

Independent Auditor's Report

To the shareholders and the Board of Directors of Thai Union Group Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Thai Union Group Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of income for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then end; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><i>Assessment of impairment of goodwill and intangible assets</i></p> <p>The Group carries a significant amount of goodwill and intangible assets on its statement of financial position. Under Thai Financial Reporting Standards, the Group is required to test the amount of goodwill for impairment annually as well as when there is a triggering event indicating the potential for impairment. This includes the identification of the Group's Cash Generating Units (CGUs) that relates to goodwill.</p> <p>I focused on this area because the complexity of the assessment process and significant judgments and assumptions involved are affected by unexpected future market or economic conditions. The Group assessed the value-in-use of goodwill and intangible assets by using the discounted cash flow model that required many assumptions that are subject to management's judgments such as revenue growth rates and discount rates applied to future cash flow forecasts.</p> <p>As at 31 December 2017, the Group had goodwill of Baht 16,771 million and intangible assets of Baht 14,080 million on the statement of financial position, representing approximately 11.48% and 9.64% of total assets, as detailed in Note 14 and Note 16, respectively. The Group has not recognised any impairment loss on these assets.</p>	<p>My audit procedures included,</p> <ul style="list-style-type: none">• assessing the appropriateness of management's identification of the Group's CGUs• involving a valuation expert to assist me in evaluating the assumptions and methodologies used by the Group, when applicable. In particular, I focused on testing the assumptions relating to the forecasted revenue growth, profit margins for key CGUs and pre-tax discount rate.• challenging management and assessing the cash flow projections, mainly for key CGUs, including an assessment of the historical accuracy of management's estimates and evaluation of future business plans.• assessing and testing the assumptions, methodologies, the weighted average cost of capital, royalty rate and other data used in management's impairment analysis. For example, by comparing them to external and historical data, such as external market growth expectations.• analysing the sensitivity in the available headroom for the CGUs, evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount, and assessed the historical accuracy of management's estimates and assumptions.• evaluating the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill and intangible assets. <p>Based on the procedures I performed, I considered management's key assumptions to be within a reasonable range. I also assessed that the disclosures are adequate.</p>

Key audit matter	How my audit addressed the key audit matter
<p><i>Disclosure of fair value of derivative contracts</i></p> <p>The Group and the Company use a number of derivative contracts to hedge against currency risk associated with ordinary business activities, as detailed in Note 38. Fair value of these financial instruments are disclosed in the notes to financial statements (Note 3.3).</p> <p>The Group and the Company have a large volume of business transactions denominated in foreign currencies. As even minor changes in foreign exchange rates may have a material effect on the operation results. The Group and the Company have policies and procedures in place to monitor fluctuation of exchange rate, including relevant market data, to manage the foreign currency risk.</p> <p>I focused on this area because of significant balances of derivative contracts. According to TFRS 13, Fair Value Measurement, the fair value estimation of derivative contract agreements is defined as level 2 inputs, which are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly, that are likely to be quoted assets or liabilities for similar items in active markets. Additionally, adjustments may be needed to level 2 inputs for fair value assessment of derivative contracts.</p> <p>As at 31 December 2017, the Group had derivative contracts receivables and payable of Baht 2,592 million and Baht 643 million, respectively, on the statement of financial position. Fair value of these derivative contracts receivables and payable disclosed in the notes to financial statements (Note 3.3) are Baht 1,982 million and Baht 1,859 million, respectively.</p>	<p>My audit procedures included,</p> <ul style="list-style-type: none"> ● assessing the appropriateness of authorisation of derivative contracts transactions and reviewing the accounting treatment of the various hedging transactions based on the Group and the Company’s accounting policy; ● understanding the Group and the Company’s internal control with regard to derivative contracts, including the internal activities to monitor compliance with the hedging policy; ● independent reviewing the measurement of fair value of derivative contracts disclosed in the notes to financial statements based on market data as a benchmark and assessing the reason for variance against the financial institutions’ valuation result, and ● obtaining the confirmations from financial institutions to assess the completeness of the outstanding derivative contracts. <p>Based on the procedures I performed, I found that the fair value of these derivative contracts were properly and adequately disclosed in the notes to financial statements.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Somchai Jinnovart

Certified Public Accountant (Thailand) No. 3271

Bangkok

20 February 2018

THAI UNION GROUP PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017

Thai Union Group Public Company Limited
Statement of Financial Position
As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Assets					
Current assets					
Cash and cash equivalents	7	814,911	976,122	141,193	13,404
Short-term investments		63,560	-	-	-
Trade and other receivables, net	8, 35	16,343,842	16,412,244	4,249,503	3,962,669
Short-term loans to related parties	35	69,870	-	7,452,933	7,331,581
Inventories, net	9	43,359,928	39,626,191	5,390,770	4,769,795
Current portion of derivative contracts receivables		725,121	854,832	437,389	543,351
Other current assets	10	1,335,393	1,176,674	149,555	173,439
Assets of disposal group classified as held-for-sale	11	33,941	1,032,461	-	-
Total current assets		62,746,566	60,078,524	17,821,343	16,794,239
Non-current assets					
Restricted deposits with financial institutions		1,467	1,417	-	-
Investments in subsidiaries	12	-	-	29,337,930	27,851,936
Investments in associates	12	10,336,972	10,492,318	835,293	835,293
Investments in joint ventures	12	530,803	626,463	-	-
Other long-term investments	15	1,012,105	2,655,007	988,528	2,627,527
Long-term loans to related parties, net	35	11,274,911	12,361,592	37,872,816	40,263,658
Long-term loans to third parties, net		3,677	10,448	-	-
Property, plant and equipment, net	13	25,261,479	23,280,566	4,474,157	4,254,411
Intangible assets, net	14	16,771,420	15,935,933	1,177,318	513,554
Goodwill, net	16	14,080,065	13,646,643	-	-
Derivative contracts receivables, net		1,866,384	1,713,481	1,866,383	1,713,482
Deferred tax assets	17	1,079,837	704,258	19,809	17,709
Other non-current assets	18	1,301,879	858,813	326,224	415,963
Total non-current assets		83,520,999	82,286,939	76,898,458	78,493,533
Total assets		146,267,565	142,365,463	94,719,801	95,287,772

Director _____ Director _____

The accompanying notes are an integral part of these consolidated and separate financial statements.

Thai Union Group Public Company Limited
Statement of Financial Position (continued)
As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017 Thousand Baht	31 December 2016 Thousand Baht	31 December 2017 Thousand Baht	31 December 2016 Thousand Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	19	15,245,774	36,905,656	5,240,280	28,638,929
Trade and other payables	20, 35	19,822,673	17,428,944	4,386,016	3,512,941
Short-term loans from related parties	35	119,300	77,000	693,499	923,957
Current portion of long-term loans from					
financial institutions, net	21	849,286	764,733	797,144	701,910
Current portion of debentures, net	22	-	2,499,835	-	2,499,835
Current portion of finance lease liabilities, net	23	47,257	82,308	7,278	12,241
Income tax payable		15,972	291,838	-	-
Current portion of derivative contracts payables		324,322	596,375	86,209	169,595
Other current liabilities		207,975	506,045	71,179	83,722
Liabilities of disposal group classified as held-for-sale	11	24,927	89,119	-	-
Total current liabilities		36,657,486	59,241,853	11,281,605	36,543,130
Non-current liabilities					
Long-term loans from financial institutions, net	21	14,711,748	963,325	14,073,831	840,941
Debentures, net	22	36,168,880	24,417,199	36,168,880	24,417,199
Finance lease liabilities, net	23	154,785	208,439	12,802	20,080
Employee benefit obligations	25	2,356,189	1,916,304	707,644	455,667
Deferred tax liabilities	17	4,592,177	4,499,820	-	-
Derivative contracts payables, net		318,356	1,037,913	318,356	1,037,913
Other non-current liabilities	24	3,080,802	2,644,674	660,329	453,216
Total non-current liabilities		61,382,937	35,687,674	51,941,842	27,225,016
Total liabilities		98,040,423	94,929,527	63,223,447	63,768,146

The accompanying notes are an integral part of these consolidated and separate financial statements.

Thai Union Group Public Company Limited
Statement of Financial Position (continued)
As at 31 December 2017

	Notes	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>31 December 2017 Thousand Baht</u>	<u>31 December 2016 Thousand Baht</u>	<u>31 December 2017 Thousand Baht</u>	<u>31 December 2016 Thousand Baht</u>
Liabilities and equity (continued)					
Equity					
Share capital	26				
Authorised share capital					
5,971,815,496 ordinary shares at a par value of Baht 0.25 per share		<u>1,492,954</u>	<u>1,492,954</u>	<u>1,492,954</u>	<u>1,492,954</u>
Issued and paid-up share capital					
4,771,815,496 ordinary shares at a par value of Baht 0.25 per share		1,192,954	1,192,954	1,192,954	1,192,954
Premium on share capital		19,948,329	19,948,329	19,948,329	19,948,329
Retained earnings					
Appropriated - legal reserve	28	149,295	149,295	149,295	149,295
Unappropriated		29,220,745	26,528,035	10,239,445	10,275,437
Other components of equity		<u>(6,051,921)</u>	<u>(4,575,938)</u>	<u>(33,669)</u>	<u>(46,389)</u>
Equity attributable to owners of the parent		<u>44,459,402</u>	<u>43,242,675</u>	<u>31,496,354</u>	<u>31,519,626</u>
Non-controlling interests		<u>3,767,740</u>	<u>4,193,261</u>	-	-
Total equity		<u>48,227,142</u>	<u>47,435,936</u>	<u>31,496,354</u>	<u>31,519,626</u>
Total liabilities and equity		<u>146,267,565</u>	<u>142,365,463</u>	<u>94,719,801</u>	<u>95,287,772</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Thai Union Group Public Company Limited
Statement of Income
For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Sales	29, 35	136,535,157	134,375,112	22,411,609	20,737,423
Cost of sales	35	(118,394,553)	(114,448,218)	(20,308,103)	(18,771,118)
Gross profit		18,140,604	19,926,894	2,103,506	1,966,305
Gain on exchange rates		1,256,138	84,346	803,384	414,174
Interest income	35	1,053,045	359,543	1,722,555	1,246,735
Dividend income	35	31,408	10,327	2,198,089	3,117,994
Other income	30, 35	1,097,104	887,477	412,337	398,212
Profit before expenses		21,578,299	21,268,587	7,239,871	7,143,420
Selling expenses		(6,488,545)	(6,627,385)	(770,052)	(677,579)
Administrative expenses		(6,940,585)	(6,494,247)	(1,599,190)	(1,232,514)
Other expenses		(2)	(54,960)	(4,150)	(750,715)
Operating profit		8,149,167	8,091,995	4,866,479	4,482,612
Finance costs	31	(2,140,793)	(1,571,668)	(1,726,945)	(1,127,317)
Profit before share of profit of investments in associates and joint ventures		6,008,374	6,520,327	3,139,534	3,355,295
Share of profit of investments in associates and joint ventures	12	456,329	194,305	-	-
Profit before income tax		6,464,703	6,714,632	3,139,534	3,355,295
Income tax	33	98,934	(582,529)	(9,087)	8,701
Profit for the year from continuing operations		6,563,637	6,132,103	3,130,447	3,363,996
Loss for the year from discontinued operation	11	(71,409)	(271,953)	-	-
Profit for the year		6,492,228	5,860,150	3,130,447	3,363,996
Profit attributable to:					
Owners of the parent					
From continuing operations		6,092,146	5,526,385	3,130,447	3,363,996
From discontinued operation		(71,409)	(271,953)	-	-
		6,020,737	5,254,432	3,130,447	3,363,996
Non-controlling interests		471,491	605,718	-	-
Profit for the year		6,492,228	5,860,150	3,130,447	3,363,996
Earnings per share for profit attributable to the owners of the parent					
Earnings per share (Baht)	34				
Basic earnings per share					
From continuing operations		1.28	1.16	0.66	0.70
From discontinued operation		(0.02)	(0.06)	-	-
Total basic earnings per share		1.26	1.10	0.66	0.70

The accompanying notes are an integral part of these consolidated and separate financial statements.

Thai Union Group Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Profit for the year	6,492,228	5,860,150	3,130,447	3,363,996
Other comprehensive income (expenses):				
Items that will not be reclassified subsequently to profit or loss				
- Actuarial gain (loss), net of income tax	(330,084)	20,025	(160,195)	-
- Increase (Decrease) in other reserves	(270,172)	56,443	-	-
Total items that will not be reclassified subsequently to profit or loss	(600,256)	76,468	(160,195)	-
Items that will be reclassified subsequently to profit or loss				
- Exchange differences on translation, net of income tax	(779,492)	(923,709)	-	-
- Change in fair value of available-for-sale investments, net of income tax	178,705	(46,770)	178,693	(46,389)
- Reclassification from disposal of available-for-sale investments, net of income tax	(165,973)	-	(165,973)	-
Total items that will be reclassified subsequently to profit or loss	(766,760)	(970,479)	12,720	(46,389)
Other comprehensive income (expenses) for the year, net of income tax	(1,367,016)	(894,011)	(147,475)	(46,389)
Total comprehensive income for the year	5,125,212	4,966,139	2,982,972	3,317,607
Total comprehensive income attributable to:				
Owners of the parent	4,664,011	4,429,049	2,982,972	3,317,607
Non-controlling interests	461,201	537,090	-	-
Total comprehensive income for the year	5,125,212	4,966,139	2,982,972	3,317,607

The accompanying notes are an integral part of these consolidated and separate financial statements.

Thai Union Group Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2017

Consolidated financial statements												
Attributable to owners of the parent												
	Retained earnings				Other components of equity				Total other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Issued and paid-up share capital	Premium on share capital	Appropriated - Legal reserve	Unappropriated	Exchange differences on translation	Changes in value of available-for-sale investments	Other reserves	Changes in ownership interest in subsidiaries				
Notes	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Opening balance as at 1 January 2016	1,192,954	19,948,329	149,295	24,309,334	784,782	(1,890)	(9,821)	(1,156,761)	(383,690)	45,216,222	2,753,572	47,969,794
Net decrease in non-controlling interest from change in investment in subsidiary	-	-	-	(69,759)	-	-	-	(1,414,818)	(1,414,818)	(1,484,577)	(545,767)	(2,030,344)
Acquisition of non-controlling interests through business combination	-	-	-	-	-	-	-	-	-	-	1,932,022	1,932,022
Options over non-controlling interests through business combination	-	-	-	-	-	-	(1,932,022)	-	(1,932,022)	(1,932,022)	-	(1,932,022)
Dividend payment	-	-	-	(2,985,997)	-	-	-	-	-	(2,985,997)	(483,656)	(3,469,653)
Total comprehensive income for the year	-	-	-	5,274,457	(855,081)	(46,770)	56,443	-	(845,408)	4,429,049	537,090	4,966,139
Closing balance as at 31 December 2016	<u>1,192,954</u>	<u>19,948,329</u>	<u>149,295</u>	<u>26,528,035</u>	<u>(70,299)</u>	<u>(48,660)</u>	<u>(1,885,400)</u>	<u>(2,571,579)</u>	<u>(4,575,938)</u>	<u>43,242,675</u>	<u>4,193,261</u>	<u>47,435,936</u>
Opening balance as at 1 January 2017	1,192,954	19,948,329	149,295	26,528,035	(70,299)	(48,660)	(1,885,400)	(2,571,579)	(4,575,938)	43,242,675	4,193,261	47,435,936
Net decrease in non-controlling interests from change in investment in subsidiary	12	-	-	-	-	-	-	(441,040)	(441,040)	(441,040)	(491,712)	(932,752)
Dividend payment	27	-	-	(3,006,244)	-	-	-	-	-	(3,006,244)	(395,010)	(3,401,254)
Total comprehensive income for the year	-	-	-	5,698,954	(777,503)	12,732	(270,172)	-	(1,034,943)	4,664,011	461,201	5,125,212
Closing balance as at 31 December 2017	<u>1,192,954</u>	<u>19,948,329</u>	<u>149,295</u>	<u>29,220,745</u>	<u>(847,802)</u>	<u>(35,928)</u>	<u>(2,155,572)</u>	<u>(3,012,619)</u>	<u>(6,051,921)</u>	<u>44,459,402</u>	<u>3,767,740</u>	<u>48,227,142</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Thai Union Group Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2017

	Separate financial statements							
	Note	Issued and paid-up share capital Thousand Baht	Premium on share capital Thousand Baht	Retained earnings		Other components of equity		Total equity Thousand Baht
				Appropriated - Legal reserve Thousand Baht	Unappropriated Thousand Baht	Changes in value of available-for-sale investments Thousand Baht	Total other components of equity Thousand Baht	
Opening balance as at 1 January 2016		1,192,954	19,948,329	149,295	9,917,685	-	-	31,208,263
Dividend payment		-	-	-	(3,006,244)	-	-	(3,006,244)
Total comprehensive income for the year		-	-	-	3,363,996	(46,389)	(46,389)	3,317,607
Closing balance as at 31 December 2016		<u>1,192,954</u>	<u>19,948,329</u>	<u>149,295</u>	<u>10,275,437</u>	<u>(46,389)</u>	<u>(46,389)</u>	<u>31,519,626</u>
Opening balance as at 1 January 2017		1,192,954	19,948,329	149,295	10,275,437	(46,389)	(46,389)	31,519,626
Dividend payment	27	-	-	-	(3,006,244)	-	-	(3,006,244)
Total comprehensive income for the year		-	-	-	2,970,252	12,720	12,720	2,982,972
Closing balance as at 31 December 2017		<u>1,192,954</u>	<u>19,948,329</u>	<u>149,295</u>	<u>10,239,445</u>	<u>(33,669)</u>	<u>(33,669)</u>	<u>31,496,354</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Thai Union Group Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2017

	Notes	Consolidated financial information		Separate financial information	
		31 December 2017 Thousand Baht	31 December 2016 Thousand Baht	31 December 2017 Thousand Baht	31 December 2016 Thousand Baht
Cash flows from operating activities					
Profit before income tax					
From continuing operations		6,464,703	6,714,632	3,139,534	3,355,295
From discontinued operation	11.5	(71,411)	(271,943)	-	-
Total		6,393,292	6,442,689	3,139,534	3,355,295
Adjustment items	36	4,144,045	4,642,512	(1,324,318)	(2,099,872)
Changes in operating assets and liabilities	36	(2,862,024)	(1,608,720)	165,411	(614,263)
Income tax paid	36	(857,544)	(1,706,592)	(12,221)	39,624
Net cash receipts from operating activities		6,817,769	7,769,889	1,968,406	680,784
Cash flows from investing activities					
Decrease (Increase) in restricted deposits with financial institutions		(50)	8,481	-	-
Net cash payment for short-term investments		(63,560)	-	-	-
Proceeds from disposals of assets of disposal group classified as held-for-sale		768,186	-	-	-
Purchases of property, plant and equipment		(4,940,699)	(3,737,433)	(580,022)	(503,233)
Purchases of intangible assets		(730,331)	(383,652)	(695,640)	(320,076)
Proceeds from disposals of property, plant and equipment and intangible assets		166,012	188,157	18,853	13,156
Cash payment for business combinations, net of cash acquired	12	-	(1,932,307)	-	-
Cash payment for investments in subsidiaries		-	-	(1,506,694)	(18,246,920)
Cash payment for investments in associates	12	(26,947)	(8,787,895)	-	(679,719)
Cash payment for investments in joint ventures	12	(93,270)	(137,700)	-	-
Cash payment for other long-term investments		(932)	(2,674,164)	(500)	(2,673,918)
Proceeds from sale of investments in joint ventures		-	36,657	-	-
Proceeds from sale of other long-term investments		1,822,546	10,828	1,818,192	-
Proceeds from reduced share capital of subsidiary		-	-	-	8,232,585
Net cash receipts from (payments for) short-term loans to related parties and third parties		(69,870)	31,850	(763,950)	(4,550,184)
Cash receipts from long-term loans to related parties and third parties	35	6,552	9,539	1,649,270	14,230,572
Cash payments from long-term loans to related parties and third parties	35	-	(12,174,947)	(109,710)	(34,043,181)
Interest received		568,147	8,310	1,482,663	894,251
Dividend received		169,902	134,490	2,198,089	3,117,994
Net cash receipts (payments) from investing activities		(2,424,314)	(29,399,786)	3,510,551	(34,528,673)

The accompanying notes are an integral part of these consolidated and separate financial information.

