

## **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 2018, 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 2018;
- 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><b><i>Assessment of the impairment of goodwill and intangible assets with an indefinite useful life</i></b></p> <p>As at 31 December 2018, the Group had goodwill of Baht 13,134 million and intangible assets with an indefinite useful life of Baht 13,605 million on the statement of financial position, representing approximately 9% and 10% of total assets, as detailed in Note 17 and Note 15, respectively.</p> <p>Under Thai Financial Reporting Standards, the Group is required to test the amount of goodwill and the intangible assets with an indefinite useful life for impairment annually as well as when there's an event that causes the potential for impairment. This includes identifying the Group's cash generating units (CGUs) that relates to goodwill and intangible assets with an indefinite useful life. Following impairment testing by the management, the Group hasn't recognised any impairment loss on these assets.</p> <p>I focused on this area because of the significant balances of goodwill and intangible assets with an indefinite useful life, the complexity of the assessment process and because the 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 with an indefinite useful life by using the discounted cash flow model. This requires management to make assumptions or judgments such as revenue growth rates and discount rates applied to cash flow projections.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"><li>• assessing if the management's identification of the Group's CGUs were appropriate;</li><li>• challenging management and assessing the cash flow projections, mainly for key CGUs, which included assessing the historical accuracy of management's estimates and evaluating future business plans;</li><li>• evaluating if the assumptions and methodologies used by the Group were appropriate, when applicable. In particular, I focused on testing the assumptions related to the forecasted revenue growth, profit margins for key CGUs and the pre-tax discount rate;</li><li>• assessing and testing the assumptions, methodologies, the weighted average cost of capital, the royalty rate and other data used in management's impairment analysis by comparing them to external and historical data, such as external market growth expectations;</li><li>• analysing the sensitivity in the available headroom for the CGUs, and evaluating whether a possible change in assumptions could cause the carrying amount to exceed its recoverable amount; and</li><li>• 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 with an indefinite useful life.</li></ul> <p>Based on my procedures, I considered that management's key assumptions used in impairment testing were within a reasonable range. I also assessed that the disclosures were adequate.</p>

Key audit matter	How my audit addressed the key audit matter
<p><b><i>Provision for litigation and claims</i></b></p> <p>As at 31 December 2018, the Group had a provision regarding litigation and claims for antitrust of USD 21.82 million, equivalent to Baht 708.09 million.</p> <p>As disclosed in Note 38, during the second quarter of 2018, Tri-Union Seafoods LLC (“Tri-U”), a subsidiary of the Group, reached a resolution from an antitrust claim brought by some customers in civil actions. Tri-U paid cash settlements and will participate in a series of joint programmes and new product promotions including innovative product launches in the retailers’ stores. In addition, Tri-U has reached agreements to settle claims brought by a coalition of various other retailers. Based on these agreements, Tri-U has estimated the total settlement costs for all civil cases, which was recorded during the second quarter of USD 42.6 million. The provision for litigation and claims had been partially settled during 2018.</p> <p>I focused on this area because of the uncertainty of significant estimation with respect to the provision of litigation and claims. This provision is estimated using a significant degree of management judgement and depends on the likelihood of future events. However, the actual outcome of the litigation may significantly differ from the estimates.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>• evaluating the external legal counsel’s competence, experience and independence</li> <li>• reviewing relevant conditions and the resolution of the antitrust claim in the civil actions to understand the background to the litigation cases</li> <li>• reviewing correspondence between the Group and the legal counsel involved in the litigation, which included supporting documentation used by management and prepared by legal counsel, and assessing the adequacy of provision for litigation and claims</li> <li>• sending confirmation letters to the external legal counsel asking for a written report on case details and status, and legal opinion on the possible effects of the litigation on the Group, and</li> </ul> <p>Based on my procedures, I considered that the management’s estimation of the provision for litigation and claims to be within a reasonable range. I also assessed that the disclosures were adequate.</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.

**Pongthavee Ratanakoses**

Certified Public Accountant (Thailand) No. 7795

Bangkok

20 February 2019

**THAI UNION GROUP PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

**Thai Union Group Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2018**

	Notes	Consolidated financial statements			Separate financial statements	
		(Restated)		(Restated)	31 December	31 December
		31 December 2018	31 December 2017	1 January 2017	2018	2017
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	8	1,585,654	814,911	976,122	579,537	141,193
Short-term investments		-	63,560	-	-	-
Trade and other receivables, net	9, 36	16,018,214	16,343,842	16,412,244	4,840,763	4,249,503
Short-term loans to related parties	36	170,850	69,870	-	14,274,734	7,452,933
Current portion of long-term loans to related parties	36	-	-	-	611,424	-
Inventories, net	10	38,371,250	43,184,178	39,481,994	4,498,308	5,390,770
Current portion of derivative contracts receivables, net		616,621	725,121	854,832	536,781	437,389
Other current assets	11	1,768,512	1,335,393	1,176,674	195,235	149,555
Assets of disposal group classified as held-for-sale from discontinued operations	12	489,926	33,941	1,032,461	-	-
<b>Total current assets</b>		<b>59,021,027</b>	<b>62,570,816</b>	<b>59,934,327</b>	<b>25,536,782</b>	<b>17,821,343</b>
<b>Non-current assets</b>						
Restricted deposits with financial institutions		1,107	1,467	1,417	-	-
Investments in subsidiaries	13	-	-	-	30,546,928	29,337,930
Investments in associates	13	10,766,530	10,336,972	10,492,318	835,523	835,293
Investments in joint ventures	13	325,030	530,803	626,463	31,600	-
Other long-term investments	16	42,071	1,012,105	2,655,007	1,500	988,528
Long-term loans to related parties, net	36	11,195,181	11,274,911	12,361,592	34,664,704	37,872,816
Long-term loans to third parties, net		3,651	3,677	10,448	-	-
Property, plant and equipment, net	14	26,476,299	25,261,479	23,280,566	4,615,150	4,474,157
Intangible assets, net	15	16,272,551	16,771,420	15,935,933	1,558,130	1,177,318
Goodwill, net	17	13,134,069	14,080,065	13,646,643	-	-
Derivative contracts receivables, net		1,504,416	1,866,384	1,713,481	1,504,416	1,866,383
Deferred tax assets	18	1,422,412	1,079,837	704,258	42,944	19,809
Other non-current assets	19	1,751,738	1,301,879	858,813	551,649	326,224
<b>Total non-current assets</b>		<b>82,895,055</b>	<b>83,520,999</b>	<b>82,286,939</b>	<b>74,352,544</b>	<b>76,898,458</b>
<b>Total assets</b>		<b>141,916,082</b>	<b>146,091,815</b>	<b>142,221,266</b>	<b>99,889,326</b>	<b>94,719,801</b>

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 2018**

	Notes	Consolidated financial statements			Separate financial statements	
		(Restated)		(Restated)	31 December	31 December
		31 December 2018	31 December 2017	1 January 2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
<b>Liabilities and equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term loans						
from financial institutions	20	13,375,376	15,245,774	36,905,656	3,789,076	5,240,280
Trade and other payables	21, 36	19,726,069	19,822,673	17,428,944	4,395,734	4,386,016
Short-term loans from related parties	36	92,600	119,300	77,000	-	693,499
Current portion of long-term loans from						
financial institutions, net	22	146,963	849,286	764,733	-	797,144
Current portion of debentures, net	23	9,148,592	-	2,499,835	9,148,592	-
Current portion of finance lease liabilities, net	24	39,001	47,257	82,308	6,102	7,278
Income tax payable		438,669	15,972	291,838	-	-
Current portion of derivative contracts payables		207,196	324,322	596,375	118,769	86,209
Other current liabilities		177,238	207,975	506,045	29,929	71,179
Liabilities of disposal group classified						
as held-for-sale from discontinued operations	12	175,451	24,927	89,119	-	-
<b>Total current liabilities</b>		<b>43,527,155</b>	<b>36,657,486</b>	<b>59,241,853</b>	<b>17,488,202</b>	<b>11,281,605</b>
<b>Non-current liabilities</b>						
Long-term loans from financial institutions, net	22	14,568,721	14,711,748	963,325	14,078,732	14,073,831
Debentures, net	23	27,013,896	36,168,880	24,417,199	27,013,896	36,168,880
Finance lease liabilities, net	24	113,978	154,785	208,439	6,700	12,802
Employee benefit obligations	26	2,470,590	2,356,189	1,916,304	786,950	707,644
Deferred tax liabilities	18	4,359,699	4,592,177	4,499,820	-	-
Derivative contracts payables, net		476,329	318,356	1,037,913	476,329	318,356
Other non-current liabilities	25	2,891,670	3,080,802	2,644,674	532,750	660,329
<b>Total non-current liabilities</b>		<b>51,894,883</b>	<b>61,382,937</b>	<b>35,687,674</b>	<b>42,895,357</b>	<b>51,941,842</b>
<b>Total liabilities</b>		<b>95,422,038</b>	<b>98,040,423</b>	<b>94,929,527</b>	<b>60,383,559</b>	<b>63,223,447</b>

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 2018**

	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>	
		<b>(Restated)</b>	<b>(Restated)</b>		
	<b>31 December</b>	<b>31 December</b>	<b>1 January</b>	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Notes</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Liabilities and equity</b> (continued)					
<b>Equity</b>					
Share capital	27				
Authorised share capital					
5,971,815,496 ordinary shares at a par value of Baht 0.25 per share	1,492,954	1,492,954	1,492,954	1,492,954	1,492,954
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	1,192,954
Premium on share capital	19,948,329	19,948,329	19,948,329	19,948,329	19,948,329
Retained earnings					
Appropriated - legal reserve	29	149,295	149,295	149,295	149,295
Unappropriated		29,547,602	29,044,995	18,215,189	10,239,445
Other components of equity		(7,604,709)	(4,575,938)	-	(33,669)
<b>Equity attributable to owners of the parent</b>		43,233,471	44,283,652	39,505,767	31,496,354
Non-controlling interests		3,260,573	3,767,740	-	-
<b>Total equity</b>		46,494,044	48,051,392	39,505,767	31,496,354
<b>Total liabilities and equity</b>		141,916,082	146,091,815	99,889,326	94,719,801

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 2018**

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Sales	30, 36	133,284,638	134,937,268	26,616,698	22,411,609
Cost of sales	36	(114,393,062)	(115,627,578)	(24,418,526)	(20,308,103)
<b>Gross profit</b>		18,891,576	19,309,690	2,198,172	2,103,506
Interest income	36	1,054,490	1,053,045	1,893,534	1,722,555
Dividend income	36	6,800	31,408	4,937,371	2,198,089
Gain on sale of investment in an associate		182,289	-	4,979,422	-
Other income	31, 36	960,437	1,099,503	242,945	412,337
<b>Profit before expenses</b>		21,095,592	21,493,646	14,251,444	6,436,487
Selling expenses		(6,845,471)	(6,930,548)	(778,792)	(770,052)
Administrative expenses		(8,803,284)	(7,457,811)	(1,559,906)	(1,599,190)
Other expenses		(167,812)	(2)	(159,017)	(4,150)
Gain on exchange rates, net		971,834	1,256,138	744,538	803,384
<b>Operating profit</b>		6,250,859	8,361,423	12,498,267	4,866,479
Finance costs	32	(2,025,349)	(2,135,864)	(1,714,448)	(1,726,945)
<b>Profit before share of profit of investments in associates and joint ventures</b>		4,225,510	6,225,559	10,783,819	3,139,534
Share of profit from investments in associates and joint ventures	13	263,170	456,329	-	-
<b>Profit before income tax</b>		4,488,680	6,681,888	10,783,819	3,139,534
Income tax	34	(121,120)	65,114	7,296	(9,087)
<b>Profit for the year from continuing operations</b>		4,367,560	6,747,002	10,791,115	3,130,447
Loss for the year from discontinued operations	12	(713,090)	(286,327)	-	-
<b>Profit for the year</b>		3,654,470	6,460,675	10,791,115	3,130,447
<b>Profit attributable to:</b>					
Owners of the parent					
From continuing operations		3,969,301	6,275,511	10,791,115	3,130,447
From discontinued operations		(713,090)	(286,327)	-	-
		3,256,211	5,989,184	10,791,115	3,130,447
Non-controlling interests		398,259	471,491	-	-
<b>Profit for the year</b>		3,654,470	6,460,675	10,791,115	3,130,447
<b>Earnings per share for profit attributable to the owners of the parent</b>					
<b>Earnings per share (Baht)</b>	35				
Basic earnings per share					
From continuing operations		0.83	1.32	2.26	0.66
From discontinued operations		(0.15)	(0.07)	-	-
Total basic earnings per share		0.68	1.25	2.26	0.66

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 2018**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Profit for the year	3,654,470	6,460,675	10,791,115	3,130,447
<b>Other comprehensive income (expenses):</b>				
Items that will not be reclassified subsequently to profit or loss				
- Actuarial gain (loss), net of income tax	61,767	(330,084)	-	(160,195)
- Share of other comprehensive expense of associates	(208,677)	-	-	-
- Increase (Decrease) in other reserves	213,556	(270,172)	-	-
Total items that will not be reclassified subsequently to profit or loss	66,646	(600,256)	-	(160,195)
Items that will be reclassified subsequently to profit or loss				
- Exchange differences on translation, net of income tax	(1,224,938)	(779,492)	-	-
- Change in fair value of available-for-sale investments, net of income tax	59,010	178,705	61,302	178,693
- Reclassification from disposal of available-for-sale investments, net of income tax	(27,633)	(165,973)	(27,633)	(165,973)
Total items that will be reclassified subsequently to profit or loss	(1,193,561)	(766,760)	33,669	12,720
<b>Other comprehensive income (expenses) for the year, net of income tax</b>	<b>(1,126,915)</b>	<b>(1,367,016)</b>	<b>33,669</b>	<b>(147,475)</b>
<b>Total comprehensive income for the year</b>	<b>2,527,555</b>	<b>5,093,659</b>	<b>10,824,784</b>	<b>2,982,972</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	2,133,675	4,632,458	10,824,784	2,982,972
Non-controlling interests	393,880	461,201	-	-
<b>Total comprehensive income for the year</b>	<b>2,527,555</b>	<b>5,093,659</b>	<b>10,824,784</b>	<b>2,982,972</b>

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 2018

Consolidated financial statements												
Attributable to owners of the parent												
Notes	Retained earnings				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	Total other components of equity			
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Opening balance as at 1 January 2017</b>												
- as previously reported	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
Impact of changes in accounting policy	4	-	-	(144,197)	-	-	-	-	-	(144,197)	-	(144,197)
<b>Opening balance as at 1 January 2017 - restated</b>	1,192,954	19,948,329	149,295	26,383,838	(70,299)	(48,660)	(1,885,400)	(2,571,579)	(4,575,938)	43,098,478	4,193,261	47,291,739
Net decrease in non-controlling interests												
from change in investment in subsidiary		-	-	-	-	-	-	(441,040)	(441,040)	(441,040)	(491,712)	(932,752)
Dividend payment	28	-	-	(3,006,244)	-	-	-	-	-	(3,006,244)	(395,010)	(3,401,254)
Total comprehensive income for the year - restated		-	-	5,667,401	(777,503)	12,732	(270,172)	-	(1,034,943)	4,632,458	461,201	5,093,659
<b>Closing balance as at 31 December 2017 - restated</b>	1,192,954	19,948,329	149,295	29,044,995	(847,802)	(35,928)	(2,155,572)	(3,012,619)	(6,051,921)	44,283,652	3,767,740	48,051,392
<b>Opening balance as at 1 January 2018</b>												
- as previously reported	1,192,954	19,948,329	149,295	29,220,745	(847,802)	(35,928)	(2,155,572)	(3,012,619)	(6,051,921)	44,459,402	3,767,740	48,227,142
Impact of changes in accounting policy	4	-	-	(175,750)	-	-	-	-	-	(175,750)	-	(175,750)
<b>Opening balance as at 1 January 2018 - restated</b>	1,192,954	19,948,329	149,295	29,044,995	(847,802)	(35,928)	(2,155,572)	(3,012,619)	(6,051,921)	44,283,652	3,767,740	48,051,392
Net decrease in non-controlling interests												
from change in investment in subsidiary	13	-	-	-	-	-	-	(368,485)	(368,485)	(368,485)	(14,916)	(383,401)
Dividend payment	28	-	-	(2,815,371)	-	-	-	-	-	(2,815,371)	(886,131)	(3,701,502)
Total comprehensive income for the year		-	-	3,317,978	(1,220,559)	31,377	4,879	-	(1,184,303)	2,133,675	393,880	2,527,555
<b>Closing balance as at 31 December 2018</b>	1,192,954	19,948,329	149,295	29,547,602	(2,068,361)	(4,551)	(2,150,693)	(3,381,104)	(7,604,709)	43,233,471	3,260,573	46,494,044

