166 | 1,673,398 | 1,329,262 |
| Past due | | | | |
| 1 - 30 days | 24,037 | 41,258 | 312,542 | 595,317 |
| 31 - 60 days | 1,381 | - | 47,554 | 125,788 |
| 61 - 90 days | - | - | 19,503 | - |
| 91 - 120 days | - | 65 | 151 | 65 |
| 181 - 365 days | - | 1,071 | - | - |
| Over 365 days | 229 | - | - | - |
| Total trade receivables - related parties | <u>95,583</u> | <u>158,560</u> | <u>2,053,148</u> | <u>2,050,432</u> |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 12,557,427 | 10,651,694 | 1,127,774 | 883,504 |
| Past due | | | | |
| 1 - 30 days | 1,734,705 | 2,099,448 | 254,090 | 268,471 |
| 31 - 60 days | 302,439 | 319,186 | 3,194 | 4,649 |
| 61 - 90 days | 221,919 | 187,924 | 15,316 | 1,191 |
| 91 - 120 days | 361,064 | 72,124 | 959 | - |
| 121 - 180 days | 89,252 | 84,218 | 613 | - |
| 181 - 365 days | 64,107 | 108,115 | - | 554 |
| Over 365 days | 218,613 | 208,821 | 26,484 | 26,477 |
| Total trade receivables - unrelated parties | <u>15,549,526</u> | <u>13,731,530</u> | <u>1,428,430</u> | <u>1,184,846</u> |
| Total trade receivables | <u>15,645,109</u> | <u>13,890,090</u> | <u>3,481,578</u> | <u>3,235,278</u> |
| Less: Allowance for doubtful accounts | <u>(362,647)</u> | <u>(344,789)</u> | <u>(26,628)</u> | <u>(27,145)</u> |
| Total trade receivables - net | <u>15,282,462</u> | <u>13,545,301</u> | <u>3,454,950</u> | <u>3,208,133</u> |
| <u>Other receivables</u> | | | | |
| Interest receivables - related parties | - | - | 37,881 | 25,420 |
| Interest receivables - unrelated parties | 2,324 | 5,393 | 2,296 | 4,996 |
| Accrued income | 48,215 | 132,632 | 30,686 | 122,024 |
| Advance payment | 70,765 | 265,015 | 1,874 | 7,022 |
| Total other receivables | <u>121,304</u> | <u>403,040</u> | <u>72,737</u> | <u>159,462</u> |
| Total trade and other receivables - net | <u>15,403,766</u> | <u>13,948,341</u> | <u>3,527,687</u> | <u>3,367,595</u> |

As at 31 December 2014, certain trade receivables of three overseas subsidiaries (2013: three overseas subsidiaries) have secured their credit facilities as mentioned in Note 18.

As at 31 December 2014, foreign currency trade receivables of two overseas subsidiaries amounting to Baht 767 million (2013: Baht 1,776 million) have been sold at a discount rate to financial institutions, with recourse.

In April 2013, Tri-Union Frozen Products, Inc. (TUFPP) entered into a receivable purchase agreement ("RPA") with a bank to sell certain receivables at a discount rate. The agreement requires lenders to release the lien on these receivables except receivables related to the distribution services that TUFPP provides to the Company and Thai Union Seafoods Co., Ltd.

In August 2014, TUFPP entered into receivables purchase agreement to sell certain receivables of a new account with the same terms and conditions.

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 had 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. The Company received a compensation payment totaling of Baht 410 million. The Company recorded insurance recovery income by offsetting it with the loss from the fire incident in the income statement for the year ended 31 December 2012. The Company received an additional compensation payment of Baht 287 million, and recorded the insurance recovery income in the income statement for the year ended 31 December 2013.

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 financial statements | | Separate financial statements | | Transfer Pricing Policy |
|---|--------------------------------------|------|----------------------------------|-------|-------------------------|
| | 2014 | 2013 | 2014 | 2013 | |
| Transactions with subsidiaries: | | | | | |
| (Eliminated from consolidated financial statements) | | | | | |
| Sales | - | - | 8,346 | 9,504 | Cost plus margin |
| Dividend income | - | - | 1,376 | 806 | As declared |

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | | Transfer Pricing Policy |
|---|--------------------------------------|-------|----------------------------------|-------|--|
| | 2014 | 2013 | 2014 | 2013 | |
| Interest income | - | - | 1,001 | 1,021 | 1.08% - 5.50% per annum (2013: 1.44 - 5.50% per annum) |
| Other income | - | - | 25 | 56 | Near market price |
| Purchases of goods | - | - | 1,111 | 1,797 | Cost plus margin |
| Management fee | - | - | 161 | 55 | Contract price |
| Other expenses | - | - | 108 | 129 | Near market price |
| Transactions with associates and joint ventures: | | | | | |
| Sales | 282 | 320 | 57 | 34 | Cost plus margin |
| Dividend income | 49 | 64 | 49 | 29 | As declared |
| Other income | 24 | 18 | - | - | Near market price |
| Purchases of goods | 459 | 204 | 7 | - | Cost plus margin |
| Transactions with related companies: | | | | | |
| Sales | 925 | 765 | 490 | 343 | Cost plus margin |
| Purchases of goods | 1,764 | 3,302 | - | 2,221 | Cost plus margin |
| Transportation expenses | 42 | 44 | 6 | 4 | Near market price |
| Acquisition of assets and expenses relating to assets | 126 | 112 | 9 | 12 | 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 2014, insurance premiums paid through that company amounted to Baht 108 million (2013: Baht 122 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 |
| Thai Union Investment Holding Co., Ltd. (TUIH) | Subsidiary |
| Pakfood Pcl. | Subsidiary |
| Tri-Union Seafoods, LLC (Tri-U) | Subsidiary (Held by subsidiary) |
| Tri-Union Frozen Products, Inc. (TUFPP) | Subsidiary (Held by subsidiary) |
| US Pet Nutrition, LLC (USPN) | Subsidiary (Held by subsidiary) |
| Canadian Pet Nutrition, ULC | Subsidiary (Held by subsidiary) |

| List of related companies | Relationship |
|--|---------------------------------|
| Asian-Pacific Can Co., Ltd. | Subsidiary (Held by subsidiary) |
| Yueh Chyang Canned Food Co., Ltd. | Subsidiary (Held by subsidiary) |
| New Frontier Food Co., Ltd.**** | Subsidiary (Held by subsidiary) |
| Thai Quality Shrimp Co., Ltd.**** | Subsidiary (Held by subsidiary) |
| Thai Union European Seafood 1 S.A. | Subsidiary (Held by subsidiary) |
| Thai Union France Holding 2 SAS (TUFH) | 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) |
| Etablissements Paul Paulet SAS | Subsidiary (Held by subsidiary) |
| Irish Seafood Investments Limited | Subsidiary (Held by subsidiary) |
| John West Holland BV | Subsidiary (Held by subsidiary) |
| Chaophraya Coldstorage Co., Ltd. | Subsidiary (Held by subsidiary) |
| Takzin Samut Co., Ltd.*** | Subsidiary (Held by subsidiary) |
| Okeanos Co., Ltd.*** | Subsidiary (Held by subsidiary) |
| Okeanos Food Co., Ltd. | Subsidiary (Held by subsidiary) |
| EUROPEENNE DE LA MER SAS | Subsidiary (Held by subsidiary) |
| MERINVEST SAS | Subsidiary (Held by subsidiary) |
| MERALLIANCE ARMORIC SAS | Subsidiary (Held by subsidiary) |
| IMSAUM SCI | Subsidiary (Held by subsidiary) |
| MERALLIANCE SAS | Subsidiary (Held by subsidiary) |
| MERALLIANCE LOGISTIC | Subsidiary (Held by subsidiary) |
| MERALLIANCE POLAND | Subsidiary (Held by subsidiary) |
| ARMORIC NORWAY | Subsidiary (Held by subsidiary) |
| NACO TRADING | Subsidiary (Held by subsidiary) |
| ESCO | Subsidiary (Held by subsidiary) |
| ARMORIC USA*** | Subsidiary (Held by subsidiary) |
| Thai Union Norway AS | Subsidiary (Held by subsidiary) |
| King Oscar Holding AS | Subsidiary (Held by subsidiary) |

| List of related companies | Relationship |
|--|--|
| King Oscar AS | Subsidiary (Held by subsidiary) |
| King Oscar Inc. | Subsidiary (Held by subsidiary) |
| Norway foods Europe b.v. | Subsidiary (Held by subsidiary) |
| Norway Food AS | Subsidiary (Held by subsidiary) |
| Thai Union Poland Sp. Z.o.o. | Subsidiary (Held by subsidiary) |
| King Oscar Poland Sp. Z.o.o. | Subsidiary (Held by subsidiary) |
| TMAC Co., Ltd.* | Joint Venture (Held by subsidiary) |
| Cindena Resources Limited | Joint Venture (Held by subsidiary) |
| Century (Shanghai) Trading Co., Ltd.** | Joint Venture (Held by subsidiary) |
| TCM Fishery Co., Ltd. * | Subsidiary of Joint Venture (Held by subsidiary) |
| TMK Farm Co., Ltd. * | Subsidiary of Joint Venture (Held by subsidiary) |
| Thai Union Hatchery Co., Ltd.* | Subsidiary of Joint Venture (Held by subsidiary) |
| Lucky Union Foods Co., Ltd. | Associated company |
| Biz Dimension Co., Ltd. | Associated company |
| Avanti Feeds Limited | Associated company |
| 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) |
| Majestic Seafood Corporation Ltd. | Associated company (Held by associated company) |
| Lucky Union Foods Euro Sp.z.o.o. | Associated company (Held by associated company) |
| Geminai & Associate Co., Ltd. | Common shareholders/Director related to director |
| Geminai Watercrafts Co., Ltd. | Common shareholders/Director related to director |
| Factory Storage Service Co., Ltd. | Director related to director |
| Chansiri Real Estate Co., Ltd. | Common major shareholders/Common directors |

| List of related companies | Relationship |
|--|--|
| Asian Pacific Thai Tuna Co., Ltd. | Common major shareholders/Common directors |
| T.C. Union Global Pcl. | Common major shareholders/Common directors |
| Jana Fish Industries Co., Ltd. | Common major shareholders/Common directors |
| T.C. Union Agrotech Co., Ltd. | Common major shareholders/Common directors |
| Waithai Co., Ltd. | Common major shareholders/Common directors |
| Thaipatana Stainless Steel Co., Ltd. | Common major shareholders/Common directors |
| Phil-Union Frozen Foods, Inc. | Common major shareholders/Common directors |
| Thai Union Properties Co., Ltd. | Common major shareholders/Common directors |
| Ahead Way International Co., Ltd. | Common major shareholders |
| Merchant Partners Securities Pcl. | Common shareholders/Common directors |
| Merchant Partners Asset Management Limited | Common shareholders/Common directors |
| Lucky Surimi Products Co., Ltd. | Common shareholders/Common directors |
| Asia-Pacific Risk Consultants (Thailand) Co., Ltd. | Common shareholders/Common directors |
| Asia-Pacific Risk Insurance Broker Co., Ltd. | Common shareholders/Common directors |
| Minor International Pcl. | Common director |
| Darford International Inc. | Common director |
| Miss Rungtiwa Boonmechote | Relative of director |
| Pae Parichart Boonmechote | Relative of director |
| * Transferred to investment in joint venture during the year 2013 | |
| ** Transferred to investment in joint venture during the year 2014 | |
| *** Ceased operation | |
| **** Liquidation | |

The balances of the accounts as at 31 December 2014 and 2013 between the Company and those related parties are as follows:

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|----------------|----------------------|-------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| <u>Trade and other receivables - related parties (Note 8)</u> | | | | |
| Subsidiaries | - | - | 2,036,490 | 2,003,380 |
| Associated companies | 30,345 | 73,095 | 6,653 | 6,846 |
| Related companies | 65,238 | 85,465 | 47,886 | 65,626 |
| Total trade and other receivables - related parties | <u>95,583</u> | <u>158,560</u> | <u>2,091,029</u> | <u>2,075,852</u> |
| <u>Trade and other payables - related parties (Note 19)</u> | | | | |
| Subsidiaries | - | - | 429,423 | 378,660 |
| Associated companies | 34,976 | 6,148 | 19 | 1,575 |
| Related companies | 122,515 | 137,470 | 32,896 | 68,651 |
| Total trade and other payables - related parties | <u>157,491</u> | <u>143,618</u> | <u>462,338</u> | <u>448,886</u> |
| <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. | - | - | 1,472,585 | - |
| Thai Union Investment Holding Co., Ltd. | - | - | 79,296 | - |
| Total | <u>-</u> | <u>-</u> | <u>1,631,881</u> | <u>80,000</u> |
| <u>Long-term loans to subsidiaries</u> | | | | |
| (Eliminated from consolidated financial statements) | | | | |
| Thai Union Investment Holding Co., Ltd. | - | - | 23,609,526 | 22,560,467 |
| Thai Union International, Inc. | - | - | 1,308,964 | 2,028,074 |
| Total | <u>-</u> | <u>-</u> | <u>24,918,490</u> | <u>24,588,541</u> |
| Less: Current portion | | | | |
| Thai Union International, Inc. | - | - | - | (724,894) |
| Thai Union Investment Holding Co., Ltd. | - | - | (1,982,410) | - |
| Net | <u>-</u> | <u>-</u> | <u>22,936,080</u> | <u>23,863,647</u> |
| <u>Short-term loans from associated</u> | | | | |
| TN Fine Chemical Co., Ltd. | <u>52,700</u> | <u>-</u> | <u>-</u> | <u>-</u> |

During 2014, movements of loans to/from related parties were as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | |
|---|-----------------------------------|-----------------|----------|-------------|------------------|
| | Balance as at | During the year | | | Balance as at |
| | 1 January 2014 | Increase | Decrease | Revaluation | 31 December 2014 |
| <u>Short-term loans from associated</u> | | | | | |

| | | | | | |
|-----------------------------|---|--------|----------|---|--------|
| TN Fine Chemicals Co., Ltd. | - | 71,500 | (18,800) | - | 52,700 |
|-----------------------------|---|--------|----------|---|--------|

(Unit: Thousand Baht)

| | Separate financial statements | | | | Balance as at 31 December 2014 |
|--|---------------------------------|-----------------|-------------|-------------|-----------------------------------|
| | Balance as at 1 January 2014 | During the year | | | |
| | | Increase | Decrease | Revaluation | |
| <u>Short-term loans to subsidiaries</u> | | | | | |
| Songkla Canning Pcl. | - | 14,820 | (14,820) | - | - |
| Thai Union Graphic Co., Ltd. | 80,000 | 160,000 | (160,000) | - | 80,000 |
| Thai Union International, Inc. | - | 2,351,463 | (879,713) | 835 | 1,472,585 |
| Thai Union Investment Holding Co., Ltd. | - | 205,850 | (123,510) | (3,044) | 79,296 |
| | 80,000 | 2,732,133 | (1,178,043) | (2,209) | 1,631,881 |
| <u>Long-term loans to subsidiaries</u> | | | | | |
| Thai Union Investment Holding Co., Ltd. | 22,560,467 | 5,492,000 | (1,979,589) | (2,463,352) | 23,609,526 |
| Thai Union International, Inc. | 2,028,074 | 326,500 | (1,051,394) | 5,784 | 1,308,964 |
| | 24,588,541 | 5,818,500 | (3,030,983) | (2,457,568) | 24,918,490 |