Thai Union Group Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2017

	Notes	Consolidated financial information		Separate financial information	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Cash flows from financing activities					
Net cash receipts from (payments for) short-term loans from financial institutions		(21,587,856)	17,424,297	(23,407,687)	24,969,047
Net cash receipts from (payments for) short-term loans from related parties		42,300	16,100	(227,585)	1,307,423
Cash receipts from long-term loans from financial institutions	21	14,885,593	14,883	14,269,000	-
Repayments for long-term loans from financial institutions	21	(781,114)	(1,567,209)	(671,200)	(1,334,800)
Deferred financial costs paid	21	(83,429)	-	(83,429)	-
Cash receipts from debenture issuance	22	12,000,000	12,642,843	12,000,000	12,642,843
Repayments for debenture issuance	22	(2,500,000)	(1,950,000)	(2,500,000)	(1,950,000)
Debenture issuance costs paid	22	(22,144)	(20,554)	(22,144)	(20,554)
Interest paid and other finance costs paid		(2,076,514)	(1,268,247)	(1,689,530)	(827,397)
Cash paid for finance lease liabilities		(96,977)	(64,515)	(12,241)	(14,958)
Cash paid for non-controlling interests from change in investment in subsidiary	12	(932,752)	(2,050,013)	-	-
Receipts from non-controlling interests for additional share capital in a subsidiary	12	-	89,428	-	-
Dividends paid to the owners of the parent		(3,006,355)	(2,982,062)	(3,006,355)	(3,002,479)
Dividends paid to non-controlling interests		(392,387)	(483,656)	-	-
Net cash receipts (payments) for financing activities		(4,551,635)	19,801,295	(5,351,171)	31,769,125
Net increase (decrease) in cash and cash equivalents		(158,180)	(1,828,602)	127,786	(2,078,764)
Cash and cash equivalents - opening balance	7	730,859	2,590,306	13,404	2,092,174
Exchange gain (loss) on cash and cash equivalents		(84)	(30,845)	3	(6)
Cash and cash equivalents - closing balance	7	572,595	730,859	141,193	13,404
Non-cash items					
Payable balances from purchase of property, plant and equipment (included in trade and other payables)	20	558,815	392,992	149,241	114,664
Acquisition of property, plant and equipment under finance lease contracts		7,056	60,867	-	29,522
Increase in investment in a subsidiary by converting loan receivables to investment	12.1	-	-	503,117	-

The accompanying notes are an integral part of these consolidated and separate financial information.

1 General information

Thai Union Group Public Company Limited (the “Company”) is a public limited company, which is listed on the Stock Exchange of Thailand, and is incorporated and domiciled in Thailand. The current address of the Company’s registered office is at 72/1 Moo 7, Sethakit 1 Road, Tambon Tarsrai, Amphur Muang, Samutsakorn. The Company has 13 branches in Bangkok and Samutsakorn.

For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

The Company operates its business in Thailand and its subsidiaries conduct business in Thailand and overseas countries. The principal activities of the Company and the subsidiaries in Thailand are the manufactures and sales of frozen, chilled and canned seafood. Local subsidiaries are also engaged in the packaging, printing and pet food businesses.

The principal operations of the overseas subsidiaries consist of the following businesses. The subsidiaries in America are the manufacturers and distributors of lobster and other seafood products, and the importer of shrimp and other frozen seafood products for sales to restaurant chains, retailers and wholesalers. The subsidiaries in Europe are the manufacturers and distributors of ambient and chilled seafood products to countries in Europe, America and Australia under their trademarks. The subsidiaries in Asia are the manufacturer and distributor of seafood in Vietnam and China.

These Group consolidated financial statements were authorised for issuance by the Board of Directors on 20 February 2018.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except the measurement of available-for-sale investments as explained in the relevant accounting policies.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (continued)

2.2 Revised financial reporting standards and interpretations (continued)

2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets
TFRS 5 (revised 2016)	Non-current assets held for sale and discontinued operations
TFRS 11 (revised 2016)	Joint arrangements

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in particular order.
- Other comprehensive income (OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are 1) the amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) the amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28 (revised 2016) in addition to measurement at cost or at fair value (when announced) previously allowed. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant change is the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and perform a consolidation at the level of the investment entity associate or joint venture.

2 Accounting policies (continued)

2.2 Revised financial reporting standards and interpretations (continued)

2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017:
(continued)

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated. This standard has no impact to the Group.

TFRS 5 (revised 2016), the amendments clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

The Group's management has assessed and considered that the above revised standards do not have significant impact to the Group.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 and the Group has not yet early adopted these revised standards

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. These include changes arising from cash and non-cash transactions.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

2 Accounting policies (continued)

2.3 Group accounting - investments in subsidiaries, associates and joint ventures

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the Group's subsidiaries has been disclosed in Note 12.

2 Accounting policies (continued)

2.3 Group accounting - investments in subsidiaries, associates and joint ventures (continued)

(2) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(3) Disposal of subsidiaries

When the Group ceases to have control, it shall cease to consolidate its subsidiaries. Any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as associate, joint venture or their long-term investment. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(4) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the separate financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the Group's principal associates has been disclosed in Note 12.

2 Accounting policies (continued)

2.3 Group accounting - investments in subsidiaries, associates and joint ventures (continued)

(5) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in joint ventures are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the Group's joint ventures has been disclosed in Note 12.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2 Accounting policies (continued)

2.4 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statements of financial position, bank overdrafts are shown in current liabilities.

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are recognised in profit or loss within administrative expenses.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, rebates and other similar items. The cost of finished goods and work in progress comprises raw materials, direct labour costs, other direct costs and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for slow-moving, obsolete and defective inventories.

2 Accounting policies (continued)

2.8 Investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (4) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the market. The unrealised gains and losses of trading investments are recognised in statement of income. The unrealised gains and losses of available-for-sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2 Accounting policies (continued)

2.9 Property, plant and equipment

Land is stated at historical cost less allowance for impairment. Other property, plant and equipment are stated at historical cost less accumulated depreciation and allowance for impairment. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Land improvements	5 - 40 years
Buildings and building improvements	5 - 40 years
Machinery and factory equipment	3 - 20 years
Furniture, fixtures and office equipment	3 - 20 years
Vehicles	3 - 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The assets' carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.12).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within other income/expenses in the statement of income.

2.10 Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary and the fair value of the non-controlling interest in the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

2 Accounting policies (continued)

2.11 Intangible assets

2.11.1 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 10 years. During the year ended 31 December 2017, all development projects were in progress and had not been amortised.

2.11.2 Trademarks and licences

Separately acquired trademarks and licences are initially recorded at historical cost. Trademarks and licences acquired in business combinations are initially recognised at fair value at the acquisition date. Trademarks and licenses with an indefinite useful life are carried at cost less allowance for impairment. Trademarks and licenses with a finite useful life are carried at cost less accumulated amortisation and allowance for impairment. The trademarks presented in these financial statements have indefinite useful lives and are tested annually for impairment. The licenses have definite useful lives and are amortised using the straight-line method to allocate the cost of licences over their estimated useful lives of 2 - 16 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 - 10 years.

2.11.3 Contractual customer and distributor relationships

Contractual customer and distributor relationships acquired in a business combination are initially recognised at fair value at the acquisition date. The contractual customer and distributor relationships have a finite useful life, and are carried at cost less accumulated amortisation and allowance for impairment. Amortisation is calculated using the straight-line method over the expected lives of 5 - 20 years.

2.11.4 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include employee costs of software development team and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives of 3 - 10 years.

2 Accounting policies (continued)

2.12 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Leases - where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.14 Borrowings and debentures

Borrowings and debentures are recognised initially at the fair value, net of transaction costs incurred. Borrowings and debentures are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowing period using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings and debentures are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2.15 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 Accounting policies (continued)

2.16 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

The Group operates various post-employment benefit schemes, including both defined contribution plans and defined benefit plans.

A defined contribution plan or provident fund is a post-retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

2 Accounting policies (continued)

2.17 Employee benefits (continued)

Remeasurement gains and losses arising from past experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and included in retained earnings in the statement of changes in shareholders' equity.

Past-service costs are recognised immediately in profit or loss.

2.18 Provisions

Provisions (excluding employee benefits) are recognised when: the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Share Capital

Ordinary shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from management service is recognised as revenue when the service is rendered. Revenue from rendering other services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Interest income is recognised on an accrual basis, using the effective interest method.

Revenue arising from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Dividend income is recognised when the right to receive payment is established.

2 Accounting policies (continued)

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated and separate financial statements in the period in which the annual dividends and the interim dividends are approved by the Company's shareholders and the Company's board of directors, respectively.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Global Leadership Team (GLT) that makes strategic decisions.

2.23 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.24 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose to a variety of financial risk: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Financial risk management is carried out by the Group Treasury Committee. The Group's policy includes areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The framework parameters are approved by the Board of Directors and uses as the key communication and control tools for Treasury team globally.

(1) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Group seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. The Group uses forward contracts, transacted with the financial institutions, to hedge their exposure to foreign currency risk in connection with measurement currency.

(2) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk relates primarily to its deposits at financial institutions, long-term loans to related parties, short-term borrowings, long-term borrowings and debentures. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, including the Group's had entered into interest rate swap agreements.

The Group sometimes borrows at variable rates and uses interest rate swaps to hedge future interest payments, which has the economic effect of converting borrowings from floating rates to fixed rates. The interest rate swaps allow the Group to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

Under the interest rate swaps, the Group agrees with the other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(3) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does 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.

(4) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Accounting for derivative financial instruments and hedging activities

The Group parties to financial instruments that reduce exposure to fluctuations in exchange rates and interest rates by using derivative contracts to protect its exposure from movements in the exchange rates and interest rates. At the statement of financial position date, the foreign currency amounts receivable or payable under these contracts are translated into Baht at the rates ruling at that date. Unrealised gains or losses that result from the translation are recognised in the statement of income. Any premiums or discounts equal to the difference between the exchange rates and the contract rates at the inception of the contracts are amortised on a straight-line basis over the lives of the contracts. The foreign currency amounts receivable and payable have been presented net in the statement of financial position. Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement

Disclosure about derivative financial instruments to which the Group is a party are provided in Note 38.

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3 Financial risk management (continued)

3.3 Fair value estimation

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2017 and 2016.

As at 31 December 2017	Consolidated financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset measured at fair value				
Available-for-sale financial assets Equity instrument (Note 15)	1,006,784	-	-	1,006,784
Assets for which fair value are disclosed				
Investment in associate (Note 12.2)	13,749,170	-	-	13,749,170
Derivatives				
Foreign currency forward contracts	-	854,011	-	854,011
Cross-currency and interest rate swap agreements	-	1,888,653	-	1,888,653
Interest rate swap agreements	-	20,615	-	20,615
Liabilities for which fair value are disclosed				
Debentures	-	37,443,940	-	37,443,940
Derivatives				
Foreign currency forward contracts	-	236,576	-	236,576
Option agreements	-	19,325	-	19,325
Cross-currency and interest rate swap agreements	-	530,698	-	530,698
Interest rate swap agreements	-	9,943	-	9,943
Consolidated financial statements				
As at 31 December 2016	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset measured at fair value				
Available-for-sale financial assets Equity instrument (Note 15)	2,650,641	-	-	2,650,641
Assets for which fair value are disclosed				
Investment in associate (Note 12.2)	2,772,861	-	-	2,772,861
Derivatives				
Foreign currency forward contracts	-	1,056,699	-	614,774
Option agreements	-	2,280	-	2,277
Cross-currency and interest rate swap agreements	-	1,011,668	-	327,603
Liabilities for which fair value are disclosed				
Debentures	-	27,346,473	-	27,346,473
Derivatives				
Foreign currency forward contracts	-	441,925	-	441,925
Option agreements	-	3	-	3
Cross-currency and interest rate swap agreements	-	684,065	-	684,065
Interest rate swap agreements	-	180,992	-	180,992

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3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2017 and 2016 (continued).

As at 31 December 2017	Separate financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset measured at fair value				
Available-for-sale financial assets Equity instrument (Note 15)	987,028	-	-	987,028
Assets for which fair value are disclosed				
Investment in associate (Note 12.2)	13,749,170	-	-	13,749,170
Derivatives				
Foreign currency forward contracts	-	563,955	-	563,955
Cross-currency and interest rate swap agreements	-	1,888,653	-	1,888,653
Liabilities for which fair value are disclosed				
Debentures	-	37,443,940	-	37,443,940
Derivatives				
Foreign currency forward contracts	-	63,122	-	63,122
Option agreements	-	306	-	306
Cross-currency and interest rate swap agreements	-	530,698	-	530,698
As at 31 December 2016	Separate financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset measured at fair value				
Available-for-sale financial assets Equity instrument (Note 15)	2,626,527	-	-	2,626,527
Assets for which fair value are disclosed				
Investment in associate (Note 12.2)	2,772,861	-	-	2,772,861
Derivatives				
Foreign currency forward contracts	-	807,526	-	807,526
Option agreements	-	1,155	-	1,155
Cross-currency and interest rate swap agreements	-	1,011,668	-	1,011,668
Liabilities for which fair value are disclosed				
Debentures	-	27,346,473	-	27,346,473
Derivatives				
Foreign currency forward contracts	-	132,285	-	132,285
Option agreements	-	3	-	3
Cross-currency and interest rate swap agreements	-	684,065	-	684,065

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

There were no transfers between such levels during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of goodwill and intangible asset with an indefinite useful life

The Group tests annually whether goodwill and intangible asset with an indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in Note 2.10 and 2.11, respectively. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The recoverable amounts of trademarks have been determined based on fair value, which is mainly derived from the relief-from-royalty method and value-in-use calculations. These calculations require the use of estimates (Note 14 and 16).

4 Critical accounting estimates and judgements

(b) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 25.

5 Capital risk management

The Group's objectives of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

6 Segment information

The Global Leadership Team ("GLT") is the Group's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the GLT for the purposes of allocating resources and assessing performance.

For management purposes, the Group 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 Group 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 Group measures segment performance based on gross profit on a consistent basis with that uses to measure gross profit in the financial statements.

Transactions between operating segments are recorded in a manner similar to transactions with third parties. These transactions are eliminated for the consolidated financial statements.

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6 Segment information (continued)

The following tables present revenue and gross profit information regarding the Group's operating segments for the year ended 31 December 2017 and 2016.

	Consolidated financial statements					
	Ambient seafood Thousand Baht	Frozen and chilled seafood and related business Thousand Baht	Pet food, value- added and other business Thousand Baht	Total reportable segments Thousand Baht	Eliminations Thousand Baht	Total Thousand Baht
For the year ended 31 December 2017						
External customers	62,341,316	56,119,296	18,074,545	136,535,157	-	136,535,157
Inter-segment	12,706,456	7,792,729	4,451,190	24,950,375	(24,950,375)	-
Total revenue	<u>75,047,772</u>	<u>63,912,025</u>	<u>22,525,735</u>	<u>161,485,532</u>	<u>(24,950,375)</u>	<u>136,535,157</u>
Results						
Segment gross profit	9,725,358	4,990,947	3,392,505	18,108,810	31,794	18,140,604
Selling and administrative expenses						(13,429,130)
Other expenses						(2)
Operating profit (not including other income)						<u>4,711,472</u>
Finance costs						(2,140,793)
Share of profits from investments in associates and joint ventures						456,329
Other income						<u>3,437,695</u>
Profit before income tax						6,464,703
Income tax						<u>98,934</u>
Profit for the year from continuing operations						6,563,637
Loss for the year from discontinued operation						<u>(71,409)</u>
Profit for the year						<u>6,492,228</u>

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6 Segment information (continued)

The following tables present revenue and gross profit information regarding the Group's operating segments for the year ended 31 December 2017 and 2016 (continued).

	Consolidated financial statements					
	Ambient seafood Thousand Baht	Frozen and chilled seafood and related business Thousand Baht	Pet food, value- added and other business Thousand Baht	Total reportable segments Thousand Baht	Eliminations Thousand Baht	Total Thousand Baht
For the year ended 31 December 2016						
External customers	61,041,805	55,832,912	17,500,395	134,375,112	-	134,375,112
Inter-segment	9,326,006	7,523,462	4,752,024	21,601,492	(21,601,492)	-
Total revenue	70,367,811	63,356,374	22,252,419	155,976,604	(21,601,492)	134,375,112
Results						
Segment gross profit	10,425,570	5,026,152	4,464,313	19,916,035	10,859	19,926,894
Selling and administrative expenses						(13,121,632)
Other expenses						(54,960)
Operating profit (not including other income)						6,750,302
Finance costs						(1,571,668)
Share of profits from investments in associates and joint ventures						194,305
Other income						1,341,693
Profit before income tax						6,714,632
Income tax						(582,529)
Profit for the year from continuing operations						6,132,103
Loss for the year from discontinued operation						(271,953)
Profit for the year						5,860,150

Geographic information

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

For the year ended 31 December	Consolidated financial statements	
	2017 Thousand Baht	2016 Thousand Baht
Revenue from external customers		
Thailand	13,009,900	11,088,194
The United States of America	51,696,214	53,009,905
Japan	8,457,831	8,544,810
European countries	43,185,051	43,722,243
Others	20,186,161	18,009,960
Total	136,535,157	134,375,112

Major customer

During the year ended 31 December 2017 and 2016, the Group had no customer with revenues of 10% or more of the Group's revenue.

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7 Cash and cash equivalents

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Cash on hand	6,160	6,443	971	887
Current and savings accounts	808,093	933,127	140,222	12,517
Fixed deposits due within 3 months	658	36,552	-	-
Total cash and cash equivalents	814,911	976,122	141,193	13,404
Less Bank overdrafts (Note 19)	(242,316)	(245,263)	-	-
Total cash and cash equivalents per statement of cash flows	572,595	730,859	141,193	13,404

The effective interest rate on fixed deposits due within 3 months was between 0.18% per annum and 0.80% per annum (2016: between 0.20% per annum and 0.80% per annum).

