

Thai Union Group Public Company Limited and its subsidiaries
(formerly known as “Thai Union Frozen Products Public
Company Limited”)
Report and consolidated financial statements
31 December 2015

Independent Auditor's Report

To the Shareholders of Thai Union Group Public Company Limited
(Formerly known as “Thai Union Frozen Products Public Company Limited”)

I have audited the accompanying consolidated financial statements of Thai Union Group Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, 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 Group 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 Group Public Company Limited and its subsidiaries and of Thai Union Group Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 23 February 2016

Thai Union Group Public Company Limited and its subsidiaries
(Formerly known as "Thai Union Frozen Products Public Company Limited")

Statement of financial position

As at 31 December 2015

(Unit: Baht)

| | Note | Consolidated financial statements | | | Separate financial statements | | |
|---|------|-----------------------------------|------------------------|------------------------|-------------------------------|-----------------------|-----------------------|
| | | 31 December 2015 | 31 December 2014 | 1 January 2014 | 31 December 2015 | 31 December 2014 | 1 January 2014 |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | 6 | 2,815,969,869 | 2,123,441,142 | 1,620,733,842 | 2,092,173,619 | 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 | 15,775,582,146 | 15,403,766,438 | 13,948,340,827 | 3,385,608,582 | 3,527,687,332 | 3,367,595,407 |
| Short-term loans to subsidiaries | 9 | - | - | - | 2,944,880,625 | 1,631,880,900 | 80,000,000 |
| Short-term loan to joint venture | 9 | 30,600,000 | - | - | - | - | - |
| Short-term loans to other companies | | 2,385,745 | 4,190,549 | 2,958,144 | - | - | - |
| Current portion of long-term loans to subsidiaries | 9 | - | - | - | 501,613,000 | 1,982,410,000 | 724,893,875 |
| Current portion of long-term loans to other companies | | 3,409,620 | 4,527,284 | 4,116,389 | - | - | - |
| Inventories | 10 | 35,180,216,247 | 37,517,574,734 | 36,917,346,432 | 3,445,749,847 | 4,103,171,547 | 5,019,971,420 |
| Other current assets | | | | | | | |
| Prepaid income tax | | 200,487,966 | 264,910,200 | 210,550,144 | 95,485,848 | 74,055,789 | 76,604,805 |
| Current portion of forward exchange contracts receivables | | 1,421,699,053 | 127,232,183 | 4,416,493 | 1,408,466,187 | 108,897,183 | 3,766,952 |
| Value added tax refundable | | 387,619,137 | 463,727,277 | 360,128,163 | 45,449,704 | 38,459,252 | 33,167,458 |
| Others | | 1,036,815,088 | 921,645,384 | 881,998,439 | 159,064,748 | 82,231,858 | 144,607,784 |
| Total other current assets | | 3,046,621,244 | 1,777,515,044 | 1,457,093,239 | 1,708,466,487 | 303,644,082 | 258,146,999 |
| Total current assets | | 56,854,784,871 | 60,863,899,549 | 55,544,308,873 | 14,078,492,160 | 15,593,769,243 | 11,113,517,703 |
| Non-current assets | | | | | | | |
| Restricted bank deposits | 11 | 9,983,887 | 43,431,894 | 11,093,803 | - | - | - |
| Investments in associates | 12 | 1,620,403,079 | 1,368,820,607 | 1,289,600,593 | 155,573,639 | 155,573,639 | 155,573,639 |
| Investments in subsidiaries | 13 | - | - | - | 18,562,950,364 | 16,500,073,014 | 16,442,429,520 |
| Investments in joint ventures | 14 | 469,889,247 | 552,484,252 | 578,939,615 | - | - | - |
| Other long-term investments | 15 | 33,686,516 | 30,592,384 | 33,919,431 | - | - | - |
| Long-term loans to subsidiaries - net of current portion | 9 | - | - | - | 20,495,059,740 | 22,936,080,058 | 23,863,646,852 |
| Long-term loans to other companies - net of current portion | | 15,950,852 | 23,979,691 | 10,871,831 | - | - | - |
| Property, plant and equipment | 16 | 23,072,327,144 | 23,051,729,809 | 21,472,833,289 | 4,256,304,626 | 4,261,711,074 | 4,188,048,894 |
| Goodwill | 17 | 13,001,066,071 | 13,078,776,785 | 12,791,945,754 | - | - | - |
| Other intangible assets | 17 | 14,394,958,593 | 14,197,193,924 | 14,696,284,206 | 206,178,308 | 21,081,546 | 4,445,278 |
| Other non-current assets | | | | | | | |
| Forward exchange contracts receivables - net of current portion | | 1,298,966,250 | 1,208,571,100 | 48,275,500 | 1,298,966,250 | 1,208,571,100 | 48,275,500 |
| Leasehold rights | | 29,304,047 | 30,186,252 | 204,929,425 | - | - | - |
| Advance payment for purchase of property, plant and equipment | | 134,946,550 | 14,952,190 | 97,089,256 | - | - | - |
| Deferred tax assets | 28 | 286,421,927 | 269,607,869 | 520,125,245 | - | - | - |
| Unamortised discount from forward exchange contracts | | 100,936,484 | 64,252,266 | 29,581,420 | 100,936,484 | 64,252,266 | 29,581,420 |
| Others | | 153,385,587 | 117,420,159 | 151,753,855 | 12,616,820 | 11,908,922 | 20,343,697 |
| Total non-current assets | | 54,622,226,234 | 54,051,999,182 | 51,937,243,223 | 45,088,586,231 | 45,159,251,619 | 44,752,344,800 |
| Total assets | | 111,477,011,105 | 114,915,898,731 | 107,481,552,096 | 59,167,078,391 | 60,753,020,862 | 55,865,862,503 |

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

Thai Union Group Public Company Limited and its subsidiaries

(Formerly known as “Thai Union Frozen Products Public Company Limited”)

Income statement

For the year ended 31 December 2015

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|--------|-----------------------------------|-----------------|-------------------------------|----------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | |
| Sales | 9, 29 | 125,182,812,344 | 121,402,355,983 | 19,343,117,154 | 21,120,430,731 |
| Cost of sales | | 105,681,840,827 | 102,381,913,425 | 16,961,791,064 | 18,906,905,243 |
| Gross profit | | 19,500,971,517 | 19,020,442,558 | 2,381,326,090 | 2,213,525,488 |
| Other income | | | | | |
| Dividend income | | 7,800 | 66,000 | 4,146,527,050 | 1,425,091,068 |
| Compensation received from accounts payables | | 56,737,401 | 93,966,801 | 40,624,754 | 60,885,919 |
| Interest income | | 70,470,868 | 158,984,967 | 797,765,758 | 1,154,634,703 |
| Tax coupon | | 161,043,524 | 147,726,605 | 19,532,192 | 15,649,358 |
| Exchange gains | | 1,011,971,581 | 283,681,557 | 928,820,801 | - |
| Others | | 420,873,274 | 644,010,272 | 166,184,949 | 391,360,603 |
| Total other income | | 1,721,104,448 | 1,328,436,202 | 6,099,455,504 | 3,047,621,651 |
| Profit before expenses | | 21,222,075,965 | 20,348,878,760 | 8,480,781,594 | 5,261,147,139 |
| Selling expenses | | 6,328,383,526 | 5,995,761,423 | 693,713,889 | 654,278,224 |
| Administrative expenses | | 6,387,402,264 | 6,035,104,026 | 1,708,314,115 | 1,143,381,720 |
| Total expenses | | 12,715,785,790 | 12,030,865,449 | 2,402,028,004 | 1,797,659,944 |
| Operating profit | | 8,506,290,175 | 8,318,013,311 | 6,078,753,590 | 3,463,487,195 |
| Finance cost | | (1,592,034,321) | (1,673,261,199) | (954,637,023) | (929,438,168) |
| Operating profit - net of finance cost | | 6,914,255,854 | 6,644,752,112 | 5,124,116,567 | 2,534,049,027 |
| Share of profit from investments in associates and joint ventures | 12, 14 | 335,951,025 | 162,408,003 | - | - |
| Profit before income tax expenses | | 7,250,206,879 | 6,807,160,115 | 5,124,116,567 | 2,534,049,027 |
| Income tax expenses | 28 | (1,332,020,701) | (1,039,750,579) | (73,799,926) | (80,008,549) |
| Profit for the year | | 5,918,186,178 | 5,767,409,536 | 5,050,316,641 | 2,454,040,478 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 5,302,467,697 | 5,091,579,693 | 5,050,316,641 | 2,454,040,478 |
| Non-controlling interests of the subsidiaries | | 615,718,481 | 675,829,843 | | |
| | | 5,918,186,178 | 5,767,409,536 | | |
| Earnings per share | 30 | | | | |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company | | 1.111 | 1.099 | 1.058 | 0.530 |
| Diluted earnings per share | | | | | |
| Profit attributable to equity holders of the Company | | 1.111 | 1.084 | 1.058 | 0.530 |

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

Thai Union Group Public Company Limited and its subsidiaries

(Formerly known as “Thai Union Frozen Products Public Company Limited”)

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-----------------|-------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Profit for the year | 5,918,186,178 | 5,767,409,536 | 5,050,316,641 | 2,454,040,478 |
| Other comprehensive income: | | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Exchange differences on translation of financial statements in foreign currencies | 472,902,562 | (1,170,118,887) | - | - |
| Gain on change in value of available-for-sale investments, net of income tax | 4,143,860 | 684,679 | - | - |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax | 477,046,422 | (1,169,434,208) | - | - |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Gain on change in the value of pension fund | 22,231,713 | 7,452,938 | - | - |
| Actuarial gain - net of income tax | 163,656,531 | 115,453,727 | 49,677,151 | - |
| Increase (decrease) in other reserves | 15,697,255 | (41,073,950) | - | - |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | 201,585,499 | 81,832,715 | 49,677,151 | - |
| Other comprehensive income for the year | 678,631,921 | (1,087,601,493) | 49,677,151 | - |
| Total comprehensive income for the year | 6,596,818,099 | 4,679,808,043 | 5,099,993,792 | 2,454,040,478 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 5,924,854,366 | 4,037,031,438 | 5,099,993,792 | 2,454,040,478 |
| Non-controlling interests of the subsidiaries | 671,963,733 | 642,776,605 | | |
| | 6,596,818,099 | 4,679,808,043 | | |

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

Thai Union Group Public Company Limited and its subsidiaries
(Formerly known as “Thai Union Frozen Products Public Company Limited”)

Cash flow statement

For the year ended 31 December 2015

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-----------------------|--------------------------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities | | | | |
| Profit before tax | 7,250,206,879 | 6,807,160,115 | 5,124,116,567 | 2,534,049,027 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities | | | | |
| Depreciation and amortisation | 2,684,153,811 | 2,518,083,960 | 370,960,385 | 371,265,403 |
| Amortisation of discount/premium from forward foreign exchange contracts | 10,026,026 | (207,443,862) | (878,919) | (202,793,062) |
| Amortisation of issue cost of convertible bond, debentures and long-term loans from financial institutions | 6,873,089 | 13,826,629 | 6,873,089 | 13,826,629 |
| Allowance for doubtful accounts (reversal) | 82,193,047 | 25,490,178 | 2,317,707 | (517,020) |
| Allowance for diminution in value of inventories (reversal) | (145,105,776) | 225,084,923 | 783,115 | (50,778,002) |
| Allowance for loss on impairment of assets | 533,100,174 | 15,564,374 | - | - |
| Reversal of allowance for loans to other companies | - | (10,000,000) | - | - |
| Share of profit from investments in associates and joint ventures | (335,951,025) | (162,408,003) | - | - |
| Loss on sale of other investments | - | 937,976 | - | - |
| Provision for long-term employee benefits | 232,473,871 | 173,577,426 | 48,073,735 | 44,814,600 |
| Loss on sale / write-off of property, plant and equipment and other intangible assets | 127,383,397 | 419,351,491 | 10,743,809 | 17,458,883 |
| Loss on write-off of leasehold right | - | 8,168,906 | - | - |
| Unrealised (gain) loss on exchange | (305,153,156) | (589,234,904) | 11,301,563 | (450,678,712) |
| Dividend income | (7,800) | (66,000) | (4,146,527,050) | (1,425,091,068) |
| Interest income | (70,470,868) | (158,984,967) | (797,765,758) | (1,154,634,703) |
| Interest expenses | 1,152,798,415 | 1,334,705,136 | 765,611,683 | 904,411,354 |
| Income from operating activities before change in operating assets and liabilities | 11,222,520,084 | 10,413,813,378 | 1,395,609,926 | 601,333,329 |
| Decrease (increase) in operating assets | | | | |
| Trade and other receivables | (65,205,398) | (834,784,634) | 120,821,045 | (137,277,552) |
| Inventories | 3,397,535,298 | (910,885,108) | 657,689,749 | 965,876,178 |
| Other current assets | 291,636,905 | (407,051,278) | (58,999,520) | (3,782,554) |
| Other non-current assets | (143,219,136) | 103,488,404 | (707,897) | 8,361,787 |
| Increase (decrease) in operating liabilities | | | | |
| Trade and other payables | 1,474,165,655 | 1,122,975,060 | 286,924,315 | 298,096,425 |
| Other current liabilities | (133,758,624) | 415,431,303 | 3,158,285 | 50,623,957 |
| Other non-current liabilities | (18,606,253) | 133,726,776 | 31,417,525 | (32,053,417) |
| Cash flows from operating activities | 16,025,068,531 | 10,036,713,901 | 2,435,913,428 | 1,751,178,153 |
| Cash paid for employee benefits | (79,955,998) | (62,955,392) | (15,346,152) | (7,355,122) |
| Cash paid for corporate income tax | (1,070,649,572) | (575,345,269) | (116,991,381) | (159,252,088) |
| Net cash from operating activities | 14,874,462,961 | 9,398,413,240 | 2,303,575,895 | 1,584,570,943 |

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

Thai Union Group Public Company Limited and its subsidiaries
(Formerly known as “Thai Union Frozen Products Public Company Limited”)

Cash flow statement (continued)

For the year ended 31 December 2015

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|------------------------|-------------------------------|------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from investing activities | | | | |
| Decrease (increase) in restricted deposits with financial institutions | 31,709,003 | (35,861,266) | - | - |
| Decrease (increase) in short-term investments | 4,043,821,714 | (2,450,091,607) | 4,043,811,607 | (2,450,091,606) |
| Acquisitions of property, plant and equipment | (2,935,888,792) | (3,253,787,291) | (360,109,250) | (465,881,332) |
| Acquisitions of intangible assets | (255,872,231) | (29,837,546) | (189,515,328) | - |
| Acquisitions of leasehold rights | (4,058,960) | (19,812,887) | - | - |
| Increase in short-term loans to subsidiaries | - | - | (1,299,398,542) | (1,554,090,000) |
| Increase in short-term loan to joint venture | (30,600,000) | - | - | - |
| Decrease (increase) in short-term loans to other companies | 1,799,245 | (1,232,405) | - | - |
| Decrease (increase) in long-term loans to subsidiaries | - | - | 3,834,940,653 | (2,787,517,254) |
| Decrease (increase) in long-term loans to other companies | 9,095,056 | (3,458,029) | - | - |
| Increase in investments in subsidiaries | (2,062,877,350) | (3,202,751,645) | (2,062,877,350) | (57,643,494) |
| Increase in investments in joint ventures | - | (8,075,000) | - | - |
| Increase in other long-term investments | (2,041,742) | (170,588) | - | - |
| Interest received | 94,953,440 | 162,053,466 | 826,684,278 | 1,144,873,911 |
| Dividend received | 91,999,257 | 94,852,028 | 4,146,527,050 | 1,425,091,068 |
| Cash paid for asset acquisition | (322,435,421) | - | - | - |
| Proceeds from sale of other long-term investments | 4,188,450 | 3,317,694 | - | - |
| Proceeds from disposal of property, plant and equipment and other intangible assets | 10,988,176 | 67,547,591 | 3,320,388 | 4,074,843 |
| Net cash from (used in) investing activities | (1,325,220,155) | (8,677,307,485) | 8,943,383,506 | (4,741,183,864) |
| Cash flows from financing activities | | | | |
| Decrease in bank overdrafts and short-term loans from financial institutions | (7,550,203,719) | (3,566,618,913) | (5,218,389,079) | (2,583,752,078) |
| Dividend paid | (2,719,988,484) | (2,398,142,023) | (2,719,988,484) | (2,398,142,023) |
| Increase in short-term loans from subsidiaries | - | - | 32,600,000 | - |
| Increase in short-term loans from associate | 8,200,000 | 52,700,000 | - | - |
| Decrease in long-term loans from financial institutions | (877,825,666) | (610,076,456) | (450,000,000) | (450,000,000) |
| Cash paid for deferred financial fee | - | (21,785,825) | - | (21,785,825) |
| Cash paid for redemption of debentures | - | (3,300,000,000) | - | (3,300,000,000) |
| Cash received from issuance of debentures | - | 12,750,000,000 | - | 12,750,000,000 |
| Cash paid for interest expenses | (1,234,160,133) | (1,231,841,983) | (780,774,422) | (853,616,861) |
| Cash paid for finance lease | (176,124,835) | (136,241,222) | (30,324,821) | (43,189,270) |
| Decrease in non-controlling interests of the subsidiaries | (655,386,537) | (651,982,101) | - | - |
| Net cash from (used in) financing activities | (13,205,489,374) | 886,011,477 | (9,166,876,806) | 3,099,513,943 |
| Increase (decrease) in translation adjustment | 348,775,295 | (1,104,409,932) | - | - |
| Net increase (decrease) in cash and cash equivalents | 692,528,727 | 502,707,300 | 2,080,082,595 | (57,098,978) |
| Cash and cash equivalents at beginning of year | 2,123,441,142 | 1,620,733,842 | 12,091,024 | 69,190,002 |
| Cash and cash equivalents at end of year (Note 6) | 2,815,969,869 | 2,123,441,142 | 2,092,173,619 | 12,091,024 |