Directors and management's benefits

During the years ended 31 December 2014 and 2013, 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 | |
| | 2014 | 2013 | 2014 | 2013 |
| Short-term employee benefits | 866 | 521 | 94 | 75 |
| Post-employment benefits | 40 | 34 | 8 | 7 |
| Other long-term benefits | 2 | 4 | - | - |
| Termination benefits | 17 | 19 | - | - |
| Total | 925 | 578 | 102 | 82 |

10. Inventories

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | |
|-----------------------------------|-------------------|-------------------|--|--------------------|-------------------|-------------------|
| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | Finished goods | 19,610,614 | 19,770,390 | (1,152,105) | (928,825) | 18,458,509 |
| Work in process | 177,308 | 247,355 | (6,013) | - | 171,295 | 247,355 |
| Raw materials | 11,487,217 | 10,290,450 | (281,400) | (293,362) | 11,205,817 | 9,997,088 |
| Ingredients and packaging | 1,564,840 | 1,813,344 | (107,953) | (133,254) | 1,456,887 | 1,680,090 |
| Goods in transit | 5,327,985 | 5,338,134 | - | - | 5,327,985 | 5,338,134 |
| Spareparts | 922,844 | 820,271 | (25,762) | (7,157) | 897,082 | 813,114 |
| Total | 39,090,808 | 38,279,944 | (1,573,233) | (1,362,598) | 37,517,575 | 36,917,346 |

(Unit: Thousand Baht)

| Separate financial statements | | | | | | |
|-------------------------------|------------------|------------------|--|------------------|-------------------|------------------|
| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | Finished goods | 1,747,752 | 2,107,943 | (94,290) | (127,027) | 1,653,462 |
| Work in process | 5,540 | 12,651 | - | - | 5,540 | 12,651 |
| Raw materials | 1,998,195 | 2,287,250 | (16,612) | (25,859) | 1,981,583 | 2,261,391 |
| Ingredients and packaging | 188,232 | 226,070 | (9,930) | (18,724) | 178,302 | 207,346 |
| Goods in transit | 266,135 | 536,356 | - | - | 266,135 | 536,356 |
| Spareparts | 18,150 | 21,311 | - | - | 18,150 | 21,311 |
| Total | 4,224,004 | 5,191,581 | (120,832) | (171,610) | 4,103,172 | 5,019,971 |

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 1,344 million (2013: Baht 1,569 million) (The Company only: Baht 121 million and 2013: Baht 208 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 1,133 million (2013: Baht 958 million) (The Company only: Baht 172 million and 2013: Baht 110 million), and reduced the amount of inventories recognized as expenses during the year.

As at 31 December 2014, two overseas subsidiaries (2013: three overseas subsidiaries) have mortgaged certain inventories of those companies to financial institutions to secure their credit facilities as mentioned in Note 18.

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 | |
| | | | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | | | (%) | (%) | | | | |
| Investments in associates, directly held by the Company | | | | | | | | |
| Lucky Union Foods Co., Ltd. | Manufacturer & exporter of crab sticks | Thailand | 25.00 | 25.00 | 37,500 | 37,500 | 430,829 | 381,161 |
| Biz Dimension Co., Ltd. | E-Commerce under website | Thailand | 20.00 | 20.00 | 1,010 | 1,010 | 29,034 | 23,248 |
| Avanti Feeds Limited | Manufacturer & exporter of animal feeds and shrimp products | India | 25.12 | 25.12 | 117,064 | 117,064 | 343,780 | 197,654 |
| Investments in associates, directly held by subsidiaries | | | | | | | | |
| Century (Shanghai) Trading Co., Ltd. (50% held by Thai Union Manufacturing Co., Ltd.) | Importer & exporter of food products | The People's Republic of China | - | 45.04 | - | 75,900 | - | 41,502 |
| 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 | 59,276 | 52,240 |
| Moresby International Holdings Inc. (33% held by Thai Union Manufacturing Co., Ltd.) | Holding in fishing company | British Virgin Island | 30.03 | 30.03 | 136,535 | 136,535 | 75,513 | 141,855 |
| LDH (La Doria) Limited (20% held by MW Brands) | Distributor of food products | United Kingdom | 20.00 | 20.00 | 95,940 | 95,940 | 430,389 | 451,941 |
| | | | | | 432,119 | 508,019 | 1,368,821 | 1,289,601 |

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Separate financial statements | | | |
|-----------------------------|---|--------------------------|-------------------------------|-------|---------|---------|
| | | | Shareholding percentage | | Cost | |
| | | | 2014 | 2013 | 2014 | 2013 |
| | | | (%) | (%) | | |
| 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 Feeds Limited | Manufacturer & exporter of animal feeds and shrimp products | India | 25.12 | 25.12 | 117,064 | 117,064 |
| | | | | | 155,574 | 155,574 |

12.2 Share of profit/loss and dividend received

During the years, the Company and its subsidiaries have recognised their share of profit (loss) from investments in associates in the consolidated financial statements, and dividend received 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 | |
| | 2014 | 2013 | 2014 | 2013 |
| Lucky Union Foods Co., Ltd. | 75,668 | 69,137 | 26,000 | 17,500 |
| Biz Dimension Co., Ltd. | 10,786 | 5,714 | 5,000 | 4,400 |
| Avanti Feeds Limited | 164,351 | 84,292 | 18,225 | 7,454 |
| Century (Shanghai) Trading Co., Ltd. | - | 6,586 | - | - |
| TN Fine Chemicals Co., Ltd. | 7,036 | 5,394 | - | - |
| Moresby International Holding Ltd. | (66,342) | 5,321 | - | - |
| LDH (La Doria) Limited | 45,561 | 40,240 | - | - |
| Pakfood Pcl. | - | (20,233) | - | - |
| Total | 237,060 | 196,451 | 49,225 | 29,354 |

12.3 Financial information of associates

Financial information of associates is summarised below.

| Company's name | (Unit: Million Baht) | | | | | | | | | |
|--------------------------------------|-----------------------|--------------------|--------------------|-------|-------------------------|-------|------------------------|--------|-----------------------|------|
| | Paid-up capital as at | | Total assets as at | | Total liabilities as at | | Total revenues for the | | Profit (loss) for the | |
| | 31 December | | 31 December | | 31 December | | years ended | | years ended | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Lucky Union Foods Co., Ltd. | Baht 150 million | Baht 150 million | 2,058 | 2,064 | 500 | 648 | 1,836 | 1,667 | 246 | 276 |
| Biz Dimension Co., Ltd. | Baht 25 million | Baht 25 million | 112 | 67 | 27 | 11 | 170 | 116 | 54 | 29 |
| Avanti Feeds Limited | Rupee 90.8 million | Rupee 90.8 million | 2,396 | 1,450 | 1,051 | 814 | 8,885 | 5,298 | 654 | 336 |
| Century (Shanghai) Trading Co., Ltd. | - | USD 4 million | - | 103 | - | 13 | - | 314 | - | 13 |
| TN Fine Chemicals Co., Ltd. | Baht 90 million | Baht 90 million | 113 | 98 | 5 | 5 | 83 | 77 | 15 | 11 |
| Moresby International Holdings Inc. | USD 13.3 million | USD 13.3 million | 464 | 458 | 132 | 131 | 4 | 16 | 4 | 16 |
| LDH (La Doria) Limited | GBP 1 million | GBP 1 million | 5,324 | 5,681 | 2,898 | 3,985 | 16,497 | 17,318 | 619 | 630 |

The Company

During the first quarter of the year 2013, the Company purchased 9.6 million ordinary shares of Pakfood Public Company Limited (PPC) (or 29.2% of the total 33 million issued and paid up shares of Pakfood), a total of Baht 509 million. Thus, the investment proportion in PPC increased from 49.97% (of the total 30 million issued and paid up shares of Pakfood) to 74.64% of the total issued and paid up shares of PPC and during the fourth quarter of the year 2013, the Company purchased 0.8 million ordinary shares of PPC at a purchase price of Baht 53.14 per share, or a total of Baht 42.3 million. As at 31 December 2013, the Company held 25.4 million ordinary shares of PPC or 77.06% of the total issued and paid up shares of PPC. The Company changed the recording of the investment in PPC from investment in associated company to investment in subsidiary. These consolidated financial statements included the statement of financial position of PPC as at 31 December 2013 and the comprehensive income for the period from the investment date to 31 December 2013.

Thai Union Manufacturing Co., Ltd. (TUM)

During the first quarter of the year 2013, Thai Union Manufacturing additionally invested USD 1.3 million or Baht 39.6 million in Moresby International Holdings Inc.

During the third quarter of the year 2014, TUM, the shareholder of investment in associated company - Century (Shanghai) Trading Co., Ltd. (Century) entered into new agreement with the existing shareholders. The new agreement is a joint venture agreement with the investment proportion of 50% (31 December 2013: 50%). TUM changed the recording of the investment in Century from investment in associated company to investment in joint venture. The changed of investment type has no effect to profit or loss of the Company's consolidated financial statements.

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 insignificant.

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 | |
|--|------------------|------------------|-------------------------|--------|-------------------|-------------------|-----------------------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | | | % | % | | | | |
| Songkla Canning Pcl. | Baht 360 million | Baht 360 million | 90.44 | 90.44 | 1,379,791 | 1,379,791 | 293,011 | 325,568 |
| Thai Union Manufacturing Co., Ltd. | Baht 300 million | Baht 300 million | 90.08 | 90.08 | 1,212,172 | 1,212,172 | 756,710 | 405,380 |
| Thai Union Seafood Co., Ltd. | Baht 300 million | Baht 300 million | 51.00 | 51.00 | 189,316 | 189,316 | - | 15,300 |
| T-Holding Co., Ltd. | Baht 70 million | Baht 70 million | 90.00 | 90.00 | 20,699 | 20,699 | - | 5,670 |
| Thai Union Feedmill Co., Ltd. | Baht 500 million | Baht 500 million | 51.00 | 51.00 | 255,000 | 255,000 | 326,145 | 49,725 |
| Thai Union Graphic Co., Ltd. | Baht 40 million | Baht 40 million | 98.00 | 74.00 | 96,019 | 45,331 | - | 4,440 |
| Thai Union International, Inc. (TUI) | USD 98.6 million | USD 98.6 million | 100.00 | 100.00 | 3,115,350 | 3,115,350 | - | - |
| Thai Union Investment Holding Co., Ltd. (TUIH) | EUR 222 million | EUR 222 million | 100.00 | 100.00 | 8,900,256 | 8,900,256 | - | - |
| Pakfood Pcl. | Baht 330 million | Baht 330 million | 77.44 | 77.06 | 1,331,470 | 1,324,515 | - | - |
| Total | | | | | 16,500,073 | 16,442,430 | 1,375,866 | 806,083 |

The Company

During the first quarter of the year 2013, the Company increased investment in Pakfood Pcl. (PPC), and thus the investment proportion in PPC increased from 49.97% to 74.64%. The Company changed the recording of the investment in PPC from investment in associated company to investment in subsidiary, as mentioned in Note 12.3. During the fourth quarter of the year 2013, the Company purchased 0.8 million ordinary shares of PPC at a purchase price of Baht 53.14 per share, or a total of Baht 42.3 million. As at 31 December 2013, the Company held 25.4 million ordinary shares of PPC or 77.06% of the total issued and paid up shares of PPC.

During the first quarter of the year 2013, the Company sold all of its investment in PT Juifa International Foods to third party for 23,970 shares, totally 88.78% of shareholding in the subsidiary at price of Baht 3,315.84 per share or amounting to Baht 79 million, resulting in loss incurred from sale of investment in subsidiary of Baht 58 million presented in the consolidated profit or loss (separate profit or loss: loss of Baht 3 million) for the year ended 31 December 2013. As a result of the transaction, PT Juifa International Foods was no longer the subsidiary of the Company.

During the first quarter of the year 2013, the Company additionally invested USD 14 million or Baht 415.3 million in Thai Union International, Inc. (TUI).

During the second quarter of the year 2013, the Company additionally invested USD 7.5 million or Baht 220.4 million in TUI.

During the fourth quarter of the year 2013, the Company additionally invested USD 15.5 million or Baht 502.2 million in TUI.

On 1 July 2014, the Company increased investment in Thai Union Graphic Co., Ltd. (TUG) which is the subsidiary of the Company for 0.96 million ordinary shares at a purchase price of Baht 52.80 per share, or a total of Baht 50.7 million. As at 31 December 2014, the Company holds 3.9 million ordinary shares of TUG or 98% of the total issued and paid up shares of TUG.

During the third quarter the current year, the company purchased 25,890 ordinary shares of PPC at a purchase price of Baht 53.14 per share, or total of Baht 1.4 million.

During the fourth quarter the current year, the Company purchased 100,000 ordinary share of PPC of a purchase price of Baht 55.80 per share, or total of Baht 5.6 million. As at 31 December 2014, the Company held 25.5 million ordinary shares of PPC or 77.44% of the total issued and paid up shares of PPC.

Acquisition of MerAlliance

On 13 August 2014, the meeting of the Company's Board of Directors approved the acquisition of EUROPEENNE DE LA MER SAS (MerAlliance), by Thai Union France Holding 2 SAS (TUFH), a subsidiary of the Company incorporated in France. TUFH entered into an agreement to purchase shares of MerAlliance, a producer of smoked salmon products with the headquarters located in France, and having production facilities in Scotland, Poland and France. The products of MerAlliance are distributed across Europe.

TUFH and the sellers entered into a sale and purchase agreement in relation to the Company's proposed acquisition of MerAlliance on 3 September 2014 in order to acquire all shares held by MerAlliance, or equivalent to 100 % of the issued and paid-up shares capital of MerAlliance. Completion of the transaction is conditional on the process of carrying out transactions to comply with the terms and conditions of the agreement and the Competition Clearance.

Acquisition of King Oscar AS

On 10 September 2014, the meeting of the Company's Board of Directors approved the acquisition of King Oscar AS (King Oscar) by approving Thai Union EU Seafood 1 S.A., a subsidiary of the Company incorporated in Luxembourg, to incorporate a company in Norway under the name Thai Union Norway AS (TU Norway), which would undertake the acquisition of King Oscar. TU Norway entered into an agreement to purchase shares and business of King Oscar, a producer and distributor of canned

seafood products under its brands with the headquarters located in Norway, and having the production facilities in Poland and Norway. The products of King Oscar are distributed across Europe, the United States and Australia.

TU Norway and the sellers entered into a sale and purchase agreement in relation to the Company's proposed acquisition of King Oscar on 12 September 2014 in order to acquire all shares held by King Oscar, or equivalent to 100 % of the issued and paid-up shares capital of King Oscar which were held mainly by Private Equity Fund Procuritas Capital Investors IV. Completion of the transaction is conditional on the process of carrying out transactions to comply with the terms and conditions of the agreement and the Competition Clearance.