8 Trade and other receivables, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Trade receivables	14,354,063	15,231,996	3,405,912	3,417,501
Less Allowance for doubtful accounts	(356,605)	(433,857)	(106,741)	(30,237)
Trade receivables, net	13,997,458	14,798,139	3,299,171	3,387,264
Accrued interest income				
- related parties (Note 35)	656,590	225,256	466,796	233,514
Accrued interest income				
- third parties	146,986	-	146,986	-
Other receivables - related parties	10,325	53,905	56,104	116,992
Other receivables - third parties	637,413	439,130	72	-
Prepaid expenses	443,868	496,223	65,581	52,508
Tax coupons	41,846	89,312	22,852	78,196
Accrued income	83,385	75,334	74,323	16,670
Advance payments	325,971	234,945	117,618	77,525
Total trade and other receivables, net	16,343,842	16,412,244	4,249,503	3,962,669

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8 Trade and other receivables, net (continued)

Outstanding trade receivables can be analysed as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
<u>Trade receivables - third parties</u>				
Not yet due	10,390,867	11,274,903	981,571	880,214
Up to 3 months	3,244,121	2,922,769	304,666	488,172
3-6 months	144,409	336,541	21,988	64,208
6-12 months	99,201	61,011	31,420	2,794
Over 12 months	264,613	418,399	31,125	27,576
	14,143,211	15,013,623	1,370,770	1,462,964
<u>Less</u> Allowance for doubtful accounts	(350,480)	(433,857)	(46,765)	(30,237)
	13,792,731	14,579,766	1,324,005	1,432,727
<u>Trade receivables - related parties</u> (Note 35)				
Not yet due	188,307	67,143	1,414,749	1,610,120
Up to 3 months	16,852	151,230	555,194	339,709
3-6 months	5,693	-	65,199	4,708
	210,852	218,373	2,035,142	1,954,537
<u>Less</u> Allowance for doubtful accounts	(6,125)	-	(59,976)	-
	204,727	218,373	1,975,166	1,954,537
Trade receivables, net	13,997,458	14,798,139	3,299,171	3,387,264

9 Inventories, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Finished goods, net	22,893,520	23,806,750	2,289,415	1,867,952
Work in process, net	382,168	320,393	-	-
Raw materials, net	12,070,020	9,633,381	2,011,870	1,979,711
Ingredients and packaging, net	1,887,915	1,534,831	118,174	146,802
Goods in transits	5,418,818	3,594,584	952,484	752,629
Spare parts and supplies, net	707,487	736,252	18,827	22,701
Total inventories, net	43,359,928	39,626,191	5,390,770	4,769,795

As at 31 December 2017, the Group and the Company provided allowance for net realisable value in the consolidated and separate financial statements in the amount of Baht 1,075.39 million and Baht 50.85 million, respectively (2016: Baht 901.59 million and Baht 57.43 million, respectively).

As at 31 December 2017, the Group have pledged certain inventories of Baht 577.60 million with the financial institutions to secure their credit facilities (2016: Baht 539.94 million) (Note 19).

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10 Other current assets

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Prepaid income tax	571,342	277,519	72,246	67,611
Unamortised discount on derivative contracts	121,655	124,995	50,730	40,180
Value added tax refundable	491,762	522,852	26,458	31,135
Other current assets	150,634	251,308	121	34,513
Total other current assets	<u>1,335,393</u>	<u>1,176,674</u>	<u>149,555</u>	<u>173,439</u>

11 Non-current assets and liabilities classified as held-for-sale and discontinued operation

In December 2016, the Group announced its intention to divest fishing fleet business in Ghana. The subsidiary comprises this segment is reported in the financial statements as a discontinuing operation. The Sales Contract and Memorandum of Understanding were signed for the sales of vessels in December 2016. The Group completed the divestiture of the fishing fleets on 2 August 2017.

The assets and liabilities classified as disposal group held-for-sale as at 31 December 2017 are mainly other assets and other liabilities.

Financial information relating to fishing fleet business operations for the year ended 31 December 2017 and 2016 is set out below.

11.1 Statement of cash flow for discontinued operation

The results of cash flows for the year ended 31 December 2017 and 2016 are as follow:

For the year ended 31 December	Consolidated financial statements	
	2017 Thousand Baht	2016 Thousand Baht
Cash flows from operating activities	69,573	(265,007)
Cash flows from investing activities	676,830	211,667
Cash flows from financing activities	(4,307)	59,119
Net cash flow	<u>742,096</u>	<u>5,779</u>

11.2 Assets of disposal group classified as held-for-sale

As at 31 December	Consolidated financial statements	
	2017 Thousand Baht	2016 Thousand Baht
Property, plant and equipment	-	931,910
Inventory	-	59,216
Others	33,941	41,335
Total assets of disposal group classified as held-for-sale	<u>33,941</u>	<u>1,032,461</u>

11 Non-current assets and liabilities classified as held-for-sale and discontinued operation (continued)

11.3 Liabilities of disposal group classified as held-for-sale

As at 31 December	Consolidated financial statements	
	2017	2016
	Thousand Baht	Thousand Baht
Trade and other payable	24,927	73,658
Provision	-	14,745
Others	-	716
Total liabilities of disposal group classified as held-for-sale	24,927	89,119

In accordance with TFRS 5, as at 31 December 2017, the Group has provided allowance for impairment on the assets held-for-sale of Baht 64.38 million (2016: Baht 52.93 million). The fair value is measured based on expected sales price less cost to sell for the vessels and spare parts.

11.4 Cumulative income or expenses recognised in other comprehensive income relating to disposal group classified as held-for-sale

As at 31 December	Consolidated financial statements	
	2017	2016
	Thousand Baht	Thousand Baht
Exchange differences on translation	4,184	(866)

11.5 Cumulative income or expenses recognised in profit and loss relating to disposal group classified as held-for-sale

Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group, is as follows:

For the year ended 31 December	Consolidated financial statements	
	2017	2016
	Thousand Baht	Thousand Baht
Sales	123,857	210,142
Gross profit	24,460	(213,315)
Selling and administrative expenses	(3,557)	(6,687)
Allowance for impairment	(15,581)	(52,934)
Operating profit (loss)	5,322	(272,936)
Finance costs	(3,812)	(672)
Other income (expenses)	(72,921)	1,665
Loss before income tax	(71,411)	(271,943)
Income tax	2	(10)
Loss after income tax	(71,409)	(271,953)

Thai Union Group Public Company Limited
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12 Investments in subsidiaries, associates and joint ventures

The amounts of investments recognised in the statements of financial position are as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Subsidiaries	-	-	29,337,930	27,851,936
Associates	10,336,972	10,492,318	835,293	835,293
Joint ventures	530,803	626,463	-	-
Total investments in subsidiaries, associates and joint ventures	10,867,775	11,118,781	30,173,223	28,687,229

The amounts recognised in the statement of income are as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Associates	629,930	287,396	-	-
Joint ventures	(173,601)	(93,091)	-	-
Total share of profit of investments in associates and joint ventures	456,329	194,305	-	-

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12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries

Details of investments in subsidiaries in the separate financial statements are as follows:

Company's name	Nature of business	Country of incorporation	Paid-up capital		Proportion of shares directly held by the Group		Proportion of shares held by non-controlling interests		Cost method		Dividends received	
			31 December 2017 Million	31 December 2016 Million	31 December 2017 %	31 December 2016 %	31 December 2017 %	31 December 2016 %	31 December 2017 Thousand Baht	31 December 2016 Thousand Baht	31 December 2017 Thousand Baht	31 December 2016 Thousand Baht
Thai Union Manufacturing Co., Ltd.(TUM)	Manufacturer and exporter of canned tuna and pet food	Thailand	Baht 300	Baht 300	99.66	99.66	0.34	0.34	2,648,407	2,648,407	1,076,322	986,628
Songkla Canning Plc.	Manufacturer and exporter of canned seafood	Thailand	Baht 360	Baht 360	99.55	99.55	0.45	0.45	2,006,664	2,006,664	716,783	358,386
Thai Union Seafood Co., Ltd.	Manufacturer and exporter of frozen shrimp	Thailand	Baht 300	Baht 300	51.00	51.00	49.00	49.00	189,316	189,316	156,060	18,360
T-Holding Co., Ltd.	Distributor of food products	Thailand	Baht 70	Baht 70	90.00	90.00	10.00	10.00	-	20,699	-	-
Thai Union Feedmill Co., Ltd. (TFM)	Manufacturer and distributor of animal feeds	Thailand	Baht 500	Baht 500	51.00	51.00	49.00	49.00	255,000	255,000	130,050	107,100
Thai Union Graphic Co., Ltd.	Printing manufacturer	Thailand	Baht 40	Baht 40	98.00	98.00	2.00	2.00	96,019	96,019	-	-
Thai Union North America, Inc. (TUNA)	Holding company	USA	USD 343.5	USD 343.5	100.00	100.00	-	-	11,741,316	11,741,316	-	-
Thai Union Investment Holding Co., Ltd. (TUIH)	Holding company	Mauritius	EUR 0.5	EUR 0.5	100.00	100.00	-	-	20,046	20,046	-	1,308,989
Pakfood Plc.	Manufacturer and distributor of frozen foods & aquatic animal	Thailand	Baht 330	Baht 330	99.74	77.44	0.26	22.56	2,111,932	1,331,470	-	255,542
Seafood International One FZCO	Distributor of food products	United Arab Emirates	AED 0.1	AED 0.1	60.00	60.00	40.00	40.00	575	575	-	-
Thai Union China Co., Ltd.	Distributor of food products	China	USD 8	USD 8	100.00	100.00	-	-	259,547	36,433	-	-
Thai Union Online Shop Co., Ltd.	E-Commerce	Thailand	Baht 1	Baht 1	100.00	100.00	-	-	1,000	1,000	-	-
Thai Union European Seafood 1 S.A. (TUES1)	Holding company	Luxembourg	EUR 212	EUR 212	100.00	100.00	-	-	10,008,108	9,504,991	-	-
Thai Union Asia Investment Holding Limited	Holding company	Hong Kong	-	-	100.00	-	-	-	-	-	-	-
Total									29,337,930	27,851,936	2,079,215	3,035,005

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12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries (continued)

The movements of investments in subsidiaries during the year are as follows:

For the year ended 31 December	Separate financial statements	
	2017	2016
	Thousand Baht	Thousand Baht
Opening net book value	27,851,936	18,562,950
Additions, net	1,506,694	19,808,674
Disposals	-	(1,610,998)
Allowance for impairment	(20,700)	-
Capital reduction from subsidiaries	-	(8,908,690)
Closing net book value	<u>29,337,930</u>	<u>27,851,936</u>

During the year, Thai Union China Co., Ltd. called for paid-up capital of totalling USD 6.55 million or equivalent to Baht 223.12 million.

In the second quarter of 2017, the Company and Thai Union European Seafood 1 SA entered into the Contribution Agreement to perform a contribution in kind of the amount of Euro 13.50 million, equivalent to Baht 503.12 million by converting its loan receivables to investment.

In the fourth quarter of 2017, the Company purchased the additional shares from the current shareholders of Pakfood Food Plc. The additional investment increased shareholding of the Company from 77.44% to 99.74%, for a purchase price totalling Baht 780.46 million.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held.

Summarised financial information on subsidiaries with material non-controlling interests

The total non-controlling interests for the year ended 31 December 2017 is as follows:

	Thai union Feedmill Co., Ltd. Thousand Baht	Rugen Fisch Group Thousand Baht	Total Thousand Baht
Total non-controlling interests	<u>942,203</u>	<u>1,912,080</u>	<u>2,854,283</u>
Profit attributable to non-controlling interests for the year	216,156	63,435	279,591
Dividend paid to non-controlling interests during the year	124,950	42,272	167,222

12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries (continued)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The information below is the amount before inter-company eliminations.

Summarised statements of financial position

As at 31 December	Thai union Feedmill Co., Ltd.		Rugen Fisch Group		Total	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Current						
Assets	935,883	948,265	1,364,092	1,565,229	2,299,975	2,513,494
Liabilities	(482,471)	(902,766)	(989,118)	(1,224,022)	(1,471,589)	(2,126,788)
Total current net assets	453,412	45,499	374,974	341,207	828,386	386,706
Non-current						
Assets	1,576,594	1,791,018	881,685	827,069	2,458,279	2,618,087
Liabilities	(107,142)	(83,044)	(3,966)	(20,830)	(111,108)	(103,874)
Total non-current net assets	1,469,452	1,707,974	877,719	806,239	2,347,171	2,514,213
Net assets	1,922,864	1,753,473	1,252,693	1,147,446	3,175,557	2,900,919

12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries (continued)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The information below is the amount before inter-company eliminations (continued).

Summarised statements of comprehensive income

For the year ended 31 December	Thai union Feedmill Co., Ltd.		Rugen Fisch Group		Total	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Revenue	4,320,226	4,080,483	5,046,558	5,311,259	9,366,784	9,391,742
Profit before income tax	457,972	516,566	188,849	204,689	646,821	721,255
Income tax	(16,837)	(16,792)	(59,390)	(62,193)	(76,227)	(78,985)
Post-tax profit from continuing operations	441,135	499,774	129,459	142,496	570,594	642,270
Other comprehensive income	(16,743)	-	38,519	(45,919)	21,776	(45,919)
Total comprehensive income	424,392	499,774	167,978	96,577	592,370	596,351
Profit attributable to non-controlling interests	216,156	244,889	63,435	69,823	279,591	314,712
Dividends paid to non-controlling interests	124,950	102,900	42,272	110,928	167,222	213,828

12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries (continued)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The information below is the amount before inter-company eliminations (continued).

Summarised statements of cash flows

For the year ended 31 December	Thai union Feedmill Co., Ltd.		Rugen Fisch Group		Total	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Cash flow from operating activities						
Cash generated from operations	800,714	564,215	545,940	76,071	1,346,654	640,286
Income tax paid	(16,473)	(20,841)	(127,708)	(52,947)	(144,181)	(73,788)
Net cash generated from operating activities	784,241	543,374	418,232	23,124	1,202,473	566,498
Net cash generated from (used in) investing activities	(108,541)	(301,246)	(116,173)	239,880	(224,714)	(61,366)
Net cash used in financing activities	(695,166)	(230,097)	(321,819)	(191,348)	(1,016,985)	(421,445)
Net increase (decrease) in cash and cash equivalents	(19,466)	12,031	(19,760)	71,656	(39,226)	83,687
Cash and cash equivalents at beginning of the year	27,829	15,784	69,312	-	97,141	15,784
Exchange gains (losses) on cash and cash equivalents	(63)	14	58	(2,344)	(5)	(2,330)
Cash and cash equivalents at end of the year	8,300	27,829	49,610	69,312	57,910	97,141

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12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries (continued)

Companies under subsidiaries included in the preparation of the consolidated financial statements are:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2017 %	31 December 2016 %
<u>Held by subsidiaries</u>				
Thai Union Investments North America LLC (100% held by TUNA)	Holding company	USA	100.00	100.00
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. (TUFPP) (100% held by TUNA)	Importer and distributor of frozen seafood	USA	100.00	100.00
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
Asian-Pacific Can Co., Ltd. (99% held by Songkla Canning Plc.)	Manufacturer & distributor of packaging for food products	Thailand	99.54	99.54
Yueh Chyang Canned Food Co., Ltd. (100% held by Songkla Canning Plc.)	Manufacturer & distributor of canned tuna and seafood	Vietnam	99.55	82.93
Thai Union France Holding 2 SAS (TUFH) (2016: 100% held by TUES1)	Holding company (Merged in September 2017)	France	-	100.00
Thai Union Europe (TUE) (100% held by TUES1, 2016: 100% held by TUFH)	Headquarters activity	France	100.00	100.00
MW Brands Seychelles Limited (100% held by TUE)	Exporter of canned tuna	Seychelles	100.00	100.00
Etablissements Paul Paulet SAS (EPP) (100% held by TUE)	Manufacturer, importer, distributor and exporter of canned seafood	France	100.00	100.00

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12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries (continued)

Companies under subsidiaries included in the preparation of the consolidated financial statements are:
(continued)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2017 %	31 December 2016 %
<u>Held by subsidiaries (continued)</u>				
European Seafood Investment Portugal (ESIP) (100% held by TUE, 2016: 74% held by TUE and 26% held by TUFH)	Manufacturer and exporter of canned sardines and mackerel	Portugal	100.00	100.00
Pioneer Food Cannery Limited (100% held by EPP)	Manufacturer of canned tuna	Ghana	100.00	100.00
Mareblu SRL (100% held by TUE, 2016: 74% held by TUE and 26% held by TUFH)	Importer and distributor of canned seafood	Italy	100.00	100.00
UK Seafood Investments Limited (100% held by TUE)	Holding company	United Kingdom	100.00	100.00
Indian Ocean Tuna Limited (60% held by TUE)	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 TUE)	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 EPP)	Fishing fleet operation	Ghana	50.00	50.00
Chaophraya Coldstorage Co., Ltd. (100% held by Pakfood Plc.)	Property rental	Thailand	99.74	77.44

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12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries (continued)

Companies under subsidiaries included in the preparation of the consolidated financial statements are:
(continued)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2017 %	31 December 2016 %
<u>Held by subsidiaries (continued)</u>				
Okeanos Food Co., Ltd. (100% held by Pakfood Plc.)	Manufacturer & distributor of frozen foods & aquatic animal	Thailand	99.74	77.44
Takzin Samut Co., Ltd. (100% held by Pakfood Plc.)	Dormant company	Thailand	99.74	77.44
Europeenne De La Mer SAS (EDM) (100% held by TUE, 2016: 100% held by TUFH)	Holding company	France	100.00	100.00
Meralliance Armoric SAS (100% held by EDM)	Manufacturer of smoked salmon	France	100.00	100.00
Imsaum SCI (100% held by EDM)	Property rental	France	100.00	100.00
Meralliance SAS (100% held by EDM)	Distributor of smoked salmon	France	100.00	100.00
Meralliance Logistic (100% held by EDM)	Logistic company	France	100.00	100.00
Meralliance Poland (100% held by EDM)	Manufacturer of smoked salmon	Poland	100.00	100.00
Armoric Norway (2016: 100% held by EDM)	Holding company (Merged in April 2017)	Norway	-	100.00
Naco Trading (100% held by EDM, 2016: 100% held by Armoric Norway)	Distributor of salmon	Norway	100.00	100.00
Esco (100% held by EDM)	Manufacturer and distributor of smoked salmon	Scotland	100.00	100.00

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12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries (continued)

Companies under subsidiaries included in the preparation of the consolidated financial statements are:
(continued)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2017 %	31 December 2016 %
<u>Held by subsidiaries</u> (continued)				
Thai Union Norway AS (100% held by TUES1)	Holding company	Norway	100.00	100.00
King Oscar AS (100% held by Thai Union Norway 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 n.v. (100% held by King Oscar AS)	Importer and distributor of canned seafood	Belgium	100.00	100.00
Thai Union Poland Sp. Z.o.o. (100% held by TUES1)	Manufacturer and distributor of canned seafood	Poland	100.00	100.00
Tri-Union Frozen Products North America, LLC (TUFPA) (100% held by TUFPA)	Holding company	USA	100.00	100.00
Tri-Union Frozen Products Canada, ULC (100% held by TUFPA)	Technical service provider	Canada	100.00	100.00
Thai Union Germany GmbH (TUGe) (100% held by TUES1)	Holding company	Germany	100.00	100.00
Thai Union Marine Nutrients GmbH (100% held by TUGe)	Tuna oil refinery	Germany	100.00	100.00
Rugen Fisch AG (51% held by TUGe)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Sassnitz Fisch GmbH (100% held by Rugen Fisch AG)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Hawesta-Feinkost Hans Westphal GmbH & Co. KG (100% held by Rugen Fisch AG)	Manufacturer and distributor of seafood	Germany	51.00	51.00