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 2018**

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	
<b>Opening balance as at 1 January 2017</b>		1,192,954	19,948,329	149,295	10,275,437	(46,389)	(46,389)	31,519,626
Dividend payment	28	-	-	-	(3,006,244)	-	-	(3,006,244)
Total comprehensive income for the year		-	-	-	2,970,252	12,720	12,720	2,982,972
<b>Closing balance as at 31 December 2017</b>		<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>
<b>Opening balance as at 1 January 2018</b>		1,192,954	19,948,329	149,295	10,239,445	(33,669)	(33,669)	31,496,354
Dividend payment	28	-	-	-	(2,815,371)	-	-	(2,815,371)
Total comprehensive income for the year		-	-	-	10,791,115	33,669	33,669	10,824,784
<b>Closing balance as at 31 December 2018</b>		<u>1,192,954</u>	<u>19,948,329</u>	<u>149,295</u>	<u>18,215,189</u>	<u>-</u>	<u>-</u>	<u>39,505,767</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 2018**

	<u>Consolidated financial information</u>		<u>Separate financial information</u>	
		<u>(Restated)</u>		
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Notes</u>	<u>Thousand Baht</u>	<u>Thousand Baht</u>	<u>Thousand Baht</u>	<u>Thousand Baht</u>
<b>Cash flows from operating activities</b>				
Profit before income tax				
From continuing operations	37	4,488,680	6,681,888	10,783,819
From discontinued operations	37	(824,923)	(320,149)	-
Total	37	3,663,757	6,361,739	10,783,819
Adjustment items	37	5,976,560	4,144,045	(8,269,465)
Changes in operating assets and liabilities	37	3,658,891	(2,830,471)	268,455
Income tax paid	37	(433,245)	(857,544)	(9,922)
<b>Net cash receipts from operating activities</b>	37	<b>12,865,963</b>	<b>6,817,769</b>	<b>2,772,887</b>
<b>Cash flows from investing activities</b>				
Decrease (Increase) in restricted deposits with financial institutions		360	(50)	-
Net cash receipts from (payment for) short-term investments		63,560	(63,560)	-
Proceeds from disposals of assets of disposal group classified as held-for-sale		-	768,186	-
Purchases of property, plant and equipment and intangible assets		(4,963,431)	(5,671,030)	(1,018,334)
Proceeds from disposals of property, plant and equipment and intangible assets		65,175	166,012	16,720
Cash payment for investments in subsidiaries		-	-	(721,875)
Cash payment for investments in associates	13	(686,614)	(26,947)	(45,372)
Cash payment for investments in joint ventures	13	-	(93,270)	(31,600)
Cash payment for other long-term investments		(24,157)	(932)	-
Proceeds from sale of investment in an associate	13	184,482	-	5,024,564
Proceeds from sale of other long-term investments		1,052,630	1,822,546	1,048,331
Net cash payments for short-term loans to related parties	36	(100,980)	(69,870)	(8,855,010)
Cash receipts from long-term loans to related parties and third parties	36	-	6,552	2,956,887
Cash payments from long-term loans to related parties and third parties	36	-	-	(134,307)
Interest received		810,195	568,147	1,778,819
Dividend received		195,505	169,902	4,937,371
<b>Net cash receipts (payments) from investing activities</b>		<b>(3,403,275)</b>	<b>(2,424,314)</b>	<b>4,956,194</b>

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 2018**

	<b>Consolidated financial information</b>		<b>Separate financial information</b>	
		<b>(Restated)</b>		
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Notes</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Cash flows from financing activities</b>				
Net cash payments for short-term loans				
from financial institutions	(1,805,911)	(21,587,856)	(1,429,722)	(23,407,687)
Net cash receipts from (payments for) short-term loans				
from related parties	(26,700)	42,300	(633,036)	(227,585)
Cash receipts from long-term loans from				
financial institutions	22	49,819	14,885,593	-
Repayments for long-term loans from financial institutions	22	(865,245)	(781,114)	(779,620)
Deferred financial costs paid	22	-	(83,429)	-
Cash receipts from debenture issuance	23	-	12,000,000	-
Repayments for debenture issuance	23	-	(2,500,000)	-
Debenture issuance costs paid	23	-	(22,144)	-
Interest paid and other finance costs paid		(1,925,341)	(2,076,514)	(1,621,550)
Cash paid for finance lease liabilities		(47,953)	(96,977)	(7,278)
Cash paid for non-controlling interests from change in				
investments in subsidiaries	13	(503,074)	(932,752)	-
Receipts from non-controlling interests for additional				
share capital in a subsidiary	13	119,673	-	-
Dividends paid to the owners of the parent		(2,819,529)	(3,006,355)	(2,819,529)
Dividends paid to non-controlling interests		(879,473)	(392,387)	-
<b>Net cash payments for financing activities</b>		<b>(8,703,734)</b>	<b>(4,551,635)</b>	<b>(7,290,735)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>758,954</b>	<b>(158,180)</b>	<b>438,346</b>
Cash and cash equivalents - opening balance	8	572,595	730,859	141,193
Exchange gain (loss) on cash and cash equivalents		(21,001)	(84)	(2)
<b>Cash and cash equivalents - closing balance</b>	<b>8</b>	<b>1,310,548</b>	<b>572,595</b>	<b>579,537</b>
<b>Non-cash items</b>				
Payable balances from purchase of property, plant and				
equipment (included in trade and other payables)	21	440,347	558,815	167,767
Acquisition of property, plant and equipment under				
finance lease contracts		6,048	7,056	-
Increase in investment in a subsidiary by converting				
loan receivables to investment	13.1	-	-	487,123

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 17 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 2019.

## **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 5.

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 2018:

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. This includes changes arising from cash and non-cash.

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 do not have a significant impact on the Group except for disclosure which has been disclosed in Note 37.

2.2.2 TFRS 15 Revenue from contracts with customers is effective for annual periods beginning on or after 1 January 2019, which is relevant to the Group. The Group has not yet adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TFRIC 13 (revised 2017)	Customer loyalty programmes
TFRIC 15 (revised 2017)	Agreements for the construction of real estate
TFRIC 18 (revised 2017)	Transfers of assets from customers
TSIC 31 (revised 2017)	Revenue - barter transactions involving advertising services

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

**2 Accounting policies** (continued)

**2.2 Revised financial reporting standards and interpretations** (continued)

2.2.2 TFRS 15 Revenue from contracts with customers is effective for annual periods beginning on or after 1 January 2019, which is relevant to the Group. The Group has not yet adopted this standard. (continued)

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) Minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to recognised may be shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements.
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Group's management is currently assessing the impact of initial adoption of this standard.

2.2.3 Revised financial reporting standards will become effective for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

TAS 28 (revised 2018)	Investments in associates and joint ventures
TAS 40 (revised 2018)	Investment property
TFRS 2 (revised 2018)	Share-based payment
TFRIC 22	Foreign currency transactions and advance consideration

TAS 28, the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TAS 40, the amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

**2 Accounting policies (continued)**

**2.2 Revised financial reporting standards and interpretations (continued)**

2.2.3 Revised financial reporting standards will become effective for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards. (continued)

TFRS 2, the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

The TFRIC 22 interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

2.2.4 The group financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments
TFRIC 16	Hedges of net investment in a foreign operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and doubtful debts
TAS 103	Disclosures in the financial statements of bank and similar financial institutions
TAS 104	Accounting for troubled debt restructuring
TAS 105	Accounting for investment in debts and equity securities
TAS 106	Accounting for investment companies
TAS 107	Financial instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

**2 Accounting policies** (continued)

**2.2 Revised financial reporting standards and interpretations** (continued)

2.2.4 The group financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019. (continued)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
  - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
  - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
  - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
  - Derivatives are classified and measured at fair value through profit or loss.
- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Group's management is currently assessing the impact of initial adoption of these standards.

**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 13.

(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.

**2 Accounting policies** (continued)

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

(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 identifies 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 13.

**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 13.

**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 2018, 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 on government 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.

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 Accounting policies** (continued)

**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.

**2.21 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 dividends are approved by the Company's shareholders, and the interim dividends are approved by the Board of Directors.

**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 Accounting policies** (continued)

**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 seeks 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 39.

**Thai Union Group Public Company Limited**  
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**3 Financial risk management (continued)**

**3.3 Fair value estimation**

The following table presents the financial assets and liabilities that are measured or disclosed at fair value at 31 December 2018 and 2017.

As at 31 December 2018	Consolidated financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>Asset measured at fair value</b>				
Available-for-sale financial assets				
Equity instrument (Note 16)	40,652	-	-	40,652
<b>Assets for which fair value are disclosed</b>				
Investment in associate (Note 13.2)	5,621,935	-	-	5,621,935
Derivatives (Note 39)				
Foreign currency forward contracts	-	783,656	-	783,656
Cross-currency and interest rate swap agreements	-	1,276,914	-	1,276,914
<b>Liabilities for which fair value are disclosed</b>				
Debentures (Note 23)	-	36,799,997	-	36,799,997
Derivatives (Note 39)				
Foreign currency forward contracts	-	122,166	-	122,166
Option agreements	-	2,790	-	2,790
Cross-currency and interest rate swap agreements	-	436,807	-	436,807
Interest rate swap agreements	-	56,153	-	56,153
<b>As at 31 December 2017</b>				
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>Asset measured at fair value</b>				
Available-for-sale financial assets				
Equity instrument (Note 16)	1,006,784	-	-	1,006,784
<b>Assets for which fair value are disclosed</b>				
Investment in associate (Note 13.2)	13,749,170	-	-	13,749,170
Derivatives (Note 39)				
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
<b>Liabilities for which fair value are disclosed</b>				
Debentures (Note 23)	-	37,443,940	-	37,443,940
Derivatives (Note 39)				
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

**Thai Union Group Public Company Limited**  
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**3 Financial risk management (continued)**

**3.3 Fair value estimation (continued)**

The following table presents the financial assets and liabilities that are measured or disclosed at fair value at 31 December 2018 and 2017 (continued).

As at 31 December 2018	Separate financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>Assets for which fair value are disclosed</b>				
Investment in associate	3,519,126	-	-	3,519,126
Derivatives (Note 39)				
Foreign currency forward contracts	-	684,750	-	684,750
Cross-currency and interest rate swap agreements	-	1,276,914	-	1,276,914
<b>Liabilities for which fair value are disclosed</b>				
Debentures (Note 23)	-	36,799,997	-	36,799,997
Derivatives (Note 39)				
Foreign currency forward contracts	-	65,100	-	65,100
Cross-currency and interest rate swap agreements	-	436,807	-	436,807

As at 31 December 2017	Separate financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>Asset measured at fair value</b>				
Available-for-sale financial assets				
Equity instrument (Note 16)	987,028	-	-	987,028
<b>Assets for which fair value are disclosed</b>				
Investment in associate	13,749,170	-	-	13,749,170
Derivatives (Note 39)				
Foreign currency forward contracts	-	563,955	-	563,955
Cross-currency and interest rate swap agreements	-	1,888,653	-	1,888,653
<b>Liabilities for which fair value are disclosed</b>				
Debentures (Note 23)	-	37,443,940	-	37,443,940
Derivatives (Note 39)				
Foreign currency forward contracts	-	63,122	-	63,122
Option agreements	-	306	-	306
Cross-currency and interest rate swap agreements	-	530,698	-	530,698

There were no transfers between such levels during the year.

**3 Financial risk management** (continued)

**3.3 Fair value estimation** (continued)

(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 Change in accounting policy and reclassification**

**Change in accounting policy**

The Group has changed the accounting policy regarding the recognition and presentation of certain expenditures, which were included in inventory cost by recognising such certain expenditures directly in profit or loss in order for the operating results to reflect the current business operation of the Group. The change in this accounting policy has been applied retrospectively and the effect of the change is presented below.

**Reclassification**

The Group has changed the presentation of certain expenditures between cost of sales, selling expenses and administrative expenses in the consolidated statement of income. Comparative figures have been reclassified to conform to the presentation in the current year.

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**4 Change in accounting policy and reclassification (continued)**

The effects of change in accounting policy and reclassification on the consolidated statement of financial position as at 31 December 2017 and the consolidated statements of income and comprehensive income for the year ended 31 December 2017 are as follows:

	As previously reported Thousand Baht	Adjustment Thousand Baht	Discontinued operation (Note 12) Thousand Baht	Restated Thousand Baht
<b>Consolidated statement of financial position as at 31 December 2017</b>				
Inventories, net	43,359,928	(175,750)	-	43,184,178
Unappropriated retained earnings as at 1 January 2017	26,528,035	(144,197)	-	26,383,838
Unappropriated retained earnings as at 31 December 2017	29,220,745	(175,750)	-	29,044,995
<b>Consolidated statements of income and comprehensive income for the year ended 31 December 2017</b>				
Sales	136,535,157	-	(1,597,889)	134,937,268
Cost of sales	(118,394,553)	1,025,484	1,741,491	(115,627,578)
Other income	1,097,104	-	2,399	1,099,503
Selling expenses	(6,488,545)	(479,128)	37,125	(6,930,548)
Administrative expenses	(6,940,585)	(577,909)	60,683	(7,457,811)
Finance costs	(2,140,793)	-	4,929	(2,135,864)
Income tax	98,934	-	(33,820)	65,114
Loss for the year from discontinued operations	(71,409)	-	(214,918)	(286,327)
Profit for the year				
- Owners of the parent	6,020,737	(31,553)	-	5,989,184
Total comprehensive income for the year				
- Owners of the parent	4,664,011	(31,553)	-	4,632,458
Basic and diluted earnings per share attributable to owners of the parent (Baht)	1.26	(0.01)	-	1.25

**5 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 15 and 17).

**5 Critical accounting estimates and judgements (continued)**

(b) Provision and contingent liabilities for litigation and claims

The Group exercises judgement in measuring and recognising provision and the exposures to contingent liabilities related to outstanding litigation and claims. Contingencies are recorded as provision when it is likely that a liability has been incurred and the amount is reasonably estimate. Judgement is necessary in assessing the likelihood that a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty, actual losses may be different from the originally estimated provision.

(c) 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 26.

**6 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.

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**7 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 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.

The following tables present revenue and gross profit information regarding the Group’s operating segments for the year ended 31 December 2018 and 2017.