After the closing date, the Company passed a resolution for restructure of investments in King Oscar group by approving of Thai Union EU Seafood 1 S.A., a subsidiary of the Company incorporated in Luxembourg, to incorporate a company in Poland under the name Thai Union Poland Sp. Z.o.o. (TU Poland), which would undertake the acquisition of King Oscar Poland Sp. Z.o.o. (King Oscar Poland). King Oscar Poland is a subsidiary under King Oscar Holding AS, incorporated in Norway. The restructure of investments is no effect to profits or loss on the Company's consolidation.

Acquisition of Bumble Bee

On 17 December 2014, the meeting of the Company's Board of Directors approved the acquisition of Bumble Bee, which can be summarized as follows:

- Approval of the entry into Share Purchase Agreement and associated ancillary agreements in regard to the acquisition of shares and business of Bumble Bee Holdco S.C.A. ("Bumble Bee"), a producer and distributor of canned and pouched seafood products under its brands with the headquarters located in the United States and having factories located in Fiji, Columbia, Mauritius, China, Thailand and the United States. The products of Bumble Bee are distributed across North America. The details of the transaction as prescribed in the Acquisition Rule are as follows:
 - The Company and the Seller (Lion/Big Catch Cayman L.P., an exempted limited partnership registered in the Cayman Islands) entered into a sale and purchase agreement in relation to the Company's proposed acquisition of Bumble Bee on 18 December 2014. Completion of the transaction is conditional on the process of carrying out transactions to comply with the terms and conditions of the agreement and Competition Clearance.

- The Company will purchase 1,000,001 shares of Bumble Bee, consisting of 1,000,000 ordinary shares and 1 management share, equivalent to 100 % of the issued and outstanding share capital of Bumble Bee.

- The Company has agreed to pay for 100% of the share capital of Bumble Bee from the sources of funds derived from domestic financial institutions and for the total enterprise value of up to USD 1,510 million (equivalent to Baht 49,801 million). The payment shall be made to the seller on the closing date.
 - The Company will purchase shares of Bumble Bee at the base purchase price equivalent to the total enterprise value amounting to USD 1,510 million (equivalent to Baht 49,801 million). However, the “purchase price” will be calculated based on the base purchase price deducted by:
 - (a) net debts of Bumble Bee and subsidiaries as of the closing date
 - (b) agreed transaction expenses of the Seller and
 - (c) net working capital adjustment*
- * Net working capital adjustment represents the increase or decrease derived from the difference between projected net working capital and the net working capital of Bumble Bee and subsidiaries as at the closing date.
- The consideration to be paid for the purchase of shares calculated based on the most recent available information is approximately USD 749,847,000 or Baht 24,731 million. The consideration is determined using a formula, in which the consideration equals to the base purchase price according to the share purchase agreement amounting to USD 1,510 million (equivalent to Baht 49,801 million) deducted by the net debts of Bumble Bee and its subsidiaries based on Bumble Bee’s consolidated financial statements as at 30 September 2014 amounting to approximately USD 760,153,000 or Baht 25,070 million. Therefore, based on the most recent available information, the consideration would be approximately USD 749,847,000 or Baht 24,731 million as mentioned above. Nevertheless, such consideration for the purchase of shares may be further changed because the amount of the net debts could be changed, and the Company has not been able to make estimates of the transaction expenses of the Seller as agreed and determine the net working capital adjustment in accordance with the formula. Under the formula, the exchange rate applied to the calculation is Baht 32.981 per USD 1.
 - The source of funds for this acquisition is short-term loans from two domestic financial institutions for the total credit line of up to USD 1,510 million. Such bridge financing loans will mature within 13 months after the loan agreement execution date.

- Approval of the execution of Credit Facilities Agreements for the acquisition of shares and business of Bumble Bee as described above.
- Approval of the appointment of UBS as M&A advisor of the Company.

As at 31 December 2014, the Company was in the process of carrying out transactions to comply with the terms and conditions of the agreement and the Competition Clearance. The Company expects to complete these transactions in the third quarter of the year 2015.

Assets acquisition of Orion Seafood International

On 17 December 2014, the Board of Directors' meeting of the Company passed a resolution to approve the acquisition of certain assets of Orion Seafood International (Orion) by approving Tri-Union Frozen Products, Inc (TUFPI), a subsidiary of the Company incorporated in the United States, to undertake and execute a asset purchase agreement. Subsequently, on 4 February 2015, TUFPI entered into an agreement to purchase certain assets from Orion, distributor of lobsters products and other marine animals with its headquarters located in the United States. The products of Orion are distributed across primarily in the United States. TUFPI expects to complete the asset acquisition in the first quarter of the year 2015.

Thai Union Manufacturing Co., Ltd. (TUM) and its subsidiary

During the first quarter of the year 2013, TUM formed New Frontier Foods Co., Ltd. (NFF), in which it holds 1 million ordinary shares (or 100% of the 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 10 million.

During the second quarter of the year 2013, NFF a subsidiary of TUM, registered the increase of its registered share capital with the Ministry of Commerce from Baht 10 million (1 million ordinary shares of Baht 10 each) to Baht 200 million (20 million ordinary shares of Baht 10 each), 25% paid-up, for a total payment of Baht 47.5 million.

On 17 June 2014, the Extraordinary General Meeting of NFF's shareholders passed a special resolution to approve the dissolution of the Company. NFF registered the dissolution with the Ministry of commerce on 17 June 2014. NFF completed the liquidation process on 26 August 2014.

Thai Union Feedmill Co., Ltd. (TFM) and its subsidiaries

During the year 2013, TFM has entered into the joint venture agreement with a Japanese company for the joint investment in TMAC Co., Ltd. (TMAC). As a result, an investment in TMAC had been reclassified from an investment in subsidiary by a subsidiary to investment in joint venture. The investments were 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 amounting to Baht 161 million is recorded in the profit and loss statement for the year ended 31 December 2013.

During the year 2013, TFM restructured its investments in subsidiaries by selling its holdings in three subsidiaries to TMAC, another joint venture of TFM. The investments in the subsidiaries, namely Thai Union Hatchery Co., Ltd., TMK Farm Co., Ltd. and TCM Fishery Co., Ltd., were sold at prices of Baht 340 million, Baht 127 million and Baht 56 million, respectively. As a result of these transactions, all of these subsidiaries of TFM were no longer the subsidiaries of the Company.

On 15 March 2014, the Extraordinary General Meeting of Thai Quality Shrimp Co., Ltd. (TQS)'s shareholders passed a special resolution to approve the dissolution of the Company. TQS registered the dissolution with the Ministry of Commerce on 27 March 2014 and completed the liquidation process on 24 June 2014.

Pakfood Pcl (PPC)

During the first quarter of the year 2013, an Extraordinary General Meeting of PPC's shareholders approved the increase of the Company's registered share capital from Baht 300 million (30 million ordinary shares of Baht 10 each) to Baht 330 million (33 million ordinary shares of Baht 10 each), through the issuance of 3 million additional ordinary shares with a par value of Baht 10 each, for the offer to existing shareholders of the Company at Baht 50 per share.

During the year 2013, an Extraordinary General Meeting of PPC's shareholders considered and approved the delisting of PPC's securities from the Stock Exchange of Thailand ("the SET"), whereby the Company, the major shareholder of PPC, was to conduct a tender offer for the securities of PPC for the purpose of delisting. The SET approved the delisting of PPC's securities on 15 November 2013.

14. Investments in joint ventures

14.1 Details of investments in joint ventures

Investments in joint ventures represents investments in entities which are jointly controlled by Thai Union Feedmill Company Limited (a subsidiary) Thai Union Manufacturing Co., Ltd. (TUM) and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

| Jointly controlled entities | Nature of business | Consolidated financial statements | | | | | |
|---|---|-----------------------------------|------|---------|---------|---|---------|
| | | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | | (%) | (%) | | | | |
| TMAC Company Limited (Joint venture of TFM and other company) | Distribution of shrimp feed and supplies for breeding and rearing of shrimp and the investment in companies which engaged in the breeding, rearing and distribution of shrimp | 51 | 51 | 438,600 | 438,600 | 514,764 | 578,940 |
| Cindena Resources Limited (Joint venture of TUM and other company) | Owner of trademark "Century", which is the trademark of canned tuna distributed overseas | 50 | - | 8,075 | - | 8,075 | - |
| Century (Shanghai) Trading Co., Ltd. (Joint venture of TUM and other company) | Importer & exporter of food products | 50 | - | 75,900 | - | 29,645 | - |
| Total | | | | 522,575 | 438,600 | 552,484 | 578,940 |

During the first quarter of the year 2014, TMAC Co., Ltd. (TMAC) additionally purchased 4 million ordinary shares of Thai Union Hatchery Co., Ltd. (TUH) (its subsidiary) (or 100% of the total 4 million increase of its registered, issued and paid up shares capital), a total of Baht 40 million.

During the first quarter of the year 2014, TMAC Co., Ltd. (TMAC) additionally purchased 12 million ordinary shares of TMK Co., Ltd. (TMK) (its subsidiary), a total of Baht 120 million. Thus, the investment proportion of TMAC in TMK increased from 80% (of the total 15 million issued and paid up shares) to 88.89% (of the total 27 million issued and paid up shares) and during the second quarter of the year 2014, TMAC additionally purchased 1.5 million ordinary shares of TMK, a total of Baht 12 million. Thus, TMAC holds 25.5 million ordinary shares of TMK or 94.44% of the total 27 million issued and paid up shares of TMK.

During the third quarter of the year 2014, TUM entered into a joint venture agreement with a company in Philippines to jointly invest in Cindena Resources Limited (Cindena) by purchasing USD 250,000 or Baht 8.1 million (250,000 ordinary shares of USD 1 per share). As a result, the Company holds 50% of the total issued and paid up shares of Cindena.

During the third quarter of the year 2014, TUM, the shareholder of investment in associated company - Century (Shanghai) Trading Co., Ltd. (Century), entered into new agreement with the existing shareholders. The new agreement is a joint venture agreement. TUM changed the recording of the investment in Century from investment in associated company to investment in joint venture, as mentioned in Note 12.

14.2 Share of profit/loss

During the years, the Company recognised its share of profit/loss from investments in joint venture in the consolidated financial statements as follows:

| Jointly controlled entities | (Unit: Thousand Baht) | |
|--------------------------------------|---|-----------------|
| | Consolidated financial statements | |
| | Share of loss from investments in joint ventures during the year | |
| | 2014 | 2013 |
| TMAC Company Limited | (62,795) | (20,655) |
| Cindena Resources Limited | - | - |
| Century (Shanghai) Trading Co., Ltd. | (11,857) | - |
| Total | (74,652) | (20,655) |

14.3 Summarised financial information of jointly controlled entities

a) TMAC Company Limited

The Company's proportionate shares of the assets, liabilities, revenues and expenses of a joint venture, according to proportion under joint venture agreement, are as follows:

(Unit: Million Baht)

As at 31 December

| | 2014 | 2013 |
|--------------------------|-------------|------------|
| Current assets | 22 | 50 |
| Non-current assets | 183 | 182 |
| Total assets | 205 | 232 |
| Current liabilities | (17) | (7) |
| Non-current liabilities | - | (1) |
| Total liabilities | (17) | (8) |
| Net assets | 188 | 224 |

(Unit: Million Baht)

For the year ended 31 December

| | 2014 | 2013 |
|-------------------------------------|-------------|-------------|
| Revenue | 34 | 33 |
| Cost of sales | (50) | (35) |
| Selling and administrative expenses | (19) | (13) |
| Loss before income tax income | (35) | (15) |
| Income tax income | 2 | 4 |
| Loss for the year | (33) | (11) |

b) Cindena Resources Limited

The Company's proportionate shares of the assets, liabilities, revenues and expenses of a joint venture, according to proportion under joint venture agreement, are as follows:

(Unit: Million Baht)

As at
31 December 2014

| | |
|--------------------------|----------|
| Current assets | - |
| Non-current assets | 7 |
| Total assets | 7 |
| Current liabilities | - |
| Non-current liabilities | - |
| Total liabilities | - |
| Net assets | 7 |

c) Century (Shanghai) Trading Co., Ltd.

The Company's proportionate shares of the assets, liabilities, revenues and expenses of a joint venture, according to proportion under joint venture agreement, are as follows:

| | (Unit: Million Baht) |
|-------------------------|-----------------------------|
| | As at |
| | 31 December 2014 |
| | <u> </u> |
| Current assets | 35 |
| Non-current assets | - |
| Total assets | <u>35</u> |
| Current liabilities | (5) |
| Non-current liabilities | - |
| Total liabilities | <u>(5)</u> |
| Net assets | <u>30</u> |

| | (Unit: Million Baht) |
|-------------------------------------|-----------------------------|
| | For the year ended |
| | 31 December 2014 |
| | <u> </u> |
| Revenue | 74 |
| Cost of sales | (59) |
| Selling and administrative expenses | (26) |
| Loss for the year | <u>(11)</u> |

15. Other long-term investments

| | (Unit: Thousand Baht) | | | |
|--|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Consolidated financial statements | | | |
| | 2014 | | 2013 | |
| | Cost | Fair value | Cost | Fair value |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Other long-term investments | | | | |
| Available-for-sale securities - Unit trusts | 37,307 | <u>29,771</u> | 41,563 | <u>33,181</u> |
| Unrealised loss on changes in the value of investments | (7,536) | | (8,382) | |
| Total available-for-sale securities | <u>29,771</u> | | <u>33,181</u> | |
| Other investments | | | | |
| - Ordinary shares | <u>821</u> | | <u>738</u> | |
| Total other long-term investments | <u>30,592</u> | | <u>33,919</u> | |