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12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries (continued)

Companies under subsidiaries included in the preparation of the consolidated financial statements are:
(continued)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2017 %	31 December 2016 %
<u>Held by subsidiaries (continued)</u>				
Seafood Beteiligungs - und Verwaltungs GmbH (100% held by Hawesta-Feinkost Hans Westphal GmbH)	Dormant company	Germany	51.00	51.00
Artur Heymann GmbH & Co.KG (100% held by Hawesta-Feinkost Hans Westphal GmbH)	Distributor of seafood	Germany	51.00	51.00
Wefina Feinkost Gunther Wehowsky GmbH (100% held by Artur Heymann GmbH & Co.KG)	Distributor of seafood	Germany	51.00	51.00
Meekrone Fisch-Feinkost GmbH (100% held by Rugen Fisch AG)	Property rental	Germany	51.00	51.00
Rugener Fischspezialitäten GmbH (2016: 100% held by Rugen Fisch AG)	Dormant company (Merged in August 2017)	Germany	-	51.00
F&M Fish & Meat Vertiebs GmbH (2016: 100% held by Rugen Fisch AG)	Dormant company (Merged in August 2017)	Germany	-	51.00
Ostsee Fisch Verwaltungs GmbH (100% held by Rugen Fisch AG)	Dormant company	Germany	51.00	51.00
Ostsee Fisch GmbH & Co. Produktions - und Vertriebs KG (100% held by Rugen Fisch AG)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Lysell GmbH & Co.KG (2016: 100% held by Rugen Fisch AG)	Distributor of seafood (Merged in August 2017)	Germany	-	51.00
Lysell Verwaltungs GmbH (2016: 100% held by Lysell GmbH & Co.KG)	Dormant company (Merged in August 2017)	Germany	-	51.00

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12 Investments in subsidiaries, associates and joint ventures (continued)

12.1 Investments in subsidiaries (continued)

Companies under subsidiaries included in the preparation of the consolidated financial statements are:
(continued)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2017 %	31 December 2016 %
<u>Held by subsidiaries (continued)</u>				
Lysell Marken GmbH & Co.KG (2016: 100% held by Rugen Fisch AG)	Dormant company (Merged in August 2017)	Germany	-	51.00
Rugen Fisch Verwaltungs GmbH (2016: 100% held by Rugen Fisch AG)	Dormant company (Merged in August 2017)	Germany	-	51.00
Ostsee Fisch Kretinga UAB (gAG) (100% held by Rugen Fisch AG)	Manufacturer and distributor of seafood	Lithuania	51.00	51.00
Thai Union Canada Inc. (TUCa) (80% held by TUES1)	Manufacturer and distributor of seafood	Canada	80.00	80.00
C.H. Rich, Inc. (100% held by TUCa)	Reseller of seafood	USA	80.00	80.00
Thai Union Trading Europe B.V. (100% held by TUES1)	Distributor of seafood	Netherlands	100.00	-

During the year, Songkla Canning Plc., which is the Group's subsidiary, purchased the additional shares from the current shareholders of Yueh Chyang Canned Food Co., Ltd. The additional investment increased shareholding of the Group from 82.93% to 99.55%, for a purchase price totalling Baht 152.29 million.

In March 2017, Thai Union Trading Europe B.V. which is a wholly-owned subsidiary of Thai Union European Seafood 1 S.A. was established.

In April 2017, Armoric Norway was merged with Europeenne De La Mer SAS. The merger was effectuated by means of the transfer of all assets and liabilities. There is no effect to the consolidated financial statements from the merger.

In August 2017, companies under Rugen Fisch AG were merged within their group. The mergers were effectuated by means of the transfers of all assets and liabilities. There is no effect to the consolidated financial statements from the merger. The companies that were merged with Rugen Fish AG are F&M Fish & Meat Vertiebs GmbH, Rugener Fischspezialitäten GmbH and Rugen Fisch Verwaltungs GmbH. The companies that were merged with Ostsee Fisch GmbH & Co. Produktions-und Vertriebs KG are Lysell Marken GmbH & Co.KG, Lysell GmbH & Co. KG and Lysell Verwaltungs GmbH.

In September 2017, Thai Union France Holding 2 SAS was merged with Thai Union Europe. The merger was effectuated by means of the transfer of all assets and liabilities. There is no effect to the consolidated financial statements from the merger.

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12 Investments in subsidiaries, associates and joint ventures (continued)

12.2 Investments in associates

The movements of investments in associates during the year are as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Opening net book value	10,492,318	1,468,369	835,293	155,574
Addition	26,947	8,787,895	-	679,719
Share of profit	629,930	287,396	-	-
Reclassification	84,280	-	-	-
Dividend distribution tax	(11,087)	(8,393)	-	-
Dividends received	(138,494)	(124,163)	-	-
Translation adjustment	(746,922)	81,214	-	-
Closing net book value	<u>10,336,972</u>	<u>10,492,318</u>	<u>835,293</u>	<u>835,293</u>

Thai Union Group Public Company Limited
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12 Investments in subsidiaries, associates and joint ventures (continued)

12.2 Investments in associates (continued)

Details of investments in associates are as follows:

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 December 2017 (%)	31 December 2016 (%)	31 December 2017 Thousand Baht	31 December 2016 Thousand Baht	31 December 2017 Thousand Baht	31 December 2016 Thousand Baht
<u>Investments in associates, directly held by the Company</u>								
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500	37,500	394,416	378,690
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010	1,010	26,378	22,152
Avanti Feeds Limited (Listed company in India)	Manufacturer & exporter of animal feeds and shrimp products	India	25.12	25.12	117,064	117,064	1,190,518	665,804
Seafood International Two FZCO	Distributor of food products	United Arab Emirates	40.00	40.00	384	384	-	(25,714)
Avanti Frozen Foods Private Limited ⁽¹⁾ (60% held by Avanti Feeds Limited)	Manufacturer and exporter of shrimp products	India	55.07	55.07	679,335	679,335	830,552	719,147
					835,293	835,293	2,441,864	1,760,079
<u>Investments in associates, directly held by subsidiaries</u>								
TN Fine Chemicals Co., Ltd. (49% held by Thai Union Manufacturing Co., Ltd.)	Manufacturer & exporter of by-products from seafood	Thailand	48.83	48.83	44,070	44,070	76,453	70,910
LDH (La Doria) Limited (20% held by John West Foods Limited)	Distributor of food products	United Kingdom	20.00	20.00	95,940	95,940	521,934	466,694
Red Lobster Master Holdings. L.P. and GGCOF RL Blocker, LLC (25% held by Thai Union Investments North America LLC)	Holding Company	USA	25.00	25.00	8,135,123	8,108,176	7,296,721	8,194,635
					8,275,133	8,248,186	7,895,108	8,732,239
					9,110,426	9,083,479	10,336,972	10,492,318

⁽¹⁾ The Company has classified this investment as investment in an associate because the Company's voting right in this associate is not more than 50% of the total voting rights.

12 Investments in subsidiaries, associates and joint ventures (continued)

12.2 Investments in associates (continued)

Set out below are the associates of the Group as at 31 December 2017, which, in the opinion of the directors, are material to the Group.

Nature of investments in associates in 2017 and 2016:

Company's name	Country of incorporation	% of ownership interest		Nature of relationship	Measurement method
		2017	2016		
Avanti Feeds Limited	India	25.12	25.12	Note 1	Equity
Red Lobster Group	USA	25.00	25.00	Note 2	Equity

Note 1: Avanti Feeds Limited is a manufacturer of prawn feed, shrimp processor and exporter of its products globally. Avanti Feeds Limited is a strategic partnership of the Group in shrimp feed manufacturing and shrimp processing.

As at 31 December 2017, the fair value of the Group interest in Avanti Feeds Limited, which listed on the National Stock Exchange of India, was Baht 13,749.17 million (2016: Baht 2,772.86 million) and the carrying amount of the Group's interest was Baht 1,190.52 million (2016: Baht 665.80 million).

Note 2: Red Lobster is a seafood restaurant chain in the United States and has operations in many countries such as Canada, Malaysia and Japan. Red Lobster is a strategic partnership for the Group's growth in a food service business.

There are no contingent liabilities relating to the Group's interests in the associates.

Thai Union Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
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12 Investments in subsidiaries, associates and joint ventures (continued)

12.2 Investments in associates (continued)

Summarised financial information for associates:

Set out below are the summarised financial information for companies which are accounted for using the equity method.

Summarised statements of financial position

As at 31 December	Avanti Feeds Limited		Red Lobster Group		Total	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 ⁽¹⁾ Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Assets						
Current assets	6,024,009	3,381,855	14,082,200	15,707,319	20,106,209	19,089,174
Non-current assets	1,722,030	1,446,866	13,693,297	12,933,700	15,415,327	14,380,566
Total assets	<u>7,746,039</u>	<u>4,828,721</u>	<u>27,775,497</u>	<u>28,641,019</u>	<u>35,521,536</u>	<u>33,469,740</u>
Liabilities						
Current liabilities	(1,964,986)	(1,259,048)	(9,154,697)	(9,939,480)	(11,119,683)	(11,198,528)
Non-current liabilities	(227,910)	(172,266)	(17,755,483)	(16,863,863)	(17,983,393)	(17,036,129)
Total liabilities	<u>(2,192,896)</u>	<u>(1,431,314)</u>	<u>(26,910,180)</u>	<u>(26,803,343)</u>	<u>(29,103,076)</u>	<u>(28,234,657)</u>
Net assets	5,553,143	3,397,407	865,317	1,837,676	6,418,460	5,235,083
Less: Non-controlling interest of associates	(584,307)	(500,472)	-	-	(584,307)	(500,472)
Elimination entries	(229,513)	(246,442)	-	-	(229,513)	(246,442)
Net assets	<u>4,739,323</u>	<u>2,650,493</u>	<u>865,317</u>	<u>1,837,676</u>	<u>5,604,640</u>	<u>4,488,169</u>

12 Investments in subsidiaries, associates and joint ventures (continued)

12.2 Investments in associates (continued)

Summarised financial information for associates (continued):

Set out below are the summarised financial information for companies which are accounted for using the equity method (continued).

Summarised statements of comprehensive income

For the year ended 31 December	Avanti Feeds Limited		Red Lobster Group		Total	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 ⁽¹⁾ Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Revenue	16,839,230	13,092,095	80,597,560	18,926,043	97,436,790	32,018,138
Profit (loss) before income tax	3,687,664	1,275,834	(657,950)	(475,078)	3,029,714	800,756
Income tax	(1,262,704)	(438,345)	(127,584)	1,482	(1,390,288)	(436,863)
Post-tax profit (loss) from continuing operations	2,424,960	837,489	(785,534)	(473,596)	1,639,426	363,893
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income (expenses)	2,424,960	837,489	(785,534)	(473,596)	1,639,426	363,893
Dividends received from associates	54,483	41,244	-	-	54,483	41,244

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

12 Investments in subsidiaries, associates and joint ventures (continued)

12.2 Investments in associates (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

For the year ended 31 December	Avanti Feeds Limited		Red Lobster Group		Total	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 ⁽¹⁾ Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Opening net assets as at 1 January	2,650,493	2,097,313	1,837,676	-	4,488,169	2,097,313
Acquisition during the year	-	-	-	2,265,641 ⁽²⁾	-	2,265,641
Profit (loss) for the year	2,424,960	837,489	(785,534)	(473,595)	1,639,426	363,894
Dividends	(261,027)	(197,601)	-	-	(261,027)	(197,601)
Exchange differences on transaction	(75,103)	(86,708)	(186,825)	45,630	(261,928)	(41,078)
Closing net assets as at 31 December	4,739,323	2,650,493	865,317	1,837,676	5,604,640	4,488,169
Shareholding percentage	25.12%	25.12%	25.00%	25.00%		
Interest in associates	1,190,518	665,804	216,329	459,419	1,406,847	1,125,223
Goodwill	-	-	7,080,392	7,735,216	7,080,392	7,735,216
Carrying value	1,190,518	665,804	7,296,721	8,194,635	8,487,239	8,860,439

⁽¹⁾ Above financial information is for the period between 10 October 2016 (the date of investment in associate) and 31 December 2016.

⁽²⁾ Net assets of Red Lobster as at investment date

12 Investments in subsidiaries, associates and joint ventures (continued)

12.2 Investments in associates (continued)

Individually immaterial associates

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

As at 31 December	2017	2016
	Thousand Baht	Thousand Baht
Aggregate carrying amount of individually immaterial associates	<u>1,849,733</u>	<u>1,631,879</u>
Aggregate amounts of the Group's share of:		
Profit for the year from continuing operations	<u>217,164</u>	<u>195,417</u>
Total comprehensive income for the year	<u>217,164</u>	<u>195,417</u>

12.3 Investments in joint ventures

The movements of investments in joint ventures during the year are as follows:

For the year ended 31 December	Consolidated financial statements	
	2017	2016
	Thousand Baht	Thousand Baht
Opening net book value	626,463	621,923
Additions	93,270	137,700
Share of loss	(173,601)	(93,091)
Disposal of joint ventures	-	(59,335)
Translation adjustment	<u>(15,329)</u>	<u>19,266</u>
Closing net book value	<u>530,803</u>	<u>626,463</u>

Thai Union Group Public Company Limited
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12 Investments in subsidiaries, associates and joint ventures (continued)

12.3 Investments in joint ventures (continued)

Details of investment in joint ventures are as follows:

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 December 2017 %	31 December 2016 %	31 December 2017 Thousand Baht	31 December 2016 Thousand Baht	31 December 2017 Thousand Baht	31 December 2016 Thousand Baht
TMAC Co., Ltd. (Joint venture of TFM and other company in the portion of 51:49)	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	Thailand	26.01	26.01	576,300	576,300	371,311	499,982
Moresby International Holdings Inc. (Joint venture of TUM and other company in the portion of 33:67)	Holding in fishing company	British Virgin Island	33.22	33.22	170,655	136,535	100,220	126,481
Seafood International Holdco (Joint venture of TUGe and other parties in the portion of 41:59)	Holding company	Cayman Islands	41.00	41.00	59,150	-	59,272	-
Total					806,105	712,835	530,803	626,463

12 Investments in subsidiaries, associates and joint ventures (continued)

12.3 Investments in joint ventures (continued)

Set out below is the joint venture of the Group as at 31 December 2017, which, in the opinion of the directors, are material to the Group.

Nature of investment in joint ventures in 2017 and 2016:

Name of entity	Country of incorporation	% of ownership interest		Nature of relationship	Measurement method
		2017	2016		
TMAC Company Limited	Thailand	51.00	51.00	Note 1	Equity

Note 1: TMAC Company Limited is a distributor of shrimp feed and also invests in companies which engaged in the breeding, rearing and distributing of shrimp. TMAC is a strategic partnership of the Group in providing shrimp and engaging in shrimp breeding business.

There are no commitments and contingent liabilities relating to the Group's interest in the joint ventures

Summarised financial information for joint ventures:

Set out below are the summarised financial information for TMAC Company Limited which are accounted for using the equity method.

Summarised statement of financial position

As at 31 December	TMAC Co., Ltd.	
	2017 Thousand Baht	2016 Thousand Baht
Current assets		
Cash and cash equivalents	3,255	25,527
Other current assets (excluding cash)	19,269	31,104
Total current assets	22,524	56,631
Non-current assets	576,090	650,463
Total assets	598,614	707,094
Current liabilities		
Other current liabilities (including trade payables)	(182,173)	(23,532)
Total current liabilities	(182,173)	(23,532)
Non-current liabilities		
Other liabilities	(4,943)	(5,198)
Total non-current liabilities	(4,943)	(5,198)
Total liabilities	(187,116)	(28,730)
Net assets	411,498	678,364
<u>Less: Non-controlling interests of joint ventures</u>	1,508	(13,061)
Net assets	413,006	665,303

12 Investments in subsidiaries, associates and joint ventures (continued)

12.3 Investments in joint ventures (continued)

Summarised financial information for joint ventures: (continued)

Set out below are the summarised financial information for TMAC Company Limited which are accounted for using the equity method (continued).

Summarised statement of comprehensive income

For the year ended 31 December	TMAC Co., Ltd	
	2017	2016
	Thousand	Thousand
	Baht	Baht
Revenue	80,233	195,516
Depreciation and amortisation	(42,513)	(41,897)
Impairment of assets	(68,045)	-
Interest income	119	1,348
Interest expenses	(2,343)	(613)
Loss for the year from operations	(252,297)	(127,706)
Income tax	-	(2,664)
Post-tax loss	(252,297)	(130,370)
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	(252,297)	(130,370)

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint ventures

For the year ended 31 December	TMAC Co., Ltd	
	2017	2016
	Thousand	Thousand
	Baht	Baht
Opening net assets as at 1 January	665,303	525,673
Increase in share capital	-	270,000
Loss for the year from operations	(252,297)	(130,370)
Closing net assets as at 31 December	413,006	665,303
Interest in joint ventures (51.00%)	210,633	339,304
Goodwill	160,678	160,678
Carrying value	371,311	499,982

12 Investments in subsidiaries, associates and joint ventures (continued)

12.3 Investments in joint ventures (continued)

Individually immaterial joint ventures

In addition to the interests in joint ventures disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

As at 31 December	2017	2016
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Aggregate carrying amount of individually immaterial joint ventures	<u>159,492</u>	<u>126,481</u>
Aggregate amounts of the joint ventures' share of:		
Loss for the year from continuing operations	<u>(44,929)</u>	<u>(26,602)</u>
Total comprehensive expense for the year	<u>(44,929)</u>	<u>(26,602)</u>

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13 Property, plant and equipment, net

	Consolidated financial statements						
	Land and land improvement Thousand Baht	Buildings and building improvements Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Vehicles Thousand Baht	Assets under construction Thousand Baht	Total Thousand Baht
As at 1 January 2016							
Cost	2,330,415	11,752,835	25,106,650	1,059,511	868,723	3,462,224	44,580,358
<u>Less</u> Accumulated depreciation	(31,779)	(4,682,172)	(15,873,325)	(745,307)	(519,510)	-	(21,852,093)
Allowance for impairment	(4,535)	(54,687)	(550,888)	-	-	-	(610,110)
Net book amount	2,294,101	7,015,976	8,682,437	314,204	349,213	3,462,224	22,118,155
For the year ended 31 December 2016							
Opening net book amount	2,294,101	7,015,976	8,682,437	314,204	349,213	3,462,224	22,118,155
Acquisition of subsidiary	89,404	604,030	354,942	22,252	10,074	7,124	1,087,826
Additions	19,431	103,371	332,724	110,038	25,473	3,454,420	4,045,457
Disposals, net book value	-	(837)	(153,795)	(240)	(2,792)	(26,134)	(183,798)
Write-off, net book value	-	(12,852)	(4,060)	(430)	2	(3,572)	(20,912)
Reclassification	(2,075)	155,737	(457,018)	10,356	4,170	(575,166)	(863,996)
Transfer in (out)	4,871	502,390	1,204,311	78,192	47,106	(1,836,870)	-
Depreciation charge	(5,897)	(587,321)	(1,884,832)	(149,431)	(103,994)	-	(2,731,475)
Impairment loss	-	(84)	(663)	-	-	-	(747)
Reversal of impairment	4,276	-	102,945	-	-	-	107,221
Translation adjustment	(7,999)	(137,706)	(103,339)	(5,713)	(2,839)	(19,569)	(277,165)
Closing net book amount	2,396,112	7,642,704	8,073,652	379,228	326,413	4,462,457	23,280,566
As at 31 December 2016							
Cost	2,435,551	13,609,428	24,230,992	1,235,780	898,570	4,462,457	46,872,778
<u>Less</u> Accumulated depreciation	(39,180)	(5,966,724)	(16,140,108)	(856,552)	(572,157)	-	(23,574,721)
Allowance for impairment	(259)	-	(17,232)	-	-	-	(17,491)
Net book amount	2,396,112	7,642,704	8,073,652	379,228	326,413	4,462,457	23,280,566