	<b>Consolidated financial statements</b>					
	<b>Ambient seafood Thousand Baht</b>	<b>Frozen and chilled seafood and related business Thousand Baht</b>	<b>Pet food, value- added and other business Thousand Baht</b>	<b>Total reportable segments Thousand Baht</b>	<b>Eliminations Thousand Baht</b>	<b>Total Thousand Baht</b>
<b>For the year ended 31 December 2018</b>						
External customers	62,262,280	52,793,135	18,229,223	133,284,638	-	133,284,638
Inter-segment	18,207,968	7,513,558	4,742,231	30,463,757	(30,463,757)	-
<b>Total revenue</b>	<b>80,470,248</b>	<b>60,306,693</b>	<b>22,971,454</b>	<b>163,748,395</b>	<b>(30,463,757)</b>	<b>133,284,638</b>
<b>Results</b>						
<b>Segment gross profit</b>	10,505,573	4,824,523	3,575,485	18,905,581	(14,005)	18,891,576
Selling and administrative expenses						(15,648,755)
Other expenses						(167,812)
<b>Operating profit</b> (not including other income)						3,075,009
Finance costs						(2,025,349)
Share of profits from investments in associates and joint ventures						263,170
Other income						3,175,850
<b>Profit before income tax</b>						4,488,680
Income tax						(121,120)
<b>Profit for the year from continuing operations</b>						4,367,560
Loss for the year from discontinued operations						(713,090)
<b>Profit for the year</b>						<b>3,654,470</b>

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**7 Segment information (continued)**

The following tables present revenue and gross profit information regarding the Group's operating segments for the year ended 31 December 2018 and 2017 (continued).

	<b>Consolidated financial statements</b>					
	<b>Ambient seafood Thousand Baht</b>	<b>Frozen and chilled seafood and related business Thousand Baht</b>	<b>Pet food, value- added and other business Thousand Baht</b>	<b>Total reportable segments Thousand Baht</b>	<b>Eliminations Thousand Baht</b>	<b>Total Thousand Baht</b>
<b>For the year ended 31 December 2017</b>						
External customers	62,341,316	54,521,406	18,074,546	134,937,268	-	134,937,268
Inter-segment	12,706,456	7,792,729	4,451,190	24,950,375	(24,950,375)	-
<b>Total revenue</b>	<b>75,047,772</b>	<b>62,314,135</b>	<b>22,525,736</b>	<b>159,887,643</b>	<b>(24,950,375)</b>	<b>134,937,268</b>
<b>Results</b>						
<b>Segment gross profit</b>	10,551,343	5,255,111	3,471,442	19,277,896	31,794	19,309,690
Selling and administrative expenses						(14,388,359)
Other expenses						(2)
<b>Operating profit (not including other income)</b>						4,921,329
Finance costs						(2,135,864)
Share of profits from investments in associates and joint ventures						456,329
Other income						3,440,094
<b>Profit before income tax</b>						6,681,888
Income tax						65,114
<b>Profit for the year from continuing operations</b>						6,747,002
Loss for the year from discontinued operation						(286,327)
<b>Profit for the year</b>						<b>6,460,675</b>

**Geographic information**

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

<b>For the years ended 31 December</b>	<b>Consolidated financial statements</b>	
	<b>2018 Thousand Baht</b>	<b>2017 Thousand Baht</b>
<b>Revenue from external customers</b>		
Thailand	14,229,546	13,009,900
The United States of America	50,898,661	51,696,214
Japan	7,636,860	8,457,831
European countries	40,959,053	41,587,162
Others	19,560,518	20,186,161
<b>Total</b>	<b>133,284,638</b>	<b>134,937,268</b>

**Major customer**

During the year ended 31 December 2018 and 2017, the Group had no customer with revenues of 10% or more of the Group's revenue.

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**8 Cash and cash equivalents**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Cash on hand	4,225	6,160	1,292	971
Current and savings accounts	1,581,424	808,093	578,245	140,222
Fixed deposits due within 3 months	5	658	-	-
Total cash and cash equivalents	1,585,654	814,911	579,537	141,193
<u>Less</u> Bank overdrafts (Note 20)	(275,106)	(242,316)	-	-
Total cash and cash equivalents per statement of cash flows	<u>1,310,548</u>	<u>572,595</u>	<u>579,537</u>	<u>141,193</u>

The effective interest rate on cash at banks was between 0.03% per annum and 1.00% per annum (2017: between 0.10% per annum and 0.80% per annum).

**9 Trade and other receivables, net**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Trade receivables	14,220,652	14,354,063	4,011,073	3,405,912
<u>Less</u> Allowance for doubtful accounts	(342,217)	(356,605)	(67,484)	(106,741)
Trade receivables, net	13,878,435	13,997,458	3,943,589	3,299,171
Accrued interest income				
- related parties (Note 36)	450,759	656,590	581,815	466,796
Accrued interest income				
- third parties	12,042	146,986	12,042	146,986
Other receivables - related parties	5,219	10,325	138,653	56,104
Other receivables - third parties	908,973	637,413	12,849	72
Prepaid expenses	553,832	443,868	58,548	65,581
Tax coupons	32,584	41,846	8,977	22,852
Accrued income	39,908	83,385	25,313	74,323
Advance payments	136,462	325,971	58,977	117,618
Total trade and other receivables, net	<u>16,018,214</u>	<u>16,343,842</u>	<u>4,840,763</u>	<u>4,249,503</u>

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**9 Trade and other receivables, net (continued)**

Outstanding trade receivables can be analysed as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<u>Trade receivables - third parties</u>				
Not yet due	9,938,724	10,390,867	1,169,201	981,571
Up to 3 months	3,027,112	3,244,121	257,143	304,666
3-6 months	224,095	144,409	3,434	21,988
6-12 months	90,909	99,201	5,429	31,420
Over 12 months	272,221	264,613	64,769	31,125
	13,553,061	14,143,211	1,499,976	1,370,770
<u>Less</u> Allowance for doubtful accounts	(341,164)	(350,480)	(67,484)	(46,765)
	13,211,897	13,792,731	1,432,492	1,324,005
<u>Trade receivables - related parties</u> (Note 36)				
Not yet due	533,376	188,307	2,023,944	1,414,749
Up to 3 months	134,215	16,852	455,876	555,194
3-6 months	-	5,693	31,277	65,199
	667,591	210,852	2,511,097	2,035,142
<u>Less</u> Allowance for doubtful accounts	(1,053)	(6,125)	-	(59,976)
	666,538	204,727	2,511,097	1,975,166
Trade receivables, net	13,878,435	13,997,458	3,943,589	3,299,171

**10 Inventories, net**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	(Restated) 2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Finished goods, net	21,327,151	22,717,770	1,959,754	2,289,415
Work in process, net	349,284	382,168	5,014	-
Raw materials, net	9,415,072	12,070,020	1,657,757	2,011,870
Ingredients and packaging, net	1,949,417	1,887,915	97,222	118,174
Goods in transits	4,901,460	5,418,818	768,642	952,484
Spare parts and supplies, net	428,866	707,487	9,919	18,827
Total inventories, net	38,371,250	43,184,178	4,498,308	5,390,770

As at 31 December 2018, the Group and the Company provided allowance for net realisable value in the consolidated and separate financial statements in the amount of Baht 1,501.27 million and Baht 80.25 million, respectively (2017: Baht 1,075.39 million and Baht 50.85 million, respectively).

As at 31 December 2018, the Group has pledged certain inventories of Baht 812.67 million with the financial institutions to secure their credit facilities (2017: Baht 577.60 million) (Note 20).

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**11 Other current assets**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Prepaid income tax	898,106	571,342	66,329	72,246
Unamortised discount on derivative contracts	208,997	121,655	108,126	50,730
Value added tax refundable	531,769	491,762	16,677	26,458
Others	129,640	150,634	4,103	121
Total other current assets	<u>1,768,512</u>	<u>1,335,393</u>	<u>195,235</u>	<u>149,555</u>

**12 Assets and liabilities classified as held-for-sale and discontinued operations**

The Group's assets and liabilities of disposal groups classified as held-for-sale and discontinued operations comprise of two groups which are fishing fleet business in Ghana as reported in the consolidated financial statements for the year ended 31 December 2017 and chilled salmon business in Scotland as described in the following paragraph. Financial information relating to two groups is set out below.

As at	Consolidated financial information	
	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht
<b>Assets of disposal groups classified as held-for-sale from discontinued operations</b>		
Fishing fleet business	8,471	33,941
Chilled salmon business	481,455	-
Total	<u>489,926</u>	<u>33,941</u>
<b>Liabilities of disposal groups classified as held-for-sale from discontinued operations</b>		
Fishing fleet business	23,063	24,927
Chilled salmon business	152,388	-
Total	<u>175,451</u>	<u>24,927</u>
<b>Results of discontinued operations for the years ended 31 December</b>		
	2018 Thousand Baht	2017 Thousand Baht
Fishing fleet business	(23,075)	(71,409)
Chilled salmon business	(690,015)	(214,918)
Total	<u>(713,090)</u>	<u>(286,327)</u>

**12 Assets and liabilities classified as held-for-sale and discontinued operations (continued)**

**Chilled Salmon Business**

In September 2018, the Group announced its intention to divest chilled salmon business in Scotland through sale or, as a late resort, closure. The subsidiary comprises this segment is reported in the financial statements as a discontinuing operation. The Group has begun actively locate a buyer. The Group expects to dispose all relating assets in the next twelve months from the date of financial statements.

The assets and liabilities classified as disposal group held-for-sale as at 31 December 2018 are mainly trade receivables, inventory, property, plant and equipment, other assets, trade payables and other liabilities.

Financial information relating to chilled salmon business for the year ended 31 December 2018 and 2017 is set out below. The statement of income and statement of cash flow distinguish discontinued operations from continuing operations. Comparative figures have been restated.

**1) Statement of cash flows for discontinued operation**

The results of cash flows for the year ended 31 December 2018 and 2017 are as follow:

<b>For the years ended 31 December</b>	<b>Consolidated financial information</b>	
	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Cash flows from operating activities	(350,433)	(291,161)
Cash flows from investing activities	(4,416)	(40,435)
Cash flows from financing activities	356,459	304,408
Net cash flows	1,610	(27,188)

**2) Assets of disposal group classified as held-for-sale from discontinued operation**

<b>As at</b>	<b>Consolidated financial information</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Trade and other receivables	269,685	-
Inventory	4,569	-
Property, plant and equipment	82,133	-
Others	125,068	-
Total assets of disposal group classified as held-for-sale	481,455	-

In accordance with TFRS 5, as at 31 December 2018, the Group has allowance for impairment on the assets held-for-sale of Baht 378.03 million. The fair value is measured based on expected sales price less cost to sell.

12 Assets and liabilities classified as held-for-sale and discontinued operations (continued)

**Chilled Salmon Business** (continued)

3) **Liabilities of disposal group classified as held-for-sale from discontinued operation**

The results of cash flows for the year ended 31 December 2018 and 2017 are as follow:

As at	Consolidated financial information	
	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht
Trade and other payables	44,545	-
Others	107,843	-
Total liabilities of disposal group classified as held-for-sale	152,388	-

4) **Cumulative income or expenses recognised in other comprehensive income relating to disposal group classified as held-for-sale from discontinued operation**

As at	Consolidated financial information	
	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht
Exchange differences on translation	(21,050)	-

5) **Cumulative income or expenses recognised in profit and loss relating to disposal group classified as held-for-sale from discontinued operation**

Analysis of the result of discontinued operation, and the result recognised on the remeasurement of assets or disposal group from discontinued operation, is as follows:

For the years ended 31 December	Consolidated financial information	
	2018 Thousand Baht	2017 Thousand Baht
Sales	1,405,465	1,597,889
Impairment of assets - Cost of goods sold	(74,204)	-
Gross loss	(240,064)	(143,602)
Impairment of assets - Selling and administrative expenses	(305,077)	-
Selling and administrative expenses	(246,373)	(97,808)
<b>Operating loss</b>	(791,514)	(241,410)
Other income (expenses)	909	(2,399)
Finance costs	(11,243)	(4,929)
<b>Loss before income tax</b>	(801,848)	(248,738)
Income tax	111,833	33,820
<b>Loss after income tax</b>	(690,015)	(214,918)

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**13 Investments in subsidiaries, associates and joint ventures**

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

<b>As at 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Subsidiaries	-	-	30,546,928	29,337,930
Associates	10,766,530	10,336,972	835,523	835,293
Joint ventures	325,030	530,803	31,600	-
Total investments in subsidiaries, associates and joint ventures	<u>11,091,560</u>	<u>10,867,775</u>	<u>31,414,051</u>	<u>30,173,223</u>

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

<b>For the years ended 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Associates	459,570	629,930	-	-
Joint ventures	(196,400)	(173,601)	-	-
Total share of profit of investments in associates and joint ventures	<u>263,170</u>	<u>456,329</u>	<u>-</u>	<u>-</u>

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**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 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 2018 Million	31 December 2017 Million	31 December 2018 %	31 December 2017 %	31 December 2018 %	31 December 2017 %	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht	31 December 2018 Thousand Baht	31 December 2017 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	1,076,322
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	2,867,134	716,783
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	79,560	156,060
EHS Training and Services Co., Ltd. (formerly known as "T-Holding Co., Ltd.")	Providing training and management services (2017: Distributor of food products)	Thailand	Baht 70	Baht 70	100.00	90.00	-	10.00	699	-	-	-
Thai Union Feedmill Co., Ltd. (TFM)	Manufacturer and distributor of animal feeds	Thailand	Baht 820	Baht 500	66.90	51.00	33.10	49.00	960,951	255,000	617,355	130,050
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	-	-
Pakfood Plc.	Manufacturer and distributor of frozen foods & aquatic animal	Thailand	Baht 330	Baht 330	99.74	99.74	0.26	0.26	2,111,932	2,111,932	197,474	-
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	-	-	274,146	259,547	-	-
Thai Union Online Shop Co., Ltd.	E-Commerce	Thailand	Baht 1	Baht 1	100.00	100.00	-	-	1,000	1,000	-	-
Thai Union EU Seafood I S.A. (TUES1)	Holding company	Luxembourg	EUR 212	EUR 212	100.00	100.00	-	-	10,495,231	10,008,108	-	-
Thai Union Asia Investment Holding Limited (TUAIH)	Holding company	Hong Kong	USD 0.02	-	100.00	100.00	-	-	626	-	-	-
Total									30,546,928	29,337,930	4,837,845	2,079,215

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 Investments in subsidiaries (continued)**

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

<b>For the years ended 31 December</b>	<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Opening net book value	29,337,930	27,851,936
Additions, net	1,208,998	1,506,694
Allowance for impairment	-	(20,700)
Closing net book value	<u>30,546,928</u>	<u>29,337,930</u>

The first quarter of 2018, Thai Union China Co., Ltd. called for paid-up capital of totalling USD 0.45 million or equivalent to Baht 14.60 million.

In February 2018, Thai Union Asia Investment Holding Limited called for paid-up capital of totalling USD 0.02 million or equivalent to Baht 0.63 million.

In March 2018, the Company purchased the additional shares from the current shareholder of EHS Training and Services Co., Ltd. The additional investment increased shareholding of the Company from 90.00% to 100.00% for a purchase price totalling Baht 0.70 million.

In April 2018, the Company purchased the additional shares from the current shareholders of Thai Union Feedmill Co., Ltd. (TFM). The additional investment increased shareholding of the Company from 51.00% to 63.05%, for a purchase price totalling Baht 472.60 million. After that, TFM increased the registered capital from Baht 500 million to Baht 820 million by issuing 32 million ordinary shares with a par value of Baht 10 per share. The Company purchased 23,335,015 newly issued ordinary shares for a purchase price of Baht 233.35 million. The additional investment increased shareholding of the Company in TFM to 66.90%.