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

Thai Union Group Public Company Limited and its subsidiaries
(Formerly known as “Thai Union Frozen Products Public Company Limited”)
Cash flow statement (continued)
For the year ended 31 December 2015

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------|--------------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Supplemental cash flows information | | | | |
| Non-cash items: | | | | |
| Undue installments for acquisition of property, plant and equipment | 164,823,605 | 169,401,318 | 38,105,172 | 27,793,599 |
| Unrealised gain on changes in the value of investments in available-for-sale securities - net of income tax | (4,143,860) | (684,679) | - | - |
| Transfer of property, plant and equipment to other assets | - | 9,897,312 | - | - |
| Transfer of property, plant and equipment to other intangible assets | (104,871,207) | 182,747,374 | - | 17,920,203 |
| Transfer of leasehold right to property, plant and equipment | - | 214,530,498 | - | - |
| Dividend payable | 5,136,022 | 5,071,030 | 1,460,691 | 1,460,342 |
| Acquisition of equipment under finance lease agreements | 49,679,412 | 13,663,768 | 5,637,101 | - |
| Conversion of convertible bond to ordinary share | - | 2,493,180,000 | - | 2,493,180,000 |
| Change from investment in associate to investment in joint venture | - | 30,304,742 | - | - |

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

Thai Union Group Public Company Limited and its subsidiaries
(Formerly known as "Thai Union Frozen Products Public Company Limited")
Statement of changes in shareholders' equity
For the year ended 31 December 2015

(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 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, 25) | 45,360,045 | 2,447,819,955 | - | - | - | - | - | - | - | - | - | 2,493,180,000 | - | 2,493,180,000 |
| Increase in proportion of investments in subsidiaries (Note 13) | - | - | - | - | - | - | - | - | - | (2,857,972) | (2,857,972) | (2,857,972) | (52,580,687) | (55,438,659) |
| Dividend paid (Note 33) | - | - | - | (2,398,349,346) | - | - | - | - | - | - | - | (2,398,349,346) | (599,401,414) | (2,997,750,760) |
| Balance as at 31 December 2014 | 1,192,953,874 | 19,948,328,826 | 120,200,000 | 21,526,719,737 | 363,603,593 | (6,033,648) | (22,231,713) | 604,591,494 | (25,517,901) | (37,231,450) | 877,180,375 | 43,665,382,812 | 3,801,524,407 | 47,466,907,219 |
| Balance as at 1 January 2015 | 1,192,953,874 | 19,948,328,826 | 120,200,000 | 21,526,719,737 | 363,603,593 | (6,033,648) | (22,231,713) | 604,591,494 | (25,517,901) | (37,231,450) | 877,180,375 | 43,665,382,812 | 3,801,524,407 | 47,466,907,219 |
| Profit for the year | - | - | - | 5,302,467,697 | - | - | - | - | - | - | - | 5,302,467,697 | 615,718,481 | 5,918,186,178 |
| Other comprehensive income for the year | - | - | - | 159,135,508 | 421,178,333 | 4,143,860 | 22,231,713 | - | 15,697,255 | - | 463,251,161 | 622,386,669 | 56,245,252 | 678,631,921 |
| Total comprehensive income for the year | - | - | - | 5,461,603,205 | 421,178,333 | 4,143,860 | 22,231,713 | - | 15,697,255 | - | 463,251,161 | 5,924,854,366 | 671,963,733 | 6,596,818,099 |
| Increase in proportion of investments in subsidiaries (Note 13) | - | - | - | - | - | - | - | - | - | (1,082,809,000) | (1,082,809,000) | (1,082,809,000) | - | (1,082,809,000) |
| Decrease in non-controlling interest from change in investment in subsidiary (Note 13) | - | - | - | - | - | - | - | - | - | - | - | - | (980,068,350) | (980,068,350) |
| Statutory reserve (Note 26) | - | - | 29,095,387 | (29,095,387) | - | - | - | - | - | - | - | - | - | - |
| Dividend paid (Note 33) | - | - | - | (2,719,934,833) | - | - | - | - | - | - | - | (2,719,934,833) | (655,386,537) | (3,375,321,370) |
| Balance as at 31 December 2015 | 1,192,953,874 | 19,948,328,826 | 149,295,387 | 24,239,292,722 | 784,781,926 | (1,889,788) | - | 604,591,494 | (9,820,646) | (1,120,040,450) | 257,622,536 | 45,787,493,345 | 2,838,033,253 | 48,625,526,598 |

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

Thai Union Group Public Company Limited and its subsidiaries
(Formerly known as “Thai Union Frozen Products Public Company Limited”)

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2015

(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 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, 25) | 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 | 1,192,953,874 | 19,948,328,826 | 120,200,000 | 7,566,721,542 | 179,589,529 | 179,589,529 | 29,007,793,771 |
| Balance as at 1 January 2015 | 1,192,953,874 | 19,948,328,826 | 120,200,000 | 7,566,721,542 | 179,589,529 | 179,589,529 | 29,007,793,771 |
| Profit for the year | - | - | - | 5,050,316,641 | - | - | 5,050,316,641 |
| Other comprehensive income for the year | - | - | - | 49,677,151 | - | - | 49,677,151 |
| Total comprehensive income for the year | - | - | - | 5,099,993,792 | - | - | 5,099,993,792 |
| Statutory reserve (Note 26) | - | - | 29,095,387 | (29,095,387) | - | - | - |
| Dividend paid (Note 33) | - | - | - | (2,719,934,833) | - | - | (2,719,934,833) |
| Balance as at 31 December 2015 | 1,192,953,874 | 19,948,328,826 | 149,295,387 | 9,917,685,114 | 179,589,529 | 179,589,529 | 31,387,852,730 |
| | - | - | - | - | - | - | - |

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

Thai Union Group Public Company Limited and its subsidiaries
(Formerly known as “Thai Union Frozen Products Public Company Limited”)
Notes to consolidated financial statements
For the year ended 31 December 2015

1. General information

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

On 16 September 2015, the Extraordinary General Meeting of the Company’s shareholders, approved the change of the Company’s name from “Thai Union Frozen Products Public Company Limited” to “Thai Union Group Public Company Limited”. The Company registered the change of its name with the Ministry of Commerce on 17 September 2015.

The Company operates its business in Thailand and its subsidiaries operate their businesses in Thailand and overseas countries. 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 consist of the following. The subsidiaries in the United States are the manufacturer and distributor of 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, the United States and Australia under their trademarks. A subsidiary in Asia is the manufacturer and distributor of seafood in Vietnam.

In addition, during the current year, the overseas subsidiary acquired certain assets of Orion Seafood International as described in Note 2.2. Their principal activities are the distribution of lobster products and other marine animals across the United States. Its head office is located in the United States.

The Company’s registered address is 72/1 Moo 7, Sethakit 1 Road, Tambon Tarsrai, Amphur Muang, Samutsakorn. The Company has 11 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. In 2015, the Company has changed the presentation format of income statement from the single-step income statement to the multi-step income statement.

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 Group Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|--|--------------------------|----------------------------|-----------------|
| | | | 2015 Percent | 2014 Percent |
| <u>Held by the Company</u> | | | | |
| Thai Union Manufacturing Co., Ltd. | Manufacturer & exporter of canned tuna and pet food | Thailand | 99.66 | 90.08 |
| Songkla Canning Pcl. | Manufacturer & exporter of canned seafood | Thailand | 99.55 | 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 | 98.00 |
| Thai Union North America, Inc. (TUNA) (formerly known as “Thai Union International, Inc. (TUI)”) | Holding company | USA | 100.00 | 100.00 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|---|---|--------------------------|----------------------------|---------|
| | | | 2015 | 2014 |
| | | | Percent | Percent |
| 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 | 77.44 |
| <u>Held by subsidiaries</u> | | | | |
| Tri-Union Seafoods, LLC (100% held by TUNA) | Manufacturer & distributor of canned tuna and seafood | USA | 100.00 | 100.00 |
| Tri-Union Frozen Products, Inc. (TUIFP) (82% held by TUNA) | Importer and distributor of frozen seafood | USA | 82.00 | 82.00 |
| US Pet Nutrition, LLC (USPN) (99% held by TUNA 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 | 90.09 | 81.85 |
| Yueh Chyang Canned Food Co., Ltd. (51% held by Songkla Canning Pcl.) | Manufacturer & distributor of canned tuna and seafood | Vietnam | 50.77 | 46.12 |
| Thai Union EU Seafood 1 S.A. (100% held by TUIH) | Holding company | Luxembourg | 100.00 | 100.00 |
| Thai Union France Holding 2 SAS (TUFH) (100% held by Thai Union EU Seafood 1 S.A.) | Holding company | France | 100.00 | 100.00 |
| Thai Union Europe (formerly known as "MW Brands SAS") (100% held by Thai Union France Holding 2 SAS) | Headquarters activity | France | 100.00 | 100.00 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|---|--|--------------------------|----------------------------|---------|
| | | | 2015 | 2014 |
| | | | Percent | Percent |
| MW Brands Seychelles Limited (100% held by Thai Union Europe) | Exporter of canned tuna | Seychelles | 100.00 | 100.00 |
| Etablissements Paul Paulet SAS (100% held by Thai Union Europe) | Manufacturer, importer, distributor and exporter of canned seafood | France | 100.00 | 100.00 |
| European Seafood Investment Portugal (74% held by Thai Union Europe and 26% held by Thai Union France Holding 2 SAS) | Manufacturer and exporter of canned sardines and mackerel | Portugal | 100.00 | 100.00 |
| Pioneer Food Cannery Limited (100% held by Etablissements Paul Paulet SAS) | Manufacturer of canned tuna | Ghana | 100.00 | 100.00 |
| Mareblu SRL (74% held by Thai Union Europe 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 Thai Union Europe) | Holding company | United Kingdom | 100.00 | 100.00 |
| Indian Ocean Tuna Limited (60% held by Thai Union Europe) | 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 Thai Union Europe) | 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 | 77.44 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|---|--------------------------|----------------------------|-----------------|
| | | | 2015 Percent | 2014 Percent |
| Okeanos Food Co., Ltd. (100% held by Pakfood Pcl.) | Manufacturer & distributor of frozen foods & aquatic animal | Thailand | 77.44 | 77.44 |
| Okeanos Co., Ltd. (100% held by Pakfood Pcl.) | Dormant | Thailand | 77.44 | 77.44 |
| Takzin Samut Co., Ltd. (100% held by Pakfood Pcl.) | Dormant | Thailand | 77.44 | 77.44 |
| EUROPEENNE DE LA MER SAS** (100% held by Thai Union France Holding 2 SAS) | Holding company | France | 100.00 | 100.00 |
| MERINVEST SAS** (100% held by EUROPEENNE DE LA MER SAS) | Holding company | France | - | 100.00 |
| MERALLIANCE ARMORIC SAS (100% held by EUROPEENNE DE LA MER SAS) | Manufacturer of smoked salmon | France | 100.00 | 100.00 |
| IMSAUM SCI (100% held by EUROPEENNE DE LA MER SAS) | Property rental | France | 100.00 | 100.00 |
| MERALLIANCE SAS (100% held by EUROPEENNE DE LA MER SAS) | Distributor of smoked salmon | France | 100.00 | 100.00 |
| MERALLIANCE LOGISTIC (100% held by EUROPEENNE DE LA MER SAS) | Logistic company | France | 100.00 | 100.00 |
| MERALLIANCE POLAND (100% held by EUROPEENNE DE LA MER SAS) | Manufacturer of smoked salmon | Poland | 100.00 | 100.00 |
| ARMORIC NORWAY (100% held by EUROPEENNE DE LA MER SAS) | Holding company | Norway | 100.00 | 100.00 |
| NACO TRADING (100% held by ARMORIC NORWAY) | Distributor of salmon | Norway | 100.00 | 100.00 |
| ESCO (100% held by EUROPEENNE DE LA MER SAS) | Manufacturer and distributor of smoked salmon | Scotland | 100.00 | 100.00 |
| ARMORIC USA (100% held by EUROPEENNE DE LA MER SAS) | Dormant | USA | 100.00 | 100.00 |
| Thai Union Norway AS (100% held by Thai Union EU Seafood 1 S.A.) | Holding company | Norway | 100.00 | 100.00 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|---|---|--------------------------|----------------------------|-----------------|
| | | | 2015 Percent | 2014 Percent |
| King Oscar Holding AS (100% held by Thai Union Norway AS) | Holding company | Norway | 100.00 | 100.00 |
| King Oscar AS (100% held by King Oscar Holding AS) | Manufacturer and distributor of canned seafood | Norway | 100.00 | 100.00 |
| King Oscar Inc. (100% held by King Oscar AS) | Importer and distributor of canned seafood | USA | 100.00 | 100.00 |
| Norway Foods Europe b.v. (100% held by King Oscar AS) | Importer and distributor of canned seafood | Belgium | 100.00 | 100.00 |
| Norway Foods AS (100% held by King Oscar AS) | Importer and distributor of canned seafood | Norway | 100.00 | 100.00 |
| Thai Union Poland Sp. Z.o.o.* (100% held by Thai Union EU Seafood 1 S.A.) | Holding company | Poland | 100.00 | 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 |
| Tri-Union Frozen Products North America, LLC (100% held by TUFPP) | Holding company | USA | 82.00 | - |
| Tri-Union Frozen Products Canada, ULC (100% held by TUFPP) | Technical service provider | Canada | 82.00 | - |

* King Oscar Poland Sp. Z.o.o. was merged with Thai Union Poland Sp. Z.o.o.

** MERINVEST SAS was merged with EUROPEENNE DE LA MER SAS

In 2014, 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. During the fourth quarter of the year 2015, TUFH obtained these appraisals of the tangible assets from third party. The appraisal value immaterially differs from their fair value as of the acquisition date. The Company therefore has not adjusted the value of goodwill.

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

| | (Unit: Million Baht) | |
|---|----------------------|----------------|
| | Fair value | Net book value |
| 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 |
| Total assets | 2,826 | 2,398 |
| Liabilities | | |
| Short-term loans from financial institutions | 586 | 586 |
| Trade accounts payables | 653 | 653 |
| Long-term loans | 202 | 202 |
| Deferred tax liabilities (Note 28) | 168 | 35 |
| Other liabilities | 465 | 465 |
| Total liabilities | 2,074 | 1,941 |
| Net asset value | 752 | 457 |
| Equity of the Company (%) | 100 | |
| Net asset value attributable to the company's investment | 752 | |
| Positive goodwill | 866 | |
| Purchase price | 1,618 | |
| Less: Cash and cash equivalents of subsidiaries | (233) | |
| Net cash paid for purchase of subsidiaries | 1,385 | |

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) |
| Goodwill | 866 |

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

In 2014, Thai Union EU Seafood 1 S.A., a company registered in Luxembourg, 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. During the fourth quarter of the year 2015, TU Norway obtained these appraisals of the tangible assets from third party. The appraisal value immaterially differs from their fair value as of the acquisition date. The Company therefore has not adjusted the value of goodwill.

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 28) | 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 | 1,818 | |

Details of acquisition of King Oscar are as follows.

(Unit: Million Baht)

Purchase price

| | |
|-----------------------------------|------------|
| Cash paid | 1,832 |
| Fair value of net assets received | (999) |
| 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 current year, Tri-Union Frozen Products, Inc. (TUFPP), a company registered in the United States, entered into an Asset Purchase Agreement to acquire certain assets of Orion Seafood International (Orion), a company registered in the United States of America. Tri-Union Frozen Products North America, LLC and Tri-Union Frozen Products Canada, ULC were formed to consummate the transaction. Such company has recorded the assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price over the fair value of the assets acquired has been recorded as goodwill. During the fourth quarter of the current year, TUFPP completed the assessment of fair value of tangible assets and allocation of goodwill in December 2015.

Details of the fair values of assets of Orion Seafood International and their net book values, are as follows:

(Unit: Million Baht)

| | <u>Fair value</u> | <u>Net book value</u> |
|--|-------------------|-----------------------|
| Assets | | |
| Inventories | 18 | 18 |
| Property, plant and equipment, net (Note 16) | 32 | 32 |
| Intangible assets (Note 17) | 156 | - |
| Other assets | 2 | 2 |
| Total assets | <u>208</u> | <u>52</u> |
| Net asset value | 208 | <u>52</u> |
| Positive goodwill | <u>114</u> | |
| Net cash paid for purchase of assets | <u>322</u> | |

Details of assets acquisition of Orion Seafood International are as follows.

(Unit: Million Baht)

Purchase price

| | |
|-----------------------------------|------------|
| Cash paid | 322 |
| Fair value of net assets received | (208) |
| Goodwill | <u>114</u> |

During the third quarter of the year 2015, King Oscar Poland Sp. Z.o.o. was liquidated and merged with Thai Union Poland Sp. Z.o.o. The merger was effectuated by means of the transfer of all assets and liabilities of King Oscar Poland Sp. Z.o.o., to Thai Union Poland Sp. Z.o.o. There is no effect to profits or loss on the Company's consolidated financial statements from the merger.

During the fourth quarter of the year 2015, MERINVEST SAS was merged with EUROPEENNE DE LA MER SAS. The merger was effectuated by means of the transfer of all assets and liabilities of MERINVEST SAS to EUROPEENNE DE LA MER SAS. There is no effect to profits or loss on the Company's consolidated financial statements from the merger.

During the fourth quarter of the year 2015, the Company jointly established a company with Savola Foods Company, which is a large manufacturer of consumer goods in the Middle East, in order to market and distribute all seafood products of the Company. The newly established company is named Seafood International One FZCO, and the Company holds a 60 percent interest. As at 31 December 2015, share capital has not yet been called-up and Seafood International One FZCO has not yet commenced its operation.

- b) The Company is deemed to have control over an investee or subsidiaries 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.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) 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 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.

- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - g) 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 statements of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

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 year

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or 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 recognise actuarial gains and losses immediately in other comprehensive income. In addition, the subsidiaries have changed the recognition of the return on plan assets in profit or loss calculated by using the return rate on plan assets to calculate using the same rate as the discount rate for applying the post-employment benefit obligation. This change does not have any significant impact on the Company's and its subsidiaries' financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated 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 investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any 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 investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the financial statements since the Company and its subsidiaries already apply the equity method to account for the investment in a joint venture.

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 on the financial statements of the Company and its subsidiaries.

IFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. 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 effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised financial reporting standards will not have any significant impact on the financial statements when it is initially applied except for TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant. The management of the Company is evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

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 on an accrual basis 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, packaging and spareparts are value at the lower of average cost and net realisable value and are changed to production costs whenever consumed.

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 investments, 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, joint ventures and associates are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

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 to their fair values. 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 building improvement | - | 5 - 40 | years |
| Machinery and equipment | - | 3 - 20 | years |
| Furniture and fixtures | - | 3 - 20 | years |
| Motor vehicles | - | 3 - 20 | years |

No depreciation is provided for land and assets under installation and under construction.

Equipment under a capital lease is stated at the lower of the fair value and 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 |
| License | - 3, 5, 10 years |
| Computer software | - 3, 5, 10 years |
| Customer relationship | - 10 years |
| Distributor relationship | - 7, 14, 20 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 associated companies 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 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 shorter of the useful life of the assets and the lease period.

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 and other long-term employee 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 and other long-term employee benefits

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

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

The liabilities under the defined benefit plan consist of the present value of the defined benefit obligation less fair value of plan assets.

Net interest recognised in profit or loss consists of the interest cost on the defined benefit obligation net with the interest income on plan assets which calculated using the same rate as the discount rate applying for the post-employment benefit obligation.

Actuarial gains and losses from determining the measurement of the defined benefit obligation and return of plan assets net from interest income on plan assets are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

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 shareholders' 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.

Cross currency swap agreements

Payables and receivables arising from cross currency swap agreements are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in profit or loss.

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. Unrecognised gains and losses from the translation are included in determining income.

4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgements 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 judgement 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 judgements and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

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 judgement of the management.

Property plant and equipment/Depreciation

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

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

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

Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets 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 judgement 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 | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash | 15,540 | 2,781 | 768 | 504 |
| Bank deposits | 2,800,430 | 2,120,660 | 2,091,406 | 11,587 |
| Total | <u>2,815,970</u> | <u>2,123,441</u> | <u>2,092,174</u> | <u>12,091</u> |

As at 31 December 2015, bank deposits in savings accounts and fixed accounts carried interests between 0.05% and 1.75% per annum (2014: between 0.10% and 2.12% per annum).

7. Short-term investments

As at 31 December 2014, the Company had fixed deposits at financial institutions totaling Baht 2,000 million and USD 62 million (2015: None). The fixed deposits carried interest at the rates from 1.30% and 2.85% per annum and were due for withdrawal in April 2015.

8. Trade and other receivables

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|-------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| <u>Trade receivables - related parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 70,037 | 69,936 | 1,463,732 | 1,673,398 |
| Past due | | | | |
| 1 - 30 days | 27,379 | 24,037 | 292,653 | 312,542 |
| 31 - 60 days | 377 | 1,381 | 101,735 | 47,554 |
| 61 - 90 days | 2,002 | - | 33,428 | 19,503 |
| 91 - 120 days | 1,722 | - | 3,622 | 151 |
| 121 - 180 days | 16 | - | 14,020 | - |
| 181 - 365 days | 92 | - | - | - |
| Over 365 days | 82 | 229 | - | - |
| Total trade receivables - related parties | <u>101,707</u> | <u>95,583</u> | <u>1,909,190</u> | <u>2,053,148</u> |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 12,927,287 | 12,557,427 | 1,202,453 | 1,127,774 |
| Past due | | | | |
| 1 - 30 days | 1,987,159 | 1,734,705 | 214,028 | 254,090 |
| 31 - 60 days | 282,142 | 302,439 | 34,537 | 3,194 |
| 61 - 90 days | 88,138 | 221,919 | 823 | 15,316 |
| 91 - 120 days | 42,000 | 361,064 | 3,407 | 959 |
| 121 - 180 days | 90,257 | 89,252 | 385 | 613 |
| 181 - 365 days | 130,289 | 64,107 | - | - |
| Over 365 days | 448,035 | 218,613 | 28,946 | 26,484 |
| Total trade receivables - unrelated parties | <u>15,995,307</u> | <u>15,549,526</u> | <u>1,484,579</u> | <u>1,428,430</u> |
| Total trade receivables | 16,097,014 | 15,645,109 | 3,393,769 | 3,481,578 |
| Less: Allowance for doubtful accounts | (448,392) | (362,647) | (28,946) | (26,628) |
| Total trade receivables - net | <u>15,648,622</u> | <u>15,282,462</u> | <u>3,364,823</u> | <u>3,454,950</u> |
| <u>Other receivables</u> | | | | |
| Interest receivables - related parties | 62 | - | 10,461 | 37,881 |
| Interest receivables - unrelated parties | 795 | 2,324 | 783 | 2,296 |
| Accrued income | 29,556 | 48,215 | 8,354 | 30,686 |
| Advance payment | 96,547 | 70,765 | 1,188 | 1,874 |
| Total other receivables | <u>126,960</u> | <u>121,304</u> | <u>20,786</u> | <u>72,737</u> |
| Total trade and other receivables - net | <u>15,775,582</u> | <u>15,403,766</u> | <u>3,385,609</u> | <u>3,527,687</u> |

As at 31 December 2015, certain trade receivables of three overseas subsidiaries (2014: three overseas subsidiaries) have secured their credit facilities as mentioned in Note 18.

As at 31 December 2015, foreign currency trade receivables of two overseas subsidiaries (2014: two overseas subsidiaries) amounting to Baht 74 million (2014: Baht 767 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 financial institution 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, Thai Union Seafood Co., Ltd. and Okeanos Food Co., Ltd.

In August 2014, TUFPP entered into the receivables purchase agreement to sell certain receivables of a new account with the same terms and conditions. The agreement was terminated on 20 October 2015.

9. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

| | Consolidated | | Separate | | Transfer Pricing Policy |
|---|----------------------|------|----------------------|-------|---|
| | financial statements | | financial statements | | |
| | 2015 | 2014 | 2015 | 2014 | |
| Transactions with subsidiaries: | | | | | |
| (Eliminated from consolidated financial statements) | | | | | |
| Sales | - | - | 7,161 | 8,346 | Cost plus margin |
| Dividend income | - | - | 4,060 | 1,376 | As declared |
| Interest income | - | - | 737 | 1,001 | 0.96% - 5.40% per annum (2014: 1.08% - 5.50% per annum) |
| Other income | - | - | 45 | 25 | Near market price |
| Purchases of goods | - | - | 1,254 | 1,111 | Cost plus margin |
| Management fee | - | - | 167 | 161 | Contract price |
| Other expenses | - | - | 109 | 108 | Near market price |
| Acquisition of assets and expenses relating to assets | - | - | 22 | 19 | Near market price |

(Unit: Million Baht)

| | Consolidated | | Separate | | Transfer Pricing Policy |
|---|----------------------|-------|----------------------|------|-------------------------|
| | financial statements | | financial statements | | |
| | 2015 | 2014 | 2015 | 2014 | |
| Transactions with associates and joint ventures: | | | | | |
| Sales | 209 | 282 | 27 | 57 | Cost plus margin |
| Dividend income | - | - | 86 | 49 | As declared |
| Other income | 26 | 24 | 1 | - | Near market price |
| Purchases of goods | 1,541 | 459 | 222 | 7 | Cost plus margin |
| Transactions with related companies: | | | | | |
| Sales | 884 | 925 | 447 | 490 | Cost plus margin |
| Purchases of goods | 1,142 | 1,764 | - | - | Cost plus margin |
| Transportation expenses | 43 | 42 | 8 | 6 | Near market price |
| Rental fee | 86 | 82 | 36 | 41 | Contract price |
| Acquisition of assets and expenses relating to assets | 75 | 126 | 9 | 9 | Near market price |

The Company and its subsidiaries have asset coverage insured by Asia-Pacific Risk Consultants (Thailand) Co., Ltd. which is insurance broker related by way of having common shareholders and directors. During the year 2015, insurance premiums paid through that company amounted to Baht 103 million (2014: Baht 109 million).

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

| List of related companies | Relationship |
|---|--------------|
| Thai Union Manufacturing Co., Ltd. | Subsidiary |
| Songkla Canning Pcl. | 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 North America, Inc. (TUNA) (Formerly known as "Thai Union International, Inc. (TUI)") | Subsidiary |
| Thai Union Investment Holding Co., Ltd. (TUIH) | Subsidiary |
| Pakfood Pcl. | Subsidiary |

| List of related companies | Relationship |
|---|---------------------------------|
| Tri-Union Seafoods, LLC (Tri-U) | Subsidiary (Held by subsidiary) |
| Tri-Union Frozen Products, Inc. (TUFP) | Subsidiary (Held by subsidiary) |
| US Pet Nutrition, LLC (USPN) | Subsidiary (Held by subsidiary) |
| Canadian Pet Nutrition, ULC | Subsidiary (Held by subsidiary) |
| Asian-Pacific Can Co., Ltd. | Subsidiary (Held by subsidiary) |
| Yueh Chyang Canned Food Co., Ltd. | Subsidiary (Held by subsidiary) |
| New Frontier Food Co., Ltd.*** | Subsidiary (Held by subsidiary) |
| Thai Quality Shrimp Co., Ltd.*** | Subsidiary (Held by subsidiary) |
| Thai Union EU Seafood 1 S.A. | Subsidiary (Held by subsidiary) |
| Thai Union France Holding 2 SAS (TUFH) | Subsidiary (Held by subsidiary) |
| Thai Union Europe (Formerly known as "MW Brands SAS") | Subsidiary (Held by subsidiary) |
| European Seafood Investment Portugal | Subsidiary (Held by subsidiary) |
| UK Seafood Investments 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) |
| 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) |

| List of related companies | Relationship |
|--|--|
| 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) |
| King Oscar AS | Subsidiary (Held by subsidiary) |
| King Oscar Inc. | Subsidiary (Held by subsidiary) |
| Norway Foods Europe b.v. | Subsidiary (Held by subsidiary) |
| Norway Foods SAS | Subsidiary (Held by subsidiary) |
| Thai Union Poland Sp. Z.o.o.**** | Subsidiary (Held by subsidiary) |
| Tri-Union Frozen Products North America, LLC | Subsidiary (Held by subsidiary) |
| Tri-Union Frozen Products Canada, ULC | 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. | Joint Venture (Held by subsidiary) |
| TMK Farm Co., Ltd. | Joint Venture (Held by subsidiary) |
| Thai Union Hatchery Co., Ltd. | 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 |

| List of related companies | Relationship |
|--|--|
| Chansiri Real Estate Co., Ltd. | Common major shareholders/Common directors |
| Asian Pacific Thai Tuna Co., Ltd. | Common major shareholders/Common directors |
| T.C. Union Global Pcl. | Common major shareholders/Common directors |
| Jana Fish Industries 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 |
| D Chansiri A Co., Ltd. | Common major shareholders/Common directors |
| Thai Union Hitch Pearl Cultivation | 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 Insurance Broker Co., Ltd. | Common shareholders/Common directors |
| Minor International Pcl. | Common director |
| Darford International Inc. | Common director |
| New Century Printing & Packaging Co., Ltd. | Common director |
| Oriental Unique Co., Ltd. | Common director |
| Miss Rungtiwa Boonmechote | Relative of director |
| Pae Parichart Boonmechote | Relative of director |
| * Transferred to investment in joint venture during the year 2014 | |
| ** Ceased operation | |
| *** Liquidation | |
| **** King Oscar Poland Sp. Z.o.o. was merged with Thai Union Poland Sp. Z.o.o. | |
| ***** MERINVEST SAS was merged with EUROPEENNE DE LA MER SAS | |

The balances of the accounts as at 31 December 2015 and 2014 between the Company and those related parties are as follows:

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|----------------|----------------------|-------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| <u>Trade and other receivables - related parties (Note 8)</u> | | | | |
| Subsidiaries | - | - | 1,879,211 | 2,036,490 |
| Associated companies | 50,087 | 30,345 | 6,336 | 6,653 |
| Related companies | 51,682 | 65,238 | 34,104 | 47,886 |
| Total | <u>101,769</u> | <u>95,583</u> | <u>1,919,651</u> | <u>2,091,029</u> |
| <u>Trade and other payables - related parties (Note 19)</u> | | | | |
| Subsidiaries | - | - | 378,121 | 429,423 |
| Associated companies | 116,508 | 34,976 | 1,939 | 19 |
| Related companies | 132,281 | 122,515 | 31,371 | 32,896 |
| Total | <u>248,789</u> | <u>157,491</u> | <u>411,431</u> | <u>462,338</u> |
| <u>Short-term loans to subsidiaries</u> | | | | |
| (Eliminated from consolidated financial statements) | | | | |
| Thai Union Graphic Co., Ltd. | - | - | 80,000 | 80,000 |
| Thai Union North America, Inc. | - | - | 877,823 | 1,472,585 |
| Thai Union Investment Holding Co., Ltd. | - | - | 1,987,058 | 79,296 |
| Total | <u>-</u> | <u>-</u> | <u>2,944,881</u> | <u>1,631,881</u> |
| <u>Short-term loan to joint venture</u> | | | | |
| TMAC Co., Ltd. | <u>30,600</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Long-term loans to subsidiaries</u> | | | | |
| (Eliminated from consolidated financial statements) | | | | |
| Thai Union Investment Holding Co., Ltd. | - | - | 18,267,002 | 23,609,526 |
| Tri-Union Frozen Products, Inc. | - | - | 358,295 | - |
| Thai Union North America, Inc. | - | - | 1,218,203 | 1,308,964 |
| Thai Union EU Seafood 1 S.A. | - | - | 1,153,173 | - |
| Total | <u>-</u> | <u>-</u> | <u>20,996,673</u> | <u>24,918,490</u> |
| Less: Current portion | | | | |
| Thai Union Investment Holding Co., Ltd. | - | - | - | (1,982,410) |
| Thai Union North America, Inc. | - | - | (501,613) | - |
| Net | <u>-</u> | <u>-</u> | <u>20,495,060</u> | <u>22,936,080</u> |
| <u>Short-term loan from subsidiary</u> | | | | |
| (Eliminated from consolidated financial statements) | | | | |
| T-Holding Co., Ltd. | <u>-</u> | <u>-</u> | <u>32,600</u> | <u>-</u> |
| <u>Short-term loan from associate</u> | | | | |
| TN Fine Chemicals Co., Ltd. | <u>60,900</u> | <u>52,700</u> | <u>-</u> | <u>-</u> |

During 2015, movements of loans to and loans from related parties were as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|---|-----------------------------------|-----------------|----------|------------------|
| | Balance as at | During the year | | Balance as at |
| | 1 January 2015 | Increase | Decrease | 31 December 2015 |
| Short-term loan to joint venture | | | | |
| TMAC Co., Ltd. | - | 30,600 | - | 30,600 |
| Short-term loan from associate | | | | |
| TN Fine Chemicals Co., Ltd. | 52,700 | 63,100 | (54,900) | 60,900 |

(Unit: Thousand Baht)

| | Separate financial statements | | | | |
|---|-------------------------------|-----------------|-------------|-------------|------------------|
| | Balance as at | During the year | | | Balance as at |
| | 1 January 2015 | Increase | Decrease | Translation | 31 December 2015 |
| Short-term loans to subsidiaries | | | | | |
| Songkla Canning Plc. | - | 7,030 | (7,030) | - | - |
| Thai Union Graphic Co., Ltd. | 80,000 | - | - | - | 80,000 |
| Thai Union North America, Inc. | 1,472,585 | 479,550 | (1,143,750) | 69,438 | 877,823 |
| Thai Union Investment Holding Co., Ltd. | 79,296 | 3,706,227 | (1,742,628) | (55,837) | 1,987,058 |
| | 1,631,881 | 4,192,807 | (2,893,408) | 13,601 | 2,944,881 |
| Long-term loans to subsidiaries | | | | | |
| Thai Union Investment Holding Co., Ltd. | 23,609,526 | 80,360 | (5,202,165) | (220,719) | 18,267,002 |
| Tri-Union Frozen Products, Inc. | - | 325,600 | - | 32,695 | 358,295 |
| Thai Union North America, Inc. | 1,308,964 | - | (184,200) | 93,439 | 1,218,203 |
| Thai Union EU Seafood 1 S.A. | - | 1,145,464 | - | 7,709 | 1,153,173 |
| | 24,918,490 | 1,551,424 | (5,386,365) | (86,876) | 20,996,673 |
| Short-term loans from subsidiaries | | | | | |
| Thai Union Investment Holding Co., Ltd. | - | 1,246,588 | (1,246,588) | - | - |
| Songkla Canning Plc. | - | 912,090 | (912,090) | - | - |
| Thai Union Manufacturing Co., Ltd. | - | 46,960 | (46,960) | - | - |
| T-Holding Co., Ltd. | - | 342,600 | (310,000) | - | 32,600 |
| | - | 2,548,238 | (2,515,638) | - | 32,600 |

Directors and management's benefits

During the years ended 31 December 2015 and 2014, 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 | |
|------------------------------|-----------------------------------|------|-------------------------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| Short-term employee benefits | 881 | 866 | 100 | 94 |
| Post-employment benefits | 35 | 40 | 8 | 8 |
| Other long-term benefits | 7 | 2 | 7 | - |
| Termination benefits | 42 | 17 | - | - |
| Total | 965 | 925 | 115 | 102 |

10. Inventories

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | |
|-----------------------------------|-------------------|-------------------|--|--------------------|-------------------|-------------------|
| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Finished goods | 19,959,552 | 19,610,614 | (852,414) | (1,152,105) | 19,107,138 |
| Work in process | 433,398 | 177,308 | - | (6,013) | 433,398 | 171,295 |
| Raw materials | 9,515,543 | 11,487,217 | (312,640) | (281,400) | 9,202,903 | 11,205,817 |
| Ingredients and packaging | 1,475,785 | 1,564,840 | (87,629) | (107,953) | 1,388,156 | 1,456,887 |
| Goods in transit | 4,137,324 | 5,327,985 | - | - | 4,137,324 | 5,327,985 |
| Spare parts | 931,890 | 922,844 | (20,593) | (25,762) | 911,297 | 897,082 |
| Total | 36,453,492 | 39,090,808 | (1,273,276) | (1,573,233) | 35,180,216 | 37,517,575 |

(Unit: Thousand Baht)

| Separate financial statements | | | | | | |
|-------------------------------|------------------|------------------|--|------------------|-------------------|------------------|
| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Finished goods | 1,371,937 | 1,747,752 | (94,842) | (94,290) | 1,277,095 |
| Work in process | 9,402 | 5,540 | - | - | 9,402 | 5,540 |
| Raw materials | 1,511,982 | 1,998,195 | (18,238) | (16,612) | 1,493,744 | 1,981,583 |
| Ingredients and packaging | 154,262 | 188,232 | (8,535) | (9,930) | 145,727 | 178,302 |
| Goods in transit | 501,806 | 266,135 | - | - | 501,806 | 266,135 |
| Spare parts | 17,976 | 18,150 | - | - | 17,976 | 18,150 |
| Total | 3,567,365 | 4,224,004 | (121,615) | (120,832) | 3,445,750 | 4,103,172 |

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 852 million (2014: Baht 1,344 million) (The Company only: Baht 143 million and 2014: Baht 121 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 1,152 million (2014: Baht 1,133 million) (The Company only: Baht 142 million and 2014: Baht 172 million), and reduced the amount of inventories recognised as expenses during the year.