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13 Property, plant and equipment, net (continued)

	Consolidated financial statements						
	Land and land improvement Thousand Baht	Buildings and building improvements Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Vehicles Thousand Baht	Assets under construction Thousand Baht	Total Thousand Baht
As at 1 January 2017							
Cost	2,435,551	13,609,428	24,230,992	1,235,780	898,570	4,462,457	46,872,778
<u>Less</u> Accumulated depreciation	(39,180)	(5,966,724)	(16,140,108)	(856,552)	(572,157)	-	(23,574,721)
Allowance for impairment	(259)	-	(17,232)	-	-	-	(17,491)
Net book amount	2,396,112	7,642,704	8,073,652	379,228	326,413	4,462,457	23,280,566
For the year ended 31 December 2017							
Opening net book amount	2,396,112	7,642,704	8,073,652	379,228	326,413	4,462,457	23,280,566
Additions	2,950	51,088	305,495	91,718	27,327	4,305,015	4,783,593
Disposals, net book value	-	(4,139)	(75,134)	(2,119)	(5,506)	(23,276)	(110,174)
Write-off, net book value	-	(35,360)	(27,920)	(1,268)	-	(837)	(65,385)
Reclassification	-	1,437	10,618	72	(134)	(27,575)	(15,582)
Transfer in (out)	120,542	1,592,021	1,972,319	89,730	101,830	(3,876,442)	-
Depreciation charge	(5,638)	(628,729)	(1,648,643)	(156,100)	(88,739)	-	(2,527,849)
Impairment loss	-	-	(1,292)	-	-	-	(1,292)
Reversal of impairment	-	-	78	-	-	-	78
Translation adjustment	1,021	(25,061)	(60,857)	(1,883)	553	3,751	(82,476)
Closing net book amount	2,514,987	8,593,961	8,548,316	399,378	361,744	4,843,093	25,261,479
As at 31 December 2017							
Cost	2,559,272	15,065,730	25,758,617	1,320,642	948,458	4,843,093	50,495,812
<u>Less</u> Accumulated depreciation	(44,026)	(6,471,769)	(17,193,333)	(921,264)	(586,714)	-	(25,217,106)
Allowance for impairment	(259)	-	(16,968)	-	-	-	(17,227)
Net book amount	2,514,987	8,593,961	8,548,316	399,378	361,744	4,843,093	25,261,479

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13 Property, plant and equipment, net (continued)

	Separate financial statements						Total Thousand Baht
	Land and land improvement Thousand Baht	Buildings and building improvements Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Vehicles Thousand Baht	Assets under construction Thousand Baht	
As at 1 January 2016							
Cost	791,245	2,677,676	3,251,304	137,558	160,128	368,032	7,385,943
<u>Less</u> Accumulated depreciation	-	(913,124)	(2,211,768)	(103,167)	(89,805)	-	(3,317,864)
Allowance for impairment	-	(36,261)	-	-	-	-	(36,261)
Net book amount	791,245	1,728,291	1,039,536	34,391	70,323	368,032	4,031,818
For the year ended 31 December 2016							
Opening net book amount	791,245	1,728,291	1,039,536	34,391	70,323	368,032	4,031,818
Additions	-	690	41,939	36,167	3,023	527,494	609,313
Disposals, net book value	-	1,693	(4,495)	-	(556)	-	(3,358)
Write-off, net book value	-	-	(4)	(13)	-	-	(17)
Reclassification	-	809	-	2,485	-	-	3,294
Transfer in (out)	-	113,483	114,765	45,676	10,993	(284,917)	-
Depreciation charge	-	(111,841)	(240,194)	(21,330)	(13,274)	-	(386,639)
Closing net book amount	791,245	1,733,125	951,547	97,376	70,509	610,609	4,254,411
As at 31 December 2016							
Cost	791,245	2,757,281	3,347,875	200,676	160,627	610,609	7,868,313
<u>Less</u> Accumulated depreciation	-	(1,024,156)	(2,396,328)	(103,300)	(90,118)	-	(3,613,902)
Net book amount	791,245	1,733,125	951,547	97,376	70,509	610,609	4,254,411

Thai Union Group Public Company Limited
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13 Property, plant and equipment, net (continued)

	Separate financial statements						
	Land and land improvement Thousand Baht	Buildings and building improvements Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Vehicles Thousand Baht	Assets under construction Thousand Baht	Total Thousand Baht
As at 1 January 2017							
Cost	791,245	2,757,281	3,347,875	200,676	160,627	610,609	7,868,313
<u>Less</u> Accumulated depreciation	-	(1,024,156)	(2,396,328)	(103,300)	(90,118)	-	(3,613,902)
Net book amount	791,245	1,733,125	951,547	97,376	70,509	610,609	4,254,411
For the year ended 31 December 2017							
Opening net book amount	791,245	1,733,125	951,547	97,376	70,509	610,609	4,254,411
Additions	-	2,524	45,411	24,261	3,359	539,043	614,598
Disposals, net book value	-	-	(2,878)	-	(781)	(19,343)	(23,002)
Transfer in (out)	89,106	82,679	58,987	12,170	8,457	(251,399)	-
Depreciation charge	-	(118,915)	(208,892)	(30,582)	(13,461)	-	(371,850)
Closing net book amount	880,351	1,699,413	844,175	103,225	68,083	878,910	4,474,157
As at 31 December 2017							
Cost	880,351	2,817,778	3,388,873	235,977	165,265	878,910	8,367,154
<u>Less</u> Accumulated depreciation	-	(1,118,365)	(2,544,698)	(132,752)	(97,182)	-	(3,892,997)
Net book amount	880,351	1,699,413	844,175	103,225	68,083	878,910	4,474,157

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13 Property, plant and equipment, net

Depreciation expense of Baht 2,528 million (2016: Baht 2,731 million) has been charged in “cost of sales”, Baht 2,304 million (2016: Baht 2,529 million), in “selling expense” Baht 4 million (2016: Baht 8 million) and in “administrative expense” Baht 220 million (2016: Baht 194 million).

Leased assets included above, where the Group and the Company is a lessee under a finance lease, mainly comprise plant and machinery:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Cost - capitalised finance leases	665,756	734,120	33,824	70,894
<u>Less Accumulated depreciation</u>	<u>(337,597)</u>	<u>(294,960)</u>	<u>(15,549)</u>	<u>(19,478)</u>
Net book amount	<u>328,159</u>	<u>439,160</u>	<u>18,275</u>	<u>51,416</u>

As at 31 December 2017, property, plant and equipment of overseas subsidiaries totalled Baht 275.69 million (2016: Baht 381.87 million) were pledged with financial institutions to secure their credit facilities and short-term and long-term loans from financial institutions (Note 19 and 21).

Borrowing costs of Baht 37.33 million (2016: Baht 44.94 million) arising from financing specifically entered into for the construction of new buildings, were capitalised during the year and are included in “Additions”. A capitalisation rate of 1.91% per annum (2016: 1.92% per annum) was used representing the actual borrowing costs of the loans used to finance the projects.

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14 Intangible assets, net

	Consolidated financial statements								
	Licenses	Trademarks	Customer relationships	Computer software	Distributor relationships	Others	Computer software in progress	Product development in progress	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As at 1 January 2016									
Cost	298,712	13,596,970	600,501	1,315,492	222,829	41,302	-	-	16,075,806
Less Accumulated amortisation	(70,840)	(333,053)	(209,253)	(771,161)	(57,715)	(28,646)	-	-	(1,470,668)
Allowance for impairment	-	(210,179)	-	-	-	-	-	-	(210,179)
Net book amount	227,872	13,053,738	391,248	544,331	165,114	12,656	-	-	14,394,959
For the year ended 31 December 2016									
Opening net book amount	227,872	13,053,738	391,248	544,331	165,114	12,656	-	-	14,394,959
Acquisition of subsidiary	2,169	1,476,165	541,785	2,311	40,734	-	-	-	2,063,164
Additions	26	275	14,230	37,943	-	-	228,261	102,918	383,653
Disposals, net book value	-	-	-	(211)	-	-	-	-	(211)
Write-off, net book value	-	-	-	(474)	-	-	-	-	(474)
Reclassification	-	-	163,423	11,892	(163,423)	(2,461)	-	-	9,431
Transfer in (out)	-	-	-	88	-	-	(88)	-	-
Amortisation charge	(10,140)	(1,067)	(90,666)	(142,639)	(3,992)	(3,012)	-	-	(251,516)
Impairment loss	-	-	-	(6,882)	-	-	-	-	(6,882)
Reversal of impairment	-	35,290	-	-	-	-	-	-	35,290
Translation adjustment	(36,129)	(596,285)	(49,450)	(6,748)	(2,543)	(497)	171	-	(691,481)
Closing net book amount	183,798	13,968,116	970,570	439,611	35,890	6,686	228,344	102,918	15,935,933
As at 31 December 2016									
Cost	303,584	14,467,109	1,316,775	1,386,909	39,878	39,775	228,344	102,918	17,885,292
Less Accumulated amortisation	(119,786)	(331,558)	(346,205)	(940,416)	(3,988)	(33,089)	-	-	(1,775,042)
Allowance for impairment	-	(167,435)	-	(6,882)	-	-	-	-	(174,317)
Net book amount	183,798	13,968,116	970,570	439,611	35,890	6,686	228,344	102,918	15,935,933

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14 Intangible assets, net (continued)

	Consolidated financial statements								
	Licenses	Trademarks	Customer relationships	Computer software	Distributor relationships	Others	Computer software in progress	Product development in progress	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As at 1 January 2017									
Cost	303,584	14,467,109	1,316,775	1,386,909	39,878	39,775	228,344	102,918	17,885,292
Less Accumulated amortisation	(119,786)	(331,558)	(346,205)	(940,416)	(3,988)	(33,089)	-	-	(1,775,042)
Allowance for impairment	-	(167,435)	-	(6,882)	-	-	-	-	(174,317)
Net book amount	183,798	13,968,116	970,570	439,611	35,890	6,686	228,344	102,918	15,935,933
For the year ended 31 December 2017									
Opening net book amount	183,798	13,968,116	970,570	439,611	35,890	6,686	228,344	102,918	15,935,933
Additions	-	234	-	12,132	-	-	639,782	78,183	730,331
Disposals, net book value	(29)	-	-	(165)	-	-	-	-	(194)
Write-off, net book value	(7,203)	-	-	(597)	-	-	-	-	(7,800)
Reclassification	-	-	-	(53,184)	1,278	(3)	68,724	-	16,815
Transfer in (out)	-	-	-	339,291	-	-	(339,291)	-	-
Amortisation charge	(8,382)	(1,079)	(85,915)	(127,528)	(8,106)	(1,955)	-	-	(232,965)
Impairment loss	-	(11,361)	-	-	-	-	-	-	(11,361)
Translation adjustment	(955)	331,151	21,676	(9,573)	(717)	281	(1,202)	-	340,661
Closing net book amount	167,229	14,287,061	906,331	599,987	28,345	5,009	596,357	181,101	16,771,420
As at 31 December 2017									
Cost	274,273	14,771,411	1,329,938	1,618,229	40,307	39,922	596,357	181,101	18,851,538
Less Accumulated amortisation	(107,044)	(305,821)	(423,607)	(1,018,242)	(11,962)	(34,913)	-	-	(1,901,589)
Allowance for impairment	-	(178,529)	-	-	-	-	-	-	(178,529)
Net book amount	167,229	14,287,061	906,331	599,987	28,345	5,009	596,357	181,101	16,771,420

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14 Intangible assets, net (continued)

	Separate financial statements			Total Thousand Baht
	Computer software Thousand Baht	Computer software in progress Thousand Baht	Product development in progress Thousand Baht	
As at 1 January 2016				
Cost	220,617	-	-	220,617
<u>Less</u> Accumulated amortisation	(14,439)	-	-	(14,439)
Net book amount	206,178	-	-	206,178
For the year ended 31 December 2016				
Opening net book amount	206,178	-	-	206,178
Additions	380	216,778	102,918	320,076
Reclassification	175	-	-	175
Amortisation charge	(12,875)	-	-	(12,875)
Closing net book amount	193,858	216,778	102,918	513,554
As at 31 December 2016				
Cost	220,997	216,778	102,918	540,693
<u>Less</u> Accumulated amortisation	(27,139)	-	-	(27,139)
Net book amount	193,858	216,778	102,918	513,554
For the year ended 31 December 2017				
Opening net book amount	193,858	216,778	102,918	513,554
Additions	1,531	615,925	78,183	695,640
Reclassification	(68,924)	68,925	-	-
Transfer in (out)	309,960	(309,960)	-	-
Amortisation charge	(31,876)	-	-	(31,876)
Closing net book amount	404,549	591,668	181,101	1,177,318
As at 31 December 2017				
Cost	463,564	591,668	181,101	1,236,333
<u>Less</u> Accumulated amortisation	(59,015)	-	-	(59,015)
Net book amount	404,549	591,668	181,101	1,177,318

Computer software and product development in progress include internally generated capitalised development costs and other costs.

Amortisation of Baht 233 million (2016: Baht 252 million) is included in “cost of goods sold” Baht 11 million (2016: Baht 13 million), in “selling expense” Baht 93 million (2016: Baht 93 million) and in “administrative expense” Baht 129 million (2016: Baht 146 million).

As at 31 December 2017 and 2016, the Group had no intangible assets pledged for credit facilities.

14 Intangible assets, net (continued)

Impairment tests for trademarks

The Group's trademarks results from business combinations. Considering their long track record of stability, durability and the intention of the management, the trademarks have an indefinite useful life thus not amortized.

The recoverable amounts of trademarks have been determined based on fair value which is mainly derived from the relief-from-royalty method and value-in-use calculations. The relief-from-royalty method consists, in applying to the brand revenues, a royalty rate determined by a qualitative and quantitative analysis of the positioning of the brands in the market. The value-in-use calculation is determined by discounting future cash flow. The key assumptions used in the estimation of value in use were growth rate and discount rate.

For each of the brand with significant carrying amount using relief-from-royalty, the key assumptions are royalty rate and discount rate use in the calculation are as follow:

Brand	John West	Petit Navire	King Oscar
Royalty rate	3.2%	12.0%	2.6%
Discount rate	9.0%	7.9%	7.6%

For the brand using value-in-use calculation, the key assumptions are growth rate and discount rate use in the calculation are as follow:

Brand	Chicken of the Sea
Growth rate	1.5%
Discount rate	7.2%

15 Other long-term investments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
As at 31 December	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Available-for-sale investments, net	1,006,784	2,650,641	987,028	2,626,527
General investments	5,321	4,366	1,500	1,000
Net book amount	<u>1,012,105</u>	<u>2,655,007</u>	<u>988,528</u>	<u>2,627,527</u>

The movements of available-for-sale investments during the year can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
For the year ended 31 December	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Opening net book value	2,650,641	30,766	2,626,527	-
Additions	-	2,672,918	-	2,672,918
Reclassification	-	(268)	-	-
Disposals, net	(1,656,612)	(6,059)	(1,652,219)	-
Change in fair value of investments	12,732	(46,716)	12,720	(46,391)
Translation adjustment	23	-	-	-
Net book amount	<u>1,006,784</u>	<u>2,650,641</u>	<u>987,028</u>	<u>2,626,527</u>

16 Goodwill (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment. The Group management review the business performance based on geography and type of business.

A segment-level summary of the goodwill allocation is presented below.

	Consolidated financial statements			Total Thousand Baht
	Ambient seafood business Thousand Baht	Frozen and chilled seafood and related business Thousand Baht	Pet food, value-added and other business Thousand Baht	
As at 31 December 2016				
Asia continents	42,358	-	-	42,358
Europe continents	12,235,726	798,833	-	13,034,559
US continents	35,904	533,822	-	569,726
Goodwill allocation	12,313,988	1,332,655	-	13,646,643
As at 31 December 2017				
Asia continents	42,358	-	-	42,358
Europe continents	12,680,359	825,694	-	13,506,053
US continents	32,748	498,906	-	531,654
Goodwill allocation	12,755,465	1,324,600	-	14,080,065

These calculations use cash flow projections before income taxes based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

For each of the CGUs with significant amount of goodwill, the key assumptions used in the value-in-use calculations are as follows.