In third quarter of 2018, the Company and Thai Union EU Seafood 1 S.A. entered into the Contribution Agreement to perform a contribution in kind of the amount of Euro 13 million, equivalent to Baht 487.12 million by converting its short-term loan receivables to investment.

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

**13.1 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 interest	
			31 December 2018 %	31 December 2017 %
<u>Held by subsidiaries</u>				
Chaophraya Coldstorage Co., Ltd. (100% held by Pakfood Plc.)	Property rental (Liquidated in December 2018)	Thailand	-	99.74
Okeanos Food Co., Ltd. (100% held by Pakfood Plc.)	Manufacturer & distributor of frozen foods & aquatic animal	Thailand	99.74	99.74
Takzin Samut Co., Ltd. (100% held by Pakfood Plc.)	Dormant company (Liquidated in December 2018)	Thailand	-	99.74
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	99.55
Thai Union Investments North America LLC (TUINA) (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
Tri-Union Frozen Products North America, LLC (TUFPPNA) (100% held by TUFPP)	Holding company	USA	100.00	100.00
Tri-Union Frozen Products Canada, ULC (100% held by TUFPPNA)	Technical service provider	Canada	100.00	100.00
Thai Union Europe (TUE) (100% held by TUES1)	Headquarters activity	France	100.00	100.00

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

**13.1 Investments in subsidiaries (continued)**

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

<u>Company's name</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of interest</u>	
			<u>31 December 2018</u> %	<u>31 December 2017</u> %
<u>Held by subsidiaries (continued)</u>				
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
European Seafood Investment Portugal (ESIP) (100% held by TUE)	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)	Importer and distributor of canned seafood	Italy	100.00	100.00
UK Seafood Investments Limited (UKSI) (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 UKSI)	Importer and distributor of canned seafood	United Kingdom	100.00	100.00
Irish Seafood Investments Limited (ISIL) (100% held by TUE)	Importer and distributor of canned seafood	Ireland	100.00	100.00
John West Holland BV (100% held by ISIL)	Importer and distributor of canned seafood	Netherlands	100.00	100.00
TTV Limited (70% held by EPP, 2017: 50% held by EPP)	Dormant company (Discontinued operation) (Note 12)	Ghana	70.00	50.00
Europeenne De La Mer SAS (EDM) (100% held by TUE)	Holding company	France	100.00	100.00

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

**13.1 Investments in subsidiaries (continued)**

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

<u>Company's name</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of interest</u>	
			<u>31 December 2018</u> <u>%</u>	<u>31 December 2017</u> <u>%</u>
<u>Held by subsidiaries (continued)</u>				
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 Logistique SAS (100% held by EDM)	Logistic company (Merged in December 2018)	France	-	100.00
Meralliance Poland Sp. z.o.o (100% held by EDM)	Manufacturer of chilled salmon	Poland	100.00	100.00
Naco Trading AS (100% held by EDM)	Distributor of salmon	Norway	100.00	100.00
The Edinburgh Salmon Company Ltd. (ESCO) (100% held by EDM)	Manufacturer and distributor of chilled salmon (Discontinued operation) (Note 12)	Scotland	100.00	100.00
Thai Union Norway AS (TUN) (100% held by TUES1)	Holding company (Merged in January 2018)	Norway	-	100.00
King Oscar AS (KON) (100% held by TUES1, 2017: 100% held by TUN)	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 NV (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

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 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 interest	
			31 December 2018 %	31 December 2017 %
<u>Held by subsidiaries (continued)</u>				
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 (RUF1) (51% held by TUGe)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Sassnitz Fisch GmbH (100% held by RUF1)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Hawesta-Feinkost Hans Westphal GmbH & Co. KG (HAW) (100% held by RUF1)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Seafood Beteiligungs - und Verwaltungs GmbH (100% held by HAW)	Dormant company	Germany	51.00	51.00
Artur Heymann GmbH & Co.KG (HEY) (100% held by HAW)	Distributor of seafood	Germany	51.00	51.00
Wefina Feinkost Gunther Wehowsky GmbH (100% held by HEY)	Distributor of seafood	Germany	51.00	51.00
Meekrone Fisch-Feinkost GmbH (100% held by RUF1)	Property rental	Germany	51.00	51.00
Ostsee Fisch Verwaltungs GmbH (100% held by RUF1)	Dormant company	Germany	51.00	51.00
Ostee Fisch GmbH & Co. Produktions - und Vertriebs KG (100% held by RUF1)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Ostee Fisch Kretinga UAB (gAG) (100% held by RUF1)	Manufacturer and distributor of seafood	Lithuania	51.00	51.00

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 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 interest	
			31 December 2018 %	31 December 2017 %
<u>Held by subsidiaries (continued)</u>				
Thai Union Canada Inc. (TUCa) (100% held by TUES1, 2017: 80% held by TUES1)	Manufacturer and distributor of seafood	Canada	100.00	80.00
C.H. Rich, Inc. (100% held by TUCa)	Reseller of seafood	USA	100.00	80.00
Thai Union Trading Europe B.V. (100% held by TUES1)	Distributor of seafood	Netherlands	100.00	100.00
PT Thai Union Kharisma Lestari (65% held by TFM)	Manufacturer and distributor of animal feeds	Indonesia	43.49	-

In January 2018, Etablissements Paul Paulet SAS, which is the Group's subsidiary, purchased the additional shares from the current shareholders of TTV Limited. The additional investment increased shareholding of the Group from 50.00% to 70.00%, for a purchase price totalling USD 0.16 million, equivalent to Baht 5.05 million.

In January 2018, Thai Union Norway AS was merged with King Oscar AS. 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 March 2018, Thai Union EU Seafood 1 S.A., which is the Group's subsidiary, purchased the additional shares from the current shareholders of Thai Union Canada Inc. The additional investment increased shareholding of the Group from 80.00% to 100.00%, for a purchase price totalling CAD 1 million, equivalent to Baht 24.63 million.

In May 2018, a subsidiary has entered into the Shareholder Agreement to invest 65% share of PT Thai Union Kharisma Lestari (TUKL) which is incorporated in Indonesia and is a subsidiary of the Group. The subscription price is Rupiah 86,632 million which is equivalent to USD 6.5 million. The subsidiary called for paid-up capital amounting to Rupiah 25,990 million in August 2018.

In December 2018, Meralliance Logistique SAS was merged with Meralliance Armoric 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 December 2018, Chaophraya Coldstorage Co., Ltd. which was a wholly-owned subsidiary of Pakfood Plc. transferred related assets and liabilities to Pakfood Plc. and was dissolved.

In December 2018, Takzin Samut Co., Ltd. which was a wholly-owned subsidiary of Pakfood Plc. was dissolved.

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 Investments in subsidiaries (continued)**

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Group 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 2018 is as follows:

	<b>Thai Union Seafood Co., Ltd. Thousand Baht</b>	<b>Rugen Fisch Group Thousand Baht</b>	<b>Total Thousand Baht</b>
Total non-controlling interests	440,315	1,941,393	2,381,708
Profit attributable to non-controlling interests for the year	170,940	84,365	255,305
Dividend paid to non-controlling interests during the year	76,440	47,617	124,057

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

**13.1 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 Seafood Co., Ltd.		Rugen Fisch Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Current</b>						
Assets	1,638,438	1,758,139	1,859,518	1,364,092	3,497,956	3,122,231
Liabilities	(1,251,975)	(1,614,424)	(1,478,735)	(989,118)	(2,730,710)	(2,603,542)
<b>Total current net assets</b>	<b>386,463</b>	<b>143,715</b>	<b>380,783</b>	<b>374,974</b>	<b>767,246</b>	<b>518,689</b>
<b>Non-current</b>						
Assets	617,249	670,726	949,499	881,685	1,566,748	1,552,411
Liabilities	(83,806)	(76,397)	(40,357)	(3,966)	(124,163)	(80,363)
<b>Total non-current net assets</b>	<b>533,443</b>	<b>594,329</b>	<b>909,142</b>	<b>877,719</b>	<b>1,442,585</b>	<b>1,472,048</b>
<b>Net assets</b>	<b>919,906</b>	<b>738,044</b>	<b>1,289,925</b>	<b>1,252,693</b>	<b>2,209,831</b>	<b>1,990,737</b>

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

**13.1 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 years ended 31 December	Thai Union Seafood Co., Ltd.		Rugen Fisch Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Revenue	4,571,140	5,159,707	4,684,976	5,046,558	9,256,116	10,206,265
Profit before income tax	338,361	208,380	191,898	188,849	530,259	397,229
Income tax	(499)	893	(18,635)	(59,390)	(19,134)	(58,497)
Post-tax profit from continuing operations	337,862	209,273	173,263	129,459	511,125	338,732
Other comprehensive income	-	(7,065)	(61,222)	38,519	(61,222)	31,454
Total comprehensive income	337,862	202,208	112,041	167,978	449,903	370,186
<b>Profit attributable to non-controlling interests</b>	170,940	117,429	84,365	63,435	255,305	180,864
<b>Dividends paid to non-controlling interests</b>	76,440	149,940	47,617	42,272	124,057	192,212

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

**13.1 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 years ended 31 December	Thai Union Seafood Co., Ltd.		Rugen Fisch Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Cash flow from operating activities</b>						
Cash generated from operations	471,302	430,194	(31,984)	545,940	439,318	976,134
Income tax paid	-	-	(83,755)	(127,708)	(83,755)	(127,708)
Net cash generated from (used in) operating activities	471,302	430,194	(115,739)	418,232	355,563	848,426
Net cash used in investing activities	(31,745)	(79,955)	(127,083)	(116,173)	(158,828)	(196,128)
Net cash generated from (used in) financing activities	(439,607)	(349,030)	228,411	(321,819)	(211,196)	(670,849)
Net increase (decrease) in cash and cash equivalents	(50)	1,209	(14,411)	(19,760)	(14,461)	(18,551)
Cash and cash equivalents at beginning of the year	2,703	1,134	49,610	69,312	52,313	70,446
Exchange gains (losses) on cash and cash equivalents	-	-	(5,273)	58	(5,273)	58
<b>Cash and cash equivalents at end of the year</b>	<b>2,653</b>	<b>2,343</b>	<b>29,926</b>	<b>49,610</b>	<b>32,579</b>	<b>51,953</b>

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.2 Investments in associates**

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

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Opening net book value	10,336,972	10,492,318	835,293	835,293
Addition	686,614	26,947	45,372	-
Disposals, net	(2,193)	-	(45,142)	-
Share of profit	459,570	629,930	-	-
Share other comprehensive expenses	(208,677)	-	-	-
Reclassification	20,351	84,280	-	-
Dividend distribution tax	(19,513)	(11,087)	-	-
Dividends received	(188,705)	(138,494)	-	-
Translation adjustment	(317,889)	(746,922)	-	-
Closing net book value	10,766,530	10,336,972	835,523	835,293

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.2 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 2018 (%)	31 December 2017 (%)	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht
<b>Investments in associates, directly held by the Company</b>								
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500	37,500	452,997	394,416
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010	1,010	28,584	26,378
Avanti Feeds Limited (Listed company in India) <sup>(1)</sup>	Manufacturer & exporter of animal feeds and shrimp products	India	15.43	25.12	71,922	117,064	764,953	1,190,518
Seafood International Two FZCO	Distributor of food products	United Arab Emirates	40.00	40.00	384	384	-	-
Avanti Frozen Foods Private Limited <sup>(2)</sup> (60% held by Avanti Feeds Limited)	Manufacturer and exporter of shrimp products	India	54.79	55.07	679,335	679,335	887,610	830,552
Thammachart Seafood Retail Co., Ltd.	Importer of seafood and seafood restaurant outlets	Thailand	25.10	-	45,372	-	49,948	-
					<u>835,523</u>	<u>835,293</u>	<u>2,184,092</u>	<u>2,441,864</u>
<b>Investments in associates, directly held by subsidiaries</b>								
TN Fine Chemicals Co., Ltd. (49% held by TUM)	Manufacturer & exporter of by-products from seafood	Thailand	48.83	48.83	44,070	44,070	69,090	76,453
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	515,396	521,934
Red Lobster Master Holdings. L.P. and GGCOF RL Blocker, LLC (25% held by TUINA)	Holding Company	USA	25.00	25.00	8,135,123	8,135,123	6,916,098	7,296,721
Avanti Feeds Limited (Listed company in India) <sup>(1)</sup> (9.22% held by TUAIH)	Manufacturer & exporter of animal feeds and shrimp products	India	9.22	-	42,949	-	456,805	-
TUMD Luxembourg S.a.r.l (45% held by TUES1)	Holding company	Luxembourg	45.00	-	524,968	-	508,949	-
Nutrifish (held by TUES1) <sup>(3)</sup>	Manufacturer of marine ingredients	France	-	-	116,100	-	116,100	-
					<u>8,959,150</u>	<u>8,275,133</u>	<u>8,582,438</u>	<u>7,895,108</u>
					<u>9,794,673</u>	<u>9,110,426</u>	<u>10,766,530</u>	<u>10,336,972</u>

<sup>(1)</sup> The Group's total investment in Avanti Feeds Limited is 24.65%.

<sup>(2)</sup> 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.

<sup>(3)</sup> The Group has classified this investment as investment in an associate because the Group has significant influence from voting rights in this associate.

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.2 Investments in associates (continued)**

Set out below are the associates of the Group as at 31 December 2018, which, in the opinion of the directors, are material to the Group.

**Nature of investments in associates in 2018 and 2017:**

Company's name	Country of incorporation	% of ownership interest		Nature of relationship	Measurement method
		2018	2017		
Avanti Feeds Limited	India	24.65	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 2018, the fair value of the Group's interest in Avanti Feeds Limited, which listed on the National Stock Exchange of India, was Baht 5,621.93 million (2017: Baht 13,749.17 million) and the carrying amount of the Group's interest was Baht 1,221.76 million (2017: Baht 1,190.52 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.

In July 2018, the Group acquired 45% share of TUMD Luxembourg S.a.r.l (TUMD), a holding company in Luxembourg with the purchase price of EUR 12.78 million of equivalent to Baht 497 million. TUMD wholly owns three Russian subsidiaries which are in retail focused fish and seafood business. TUMD is an associate company of the Group.