16. Property, plant and equipment

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | | Total |
|---------------------------------|-----------------------------------|------------|-------------|------------|------------------|--------------|-------------|
| | Revaluation | Cost basis | | | | | |
| | basis | Buildings | Machineries | Furnitures | Motor | Assets under | |
| Land and | and | and | and | vehicles | installation and | | |
| improvements | building | equipments | fixtures | | under | | |
| | improvement | | | | construction | | |
| Cost/Revalued amount | | | | | | | |
| As at 1 January 2013 | 2,791,812 | 7,745,933 | 17,984,435 | 776,351 | 717,222 | 2,071,719 | 32,087,472 |
| Increase from investment | | | | | | | |
| in subsidiaries | 348,900 | 1,177,782 | 1,430,069 | 66,670 | 67,030 | 6,879 | 3,097,330 |
| Additions | 120,998 | 17,513 | 454,152 | 44,481 | 14,867 | 3,530,784 | 4,182,795 |
| Sales of investment in | | | | | | | |
| subsidiaries | (258,826) | (327,954) | (158,884) | (14,595) | (9,943) | (34,889) | (805,091) |
| Disposals/write off | (3,987) | (58,655) | (907,547) | (24,500) | (105,902) | (16,189) | (1,116,780) |
| Transfer of investments from | | | | | | | |
| subsidiaries to joint ventures | - | - | - | (273) | - | - | (273) |
| Transfer to non-current assets | - | - | - | - | - | (184,567) | (184,567) |
| Transfer in (out) | 48,151 | 750,538 | 1,697,292 | (102,426) | 55,680 | (2,449,235) | - |
| Translation adjustment | 9,345 | 250,438 | 701,097 | 27,518 | 14,828 | 35,960 | 1,039,186 |
| As at 31 December 2013 | 3,056,393 | 9,555,595 | 21,200,614 | 773,226 | 753,782 | 2,960,462 | 38,300,072 |
| Increase from investments | | | | | | | |
| in subsidiaries | 358,107 | 1,133,066 | 946,611 | 141,092 | 34,097 | 35,940 | 2,648,913 |
| Additions | 13 | 7,153 | 139,012 | 43,922 | 20,790 | 3,062,667 | 3,273,557 |
| Disposals/write off | - | (136,681) | (1,031,221) | (56,541) | (81,038) | (33,061) | (1,338,542) |
| Transfer from (to) non-current | | | | | | | |
| assets | - | 214,530 | - | - | - | (182,747) | 31,783 |
| Transfer in (out) | 11,989 | 890,177 | 1,510,569 | 104,310 | 79,613 | (2,596,658) | - |
| Translation adjustment | (13,542) | (232,967) | (421,944) | (28,568) | (12,005) | (33,580) | (742,066) |
| As at 31 December 2014 | 3,412,960 | 11,430,873 | 22,343,641 | 977,441 | 795,239 | 3,213,023 | 42,173,177 |
| Accumulated depreciation | | | | | | | |
| As at 1 January 2013 | 32,408 | 2,923,381 | 10,262,056 | 482,157 | 424,198 | - | 14,124,200 |
| Increase from investment | | | | | | | |
| in subsidiaries | - | 357,413 | 707,948 | 52,422 | 46,410 | - | 1,164,193 |
| Depreciation for the year | 7,972 | 378,974 | 1,547,291 | 16,231 | 72,681 | - | 2,023,149 |
| Sales of investment in | | | | | | | |
| subsidiaries | (17,925) | (115,501) | (93,654) | (9,669) | (3,989) | - | (240,738) |
| Depreciation for disposals/ | | | | | | | |
| write off | - | (47,788) | (646,673) | (22,640) | (95,032) | - | (812,133) |
| Transfer of investments from | | | | | | | |
| subsidiaries to joint ventures | - | - | - | (16) | - | - | (16) |
| Translation adjustment | 372 | 107,773 | 390,158 | 19,950 | 9,265 | - | 527,518 |
| As at 31 December 2013 | 22,827 | 3,604,252 | 12,167,126 | 538,435 | 453,533 | - | 16,786,173 |
| Increase from investments | | | | | | | |
| in subsidiaries | 66,632 | 521,820 | 562,891 | 55,535 | 16,087 | 737 | 1,223,702 |
| Depreciation for the year | 3,443 | 384,836 | 1,724,605 | 114,860 | 82,863 | - | 2,310,607 |
| Depreciation for disposals/ | | | | | | | |
| write off | - | (100,809) | (625,803) | (54,114) | (75,222) | - | (855,948) |
| Transfer from (to) non-current | | | | | | | |
| assets | - | 43,709 | 1,316 | (973) | - | - | 44,052 |
| Translation adjustment | (1,615) | (108,170) | (308,662) | (17,508) | (7,991) | (17) | (443,963) |
| As at 31 December 2014 | 91,287 | 4,345,638 | 13,521,473 | 636,235 | 469,270 | 720 | 19,064,623 |

(Unit: Thousand Baht)

Consolidated financial statements

| | Consolidated financial statements | | | | | | Total |
|---|-----------------------------------|-------------------------------------|---------------------------|-------------------------|----------------|--|------------|
| | Revaluation basis | Cost basis | | | | | |
| | Land and land improvements | Buildings and building improvements | Machineries and equipment | Furnitures and fixtures | Motor vehicles | Assets under installation and under construction | |
| Allowance for loss on impairment of assets | | | | | | | |
| As at 1 January 2013 | - | 36,923 | 3,080 | - | - | - | 40,003 |
| Increase from investment in subsidiaries | 4,535 | - | - | - | - | - | 4,535 |
| Decrease during the year | - | (662) | (2,855) | - | - | - | (3,517) |
| Translation adjustment | - | - | 45 | - | - | - | 45 |
| As at 31 December 2013 | 4,535 | 36,261 | 270 | - | - | - | 41,066 |
| Increase during the year | - | - | 15,564 | - | - | - | 15,564 |
| Translation adjustment | - | - | 194 | - | - | - | 194 |
| As at 31 December 2014 | 4,535 | 36,261 | 16,028 | - | - | - | 56,824 |
| Net book value | | | | | | | |
| As at 31 December 2013 | 3,029,031 | 5,915,082 | 9,033,218 | 234,791 | 300,249 | 2,960,462 | 21,472,833 |
| As at 31 December 2014 | 3,317,138 | 7,048,974 | 8,806,140 | 341,206 | 325,969 | 3,212,303 | 23,051,730 |
| Depreciation for the years | | | | | | | |
| 2013 (Baht 1,982 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses) | | | | | | | 2,023,149 |
| 2014 (Baht 2,065 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses) | | | | | | | 2,310,607 |

(Unit: Thousand Baht)

Separate financial statements

| | Separate financial statements | | | | | | Total |
|--------------------------------------|-------------------------------|-------------------------------------|---------------------------|-------------------------|----------------|--|-----------|
| | Revaluation basis | Cost basis | | | | | |
| | Land and land improvements | Buildings and building improvements | Machineries and equipment | Furnitures and fixtures | Motor vehicles | Assets under installation and under construction | |
| Cost /Revalued amount | | | | | | | |
| As at 1 January 2013 | 980,327 | 2,021,427 | 2,475,199 | 94,636 | 160,026 | 494,462 | 6,226,077 |
| Additions | 28,320 | - | 237,351 | 4,387 | 2,198 | 479,470 | 751,726 |
| Disposals/write off | - | - | (7,451) | (182) | (17,620) | (8,425) | (33,678) |
| Transfer in (out) | 7,085 | 306,327 | 162,084 | 989 | 8,172 | (484,657) | - |
| As at 31 December 2013 | 1,015,732 | 2,327,754 | 2,867,183 | 99,830 | 152,776 | 480,850 | 6,944,125 |
| Additions | - | - | 13,821 | 3,201 | 1,935 | 464,141 | 483,098 |
| Disposals/write off | - | (43,213) | (65,584) | (1,724) | (4,846) | (320) | (115,687) |
| Transfer to other intangible assets | - | - | - | - | - | (17,920) | (17,920) |
| Transfer in (out) | - | 353,080 | 275,019 | 15,638 | 3,035 | (646,772) | - |
| As at 31 December 2014 | 1,015,732 | 2,637,621 | 3,090,439 | 116,945 | 152,900 | 279,979 | 7,293,616 |
| Accumulated depreciation | | | | | | | |
| As at 1 January 2013 | - | 624,427 | 1,580,034 | 53,781 | 81,993 | - | 2,340,235 |
| Depreciation for the year | - | 114,255 | 259,080 | 16,752 | 12,203 | - | 402,290 |
| Depreciation for disposals/write off | - | - | (6,106) | (177) | (16,427) | - | (22,710) |
| As at 31 December 2013 | - | 738,682 | 1,833,008 | 70,356 | 77,769 | - | 2,719,815 |
| Depreciation for the year | - | 103,942 | 236,742 | 15,723 | 13,575 | - | 369,982 |
| Depreciation for disposals/write off | - | (35,538) | (52,267) | (1,497) | (4,851) | - | (94,153) |
| As at 31 December 2014 | - | 807,086 | 2,017,483 | 84,582 | 86,493 | - | 2,995,644 |

(Unit: Thousand Baht)

Separate financial statements

| | Revaluation basis | | Cost basis | | | | Total |
|---|----------------------------|-------------------------------------|---------------------------|-------------------------|----------------|--|-----------|
| | Land and land improvements | Buildings and building improvements | Machineries and equipment | Furnitures and fixtures | Motor vehicles | Assets under installation and under construction | |
| Allowance for loss on impairment of assets | | | | | | | |
| As at 1 January 2013 | - | 36,261 | - | - | - | - | 36,261 |
| Increase during the year | - | - | - | - | - | - | - |
| As at 31 December 2013 | - | 36,261 | - | - | - | - | 36,261 |
| Increase during the year | - | - | - | - | - | - | - |
| As at 31 December 2014 | - | 36,261 | - | - | - | - | 36,261 |
| Net book value | | | | | | | |
| As at 31 December 2013 | 1,015,732 | 1,552,811 | 1,034,175 | 29,474 | 75,007 | 480,850 | 4,188,049 |
| As at 31 December 2014 | 1,015,732 | 1,794,274 | 1,072,956 | 32,363 | 66,407 | 279,979 | 4,261,711 |
| Depreciation for the years | | | | | | | |
| 2013 (Baht 376 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses) | | | | | | | 402,290 |
| 2014 (Baht 340 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses) | | | | | | | 369,982 |

During the year 2012, the Company and its subsidiaries hired an independent appraiser to evaluate their land price using market approach.

Breakdown of the land carried on the revaluation basis as at 31 December 2014 and 2013 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 |
| Revalued amount | 2,417,032 | 966,857 |

As at 31 December 2014, the Company and its subsidiaries had equipment under finance lease agreements with net book values amounting to Baht 200 million (2013: Baht 505 million).

As at 31 December 2014, 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 7,680 million (2013: Baht 6,830 million).

During the second quarter of the current year, TUI approved USPN (a subsidiary) restructuring plan to cease part of the pet food production line of USPN facility in Lyons, Georgia, USA. The cease is scheduled on 15 August 2014. TUI recorded the restructuring charges for the year ended 31 December 2014 amounting to USD 6.5 million which include the employee severance accrual, write-down of inventory and property, plant and equipment and other restructuring related accruals.

In addition, as at 31 December 2014, TUI recorded the write off of USPN's machinery and equipment amounting to USD 9.3 million. The machinery and equipment was phased out according to USPN's production restructuring plan as discussed in the above paragraph. The write off of assets was recognised as expense in the consolidated financial statements for the year ended 31 December 2014.

As at 31 December 2014, a local subsidiary and an overseas subsidiary are subject to a restriction on the creation of lien or encumbrance over its property, plant and equipment, as mentioned in Note 20 (2013: a local subsidiary).

17. Other intangible assets

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | | Total |
|---|-----------------------------------|------------|------------------------|-----------------|-------------------|---------------------------|--------|---------|
| | Licences | Trademarks | Customer relationships | Covenant | Computer software | Distributor relationships | Others | |
| | | | | not to complete | | | | |
| Cost | | | | | | | | |
| As at 1 January 2013 | 267 | 13,051 | 129 | 13 | 513 | 229 | 3 | 14,205 |
| Additions | - | 1 | - | - | 196 | - | - | 197 |
| Write off | - | - | - | - | (5) | - | - | (5) |
| Translation adjustment | 19 | 1,400 | 10 | 1 | 53 | 25 | - | 1,508 |
| As at 31 December 2013 | 286 | 14,452 | 139 | 14 | 757 | 254 | 3 | 15,905 |
| Additions | - | - | - | - | 144 | - | - | 144 |
| Increase from investments in subsidiaries | - | 617 | - | - | 56 | - | 407 | 1,080 |
| Disposal | - | - | - | - | (25) | - | - | (25) |
| Transfer from non-current assets | 13 | - | - | - | - | - | - | 13 |
| Translation adjustment | (24) | (1,483) | 1 | - | (36) | (28) | (18) | (1,588) |
| As at 31 December 2014 | 275 | 13,586 | 140 | 14 | 896 | 226 | 392 | 15,529 |
| Amortisation | | | | | | | | |
| As at 1 January 2013 | 39 | 274 | 122 | 13 | 277 | 25 | - | 750 |
| Amortisation | 10 | 1 | 8 | - | 162 | 12 | - | 193 |
| Translation adjustment | 1 | 19 | 9 | 1 | 32 | 4 | - | 66 |
| As at 31 December 2013 | 50 | 294 | 139 | 14 | 471 | 41 | - | 1,009 |
| Increase from investments in subsidiaries | - | - | - | - | 52 | - | 16 | 68 |
| Disposal | - | - | - | - | (21) | - | - | (21) |
| Amortisation | 8 | 1 | - | - | 102 | 12 | - | 123 |
| Transfer from other non-current assets | 3 | - | - | - | - | - | - | 3 |
| Translation adjustment | (1) | 1 | 1 | - | (23) | (5) | - | (27) |
| As at 31 December 2014 | 60 | 296 | 140 | 14 | 581 | 48 | 16 | 1,155 |

(Unit: Million Baht)

| Consolidated financial statements | | | | | | | | |
|-----------------------------------|----------|------------|------------------------|--------------------------|-------------------|---------------------------|--------|--------|
| | Licences | Trademarks | Customer relationships | Covenant not to complete | Computer software | Distributor relationships | Others | Total |
| Impairment | | | | | | | | |
| As at 1 January 2013 | - | 177 | - | - | - | - | - | 177 |
| Increase during the year | - | 3 | - | - | - | - | - | 3 |
| Translation adjustment | - | 20 | - | - | - | - | - | 20 |
| As at 31 December 2013 | - | 200 | - | - | - | - | - | 200 |
| Increase during the year | - | - | - | - | - | - | - | - |
| Translation adjustment | - | (23) | - | - | - | - | - | (23) |
| As at 31 December 2014 | - | 177 | - | - | - | - | - | 177 |
| Net book value | | | | | | | | |
| As at 31 December 2013 | 236 | 13,958 | - | - | 286 | 213 | 3 | 14,696 |
| As at 31 December 2014 | 215 | 13,113 | - | - | 315 | 178 | 376 | 14,197 |

(Unit: Million Baht)

Separate financial statements

Computer software

Cost

As at 1 January 2013

11.2

Additions

2.0

As at 31 December 2013

13.2

Transfer in

17.9

As at 31 December 2014

31.1

Amortisation

As at 1 January 2013

8.3

Amortisation

0.5

As at 31 December 2013

8.8

Amortisation

1.2

As at 31 December 2014

10.0

Net book value

As at 31 December 2013

4.4

As at 31 December 2014

21.1

As at 31 December 2014 and 2013, an overseas subsidiary's trademark "Chicken of the sea" was used as collateral of credit facilities of an overseas subsidiary as mentioned in Note 18.

Acquisition of intangible assets during the year

Trademarks, customer relationships and other intangible assets acquired through business combinations, customer relationship have the useful life for approximately from 3 years to 14 years. Trademarks and other intangible assets acquired have indefinite useful life.

18. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------|-------------------------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| Bank overdrafts and short-term loans from financial Institutions | 26,086,541 | 29,374,818 | 8,889,561 | 11,473,313 |

As at 31 December 2014, the Company had unsecured bills of exchange, trust receipt and packing credit totaling Baht 8.9 million (2013: Baht 11.5 million). The loans carried the interest rates of 2.14% - 2.20% per annum (2013: 2.38% - 2.43% per annum).