As at 31 December 2015, two overseas subsidiaries (2014: two 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 | |
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | | (%) | (%) | | | | |
| 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 | 342,440 | 430,829 |
| Biz Dimension Co., Ltd. | E-Commerce under website | Thailand | 20.00 | 20.00 | 1,010 | 1,010 | 20,133 | 29,034 |
| Avanti Feeds Limited | Manufacturer & exporter of animal feeds and shrimp products | India | 25.12 | 25.12 | 117,064 | 117,064 | 526,845 | 343,780 |
| Investments in associates, directly held by subsidiaries | | | | | | | | |
| TN Fine Chemicals Co., Ltd. (49% held by Thai Union Manufacturing Co., Ltd.) | Manufacturer & exporter of by-products from seafoods | Thailand | 48.83 | 44.14 | 44,070 | 44,070 | 61,856 | 59,276 |
| Moresby International Holdings Inc. (33% held by Thai Union Manufacturing Co., Ltd.) | Holding in fishing company | British Virgin Island | 32.89 | 30.03 | 136,535 | 136,535 | 152,034 | 75,513 |
| LDH (La Doria) Limited (20% held by MW Brands) | Distributor of food products | United Kingdom | 20.00 | 20.00 | 95,940 | 95,940 | 517,095 | 430,389 |
| | | | | | 432,119 | 432,119 | 1,620,403 | 1,368,821 |

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Separate financial statements | | | |
|-----------------------------|---|--------------------------|-------------------------------|-------|---------|---------|
| | | | Shareholding percentage | | Cost | |
| | | | 2015 | 2014 | 2015 | 2014 |
| | | | (%) | (%) | | |
| 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 | Consolidated financial statements | | (Unit: Thousand Baht) Separate financial statements | |
|-------------------------------------|---|----------------|---|---------------|
| | Share of profit (loss) from investments in associates during the year | | Dividend received during the year | |
| | 2015 | 2014 | 2015 | 2014 |
| Lucky Union Foods Co., Ltd. | 58,361 | 75,668 | 37,000 | 26,000 |
| Biz Dimension Co., Ltd. | 8,699 | 10,786 | 17,600 | 5,000 |
| Avanti Feeds Limited | 199,155 | 164,351 | 31,522 | 18,225 |
| TN Fine Chemicals Co., Ltd. | 8,449 | 7,036 | - | - |
| Moresby International Holdings Inc. | 76,521 | (66,342) | - | - |
| LDH (La Doria) Limited | 67,361 | 45,561 | - | - |
| Total | 418,546 | 237,060 | 86,122 | 49,225 |

12.3 Fair value investments in listed associates

In respect of investments in associated company that is listed companies on the Stock Exchange of India, their fair values is as follow:

| Associated | (Unit: Million Baht) Fair values as at 31 December | |
|----------------------|---|--------------|
| | <u>2015</u> | <u>2014</u> |
| Avanti Feeds Limited | 2,551 | 1,743 |
| Total | 2,551 | 1,743 |

12.4 Summarised financial information about material associates

Summarised information about financial position

| | Lucky Union Foods Co., Ltd. | | Avanti Feeds Limited | | LDH (La Doria) Limited | |
|--|-----------------------------|--------------|----------------------|--------------|------------------------|--------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Current assets | 578 | 454 | 2,314 | 1,819 | 5,590 | 5,201 |
| Non-current assets | 1,683 | 1,973 | 1,135 | 627 | 156 | 168 |
| Current liabilities | (774) | (584) | (1,269) | (1,003) | (3,058) | (2,954) |
| Non-current liabilities | (117) | (120) | (83) | (74) | (102) | (99) |
| Net assets | 1,370 | 1,723 | 2,097 | 1,369 | 2,586 | 2,316 |
| Shareholding percentage (%) | 25.00 | 25.00 | 25.12 | 25.12 | 20.00 | 20.00 |
| Share of net assets | 342 | 431 | 527 | 344 | 517 | 463 |
| Elimination entries | - | - | - | - | - | (33) |
| Carrying amounts of associates based on equity method | 342 | 431 | 527 | 344 | 517 | 430 |

Summarised information about comprehensive income

(Unit: Million Baht)

| | For the year ended 31 December | | | | | |
|----------------------------|--------------------------------|-------------|----------------------|-------------|------------------------|-------------|
| | Lucky Union Foods Co., Ltd. | | Avanti Feeds Limited | | LDH (La Doria) Limited | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Revenue | 2,528 | 2,381 | 10,299 | 8,885 | 15,469 | 16,497 |
| Profit | 233 | 303 | 793 | 654 | 506 | 619 |
| Total comprehensive income | 233 | 303 | 793 | 654 | 506 | 619 |

12.5 Aggregate amount of share of comprehensive income from other associates (exclude associates named in Note 12.4).

(Unit: Million Baht)

| | For the year ended 31 December | |
|--------------------------------|--------------------------------|-------------|
| | <u>2015</u> | <u>2014</u> |
| Share of comprehensive income: | | |
| Profit | 290 | 73 |
| Total comprehensive income | 290 | 73 |

The Company

During the fourth quarter of the year 2015, the Company jointly established a company with Savola Foods Company, which is a large manufacturer of consumer goods in the Middle East, in order to market and distribute all seafood products of the Company. The newly established company is named Seafood International Two FZCO, and the Company holds 40,000 ordinary shares (40% of the total issued shares), a par value of AED 1 per share, or a total of AED 40,000 or Baht 0.4 million. As at 31 December 2015, share capital has not yet been called-up and Seafood International Two FZCO has not yet commenced its operation.

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

13.1 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 | |
|--|------------------|------------------|-------------------------|--------|------------|------------|-----------------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | | % | % | | | | |
| Thai Union Manufacturing Co., Ltd. | Baht 300 million | Baht 300 million | 99.66 | 90.08 | 2,648,407 | 1,212,172 | 3,405,196 | 756,710 |
| Songkla Canning Pcl. | Baht 360 million | Baht 360 million | 99.55 | 90.44 | 2,006,433 | 1,379,791 | 386,749 | 293,011 |
| Thai Union Seafood Co., Ltd. | Baht 300 million | Baht 300 million | 51.00 | 51.00 | 189,316 | 189,316 | - | - |
| T-Holding Co., Ltd. | Baht 70 million | Baht 70 million | 90.00 | 90.00 | 20,699 | 20,699 | - | - |
| Thai Union Feedmill Co., Ltd. | Baht 500 million | Baht 500 million | 51.00 | 51.00 | 255,000 | 255,000 | 53,805 | 326,145 |
| Thai Union Graphic Co., Ltd. | Baht 40 million | Baht 40 million | 98.00 | 98.00 | 96,019 | 96,019 | - | - |
| Thai Union North America, Inc. (TUNA) | 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 | 77.44 | 1,331,470 | 1,331,470 | 214,655 | - |
| Total | | | | | 18,562,950 | 16,500,073 | 4,060,405 | 1,375,866 |

13.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

| Company's name | Proportion of equity interest held by non-controlling interests | | Accumulated balance of non-controlling interests | | Profit/loss allocated to non-controlling interests during the year | | Dividend paid to non-controlling interests during the year | |
|------------------------------------|---|-------|--|------|--|------|--|------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (%) | (%) | | | | | | |
| Thai Union Manufacturing Co., Ltd. | 0.34 | 9.92 | 30 | 785 | 131 | 171 | 375 | 83 |
| Thai Union Feedmill Co., Ltd. | 49.00 | 49.00 | 792 | 724 | 117 | 99 | 52 | 313 |
| Pakfood Pcl. | 22.56 | 22.56 | 428 | 373 | 122 | 63 | 63 | - |

13.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

| | Thai Union Manufacturing Co., Ltd. | | Thai Union Feedmill Co., Ltd. | | Pakfood Pcl. | |
|-------------------------|------------------------------------|-------|-------------------------------|-------|--------------|-------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current assets | 7,370 | 8,396 | 789 | 601 | 1,353 | 1,718 |
| Non-current assets | 4,998 | 5,093 | 1,828 | 1,705 | 1,330 | 1,568 |
| Current liabilities | 5,887 | 5,172 | 887 | 986 | 982 | 1,480 |
| Non-current liabilities | 604 | 658 | 103 | 72 | 69 | 212 |

Summarised information about comprehensive income

(Unit: Million Baht)

| | Thai Union Manufacturing Co., Ltd. | | Thai Union Feedmill Co., Ltd. | | Pakfood Pcl. | |
|-------------------------------|---------------------------------------|-------------|----------------------------------|-------------|--------------|-------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Revenue | 18,849 | 20,768 | 3,664 | 3,085 | 6,268 | 5,851 |
| Profit | 1,634 | 1,786 | 325 | 269 | 508 | 346 |
| Other comprehensive income | 49 | - | 6 | - | (19) | (8) |
| Total comprehensive income | 1,683 | 1,786 | 331 | 269 | 489 | 338 |

Summarised information about cash flow

(Unit: Million Baht)

| | Thai Union Manufacturing Co., Ltd. | | Thai Union Feedmill Co., Ltd. | | Pakfood Pcl. | |
|---|---------------------------------------|----------------|----------------------------------|--------------|--------------|-------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Cash flow from operating activities | 3,637 | 2,782 | 336 | 373 | 953 | 128 |
| Cash flow from (used in) investing activities | 208 | (559) | (69) | (32) | (96) | (68) |
| Cash flow used in financing activities | <u>(3,857)</u> | <u>(2,225)</u> | <u>(268)</u> | <u>(347)</u> | <u>(866)</u> | <u>(59)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(12)</u> | <u>(2)</u> | <u>(1)</u> | <u>(6)</u> | <u>(9)</u> | <u>1</u> |

The Company

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 52.8 per share, or a total of Baht 50.7 million. As at 31 December 2015 and 2014, the Company held 3.9 million ordinary shares of TUG or 98% of the total issued and paid up shares of TUG.

During the third quarter of the year 2014, the Company purchased 25,890 ordinary shares of Pakfood Pcl. (PPC) at a purchase price of Baht 53.14 per share, or a total of Baht 1.4 million.

During the fourth quarter of the year 2014, the Company purchased 100,000 ordinary shares of PPC of a purchase price of Baht 55.8 per share, or a total of Baht 5.6 million. As at 31 December 2015 and 2014, the Company held 25.5 million ordinary shares of PPC or 77.44% of the total issued and paid up shares of PPC.

During the third and the fourth quarters of the year 2015, the Company increased investment in Songkla Canning Pcl. (SC) which is the subsidiary of the Company for 3.3 million ordinary shares at a purchase price of Baht 191 per share, or a total of Baht 626.6 million. As at 31 December 2015, the Company held 35.8 million ordinary shares of SC or 99.55% of the total issued and paid up shares of SC.

During the fourth quarter of the year 2015, the Company increased investment in Thai Union Manufacturing Co., Ltd. (TUM) which is the subsidiary of the Company for 2.9 million ordinary shares at a purchase price of Baht 500 per share, or a total of Baht 1,436 million. As at 31 December 2015, the Company held 29.9 million ordinary shares of TUM or 99.66% of the total issued and paid up shares of TUM.

During the fourth quarter of the year 2015, the Company jointly established a company with Savola Foods Company, which is a large manufacturer of consumer goods in the Middle East, in order to market and distribute all seafood products of the Company. The newly established company is named Seafood International One FZCO, and the Company holds 60 ordinary shares (60% of the total issued shares), a par value of AED 1,000 per share, or a total of AED 60,000 or Baht 0.6 million. As at 31 December 2015, share capital has not yet been called-up and Seafood International One FZCO has not yet commenced its operation.

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. The acquisition was completed in the fourth quarter of the year 2014.

During the fourth quarter of the year 2015, MERINVEST SAS was merged with EUROPEENNE DE LA MER SAS. The merger was effectuated by means of the transfer of all assets and liabilities of MERINVEST SAS, to EUROPEENNE DE LA MER SAS. There is no effect to profits or loss on the Company's consolidated financial statements from the merger.

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. The acquisition was completed in the fourth quarter of the year 2014.

Subsequently, the Company restructured the investments in King Oscar group by designating Thai Union EU Seafood 1 S.A. 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.. The restructure of investments has no effect to profits or loss on the Company's consolidated financial statements.

During the third quarter of the year 2015, King Oscar Poland Sp. Z.o.o. was liquidated and merged with Thai Union Poland Sp. Z.o.o. The merger was effectuated by means of the transfer of all assets and liabilities of King Oscar Poland Sp. Z.o.o., to Thai Union Poland Sp. Z.o.o. There is no effect to profits or loss on the Company's consolidated financial statements from the merger.

Acquisition of Bumble Bee

On 17 December 2014, the meeting of the Company's Board of Directors approved the acquisition of Bumble Bee Holdco S.C.A. ("Bumble Bee"), which can be summarised as follows:

- Approval of the entry into Share Purchase Agreement and associated ancillary agreements with regard to the acquisition of shares and business of 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 million 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 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 AG as M&A advisor of the Company.

Termination of Bumble Bee acquisition

On 3 December 2015, the Company and Lion/Big Catch Cayman L.P. entered into a termination agreement to terminate the Share Purchase Agreement with regard to the acquisition of Bumble Bee Holdco S.C.A., dated 18 December 2014. The Company and the seller concluded that obtaining clearance from the U.S Department of Justice was unlikely under the timeframe stipulated in the Share Purchase Agreement. However, such termination has no effect to the Company's operations and there is no liability as a result.

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

On 17 June 2014, the Extraordinary General Meeting of New Frontier Foods Co., Ltd. (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

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. TQS completed the liquidation process on 24 June 2014.

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 (TFM), Thai Union Manufacturing Co., Ltd. (TUM) and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

| Joint ventures | Nature of business | Consolidated financial statements | | | | | |
|---|---|-----------------------------------|------|---------|---------|---|---------|
| | | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | (%) | (%) | | | | |
| TMAC Co., Ltd. (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 | 428,771 | 514,764 |
| Cindena Resources Limited (Joint venture of TUM and other company) | Owner of trademark "Century", which is the trademark of canned tuna distributed overseas | 50 | 50 | 8,075 | 8,075 | 8,075 | 8,075 |
| Century (Shanghai) Trading Co., Ltd. (Joint venture of TUM and other company) | Importer & exporter of food products | 50 | 50 | 75,900 | 75,900 | 33,043 | 29,645 |
| Total | | | | 522,575 | 522,575 | 469,889 | 552,484 |

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 additionally purchased 12 million ordinary shares of TMK Farm 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). During the second quarter of the year 2014, TMAC additionally purchased 1.5 million ordinary shares of TMK, a total of Baht 12 million. As at 31 December 2015 and 2014, TMAC held 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 250,000 ordinary shares of Cindena at the purchase price of USD 1 per share, totaling USD 250,000 or Baht 8.1 million. 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 investor of investment in associated company - Century (Shanghai) Trading Co., Ltd. (Century) entered into new agreement with the former 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. The change of investment type has no effect to profit or loss of the Company's consolidated financial statements.

On 7 September 2015, the Company entered into the Shareholders' Agreements with Savola Foods Company, which is a large manufacturer of consumer goods in the Middle East, in order to market and distribute all seafood products of the Company. The Company will set up a company, United Seafood Company (No. 3) where the Company will hold interests of 50 percent. This company is during the establishment process. The name of company can be changed upon agreement of counter parties.

On 28 December 2015, the meeting of Board of Directors of Thai Union Feedmill Company Limited (TFM), a subsidiary of the Company, approved the addition purchase of 13.77 million ordinary shares of TMAC Co., Ltd. (TMAC) (its joint venture) (or 51% of the total 27 million ordinary shares increase of its registered, issued and paid up shares capital), or a total of Baht 137.7 million.

On 20 January 2016, TMAC registered the increase of its registered share capital with the Ministry of Commerce from Baht 860 million (86 million ordinary shares of Baht 10 each) to Baht 1,130 million (113 million ordinary shares of Baht 10 each), which was fully paid-up.