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

**13.2 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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Assets</b>						
Current assets	6,187,520	6,024,009	14,277,912	14,082,200	20,465,432	20,106,209
Non-current assets	1,444,228	1,722,030	13,336,868	13,693,297	14,781,096	15,415,327
Total assets	<u>7,631,748</u>	<u>7,746,039</u>	<u>27,614,780</u>	<u>27,775,497</u>	<u>35,246,528</u>	<u>35,521,536</u>
<b>Liabilities</b>						
Current liabilities	(1,618,704)	(1,964,986)	(10,152,771)	(9,154,697)	(11,771,475)	(11,119,683)
Non-current liabilities	(182,554)	(227,910)	(17,918,909)	(17,755,483)	(18,101,463)	(17,983,393)
Total liabilities	<u>(1,801,258)</u>	<u>(2,192,896)</u>	<u>(28,071,680)</u>	<u>(26,910,180)</u>	<u>(29,872,938)</u>	<u>(29,103,076)</u>
<b>Net assets</b>	5,830,490	5,553,143	(456,900)	865,317	5,373,590	6,418,460
<u>Less</u> Non-controlling interest of associates	(665,107)	(584,307)	-	-	(665,107)	(584,307)
Elimination entries	<u>(208,963)</u>	<u>(229,513)</u>	<u>-</u>	<u>-</u>	<u>(208,963)</u>	<u>(229,513)</u>
<b>Net assets</b>	<u>4,956,420</u>	<u>4,739,323</u>	<u>(456,900)</u>	<u>865,317</u>	<u>4,499,520</u>	<u>5,604,640</u>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.2 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 years ended 31 December	Avanti Feeds Limited		Red Lobster Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Revenue	16,048,084	16,839,230	70,046,877	80,597,560	86,094,961	97,436,790
Profit (loss) before income tax	1,884,181	3,687,664	(467,441)	(657,950)	1,416,740	3,029,714
Income tax	(636,933)	(1,262,704)	(43,063)	(127,584)	(679,996)	(1,390,288)
Post-tax profit (loss) from continuing operations	1,247,248	2,424,960	(510,504)	(785,534)	736,744	1,639,426
Other comprehensive income	-	-	(834,706)	-	(834,706)	-
Total comprehensive income (expenses)	1,247,248	2,424,960	(1,345,210)	(785,534)	(97,962)	1,639,426
<b>Dividends received from associates</b>	95,889	54,483	-	-	95,889	54,483

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.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.2 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 years ended 31 December	Avanti Feeds Limited		Red Lobster Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Opening net assets as at 1 January	4,739,323	2,650,493	865,317	1,837,676	5,604,640	4,488,169
Disposal during the year	(2,193)	-	-	-	(2,193)	-
Profit (loss) for the year	1,247,248	2,424,960	(510,504)	(785,534)	736,744	1,639,426
Other comprehensive expenses for the year	-	-	(834,706)	-	(834,706)	-
Dividends	(468,165)	(261,027)	-	-	(468,165)	(261,027)
Exchange differences on transaction	(559,793)	(75,103)	22,993	(186,825)	(536,800)	(261,928)
Closing net assets as at 31 December	4,956,420	4,739,323	(456,900)	865,317	4,499,520	5,604,640
Shareholding percentage	24.65%	25.12%	25.00%	25.00%		
Interest in associates	1,221,758	1,190,518	(114,225)	216,329	1,107,533	1,406,847
Goodwill	-	-	7,030,323	7,080,392	7,030,323	7,080,392
Carrying value	1,221,758	1,190,518	6,916,098	7,296,721	8,137,856	8,487,239

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.2 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.

<b>As at 31 December</b>	<b>2018</b>	<b>2017</b>
	<b><u>Thousand Baht</u></b>	<b><u>Thousand Baht</u></b>
Aggregate carrying amount of individually immaterial associates	2,628,674	1,849,733
	<hr/>	<hr/>
<b>For the years ended 31 December</b>	<b>2018</b>	<b>2017</b>
	<b><u>Thousand Baht</u></b>	<b><u>Thousand Baht</u></b>
Aggregate amounts of the Group's share of:		
Profit for the year from continuing operations	295,993	217,164
Total comprehensive income for the year	295,993	217,164
	<hr/>	<hr/>

**13.3 Investments in joint ventures**

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

<b>For the years ended 31 December</b>	<b><u>Consolidated financial statements</u></b>		<b><u>Separate financial statements</u></b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b><u>Thousand Baht</u></b>	<b><u>Thousand Baht</u></b>	<b><u>Thousand Baht</u></b>	<b><u>Thousand Baht</u></b>
Opening net book value	530,803	626,463	-	-
Additions	-	93,270	31,600	-
Share of loss	(196,400)	(173,601)	-	-
Translation adjustment	(9,373)	(15,329)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing net book value	325,030	530,803	31,600	-
	<hr/>	<hr/>	<hr/>	<hr/>

In August 2018, the Company purchased an investment in a joint venture from a subsidiary with the amount of Baht 31.60 million.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.3 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 less impairment		Carrying amounts based on equity method	
			31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
			%	%	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Investment in a joint venture, directly held by the Company</b>								
TMAC Co., Ltd. (Joint venture of TU 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	51.00	-	31,600	-	202,035	-
<b>Investment in a joint venture, directly held by subsidiaries</b>								
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	-	209,269	-	371,311
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	170,655	64,689	100,220
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	59,150	58,306	59,272
Total					261,405	439,074	325,030	530,803

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.3 Investments in joint ventures (continued)**

Set out below is the joint venture of the Group as at 31 December 2018, which, in the opinion of the directors, are material to the Group.

**Nature of investment in joint ventures in 2018 and 2017:**

<u>Name of entity</u>	<u>Country of incorporation</u>	<u>% of ownership interest</u>		<u>Nature of relationship</u>	<u>Measurement method</u>
		<u>2018</u>	<u>2017</u>		
TMAC Company Limited	Thailand	51.00	26.01	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**

<b>As at 31 December</b>	<b>TMAC Co., Ltd.</b>	
	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Current assets</b>		
Cash and cash equivalents	11,174	3,255
Other current assets (excluding cash)	17,972	19,269
<b>Total current assets</b>	<b>29,146</b>	<b>22,524</b>
<b>Non-current assets</b>	<b>405,105</b>	<b>576,090</b>
<b>Total assets</b>	<b>434,251</b>	<b>598,614</b>
<b>Current liabilities</b>		
Other current liabilities (including trade payables)	(352,236)	(182,173)
<b>Total current liabilities</b>	<b>(352,236)</b>	<b>(182,173)</b>
<b>Non-current liabilities</b>	<b>(5,927)</b>	<b>(4,943)</b>
<b>Total liabilities</b>	<b>(358,163)</b>	<b>(187,116)</b>
<b>Net assets</b>	<b>76,088</b>	<b>411,498</b>
<u>Less</u> Non-controlling interests of joint ventures	5,004	1,508
<b>Net assets</b>	<b>81,092</b>	<b>413,006</b>

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.3 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**

<b>For the years ended 31 December</b>	<b>TMAC Co., Ltd</b>	
	<b>2018</b>	<b>2017</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
Revenue	35,428	80,233
Depreciation and amortisation	(27,184)	(42,513)
Impairment of assets	(170,625)	(68,045)
Interest income	78	119
Interest expenses	(5,548)	(2,343)
Loss for the year from operations	(331,914)	(252,297)
Income tax	-	-
Post-tax loss	(331,914)	(252,297)
Other comprehensive expenses for the year	-	-
Total comprehensive expenses for the year	(331,914)	(252,297)

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

<b>For the years ended 31 December</b>	<b>TMAC Co., Ltd.</b>	
	<b>2018</b>	<b>2017</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
Opening net assets as at 1 January	413,006	665,303
Loss for the year from operations	(331,914)	(252,297)
Closing net assets as at 31 December	81,092	413,006
Interest in joint ventures (51.00%)	41,357	210,633
Goodwill	160,678	160,678
Carrying value	202,035	371,311

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.3 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.

<b>As at 31 December</b>	<b>2018</b>	<b>2017</b>
	<b><u>Thousand Baht</u></b>	<b><u>Thousand Baht</u></b>
Aggregate carrying amount of individually immaterial joint ventures	122,995	159,492
	<u>                    </u>	<u>                    </u>
<b>For the years ended 31 December</b>	<b>2018</b>	<b>2017</b>
	<b><u>Thousand Baht</u></b>	<b><u>Thousand Baht</u></b>
Aggregate amounts of the joint ventures' share of:		
Loss for the year from continuing operations	(27,125)	(44,929)
Total comprehensive expense for the year	<u>(27,125)</u>	<u>(44,929)</u>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**14 Property, plant and equipment, net**

	<b>Consolidated financial statements</b>						
	<b>Land and land improvement Thousand Baht</b>	<b>Buildings and building improvements Thousand Baht</b>	<b>Machinery and equipment Thousand Baht</b>	<b>Furniture, fixtures and office equipment Thousand Baht</b>	<b>Vehicles Thousand Baht</b>	<b>Assets under construction Thousand Baht</b>	<b>Total Thousand Baht</b>
<b>As at 1 January 2017</b>							
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	<u>2,396,112</u>	<u>7,642,704</u>	<u>8,073,652</u>	<u>379,228</u>	<u>326,413</u>	<u>4,462,457</u>	<u>23,280,566</u>
<b>For the year ended 31 December 2017</b>							
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	<u>2,514,987</u>	<u>8,593,961</u>	<u>8,548,316</u>	<u>399,378</u>	<u>361,744</u>	<u>4,843,093</u>	<u>25,261,479</u>
<b>As at 31 December 2017</b>							
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	<u>2,514,987</u>	<u>8,593,961</u>	<u>8,548,316</u>	<u>399,378</u>	<u>361,744</u>	<u>4,843,093</u>	<u>25,261,479</u>

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

14 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
<b>As at 1 January 2018</b>							
Cost	2,559,272	15,065,730	25,758,617	1,320,642	948,458	4,843,093	50,495,812
Less 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	<u>2,514,987</u>	<u>8,593,961</u>	<u>8,548,316</u>	<u>399,378</u>	<u>361,744</u>	<u>4,843,093</u>	<u>25,261,479</u>
<b>For the year ended 31 December 2018</b>							
Opening net book amount	2,514,987	8,593,961	8,548,316	399,378	361,744	4,843,093	25,261,479
Additions	168,337	89,566	448,197	92,912	6,726	3,629,491	4,435,229
Disposals, net book value	-	(3,133)	(53,978)	(2,542)	(6,067)	(2,969)	(68,689)
Write-off, net book value	-	(1,479)	(5,265)	(75)	(172)	-	(6,991)
Reclassification	(9,461)	(44,376)	101,516	(1,703)	-	(27,185)	18,791
Transfer in (out)	9,260	1,659,955	3,209,390	124,407	91,545	(5,094,557)	-
Depreciation charge	(5,175)	(704,324)	(1,786,900)	(157,651)	(103,964)	-	(2,758,014)
Impairment loss	(4)	(45,082)	(37,616)	-	-	-	(82,702)
Translation adjustment	(14,472)	(120,832)	(108,634)	(4,064)	(3,415)	(71,387)	(322,804)
Closing net book amount	<u>2,663,472</u>	<u>9,424,256</u>	<u>10,315,026</u>	<u>450,662</u>	<u>346,397</u>	<u>3,276,486</u>	<u>26,476,299</u>
<b>As at 31 December 2018</b>							
Cost	2,712,721	16,368,269	27,922,199	1,450,748	950,069	3,276,486	52,680,492
Less Accumulated depreciation	(48,990)	(6,937,573)	(17,584,771)	(1,000,086)	(603,672)	-	(26,175,092)
Allowance for impairment	(259)	(6,440)	(22,402)	-	-	-	(29,101)
Net book amount	<u>2,663,472</u>	<u>9,424,256</u>	<u>10,315,026</u>	<u>450,662</u>	<u>346,397</u>	<u>3,276,486</u>	<u>26,476,299</u>

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

14 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	
<b>As at 1 January 2017</b>							
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	<u>791,245</u>	<u>1,733,125</u>	<u>951,547</u>	<u>97,376</u>	<u>70,509</u>	<u>610,609</u>	<u>4,254,411</u>
<b>For the year ended 31 December 2017</b>							
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	<u>880,351</u>	<u>1,699,413</u>	<u>844,175</u>	<u>103,225</u>	<u>68,083</u>	<u>878,910</u>	<u>4,474,157</u>
<b>As at 31 December 2017</b>							
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	<u>880,351</u>	<u>1,699,413</u>	<u>844,175</u>	<u>103,225</u>	<u>68,083</u>	<u>878,910</u>	<u>4,474,157</u>

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

14 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
<b>As at 1 January 2018</b>							
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	<u>880,351</u>	<u>1,699,413</u>	<u>844,175</u>	<u>103,225</u>	<u>68,083</u>	<u>878,910</u>	<u>4,474,157</u>
<b>For the year ended 31 December 2018</b>							
Opening net book amount	880,351	1,699,413	844,175	103,225	68,083	878,910	4,474,157
Additions	-	1,972	32,999	24,963	2,102	500,950	562,986
Disposals, net book value	-	-	(4,544)	(50)	(1,681)	-	(6,275)
Write-off, net book value	-	(1,447)	(1,630)	(48)	(2)	-	(3,127)
Reclassification	-	-	-	-	-	12,165	12,165
Transfer in (out)	9,259	391,523	698,246	20,284	18,838	(1,138,150)	-
Depreciation charge	-	(135,898)	(225,848)	(37,761)	(25,249)	-	(424,756)
Closing net book amount	<u>889,610</u>	<u>1,955,563</u>	<u>1,343,398</u>	<u>110,613</u>	<u>62,091</u>	<u>253,875</u>	<u>4,615,150</u>
<b>As at 31 December 2018</b>							
Cost	889,610	3,195,429	3,792,505	269,119	166,863	253,875	8,567,401
<u>Less</u> Accumulated depreciation	-	(1,239,866)	(2,449,107)	(158,506)	(104,772)	-	(3,952,251)
Net book amount	<u>889,610</u>	<u>1,955,563</u>	<u>1,343,398</u>	<u>110,613</u>	<u>62,091</u>	<u>253,875</u>	<u>4,615,150</u>

**14 Property, plant and equipment, net (continued)**

Depreciation expense of Baht 2,758 million (2017: Baht 2,528 million) has been charged in “cost of sales”, Baht 2,494 million (2017: Baht 2,304 million), in “selling expense” Baht 3 million (2017: Baht 4 million) and in “administrative expense” Baht 261 million (2017: Baht 220 million) in the consolidated financial statements. Depreciation expense of Baht 425 million (2017: Baht 372 million) has been charged in “cost of sales”, Baht 374 million (2017: Baht 328 million) and in “administrative expense” Baht 51 million (2017: Baht 44 million) in the separate financial statements.

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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Cost - capitalised finance leases	639,467	665,756	33,824	33,824
<u>Less</u> Accumulated depreciation	<u>(360,987)</u>	<u>(337,597)</u>	<u>(22,366)</u>	<u>(15,549)</u>
Net book amount	<u>278,480</u>	<u>328,159</u>	<u>11,458</u>	<u>18,275</u>

As at 31 December 2018, property, plant and equipment of overseas subsidiaries totalled Baht 612.37 million (2017: Baht 275.69 million) were pledged with financial institutions to secure their credit facilities and short-term and long-term loans from financial institutions (Note 20 and 22).

Borrowing costs of Baht 17.68 million (2017: Baht 37.33 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 1.05% per annum (2017: 1.91% per annum) was used representing the actual borrowing costs of the loans used to finance the projects.