As at 31 December 2014 and 2013, the Company and its subsidiaries had the following unused overdraft lines from banks and other credit facilities:

| | 2014 | 2013 |
|-----------------|-----------|-----------|
| <u>Currency</u> | (Million) | (Million) |
| Baht | 31,975 | 25,774 |
| USD | 5,867 | 5,709 |
| EURO | 311 | 329 |

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

Tri-Union Frozen Products, Inc. (TUFPP)

TUFPP entered into an amended and restated credit agreement (TUFPP Credit Agreement) with Bank of America N.A. (BOA). The TUFPP Credit Agreement was initially made for USD 85 million revolving facility through 15 October 2013. The second through seventh amendments included the extended terms and increased credit line to USD 140 million.

In April 2013, TUFPP entered into a seventh amendment (TUFPP Amendment No. 7) with BOA to modify the definition of eligible receivables to exclude certain receivables from

the borrowing base as a result of the receivables purchase agreement as discussed in Note 8.

On 5 August 2013, an eighth amendment (TUFPA Amendment No. 8) with BOA was executed to maintain the USD 140 million revolving credit, and include a feature to extend credit line to USD 160 million, as needed. TUFPA Amendment No. 8 also extends the TUFPA Credit Agreement period to 5 August 2016, which was formerly ended on 15 October 2013.

On 11 December 2013, TUFPA entered into the TUFPA Amendment No. 9 with existing lenders to exercise its right to temporarily increase its USD 140 million revolving credit by USD 15 million to USD 155 million commencing on 11 December 2013 and ending on 11 June 2014. Terms and conditions of the additional loans remain the same as previously established in the TUFPA Credit Agreement plus additional interest bearing of 0.25%.

On 10 January 2014, TUFPA entered into the TUFPA Amendment No. 10 with existing lenders to exercise its right to temporarily increase its USD 155 million revolving credit by USD 5 million to USD 160 million commencing on 10 January 2014 and ending on 11 June 2014. Terms and conditions of the additional loans remain the same as previously established in the TUFPA Credit Agreement plus additional interest bearing of 0.25%.

On 27 August 2014, TUFPA entered into the TUFPA Amendment No. 11 with existing lenders to exercise its rights to define the new receivable accounts under the receivables purchase agreement (RPA) and the new eligible accounts.

On 14 October 2014, TUFPA entered into the TUFPA Amendment No. 12 with existing lenders to increase its USD 140 million revolving credit by USD 10 million to USD 150 million. The revolving facility is increased to USD 170 million during a Seasonal Increase Period (the first business day of October 2014 through the last business day of February 2015).

Borrowings under the TUFPA Credit Agreement bear interest, at TUFPA's option, at LIBOR plus a margin of 1.25% to 2.25% per annum, or the bank's prime rate plus 0.25% to 1.25% 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 TUFPA Credit Agreement. The TUFPA Credit

Agreement is secured by accounts receivable and inventories of TUFPP. This revolving credit agreement includes a requirement that all borrowers maintain a lockbox arrangement whereby cash receipts are used directly to repay the amounts outstanding under the TUFPP Credit Agreement. Therefore, all borrowings made under the TUFPP credit agreement will be classified as short-term.

As at 31 December 2014, the balance under the credit facility was USD 156 million (2013: USD 132 million) at the interest rate between 1.42% and 3.25% per annum (2013: between 1.42% and 3.50% per annum) and actual unused availability, which is based upon substantially all of the collateralised assets, was approximately USD 10 million (2013: USD 20 million). TUFPP is subject to certain financial covenants including interest coverage ratio and leverage coverage ratio and others, including limitations on indebtedness, capital leases, and capital expenditures, transactions with affiliates, distributions, and dividend payment. As at 31 December 2014, TUFPP determined it was in compliance with these covenants.

Tri-Union Seafoods, LLC (Tri-U)

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 outstanding amounts 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 the 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's option.

On 23 March 2012, Tri-U entered into the second amendment of 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.

On 11 March 2014, Tri-U entered into the fifth amendment with BOA to maintain the USD 110 million revolving credit until 10 March 2017.

Borrowings under the credit facility bear interest, at LIBOR plus a margin of 2.25% to 2.75% per annum, the bank's prime rate or the bank's prime rate plus 1.25% to 1.75% 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.

As at 31 December 2014, the balance under the credit facility was USD 99 million (2013: USD 90 million), with interest rate at 2.75% to 6.25% per annum (2013: interest rate at 3.00% to 6.50% per annum) and actual unused availability was approximately USD 8 million (2013: USD 8 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 dividend payment. As at 31 December 2014, Tri-U determined it was in compliance with these covenants.

Yueh Chyang Canned Food Co., Ltd. (YCC)

As at 31 December 2014, Yueh Chyang Canned Food Co., Ltd. (YCC) obtained credit facilities from financial institutions amounting to USD 24 million (2013: USD 26 million). The credit facilities bear interest rate at 1.95% to 2.20% per annum (2013: 1.86% to 2.50% per annum). As at 31 December 2014, the balance under the credit facilities was USD 6.9 million (2013: USD 11 million). The unused availability was approximately USD 17.1 million (2013: USD 15 million). The credit facilities were secured by accounts receivable of YCC (2013: the credit facilities were secured by accounts receivable and inventories of YCC).

19. Trade and other payables

| | (Unit: Thousand Baht) | | | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| Trade payables - related parties | 69,412 | 57,897 | 427,979 | 410,578 |
| Trade payables - unrelated parties | 8,292,596 | 7,770,338 | 1,075,440 | 897,161 |
| Accrued expenses - related parties | 81,600 | 78,094 | 29,532 | 34,216 |
| Accrued expenses - unrelated parties | 2,111,548 | 1,730,898 | 402,362 | 241,380 |
| Other payables - construction and equipment purchase - related party | 6,479 | 7,627 | 4,827 | 4,092 |
| Other payables - construction and equipment purchase - unrelated parties | 162,922 | 157,550 | 22,966 | 6,485 |
| Total trade and other payables | 10,724,557 | 9,802,404 | 1,963,106 | 1,593,912 |

20. Long-term loans

The Company and its subsidiaries entered into interest rate swap agreements for long-term loans from financial institutions to hedge interest rate risk, as mentioned in Note 35.1.

Long-term loans as at 31 December 2014 and 2013 consist of:

| | (Unit: Million Baht) | | | |
|-------------------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| USD loans | 1,784 | 1,623 | 1,622 | 1,614 |
| Baht loans | 1,823 | 2,603 | 1,688 | 2,138 |
| EUR loans | 382 | - | - | - |
| Less: Deferred financial fees | (3) | (4) | (3) | (4) |
| Total | 3,986 | 4,222 | 3,307 | 3,748 |
| Less: Current portion | (936) | (779) | (450) | (450) |
| Net | 3,050 | 3,443 | 2,857 | 3,298 |

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. During the third quarter of the current year, that subsidiary made a loan repayment in full (2013: Baht 273 million).

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. As at 31 December 2014, the balance of this loan was Baht 1,688 million (2013: Baht 2,138 million). The loan agreement contains covenants as specified in the agreement that, among other things, require the Company to maintain certain debt to equity and debt service coverage ratio according to the agreement. As at 31 December 2014, the Company was able to maintain the required covenants.

During the fourth quarter of 2011, a local subsidiary entered into a long-term loan agreement amounting to Baht 350 million with a local financial institution. The loan carried interest at 4.75% per annum since October 2011, and FDR plus 2.5% per annum since October 2012 and is to be repaid in monthly installments, the first of which will be due in April 2012. The subsidiary is subject to restriction on the creation of lien or encumbrance over its property, plant and equipment. As at 31 December 2014, the balance of this loan was Baht 135 million (2013: Baht 192 million). The loan agreement contains covenants as specified in the agreement that, among other things, require the subsidiary to maintain certain debt to equity and debt service coverage ratio according to the agreement. As at 31 December 2014, the subsidiary was able to maintain the required covenants.

During the fourth quarter of the year 2013, the Company entered into loan agreement amounting to USD 49 million or Baht 1,614 million with a local financial institution. The loan carried interest at LIBOR plus 0.92% per annum and will be due on 27 July 2016, 27 July 2017 and 27 July 2018. As at 31 December 2014, the balance of this loan was USD 49 million or Baht 1,622 million (2013: USD 49 million or Baht 1,614 million). The loan agreement contains covenants as specified in the agreement that, among other things, require the Company to maintain certain debt to equity and debt service coverage ratio according to the agreement. As at 31 December 2014, the Company was able to maintain the required covenants.

During the current year, an overseas subsidiary entered into a long-term loan agreement amounting to USD 5 million with an overseas financial institution. The loan carried interest at LIBOR plus 1.7% per annum and is to be repaid in semi-annually installments, the first of which will be due in November 2014. As at 31 December 2014, the balance of this loan was USD 4.4 million or Baht 152 million. The loan contains covenants relating to various matters stipulated in the agreement. As at 31 December 2014, the subsidiary was able to maintain the required covenants. The credit facilities were secured by plants and equipment of the said subsidiary.

During the fourth quarter of the current year, the Company entered into bridge loan facility agreement as the source of fund for the acquisition of shares and business of Bumble Bee as described in Note 13 amounting to USD 1,510 million with two local financial institutions. The loan carried interest at LIBOR plus 2.5% per annum and will

be due within 13 months from the agreement date. As at 31 December 2014, the Company has not withdrawn such loan facility. The loan agreement contains covenants as specified in the agreement that, among other things, require the Company to maintain certain debt to equity and debt service coverage ratio according to the agreement. As at 31 December 2014, the Company was able to maintain the required covenants.

During the fourth quarter of current year, Thai Union France Holding 2 SAS (TUFH), a company registered in France, invested in EUROPEENNE DE LA MER as mentioned in Note 2.2. The long-term loan acquired through business combination amounted to EUR 5 million or Baht 200 million. The loan carried interest rate at 0.7 to 1.7% per annum and is to be repaid in 2015. The loan was secured by equity shares in overseas subsidiaries, and contains covenants as specified in the agreement that among other things, require the subsidiary to maintain certain debt to equity. As at 31 December 2014, the subsidiary was able to maintain the required covenants.

During the fourth quarter of current year, TU Norway, a subsidiary of the Company, entered into an agreement to purchase shares and business of King Oscar as mentioned in Note 2.2. The long-term loan acquired through business combination amounted to EUR 4.5 million or Baht 182 million. The loan carried interest at NIBOR 3 month plus 1.95% per annum and is to be repaid in 2015. The loan was secured by equity shares in overseas subsidiaries.

21. Debentures

On 26 October 2005, a meeting of the Company's Board of Directors approved the issuance of debentures of the Company and/or its subsidiary companies in an amount of up to Baht 8,500 million or the equivalent in other currencies, 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 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 3 April 2014, the Annual General Meeting of Shareholders approved the increase of credit limit for issuance of debentures of the Company and/or its subsidiaries in the amount of Baht 15,000 million, according to Section 9 of the resolutions of the Annual General Meeting of Shareholders of 2011, up to Baht 25,000 million or the equivalent

amount in other currencies. Such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.

The Company's debentures which are unsecured debentures with no trustee, issued with a registered certificate and unsubordinated, are summarised below:

| Debentures | Interest rate (% p.a.) | Terms | Due date | (Unit: Million Baht) | |
|---|---------------------------|----------|-----------------|--|---------|
| | | | | Consolidated/ Separate financial statements | |
| | | | | 2014 | 2013 |
| *Debentures # 1/2011 (1) | 4.51 | 3 years | 27 July 2014 | - | 3,300 |
| *Debentures # 1/2011 (2) | 4.70 | 5 years | 27 July 2016 | 1,950 | 1,950 |
| *Debentures # 1/2011 (3) | 5.02 | 10 years | 27 July 2021 | 1,500 | 1,500 |
| **Debentures # 1/2014 (1) | 3.58 | 3 years | 6 February 2017 | 2,500 | - |
| **Debentures # 1/2014 (2) | 4.21 | 5 years | 6 February 2019 | 3,150 | - |
| **Debentures # 1/2014 (3) | 4.69 | 7 years | 6 February 2021 | 1,550 | - |
| **Debentures # 1/2014 (4) | 5.18 | 10 years | 6 February 2024 | 1,050 | - |
| ***Debentures # 2/2014 (1) | 4.21 | 7 years | 9 October 2021 | 1,000 | - |
| ***Debentures # 2/2014 (2) | 4.58 | 10 years | 9 October 2024 | 3,500 | - |
| Total debentures - face value | | | | 16,200 | 6,750 |
| Less: Unamortised portion of deferred transaction costs | | | | (25) | (10) |
| Net debentures | | | | 16,175 | 6,740 |
| Less: Debentures due within one year | | | | - | (3,298) |
| Debentures - due over one year | | | | 16,175 | 3,442 |

* Debentures # 1/2011: the Company issued three sets of debentures on 27 July 2011 of Baht 6,750 million (6,750,000 units of debentures of Baht 1,000 each), with interest rate at 4.51% to 5.02% per annum and the redemption is due in 2014, 2016 and 2021, respectively.

** Debentures # 1/2014: the Company issued four sets of debentures on 6 February 2014 of Baht 8,250 million (8,250,000 units of debentures of Baht 1,000 each), with interest rate at 3.58% to 5.18% per annum and the redemption is due in 2017, 2019, 2021 and 2024, respectively.

*** Debentures # 2/2014: the Company issued two sets of debentures on 9 October 2014 of Baht 4,500 million (4,500,000 units of debentures of Baht 1,000 each), with interest into at 4.21% to 4.58% per annum and the redemption is due in 2021 and 2024, respectively.

Movements of the convertible debenture account during the year ended 31 December 2014 are summarised below.

| | (Unit: Million Baht) |
|-----------------------------------|----------------------|
| Balance as at 1 January 2014 | 6,740 |
| Add: Issuance of debentures | 12,750 |
| Less: Redemption of debentures | (3,300) |
| Less: Issuance cost of debentures | (15) |
| Balance as at 31 December 2014 | 16,175 |

On 11 November 2013, the meeting of the Company's Board of Directors approved the issuance of four sets of debentures 1/2014 amounting to Baht 8,250 million (8,250,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured

debentures with no trustee, with interest rate at 3.58% to 5.18% per annum and the redemption is due in 2017, 2019, 2021 and 2024.

On 9 October 2014, the Company issued two sets of debentures 2/2014 amounting to Baht 4,500 million (4,500,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with no trustee, with interest rate at 4.21% to 4.58% per annum and the redemption is due in 2021 and 2024.

The above debentures contain covenants relating to various matters such as the maintenance of debt to shareholders' equity ratio and interest coverage 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. As at 31 December 2014, the Company was able to maintain the required covenants.

On 27 July 2014, the Company paid Baht 3,300 million for the redemption of the due debenture.

22. Convertible bond

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

On 8 October 2014, holder of convertible bond (Standard Chartered Private Equity Limited) sent a notification to the Company expressing the intention to exercise its right to convert 42,857,143 units of convertible bonds, at the conversion price of Baht 52.91 per share, or equivalent to 45,360,045 shares of the Company at the par value of Baht 1 each. The Company registered the additional paid-up capital of Baht 45,360,045 from the existing paid-up capital of Baht 1,147,593,829 to Baht 1,192,953,874 with the

Ministry of Commerce on 17 October 2014. The exercise of right to convert convertible bonds is in accordance with to the resolution of the Extraordinary General Meeting of the Company's shareholders on 2 September 2010.