	Europe continents - Ambient seafood business	Europe continents - Frozen and chilled seafood and related business	US continents - Frozen and chilled seafood and related business
Growth rate	1.5%	1.5%	2.5%
Discount rate	7.3%	7.1%	7.2%

These assumptions have been used for the analysis of each CGU within the business segment. Management determined the growth rates to be consistent with the forecasts in the industry. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

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17 Deferred income taxes

The analysis of deferred tax assets and deferred tax liabilities is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Deferred tax assets:				
Deferred tax asset to be recovered within 12 months	497,502	431,641	100	8,928
Deferred tax asset to be recovered after more than 12 months	992,673	980,329	23,159	11,794
	<u>1,490,175</u>	<u>1,411,970</u>	<u>23,259</u>	<u>20,722</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	(99,256)	(26,426)	-	-
Deferred tax liabilities to be settled after more than 12 months	(4,903,259)	(5,181,095)	(3,450)	(3,013)
	<u>(5,002,515)</u>	<u>(5,207,521)</u>	<u>(3,450)</u>	<u>(3,013)</u>
Deferred tax assets (liabilities), net	<u>(3,512,340)</u>	<u>(3,795,551)</u>	<u>19,809</u>	<u>17,709</u>

The reconciliation of deferred tax assets and liabilities in the statements of financial position is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Deferred tax assets included in assets of disposal group classified as held-for-sale	-	11	-	-
Deferred tax assets, net	1,079,837	704,258	19,809	17,709
Deferred tax liabilities, net	(4,592,177)	(4,499,820)	-	-
Deferred tax assets (liabilities), net	<u>(3,512,340)</u>	<u>(3,795,551)</u>	<u>19,809</u>	<u>17,709</u>

The gross movement of deferred income taxes is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
As at 1 January	(3,795,551)	(4,225,260)	17,709	20,756
Acquisition of subsidiary	-	(612,748)	-	-
Credited/(charged) to profit or loss	401,055	878,522	(1,501)	(3,047)
Charged to other comprehensive income	2,795	(6,528)	3,601	-
Disposal of subsidiary	-	(354)	-	-
Translation adjustment	(120,639)	170,817	-	-
As at 31 December	<u>(3,512,340)</u>	<u>(3,795,551)</u>	<u>19,809</u>	<u>17,709</u>

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17 Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the year is as follows:

	Consolidated financial statements						
	As at 1 January 2016 Thousand Baht	Acquisition of subsidiary Thousand Baht	Credited/(charged) to		Disposal of subsidiary Thousand Baht	Translation adjustment Thousand Baht	
			Profit and loss Thousand Baht	Other comprehensive income Thousand Baht			
Deferred tax assets							
Allowance for doubtful accounts	46,501	-	13,552	-	-	(139)	59,914
Allowance for net realisable value of inventories and inventory costs	454,878	-	103,320	-	-	(10,236)	547,962
Allowance for impairment and depreciation of property, plant and equipment	8,261	-	2,627	-	(354)	153	10,687
Amortisation of intangible assets	41,082	-	150,237	-	-	(8,207)	183,112
Derivative contracts	-	-	3,363	-	-	(110)	3,253
Investment in associate	-	-	139,517	-	-	2,139	141,656
Employee benefit obligations	61,805	-	41,223	(5,146)	-	(295)	97,587
Provisions and liabilities	132,472	-	29,853	-	-	(984)	161,341
Tax loss carried forward	136,706	-	2,063	-	-	(1,401)	137,368
Others	39,210	-	28,780	(54)	-	1,154	69,090
Total	920,915	-	514,535	(5,200)	(354)	(17,926)	1,411,970

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17 Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the year is as follows: (continued)

	Consolidated financial statements						
	As at 1 January 2016 Thousand Baht	Acquisition of subsidiary Thousand Baht	Charged/(credited) to		Disposal of subsidiary Thousand Baht	Translation adjustment Thousand Baht	As at 31 December 2016 Thousand Baht
			Profit and loss Thousand Baht	Other comprehensive Income Thousand Baht			
Deferred tax liabilities							
Depreciation of property, plant and equipment	(413,106)	(27,113)	4,409	-	-	4,350	(431,460)
Amortisation of intangible assets	(4,396,679)	(580,665)	336,166	-	-	184,599	(4,456,579)
Derivative contracts	(31,455)	-	30,184	-	-	(1,709)	(2,980)
Investment in associates	(81,980)	-	(34,028)	(1,328)	-	-	(117,336)
Finance lease liabilities	(6,436)	-	(2,807)	-	-	366	(8,877)
Inventory costs	(153,237)	-	26,041	-	-	5,686	(121,510)
Others	(63,282)	(4,970)	4,022	-	-	(4,549)	(68,779)
Total	(5,146,175)	(612,748)	363,987	(1,328)	-	188,743	(5,207,521)
Deferred tax assets (liabilities), net	(4,225,260)	(612,748)	878,522	(6,528)	(354)	170,817	(3,795,551)

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17 Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the year is as follows: (continued)

	Consolidated financial statements						As at 31 December 2017 Thousand Baht
	As at 1 January 2017 Thousand Baht	Acquisition of subsidiary Thousand Baht	Credited/(charged) to		Disposal of subsidiary Thousand Baht	Translation adjustment Thousand Baht	
			Profit and loss Thousand Baht	Other comprehensive income Thousand Baht			
Deferred tax assets							
Allowance for doubtful accounts	59,914	-	(29,607)	-	-	(1,300)	29,007
Allowance for net realisable value of inventories and inventory costs	547,962	-	(53,469)	-	-	(18,725)	475,768
Allowance for impairment and depreciation of property, plant and equipment	10,687	-	(8,432)	-	-	(926)	1,329
Amortisation of intangible assets	183,112	-	18,819	-	-	6,092	208,023
Derivative contracts	3,253	-	27,206	-	-	288	30,747
Investment in associate	141,656	-	75,448	-	-	(12,360)	204,744
Employee benefit obligations	97,587	-	13,113	(3,987)	-	(1,938)	104,775
Provisions and liabilities	161,341	-	51,538	-	-	(13,089)	199,790
Tax loss carried forward	137,368	-	269	-	-	834	138,471
Others	69,090	-	29,061	-	-	(630)	97,521
Total	1,411,970	-	123,946	(3,987)	-	(41,754)	1,490,175

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17 Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the year is as follows: (continued)

	Consolidated financial statements						
	As at 1 January 2017 Thousand Baht	Acquisition of subsidiary Thousand Baht	Charged/(credited) to		Disposal of subsidiary Thousand Baht	Translation adjustment Thousand Baht	As at 31 December 2017 Thousand Baht
			Profit and loss Thousand Baht	Other comprehensive Income Thousand Baht			
Deferred tax liabilities							
Depreciation of property, plant and equipment	(431,460)	-	(9,202)	-	-	9,996	(430,666)
Amortisation of intangible assets	(4,456,579)	-	420,425	-	-	(91,926)	(4,128,080)
Derivative contracts	(2,980)	-	(12,788)	-	-	(1,064)	(16,832)
Investment in associates	(117,336)	-	(127,305)	6,782	-	-	(237,859)
Finance lease liabilities	(8,877)	-	(2,266)	-	-	(358)	(11,501)
Inventory costs	(121,510)	-	(13,468)	-	-	(4,432)	(139,410)
Others	(68,779)	-	21,713	-	-	8,899	(38,167)
Total	(5,207,521)	-	277,109	6,782	-	(78,885)	(5,002,515)
Deferred tax assets (liabilities), net	(3,795,551)	-	401,055	2,795	-	(120,639)	(3,512,340)

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17 Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the year is as follows: (continued)

	Separate financial statements						
	Charged/(credited) to			Charged/(credited) to			
	As at 1 January 2016 Thousand Baht	Profit and loss Thousand Baht	Other comprehensive income Thousand Baht	As at 31 December 2016 Thousand Baht	Profit and loss Thousand Baht	Other comprehensive income Thousand Baht	As at 31 December 2017 Thousand Baht
Deferred tax assets							
Allowance for doubtful accounts	5,789	(115)	-	5,674	(174)	-	5,500
Allowance for net realisable value of inventories	3,885	(871)	-	3,014	(2,914)	-	100
Allowance for impairment of property, plant and equipment	7,252	(7,252)	-	-	-	-	-
Employee benefit obligations	6,786	4,918	-	11,704	1,839	3,601	17,144
Others	-	330	-	330	185	-	515
Total	23,712	(2,990)	-	20,722	(1,064)	3,601	23,259
Deferred tax liabilities							
Depreciation of property, plant and equipment	(2,909)	(88)	-	(2,997)	(102)	-	(3,099)
Others	(47)	31	-	(16)	(335)	-	(351)
Total	(2,956)	(57)	-	(3,013)	(437)	-	(3,450)
Deferred tax assets (liabilities), net	20,756	(3,047)	-	17,709	(1,501)	3,601	19,809

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17 Deferred income taxes (continued)

Deferred income tax assets are recognised for tax loss carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 570 million (2016: Baht 448 million) in respect of losses amounting to Baht 2,688 million (2016: Baht 1,670 million) that can be carried forward against future taxable income. Losses amounting to Baht 1,235 million (2016: Baht 253 million) expired in 2018 to 2024 (2016: 2017 to 2021).

18 Other non-current assets

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Unamortised discount on derivative contracts	290,839	364,592	290,839	364,592
Advance payment for purchase of construction and equipment	390,180	115,957	-	-
Deposit and guarantee	433,955	308,826	35,385	31,238
Other non-current assets	186,905	69,438	-	20,133
Total other non-current assets	1,301,879	858,813	326,224	415,963

19 Bank overdrafts and short-term loans from financial institutions

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Bank overdrafts	242,316	245,263	-	-
Short-term loans	5,318,163	29,570,611	2,467,258	26,523,983
Trust receipts and packing credits	9,685,295	7,089,782	2,773,022	2,114,946
Total bank overdrafts and short-term loans from financial institutions	15,245,774	36,905,656	5,240,280	28,638,929

As at 31 December 2017, the Group's bank overdrafts bear interest rate at the range of 1.25% per annum (2016: 1.25% per annum). The Group's and the Company's short-term loans, trust receipts and packing credits bear interest rate at the range of 0.60% per annum to 4.25% per annum and at the range of 0.60% per annum to 1.97% per annum, respectively (2016: 1.30% per annum to 4.25% per annum and 0.55% per annum to 2.18% per annum, respectively).

The credit facilities were secured by the Group's property, plant and equipment and inventories.

During the first quarter of the year 2017, the Company entered into term loan facility agreements with financial institutions (Note 21) and issued debentures (Note 22) for refinancing the short-term loans from a financial institution.

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20 Trade and other payables

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Trade payable - third parties	13,329,181	11,424,731	2,811,590	2,243,223
Trade payable - related parties (Note 35)	284,285	73,501	527,646	569,182
Accrued expenses and other payables - third parties	5,277,197	5,106,143	825,912	524,962
Accrued expenses and other payables - related parties	47,834	58,860	30,163	24,566
Dividend payable	17,061	14,549	5,060	5,171
Deposits and unearned revenue	308,300	358,168	36,404	31,173
Construction and equipment purchase payable - third parties	550,831	387,092	148,882	114,316
Construction and equipment purchase payable - related parties	7,984	5,900	359	348
Total trade and other payables	19,822,673	17,428,944	4,386,016	3,512,941

21 Long-term loans from financial institutions, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Current portion of long-term loans from financial institutions	849,286	764,733	797,144	701,910
Non-current portion of long-term loans from financial institutions, net	14,711,748	963,325	14,073,831	840,941
Total long-term loans from financial Institutions, net	15,561,034	1,728,058	14,870,975	1,542,851

The movements of long-term loans from financial institutions during the year can be analysed as follows:

For the year ended 31 December 2017	Consolidated financial statements	Separate financial statements
	Thousand Baht	Thousand Baht
Opening balance	1,728,058	1,542,851
Additions	14,885,593	14,269,000
Amortisation of financial fees	15,385	15,385
Repayments	(781,114)	(671,200)
Financing fees payments	(83,429)	(83,429)
Gain on foreign exchange rates	(201,256)	(201,632)
Translation adjustment	(2,203)	-
Closing balance	15,561,034	14,870,975

21 Long-term loans from financial institutions, net (continued)

In January 2017, the Company entered into a term loan facility agreement of up to Baht 12,500 million with financial institutions in Thailand in order to apply the proceeds for refinancing the existing loans. The loan has maturity date of five years from the first utilisation date and bears interest of THBFIX plus a certain margin per annum.

In March 2017, the Company entered into a term loan facility agreement of up to USD 50 million with a financial institution in Thailand in order to apply the proceeds for refinancing the existing loans. The loan has maturity date of four and a half years from the first utilisation date and bears interest of LIBOR plus a certain margin per annum.

In August 2017, an overseas subsidiary entered into a term loan facility agreement of up to USD 2 million with a financial institution in Overseas in order to apply the proceeds for refinancing the existing loans. The loan has maturity date of three years from the first utilisation date and bears interest of LIBOR plus a certain margin per annum.

In November 2017, an overseas subsidiary entered into a term loan facility agreement of up to USD 8 million with a financial institution in Overseas in order to apply the proceeds for refinancing the existing loans. The loan has maturity date of seven years from the first utilisation date and bears interest of LIBOR plus a certain margin per annum.

As at 31 December 2017, long-term loans from financial institutions are for operation, purchase of machinery, investments in subsidiaries, associates and joint ventures and construction of building and factory. The loans from financial institutions of Baht 67.08 million are secured by the Group's property, plant and equipment. The Group is subject to certain financial covenants, including limitations on indebtedness, capital leases and capital expenditures, transactions with affiliates, distributions, and dividend payments.

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

Borrowing facilities

The Group had the following unused overdraft lines from financial institutions and other credit facilities:

As at 31 December	Consolidated financial statements	
	2017	2016
Baht	Baht 33,750 million	Baht 33,185 million
US Dollar	USD 316 million	USD 286 million
Euro	EUR 27 million	EUR 27 million

22 Debentures, net

On 25 April 2011, the Annual General Meeting of Shareholders approved the increase of credit limit for issuance of debentures of the Group and the Company in the amount of up to Baht 15,000 million or the equivalent amount 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 3 April 2014, the Annual General Meeting of Shareholders approved the increase of credit limit for issuance of debentures of the Group and the Company 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 Group and the Company 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.

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22 Debentures, net (continued)

On 11 April 2016, the Company issued the US Dollars debenture amounting to USD 75 million for the purpose of future expansion. The term of debenture is 10 years and bears interest rate of 3.66% per annum. The interest is paid semi-annually. Such debentures are offered to the institutional investors and large investors.

In July 2016, the Company issued the Thai Baht debentures which are unsubordinated and unsecured totaling Baht 10,000 million. Such debentures were offered to the institutional investors and large investors.

In January 2017, the Company issued the Thai Baht debentures which are unsubordinated and unsecured totalling Baht 12,000 million. Such debentures are offered to the institutional investors and large investors. Under the issuance of these debentures, the Company has to comply with the conditions including certain financial covenants.

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

Debentures	Interest rate (% per annum)	Terms	Due date	Number of debentures Thousand units	Consolidated and Separate financial information	
					As at 31 December 2017 Million Baht	As at 31 December 2016 Million Baht
Debentures # 1/2011 (3)	5.02	10 years	27 July 2021	1,500	1,500	1,500
Debentures # 1/2014 (1)	3.58	3 years	6 February 2017	2,500	-	2,500
Debentures # 1/2014 (2)	4.21	5 years	6 February 2019	3,150	3,150	3,150
Debentures # 1/2014 (3)	4.69	7 years	6 February 2021	1,550	1,550	1,550
Debentures # 1/2014 (4)	5.18	10 years	6 February 2024	1,050	1,050	1,050
Debentures # 2/2014 (1)	4.21	7 years	9 October 2021	1,000	1,000	1,000
Debentures # 2/2014 (2)	4.58	10 years	9 October 2024	3,500	3,500	3,500
Debentures #1/2016 (USD)	3.66	10 years	11 April 2026	75	2,464	2,700
Debentures #2/2016 (1)	2.03	3 years	20 July 2019	6,000	6,000	6,000
Debentures #2/2016 (2)	2.32	5 years	20 July 2021	2,000	2,000	2,000
Debentures #2/2016 (3)	2.79	7 years	20 July 2023	2,000	2,000	2,000
Debentures #1/2017 (1)	2.49	3 years	19 January 2020	3,500	3,500	-
Debentures #1/2017 (2)	2.91	5 years	19 January 2022	2,000	2,000	-
Debentures #1/2017 (3)	3.58	7 years	19 January 2024	2,500	2,500	-
Debentures #1/2017 (4)	3.94	10 years	19 January 2027	4,000	4,000	-
Total debentures - face value					36,214	26,950
Less Unamortised issuance costs					(45)	(33)
Total debentures, net					36,169	26,917
Less Current portion of debentures, net					-	(2,500)
Non-current portion of debentures, net					36,169	24,417

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 consolidated net income of the year is prohibited.

The movement of debenture during the year can be analysed as follows:

For the year ended 31 December 2017	Consolidated and separate financial statements
	Thousand Baht
Opening balance	26,917,034
Debenture issuance	12,000,000
Repayment	(2,500,000)
Issuance costs	(22,144)
Unrealised gain on foreign exchange rate:	(236,648)
Amortisation of issuance costs	10,638
Closing balance	36,168,880

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22 Debentures, net (continued)

The carrying amounts and fair values of debentures are as follows:

As at 31 December	Consolidated and separate financial statements			
	Carrying amounts		Fair values	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Debentures, net	36,168,880	26,917,034	37,443,940	27,346,473

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate of 1.63% - 3.38 % per annum (2016: 1.71% - 3.82% per annum) and are within level 2 of the fair value hierarchy (Note 3.3).

23 Finance lease liabilities, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Current portion of finance lease liabilities	47,257	82,308	7,278	12,241
Non-current portion of finance lease liabilities	154,785	208,439	12,802	20,080
Total finance lease liabilities, net	202,042	290,747	20,080	32,321

The minimum lease payments recognised as finance lease liabilities are as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Not later than one year	54,196	90,485	7,970	13,310
Later than 1 year but not later than 5 years	132,119	169,378	13,384	21,353
Later than 5 years	35,417	57,108	-	-
	221,732	316,971	21,354	34,663
<u>Less</u> Future finance charges on finance leases	(19,690)	(26,224)	(1,274)	(2,342)
Present value of finance lease liabilities	202,042	290,747	20,080	32,321

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23 Finance lease liabilities, net (continued)

The present value of finance lease liabilities is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Not later than one year	47,257	82,308	7,278	12,241
Later than 1 year but not later than 5 years	120,394	153,902	12,802	20,080
Later than 5 years	34,391	54,537	-	-
	<u>202,042</u>	<u>290,747</u>	<u>20,080</u>	<u>32,321</u>

24 Other non-current liabilities

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Option over non-controlling interests of an oversea subsidiary	2,024,879	1,907,890	-	-
Unamortized premium on derivative contracts	615,340	434,437	615,340	434,437
Other non-current liabilities	<u>440,583</u>	<u>302,347</u>	<u>44,989</u>	<u>18,779</u>
Total other non-current liabilities	<u>3,080,802</u>	<u>2,644,674</u>	<u>660,329</u>	<u>453,216</u>

In 2016, the Group acquired 51% equity stake in Rugen Fisch AG. The Group also holds a call option and the other shareholders who are a non-controlling interests hold a put option over the remaining 49% exercisable between 2019 and 2021. The Group have an obligation to purchase non-controlling interests' shareholding, which represents 49% of total shareholding. The Group recognised the liabilities under other non-current liabilities together with options over non-controlling interests as part of business combination, which is presented in other reserve in the statement of changes in equity.

25 Employee benefit obligations

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Liability in the statement of financial position				
- Retirement benefits	<u>2,356,189</u>	<u>1,916,304</u>	<u>707,644</u>	<u>455,667</u>
Profit or loss charge included in the statement of income				
- Retirement benefits	<u>180,459</u>	<u>246,417</u>	<u>74,474</u>	<u>66,270</u>
Remeasurement for				
- Retirement benefits	<u>326,097</u>	<u>(24,436)</u>	<u>163,796</u>	<u>-</u>

25 Employee benefit obligations (continued)

Retirement benefits plans

The plans are final salary retirement plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The movement in the defined benefit obligations during the year is as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
As at 1 January	1,916,304	1,801,199	455,667	397,041
Current service cost	200,137	167,895	60,676	54,720
Past service cost	(94,687)	-	-	-
Interest cost	75,009	78,522	13,798	11,550
	<u>180,459</u>	<u>246,417</u>	<u>74,474</u>	<u>66,270</u>
Remeasurements:				
(Gain)/Loss from change in demographic assumptions	(28,683)	(11,289)	(73,207)	-
(Gain)/Loss from change in financial assumptions	59,170	(4,783)	72,025	-
Experience (Gain)/Loss	295,610	(8,364)	164,978	-
	<u>326,097</u>	<u>(24,436)</u>	<u>163,796</u>	<u>-</u>
Benefit payments	(58,237)	(90,938)	(8,147)	(7,644)
Transferred to disposal group classified as held-for-sale	-	(14,745)	-	-
Reclassification	-	9,204	21,854	-
Translation adjustment	(8,434)	(10,397)	-	-
As at 31 December	<u>2,356,189</u>	<u>1,916,304</u>	<u>707,644</u>	<u>455,667</u>

The Group and the Company expect to pay Baht 226 million and Baht 117 million, respectively, of retirement benefits during the next year. (2016: Baht 46.08 million and Baht 4.25 million, respectively).