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**15 Intangible assets, net**

	Consolidated financial statements								Total Thousand Baht
	Licenses Thousand Baht	Trademarks Thousand Baht	Customer relationships Thousand Baht	Computer software Thousand Baht	Distributor relationships Thousand Baht	Others Thousand Baht	Computer software in progress Thousand Baht	Product development in progress Thousand Baht	
<b>As at 1 January 2017</b>									
Cost	303,584	14,467,109	1,316,775	1,386,909	39,878	39,775	228,344	102,918	17,885,292
<u>Less</u> 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)
<b>Net book amount</b>	<u>183,798</u>	<u>13,968,116</u>	<u>970,570</u>	<u>439,611</u>	<u>35,890</u>	<u>6,686</u>	<u>228,344</u>	<u>102,918</u>	<u>15,935,933</u>
<b>For the year ended 31 December 2017</b>									
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
<b>Closing net book amount</b>	<u>167,229</u>	<u>14,287,061</u>	<u>906,331</u>	<u>599,987</u>	<u>28,345</u>	<u>5,009</u>	<u>596,357</u>	<u>181,101</u>	<u>16,771,420</u>
<b>As at 31 December 2017</b>									
Cost	274,273	14,771,411	1,329,938	1,618,229	40,307	39,922	596,357	181,101	18,851,538
<u>Less</u> 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)
<b>Net book amount</b>	<u>167,229</u>	<u>14,287,061</u>	<u>906,331</u>	<u>599,987</u>	<u>28,345</u>	<u>5,009</u>	<u>596,357</u>	<u>181,101</u>	<u>16,771,420</u>

**Thai Union Group Public Company Limited**  
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**For the year ended 31 December 2018**

**15 Intangible assets, net (continued)**

	Consolidated financial statements								Total Thousand Baht
	Licenses Thousand Baht	Trademarks Thousand Baht	Customer relationships Thousand Baht	Computer software Thousand Baht	Distributor relationships Thousand Baht	Others Thousand Baht	Computer software in progress Thousand Baht	Product development in progress Thousand Baht	
<b>As at 1 January 2018</b>									
Cost	274,273	14,771,411	1,329,938	1,618,229	40,307	39,922	596,357	181,101	18,851,538
<u>Less</u> 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)
<b>Net book amount</b>	<u>167,229</u>	<u>14,287,061</u>	<u>906,331</u>	<u>599,987</u>	<u>28,345</u>	<u>5,009</u>	<u>596,357</u>	<u>181,101</u>	<u>16,771,420</u>
<b>For the year ended 31 December 2018</b>									
Opening net book amount	167,229	14,287,061	906,331	599,987	28,345	5,009	596,357	181,101	16,771,420
Additions	2,068	672	-	73,015	-	-	388,740	44,379	508,874
Disposals, net book value	-	-	-	(7)	-	-	-	-	(7)
Write-off, net book value	-	-	-	(165)	-	-	-	-	(165)
Reclassification	-	-	-	27,273	-	894	7,647	(29,243)	6,571
Transfer in (out)	-	-	-	28,715	-	-	(28,715)	-	-
Amortisation charge	(5,860)	(1,067)	(77,103)	(138,264)	(7,727)	(879)	-	-	(230,900)
Impairment loss	-	-	(36,704)	-	-	-	-	(10,386)	(47,090)
Translation adjustment	(10,457)	(681,205)	(39,505)	(2,873)	(2,039)	(230)	157	-	(736,152)
<b>Closing net book amount</b>	<u>152,980</u>	<u>13,605,461</u>	<u>753,019</u>	<u>587,681</u>	<u>18,579</u>	<u>4,794</u>	<u>964,186</u>	<u>185,851</u>	<u>16,272,551</u>
<b>As at 31 December 2018</b>									
Cost	261,065	14,079,793	1,181,144	1,703,627	36,919	38,373	964,186	196,237	18,461,344
<u>Less</u> Accumulated amortisation	(108,085)	(304,504)	(428,125)	(1,115,946)	(18,340)	(33,579)	-	-	(2,008,579)
Allowance for impairment	-	(169,828)	-	-	-	-	-	(10,386)	(180,214)
<b>Net book amount</b>	<u>152,980</u>	<u>13,605,461</u>	<u>753,019</u>	<u>587,681</u>	<u>18,579</u>	<u>4,794</u>	<u>964,186</u>	<u>185,851</u>	<u>16,272,551</u>

**Thai Union Group Public Company Limited**  
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**15 Intangible assets, net (continued)**

	Separate financial statements				Total Thousand Baht
	Trademarks Thousand Baht	Computer software Thousand Baht	Computer software in progress Thousand Baht	Product development in progress Thousand Baht	
<b>As at 1 January 2017</b>					
Cost	-	220,997	216,778	102,918	540,693
Less Accumulated amortisation	-	(27,139)	-	-	(27,139)
<b>Net book amount</b>	<b>-</b>	<b>193,858</b>	<b>216,778</b>	<b>102,918</b>	<b>513,554</b>
<b>For the year ended 31 December 2017</b>					
Opening net book amount	-	193,858	216,778	102,918	513,554
Additions	-	1,531	615,926	78,183	695,640
Reclassification	-	(68,924)	68,924	-	-
Transfer in (out)	-	309,960	(309,960)	-	-
Amortisation charge	-	(31,876)	-	-	(31,876)
<b>Closing net book amount</b>	<b>-</b>	<b>404,549</b>	<b>591,668</b>	<b>181,101</b>	<b>1,177,318</b>
<b>As at 31 December 2017</b>					
Cost	-	463,564	591,668	181,101	1,236,333
Less Accumulated amortisation	-	(59,015)	-	-	(59,015)
<b>Net book amount</b>	<b>-</b>	<b>404,549</b>	<b>591,668</b>	<b>181,101</b>	<b>1,177,318</b>
<b>For the year ended 31 December 2018</b>					
Opening net book amount	-	404,549	591,668	181,101	1,177,318
Additions	55,437	179	372,519	44,379	472,514
Write-off, net book value	-	(24)	-	-	(24)
Reclassification	-	637	-	(29,243)	(28,606)
Amortisation charge	-	(52,686)	-	-	(52,686)
Impairment loss	-	-	-	(10,386)	(10,386)
<b>Closing net book amount</b>	<b>55,437</b>	<b>352,655</b>	<b>964,187</b>	<b>185,851</b>	<b>1,558,130</b>
<b>As at 31 December 2018</b>					
Cost	55,437	459,895	964,187	196,237	1,675,756
Less Accumulated amortisation	-	(107,240)	-	-	(107,240)
Allowance for impairment	-	-	-	(10,386)	(10,386)
<b>Net book amount</b>	<b>55,437</b>	<b>352,655</b>	<b>964,187</b>	<b>185,851</b>	<b>1,558,130</b>

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

Amortisation of Baht 231 million (2017: Baht 233 million) is included in “cost of goods sold” Baht 12 million (2017: Baht 11 million), in “selling expense” Baht 69 million (2017: Baht 93 million) and in “administrative expense” Baht 150 million (2017: Baht 129 million) in the consolidated financial statements. Amortisation of Baht 53 million (2017: Baht 32 million) is included in administrative expenses in the separate financial statements.

As at 31 December 2018 and 2017, the Group had no intangible assets pledged for credit facilities.

**15 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:

<b>Brand</b>	<b>John West</b>	<b>Petit Navire</b>	<b>King Oscar</b>
Royalty rate	3.2%	12.0%	2.5%
Discount rate	8.7%	7.6%	7.3%

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

<b>Brand</b>	<b>Chicken of the Sea</b>
Growth rate	1.5%
Discount rate	7.6%

**16 Other long-term investments**

<b>As at 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Available-for-sale investments, net	40,652	1,006,784	-	987,028
General investments	1,419	5,321	1,500	1,500
Net book amount	<u>42,071</u>	<u>1,012,105</u>	<u>1,500</u>	<u>988,528</u>

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

<b>For the years ended 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Opening net book value	1,006,784	2,650,641	987,028	2,626,527
Additions	23,703	-	-	-
Disposals, net	(1,020,698)	(1,656,612)	(1,020,698)	(1,652,219)
Change in fair value of investments	31,377	12,732	33,670	12,720
Translation adjustment	(514)	23	-	-
Net book amount	<u>40,652</u>	<u>1,006,784</u>	<u>-</u>	<u>987,028</u>

17 Goodwill

	<b>Consolidated financial statements</b>
	<b>Thousand Baht</b>
<b>As at 1 January 2017</b>	
Cost	13,646,643
<u>Less</u> Allowance for impairment	-
<b>Net book amount</b>	<b>13,646,643</b>
<b>For the year ended 31 December 2017</b>	
Opening net book amount	13,646,643
Translation adjustment	433,422
<b>Closing net book amount</b>	<b>14,080,065</b>
<b>As at 31 December 2017</b>	
Cost	14,080,065
<u>Less</u> Allowance for impairment	-
<b>Net book amount</b>	<b>14,080,065</b>
<b>For the year ended 31 December 2018</b>	
Opening net book amount	14,080,065
Impairment	(268,452)
Translation adjustment	(677,544)
<b>Closing net book amount</b>	<b>13,134,069</b>
<b>As at 31 December 2018</b>	
Cost	13,396,203
<u>Less</u> Allowance for impairment	(262,134)
<b>Net book amount</b>	<b>13,134,069</b>

Impairment charge arose in a CGU of frozen and chilled in Europe continents following the decision to divest chilled salmon business as mentioned in Note 12.

17 **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.

	<b>Consolidated financial statements</b>			
	<b>Ambient seafood business Thousand Baht</b>	<b>Frozen and chilled seafood and related business Thousand Baht</b>	<b>Pet food, value-added and other business Thousand Baht</b>	<b>Total Thousand Baht</b>
<b>As at 31 December 2017</b>				
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	<u>12,755,465</u>	<u>1,324,600</u>	<u>-</u>	<u>14,080,065</u>
<b>As at 31 December 2018</b>				
Asia continents	42,358	-	-	42,358
Europe continents	12,055,558	523,317	-	12,578,875
US continents	32,516	480,320	-	512,836
Goodwill allocation	<u>12,130,432</u>	<u>1,003,637</u>	<u>-</u>	<u>13,134,069</u>

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.

	<b>Europe continents - Ambient seafood business</b>	<b>Europe continents - Frozen and chilled seafood and related business</b>	<b>US continents - Frozen and chilled seafood and related business</b>
Growth rate	1.5%	1.5%	2.5%
Discount rate	7.1%	6.6%	7.6%

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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**18 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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered within 12 months	385,831	497,502	-	100
Deferred tax asset to be recovered after more than 12 months	1,625,643	992,673	46,094	23,159
	<u>2,011,474</u>	<u>1,490,175</u>	<u>46,094</u>	<u>23,259</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(183,161)	(99,256)	-	-
Deferred tax liabilities to be settled after more than 12 months	(4,635,317)	(4,903,259)	(3,150)	(3,450)
	<u>(4,818,478)</u>	<u>(5,002,515)</u>	<u>(3,150)</u>	<u>(3,450)</u>
<b>Deferred tax assets (liabilities), net</b>	<u>(2,807,004)</u>	<u>(3,512,340)</u>	<u>42,944</u>	<u>19,809</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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Deferred tax assets included in assets of disposal group classified as held-for-sale	130,283	-	-	-
Deferred tax assets, net	1,422,412	1,079,837	42,944	19,809
Deferred tax liabilities, net	(4,359,699)	(4,592,177)	-	-
<b>Deferred tax assets (liabilities), net</b>	<u>(2,807,004)</u>	<u>(3,512,340)</u>	<u>42,944</u>	<u>19,809</u>

The gross movement of deferred income taxes is as follows:

As at 1 January	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Credited/(charged) to profit or loss	336,193	401,055	23,135	(1,501)
Charged to other comprehensive income	23,324	2,795	-	3,601
Reclassification	178,329	-	-	-
Translation adjustment	167,490	(120,639)	-	-
<b>As at 31 December</b>	<u>(2,807,004)</u>	<u>(3,512,340)</u>	<u>42,944</u>	<u>19,809</u>

**Thai Union Group Public Company Limited**  
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**18 Deferred income taxes (continued)**

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

	<b>Consolidated financial statements</b>					
	<b>As at 1 January 2017 Thousand Baht</b>	<b>Credited/(charged) to</b>		<b>Reclassification Thousand Baht</b>	<b>Translation adjustment Thousand Baht</b>	<b>As at 31 December 2017 Thousand Baht</b>
		<b>Profit and loss Thousand Baht</b>	<b>Other comprehensive income Thousand Baht</b>			
<b>Deferred tax assets</b>						
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 associates	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
<b>Total</b>	<b>1,411,970</b>	<b>123,946</b>	<b>(3,987)</b>	<b>-</b>	<b>(41,754)</b>	<b>1,490,175</b>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**18 Deferred income taxes (continued)**

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

	<b>Consolidated financial statements</b>					
	<b>As at 1 January 2017 Thousand Baht</b>	<b>Charged/(credited) to</b>		<b>Reclassification Thousand Baht</b>	<b>Translation adjustment Thousand Baht</b>	<b>As at 31 December 2017 Thousand Baht</b>
		<b>Profit and loss Thousand Baht</b>	<b>Other comprehensive Income Thousand Baht</b>			
<b>Deferred tax liabilities</b>						
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)
<b>Total</b>	<b>(5,207,521)</b>	<b>277,109</b>	<b>6,782</b>	<b>-</b>	<b>(78,885)</b>	<b>(5,002,515)</b>
<b>Deferred tax assets (liabilities), net</b>	<b>(3,795,551)</b>	<b>401,055</b>	<b>2,795</b>	<b>-</b>	<b>(120,639)</b>	<b>(3,512,340)</b>

**Thai Union Group Public Company Limited**  
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**18 Deferred income taxes (continued)**

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

	<b>Consolidated financial statements</b>					
	<b>As at 1 January 2018 Thousand Baht</b>	<b>Credited/(charged) to</b>		<b>Reclassification Thousand Baht</b>	<b>Translation adjustment Thousand Baht</b>	<b>As at 31 December 2018 Thousand Baht</b>
		<b>Profit and loss Thousand Baht</b>	<b>Other comprehensive income Thousand Baht</b>			
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	29,007	11,353	-	-	(197)	40,163
Allowance for net realisable value of inventories and inventory costs	475,768	7,608	-	-	(8,913)	474,463
Allowance for impairment and depreciation of property, plant and equipment	1,329	26,689	-	-	(523)	27,495
Amortisation of intangible assets	208,023	18,931	-	-	(11,172)	215,782
Derivative contracts	30,747	(16,956)	-	-	(430)	13,361
Investment in associates	204,744	(180,851)	-	-	(1,666)	22,227
Employee benefit obligations	104,775	28,668	(10,488)	-	(1,919)	121,036
Provisions and liabilities	199,790	(111,824)	-	-	(4,017)	83,949
Tax loss carried forward	138,471	658,104	-	178,329	(14,416)	960,488
Others	97,521	(41,722)	-	-	(3,289)	52,510
<b>Total</b>	<b>1,490,175</b>	<b>400,000</b>	<b>(10,488)</b>	<b>178,329</b>	<b>(46,542)</b>	<b>2,011,474</b>

**Thai Union Group Public Company Limited**  
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**18 Deferred income taxes (continued)**

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

	<b>Consolidated financial statements</b>					
	<b>As at 1 January 2018 Thousand Baht</b>	<b>Charged/(credited) to</b>		<b>Reclassification Thousand Baht</b>	<b>Translation adjustment Thousand Baht</b>	<b>As at 31 December 2018 Thousand Baht</b>
		<b>Profit and loss Thousand Baht</b>	<b>Other comprehensive Income Thousand Baht</b>			
<b>Deferred tax liabilities</b>						
Depreciation of property, plant and equipment	(430,666)	36,905	-	-	5,812	(387,949)
Amortisation of intangible assets	(4,128,080)	8,409	-	-	198,082	(3,921,589)
Derivative contracts	(16,832)	2,489	-	-	136	(14,207)
Investment in associates	(237,859)	(97,881)	33,812	-	759	(301,169)
Finance lease liabilities	(11,501)	(1,617)	-	-	601	(12,517)
Inventory costs	(139,410)	2,251	-	-	6,615	(130,544)
Others	(38,167)	(14,363)	-	-	2,027	(50,503)
<b>Total</b>	<b>(5,002,515)</b>	<b>(63,807)</b>	<b>33,812</b>	<b>-</b>	<b>214,032</b>	<b>(4,818,478)</b>
<b>Deferred tax assets (liabilities), net</b>	<b>(3,512,340)</b>	<b>336,193</b>	<b>23,324</b>	<b>178,329</b>	<b>167,490</b>	<b>(2,807,004)</b>

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**18 Deferred income taxes (continued)**

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

	Separate financial statements						
	As at 1 January 2017 Thousand Baht	Charged/(credited) to		As at 31 December 2017 Thousand Baht	Charged/(credited) to		As at 31 December 2018 Thousand Baht
		Profit and loss Thousand Baht	Other comprehensive income Thousand Baht		Profit and loss Thousand Baht	Other comprehensive income Thousand Baht	
<b>Deferred tax assets</b>							
Allowance for doubtful accounts	5,674	(174)	-	5,500	7,959	-	13,459
Allowance for net realisable value of inventories	3,014	(2,914)	-	100	(100)	-	-
Employee benefit obligations	11,704	1,839	3,601	17,144	15,491	-	32,635
Others	330	185	-	515	(515)	-	-
<b>Total</b>	<b>20,722</b>	<b>(1,064)</b>	<b>3,601</b>	<b>23,259</b>	<b>22,835</b>	<b>-</b>	<b>46,094</b>
<b>Deferred tax liabilities</b>							
Depreciation of property, plant and equipment	(2,997)	(102)	-	(3,099)	53	-	(3,046)
Finance lease liabilities	-	-	-	-	(104)	-	(104)
Others	(16)	(335)	-	(351)	351	-	-
<b>Total</b>	<b>(3,013)</b>	<b>(437)</b>	<b>-</b>	<b>(3,450)</b>	<b>300</b>	<b>-</b>	<b>(3,150)</b>
<b>Deferred tax assets (liabilities), net</b>	<b>17,709</b>	<b>(1,501)</b>	<b>3,601</b>	<b>19,809</b>	<b>23,135</b>	<b>-</b>	<b>42,944</b>

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**18 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 858 million (2017: Baht 570 million) in respect of losses amounting to Baht 4,121 million (2017: Baht 2,688 million) that can be carried forward against future taxable income. Losses amounting to Baht 2,219 million (2017: Baht 1,235 million) will expire between 2019 and 2027 (2017: between 2018 and 2024).