Movements of the convertible bond account during the year ended 31 December 2014 and 2013 are summarised below.

| | (Unit: Thousand Baht) | |
|--|---|-----------|
| | Consolidated financial statements/ Separate financial statements | |
| | As at 31 December | |
| | 2014 | 2013 |
| Balance as at the beginning of year | 2,713,756 | 2,439,563 |
| Amortisation of issue cost of convertible bond | 5,582 | 6,473 |
| Unrealised (gain) loss on exchange rate | (226,158) | 267,720 |
| Conversion to ordinary shares | (2,493,180) | - |
| Balance as at the end of year | - | 2,713,756 |

23. Provision for long-term employee benefits

Long-term employee benefit expenses included in the profit or loss and the statement of financial position consist of the following:

| | (Unit: Thousand Baht) | | | |
|---|--------------------------------------|----------------|----------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| Current service cost | 146,705 | 133,742 | 32,555 | 30,708 |
| Interest cost | 93,396 | 77,035 | 12,260 | 10,958 |
| Long-term employee benefit expenses for the year | 240,101 | 210,777 | 44,815 | 41,666 |
| Line items under which such expenses are included in profit or loss | | | | |
| Cost of sales | 142,529 | 158,034 | 29,706 | 25,342 |
| Selling and administrative expenses | 97,572 | 52,743 | 15,109 | 16,324 |

The change in the present value of defined benefit obligation is as follows.

| | (Unit: Thousand Baht) | | | |
|--|--------------------------------------|------------------|----------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| Defined benefit obligation at beginning of year | 1,723,838 | 1,474,661 | 377,386 | 341,674 |
| Increase from investment in subsidiaries | 61,841 | 46,523 | - | - |
| Sale of investment in subsidiaries | - | (3,663) | - | - |
| Current service cost | 146,705 | 133,742 | 32,555 | 30,708 |
| Interest cost | 93,396 | 77,035 | 12,260 | 10,958 |
| Benefits paid during the year | (61,557) | (56,271) | (7,355) | (5,954) |
| Actuarial losses (gain) | (120,708) | 23,385 | - | - |
| Translation adjustment | (10,229) | 28,426 | - | - |
| Defined benefit obligation at | 1,833,286 | 1,723,838 | 414,846 | 377,386 |

end of year

Key actuarial assumptions used for the valuation are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|---------------|-------------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | (% per annum) | (% per annum) | (% per annum) | (% per annum) |
| Discount rate | 3.1 - 17.0 | 3.1 - 17.0 | 3.7 | 3.7 |
| Future salary increase rate (depending on age of employee) | 3.0 - 15.0 | 3.0 - 15.0 | 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 |

The amounts of defined benefit obligations and experience adjustments for the current year and the past four years are as follows:

| | (Unit: Thousand Baht) | | | |
|-----------|----------------------------|------------|--|------------|
| | Defined benefit obligation | | Obligated amount adjusted as a result of experience | |
| | Consolidated | Separate | Consolidated | Separate |
| | financial | financial | financial | financial |
| | statements | statements | statements | statements |
| Year 2014 | 1,833,286 | 414,846 | - | - |
| Year 2013 | 1,723,838 | 377,386 | - | - |
| 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 overseas subsidiary has a defined benefit plan as mentioned in Note 4.16. Long-term employee benefit expenses included in the profit or loss and the statement of financial position consist of the following:

| | (Unit: Thousand Baht) | |
|---|--------------------------------------|--------------|
| | Consolidated financial statements | |
| | 2014 | 2013 |
| Interest cost | 975 | 925 |
| Expected return on plan asset | 488 | 1,358 |
| Amortisation of net loss | 228 | 339 |
| Expenses recognition due to settlements | 7,673 | - |
| Long-term employee benefit expenses for the year | 9,364 | 2,622 |

| | (Unit: Thousand Baht) | |
|---|-----------------------|----------------|
| | Consolidated | |
| | financial statements | |
| | 2014 | 2013 |
| Defined benefit obligation | 8,860 | 21,100 |
| Fair value of plan assets | (10,521) | (26,932) |
| Provisions for long-term employee benefits | (1,661) | (5,832) |

The change in the present value of defined benefit obligation is as follows:

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------------|
| | Consolidated | |
| | financial statements | |
| | 2014 | 2013 |
| Defined benefit obligation at beginning of year | 21,100 | 29,421 |
| Interest cost | 975 | 925 |
| Benefits paid during the year | (1,402) | (1,512) |
| Actuarial loss (gain) | 2,982 | (9,225) |
| Translation adjustment | (40) | 1,491 |
| Curtailments | (14,755) | - |
| Defined benefit obligation at end of year | 8,860 | 21,100 |

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

| | (Unit: Thousand Baht) | |
|---|-----------------------|---------------|
| | Consolidated | |
| | financial statements | |
| | 2014 | 2013 |
| Fair value of plan assets at beginning of year | 26,932 | 27,188 |
| Expected return on plan assets | (1,886) | (555) |
| Benefits paid during the year | (1,398) | (1,512) |
| Settlements | (13,038) | - |
| Translation adjustments | (89) | 1,811 |
| Fair value of plan assets at end of year | 10,521 | 26,932 |

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

| | Consolidated financial statements | |
|-----------------|-----------------------------------|------|
| | 2014 | 2013 |
| | (%) | (%) |
| Debt securities | 100 | 100 |

Key actuarial assumptions used for the valuation are as follows:

| | Consolidated financial statements | |
|--|-----------------------------------|---------------|
| | 2014 | 2013 |
| | (% per annum) | (% per annum) |
| Discount rate | 4.9 | 4.9 |
| Expected long-term rate of return on plan assets | 8.0 | 8.0 |

The amounts of defined benefit obligations and experience adjustments for the current year and the past four years are as follows:

| | (Unit: Thousand Baht) | |
|-----------|-----------------------------------|---|
| | Defined benefit obligation | Obligated amount adjusted as a result of experience |
| | Consolidated financial statements | Consolidated financial statements |
| Year 2014 | (1,661) | (397) |
| Year 2013 | (5,832) | (6,675) |
| Year 2012 | 2,233 | 4,951 |
| Year 2011 | 39,679 | 998 |
| Year 2010 | 44,304 | (3,342) |

24. Share capital

Movements in the number of ordinary shares, the paid-up share capital and premium on ordinary shares are as follows:

| Description | Number | Amount |
|---|--------------------------------|-----------------|
| | of shares (Thousand shares) | (Thousand Baht) |
| <u>Registered share capital</u> | | |
| As at 1 January 2014 | 1,202,000 | 1,202,000 |
| Increase in number of ordinary shares due to change in par value | 3,606,000 | - |
| As at 31 December 2014 | 4,808,000 | 1,202,000 |

| Description | Number of shares (Thousand shares) | Amount (Thousand Baht) | Premium on ordinary shares (Thousand Baht) |
|--|--|---------------------------|---|
| <u>Issued and paid-up share capital</u> | | | |
| As at 1 January 2014 | 1,147,594 | 1,147,594 | 17,500,509 |
| Increase in capital from conversion of convertible bond | 45,360 | 45,360 | 2,447,820 |
| Increase in number of ordinary shares due to change in par value | 3,578,861 | - | - |
| As at 31 December 2014 | 4,771,815 | 1,192,954 | 19,948,329 |

On 24 December 2014, the Extraordinary Annual General Meeting of the Company's shareholders approved a change in a par value of the ordinary shares, from 1 ordinary share at the par value of Baht 1 to 4 ordinary shares at the par value of Baht 0.25 each. As a result, the number of the Company's registered share capital increased by 3,606,000,000 shares, from 1,202,000,000 shares to 4,808,000,000 shares and the number of the Company's issued and paid-up ordinary shares increased by 3,578,861,622 shares, from 1,192,953,874 shares to 4,771,815,496 shares. However, the Company's registered and issued and paid-up share capital shall remain unchanged at Baht 1,202,000,000 and Baht 1,192,953,874, respectively. The Company registered the increase in its registered share capital with the Ministry of Commerce on 25 December 2014.

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 aside.

26. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-------------|-------------------------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| Salaries and wages and other employee benefits | 10,882,279 | 11,551,506 | 2,333,423 | 2,315,994 |
| Depreciation | 2,310,607 | 2,023,149 | 369,982 | 402,290 |
| Amortisation | 207,477 | 210,242 | 1,284 | 464 |
| Rental expenses under operating lease agreements | 1,121,384 | 1,357,979 | 324,466 | 400,604 |
| Raw materials, consumables used and finished goods purchased | 89,983,532 | 65,581,917 | 14,546,514 | 17,319,639 |
| Changes in finished goods and work in progress | 229,823 | (2,682,394) | 367,302 | (411,593) |

27. Income tax

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------|-------------------------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| Current income tax: | | | | |
| Corporate income tax for the year | 773 | 530 | 47 | 189 |
| Adjustment in respect of income tax of previous year | 18 | 3 | 18 | - |
| Translation adjustment | 1 | - | - | - |
| Expense (income) in deferred income tax | 248 | (38) | 15 | 17 |
| Income tax expense reported in the statement of comprehensive income | <u>1,040</u> | <u>495</u> | <u>80</u> | <u>206</u> |

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Million Baht)

| | Consolidated | | Separate | |
|---|----------------------|--------|----------------------|-------|
| | financial statements | | financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| Accounting profit before income tax | 6,807 | 3,974 | 2,534 | 2,006 |
| Applicable tax rate | 10-35% | 10-35% | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 1,818 | 779 | 507 | 401 |
| Adjustment in respect of income tax of previous year | 18 | 12 | 18 | - |
| Tax effect of intercompany transactions | (5) | (9) | - | - |
| Tax effect for: | | | | |
| investment promotion (Note 28) | (629) | (248) | (160) | (56) |
| tax-exempt income and non-deductible expenses | (618) | (34) | (300) | (156) |
| Decrease in deferred tax assets | 324 | 42 | 6 | 19 |
| Increase (decrease) in deferred tax liabilities | 132 | (47) | 9 | (2) |
| Income tax expenses in the statement of comprehensive income | 1,040 | 495 | 80 | 206 |

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

(Unit: Million Baht)

| | Consolidated | | Separate | |
|--|----------------------|------|----------------------|------|
| | financial statements | | financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| Deferred tax assets | | | | |
| Unused tax loss | 137 | 465 | - | - |
| Tax effect of non-deductible expenses | | | | |
| Allowance for diminution in value of | | | | |
| Accounts receivable | 26 | 25 | 5 | 5 |
| Inventories | 154 | 189 | 3 | 2 |
| Asset value | 20 | 7 | 7 | 7 |
| Others | 35 | 77 | - | - |
| Provision for long-term employee benefits | 54 | 54 | 7 | 5 |
| Accrued liabilities | 125 | 191 | - | - |
| Inventory cost capitalisation | 243 | 268 | - | - |

| | | | | |
|--------|------------|--------------|-----------|-----------|
| Others | <u>2</u> | <u>53</u> | <u>3</u> | <u>12</u> |
| Total | <u>796</u> | <u>1,329</u> | <u>25</u> | <u>31</u> |

(Unit: Million Baht)

| | Consolidated | | Separate | |
|---------------------------------|----------------------|--------------|----------------------|-----------|
| | financial statements | | financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| Deferred tax liabilities | | | | |
| Depreciation and amortisation | 593 | 684 | 3 | 3 |
| Intangible assets | 3,959 | 4,197 | - | - |
| Prepaid expense | 1 | 15 | - | - |
| Other reserves | 201 | 227 | - | - |
| Surplus on revaluation of land | 301 | 321 | 45 | 45 |
| Others | 113 | 91 | 9 | - |
| Total | <u>5,168</u> | <u>5,535</u> | <u>57</u> | <u>48</u> |

As at 31 December 2014 the subsidiaries had unused tax losses totaling Baht 136 million (2013: Baht 156 million). No deferred tax assets have been recognised on these amounts as the subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The above deferred tax liabilities included the deferred tax liabilities of EUR 8 million or Baht 328 million from the appraised value of fair value of intangible assets as at acquisition date as discussed in Note 2.2.

28. Promotional privileges

The Company has been granted investment 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 investment promotional privileges by the Board of Investment to produce frozen seafood, processed and semi-processed food, processed animal foods 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 100% of investment capital exclusive of land and working capital for manufacturing frozen seafood and canned pet food, and for a period of 8 years for processed canned food or 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 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 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 five 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 ten years, commencing as from the date of first earning operating income.
- Permission to deduct 25 percent of the cost of public utilities, in addition to normal depreciation charges.

The Company's operating revenues for the year ended 31 December 2014 and 2013, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

| | Promoted operations | | Non-promoted operations | | Total | |
|-----------------------------|---------------------|------------|-------------------------|-----------|------------|------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues | | | | | | |
| Revenue from domestic sales | 3,052,997 | 2,233,880 | 819,948 | 1,563,181 | 3,872,945 | 3,797,061 |
| Revenue from export sales | 16,941,111 | 19,173,849 | 306,375 | 486,238 | 17,247,486 | 19,660,087 |
| Total revenues | 19,994,108 | 21,407,729 | 1,126,323 | 2,049,419 | 21,120,431 | 23,457,148 |

29. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the change in par value in accordance with the resolutions of the Extraordinary General Meeting of the Company's shareholders held on 24 December 2014, as discussed in Note 24. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares, as if such change had been occurred at the beginning of the earliest period reported.

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.

The following table sets forth the computation of basic and diluted earnings per share:

| Consolidated financial statements | | | | | |
|---|--------------------|---|------------------------------------|--------------------|----------------------|
| Profit for the year | | Weighted average number of ordinary shares | | Earnings per share | |
| 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| (Thousand Baht) | (Thousand Baht) | (Thousand Shares) | (Thousand Shares) (Restated) | (Baht) | (Baht) (Restated) |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of | | | | | |
| the parent | | | | | |
| 5,092 | 2,853 | 4,633 | 4,590 | 1.099 | 0.622 |
| Add: Interest expense from convertible bond | | | | | |
| recognised during the year, net of | | | | | |
| income tax | | | | | |
| 81 | 99 | - | - | | |
| Effect of dilutive potential ordinary shares | | | | | |
| Conversion of convertible bonds | | | | | |
| - | - | 139 | 181 | | |
| Diluted earning per share | | | | | |
| Profit of ordinary shareholders assuming | | | | | |
| the conversion of convertible bond to | | | | | |
| ordinary shares | | | | | |
| 5,173 | 2,952 | 4,772 | 4,771 | 1.084 | 0.619 |

| Separate financial statements | | | | | |
|-------------------------------|--------------------|---|------------------------------------|--------------------|----------------------|
| Profit for the year | | Weighted average number of ordinary shares | | Earnings per share | |
| 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| (Thousand Baht) | (Thousand Baht) | (Thousand Shares) | (Thousand Shares) (Restated) | (Baht) | (Baht) (Restated) |
| 2,454 | 1,800 | 4,633 | 4,590 | 0.530 | 0.392 |

Basic earnings per share

Profit attributable to equity holders of
the parent

There was no disclosure of diluted earnings per share in the separate financial statements for the years ended 31 December 2014 and 2013 since the effect of diluted earnings per share was antidilutive.