14.2 Share of profit (loss)

During the years, the Company and its subsidiaries recognised its share of profit (loss) from investments in joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)

| Joint ventures | Consolidated financial statements | |
|--------------------------------------|--|-----------------|
| | Share of gain (loss) from investments in joint ventures during the year | |
| | 2015 | 2014 |
| TMAC Co., Ltd. | (85,993) | (62,795) |
| Cindena Resources Limited | - | - |
| Century (Shanghai) Trading Co., Ltd. | 3,398 | (11,857) |
| Total | (82,595) | (74,652) |

14.3 Summarised financial information about material joint venture

Summarised information about financial position

(Unit: Million Baht)

| | TMAC Co., Ltd. | |
|--|----------------|------------|
| | 2015 | 2014 |
| Cash and cash equivalent | 47 | 46 |
| Other current assets | 27 | 39 |
| Non-current assets | 667 | 704 |
| Bank overdrafts and short-term loans | (157) | (33) |
| Other current liabilities | (36) | (32) |
| Other non-current liabilities | (1) | (1) |
| Net assets | 547 | 723 |
| Less: Non-controlling interests of its subsidiaries | (19) | (26) |
| Net assets | 528 | 697 |
| Shareholding percentage (%) | 51 | 51 |
| Share of net assets | 269 | 355 |
| Fair value adjustment as a result of change from investments in its subsidiaries to investments in joint venture | 160 | 160 |
| Carrying amounts of joint venture based on equity method | 429 | 515 |

Summarised information about comprehensive income

(Unit: Million Baht)

| | TMAC Co., Ltd. | |
|---------------------------------|----------------|-------|
| | 2015 | 2014 |
| Revenue | 164 | 130 |
| Depreciation and amortisation | 38 | 34 |
| Interest income | - | 1 |
| Interest expense | (3) | - |
| Tax income (income tax expense) | (23) | 6 |
| Loss | (169) | (123) |
| Total comprehensive income | (169) | (123) |

14.4 Aggregate amount of share of comprehensive income from other joint ventures (exclude joint ventures named in Note 14.3).

(Unit: Million Baht)

| | For the year ended 31 December | |
|--------------------------------|--------------------------------|-------------|
| | <u>2015</u> | <u>2014</u> |
| Share of comprehensive income: | | |
| Profit (loss) | 7 | (24) |
| Total comprehensive income | 7 | (24) |

15. Other long-term investments

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|---------------|---------------|---------------|
| | 2015 | | 2014 | |
| | Cost | Fair value | Cost | Fair value |
| Other long-term investments | | | | |
| Available-for-sale securities - Unit trusts | 33,118 | <u>30,766</u> | 37,307 | <u>29,771</u> |
| Unrealised loss on changes in the value of investments | (2,352) | | (7,536) | |
| Total available-for-sale securities | 30,766 | | 29,771 | |
| Other investments | | | | |
| - Ordinary shares | 2,920 | | 821 | |
| Total other long-term investments | <u>33,686</u> | | <u>30,592</u> | |

16. Property, plant and equipment

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | | Total |
|---------------------------------|-----------------------------------|------------|-------------|-----------|------------------|--------------|-------------|
| | Revaluation | Cost basis | | | | | |
| | basis | Buildings | Machinery | Furniture | Motor | Assets under | |
| Land and | and | and | and | vehicles | installation and | | |
| improvements | building | equipment | fixtures | | under | | |
| | improvement | | | | construction | | |
| Cost/Revalued amount | | | | | | | |
| As at 1 January 2014 | 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) | (742,606) |
| As at 31 December 2014 | 3,412,960 | 11,430,873 | 22,343,641 | 977,441 | 795,239 | 3,213,023 | 42,173,177 |
| Increase from Asset Purchase | | | | | | | |
| Agreement (Note 2.2) | - | 19,259 | 5,515 | 6,685 | - | - | 31,459 |
| Additions | 24,886 | 11,784 | 237,551 | 81,954 | 16,212 | 2,607,278 | 2,979,665 |
| Disposals/write off | - | (24,583) | (353,201) | (38,349) | (66,872) | (61,432) | (544,437) |
| Transfer from (to) non-current | | | | | | | |
| assets | (206,084) | (123,807) | 630,401 | (50,277) | 13,966 | 27,260 | 291,459 |
| Transfer in (out) | 9,293 | 366,612 | 1,803,122 | 70,210 | 103,786 | (2,353,023) | - |
| Translation adjustment | (3,423) | 72,696 | 439,621 | 11,847 | 6,392 | 29,118 | 556,251 |
| As at 31 December 2015 | 3,237,632 | 11,752,834 | 25,106,650 | 1,059,511 | 868,723 | 3,462,224 | 45,487,574 |
| Accumulated depreciation | | | | | | | |
| As at 1 January 2014 | 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 |
| Depreciation for the year | 5,252 | 518,780 | 1,746,350 | 130,514 | 80,273 | - | 2,481,169 |
| Depreciation for disposals/ | | | | | | | |
| write off | - | (17,453) | (308,712) | (33,065) | (47,893) | - | (407,123) |
| Transfer from (to) non-current | | | | | | | |
| assets | (62,905) | (182,019) | 626,019 | 2,999 | 12,921 | (685) | 396,330 |
| Translation adjustment | (1,855) | 17,226 | 241,239 | 8,624 | 4,939 | (35) | 270,138 |
| As at 31 December 2015 | 31,779 | 4,682,172 | 15,826,369 | 745,307 | 519,510 | - | 21,805,137 |

(Unit: Thousand Baht)

Consolidated financial statements

| | Consolidated financial statements | | | | | | Total |
|---|-----------------------------------|------------------------------------|-------------------------|------------------------|----------------|--|------------|
| | Revaluation basis | Cost basis | | | | | |
| | Land and land improvements | Buildings and building improvement | Machinery and equipment | Furniture and fixtures | Motor vehicles | Assets under installation and under construction | |
| Allowance for loss on impairment of assets | | | | | | | |
| As at 1 January 2014 | 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 |
| Increase during the year | - | 17,782 | 515,318 | - | - | - | 533,100 |
| Translation adjustment | - | 644 | 19,542 | - | - | - | 20,186 |
| As at 31 December 2015 | 4,535 | 54,687 | 550,888 | - | - | - | 610,110 |
| Net book value | | | | | | | |
| As at 31 December 2014 | 3,317,138 | 7,048,974 | 8,806,140 | 341,206 | 325,969 | 3,212,303 | 23,051,730 |
| As at 31 December 2015 | 3,201,318 | 7,015,975 | 8,729,393 | 314,204 | 349,213 | 3,462,224 | 23,072,327 |
| Depreciation for the years | | | | | | | |
| 2014 (Baht 2,065 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses) | | | | | | | 2,310,607 |
| 2015 (Baht 2,291 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses) | | | | | | | 2,481,169 |

(Unit: Thousand Baht)

Separate financial statements

| | Separate financial statements | | | | | | Total |
|--------------------------------------|-------------------------------|-------------------------------------|-------------------------|------------------------|----------------|--|-----------|
| | Revaluation basis | Cost basis | | | | | |
| | Land and land improvements | Buildings and building improvements | Machinery and equipment | Furniture and fixtures | Motor vehicles | Assets under installation and under construction | |
| Cost/Revalued amount | | | | | | | |
| As at 1 January 2014 | 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 |
| Additions | - | 3,284 | 51,543 | 10,195 | 3,736 | 306,442 | 375,200 |
| Disposals/write off | - | - | (40,334) | (561) | (17,491) | - | (58,386) |
| Transfer in (out) | - | 36,771 | 149,656 | 10,979 | 20,983 | (218,389) | - |
| As at 31 December 2015 | 1,015,732 | 2,677,676 | 3,251,304 | 137,558 | 160,128 | 368,032 | 7,610,430 |
| Accumulated depreciation | | | | | | | |
| As at 1 January 2014 | - | 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 |
| Depreciation for the year | - | 106,038 | 232,352 | 19,123 | 9,029 | - | 366,542 |
| Depreciation for disposals/write off | - | - | (38,067) | (538) | (5,717) | - | (44,322) |
| As at 31 December 2015 | - | 913,124 | 2,211,768 | 103,167 | 89,805 | - | 3,317,864 |

| Separate financial statements | | | | | | | |
|---|----------------------------|-------------------------------------|-------------------------|------------------------|----------------|--|-----------|
| Revaluation basis | Cost basis | | | | | Assets under installation and under construction | Total |
| | Land and land improvements | Buildings and building improvements | Machinery and equipment | Furniture and fixtures | Motor vehicles | | |
| Allowance for loss on impairment of assets | | | | | | | |
| As at 1 January 2014 | - | 36,261 | - | - | - | - | 36,261 |
| Increase during the year | - | - | - | - | - | - | - |
| As at 31 December 2014 | - | 36,261 | - | - | - | - | 36,261 |
| Increase during the year | - | - | - | - | - | - | - |
| As at 31 December 2015 | - | 36,261 | - | - | - | - | 36,261 |
| Net book value | | | | | | | |
| As at 31 December 2014 | 1,015,732 | 1,794,274 | 1,072,956 | 32,363 | 66,407 | 279,979 | 4,261,711 |
| As at 31 December 2015 | 1,015,732 | 1,728,291 | 1,039,536 | 34,391 | 70,323 | 368,032 | 4,256,305 |
| Depreciation for the years | | | | | | | |
| 2014 (Baht 340 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses) | | | | | | | 369,982 |
| 2015 (Baht 338 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses) | | | | | | | 366,542 |

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 2015 and 2014 is as follows:

| | (Unit: Thousand Baht) | |
|--------------------------|-----------------------------------|-------------------------------|
| | Consolidated financial statements | Separate financial statements |
| 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 2015, the Company and its subsidiaries had equipment under finance lease agreements with net book values amounting to Baht 118 million (2014: Baht 200 million) (The Company only: Baht 48 million and 2014: Baht 45 million).

As at 31 December 2015, 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 9,688 million (2014: Baht 7,680 million) (The Company only: Baht 2,032 million and 2014: Baht 1,934 million).

Asset 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 of America, to undertake and execute a asset purchase agreement. Subsequently, on 4 February 2015, TUFPI entered into an agreement to purchase certain assets from Orion, a distributor of lobster products and other marine animals with its headquarters located in the United States. The products of Orion are distributed across the United States. The acquisition was completed in the fourth quarter of the year 2015. During the current year, TUFPI recorded the asset acquisition amounting to USD 0.9 million or Baht 32 million in property, plant and equipment account.

As at 31 December 2015, 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 (2014: a local subsidiary and an overseas subsidiary).

17. Goodwill/Other intangible assets

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | | |
|---|-----------------------------------|----------|------------|------------------------|-------------------|---------------------------|--------|---------|
| | Other intangible assets | | | | | | | |
| | Goodwill | Licences | Trademarks | Customer relationships | Computer software | Distributor relationships | Others | Total |
| Cost | | | | | | | | |
| As at 1 January 2014 | 12,792 | 286 | 14,452 | 139 | 757 | 254 | 17 | 15,905 |
| Additions | - | - | - | - | 144 | - | - | 144 |
| Increase from investments in subsidiaries | 1,699 | - | 617 | - | 56 | - | 407 | 1,080 |
| Disposal | - | - | - | - | (25) | - | - | (25) |
| Transfer from non-current assets | - | 13 | - | - | - | - | - | 13 |
| Translation adjustment | (1,412) | (24) | (1,483) | 1 | (36) | (28) | (18) | (1,588) |
| As at 31 December 2014 | 13,079 | 275 | 13,586 | 140 | 896 | 226 | 406 | 15,529 |
| Additions | - | - | - | - | 253 | - | 3 | 256 |
| Increase from Asset Purchase Agreement (Note 2.2) | 114 | - | 83 | 73 | - | - | - | 156 |
| Disposal | - | - | - | - | (1) | - | - | (1) |
| Transfer from (to) non-current assets | - | 12 | - | 358 | 138 | - | (350) | 158 |
| Translation adjustment | (192) | 12 | (109) | 30 | 29 | (3) | (17) | (58) |
| As at 31 December 2015 | 13,001 | 299 | 13,560 | 601 | 1,315 | 223 | 42 | 16,040 |

Consolidated financial statements

| | Other intangible assets | | | | | | | Total |
|---|-------------------------|----------|------------|------------------------|-------------------|---------------------------|--------|--------|
| | Goodwill | Licences | Trademarks | Customer relationships | Computer software | Distributor relationships | Others | |
| Amortisation | | | | | | | | |
| As at 1 January 2014 | - | 50 | 294 | 139 | 471 | 41 | 14 | 1,009 |
| Increase from investments in subsidiaries | - | - | - | - | 52 | - | 16 | 68 |
| Disposal | - | - | - | - | (21) | - | - | (21) |
| Amortisation | - | 8 | 1 | - | 102 | 12 | - | 123 |
| Transfer from non-current assets | - | 3 | - | - | - | - | - | 3 |
| Translation adjustment | - | (1) | 1 | 1 | (23) | (5) | - | (27) |
| As at 31 December 2014 | - | 60 | 296 | 140 | 581 | 48 | 30 | 1,155 |
| Amortisation | - | 9 | 9 | 47 | 120 | 11 | 2 | 198 |
| Transfer from (to) non-current assets | - | - | - | 7 | 50 | - | (4) | 53 |
| Translation adjustment | - | 2 | 27 | 16 | 20 | - | - | 65 |
| As at 31 December 2015 | - | 71 | 332 | 210 | 771 | 59 | 28 | 1,471 |
| Impairment | | | | | | | | |
| As at 1 January 2014 | - | - | 200 | - | - | - | - | 200 |
| Translation adjustment | - | - | (23) | - | - | - | - | (23) |
| As at 31 December 2014 | - | - | 177 | - | - | - | - | 177 |
| Translation adjustment | - | - | (3) | - | - | - | - | (3) |
| As at 31 December 2015 | - | - | 174 | - | - | - | - | 174 |
| Net book value | | | | | | | | |
| As at 31 December 2014 | 13,079 | 215 | 13,113 | - | 315 | 178 | 376 | 14,197 |
| As at 31 December 2015 | 13,001 | 228 | 13,054 | 391 | 544 | 164 | 14 | 14,395 |

(Unit: Million Baht)

Separate financial statements

Computer software

Cost

As at 1 January 2014 13.2

Transfer in 17.9

As at 31 December 2014 31.1

Addition 189.5

As at 31 December 2015 220.6

Amortisation

As at 1 January 2014 8.8

Amortisation 1.2

As at 31 December 2014 10.0

Amortisation 4.4

As at 31 December 2015 14.4

Net book value

As at 31 December 2014 21.1

As at 31 December 2015 206.2

As at 31 December 2015 and 2014, 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.

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

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------|-------------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| Bank overdrafts and short-term loans from financial institutions | 19,376,546 | 26,086,541 | 3,688,339 | 8,889,561 |

As at 31 December 2015, the Company and its subsidiaries had unsecured bills of exchange, trust receipt and packing credit totaling Baht 19,377 million (2014: Baht 26,087 million) (The Company only: Baht 3,688 million and 2014: Baht 8,890 million). The loans carried the interest rates of 0.45% - 3.45% per annum (2014: 0.69% - 3.70% per annum) (The Company only: 1.63% - 1.70% per annum and 2014: 2.14% - 2.20% per annum).

As at 31 December 2015 and 2014, the Company and its subsidiaries had the following unused overdraft lines from banks and other credit facilities:

| | 2015 | 2014 |
|-----------------|-----------|-----------|
| <u>Currency</u> | (Million) | (Million) |
| Baht | 36,121 | 31,975 |
| USD | 8,532 | 5,867 |
| EURO | 398 | 311 |

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 36.1.

Tri-Union Frozen Products, Inc. (TUFPP)

As at 31 December 2015, TUFPP had credit facilities from Bank of America N.A. (BOA) amounting to USD 170 million (2014: USD 170 million). The credit facilities bear interest rates at LIBOR plus margin of 1.25% to 2.00% per annum, or the bank's prime rate plus 0.25% to 1.00% per annum or between 1.68% and 3.75% per annum (2014: LIBOR plus margin of 1.25% to 2.25% per annum, or the bank's prime rate plus 0.25% to 1.25% per annum or between 1.42% and 3.25% per annum). The facilities duration period is from 5 August 2013 to 5 August 2016 (2014: from 5 August 2013 to 5 August 2016). As at 31 December 2015, the loan balance under the credit facility was USD 159 million (2014: USD 156 million). The actual unused availability, was approximately USD 8 million (2014: USD 10 million). The credit facilities are secured by accounts receivable and inventories of TUFPP. 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 payments. As at 31 December 2015, TUFPP determined it was in compliance with these covenants.

Tri-Union Seafoods, LLC (Tri-U)

As at 31 December 2015, Tri-U had credit facilities from Bank of America N.A. (BOA) amounting to USD 110 million (2014: USD 110 million). The credit facilities bear interest rates at LIBOR plus margin of 1.75% or 3.00% per annum, or the bank's prime rate plus 0.75% or 2.00% per annum or between 2.13% and 5.50% per annum (2014: LIBOR plus 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 or between 2.75% and 6.25% per annum). The facilities duration period from 11 March 2014 to 10 March 2017 (2014: from 11 March 2014 to 10 March 2017). As at 31 December 2015, the loan balance under the credit facility was USD 74 million (2014: USD 99 million). The actual unused availability was USD 22 million (2014: USD 8 million). The credit facilities are secured by accounts receivable, the "Chicken of the Sea" trademark and inventories of Tri-U. 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 payments. As at 31 December 2015, Tri-U determined it was in compliance with these covenants.

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

As at 31 December 2015, YCC had credit facilities from financial institutions amounting to USD 26 million (2014: USD 24 million). The credit facilities bear interest rate at 1.90% to 2.00% per annum (2014: 1.95% to 2.20% per annum). The facilities duration period from 1 October 2015 to 31 December 2015 (2014: 10 October 2014 to 25 November 2015). As at 31 December 2015, the balance under the credit facilities was USD 6 million (2014: USD 7 million). The unused availability was USD 20 million (2014: USD 17 million). The credit facilities were secured by account receivable of YCC.