**19 Other non-current assets**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Unamortised discount on derivative contracts	522,436	290,839	522,436	290,839
Advance payment for purchase of construction and equipment	297,003	390,180	1,360	-
Deposit and guarantee	259,381	433,955	27,853	35,385
Accrued interest income - related parties (Note 36)	450,454	-	-	-
Others	222,464	186,905	-	-
Total other non-current assets	<u>1,751,738</u>	<u>1,301,879</u>	<u>551,649</u>	<u>326,224</u>

**20 Bank overdrafts and short-term loans from financial institutions**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Bank overdrafts	275,106	242,316	-	-
Short-term loans	8,148,552	5,318,163	2,463,770	2,467,258
Trust receipts and packing credits	4,951,718	9,685,295	1,325,306	2,773,022
Total bank overdrafts and short-term loans from financial institutions	<u>13,375,376</u>	<u>15,245,774</u>	<u>3,789,076</u>	<u>5,240,280</u>

As at 31 December 2018, the Group's bank overdrafts bear interest rate at the range of 1.25% per annum (2017: 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 0.70% per annum to 4.00% per annum and at the range of 0.70% per annum to 1.85% per annum, respectively (2017: 0.60% per annum to 4.25% per annum and 0.60% per annum to 1.97% per annum, respectively).

The credit facilities were secured by the Group's property, plant and equipment (Note 14) and inventories (Note 10).

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**21 Trade and other payables**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Trade payable - third parties	12,833,142	13,329,181	2,920,946	2,811,590
Trade payable - related parties (Note 36)	331,595	284,285	510,689	527,646
Accrued expenses and other payables - third parties	5,886,965	5,277,197	759,040	825,912
Accrued expenses and other payables - related parties	49,434	47,834	16,294	30,163
Dividend payable	19,561	17,061	902	5,060
Deposits and unearned revenue	165,025	308,300	20,096	36,404
Construction and equipment purchase payable - third parties	430,128	550,831	166,504	148,882
Construction and equipment purchase payable - related parties	10,219	7,984	1,263	359
<b>Total trade and other payables</b>	<b>19,726,069</b>	<b>19,822,673</b>	<b>4,395,734</b>	<b>4,386,016</b>

**22 Long-term loans from financial institutions, net**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Current portion of long-term loans from financial institutions, net	146,963	849,286	-	797,144
Non-current portion of long-term loans from financial institutions, net	14,568,721	14,711,748	14,078,732	14,073,831
<b>Total long-term loans from financial Institutions, net</b>	<b>14,715,684</b>	<b>15,561,034</b>	<b>14,078,732</b>	<b>14,870,975</b>

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

For the year ended 31 December 2018	Consolidated	Separate
	financial statements Thousand Baht	financial statements Thousand Baht
Opening balance	15,561,034	14,870,975
Additions	49,819	-
Amortisation of financial fees	16,737	16,737
Repayments	(865,245)	(779,620)
Gain on foreign exchange rates	(25,320)	(29,360)
Translation adjustment	(21,341)	-
<b>Closing balance</b>	<b>14,715,684</b>	<b>14,078,732</b>

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

As at 31 December 2018, long-term loans from financial institutions are for operation, purchase of machinery, investments in subsidiaries, associates and joint ventures and construction of factory. The loans of Baht 248.33 million (2017: Baht 67.08 million) are secured by the Group's property, plant and equipment. The Group and the Company are 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 equals 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	
	2018	2017
Baht	Baht 32,840 million	Baht 33,750 million
US Dollar	USD 265 million	USD 316 million
Euro	EUR 24 million	EUR 27 million
Canadian Dollar	CAD 2 million	-

**23 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.

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.

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**23 Debentures, net (continued)**

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 2018 Million Baht	As at 31 December 2017 Million Baht
Debentures # 1/2011 (3)	5.02	10 years	27 July 2021	1,500	1,500	1,500
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	2,446	2,464
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	3,500
Debentures #1/2017 (2)	2.91	5 years	19 January 2022	2,000	2,000	2,000
Debentures #1/2017 (3)	3.58	7 years	19 January 2024	2,500	2,500	2,500
Debentures #1/2017 (4)	3.94	10 years	19 January 2027	4,000	4,000	4,000
Total debentures - face value					36,196	36,214
Less Unamortised issuance costs					(34)	(45)
Total debentures, net					36,162	36,169
Less Current portion of debentures, net					(9,148)	-
Non-current portion of debentures, net					27,014	36,169

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 2018	Consolidated and separate financial statements
	Thousand Baht
Opening balance	36,168,880
Unrealised gain on foreign exchange rate:	(17,430)
Amortisation of issuance costs	11,038
Closing balance	36,162,488

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**23 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	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Debentures, net	36,162,488	36,168,880	36,799,997	37,443,940

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate of 1.66% - 3.56% per annum (2017: 1.63% - 3.38 % per annum) and are within level 2 of the fair value hierarchy (Note 3.3).

**24 Finance lease liabilities, net**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current portion of finance lease liabilities	39,001	47,257	6,102	7,278
Non-current portion of finance lease liabilities	113,978	154,785	6,700	12,802
Total finance lease liabilities, net	152,979	202,042	12,802	20,080

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Not later than one year	44,912	54,196	6,523	7,970
Later than 1 year but not later than 5 years	110,669	132,119	6,860	13,384
Later than 5 years	11,230	35,417	-	-
	166,811	221,732	13,383	21,354
<u>Less</u> Future finance charges on finance leases	(13,832)	(19,690)	(581)	(1,274)
Present value of finance lease liabilities	152,979	202,042	12,802	20,080

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**24 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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Not later than one year	39,001	47,257	6,102	7,278
Later than 1 year but not later than 5 years	102,889	120,394	6,700	12,802
Later than 5 years	11,089	34,391	-	-
	<u>152,979</u>	<u>202,042</u>	<u>12,802</u>	<u>20,080</u>

**25 Other non-current liabilities**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Option over non-controlling interests of an oversea subsidiary	1,866,322	2,024,879	-	-
Unamortized premium on derivative contracts	502,582	615,340	502,582	615,340
Others	522,766	440,583	30,168	44,989
Total other non-current liabilities	<u>2,891,670</u>	<u>3,080,802</u>	<u>532,750</u>	<u>660,329</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 has 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.

**26 Employee benefit obligations**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Liability in the statement of financial position				
- Retirement benefits	<u>2,470,590</u>	<u>2,356,189</u>	<u>786,950</u>	<u>707,644</u>
Profit or loss charge included in the statement of income				
- Retirement benefits	<u>334,247</u>	<u>180,459</u>	<u>102,845</u>	<u>74,474</u>
Remeasurement for				
- Retirement benefits	<u>(72,255)</u>	<u>326,097</u>	<u>-</u>	<u>163,796</u>

**26 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:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
As at 1 January	2,356,189	1,916,304	707,644	455,667
Current service cost	263,461	200,137	86,645	60,676
Past service cost	2,699	(94,687)	-	-
Interest cost	68,087	75,009	16,200	13,798
	<u>334,247</u>	<u>180,459</u>	<u>102,845</u>	<u>74,474</u>
Remeasurements:				
(Gain)/Loss from change in demographic assumptions	(5,747)	(28,683)	-	(73,207)
(Gain)/Loss from change in financial assumptions	(53,985)	59,170	-	72,025
Experience (Gain)/Loss	(12,523)	295,610	-	164,978
	<u>(72,255)</u>	<u>326,097</u>	<u>-</u>	<u>163,796</u>
Benefit payments	(135,913)	(58,237)	(23,539)	(8,147)
Reclassification	-	-	-	21,854
Translation adjustment	(11,678)	(8,434)	-	-
As at 31 December	<u>2,470,590</u>	<u>2,356,189</u>	<u>786,950</u>	<u>707,644</u>

The Group and the Company expect to pay Baht 89 million and Baht 28 million, respectively, of retirement benefits during the next year. (2017: Baht 226 million and Baht 117 million, respectively).

As at 31 December 2018, the weighted average durations of the liabilities for retirement benefits for the Group and the Company are 12 years and 12 years, respectively (2017: 13 years and 13 years, respectively).

**26 Employee benefit obligations** (continued)

**Retirement benefits plans** (continued)

The principal actuarial assumptions used are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Discount rate (%)	1.0 - 19.5	1.0 - 15.0	1.4 - 3.9	1.4 - 3.9
Salary growth rate (%)	1.5 - 15.0	1.5 - 15.0	3.5 - 7.0	3.5 - 7.0
	<b>Consolidated financial statements</b>			
	<b>Impact on defined benefit obligation</b>			
	<b>Increase in assumption by 1%</b>		<b>Decrease in assumption by 1%</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Discount rate	(213,863)	(215,068)	248,974	251,365
Salary growth rate	264,182	213,209	(230,794)	(212,051)
	<b>Separate financial statements</b>			
	<b>Impact on defined benefit obligation</b>			
	<b>Increase in assumption by 1%</b>		<b>Decrease in assumption by 1%</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Discount rate	(61,958)	(58,321)	71,603	67,458
Salary growth rate	75,246	64,125	(66,280)	(56,771)

The above sensitivity analysis 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.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated and the separate financial statements will be impacted. The Group and the Company is currently assessing the impact of such change.

**27 Share capital and premium on share capital**

	<b>Number of issued and paid-up shares Shares</b>	<b>Ordinary shares Thousand Baht</b>	<b>Premium on share capital Thousand Baht</b>	<b>Total Thousand Baht</b>
As at 1 January 2017	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
Issue of shares	-	-	-	-
As at 31 December 2018	<u>4,771,815,496</u>	<u>1,192,954</u>	<u>19,948,329</u>	<u>21,141,283</u>

The total number of authorised ordinary shares is 5,971,815,496 shares (2017: 5,971,815,496 shares) with a par value of Baht 0.25 per share (2017: Baht 0.25 per share). There are 4,771,815,496 shares (2017: 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.

**28 Dividends**

On 5 April 2017, the Annual General Meeting of the Company approved a resolution to pay a dividend 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 operating profit 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 5 April 2018, the Annual General Meeting of the Company approved a resolution to pay a dividend of Baht 3,149 million from its net profit from operations of the year 2017. However, by the resolution of the meeting of the Company's Board of Directors held on 7 August 2017, the Company paid out the interim dividend payment of Baht 0.32 per share from the six-month operating profit ended 30 June 2017 to the Company's shareholders totalling Baht 1,527 million on 4 September 2017. The remaining dividend of Baht 0.34 per share or totalling Baht 1,622 million was paid on 23 April 2018.

On 6 August 2018, the Board of Directors' meeting of the Company passed a resolution to approve an interim dividend payment of Baht 0.25 per share to the Company's shareholders totalling Baht 1,193 million. The interim dividend was paid on 3 September 2018.

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**29 Legal reserve**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
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.

**30 Sales**

<b>For the years ended 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Sales	133,284,638	134,937,268	26,353,781	22,185,198
Management fee	-	-	262,917	226,411
Total sales and services	<u>133,284,638</u>	<u>134,937,268</u>	<u>26,616,698</u>	<u>22,411,609</u>

**31 Other income**

<b>For the years ended 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Tax coupon	209,341	167,959	22,178	18,163
Management fee	72,429	82,279	11,378	14,111
Amortised premium/discount on derivatives contracts	-	95,163	-	69,494
Other income	678,667	754,102	209,389	310,569
Total other income	<u>960,437</u>	<u>1,099,503</u>	<u>242,945</u>	<u>412,337</u>

**32 Finance costs**

<b>For the years ended 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Amortisation of financing costs	27,775	26,172	27,774	26,172
Interest expenses	1,857,031	1,843,128	1,658,059	1,675,876
Other finance costs	140,543	266,564	28,615	24,897
Total finance costs	<u>2,025,349</u>	<u>2,135,864</u>	<u>1,714,448</u>	<u>1,726,945</u>

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**33 Expense by nature**

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Changes in finished goods and work in process	840,785	(115,559)	311,063	(422,151)
Raw material and consumables used and purchased finished goods	86,412,831	84,826,703	20,633,556	16,539,195
Employee expenses	12,309,593	13,944,424	2,957,052	2,859,102
Depreciation on property, plant and equipment (Note 14)	2,758,014	2,527,849	424,756	371,850
Impairment of assets	398,243	12,576	10,386	-
Amortisation of intangible assets (Note 15)	230,900	232,965	52,686	31,876
Operating lease expenses	802,225	694,098	250,760	210,907
Research and development expenses	300	93,956	-	10,627

**34 Income tax**

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Current tax:</b>				
Current tax on profit for the year	422,634	381,661	4,815	1,833
Adjustments in respect of prior year	(77,154)	(79,542)	11,024	5,753
Total current tax	345,480	302,119	15,839	7,586
<b>Deferred income tax:</b>				
Decrease (increase) in deferred tax assets (Note 18)	(400,000)	(123,946)	(22,835)	1,064
Increase (decrease) in deferred tax liabilities (Note 18)	63,807	(277,109)	(300)	437
Total deferred income tax	(336,193)	(401,055)	(23,135)	1,501
<b>Total income tax expenses (income)</b>	<b>9,287</b>	<b>(98,936)</b>	<b>(7,296)</b>	<b>9,087</b>
<b>Income tax expenses (income) attributable to:</b>				
- From continuing operations	121,120	(65,114)	(7,296)	9,087
- From discontinued operation	(111,833)	(33,822)	-	-
<b>Total income tax expenses (income)</b>	<b>9,287</b>	<b>(98,936)</b>	<b>(7,296)</b>	<b>9,087</b>

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**34 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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Profit before tax from continuing operations	4,488,680	6,681,888	10,783,819	3,139,534
Loss before tax from discontinued operation	(824,923)	(320,149)	-	-
Total profit before tax	3,663,757	6,361,739	10,783,819	3,139,534
Tax calculated at tax rates of 10 - 34% (2017: 10 - 38%)	757,691	1,220,332	2,156,764	627,907
Tax effect of:				
Income not subject to tax	(1,091,521)	(984,846)	(2,333,453)	(769,894)
Additional expenses deductible for tax purpose	(392,539)	(577,639)	(12,189)	-
Expenses not deductible for tax purpose	178,478	191,641	7,528	24,910
Utilisation of previously unrecognised tax losses	(25,864)	(20,555)	-	-
Recognition of deferred tax assets from previously unrecognised tax losses and temporary differences	(222,211)	(33,004)	-	-
Tax losses and temporary differences for which no deferred tax asset was recognised	919,170	323,780	186,268	119,692
Adjustments in respect of prior year	(77,154)	(79,542)	11,024	5,753
Impact on change in tax rate	(58,689)	(152,764)	-	-
Others	21,926	13,661	(23,238)	719
Total income tax expenses (income)	9,287	(98,936)	(7,296)	9,087

The Group's weighted average applicable tax rate was 0.25% (2017: -1.55%). The change in average tax rate of the Group is due to the change in corporate income tax of foreign subsidiaries.