As at 31 December 2014, there was the conversion of all convertible bond as mentioned in Note 22.

30. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have two reportable segments as follows:

- Production and distribution of processed frozen and canned food products segment and
- Operation support and other business segments

The Company and its subsidiaries have no operating segments that have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. The Company measures segment performance based on operating profit or loss and total assets which on a same basis consistent with that used to measure operating profit or loss and total asset in the financial statements.

Transactions between operating segments on an arm's length basis are recorded in a manner similar to transactions with third parties.

Information regarding of the Company's and its subsidiaries' operation segments presented revenue profit and total assets/total liabilities for the years ended 31 December 2014 and 2013 is as follows:

(Unit: Thousand Baht)

| | For the year ended 31 December 2014 | | | | |
|--|--|--|---------------------------|---------------------|-----------------------------------|
| | Production and distribution of processed frozen and canned food products segment | Operation support and other business segment | Total reportable segments | Eliminations | Consolidated financial statements |
| Revenue from external customers | 128,831,462 | 4,974,650 | 133,806,112 | (12,403,756) | 121,402,356 |
| Inter-segment revenue | 5,573,050 | 2,982,408 | 8,555,458 | (8,555,458) | - |
| Interest income | 1,224,064 | 324 | 1,224,388 | (1,065,403) | 158,985 |
| Depreciation and amortisation | 2,193,722 | 314,592 | 2,508,314 | 9,770 | 2,518,084 |
| Interest expenses | 2,373,271 | 28,503 | 2,401,774 | (1,067,069) | 1,334,705 |
| Share of profits from associates and joint ventures | 45,561 | - | 45,561 | 116,847 | 162,408 |
| Income tax expenses | 957,142 | 90,807 | 1,047,949 | (8,198) | 1,039,751 |
| Segment profit | 6,594,462 | 462,489 | 7,056,951 | (1,965,371) | 5,091,580 |
| Segment total assets | | | | | |
| Investment in associates and joint ventures accounted for by the equity method | 17,569,111 | 438,600 | 18,007,711 | (16,086,406) | 1,921,305 |
| Additions to non-current assets other than financial instruments, deferred tax assets and net defined benefit assets | 1,295,395 | (39,718) | 1,255,677 | (130,816) | 1,124,861 |
| Segment total liabilities | 97,460,826 | 3,194,152 | 100,654,978 | (32,679,224) | 67,975,754 |
| | For the year ended 31 December 2013 | | | | |
| | Production and distribution of processed frozen and canned food products segment | Operation support and other business segment | Total reportable segments | Eliminations | Consolidated financial statements |
| Revenue from external customers | 122,631,876 | 5,536,837 | 128,168,713 | (15,356,119) | 112,812,594 |
| Inter-segment revenue | 4,194,038 | 3,194,827 | 7,388,865 | (7,388,865) | - |
| Interest income | 1,107,837 | 3,555 | 1,111,392 | (1,096,687) | 14,705 |
| Depreciation and amortization | 1,936,161 | 297,230 | 2,233,391 | - | 2,233,391 |
| Interest expenses | 2,640,751 | 39,265 | 2,680,016 | (1,125,293) | 1,554,723 |
| Share of profits from associates and joint ventures | 40,240 | - | 40,240 | 135,556 | 175,796 |
| Income tax expenses | 424,602 | 82,751 | 507,353 | (12,737) | 494,616 |
| Segment profit | 3,585,633 | 407,631 | 3,993,264 | (1,140,436) | 2,852,828 |
| Segment total assets | | | | | |
| Investment in associates and joint ventures accounted for by the equity method | 17,595,364 | 442,600 | 18,037,964 | (16,169,423) | 1,868,541 |
| Additions to non-current assets other than | 7,583,298 | 333,690 | 7,916,988 | (30,435,115) | 6,351,929 |

financial instruments, deferred tax assets
and net defined benefit assets

| | | | | | |
|---------------------------|------------|-----------|------------|--------------|------------|
| Segment total liabilities | 93,026,957 | 2,351,332 | 95,378,289 | (30,435,115) | 64,943,174 |
|---------------------------|------------|-----------|------------|--------------|------------|

Geographic information

Revenue from external customers is based on locations of the customers.

| | (Unit: Million Baht) | |
|---|----------------------|----------------|
| | 2014 | 2013 |
| Revenue from external customers | | |
| Thailand | 8,989 | 8,445 |
| The United States | 53,472 | 45,506 |
| Japan | 8,388 | 8,159 |
| European countries | 35,071 | 34,145 |
| Others | 15,482 | 16,558 |
| Total | <u>121,402</u> | <u>112,813</u> |
| Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets) | | |
| Thailand | 17,035 | 16,340 |
| United States | 2,147 | 2,692 |
| European countries | 32,972 | 32,165 |
| Others | 288 | 120 |
| Total | <u>52,442</u> | <u>51,317</u> |

Major customer information

For the years 2014 and 2013, the Company and its subsidiaries had no major customer with revenues of 10 percent or more of an entity's revenues.

31. Provident fund

The Company, its 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' funds are managed by Kasikorn Asset Management Co., Ltd. and TISCO Asset Management Co., Ltd.

During the year 2014, the Company and its local subsidiaries contributed approximately Baht 50 million (2013: Baht 67 million) to the funds.

32. Provision for changes in the value of pension fund

An overseas subsidiary has established a pension fund under which it matches participants' contributions under these plans at a rate of 50 percent of an employee's contribution up to a maximum of 6 percent of eligible compensation. The overseas subsidiary contributed USD 0.5 million to the fund in the year 2014 (2013: USD 0.4 million).

33. Dividends

Dividends declared in 2014 and 2013 consist of the following:

| Dividends | Approved by | Total dividends (Million Baht) | Dividend per share (Baht) |
|--|---|-----------------------------------|---------------------------------|
| Dividends on income for the period 1 July 2013 to 31 December 2013 | Annual General Meeting of the shareholders on 3 April 2014 | 1,021 | 0.89 |
| Interim dividends for 2014 | Board of Director's Meeting on 13 August 2014 | 1,377 | 1.20 |
| Total for 2014 | | <u>2,398</u> | |
| Dividends on income for the period 1 July 2012 to 31 December 2012 | Annual General Meeting of the shareholders on 10 April 2013 | 1,148 | 1.00 |
| Interim dividend for 2013 | Board of Director's Meeting on 13 August 2013 | 688 | 0.60 |
| Total for 2013 | | <u>1,836</u> | |

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2014 and 2013, the Company and its subsidiaries had capital commitments relating to the construction of factory buildings, warehouse, acquisition of machinery and equipment under the following agreements:

| | 2014 | 2013 |
|--|-----------------|------------------|
| Factory and warehouse construction agreements | Baht 78 million | Baht 130 million |
| Purchase of machinery and equipment agreements | Baht 44 million | Baht 22 million |
| | - | USD 2 million |
| | - | EUR 1 million |
| | - | CHF 3 million |

34.2 Operating and other service agreement commitments

As at 31 December 2014 and 2013, the Company and its subsidiaries had the following commitments:

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

| | | As at 31 December 2014 | | | |
|---|------|------------------------|---------------|-------------------|------------------|
| | | Payable within | | | Total |
| | | Less than 1 year | 1 to 5 years | More than 5 years | |
| Office rental and service agreements | Baht | 111 million | 250 million | 216 million | Baht 577 million |
| | EUR | 2 million | 8 million | 3 million | EUR 13 million |
| Land lease agreements | Baht | 1 million | 2 million | 1 million | Baht 4 million |
| | USD | 4 million | 9 million | - | USD 13 million |
| | EUR | 1 million | 1 million | 1 million | EUR 3 million |
| Vehicle lease agreements | Baht | 34 million | 23 million | - | Baht 57 million |
| | EUR | 1 million | 1 million | - | EUR 2 million |
| Machinery lease agreements | Baht | 3 million | 6 million | - | Baht 9 million |
| | - | - | USD 1 million | - | USD 1 million |
| Computer and copy machine lease agreements | Baht | 14 million | 12 million | - | Baht 26 million |
| Advisory agreements | Baht | 14 million | - | - | Baht 14 million |
| Computer program agreements | Baht | 1 million | - | - | Baht 1 million |
| Marketing and management service agreements | Baht | 10 million | 1 million | - | Baht 11 million |
| Internet network services agreements | Baht | 3 million | 3 million | - | Baht 6 million |
| Security service agreements | Baht | 2 million | - | - | Baht 2 million |
| Financial advisory service agreement | Baht | 3 million | - | - | Baht 3 million |

| | | As at 31 December 2013 | | | |
|---|------|------------------------|--------------|-------------------|------------------|
| | | Payable within | | | Total |
| | | Less than 1 year | 1 to 5 years | More than 5 years | |
| Office rental and service agreements | Baht | 94 million | 120 million | 42 million | Baht 256 million |
| | EUR | 1 million | 5 million | 2 million | EUR 8 million |
| Land lease agreements | Baht | 1 million | 1 million | 2 million | Baht 4 million |
| | USD | 4 million | 11 million | - | USD 15 million |
| | EUR | 1 million | 2 million | 1 million | EUR 4 million |
| Vehicle lease agreements | Baht | 34 million | 14 million | - | Baht 48 million |
| | EUR | 1 million | - | - | EUR 1 million |
| Machinery lease agreements | Baht | 2 million | - | - | Baht 2 million |
| | USD | 1 million | 1 million | - | USD 2 million |
| Computer and copy machine lease agreements | Baht | 10 million | 7 million | - | Baht 17 million |
| Advisory agreements | Baht | 42 million | - | - | Baht 42 million |
| Security service agreements | Baht | 1 million | - | - | Baht 1 million |
| Marketing and management service agreements | Baht | 6 million | - | - | Baht 6 million |
| Internet network service agreements | Baht | 1 million | - | - | Baht 1 million |

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

| | As at 31 December | | | |
|-------------------------|-------------------|-------------|--------------------|-------------|
| | 2014 | | 2013 | |
| The local subsidiary | - | | Baht 128.4 million | |
| The overseas subsidiary | USD | 1.9 million | USD | 1.9 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 end 2014 amounted to USD 1 million (2013: USD 1 million).

34.3 Guarantees

- a) As at 31 December 2014, there were outstanding bank guarantees of approximately Baht 30 million (2013: Baht 32 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 2014, there were outstanding bank guarantees of approximately Baht 82 million and USD 2 million (2013: Baht 95 million and USD 9 million) issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of business.
- c) A local subsidiary's board of directors approved the issuance of letter of Shareholder Undertaking of its overseas associate, stating that it shall be liable to pay the amount not exceeding USD 10 million if its two joint ventures are called for repayment to a financial institution in accordance with the credit facility guarantee agreement.
- d) As at 31 December 2014, a subsidiary issued corporate guarantees on behalf of the Company of Baht 61.2 million to a financial institution to secure credit facilities of its joint venture.

34.4 Litigation

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, but the Court declined to hear. Each party has subsequently filed motions and is currently awaiting the Judge's rulings. TUI is unable to predict the probable outcome of this matter. As such, TUI had no accrual expenses related to this matter as of 31 December 2014 and 2013.

35. Financial instruments

35.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, short-term investments, restricted bank deposits, trade receivables, loans, trade payables, 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's and its subsidiaries are exposed to credit risk primarily with respect to trade receivables 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's 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's 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 2014

| | 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) | | | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 22 | - | - | 2,098 | 3 | 2,123 | 0.10 - 2.12 |
| Short-term investment | 4,033 | - | - | - | - | 4,033 | 1.30 - 2.85 |
| Trade and other receivables | - | - | - | - | 15,404 | 15,404 | - |
| Short-term loans to other companies | 3 | - | - | - | 1 | 4 | 2.20 |
| Restricted bank deposits | 31 | - | - | 1 | 11 | 43 | 1.08 |
| Long-term loans to other companies | 5 | 17 | - | - | 7 | 29 | 3.70 - 5.00 |
| | <u>4,094</u> | <u>17</u> | <u>-</u> | <u>2,099</u> | <u>15,426</u> | <u>21,636</u> | |
| Financial liabilities | | | | | | | |
| Bank overdrafts and short-term loans | | | | | | | |
| from financial institutions | 16,686 | - | - | 9,401 | - | 26,087 | 1.40 - 3.64 |
| Trade and other payables | - | - | - | - | 10,725 | 10,725 | - |
| Short-term loans from associated | 53 | - | - | - | - | 53 | 1.95 |
| Long-term loans | 832 | 3,002 | - | 152 | - | 3,986 | 0.70 - 5.00 |
| Debentures | - | 9,088 | 7,087 | - | - | 16,175 | 3.58 - 5.18 |
| | <u>17,571</u> | <u>12,090</u> | <u>7,087</u> | <u>9,553</u> | <u>10,725</u> | <u>57,026</u> | |

Consolidated financial statement as at 31 December 2013

| | 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) | | | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 23 | - | - | 1,593 | 5 | 1,621 | 0.10 - 2.50 |
| Short-term investment | 1,594 | - | - | - | - | 1,594 | 3.05 |
| Trade and other receivables | - | - | - | - | 13,948 | 13,948 | - |
| Short-term loans to other companies | 3 | - | - | - | - | 3 | 2.62 |
| Restricted bank deposits | - | - | - | 11 | - | 11 | 1.22 |
| Long-term loans to other companies | 4 | 11 | - | - | - | 15 | 3.75 - 5.00 |
| | <u>1,624</u> | <u>11</u> | <u>-</u> | <u>1,604</u> | <u>13,953</u> | <u>17,192</u> | |
| Financial liabilities | | | | | | | |
| Bank overdrafts and short-term loans | | | | | | | |
| from financial institutions | 4,040 | 15,953 | - | 9,382 | - | 29,375 | 1.13 - 3.50 |
| Trade and other payables | - | - | - | - | 9,802 | 9,802 | - |
| Long-term loans | - | 9 | - | 4,213 | - | 4,222 | 4.68 |
| Debentures | 3,298 | 1,946 | 1,496 | - | - | 6,740 | 4.68 |
| Convertible bond | - | 2,714 | - | - | - | 2,714 | 5.00 |
| | <u>7,338</u> | <u>20,622</u> | <u>1,496</u> | <u>13,595</u> | <u>9,802</u> | <u>52,853</u> | |

Separate financial statement as at 31 December 2014

| | 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) | | | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | - | - | - | 11 | 1 | 12 | 0.10 - 0.50 |
| Short-term investment | 4,033 | - | - | - | - | 4,033 | 1.30 - 2.85 |
| Trade and other receivables | - | - | - | - | 3,528 | 3,528 | - |
| Short-term loans to subsidiaries | 1,632 | - | - | - | - | 1,632 | 1.46 - 2.80 |
| Long-term loans to subsidiaries | - | 1,309 | 23,609 | - | - | 24,918 | 1.08 - 4.00 |
| | <u>5,665</u> | <u>1,309</u> | <u>23,609</u> | <u>11</u> | <u>3,529</u> | <u>34,123</u> | |
| Financial liabilities | | | | | | | |
| Bank overdrafts and short-term loans | | | | | | | |
| from financial institutions | 8,890 | - | - | - | - | 8,890 | 2.14 - 2.20 |
| Trade and other payables | - | - | - | - | 1,963 | 1,963 | - |
| Long-term loans | 450 | 2,857 | - | - | - | 3,307 | 1.09 - 2.86 |
| Debentures | - | 9,088 | 7,087 | - | - | 16,175 | 3.58 - 5.18 |
| | <u>9,340</u> | <u>11,945</u> | <u>7,087</u> | <u>-</u> | <u>1,963</u> | <u>30,335</u> | |