19. Trade and other payables

| | Consolidated financial | | (Unit: Thousand Baht) | |
|--|------------------------|-------------------|-----------------------|------------------|
| | statements | | Separate financial | |
| | 2015 | 2014 | 2015 | 2014 |
| Trade payables - related parties | 180,967 | 69,412 | 378,988 | 427,979 |
| Trade payables - unrelated parties | 9,578,173 | 8,292,596 | 1,483,403 | 1,075,440 |
| Accrued expenses - related parties | 58,335 | 81,600 | 26,735 | 29,532 |
| Accrued expenses - unrelated parties | 2,279,709 | 2,111,548 | 321,026 | 402,362 |
| Other payables - construction and equipment purchase - related party | 9,487 | 6,479 | 5,708 | 4,827 |
| Other payables - construction and equipment purchase - unrelated parties | 155,337 | 162,922 | 32,397 | 22,966 |
| Total trade and other payables | 12,262,008 | 10,724,557 | 2,248,257 | 1,963,106 |

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 36.1.

Long-term loans as at 31 December 2015 and 2014 consist of:

| | Consolidated financial | | (Unit: Million Baht) | |
|-------------------------------|------------------------|--------------|----------------------|--------------|
| | statements | | Separate financial | |
| | 2015 | 2014 | 2015 | 2014 |
| USD loans | 1,882 | 1,784 | 1,776 | 1,622 |
| Baht loans | 1,307 | 1,823 | 1,238 | 1,688 |
| EUR loans | 63 | 382 | - | - |
| NOK loans | 8 | - | - | - |
| Total | 3,260 | 3,989 | 3,014 | 3,310 |
| Less: Deferred financial fees | (2) | (3) | (2) | (3) |
| | 3,258 | 3,986 | 3,012 | 3,307 |
| Less: Current portion | (1,561) | (936) | (1,465) | (450) |
| Net | 1,697 | 3,050 | 1,547 | 2,857 |

Movements in the long-term loans account during the year ended 31 December 2015 are summarised below.

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|----------------------------------|--------------------------------------|----------------------------------|
| Balance as at 1 January 2015 | 3,986,259 | 3,307,040 |
| Add: Additional borrowings | 8,948 | - |
| Amortisation of financial fees | 1,307 | 1,307 |
| Less: Payment for borrowing | (886,774) | (450,000) |
| Unrealised gain on exchange rate | 161,977 | 153,890 |
| Translation adjustment | (14,004) | - |
| Balance as at 31 December 2015 | <u>3,257,713</u> | <u>3,012,237</u> |

The Company

During the third quarter of the year 2011, the Company 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 2015, the balance of this loan was Baht 1,238 million (2014: Baht 1,688 million). The loan agreement contains covenants as specified in the agreement that, among other things, requires the Company to maintain certain debt to equity and debt service coverage ratio according to the agreement. As at 31 December 2015, the Company 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 carries 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 2015, the balance of this loan was USD 49 million or Baht 1,776 million (2014: USD 49 million or Baht 1,622 million). The loan agreement contains covenants as specified in the agreement that, among other things, requires the Company to maintain certain debt to equity and debt service coverage ratio according to the agreement. As at 31 December 2015, the Company was able to maintain the required covenants.

Okeanos Food Co., Ltd. (OKF)

During the fourth quarter of the year 2011, OKF 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 was repaid in monthly installments, the first of which was due in April 2012. OKF is subject to restriction on the creation of lien or encumbrance over its property. As at 31 December 2015, the balance of this loan was Baht 69 million (2014: Baht 135 million). The loan agreement contains covenants as specified in the agreement that, among other things, requires OKF to maintain certain debt to equity and debt service coverage ratio according to the agreement. As at 31 December 2015, OKF was able to maintain the required covenants.

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

During the fourth quarter of the year 2014, YCC 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 was repaid in semi-annually installments, the first of which was due in November 2014. As at 31 December 2015, the balance of this loan was USD 3 million or Baht 93 million (2014: USD 4.4 million or Baht 152 million). The loan contains covenants relating to various matters stipulated in the agreement. As at 31 December 2015, YCC was able to maintain the required covenants. The credit facilities were secured by plant and equipment of YCC.

Acquisition of Bumble Bee

During the fourth quarter of the year 2014, 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 carries interest at LIBOR plus 2.5% per annum and is due within 13 months from the agreement date. The loan agreement contains covenants as specified in the agreement that, among other things, requires the Company to maintain certain debt to equity and debt service coverage ratio according to the agreement. Due the termination of the acquisition of Bumble Bee, the bridge loan facility agreement was also terminated during 2015.

Acquisition of MerAlliance

During the fourth quarter of the year 2014, Thai Union France Holding 2 SAS (TUFH), a company registered in France, invested in EUROPEENNE DE LA MER SAS as mentioned in Note 2.2. As at 31 December 2015, the loan acquired through business combination amounted to EUR 1 million or Baht 41 million (2014: EUR 5 million or Baht 200 million). The loan carries interest rates at 3.3% per annum (2014: 0.7% to 1.7% per annum) and is to be repaid in 2019.

Acquisition of King Oscar AS

During the fourth quarter of the year 2014, 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. As at 31 December 2014, the loan acquired through business combination amounted to EUR 4.5 million or Baht 182 million (31 December 2015: None). The loan carries interest at WIBOR 3-month plus 1.35% per annum and is fully paid in 2015.

During the second quarter of the year 2015, King Oscar AS, entered into a loan agreement amounted to NOK 2 million or Baht 8 million. The loan carries no interest and is to be repaid in 2020.

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 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.

On 3 April 2015, 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 25,000 million 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.

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 | Number of debentures (Thousand units) | (Unit: Million Baht) | |
|---|---------------------------|----------|-----------------|-------|----------|---|--|------|
| | | | | | | | Consolidated/ Separate financial statements | |
| | | | | | | | 2015 | 2014 |
| Debentures # 1/2011 (2) | 4.70 | 5 years | 27 July 2016 | 1,950 | 1,950 | 1,950 | 1,950 | |
| Debentures # 1/2011 (3) | 5.02 | 10 years | 27 July 2021 | 1,500 | 1,500 | 1,500 | 1,500 | |
| Debentures # 1/2014 (1) | 3.58 | 3 years | 6 February 2017 | 2,500 | 2,500 | 2,500 | 2,500 | |
| Debentures # 1/2014 (2) | 4.21 | 5 years | 6 February 2019 | 3,150 | 3,150 | 3,150 | 3,150 | |
| Debentures # 1/2014 (3) | 4.69 | 7 years | 6 February 2021 | 1,550 | 1,550 | 1,550 | 1,550 | |
| Debentures # 1/2014 (4) | 5.18 | 10 years | 6 February 2024 | 1,050 | 1,050 | 1,050 | 1,050 | |
| Debentures # 2/2014 (1) | 4.21 | 7 years | 9 October 2021 | 1,000 | 1,000 | 1,000 | 1,000 | |
| Debentures # 2/2014 (2) | 4.58 | 10 years | 9 October 2024 | 3,500 | 3,500 | 3,500 | 3,500 | |
| Total debentures - face value | | | | | | 16,200 | 16,200 | |
| Less: Unamortised portion of deferred transaction costs | | | | | | (20) | (25) | |
| Net debentures | | | | | | 16,180 | 16,175 | |
| Less: Current portion | | | | | | (1,949) | - | |
| Debentures, net of current portion | | | | | | 14,231 | 16,175 | |

The above debentures contain covenants relating to various matters such as the maintenance of net 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% of net income of the year is prohibited.

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 are summarised below.

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

23. Liabilities under finance lease agreements

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-------|-------------------------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| Liabilities under finance lease agreements | 336 | 462 | 18 | 44 |
| Less: Deferred interest expenses | (33) | (38) | - | (1) |
| Total | 303 | 424 | 18 | 43 |
| Less: Portion due within one year | (91) | (114) | (11) | (43) |
| Liabilities under finance lease agreements - net of current portion | 212 | 310 | 7 | - |

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of machinery, motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|-----------|--------------|-------|
| | As at 31 December 2015 | | | |
| | Less than 1 year | 1-5 years | Over 5 years | Total |
| Future minimum lease payments | 100 | 165 | 71 | 336 |
| Deferred interest expenses | (9) | (19) | (5) | (33) |
| Present value of future minimum lease payments | 91 | 146 | 66 | 303 |

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|-----------|--------------|-------|
| | As at 31 December 2014 | | | |
| | Less than 1 year | 1-5 years | Over 5 years | Total |
| Future minimum lease payments | 117 | 248 | 97 | 462 |
| Deferred interest expenses | (3) | (27) | (8) | (38) |
| Present value of future minimum lease payments | 114 | 221 | 89 | 424 |

(Unit: Million Baht)

| | Separate financial statements | | | |
|--|-------------------------------|-----------|----------|-----------|
| | As at 31 December 2015 | | | |
| | Less than | Over | | Total |
| | 1 year | 1-5 years | 5 years | |
| Future minimum lease payments | 11 | 7 | - | 18 |
| Deferred interest expenses | - | - | - | - |
| Present value of future minimum lease payments | <u>11</u> | <u>7</u> | <u>-</u> | <u>18</u> |

(Unit: Million Baht)

| | Separate financial statements | | | |
|--|-------------------------------|-----------|----------|-----------|
| | As at 31 December 2014 | | | |
| | Less than | Over | | Total |
| | 1 year | 1-5 years | 5 years | |
| Future minimum lease payments | 44 | - | - | 44 |
| Deferred interest expenses | (1) | - | - | (1) |
| Present value of future minimum lease payments | <u>43</u> | <u>-</u> | <u>-</u> | <u>43</u> |

24. 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 | |
|--|-----------------------------------|----------------|-------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Current service cost | 144,759 | 146,705 | 34,401 | 32,555 |
| Interest cost | 82,925 | 93,396 | 13,673 | 12,260 |
| Long-term employee benefit expenses for the year | <u>227,684</u> | <u>240,101</u> | <u>48,074</u> | <u>44,815</u> |

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------------|-------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cost of sales | 148,237 | 142,529 | 29,407 | 29,706 |
| Selling and administrative expenses | 79,447 | 97,572 | 18,667 | 15,109 |
| Total expenses recognised in profit or loss | <u>227,684</u> | <u>240,101</u> | <u>48,074</u> | <u>44,815</u> |

Provision for long-term employee benefits, which represents compensation payable to employee after they retired, was as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------------|-------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Defined benefit obligation | | | | |
| at beginning of year | 1,833,286 | 1,723,838 | 414,846 | 377,386 |
| Increase from investment in subsidiaries | - | 61,841 | - | - |
| Included in profit or loss: | | | | |
| Current service cost | 144,759 | 146,705 | 34,401 | 32,555 |
| Interest cost | 82,925 | 93,396 | 13,673 | 12,260 |
| Included in other comprehensive income: | | | | |
| Actuarial (gain) loss arising from | | | | |
| Demographic assumptions changes | 9,158 | - | - | - |
| Financial assumptions changes | 6,406 | (120,708) | 12,429 | - |
| Experience adjustments | (207,399) | - | (62,962) | - |
| Benefits paid during the year | (79,956) | (61,557) | (15,346) | (7,355) |
| Translation adjustment | 11,908 | (10,229) | - | - |
| Defined benefit obligation at end of year | 1,801,087 | 1,833,286 | 397,041 | 414,846 |

The Company and its subsidiaries expect to pay Baht 211 million of long-term employee benefits during the next year (Separate financial statements: Baht 26 million) (2014: Baht 50 million, separate financial statements: Baht 9 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 11 - 17 years (Separate financial statements: 17 years) (2014: 12 - 18 years, separate financial statements: 18 years).

Significant actuarial assumptions are summarised below.

| | Consolidated financial statements | | Separate financial statements | |
|----------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (% per annum) | (% per annum) | (% per annum) | (% per annum) |
| Discount rate | 2.0 - 23.0 | 3.1 - 17.0 | 3.1 | 3.7 |
| Salary increase rate | 2.0 - 15.0 | 3.0 - 15.0 | 3.5 - 7.0 | 3.5 - 10.0 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------|-----------------------------------|-------------|-------------------------------|-------------|
| | Increase 1% | Decrease 1% | Increase 1% | Decrease 1% |
| Discount rate | (129) | 151 | (42) | 50 |

| | | | | |
|----------------------|-----|-------|----|------|
| Salary increase rate | 146 | (127) | 48 | (42) |
|----------------------|-----|-------|----|------|

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 | |
|---|---|--------------|
| | 2015 | 2014 |
| Interest cost | 355 | 975 |
| Expected return on plan asset | 1,996 | 488 |
| Amortisation of net loss | 139 | 228 |
| Expenses recognition due to settlements | 2,294 | 7,673 |
| Long-term employee benefit expenses for the year | 4,784 | 9,364 |

| | (Unit: Thousand Baht) Consolidated financial statements | |
|---|---|----------------|
| | 2015 | 2014 |
| Defined benefit obligation | 4,829 | 8,860 |
| Fair value of plan assets | (4,717) | (10,521) |
| Provisions for long-term employee benefits | 112 | (1,661) |

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

| | (Unit: Thousand Baht) Consolidated financial statements | |
|--|---|---------------|
| | 2015 | 2014 |
| Defined benefit obligation at beginning of year | 8,860 | 21,100 |
| Interest cost | 355 | 975 |
| Benefits paid during the year | - | (1,398) |
| Actuarial loss (gain) | (581) | 2,982 |
| Translation adjustment | 597 | (44) |
| Curtailments | (4,402) | (14,755) |
| Defined benefit obligation at end of year | 4,829 | 8,860 |

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

| | (Unit: Thousand Baht) | |
|---|-----------------------|---------------|
| | Consolidated | |
| | financial statements | |
| | 2015 | 2014 |
| Fair value of plan assets at beginning of year | 10,521 | 26,932 |
| Expected return on plan assets | (2,228) | (1,886) |
| Benefits paid during the year | - | (1,398) |
| Settlements | (4,234) | (13,038) |
| Translation adjustments | 658 | (89) |
| Fair value of plan assets at end of year | 4,717 | 10,521 |

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

| | Consolidated financial statements | |
|-----------------|-----------------------------------|------|
| | 2015 | 2014 |
| | (%) | (%) |
| Debt securities | 100 | 100 |

Key actuarial assumptions used for the valuation are as follows:

| | Consolidated financial statements | |
|--|-----------------------------------|---------------|
| | 2015 | 2014 |
| | (% per annum) | (% per annum) |
| Discount rate | 4.3 | 4.9 |
| Expected long-term rate of return on plan assets | 2.0 | 8.0 |

25. Share capital

On 3 April 2015, the Annual General Meeting of the Company's shareholders approved the followings:

- 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 of Clause 4 of the Company's memorandum of association to be consistent with the reduction of the Company's registered share capital and registered the decrease in share capital with the Ministry of Commerce on 7 April 2015.

- 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 1,200,000,000 ordinary 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 and registered the increase in share capital with the Ministry of Commerce on 8 April 2015.
- 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 registration 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.

Following the announcement of the acquisition of Bumble Bee Holdco S.C.A. ("Bumble Bee") in 2014, the Company carried out the Preferential Public Offering (PPO) during 2015. However, on 3 December 2015 the Company and Lion/Big Catch Cayman L.P. entered into a termination agreement to terminate the Share Purchase Agreement dated 18 December 2014. The Company and the seller concluded that receipt of clearance from the U.S. Department of Justice was unlikely within the timeframe stipulated in the Share Purchase Agreement, as described in Note 13. In December 2015, the Company therefore announced the termination of the Bumble Bee acquisition and consequently decided not to proceed with the PPO.