As at 31 December 2017, the weighted average durations of the liabilities for retirement benefits for the Group and the Company are 13 years and 13 years, respectively (2016: 16 years and 16 years, respectively).

25 Employee benefit obligations (continued)

Retirement benefits plans (continued)

The principal actuarial assumptions used are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate (%)	1.0 - 15.0	1.0 - 24.0	1.4 - 3.9	3.1
Salary growth rate (%)	1.5 - 15.0	1.5 - 15.0	3.5 - 7.0	3.5 - 7.0

	Consolidated financial statements			
	Impact on defined benefit obligation			
	Increase in assumption by 1%		Decrease in assumption by 1%	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Discount rate	(215,068)	(162,948)	251,365	192,012
Salary growth rate	213,209	185,946	(212,051)	(161,443)

	Separate financial statements			
	Impact on defined benefit obligation			
	Increase in assumption by 1%		Decrease in assumption by 1%	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Discount rate	(58,321)	(46,659)	67,458	55,230
Salary growth rate	64,125	53,216	(56,771)	(46,011)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, at the end of the year, the same method has been applied as when calculating the employee benefit obligation recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

26 Share capital and premium on share capital

	Number of issued and paid-up shares Shares	Ordinary shares Thousand Baht	Premium on share capital Thousand Baht	Total Thousand Baht
As at 1 January 2016	4,771,815,496	1,192,954	19,948,329	21,141,283
Issue of shares	-	-	-	-
As at 31 December 2016	4,771,815,496	1,192,954	19,948,329	21,141,283
Issue of shares	-	-	-	-
As at 31 December 2017	4,771,815,496	1,192,954	19,948,329	21,141,283

The total number of authorised ordinary shares is 5,971,815,496 shares (2016: 5,971,815,496 shares) with a par value of Baht 0.25 per share (2016: Baht 0.25 per share). There are 4,771,815,496 shares (2016: 4,771,815,496 shares) which are fully paid.

Under the Public Companies Act. B.E. 2535 requires companies to set aside share subscription monies received in excess of the issued shares' par value to a reserve account (share premium). The share premium is not available for dividend distribution.

27 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 5 April 2017, the shareholders passed a resolution to approve the dividend payment of Baht 3,006 million from its net profit from operations of the year 2016. However, by the resolution of the meeting of the Company's Board of Directors held on 8 August 2016, the Company paid out the interim dividend payment of Baht 0.32 per share from the six-month net profit from operations ended 30 June 2016 to the Company's shareholders totalling Baht 1,527 million on 2 September 2016. The remaining dividend of Baht 0.31 per share or totalling Baht 1,479 million was paid on 20 April 2017.

On 7 August 2017, the Board of Directors' meeting of the Company passed a resolution to approve the interim dividend payment of Baht 0.32 per share to the Company's shareholders totalling Baht 1,527 million. The interim dividend was paid on 4 September 2017.

At the Annual General Meeting of the Shareholders of the Company held on 5 April 2016, the shareholders passed a resolution to approve the dividend payment of Baht 3,006 million from its net profit from operations of the year 2015. However, by the resolution of the meeting of the Company's Board of Directors held on 13 August 2015, the Company paid out the interim dividend payment of Baht 0.32 per share from the six-month net profit from operations ended 30 June 2015 to the Company's shareholders totalling Baht 1,527 million on 9 September 2015. The remaining dividend of Baht 0.31 per share or totalling Baht 1,479 million was paid on 21 April 2016.

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28 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As at 1 January	149,295	149,295	149,295	149,295
Appropriate during the year	-	-	-	-
As at 31 December	<u>149,295</u>	<u>149,295</u>	<u>149,295</u>	<u>149,295</u>

Under of the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

29 Sales

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Sales	136,535,157	134,375,112	22,185,198	20,520,535
Management fee	-	-	226,411	216,888
Total sales and services	<u>136,535,157</u>	<u>134,375,112</u>	<u>22,411,609</u>	<u>20,737,423</u>

30 Other income

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Claims for goods	50,060	44,067	9,185	12,749
Tax coupon	167,959	138,359	18,163	13,485
Management fee	82,279	23,292	14,111	3,000
Amortised premium/discount on derivatives contracts	95,163	225,152	69,494	256,275
Other income	<u>701,643</u>	<u>456,607</u>	<u>301,384</u>	<u>112,703</u>
Total other income	<u>1,097,104</u>	<u>887,477</u>	<u>412,337</u>	<u>398,212</u>

31 Finance costs

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Amortisation of financing costs	26,172	11,354	26,172	11,354
Interest expenses	1,843,128	1,304,684	1,675,876	1,104,507
Other finance costs	<u>271,493</u>	<u>255,630</u>	<u>24,897</u>	<u>11,456</u>
Total finance costs	<u>2,140,793</u>	<u>1,571,668</u>	<u>1,726,945</u>	<u>1,127,317</u>

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32 Expense by nature

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Changes in finished goods and work in process	(115,559)	(4,650,113)	(422,151)	(520,095)
Raw material and consumables used and purchased finished goods	109,553,935	102,326,599	16,539,195	13,925,500
Employee expenses	13,944,424	12,664,722	2,859,102	2,796,262
Depreciation on property, plant and equipment (Note 13)	2,527,849	2,731,475	371,850	386,639
(Reversal) impairment of assets	12,576	(134,822)	-	-
Amortisation of intangible assets (Note 14)	232,965	251,516	31,876	12,875
Operating lease expenses	694,098	723,630	210,907	141,187
Research and development expenses	93,956	83,089	10,627	32,796

33 Income tax

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Current tax:				
Current tax on profit for the year	381,661	1,554,028	1,833	527
Adjustments in respect of prior year	(79,542)	(92,967)	5,753	(12,275)
Total current tax	302,119	1,461,061	7,586	(11,748)
Deferred income tax:				
Decrease (increase) in deferred tax assets (Note 17)	(123,946)	(514,535)	1,064	2,990
Increase (decrease) in deferred tax liabilities (Note 17)	(277,109)	(363,987)	437	57
Total deferred income tax	(401,055)	(878,522)	1,501	3,047
Total income tax expenses (revenue)	(98,936)	582,539	9,087	(8,701)
Income tax expenses (revenue) attributable to:				
- From continuing operations	(98,934)	582,529	9,087	(8,701)
- From discontinued operation (Note 11.5)	(2)	10	-	-
Total income tax expenses (revenue)	(98,936)	582,539	9,087	(8,701)

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33 Income tax (continued)

The taxes on the Group's and the Company's profits before tax differ from the theoretical amounts that would arise using the basic tax rates of the Group and the Company as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Profit before tax from continuing operations	6,464,703	6,714,632	3,139,534	3,355,295
Loss before tax from discontinued operation (Note 11.5)	(71,411)	(271,943)	-	-
Total profit before tax	6,393,292	6,442,689	3,139,534	3,355,295
Tax calculated at tax rates of 10 - 38% (2016: 10 - 38%)	1,220,332	1,279,319	627,907	671,059
Tax effect of:				
Income not subject to tax	(984,846)	(767,111)	(769,894)	(801,411)
Additional expenses deductible for tax purpose	(577,639)	(130,611)	-	(555)
Expenses not deductible for tax purpose	191,641	478,555	24,910	456
Utilisation of previously unrecognised tax losses	(20,555)	(44,514)	-	-
Recognition of deferred tax assets from previously unrecognised tax losses and temporary differences	(33,004)	(2,080)	-	-
Deferred tax relating to the reversal of temporary differences	34,293	-	-	-
Tax losses and temporary differences for which no deferred tax asset was recognised	323,780	304,381	119,692	135,002
Adjustments in respect of prior year	(79,542)	(92,967)	5,753	(12,275)
Impact on change in tax rate	(152,764)	(466,512)	-	-
Others	(20,632)	24,079	719	(977)
Tax charge (revenue)	(98,936)	582,539	9,087	(8,701)

The Group's weighted average applicable tax rate was -1.55% (2016: 9.04%). The change in estimated average tax rate of the Group is due to additional tax benefits from acquisition of associates and the decrease in corporate income tax of foreign subsidiaries.

The Company's weighted average applicable tax rate was 0.29% (2016: -0.26%).

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33 Income tax (continued)

The tax charge relating to components of other comprehensive income is as follows:

For the year ended 31 December	Consolidated financial statements					
	2017			2016		
	Before tax Thousand Baht	Tax charge Thousand Baht	After tax Thousand Baht	Before tax Thousand Baht	Tax charge Thousand Baht	After tax Thousand Baht
Actuarial gain on employee benefit obligations	(326,097)	(3,987)	(330,084)	25,171	(5,146)	20,025
Other reserves	(270,172)	-	(270,172)	56,443	-	56,443
Change in fair values of available-for-sale investments	12,732	-	12,732	(46,716)	(54)	(46,770)
Translation adjustment	(786,274)	6,782	(779,492)	(922,381)	(1,328)	(923,709)
Other comprehensive income (expenses)	(1,369,811)	2,795	(1,367,016)	(887,483)	(6,528)	(894,011)
For the year ended 31 December	Separate financial statements					
	2017			2016		
	Before tax Thousand Baht	Tax charge Thousand Baht	After tax Thousand Baht	Before tax Thousand Baht	Tax charge Thousand Baht	After tax Thousand Baht
Actuarial gain on employee benefit obligations	(163,796)	3,601	(160,195)	-	-	-
Change in fair values of available-for-sale investments	12,720	-	12,720	(46,389)	-	(46,389)
Other comprehensive income (expenses)	(151,076)	3,601	(147,475)	(46,389)	-	(46,389)

34 Earnings per share

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

For the year ended 31 December	Consolidated financial information		Separate financial information	
	2017	2016	2017	2016
	Net profit attributable to the owners of the parent (Thousand Baht)			
- From continuing operations	6,092,146	5,526,385	3,130,447	3,363,996
- From discontinued operation	(71,409)	(271,953)	-	-
Net profit attributable to the owners of the parent (Thousand Baht)	<u>6,020,737</u>	<u>5,254,432</u>	<u>3,130,447</u>	<u>3,363,996</u>
Weighted average number of ordinary shares outstanding (Thousand shares)	<u>4,771,815</u>	<u>4,771,815</u>	<u>4,771,815</u>	<u>4,771,815</u>
Basic earnings per share (Baht per share)	1.26	1.10	0.66	0.70

There are no dilutive potential ordinary shares in issue during the year presented, so no diluted earnings per share is presented.

35 Related party transactions

The Company is the ultimate parent company. The largest shareholder of the Company is a group of Chansiri family, which owns 20.95% of the Company's shares. The remaining of the shares are widely held.

The lists of subsidiaries, associates and joint ventures are set out in Note 12.

The following significant transactions and balances were carried out with related parties:

i) Sales

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Revenue from sales				
Subsidiaries	-	-	9,370,739	8,313,430
Associates and joint ventures	3,304,058	1,049,652	18,805	8,611
Other related companies	960,740	888,784	504,933	503,302
	<u>4,264,798</u>	<u>1,938,436</u>	<u>9,894,477</u>	<u>8,825,343</u>
Interest income				
Subsidiaries	-	-	1,611,747	1,109,786
Associates and joint ventures	937,683	221,893	-	-
	<u>937,683</u>	<u>221,893</u>	<u>1,611,747</u>	<u>1,109,786</u>
Dividend income				
Subsidiaries	-	-	2,079,215	3,035,005
Associates and joint ventures	-	-	87,483	72,694
	<u>-</u>	<u>-</u>	<u>2,166,698</u>	<u>3,107,699</u>
Other income				
Subsidiaries	-	-	222,390	111,265
Associates and joint ventures	179,769	48,306	6,449	399
Other related companies	390	502	256	502
	<u>180,159</u>	<u>48,808</u>	<u>229,095</u>	<u>112,166</u>

35 Related party transactions (continued)

The following significant transactions and balances were carried out with related parties: (continued)

ii) Purchases of goods and services

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Purchase of goods and services				
Subsidiaries	-	-	2,182,126	2,110,486
Associates and joint ventures	801,320	1,033,886	333,925	214,125
Other related companies	1,645,895	1,322,675	100,351	103,594
	<u>2,447,215</u>	<u>2,356,561</u>	<u>2,616,402</u>	<u>2,428,205</u>
Purchase of fixed assets				
Subsidiaries	-	-	4,207	1,975
Associates and joint ventures	-	26	-	26
Other related companies	161,334	96,660	18,899	17,874
	<u>161,334</u>	<u>96,686</u>	<u>23,106</u>	<u>19,875</u>

iii) Outstanding balances arising from sales and purchases of goods, fixed assets and services

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Trade receivables				
- related parties				
Subsidiaries	-	-	1,933,552	1,912,119
Associates and joint ventures	139,793	174,279	3,355	1,279
Other related companies	64,934	44,094	38,259	41,139
	<u>204,727</u>	<u>218,373</u>	<u>1,975,166</u>	<u>1,954,537</u>
Accrued interest income				
- related parties				
Subsidiaries	-	-	466,796	233,514
Associates and joint ventures	656,590	225,256	-	-
	<u>656,590</u>	<u>225,256</u>	<u>466,796</u>	<u>233,514</u>
Trade payables				
- related parties				
Subsidiaries	-	-	495,736	561,951
Associates and joint ventures	227,433	26,713	31,910	5,900
Other related companies	56,852	46,788	-	1,331
	<u>284,285</u>	<u>73,501</u>	<u>527,646</u>	<u>569,182</u>

35 Related party transactions (continued)

The following significant transactions and balances were carried out with related parties (continued):

iv) Loans to/from related parties

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Short-term loans to related parties				
Subsidiaries	-	-	7,452,933	7,331,581
Associates and joint ventures	69,870	-	-	-
	<u>69,870</u>	<u>-</u>	<u>7,452,933</u>	<u>7,331,581</u>
Long-term loans to related parties				
Long-term loans				
Subsidiaries	-	-	37,872,816	40,263,658
Associates and joint ventures	11,274,911	12,361,592	-	-
	<u>11,274,911</u>	<u>12,361,592</u>	<u>37,872,816</u>	<u>40,263,658</u>

The movements of long-term loans to related parties during the year can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
As at 1 January	12,361,592	-	40,263,658	20,996,673
Additions	-	12,174,947	109,710	34,043,181
Repayments	-	-	(1,649,270)	(14,230,572)
Gain (loss) on exchange rates	-	186,645	(851,282)	(545,624)
Translation adjustment	(1,086,681)	-	-	-
As at 31 December	<u>11,274,911</u>	<u>12,361,592</u>	<u>37,872,816</u>	<u>40,263,658</u>

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Short-term loans from related parties				
Subsidiaries	-	-	693,499	923,957
Associates and joint ventures	119,300	77,000	-	-
	<u>119,300</u>	<u>77,000</u>	<u>693,499</u>	<u>923,957</u>

35 Related party transactions (continued)

The following significant transactions and balances were carried out with related parties (continued):

v) Directors and key management remuneration

The compensation paid or payable to key management for employee services is shown below:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Short-term employee benefits	884,734	864,020	140,989	109,359
Post-employment benefits	28,056	22,270	9,959	9,396
Other long-term benefits	31,342	16,553	14,344	5,610
	<u>944,132</u>	<u>902,843</u>	<u>165,292</u>	<u>124,365</u>

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36 Cash flows from operating activities

Reconciliation of net profit for the year to cash flows from operating activities:

For the year ended 31 December	Notes	Consolidated financial information		Separate financial information	
		2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Profit before income tax:					
From continuing operations		6,464,703	6,714,632	3,139,534	3,355,295
From discontinued operation	11.5	(71,411)	(271,943)	-	-
Total		<u>6,393,292</u>	<u>6,442,689</u>	<u>3,139,534</u>	<u>3,355,295</u>
Adjustment items:					
Depreciation expenses	13	2,527,849	2,731,475	371,850	386,639
Amortisation expenses	14	232,965	251,516	31,876	12,875
Amortisation of discount/ premium from derivative contracts		(95,172)	(225,152)	(69,494)	(256,275)
(Reversal of) Allowance for doubtful accounts		(69,150)	(11,749)	76,504	1,291
(Reversal of) Allowance for diminution in value of inventories		174,788	(257,872)	(6,584)	(64,190)
(Reversal of) Allowance for loss on impairment of assets	13, 14	12,576	(134,882)	-	-
Allowance for loss on impairment of investment in a subsidiary	12	-	-	20,700	-
Allowance for loss on impairment of assets disposals group classified as held-for-sale		15,581	52,935	-	-
Employee benefit obligations	25	180,459	246,417	74,474	66,270
Loss on disposals of assets of disposals group classified as held-for-sale		185,871	-	-	-
(Gain) loss on sale of investments		(165,934)	48,649	(165,973)	49,244
Loss from capital reduction from subsidiaries		-	-	-	676,105
(Gain) Loss on disposals and write-offs of property, plant and equipment and intangible assets, net		17,541	17,237	4,149	(9,781)
Share of profit from investments in associates and joint ventures	12	(456,329)	(194,305)	-	-
(Gain) loss on exchange rates		526,660	916,445	531,879	275,362
Dividend income		(31,408)	(10,327)	(2,198,089)	(3,117,994)
Finance costs		2,140,793	1,571,668	1,726,945	1,127,317
Interest income		(1,053,045)	(359,543)	(1,722,555)	(1,246,735)
Total		<u>4,144,045</u>	<u>4,642,512</u>	<u>(1,324,318)</u>	<u>(2,099,872)</u>

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36 Cash flows from operating activities (continued)

Reconciliation of net profit for the period to cash flows from operating activities (continued):

For the year ended 31 December	Consolidated financial information		Separate financial information	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Changes in operating assets and liabilities:				
(Increase) Decrease in trade and other receivables	150,999	195,235	(10,936)	(228,226)
Increase in inventories	(4,823,684)	(4,159,662)	(614,391)	(1,259,204)
(Increase) Decrease in other current assets	180,094	(108,827)	39,577	(17,390)
(Increase) Decrease in other non-current assets	(264,197)	(202,121)	15,987	(38,754)
Increase in trade and other payables	2,201,694	2,938,483	722,017	977,625
Increase (Decrease) in other current liabilities	(282,610)	(287,172)	(4,905)	(34,533)
Increase (Decrease) in other non-current liabilities	47,360	106,282	26,209	(6,138)
Cash paid for employee benefit obligations	(71,680)	(90,938)	(8,147)	(7,643)
Total	<u>(2,862,024)</u>	<u>(1,608,720)</u>	<u>165,411</u>	<u>(614,263)</u>
Profit before income tax	6,393,292	6,442,689	3,139,534	3,355,295
Adjustment items	4,144,045	4,642,512	(1,324,318)	(2,099,872)
Changes in operating assets and liabilities	<u>(2,862,024)</u>	<u>(1,608,720)</u>	<u>165,411</u>	<u>(614,263)</u>
Cash flows receipts from operations	7,675,313	9,476,481	1,980,627	641,160
Income tax paid	<u>(857,544)</u>	<u>(1,706,592)</u>	<u>(12,221)</u>	<u>39,624</u>
Net cash receipts from operating activities	<u>6,817,769</u>	<u>7,769,889</u>	<u>1,968,406</u>	<u>680,784</u>

37 Commitments and contingent liabilities

37.1 Capital commitments

The Group and the Company had capital commitments as at the statement of financial position date but not recognised in the financial statements as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Factory, building and warehouse construction agreements	Baht 167 million	Baht 517 million	-	-
	USD 1 million	USD 1 million	-	-
	EUR 3 million	EUR 4 million	-	-
Purchase of machinery and equipment agreements	Baht 168 million	Baht 77 million	Baht 2 million	Baht 16 million
	USD 1 million	USD 1 million	-	-
	EUR 3 million	EUR 3 million	-	-
	-	JPY 7 million	-	-

37.2 Guarantees

- a) As at 31 December 2017, there were outstanding bank guarantees of Baht 31 million (2016: Baht 41 million) issued on behalf of the Company in the normal course of business.
- b) As at 31 December 2017, there were outstanding bank guarantees of Baht 91 million, USD 2 million, EUR 3 million, NOK 6 million, and PLN 1 million (2016: Baht 95 million, USD 5 million, EUR 2 million, NOK 10 million and PLN 1 million) issued on behalf of the subsidiaries in the normal course of business.
- c) As at 31 December 2017, there was an outstanding letter of guarantee of USD 13 million (2016: USD 13 million) issued on behalf of a subsidiary to a financial institution to secure credit facilities of a subsidiary of the Group's joint venture.
- d) As at 31 December 2017, there were outstanding bank guarantees of EUR 22 million, CAD 8 million, and CNY 6 million (2016: EUR 12 million and CAD 6 million) issued on behalf of the Company to secure credit facilities of its subsidiaries.
- e) As at 31 December 2017, there were outstanding bank guarantees of Baht 61 million (2016: Baht 61 million) issued on behalf of a subsidiary to secure credit facilities of the Group's joint venture.