Separate financial statement as at 31 December 2013

| | 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) | | | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | - | - | - | 68 | 1 | 69 | 0.10 - 2.50 |
| Short-term investment | 1,594 | - | - | - | - | 1,594 | 3.05 |
| Trade and other receivables | - | - | - | - | 3,368 | 3,368 | - |
| Short-term loans to subsidiaries | 80 | - | - | - | - | 80 | 3.00 - 3.40 |
| Long-term loans to subsidiaries | - | 652 | 18,101 | 5,836 | - | 24,589 | 1.44 - 5.50 |
| | <u>1,674</u> | <u>652</u> | <u>18,101</u> | <u>5,904</u> | <u>3,369</u> | <u>29,700</u> | |
| Financial liabilities | | | | | | | |
| Bank overdrafts and short-term loans | | | | | | | |
| from financial institutions | 3,682 | 7,791 | - | - | - | 11,473 | 2.42 |
| Trade and other payables | - | - | - | - | 1,594 | 1,594 | - |
| Long-term loans | - | - | - | 3,748 | - | 3,748 | 1.10 - 3.48 |
| Debentures | 3,298 | 1,946 | 1,496 | - | - | 6,740 | 4.68 |
| Convertible bond | - | 2,714 | - | - | - | 2,714 | 5.00 |
| | <u>6,980</u> | <u>12,451</u> | <u>1,496</u> | <u>3,748</u> | <u>1,594</u> | <u>26,269</u> | |

Interest rate swap transaction agreements

The details of the interest rate swap agreements outstanding as at 31 December 2014 and 2013 are as follows:

The Company

| As at 31 December 2014 and 2013 | | | | |
|---------------------------------|--|--|---------------------------------------|------------------|
| | 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 4.52% | 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 |

Subsidiaries

| As at 31 December 2014 | | | | |
|------------------------|------------------|---------------------------------------|---------------------------------------|------------------|
| | Principal amount | Interest Revenue Rate Swap agreements | Interest Expense Rate Swap agreements | Termination date |
| 1 | EUR 68 million | Floating rate 3-month EURIBOR | Fixed rate 2.70% | October 2017 |
| 2 | EUR 100 million | Floating rate 3-month EURIBOR | Fixed rate 2.73% | October 2017 |
| 3 | USD 80 million | Floating rate LIBOR | Fixed rate 1.85 - 2.55% | February 2016 |

| As at 31 December 2013 | | | | |
|------------------------|------------------|---------------------------------------|---------------------------------------|------------------|
| | Principal amount | Interest Revenue Rate Swap agreements | Interest Expense Rate Swap agreements | Termination date |
| 1 | EUR 88 million | Floating rate 3-month EURIBOR | Fixed rate 2.70% | October 2017 |
| 2 | EUR 123 million | Floating rate 3-month EURIBOR | Fixed rate 2.73% | October 2017 |
| 3 | USD 80 million | Floating rate LIBOR | Fixed rate 1.85 - 2.55% | February 2016 |

Cross Currency and Interest Rate Swap agreements

The Company

| As at 31 December 2014 | | | | | |
|------------------------|--|--|--|--|------------------|
| | 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 2,000 million | Fixed rate 1.78% | EUR 50 million | - | June 2015 |
| 2 | Baht 1,997 million | Floating rate 6-month THBFIX minus 1.75% | EUR 50 million | - | June 2017 |
| 3 | Baht 614 million | Floating rate 3-month THBFIX | USD 20 million | Floating rate 3-month LIBOR plus 0.20% | June 2016 |
| 4 | Baht 614 million | Floating rate 3-month THBFIX | USD 20 million | Fixed rate 1.54% | June 2018 |
| 5 | USD 14 million | Floating rate LIBOR plus 0.92% | Baht 442 million | Fixed rate 4.00% | July 2018 |
| 6 | USD 35 million | Floating rate LIBOR plus 0.92% | Baht 1,106 million | Fixed rate 3.62% | July 2017 |
| 7 | Baht 4,106 million | Fixed rate 2.32% | EUR 96.50 million | - | December 2019 |
| 8 | Baht 2,050 million | Floating rate 6-month THBFIX plus 1.26% | USD 50 million | Floating rate 3-month LIBOR plus 1.375% | October 2021 |
| 9 | Baht 1,647 million | Floating rate 6-month THBFIX plus 1.26% | USD 40 million | Floating rate 3-month LIBOR plus 1.375% | October 2021 |

| As at 31 December 2013 | | | | | |
|------------------------|--|--|--|---|------------------|
| | 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 674 million | Floating rate 3-month THBFIX plus 2.31% | USD 22 million | Floating rate 3-month LIBOR plus 3.00% | June 2014 |
| 2 | Baht 2,000 million | Fixed rate 1.78% | EUR 50 million | - | June 2015 |
| 3 | Baht 1,997 million | Floating rate 6-month THBFIX minus 1.75% | EUR 50 million | - | June 2017 |
| 4 | Baht 614 million | Floating rate 3-month THBFIX | USD 20 million | Floating rate 3-month LIBOR plus 0.20% | June 2016 |
| 5 | Baht 614 million | Floating rate 3-month THBFIX | USD 20 million | Fixed rate 1.54% | June 2018 |
| 6 | USD 14 million | Floating rate LIBOR plus 0.92% | Baht 442 million | Fixed rate 4.00% | July 2018 |
| 7 | USD 35 million | Floating rate LIBOR plus 0.92% | Baht 1,106 million | Fixed rate 3.62% | July 2017 |

Subsidiary

| As at 31 December 2014 and 2013 | | | | | |
|---------------------------------|---|---|---|------------------|------------------|
| | Currency and Interest Revenue Rate Swap agreement | | Currency and Interest Expense Rate Swap agreement | | Termination date |
| | Principal amount | Interest rate | Principal amount | Interest rate | |
| 1 | Baht 976 million | Floating rate 3-month THBFIX plus 2.94% | USD 32 million | Fixed rate 5.65% | March 2015 |

Foreign currency risk

The Company's 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 as at 31 December | | Financial liabilities as at 31 December | | Average exchange rate as at 31 December | |
|------------------|------------------------------------|-----------|---|-----------|---|--------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| USD | 416 | 634 | 82 | 74 | 32.92 | 32.76 |
| JPY | 215 | 276 | 380 | 576 | 0.27 | 0.31 |
| EUR | 599 | 506 | 1 | 61 | 40.00 | 44.96 |
| VND | - | 2,395 | - | - | 0.0016 | 0.0016 |
| NOK | - | - | 1 | - | 4.41 | - |

The Company and its subsidiaries have forward exchange contracts outstanding as summarised below.

| As at 31 December 2014 | | | | | | |
|------------------------|---------------|-------------|---------------------------|-------------|---------------------------|--|
| Foreign currency | Bought amount | Sold amount | Contractual exchange rate | | Contractual maturity date | |
| | | | Bought amount | Sold amount | | |
| | (Million) | (Million) | | | | |

The Company

| | | | | | |
|-----|----|-----|--------------------------------|--------------------------------|---------------------------|
| USD | 49 | 241 | 31.58 - 31.60 Baht against USD | 30.70 - 33.32 Baht against USD | January 2015 - July 2018 |
| JPY | - | 377 | - | 0.27 - 0.32 Baht against JPY | March 2015 - July 2015 |
| EUR | - | 574 | - | 39.94 - 48.45 Baht against EUR | April 2015 - October 2021 |

Subsidiaries

| | | | | | |
|-----|----|-----|----------------------|--------------------------------|------------------------------|
| USD | - | 281 | - | 32.08 - 33.47 Baht against USD | January 2015 - December 2015 |
| JPY | - | 252 | - | 0.27 - 0.28 Baht against JPY | April 2015 - June 2015 |
| USD | 21 | - | 0.80 EUR against USD | - | December 2015 |
| USD | 46 | - | 0.62 GBP against USD | - | December 2015 |
| EUR | 55 | - | 0.79 GBP against EUR | - | December 2015 |

As at 31 December 2013

| Foreign currency | Bought amount (Million) | Sold Amount (Million) | Contractual exchange rate | | Contractual maturity date |
|---------------------|-------------------------------|-----------------------------|---------------------------|--------------------------------|------------------------------|
| | | | Bought amount | Sold amount | |
| <u>The Company</u> | | | | | |
| USD | - | 182 | - | 29.80 - 33.25 Baht against USD | January 2014 - July 2018 |
| JPY | - | 190 | - | 0.31 - 0.32 Baht against JPY | March 2014 - July 2014 |
| EUR | - | 436 | - | 38.46 - 45.70 Baht against EUR | January 2014 - June 2017 |
| CNY | - | 306 | - | 5.22 Baht against CNY | July 2014 |
| <u>Subsidiaries</u> | | | | | |
| USD | - | 243 | - | 30.27 - 33.07 Baht against USD | January 2014 - December 2014 |
| JPY | - | 97 | - | 0.30 - 0.33 Baht against JPY | January 2014 - May 2014 |
| USD | 32 | - | 0.73 EUR against USD | - | December 2014 |
| EUR | 84 | - | 0.84 GBP against EUR | - | December 2014 |
| GBP | 37 | - | 0.62 GBP against USD | - | December 2014 |

As at 31 December 2014, the Company and its local subsidiaries had outstanding option agreements with special conditions with financial institutions under which they had obligations to sell amounts of between USD 10.6 million up to USD 23 million (2013: between USD 34 million up to USD 55 million), depending on conditions stipulated in the agreements, at rates of Baht 32.75 to Baht 33.50 per USD 1 (2013: at rates of Baht 29.80 to Baht 32.32 per USD 1). These agreements will terminate within June to November 2015 (2013: August 2014).

As at 31 December 2014 and 2013, 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 follows.

As at 31 December 2014

| Foreign currency | Bought amount (Million) | Sold amount (Million) | Contractual exchange rate | | Contractual maturity date |
|---------------------|-------------------------------|-----------------------------|---------------------------|-----------------------|------------------------------|
| | | | Bought amount | Sold amount | |
| EUR | 5 | 7.5 | 1.295 USD against EUR | 1.295 USD against EUR | December 2015 |

As at 31 December 2013

| Foreign currency | Bought amount (Million) | Sold amount (Million) | Contractual exchange rate | | Contractual maturity date |
|---------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
| | | | Bought amount | Sold amount | |
| EUR | 47.6 | 66.4 | 1.33 - 1.38 USD against EUR | 1.33 - 1.38 USD against EUR | February 2014 - December 2014 |
| GBP | 75.0 | 50.0 | 1.62 - 1.63 USD against GBP | 1.62 USD against GBP | July 2014 - December 2014 |

35.2 Fair values of financial instruments

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

The estimated fair value of debentures, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Million Baht)

| | As at 31 December 2014 | | As at 31 December 2013 | |
|------------|------------------------|------------|------------------------|------------|
| | Book value | Fair value | Book value | Fair value |
| Debentures | 16,200 | 16,845 | 6,750 | 6,857 |

The main purpose of issuing debentures is to finance the acquisition of MW Brands in 2010 by lending such money from TUF to its subsidiaries. It is the policy to finance long-term investment by long-term sources of funding and it is the strategy to finance from TUF where the cost of financing is lowest.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans to, accounts payable and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts and equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- c) For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- e) For derivatives, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

36. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure in order to support its business and maximise shareholder value. As at 31 December 2014, the Group's debt to equity ratio was 1.43:1 (2013: 1.50:1) and the Company's was 1.10:1 (2013: 1.11:1).

37. Events after the reporting period

The Company

On 27 February 2015, the meeting of the Company's Board of Directors No.1/2015 passed the following resolutions to be proposed to Annual General Meeting of the shareholders to be held in April 2015.

- Approved a resolution to pay a dividend of Baht 2,570 Million from its net operating profit of the year 2014, to the Company's shareholders. However, by the resolution of the meeting of the Company's Board of Directors No. 4/2014 held on 13 August 2014, the Company paid out the interim dividend payment of Baht 0.30 per share at the par value of Baht 0.25 for 4,590,375,316 issued and paid-up ordinary shares of the Company (or Baht 1.20 per share at the par value of Baht 1 each for 1,147,593,829 issued and paid-up ordinary shares of the Company) each from the six-month operating profit ended 30 June 2014, to the Company's shareholders totaling Baht 1,377 million on 10 September 2014. The remaining dividend is Baht 0.25 per share or totaling Baht 1,193 million for 4,771,815,496 issued and paid-up ordinary shares. The dividend will be paid on 21 April 2015.
- Approved the increase in credit limit for issuance of debentures of the Company and/or its subsidiaries from the amount of Baht 25,000 million, according to Section 8 of the Annual General Meeting of the Shareholders of 2014, to the amount up to Baht 40,000 million or the equivalent amount in other currencies, such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.
- Approved the decrease in the Company's registered share capital from Baht 1,202,000,000 (4,808,000,000 ordinary shares of Baht 0.25 each) to Baht 1,192,953,874 (4,771,815,496 ordinary shares of Baht 0.25 each), by canceling Baht 9,046,126 (36,184,504 ordinary shares of Baht 0.25 each) that had yet to be allocated, and the amendment Clause 4 of the Company's memorandum of association to be consistent with the reduction of the Company's registered share capital.

- Approved the increase in the Company's registered share capital by Baht 300,000,000, from Baht 1,192,953,874 to Baht 1,492,953,874 by issuing ordinary shares totaling 1,200,000,000 shares at a par value of Baht 0.25 per share, and the amendment of Clause 4 of the Company's memorandum of association to be consistent with the increase of the Company's registered share capital.
- Approval of the offering and allocation of up to 1,200,000,000 new ordinary shares with the following details:
 - a) Up to 1,200,000,000 new ordinary shares at a par value of Baht 0.25 per share will be offered and allocated to the Company's eligible existing shareholders, whose names are on the register book as of the date to be determined by the Company's Board of Directors, on a pro rata basis to their respective holdings (Preferential Public Offering).
 - b) In the case where there are new ordinary shares remaining unsubscribed after the allocation set out in Clause a) above, those remaining shares will be offered and allocated to investors, as the Company deems appropriate, on a private placement (the Private Placement Offering)

At its discretion, the Company may not consider allocating any new ordinary shares under Clause a) and b) to any subscribers if the offering or allocation may (a) result in a breach of foreign laws and regulations or (b) require the Company to comply with obligations in addition to regulatory and legal obligations already applicable to the offering or allocation of new ordinary shares under Thai laws, or (c) not be in compliance with the methods, rules or conditions of the allocation specified by the Company.

38. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's management on 27 February 2015.