Reconciliation of number of ordinary shares

| | (Unit: Shares) |
|---|---|
| | Consolidated and Separate <u>financial statements</u> |
| <u>Registered share capital</u> | |
| Number of ordinary shares as of 1 January 2015 | 4,808,000,000 |
| Decrease from approval of the Annual General Meeting of the Company's shareholders | (36,184,504) |
| Increase from approval of the Annual General Meeting of the Company's shareholders | <u>1,200,000,000</u> |
| Number of ordinary shares as of 31 December 2015 | <u><u>5,971,815,496</u></u> |

26. Statutory reserve

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

27. Expenses by nature

Significant expenses classified by nature are as follows:

| | (Unit: Thousand Baht) | | | |
|---|--|------------|--------------------------------------|------------|
| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
| | 2015 | 2014 | 2015 | 2014 |
| Salaries and wages and other employee benefits | 12,802,266 | 10,882,279 | 2,613,001 | 2,333,423 |
| Depreciation | 2,481,169 | 2,310,607 | 366,542 | 369,982 |
| Amortisation | 202,985 | 207,477 | 4,419 | 1,284 |
| Rental expenses under operating lease agreements | 1,023,046 | 1,121,384 | 318,777 | 324,466 |
| Raw materials, consumables used and finished goods purchased | 95,101,994 | 89,983,532 | 12,203,037 | 14,546,514 |
| Changes in finished goods and work in progress | (605,028) | 229,823 | 371,953 | 367,302 |

28. Income tax

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2015 and 2014 are made up as follows:

(Unit: Million Baht)

| | Consolidated | | Separate | |
|---|----------------------|--------------|----------------------|-----------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Current income tax: | | | | |
| Current income tax charge | 1,261 | 773 | 56 | 47 |
| Adjustment in respect of income tax of previous year | 26 | 18 | 26 | 18 |
| Translation adjustment | - | 1 | - | - |
| Expense (income) in deferred income tax | 45 | 248 | (8) | 15 |
| Income tax expenses reported in the statements of comprehensive income | <u>1,332</u> | <u>1,040</u> | <u>74</u> | <u>80</u> |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Million Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Deferred tax on gain on the change in value of available-for-sale investments | 1 | - | - | - |
| Deferred tax on actuarial gain | 28 | 5 | 1 | - |
| | <u>29</u> | <u>5</u> | <u>1</u> | <u>-</u> |

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

(Unit: Million Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------|----------------------|-------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Accounting profit before income tax | 7,250 | 6,807 | 5,124 | 2,534 |
| Applicable tax rate | 10-35% | 13% | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 1,784 | 1,818 | 1,025 | 507 |
| Adjustment in respect of income tax of previous year | 26 | 18 | 26 | 18 |
| Tax effect of intercompany transactions | - | (5) | - | - |
| Tax effect of: | | | | |
| Promotional privileges (Note 29) | (570) | (629) | (140) | (160) |
| Tax-exempt income and non-deductible expenses | 59 | (618) | (828) | (300) |
| Decrease in deferred tax assets | 47 | 324 | 1 | 6 |
| Increase (decrease) in deferred tax liabilities | (14) | 132 | (10) | 9 |
| Income tax expenses in the statements of comprehensive income | 1,332 | 1,040 | 74 | 80 |

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

(Unit: Million Baht)

| | Consolidated | | Separate | |
|--|----------------------|------|----------------------|------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Deferred tax assets | | | | |
| Unused tax loss | 137 | 137 | - | - |
| Tax effect of non-deductible expenses | | | | |
| Allowance for diminution in value of | | | | |
| Accounts receivables | 47 | 26 | 6 | 5 |
| Inventories | 166 | 26 | 4 | 3 |
| Asset value | 7 | 20 | 7 | 7 |
| Others | 33 | 35 | - | - |
| Provision for long-term employee benefits | 58 | 54 | 7 | 7 |
| Accrued liabilities | 132 | 125 | - | - |
| Inventory cost capitalisation | 193 | 243 | - | - |
| Others | 52 | 130 | - | 3 |
| Total | 825 | 796 | 24 | 25 |

(Unit: Million Baht)

| | Consolidated | | Separate | |
|--|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Deferred tax liabilities | | | | |
| Depreciation and amortisation | 247 | 593 | 3 | 3 |
| Intangible assets | 4,308 | 3,959 | - | - |
| Prepaid expense | 7 | 1 | - | - |
| Other reserves | 182 | 201 | - | - |
| Surplus on revaluation of land | 290 | 301 | 45 | 45 |
| Others | 180 | 113 | - | 9 |
| Total | 5,214 | 5,168 | 48 | 57 |
| Deferred tax assets (liabilities) - net | (4,389) | (4,372) | (24) | (32) |
| Reflected in the statement of financial position as follows: | | | | |
| Deferred tax assets | 286 | 269 | - | - |
| Deferred tax liabilities | (4,675) | (4,641) | (24) | (32) |
| Deferred tax assets (liabilities) - net | (4,389) | (4,372) | (24) | (32) |

As at 31 December 2015 the subsidiaries had unused tax losses totaling Baht 83 million (2014: Baht 136 million), no which deferred tax assets have not been recognised the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 83 million will expire by year 2020.

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.

29. 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 2015 and 2014, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

| | Promoted operations | | Non-promoted operations | | Total | |
|----------------|---------------------|-------------------|-------------------------|------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Sales | | | | | | |
| Domestic sales | 2,799,488 | 3,052,997 | 1,272,547 | 819,948 | 4,072,035 | 3,872,945 |
| Export sales | 14,907,207 | 16,941,111 | 363,875 | 306,375 | 15,271,082 | 17,247,486 |
| Total sales | <u>17,706,695</u> | <u>19,994,108</u> | <u>1,636,422</u> | <u>1,126,323</u> | <u>19,343,117</u> | <u>21,120,431</u> |

30. Earnings per share

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

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

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 | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (Thousand Baht) | (Thousand Baht) | (Million Shares) | (Million Shares) | (Baht) | (Baht) |
| Basic earnings per share | | | | | | |
| Profit attributable to equity holders of the Company | 5,302,468 | 5,091,580 | 4,772 | 4,633 | 1.111 | 1.099 |
| Add: Interest expense from convertible bond recognised during the year, net of income tax | - | 81,518 | - | - | | |
| Effect of dilutive potential ordinary shares | | | | | | |
| Conversion of convertible bonds | - | - | - | 139 | | |
| Diluted earnings per share | | | | | | |
| Profit of ordinary shareholders assuming the conversion of convertible bond to ordinary shares | <u>5,302,468</u> | <u>5,173,098</u> | <u>4,772</u> | <u>4,772</u> | <u>1.111</u> | <u>1.084</u> |

| | | Separate financial statements | | | | | |
|--|-----------------|--|------------------|--------------------|--------|-------|-------|
| Profit for the year | | Weighted average number of ordinary shares | | Earnings per share | | | |
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | | |
| (Thousand Baht) | (Thousand Baht) | (Million Shares) | (Million Shares) | (Baht) | (Baht) | | |
| Basic earnings per share | | | | | | | |
| Profit attributable to equity holders of the Company | | 5,050,317 | 2,454,040 | 4,772 | 4,633 | 1.058 | 0.530 |

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

During the fourth quarter of the year 2014, there was the conversion of all convertible bonds.

31. 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 three reportable segments as follows:

- Ambient Seafood
- Frozen and chilled seafood and related business
- Pet food, value-added and other business

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.

In 2015, the internal management reporting, which is used as basis for segment reporting, has been revised, however, there is no change in the overall group reported figures. Accordingly, the reported segment information and its comparative figures have been adjusted to reflect these changes.

The following tables presented revenue and profit information regarding of the Company's and its subsidiaries' operation segments for the years ended 31 December 2015 and 2014, respectively.

(Unit: Million Baht)

| For the year ended 31 December 2015 | | | | | | |
|---|--------------------|--|---|------------------------------|-----------------|---|
| | Ambient Seafood | Frozen and chilled seafood and related business | Pet food, value- added and other business | Total reportable segments | Eliminations | Consolidated financial statements |
| Revenue | | | | | | |
| External customers | 59,142 | 50,307 | 15,734 | 125,183 | - | 125,183 |
| Inter-segment | 7,652 | 6,494 | 4,688 | 18,834 | (18,834) | - |
| Total revenue | 66,794 | 56,801 | 20,422 | 144,017 | (18,834) | 125,183 |
| Results | | | | | | |
| Segment gross profit | 11,102 | 5,396 | 3,089 | 19,587 | (86) | 19,501 |
| Selling and administrative expenses | | | | | | (12,716) |
| Operation profit | | | | | | 6,785 |
| Finance cost | | | | | | (1,592) |
| Share of profit from investments in associates and joint ventures | | | | | | 336 |
| Other income | | | | | | 1,721 |
| Profit before income tax expenses | | | | | | 7,250 |
| Income tax expenses | | | | | | (1,332) |
| Profit for the year | | | | | | 5,918 |

(Unit: Million Baht)

| For the year ended 31 December 2014 | | | | | | |
|-------------------------------------|--------------------|--|---|------------------------------|-----------------|---|
| | Ambient Seafood | Frozen and chilled seafood and related business | Pet food, value- added and other business | Total reportable segments | Eliminations | Consolidated financial statements |
| Revenue | | | | | | |
| External customers | 64,982 | 40,572 | 15,848 | 121,402 | - | 121,402 |
| Inter-segment | 9,642 | 6,325 | 4,993 | 20,960 | (20,960) | - |
| Total revenue | 74,624 | 46,897 | 20,841 | 142,362 | (20,960) | 121,402 |

(Unit: Million Baht)

| For the year ended 31 December 2014 | | | | | | |
|---|--------------------|--|---|------------------------------|--------------|---|
| | Ambient Seafood | Frozen and chilled seafood and related business | Pet food, value- added and other business | Total reportable segments | Eliminations | Consolidated financial statements |
| Results | | | | | | |
| Segment gross profit | 11,227 | 4,168 | 3,577 | 18,972 | 48 | 19,020 |
| Selling and administrative expenses | | | | | | (12,031) |
| Operation profit | | | | | | 6,989 |
| Finance cost | | | | | | (1,673) |
| Share of profit from investments in associates and joint ventures | | | | | | 162 |
| Other income | | | | | | 1,329 |
| Profit before income tax expenses | | | | | | 6,807 |
| Income tax expenses | | | | | | (1,040) |
| Profit for the year | | | | | | 5,767 |

Geographic information

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

| | (Unit: Million Baht) | |
|---------------------------------|----------------------|----------------|
| | 2015 | 2014 |
| Revenue from external customers | | |
| Thailand | 10,039 | 8,989 |
| The United States of America | 52,829 | 53,472 |
| Japan | 7,839 | 8,388 |
| European countries | 36,810 | 35,071 |
| Others | 17,666 | 15,482 |
| Total | 125,183 | 121,402 |

Major customer information

For the years 2015 and 2014, the Company and its subsidiaries had no major customer with revenues of 10 percent or more of an entity's revenues.

32. Provident fund

The Company and 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 20 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 2015, the Company and its local subsidiaries recognised the contributed approximately Baht 86 million (2014: Baht 50 million) as expenses.

33. Dividends

Dividends declared in 2015 and 2014 consist of the following:

| Dividends | Approved by | Total dividends (Million Baht) | Dividend per share (Baht) |
|---|--|-----------------------------------|---------------------------------|
| Dividends from the operating results for the period 1 July 2014 to 31 December 2014 | Annual General Meeting of the shareholders on 3 April 2015 | 1,193 | 0.25 |
| Dividends from the operating results for the interim period 2015 | Board of Director's Meeting on 13 August 2015 | 1,527 | 0.32 |
| Total dividend for 2015 | | 2,720 | |
| Dividends from the operating results for the period 1 July 2013 to 31 December 2013 | Annual General Meeting of the shareholders on 3 April 2014 | 1,021 | 0.89 |
| Dividends from the operating results for the interim period 2014 | Board of Director's Meeting on 13 August 2014 | 1,377 | 1.20 |
| Total dividend for 2014 | | 2,398 | |

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2015 and 2014, 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:

| | 2015 | | 2014 | |
|--|------|-------------|------|------------|
| Factory and warehouse construction agreements | Baht | 257 million | Baht | 78 million |
| | USD | 1 million | | - |
| Purchase of machinery and equipment agreements | Baht | 77 million | Baht | 44 million |
| | USD | 4 million | | - |
| | EUR | 2 million | | - |
| | JPY | 34 million | | - |

34.2 Operating and other service agreement commitments

As at 31 December 2015 and 2014, 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 2015 | | | | | |
|---|------|------------------------|------------------|-------------------|-------|-------------|--|
| | | Payable within | | | | | |
| | | Less than 1 year | 1 to 5 years | More than 5 years | Total | | |
| Office rental and service agreements | Baht | 115 million | Baht 283 million | Baht 113 million | Baht | 511 million | |
| | USD | 2 million | USD 2 million | - | USD | 4 million | |
| | EUR | 2 million | EUR 8 million | EUR 1 million | EUR | 11 million | |
| Land lease agreements | Baht | 11 million | Baht 10 million | Baht 1 million | Baht | 22 million | |
| | - | - | EUR 1 million | - | EUR | 1 million | |
| Vehicle lease agreements | Baht | 23 million | Baht 7 million | - | Baht | 30 million | |
| | - | - | EUR 1 million | - | EUR | 1 million | |
| Machinery lease agreements | Baht | 3 million | Baht 3 million | - | Baht | 6 million | |
| | USD | 1 million | USD 2 million | - | USD | 3 million | |
| | EUR | 1 million | - | - | EUR | 1 million | |
| Computer and copy machine lease agreements | Baht | 26 million | Baht 28 million | - | Baht | 54 million | |
| | - | - | EUR 1 million | - | EUR | 1 million | |
| Computer program maintenance agreements | Baht | 1 million | - | - | Baht | 1 million | |
| Marketing and management service agreements | Baht | 22 million | - | - | Baht | 22 million | |
| Internet network service agreements | Baht | 2 million | Baht 1 million | - | Baht | 3 million | |
| Security service agreements | Baht | 1 million | - | - | Baht | 1 million | |
| Advisory agreement | Baht | 13 million | - | - | Baht | 13 million | |
| Storage agreement | Baht | 1 million | - | - | Baht | 1 million | |

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

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

| | As at 31 December | |
|---------------------------|--|---|
| | 2015 | 2014 |
| The overseas subsidiaries | 1.9 million shares (No par value) 60 shares (AED 1,000 per share) | 1.9 million shares (No par value) - |
| The overseas associate | 0.04 million shares (AED 1 per share) | - |

34.3 Guarantees

- a) As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 31 million (2014: Baht 30 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 2015, there were outstanding bank guarantees of approximately Baht 81 million, USD 2 million, EUR 4 million and NOK 7 million (2014: Baht 82 million and USD 2 million) issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of business.
- c) As at 31 December 2015, 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 3 million (2014: USD 10 million) if its two joint ventures are called for repayment by a financial institution in accordance with the credit facility guarantee agreement.
- d) As at 31 December 2015, the Company issued corporate guarantees of EUR 10 million (2014: None) to a financial institution to secure credit facilities of its subsidiary.
- e) As at 31 December 2015, a subsidiary issued corporate guarantees of Baht 61 million (2014: Baht 61 million) to a financial institution to secure credit facilities of its joint venture.

34.4 Shrimp price guarantee

The Company has the Minimum Shrimp Price Guarantee Scheme with the period of six months beginning from 1 October 2015 through 31 March 2016 for approximately 18,500 tons of shrimp. The Scheme is cooperation between shrimp farmers and the Company. The Scheme is not contract farming and the minimum prices shall be set higher than actual costs born upon the shrimp farmers. The minimum prices depend on the shrimp size and quality. The objective of this scheme is to promote sustainable farming and compliance with the Company's corporate governance standards. It is also intended to encourage shrimp farmers to work closer with the Company's group and Industry Associations to maintain end to end supply chain traceability and increase the Company's shrimp resource pool. Currently, the contracts have been rarely executed because current market price is higher than the shrimp guarantee price.

34.5 Litigation

Tri-Union Seafoods LLC (Tri-U)

A class action lawsuit has been filed against Tri-Union Seafoods LLC (Tri-U) in the U.S. District Court of New Jersey as class action for failure to warn consumers of the potential health hazards of mercury in tuna. Such case was dismissed on 8 January 2007. However, the plaintiff amended complaint as an individual and filed a notice of appeal on 26 January 2007. On 11 September 2015, the parties reached a resolution agreement of USD 0.3 million which was paid to the plaintiff on 28 October 2015. On 29 October 2015, the Court issued a dismissal of the case with prejudice and resolved.

On 15 July 2015, the Antitrust Division of the United States Department of Justice (the "DOJ") served Tri-U with a grand jury subpoena as part of an ongoing investigation into possible criminal violations of the antitrust laws by Tri-U. Tri-U intends to cooperate fully with this investigation.

Also, on 3 August 2015, Tri-U was named in a purported class action complaint filed against Tri-U and two other producers of packaged seafood products in the United States District Court for the Southern District of California. Additional plaintiffs have filed comparable lawsuits with have been combined with the original complaint into a single class action lawsuit. The plaintiff alleges that Tri-U violated U.S. antitrust laws, specifically Sections 1 and 3 of the Sherman Antitrust Act, Tri-U is presently unable to predict the probable outcome of these matters.

Thai Union Europe (TUE) and Thai Union France Holding 2 SAS (TUFH)

On 21 July 2015, TUE and TUFH received a tax adjustment notice from the French Tax Authorities (FTA) which related to a new anti-abuse measure under article 212 I.b. of French Tax Code. The FTA assessed additional income tax for the year 2013 of EUR 2.5 million. The subsidiary has been communicating with the FTA. In January 2016, TUFH received a notice of payment from the FTA for EUR 1.1 million (as part of EUR 2.5 million). However, the Group's tax advisor believes that the arguments of the subsidiary are supportable and will prevail in this case. The management do not expect there to be any material impact to the Company.

35. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

| | (Unit: Million Baht) | | | |
|---|-----------------------------------|---------|---------|----------------------|
| | Consolidated financial statements | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Available-for-sale investments | | | | |
| Equity instruments | 31 | - | - | 31 |
| Land | - | 2,417 | - | 2,417 |
| Assets for which fair value are disclosed | | | | |
| Investment in associate | 2,551 | - | - | 2,551 |
| Derivatives | | | | |
| Foreign currency forward contracts | - | 706 | - | 706 |
| Cross-currency and interest rate swap agreements | - | 281 | - | 281 |
| Option agreements | - | 55 | - | 55 |
| Liabilities for which fair value are disclosed | | | | |
| Debentures | - | 17,138 | - | 17,138 |
| Derivatives | | | | |
| Interest rate swap agreements | - | 368 | - | 368 |
| | | | | (Unit: Million Baht) |
| | Separate financial statements | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Land | - | 967 | - | 967 |

(Unit: Million Baht)

| | Separate financial statements | | | |
|---|-------------------------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets for which fair value are disclosed | | | | |
| Investment in associate | 2,551 | - | - | 2,551 |
| Derivatives | | | | |
| Foreign currency forward contracts | - | 698 | - | 698 |
| Cross-currency and interest rate swap agreements | - | 281 | - | 281 |
| Option agreements | - | 55 | - | 55 |
| Liabilities for which fair value are disclosed | | | | |
| Debentures | - | 17,138 | - | 17,138 |
| Derivatives | | | | |
| Interest rate swap agreements | - | 6 | - | 6 |

36. Financial instruments

36.1 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, trade receivables, short-term and long-term loans, restricted bank deposits, trade payables and debentures. 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 and debentures. 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 statements as at 31 December 2015

| | Fixed interest rates | | | Floating interest rates | | | Non- interest bearing | Total | Interest rate (% p.a.) |
|--------------------------------------|----------------------|--------------|--------------|-------------------------|--------------|----------|-----------------------|---------------|---------------------------|
| | Within | Over | | Within | Over | | | | |
| | 1 year | 1-5 years | 5 years | 1 year | 1-5 years | 5 years | | | |
| | (Million Baht) | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and cash equivalents | 7 | - | - | 2,181 | - | - | 628 | 2,816 | 0.10 - 1.75 |
| Trade and other receivables | - | - | - | - | - | - | 15,776 | 15,776 | - |
| Short-term loan to joint venture | 31 | - | - | - | - | - | - | 31 | 2.40 |
| Short-term loans to other companies | - | - | - | 1 | - | - | 1 | 2 | 0.30 - 3.70 |
| Restricted bank deposits | 1 | - | - | - | - | - | 9 | 10 | 0.80 |
| Long-term loans to other companies | 3 | 9 | - | - | - | - | 7 | 19 | 0.96 - 6.16 |
| | <u>42</u> | <u>9</u> | <u>-</u> | <u>2,182</u> | <u>-</u> | <u>-</u> | <u>16,421</u> | <u>18,654</u> | |
| Financial liabilities | | | | | | | | | |
| Bank overdrafts and short-term loans | | | | | | | | | |
| from financial institutions | 9,790 | - | - | 9,512 | - | - | 75 | 19,377 | 1.25 - 5.50 |
| Trade and other payables | - | - | - | - | - | - | 12,262 | 12,262 | - |
| Short-term loan from associate | 61 | - | - | - | - | - | - | 61 | 1.45 |
| Long-term loans | 23 | 30 | - | 1,534 | 1,641 | - | 30 | 3,258 | 0.96 - 6.16 |
| Debentures | 1,949 | 5,646 | 8,585 | - | - | - | - | 16,180 | 3.58 - 5.18 |
| Finance lease liabilities | 91 | 146 | 66 | - | - | - | - | 303 | 1.23 - 4.26 |
| | <u>11,914</u> | <u>5,822</u> | <u>8,651</u> | <u>11,046</u> | <u>1,641</u> | <u>-</u> | <u>12,367</u> | <u>51,441</u> | |

Consolidated financial statements as at 31 December 2014

| | Fixed interest rates | | | Floating interest rates | | | Non- interest bearing | Total | Interest rate (% p.a.) |
|--------------------------------------|----------------------|---------------|--------------|-------------------------|------------|----------|-----------------------|---------------|---------------------------|
| | Within | Over | | Within | Over | | | | |
| | 1 year | 1-5 years | 5 years | 1 year | 1-5 years | 5 years | | | |
| | (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>-</u> | <u>-</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 loan from associate | 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 |
| Finance lease liabilities | 114 | 221 | 89 | - | - | - | - | 424 | 0.13 - 5.05 |
| | <u>17,685</u> | <u>12,311</u> | <u>7,176</u> | <u>9,401</u> | <u>152</u> | <u>-</u> | <u>10,725</u> | <u>57,450</u> | |

Separate financial statements as at 31 December 2015

| | Fixed interest rates | | | Floating interest rates | | | Non- interest bearing | Total | Interest rate (% p.a.) |
|--------------------------------------|----------------------|-----------------|-----------------|-------------------------|-----------------|-----------------|-----------------------------|---------------|-------------------------------|
| | Within | Over 5 years | Over 5 years | Within | Over 5 years | Over 5 years | | | |
| | 1 year | | | 1-5 years | | | | | |
| (Million Baht) | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and cash equivalents | - | - | - | 2,089 | - | - | 3 | 2,092 | 0.50 - 1.75 |
| Trade and other receivables | - | - | - | - | - | - | 3,386 | 3,386 | - |
| Short-term loan to subsidiaries | 2,887 | - | - | 58 | - | - | - | 2,945 | 0.80 - 3.70 |
| Long-term loans to subsidiaries | - | 12,623 | - | 502 | 3,897 | 3,975 | - | 20,997 | 0.96 - 5.40 |
| | <u>2,887</u> | <u>12,623</u> | <u>-</u> | <u>2,649</u> | <u>3,897</u> | <u>3,975</u> | <u>3,389</u> | <u>29,420</u> | |
| Financial liabilities | | | | | | | | | |
| Bank overdrafts and short-term loans | | | | | | | | | |
| from financial institutions | 3,688 | - | - | - | - | - | - | 3,688 | 1.63 - 1.70 |
| Trade and other payables | - | - | - | - | - | - | 2,248 | 2,248 | - |
| Short-term loan from subsidiary | 33 | - | - | - | - | - | - | 33 | 1.45 |
| Long-term loans | - | - | - | 1,464 | 1,548 | - | - | 3,012 | 1.34 - 2.60 |
| Debentures | 1,949 | 5,646 | 8,585 | - | - | - | - | 16,180 | 3.58 - 5.18 |
| Finance lease liabilities | 11 | 7 | - | - | - | - | - | 18 | 2.19 - 3.62 |
| | <u>5,681</u> | <u>5,653</u> | <u>8,585</u> | <u>1,464</u> | <u>1,548</u> | <u>-</u> | <u>2,248</u> | <u>25,179</u> | |

Separate financial statements as at 31 December 2014

| | Fixed interest rates | | | Floating interest rates | | | Non- interest bearing | Total | Interest rate (% p.a.) |
|--------------------------------------|----------------------|-----------------|-----------------|-------------------------|-----------------|-----------------|-----------------------------|---------------|-------------------------------|
| | Within | Over 5 years | Over 5 years | Within | Over 5 years | Over 5 years | | | |
| | 1 year | | | 1-5 years | | | | | |
| (Million Baht) | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and cash equivalents | - | - | - | 11 | - | - | 1 | 12 | 0.10 - 0.50 |
| Short-term investments | 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>-</u> | <u>-</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 |
| Finance lease liabilities | 43 | - | - | - | - | - | - | 43 | 0.13 - 3.62 |
| | <u>9,383</u> | <u>11,945</u> | <u>7,087</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,963</u> | <u>30,378</u> | |

Interest rate swap transaction agreements

The details of the interest rate swap agreements outstanding as at 31 December 2015 and 2014 are as follows:

The Company

| As at 31 December 2015 | | | | |
|------------------------|--|--|---------------------------------------|------------------|
| | 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 |

| As at 31 December 2014 | | | | |
|------------------------|--|--|---------------------------------------|------------------|
| | 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 2015 | | | | |
|------------------------|------------------|---------------------------------------|---------------------------------------|------------------|
| | 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 | EUR 22 million | Floating rate 3-month EURIBOR | Fixed rate 0.37% | October 2021 |
| 4 | USD 80 million | Floating rate LIBOR | Fixed rate 1.85 - 2.55% | February 2016 |

| 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 |

Cross Currency and Interest Rate Swap agreements

The Company

| As at 31 December 2015 | | | | | |
|------------------------|--|--|--|---|------------------|
| | Currency and Interest Revenue Rate Swap agreements | | Currency and Interest Expense Rate Swap agreements | | Termination date |
| | Principal amount | Interest rate | Principal amount | Interest rate | |
| 1 | Baht 1,997 million | Floating rate 6-month THBFIX minus 1.75% | EUR 50 million | - | June 2017 |
| 2 | Baht 430 million | Floating rate 3-month THBFIX | USD 14 million | Floating rate 3-month LIBOR plus 0.20% | June 2016 |
| 3 | Baht 614 million | Floating rate 3-month THBFIX | USD 20 million | Fixed rate 1.54% | June 2018 |
| 4 | USD 14 million | Floating rate LIBOR plus 0.92% | Baht 442 million | Fixed rate 4.00% | July 2018 |
| 5 | USD 35 million | Floating rate LIBOR plus 0.92% | Baht 1,106 million | Fixed rate 3.62% | July 2017 |
| 6 | Baht 4,106 million | Fixed rate 2.32% | EUR 96.5 million | - | December 2019 |
| 7 | Baht 2,050 million | Floating rate 6-month THBFIX plus 1.26% | EUR 50 million | Floating rate 3-month LIBOR plus 1.375% | October 2021 |
| 8 | Baht 1,647 million | Floating rate 6-month THBFIX plus 1.26% | EUR 40 million | Floating rate 3-month LIBOR plus 1.375% | October 2021 |
| 9 | Baht 326 million | Floating rate 3-month THBFIX plus 0.75% | USD 10 million | Fixed rate 1.915% | January 2018 |
| 10 | Baht 1,951 million | Floating rate 6-month THBFIX plus 0.98% | USD 60 million | Fixed rate 3.70% | January 2023 |

| As at 31 December 2015 | | | | | |
|------------------------|--|---|--|--|------------------|
| | Currency and Interest Revenue Rate Swap agreements | | Currency and Interest Expense Rate Swap agreements | | Termination date |
| | Principal amount | Interest rate | Principal amount | Interest rate | |
| 11 | Baht 1,951million | Fixed rate 3.95% | USD 60 million | Fixed rate 3.96% | January 2026 |
| 12 | Baht 1,899 million | Fixed rate 1.65% | EUR 50 million | - | December 2017 |
| 13 | Baht 655 million | Fixed rate 2.91% | USD 20 million | Fixed rate 3.30% | January 2023 |
| 14 | Baht 1,310 million | Fixed rate 3.59% | USD 40 million | Fixed rate 3.98% | January 2026 |
| 15 | Baht 1,310 million | Fixed rate 2.95% | USD 40 million | Fixed rate 3.30% | January 2023 |
| 16 | Baht 80 million | Floating rate 6-month THBFIX plus 1.33% | EUR 2 million | Floating rate 3-month LIBOR plus 1.375% | October 2021 |
| 17 | Baht 1,145 million | Floating rate 3-month THBFIX plus 4.75% | USD 32 million | Fixed rate 5.65% | March 2017 |

| 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% | EUR 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% | EUR 40 million | Floating rate 3-month LIBOR plus 1.375% | October 2021 |

Subsidiary

| As at 31 December 2014 | | | | | |
|------------------------|---|---|---|------------------|------------------|
| | 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 | |
|------------------|------------------------------------|-----------|---|-----------|---|-------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| USD | 370 | 416 | 133 | 82 | 36.04 | 32.92 |
| JPY | 44 | 215 | 115 | 380 | 0.30 | 0.27 |
| EUR | 517 | 599 | 39 | 1 | 39.39 | 40.00 |
| NOK | 53 | - | 56 | 1 | 4.13 | 4.41 |
| GBP | 37 | - | 21 | - | 53.43 | 51.07 |
| PLN | 1 | - | 1 | - | 9.31 | 9.32 |
| SEK | 4 | - | 3 | - | 4.30 | 4.19 |
| CZK | 8 | - | - | - | 1.46 | 1.45 |

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

| As at 31 December 2015 | | | | | | | |
|------------------------|---------------|-------------|---------------------------|------------------|---------------------------|------------------|-------------------------------|
| Foreign currency | Bought amount | Sold amount | Contractual exchange rate | | Contractual maturity date | | |
| | | | Bought amount | Sold amount | | | |
| | (Million) | (Million) | | | | | |
| <u>The Company</u> | | | | | | | |
| USD | 270 | 242 | 32.75 - 33.80 | Baht against USD | 32.76 - 36.86 | Baht against USD | January 2016 - August 2016 |
| JPY | - | 638 | - | | 0.28 - 0.31 | Baht against JPY | February 2016 - June 2016 |
| EUR | - | 211 | - | | 38.72 - 48.45 | Baht against EUR | January 2016 - October 2020 |
| <u>Subsidiaries</u> | | | | | | | |
| USD | 1 | 240 | 35.98 - 36.15 | Baht against USD | 33.86 - 36.82 | Baht against USD | January 2016 - September 2016 |
| JPY | - | 442 | - | | 0.30 | Baht against JPY | August 2016 - December 2016 |
| AUD | - | 1 | - | | 25.20 - 25.37 | Baht against AUD | April 2016 |
| EUR | 1 | - | 38.37 - 41.06 | Baht against EUR | - | | February 2016 - July 2016 |
| EUR | - | 32 | - | | 8.48 - 9.83 | NOK against EUR | January 2016 - December 2017 |
| USD | - | 24 | - | | 3.11 - 3.99 | PLN against USD | January 2016 - December 2017 |
| EUR | - | 1 | - | | 4.28 - 4.34 | PLN against EUR | October 2016 - December 2016 |
| EUR | 98 | 2 | 0.70 - 0.76 | GBP against EUR | 0.71 - 0.74 | GBP against EUR | January 2016 - December 2017 |
| GBP | - | 36 | - | | 1.49 - 1.56 | USD against GBP | January 2016 - December 2016 |
| GBP | - | 3 | - | | 13.15 | NOK against GBP | January 2016 - December 2016 |
| EUR | 23 | 37 | 1.10 - 1.13 | USD against EUR | 1.08 - 1.17 | USD against EUR | January 2016 - December 2016 |

As at 31 December 2014

| Foreign currency | Bought amount (Million) | Sold amount (Million) | Contractual exchange rate | | Contractual maturity date |
|---------------------|-------------------------------|-----------------------------|---------------------------|-----------------------------------|------------------------------|
| | | | Bought amount | Sold amount | |
| <u>The Company</u> | | | | | |
| USD | 49 | 241 | 31.58 - 31.60 | Baht against USD 30.70 - 33.32 | 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 |
| <u>Subsidiaries</u> | | | | | |
| 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 2015, 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 USD 25 million (2014: between USD 10.6 million up to USD 23 million), depending on conditions stipulated in the agreements, at rate of Baht 33.80 per USD 1 (2014: at rates of Baht 32.75 to Baht 33.50 per USD 1). These agreements was terminate within January 2016 (2014: June to November 2015).

The Company had 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. However, the Company unwound these agreements in during the first quarter of the current year.

Moreover, the overseas subsidiaries have outstanding option agreements as follows.

As at 31 December 2015

| Foreign currency | Bought amount (Million) | Sold amount (Million) | Contractual exchange rate | | Contractual maturity date |
|---------------------|-------------------------------|-----------------------------|---------------------------|-----------------------------|------------------------------|
| | | | Bought amount | Sold amount | |
| EUR | - | 4 | - | 9.00 - 9.10 NOK against EUR | January 2016 - March 2016 |

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 |

36.2 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 and derivatives are 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 2015 | | As at 31 December 2014 | |
|------------------------------|------------------------|------------|------------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial liabilities | | | | |
| Debentures | 16,200 | 17,138 | 16,200 | 16,845 |

The estimated fair value of the derivatives as at 31 December 2015 is as follows:

(Unit: Million Baht)

| Derivatives (gain (loss)) | |
|--|-------|
| Foreign currency forward contracts | 706 |
| Interest rate swap agreements | (368) |
| Cross currency and interest rate swap agreements | 281 |
| Option agreements | 55 |

The main purpose of issuing debentures is to finance the acquisition of MW Brands in 2010 by lending such money from the Company 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 the Company 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, short-term loans to joint venture, short-term loans to other companies, restricted bank deposits, bank overdrafts and short-term loans from financial institutions, short-term loans from associate and long-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies determined by using the yield curve of government bonds, adjusted with an appropriate risk premium, or, calculated using the yield curve announced by the Thai Bond Market Association, adjusted with an appropriate risk premium.
- c) For 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.
- d) For 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.
- e) 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.
- f) For debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.
- g) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Company and its subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives

During the current year, there were no transfers within the fair value hierarchy.

37. 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 2015, the Group's debt to equity ratio was 1.29:1 (2014: 1.42:1) and the Company's was 0.89:1 (2014: 1.09:1).

38. Events after the reporting period

On 23 February 2016, the meeting of the Company's Board of Directors No.1/2016 passed the resolution to be proposed to Annual General Meeting of the shareholders to be held in April 2016, to pay a dividend of Baht 3,006 million from its net operating profit of the year 2015, to the Company's shareholders. However, by the resolution of the meeting of the Company's Board of Directors No. 5/2015 held on 13 August 2015, the Company paid out the interim dividend payment of Baht 0.32 per share from the six-month operating profit ended 30 June 2015, to the Company's shareholders totaling Baht 1,527 million on 9 September 2015. The remaining dividend is Baht 0.31 per share or totaling Baht 1,479 million will be paid on 21 April 2016.

Acquisition of Rugen Fisch

On 21 December 2015, a meeting of the Company's Board of Directors approved the acquisition of 51% of the shares of Rugen Fisch AG (Rugen Fisch) in Germany. On the same date, the Company and Thai Union EU Seafood 1 S.A., a subsidiary of the Company incorporated in Luxembourg, and the seller entered into a share purchase and transfer agreement in relation to the Company's proposed acquisition of 51% of the shares of Rugen Fisch, a producer of shelf-stable canned seafood with headquarters located in Germany. The products of Rugen Fisch are distributed across Germany. In addition, Thai Union Germany GMBH, which was acquired as a subsidiary of Thai Union EU Seafood 1 S.A. in January 2016, is a counterpart to this share acquisition. The acquisition of a 51% equity stake in Rugen Fisch was completed in February 2016, and the preliminary purchase price was EUR 42.2 million.

39. Reclassification

Certain accounts in the financial statements as at 31 December 2014 and 1 January 2014 have been reclassified to conform to the current year's classification with no effect to previously reported profit or loss or shareholders' equity.

The reclassifications are as follows:

(Unit: Thousand Baht)

| Consolidated financial statements | | | | |
|-----------------------------------|------------------------|------------------------|----------------------|--------------------|
| | As at 31 December 2014 | | As at 1 January 2014 | |
| | As reclassified | As previously reported | As reclassified | As brought forward |
| Deferred tax assets | 269,608 | 796,370 | 520,125 | 1,328,856 |
| Deferred tax liabilities | 4,640,834 | 5,167,596 | 4,725,835 | 5,534,566 |

(Unit: Thousand Baht)

| Separate financial statements | | | | |
|-------------------------------|------------------------|------------------------|----------------------|--------------------|
| | As at 31 December 2014 | | As at 1 January 2014 | |
| | As reclassified | As previously reported | As reclassified | As brought forward |
| Deferred tax assets | - | 25,256 | - | 31,498 |
| Deferred tax liabilities | 31,592 | 56,848 | 16,390 | 47,888 |

40. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's Board of Directors on 23 February 2016.