37 Commitments and contingent liabilities (continued)

37.3 Operating lease commitments

The Group leases land, machinery, vehicles, computers, office space and equipment under operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Not later than 1 year				
- THB	168,770	204,225	107,967	93,850
- USD	2,554	2,573	173	130
- EUR	3,443	4,131	-	-
- NOK	750	-	-	-
- CAD	4	-	-	-
Later than 1 year but not later than 5 years				
- THB	367,998	363,531	289,623	292,285
- USD	7,761	3,854	326	-
- EUR	5,216	7,597	-	-
- CAD	13	-	-	-
Later than 5 years				
- THB	68,683	130,923	64,921	123,666
- USD	3,364	275	-	-
- EUR	62	87	-	-
	628,618	717,196	463,010	509,931

37.4 Litigation

Tri-Union Seafoods LLC (Tri-U)

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 which 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. Nevertheless, Tri-U is in discussions with some of its larger customers to discuss their complaints.

John West Foods Limited (JWF)

On 2 January 2018, JWF has been notified of the intention of the UK Crown Prosecution Service to prosecute JWF for alleged offences of conducting business directly connected to IUU fishing imported from Ghana for the period between 2012 and 2014. A first hearing of JWF before the Magistrates Court in Tyne & Wear occurred on 26 January 2018. JWF is contesting these actions and is presently unable to predict their probable outcome of these matters.

In addition, there are certain entities under Thai Union Europe Group which are under review by their tax authorities. The subsidiaries has been cooperating with their local tax authorities. The result has not been finalised. However, the management does not expect any significant impact to the Group.

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38 Financial instruments

Fair value of financial derivatives are set out as below:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Assets				
Foreign currency forward contracts	854,011	1,056,699	563,755	807,516
Option contracts	-	2,280	-	1,155
Interest rate swap contracts	20,615	-	-	-
Cross currency and interest rate swap contracts	1,888,653	1,011,668	1,888,653	1,011,668
	<u>2,763,279</u>	<u>2,070,647</u>	<u>2,452,608</u>	<u>1,820,349</u>
Liabilities				
Foreign currency forward contracts	236,576	441,925	63,112	132,285
Option contracts	19,325	3	306	3
Interest rate swap contracts	9,943	180,992	-	-
Cross currency and interest rate swap contracts	530,698	684,065	530,698	684,065
	<u>796,542</u>	<u>1,306,985</u>	<u>594,116</u>	<u>816,353</u>
Assets (Liabilities), net	<u>1,966,737</u>	<u>763,662</u>	<u>1,858,492</u>	<u>1,003,996</u>

38.1 Foreign currency forward contracts and option contracts

Foreign currency risk

The Group's and the Company's exposures to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Group and the Company seek to reduce this risk by entering into foreign currency forward contracts and option contracts when it considers appropriate.

The balances of financial assets and liabilities denominated in foreign currencies of the Group are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
EUR	499,976	572,277	144,271	92,514	39.03	37.76
USD	1,136,368	998,354	528,251	306,612	32.68	35.83
JPY	109,278	23,615	398,670	64,084	0.29	0.31
NOK	6,038	38,595	33,900	84,928	3.96	4.16
GBP	69,384	10,571	48,332	3,568	43.99	44.04
SEK	2,214	2,032	4,526	3,161	3.96	3.94
PLN	249,457	268,552	129,569	134,087	9.34	8.53
CZK	6,235	2,218	2,272	2,365	1.53	1.39
GHS	3,820	13,853	2,363	-	5.44	4.53
CNY	17,918	2,560	9,051	2,831	5.01	5.15

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38 Financial instruments (continued)

38.1 Foreign currency forward contracts and option contracts (continued)

The Group and the Company had outstanding forward contracts as summarised below.

Foreign currency	Bought amount (Million)	Sold amount (Million)	As at 31 December 2017		Contractual maturity date
			Contractual exchange rate		
			Bought amount	Sold amount	
<u>The Company</u>					
USD	27	321	32.58 – 33.29 Baht against USD	32.38 – 34.10 Baht against USD	January 2018 - April 2019
JPY	-	370	-	0.31 Baht against JPY	September 2018
EUR	-	271	-	38.96 - 48.45 Baht against EUR	March 2018 - December 2022
GBP	-	20	-	43.73 - 44.24 Baht against GBP	June 2018 - December 2018
<u>Subsidiaries</u>					
USD	28	326	32.42 -33.17 Baht against USD	32.28 - 34.96 Baht against USD	January 2018 - September 2018
JPY	-	12	-	0.29 Baht against JPY	December 2018
EUR	-	1	-	38.29 - 39.13 Baht against EUR	March 2018 - July 2018
AUD	-	17	-	24.49 - 26.15 Baht against AUD	June 2018 - December 2018
USD	40	-	0.82 - 0.84 EUR against USD	-	January 2018 - January 2019
USD	39	-	0.74 - 0.76 GBP against USD	-	January 2018 - December 2018
USD	-	22	-	3.58 - 3.65 PLN against USD	January 2018 - December 2018
EUR	56	-	0.73 - 0.92 GBP against EUR	-	January 2018 - December 2018
EUR	-	1	-	9.46 - 9.57 NOK against EUR	January 2018 - December 2018
NOK	477	-	0.10 - 0.11 EUR against NOK	-	January 2018 - January 2019
NOK	1	-	0.09 GBP against NOK	-	January 2018 - December 2018
PLN	2	-	0.24 EUR against PLN	-	January 2018 - December 2018
PLN	9	-	0.28 USD against PLN	-	May 2018 - August 2018

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38 Financial instruments (continued)

38.1 Foreign currency forward contracts and option contracts (continued)

The Group and the Company had outstanding forward contracts as summarised below (continued).

Foreign currency	Bought amount (Million)	Sold amount (Million)	As at 31 December 2016		Contractual maturity date
			Contractual exchange rate		
			Bought amount	Sold amount	
<u>The Company</u>					
USD	9	358	35.80 – 36.49 Baht against USD	33.58 - 36.05 Baht against USD	January 2017 - October 2020
JPY	-	176	-	0.32 - 0.35 Baht against JPY	June 2017 - November 2017
EUR	-	224	-	37.82 - 48.45 Baht against EUR	March 2017 - January 2021
<u>Subsidiaries</u>					
USD	14	239	35.12 -35.99 Baht against USD	34.64 - 36.22 Baht against USD	January 2017 - July 2017
JPY	-	315	-	0.31 - 0.35 Baht against JPY	June 2017 - December 2017
AUD	-	3	-	26.32 - 26.59 Baht against AUD	January 2017 - August 2017
USD	38	50	0.87 - 0.90 EUR against USD	0.88 EUR against USD	January 2017 - December 2017
USD	61	-	0.75 - 0.81 GBP against USD	-	January 2017 - December 2017
USD	-	21	-	3.56 - 4.14 PLN against USD	January 2017 - December 2017
USD	1	2	1.31 CAD against USD	1.33 - 1.35 CAD against USD	January 2017 – May 2017
EUR	74	-	0.73 - 0.91 GBP against EUR	-	January 2017 - December 2017
EUR	-	1	-	8.72 - 9.83 NOK against EUR	January 2017 - December 2017
NOK	347	-	0.11 EUR against NOK	-	January 2017 - January 2018
NOK	12	-	0.09 GBP against NOK	-	January 2017 - January 2018
GBP	2	-	1.30 EUR against GBP	-	January 2017 - June 2017
PLN	2	-	0.23 EUR against PLN	-	January 2017 - December 2017
JPY	-	120	-	3.82 - 3.89 PLN against 100 JPY	January 2017 - December 2017

As at 31 December 2017, the Group had outstanding option contracts with special conditions with financial institutions under which they had obligations to sell amounts of USD 17 million at rates of Baht 33.23 - 33.92 per USD 1 (as at 31 December 2016: sell amounts of USD 12 million at rates of Baht 35.04 - 35.72 per USD 1) and to buy amounts of NOK 54 million at rates of EUR 0.11 per NOK 1, respectively. These agreements will expire within January 2019.

38 Financial instruments (continued)

38.2 Interest rate swap contracts

The details of outstanding interest rate swap contracts as at 31 December 2017 and 31 December 2016 are as follows:

The Company

The Company had no outstanding interest rate swap contracts as at 31 December 2017 and 31 December 2016.

Subsidiaries

As at 31 December 2017				
	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Termination date
1	EUR 22 million	Floating rate 3-month EURIBOR	Fixed rate 0.37%	October 2021
2	EUR 50 million	Floating rate 3-month EURIBOR	Fixed rate 0.18%	December 2022
3	EUR 100 million	Floating rate 3-month EURIBOR	Fixed rate 0.18%	December 2022
4	EUR 22 million	Floating rate 3-month EURIBOR	Fixed rate 0.10%	December 2022
As at 31 December 2016				
	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

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38 Financial instruments (continued)

38.3 Cross currency and interest rate swap contracts

The details of outstanding cross currency and interest rate swap contracts as at 31 December 2017 and 2016 are as follows:

The Company

As at 31 December 2017					
	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 614 million	Floating rate 3-month THBFIX minus 0.06%	USD 20 million	Fixed rate 1.54%	June 2018
2	USD 14 million	Floating rate USDLIBOR plus 0.92%	Baht 442 million	Fixed rate 4.00%	July 2018
3	Baht 4,106 million	Fixed rate 2.32%	EUR 97 million	-	December 2019
4	Baht 2,428 million	Floating rate 3-month THBFIX plus 3.56%	USD 70 million	Fixed rate 5.10%	October 2020
5	Baht 2,433 million	Floating rate 3-month THBFIX plus 3.50%	USD 70 million	Fixed rate 5.10%	October 2020
6	Baht 2,780 million	Floating rate 3-month THBFIX plus 3.50%	USD 80 million	Fixed rate 5.10%	October 2020
7	Baht 3,475 million	Floating rate 6-month THBFIX plus 3.50%	USD 100 million	Fixed rate 5.10%	October 2020
8	Baht 1,911 million	Floating rate 6-month THBFIX plus 3.49%	USD 55 million	Fixed rate 5.10%	October 2020
9	USD 50 million	Floating rate 3-month USDLIBOR plus 1.00%	Baht 1,769 million	Floating rate 6-month THBFIX plus 0.80%	September 2021
10	Baht 2,050 million	Floating rate 6-month THBFIX plus 1.26%	EUR 50 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
11	Baht 1,647 million	Floating rate 6-month THBFIX plus 1.26%	EUR 40 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
12	Baht 80 million	Floating rate 6-month THBFIX plus 1.33%	EUR 2 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
13	EUR 29 million	Floating rate 3-month EURIBOR plus 2.10%	PLN 125 million	Floating rate 3-month WIBOR plus 3.38%	October 2021
14	Baht 1,134 million	Fixed rate 0.70%	EUR 29 million	Fixed rate 0.73%	October 2021
15	Baht 976 million	Floating rate 6-month THBFIX plus 1.80%	USD 30 million	Fixed rate 3.70%	June 2022
16	Baht 737 million	Fixed rate 2.88%	USD 23 million	Fixed rate 3.30%	June 2022
17	Baht 573 million	Fixed rate 2.88%	USD 18 million	Fixed rate 3.30%	June 2022
18	Baht 1,089 million	Floating rate 6-month THBFIX plus 2.15%	EUR 27 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
19	Baht 656 million	Fixed rate 4.53%	EUR 17 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
20	Baht 233 million	Fixed rate 3.69%	EUR 6 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023

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38 Financial instruments (continued)

38.3 Cross currency and interest rate swap contracts (continued)

The details of outstanding cross currency and interest rate swap contracts as at 31 December 2017 and 2016 are as follows (continued):

The Company (continued)

As at 31 December 2017					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination date
	Principal amount	Interest rate	Principal amount	Interest rate	
21	Baht 505 million	Fixed rate 3.30%	USD 14 million	Fixed rate 3.96%	June 2025
22	Baht 1,452 million	Fixed rate 3.05%	USD 40 million	Fixed rate 3.98%	June 2025
23	Baht 426 million	Fixed rate 3.68%	USD 13 million	Fixed rate 3.96%	June 2025
24	Baht 488 million	Fixed rate 4.00%	USD 15 million	Fixed rate 3.96%	January 2026
25	USD 75 million	Fixed rate 3.66%	Baht 2,529 million	-	April 2026

As at 31 December 2016					
	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 1,145 million	Floating rate 3-month THBFX plus 4.75%	USD 32 million	Fixed rate 5.65%	March 2017
2	Baht 1,997 million	Floating rate 6-month THBFX minus 1.75%	EUR 50 million	-	June 2017
3	USD 7 million	Floating rate LIBOR plus 0.92%	Baht 221 million	Fixed rate 3.62%	July 2017
4	Baht 326 million	Floating rate 3-month THBFX plus 0.70%	USD 10 million	Fixed rate 1.92%	December 2017
5	Baht 1,899 million	Fixed rate 1.65%	EUR 50 million	-	December 2017
6	Baht 614 million	Floating rate 3-month THBFX minus 0.06%	USD 20 million	Fixed rate 1.54%	June 2018
7	USD 14 million	Floating rate LIBOR plus 0.92%	Baht 442 million	Fixed rate 4.00%	July 2018
8	Baht 4,106 million	Fixed rate 2.32%	EUR 97 million	-	December 2019
9	Baht 3,475 million	Floating rate 6-month THBFX plus 3.50%	USD 100 million	Fixed rate 5.10%	October 2020

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38 Financial instruments (continued)

38.3 Cross currency and interest rate swap agreements (continued)

The details of outstanding cross currency and interest rate swap contracts as at 31 December 2017 and 2016 are as follows: (continued)

The Company (continued)

As at 31 December 2016					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination date
	Principal amount	Interest rate	Principal amount	Interest rate	
10	Baht 1,911 million	Floating rate 6-month THBFIX plus 3.49%	USD 55 million	Fixed rate 5.10%	October 2020
11	Baht 2,428 million	Floating rate 3-month THBFIX plus 3.56%	USD 70 million	Fixed rate 5.10%	October 2020
12	Baht 2,433 million	Floating rate 3-month THBFIX	USD 70 million	Fixed rate 5.10%	October 2020
13	Baht 2,780 million	Floating rate 3-month THBFIX plus 3.50%	USD 80 million	Fixed rate 5.10%	October 2020
14	Baht 2,050 million	Floating rate 6-month THBFIX plus 1.26%	EUR 50 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
15	Baht 1,647 million	Floating rate 6-month THBFIX plus 1.26%	EUR 40 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
16	Baht 80 million	Floating rate 6-month THBFIX plus 1.33%	EUR 2 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
17	EUR 30 million	Floating rate 3-month EURIBOR plus 2.10%	PLN 130 million	Floating rate 3-month WIBOR plus 3.38%	October 2021
18	Baht 1,179 million	Fixed rate 0.70%	EUR 30 million	Fixed rate 0.73%	October 2021
19	Baht 976 million	Floating rate 6-month THBFIX plus 1.80%	USD 30 million	Fixed rate 3.70%	June 2022
20	Baht 737 million	Fixed rate 2.88%	USD 23 million	Fixed rate 3.30%	June 2022
21	Baht 573 million	Fixed rate 2.88%	USD 18 million	Fixed rate 3.30%	June 2022
22	Baht 1,089 million	Floating rate 6-month THBFIX plus 2.15%	EUR 27 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
23	Baht 656 million	Fixed rate 4.53%	EUR 17 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
24	Baht 233 million	Fixed rate 3.69%	EUR 6 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
25	Baht 426 million	Fixed rate 3.68%	USD 13 million	Fixed rate 3.96%	June 2025
26	Baht 505 million	Fixed rate 3.30%	USD 14 million	Fixed rate 3.96%	June 2025
27	Baht 1,452 million	Fixed rate 3.05%	USD 40 million	Fixed rate 3.98%	June 2025
28	Baht 550 million	Fixed rate 3.73%	USD 17 million	Fixed rate 3.96%	January 2026
29	USD 75 million	Fixed rate 3.66%	Baht 2,529 million	-	April 2026

39 Promotional privileges

The Company received promotional privileges from the Office of the Board of Investment (“BOI”) for the production of processed and semi-processed food in seal containers, ready-to-eat frozen meals, frozen aquatic animals and pet food in seal containers. Under these privileges, the Company has received exemption from certain taxes and duties as detailed in the certificate including exemption from corporate income tax for a period of 8 years from the date of commencement of earning promoted revenue. As a promoted industry, the Company is required to comply with the terms and conditions as specified in the promotional certificates.

Revenue classified by BOI and Non-BOI promoted activities (revenue from Non-BOI business included non-exemption from the privilege on corporate income tax and revenue after the exemption period) are as follows:

	BOI promoted activities		Non-BOI promoted activities		Total	
	2017	2016	2017	2016	2017	2016
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht	Baht
Domestic sales	3,709,801	2,972,150	1,832,226	1,912,212	5,542,027	4,884,362
Export sales	16,077,247	15,168,879	565,924	467,294	16,643,171	15,636,173
Total revenue from sales	<u>19,787,048</u>	<u>18,141,029</u>	<u>2,398,150</u>	<u>2,379,506</u>	<u>22,185,198</u>	<u>20,520,535</u>

40 Events after the reporting period

Dividend

On 20 February 2018, the Board of Directors’ meeting of the Company passed the resolution to propose to the Annual General Meeting of the Company that will be held in April 2018, to pay a dividend of Baht 3,149 million from its net operating profit for the year 2017. However, by the resolution of the Company’s Board of Directors held on 7 August 2017, the Company paid out the interim dividend of Baht 0.32 per share from operating profit for the six-month period ended 30 June 2017, to the Company’s shareholders totaling Baht 1,527 million on 4 September 2017. The remaining dividend of Baht 0.34 per share or totaling Baht 1,622 million will be paid on 23 April 2018.