The Company's weighted average applicable tax rate was -0.07% (2017: 0.29%).

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**34 Income tax (continued)**

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

For the years ended 31 December	Consolidated financial statements					
	2018			2017		
	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	72,255	(10,488)	61,767	(326,097)	(3,987)	(330,084)
Other reserves	4,879	-	4,879	(270,172)	-	(270,172)
Change in fair values of available-for-sale investments	31,377	-	31,377	12,732	-	12,732
Translation adjustment	(1,191,126)	33,812	(1,224,938)	(786,274)	6,782	(779,492)
<b>Other comprehensive income (expenses)</b>	<b>(1,082,615)</b>	<b>23,324</b>	<b>(1,126,915)</b>	<b>(1,369,811)</b>	<b>2,795</b>	<b>(1,367,016)</b>
For the years ended 31 December	Separate financial statements					
	2018			2017		
	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	33,669	-	33,669	12,720	-	12,720
<b>Other comprehensive income (expenses)</b>	<b>33,669</b>	<b>-</b>	<b>33,669</b>	<b>(151,076)</b>	<b>3,601</b>	<b>(147,475)</b>

**35 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	
	2018	2017	2018	2017
Net profit attributable to the owners of the parent (Thousand Baht)				
- From continuing operations	3,969,301	6,275,511	10,791,115	3,130,447
- From discontinued operation	(713,090)	(286,327)	-	-
Net profit attributable to the owners of the parent (Thousand Baht)	<u>3,256,211</u>	<u>5,989,184</u>	<u>10,791,115</u>	<u>3,130,447</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>
<b>Basic earnings per share (Baht per share)</b>	<b>0.68</b>	<b>1.25</b>	<b>2.26</b>	<b>0.66</b>

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

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**36 Related party transactions**

The Company is the ultimate parent company. The largest shareholder of the Company is a group of Chansiri family, which owns 19.57% 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 13.

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

**i) Sales**

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Revenue from sales</b>				
Subsidiaries	-	-	13,270,873	9,370,739
Associates and joint ventures	3,737,677	4,908,962	56,715	18,805
Other related companies	833,112	960,740	309,810	504,933
	<u>4,570,789</u>	<u>5,869,702</u>	<u>13,637,398</u>	<u>9,894,477</u>
<b>Interest income</b>				
Subsidiaries	-	-	1,797,045	1,611,747
Associates and joint ventures	937,735	937,683	1,101	-
	<u>937,735</u>	<u>937,683</u>	<u>1,798,146</u>	<u>1,611,747</u>
<b>Dividend income</b>				
Subsidiaries	-	-	4,837,845	2,079,215
Associates and joint ventures	-	-	92,777	87,483
	<u>-</u>	<u>-</u>	<u>4,930,622</u>	<u>2,166,698</u>
<b>Other income</b>				
Subsidiaries	-	-	139,073	222,390
Associates and joint ventures	161,597	179,769	4,796	6,449
Other related companies	312	390	296	256
	<u>161,909</u>	<u>180,159</u>	<u>144,165</u>	<u>229,095</u>

**Thai Union Group Public Company Limited**  
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**36 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 years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Purchase of goods and services</b>				
Subsidiaries	-	-	1,640,086	2,182,126
Associates and joint ventures	894,518	801,320	34,966	333,925
Other related companies	1,550,586	1,645,895	130,428	100,351
	<u>2,445,104</u>	<u>2,447,215</u>	<u>1,805,480</u>	<u>2,616,402</u>
<b>Purchase of fixed assets</b>				
Subsidiaries	-	-	56,086	4,207
Associates and joint ventures	4,102	-	4,102	-
Other related companies	136,051	161,334	20,891	18,899
	<u>140,153</u>	<u>161,334</u>	<u>81,079</u>	<u>23,106</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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Trade receivables - related parties</b>				
Subsidiaries	-	-	2,458,327	1,933,552
Associates and joint ventures	619,742	139,793	39,976	3,355
Other related companies	46,796	64,934	12,794	38,259
	<u>666,538</u>	<u>204,727</u>	<u>2,511,097</u>	<u>1,975,166</u>
<b>Accrued interest income - related parties</b>				
Subsidiaries	-	-	581,510	466,796
Associates and joint ventures <sup>(1)</sup>	901,213	656,590	305	-
	<u>901,213</u>	<u>656,590</u>	<u>581,815</u>	<u>466,796</u>
<b>Trade payables - related parties</b>				
Subsidiaries	-	-	501,459	495,736
Associates and joint ventures	278,618	227,433	8,166	31,910
Other related companies	52,977	56,852	1,064	-
	<u>331,595</u>	<u>284,285</u>	<u>510,689</u>	<u>527,646</u>

<sup>(1)</sup> As at 31 December 2018, accrued interest income due from associates and joint ventures in the consolidated financial information includes non-current portion presented as other non-current assets of Baht 450.45 million.

36 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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	14,103,884	7,452,933
Associates and joint ventures	170,850	69,870	170,850	-
	<u>170,850</u>	<u>69,870</u>	<u>14,274,734</u>	<u>7,452,933</u>

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

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
As at 1 January	69,870	-	7,452,933	7,331,581
Additions	277,440	125,970	38,735,522	27,504,554
Transfers to long-term loan to related parties	-	-	(1,346,089)	-
Convert to investment	-	-	(487,123)	-
Repayments	(176,460)	(56,100)	(29,880,512)	(26,740,604)
Loss on exchange rates	-	-	(199,997)	(642,598)
As at 31 December	<u>170,850</u>	<u>69,870</u>	<u>14,274,734</u>	<u>7,452,933</u>

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Long-term loans to related parties</b>				
Subsidiaries	-	-	35,276,128	37,872,816
Associates and joint ventures	11,195,181	11,274,911	-	-
	<u>11,195,181</u>	<u>11,274,911</u>	<u>35,276,128</u>	<u>37,872,816</u>

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**36 Related party transactions (continued)**

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

**iv) Loans to/from related parties (continued)**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
As at 1 January	11,274,911	12,361,592	37,872,816	40,263,658
Additions	-	-	134,307	109,710
Transfers from short-term loan to related parties	-	-	1,346,089	-
Reclassification from trade and other receivables				
- related parties	-	-	2,920	-
Repayments	-	-	(2,956,887)	(1,649,270)
Loss on exchange rates	-	-	(1,123,117)	(851,282)
Translation adjustment	(79,730)	(1,086,681)	-	-
As at 31 December	11,195,181	11,274,911	35,276,128	37,872,816
<b>As at 31 December</b>				
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Short-term loans from related parties</b>				
Subsidiaries	-	-	-	693,499
Associates and joint ventures	92,600	119,300	-	-
	92,600	119,300	-	693,499

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
As at 1 January	119,300	77,000	693,499	923,957
Additions	115,950	155,970	8,333,609	6,678,394
Repayments	(142,650)	(113,670)	(8,966,645)	(6,905,979)
Gain on exchange rates	-	-	(60,463)	(2,873)
As at 31 December	92,600	119,300	-	693,499

**v) Directors and key management remuneration**

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

<b>For the years ended</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>31 December</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Short-term employee benefits	349,938	225,503	221,162	140,989
Post-employment benefits	36,892	24,116	9,302	9,959
Other long-term benefits	10,391	41,452	6,165	14,344
	397,221	291,071	236,629	165,292

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**37 Cash flows information**

**37.1 Cash flows from operating activities**

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

For the years ended 31 December	Notes	Consolidated financial information		Separate financial information	
		2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Profit before income tax:</b>					
From continuing operations		4,488,680	6,681,888	10,783,819	3,139,534
From discontinued operation		(824,923)	(320,149)	-	-
Total		<u>3,663,757</u>	<u>6,361,739</u>	<u>10,783,819</u>	<u>3,139,534</u>
<b>Adjustment items:</b>					
Depreciation expenses	14	2,758,014	2,527,849	424,756	371,850
Amortisation expenses	15	230,900	232,965	52,686	31,876
Amortisation of discount/ premium from derivative contracts		163,748	(95,172)	159,017	(69,494)
(Reversal of) Allowance for doubtful accounts		(9,565)	(69,150)	11,005	76,504
(Reversal of) Allowance for diminution in value of inventories		489,954	174,788	29,407	(6,584)
Allowance for loss on impairment of assets		16,155	12,576	10,386	-
Allowance for loss on impairment of investment in a subsidiary	13	-	-	-	20,700
Allowance for loss on impairment of assets disposals group classified as held-for-sale		382,089	15,581	-	-
Employee benefit obligations	26	334,247	180,459	102,845	74,474
Loss on disposals of assets of disposals group classified as held-for-sale		-	185,871	-	-
Gain on sale of investments		(27,633)	(165,934)	(27,633)	(165,973)
Gain on sale of investment in an associate		(182,289)	-	(4,979,422)	-
(Gain) Loss on disposals and write-offs of property, plant and equipment and intangible assets, net		10,676	17,541	(7,294)	4,149
Share of profit from investments in associates and joint ventures	13	(263,170)	(456,329)	-	-
Loss on exchange rates		1,109,375	526,660	1,071,239	531,879
Dividend income		(6,800)	(31,408)	(4,937,371)	(2,198,089)
Finance costs		2,025,349	2,140,793	1,714,448	1,726,945
Interest income		(1,054,490)	(1,053,045)	(1,893,534)	(1,722,555)
Total		<u>5,976,560</u>	<u>4,144,045</u>	<u>(8,269,465)</u>	<u>(1,324,318)</u>

**Thai Union Group Public Company Limited**  
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**37 Cash flows information (continued)**

**37.1 Cash flows from operating activities (continued)**

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

For the years ended 31 December	Consolidated financial information		Separate financial information	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Changes in operating assets and liabilities:</b>				
(Increase) Decrease in trade and other receivables	(423,193)	150,999	(643,913)	(10,936)
(Increase) Decrease in inventories	3,351,501	(4,792,131)	879,497	(614,391)
(Increase) Decrease in other current assets	(53,807)	180,094	5,412	39,577
(Increase) Decrease in other non-current assets	144,409	(264,197)	7,532	15,987
Increase in trade and other payables	556,293	2,201,694	59,142	722,017
Increase (Decrease) in other current liabilities	145,565	(282,610)	(856)	(4,905)
Increase (Decrease) in other non-current liabilities	74,036	47,360	(14,820)	26,209
Cash paid for employee benefit obligations	(135,913)	(71,680)	(23,539)	(8,147)
Total	<u>3,658,891</u>	<u>(2,830,471)</u>	<u>268,455</u>	<u>165,411</u>
Profit before income tax	3,663,757	6,361,739	10,783,819	3,139,534
Adjustment items	5,976,560	4,144,045	(8,269,465)	(1,324,318)
Changes in operating assets and liabilities	<u>3,658,891</u>	<u>(2,830,471)</u>	<u>268,455</u>	<u>165,411</u>
Cash flows receipts from operations	13,299,208	7,675,313	2,782,809	1,980,627
Income tax paid	(433,245)	(857,544)	(9,922)	(12,221)
<b>Net cash receipts from operating activities</b>	<u><u>12,865,963</u></u>	<u><u>6,817,769</u></u>	<u><u>2,772,887</u></u>	<u><u>1,968,406</u></u>

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**37 Cash flows information (continued)**

**37.2 Reconciliation of liabilities arising from financing activities**

Reconciliation of liabilities arising from financing activities are as follows:

	<b>Consolidated financial information</b>				
	<b>Short-term loans from financial institutions Thousand Baht</b>	<b>Short-term loans from related parties Thousand Baht</b>	<b>Long-term loans from financial institutions Thousand Baht</b>	<b>Debentures Thousand Baht</b>	<b>Finance lease liabilities Thousand Baht</b>
<b>For the years ended 31 December 2018</b>					
Opening net book value	15,003,458	119,300	15,561,034	36,168,880	202,042
Cash flows	(1,805,911)	(26,700)	(815,426)	-	(47,953)
<b>Non-cash changes:</b>					
Additions	-	-	-	-	6,048
Amortisation of financing fees	-	-	16,737	-	-
Amortisation of issuance costs	-	-	-	11,038	-
Gain on exchange rates	(22,222)	-	(25,320)	(17,430)	-
Translation adjustment	(75,055)	-	(21,341)	-	(7,158)
Closing balance	<u>13,100,270</u>	<u>92,600</u>	<u>14,715,684</u>	<u>36,162,488</u>	<u>152,979</u>
	<b>Consolidated financial information</b>				
	<b>Short-term loans from financial institutions Thousand Baht</b>	<b>Short-term loans from related parties Thousand Baht</b>	<b>Long-term loans from financial institutions Thousand Baht</b>	<b>Debentures Thousand Baht</b>	<b>Finance lease liabilities Thousand Baht</b>
<b>For the years ended 31 December 2017</b>					
Opening net book value	36,660,393	77,000	1,728,058	26,917,034	290,747
Cash flows	(21,587,856)	42,300	14,104,479	9,500,000	(96,977)
<b>Non-cash changes:</b>					
Additions	-	-	-	-	7,056
Finance fees payments	-	-	(83,429)	-	-
Issuance costs	-	-	-	(22,144)	-
Amortisation of financing fees	-	-	15,385	-	-
Amortisation of issuance costs	-	-	-	10,638	-
(Gain) loss on exchange rates	29,052	-	(201,256)	(236,648)	-
Translation adjustment	(98,131)	-	(2,203)	-	1,216
Closing balance	<u>15,003,458</u>	<u>119,300</u>	<u>15,561,034</u>	<u>36,168,880</u>	<u>202,042</u>

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**37 Cash flows information (continued)**

**37.2 Reconciliation of liabilities arising from financing activities (continued)**

Reconciliation of liabilities arising from financing activities are as follows (continued):

	Separate financial information				
	Short-term loans from financial institutions Thousand Baht	Short-term loans from related parties Thousand Baht	Long-term loans from financial institutions Thousand Baht	Debentures Thousand Baht	Finance lease liabilities Thousand Baht
<b>For the years ended 31 December 2018</b>					
Opening net book value	5,240,280	693,499	14,870,975	36,168,880	20,080
Cash flows	(1,429,722)	(633,036)	(779,620)	-	(7,278)
<b>Non-cash changes:</b>					
Amortisation of financing fees	-	-	16,737	-	-
Amortisation of issuance costs	-	-	-	11,038	-
Gain on exchange rates	(21,482)	(60,463)	(29,360)	(17,430)	-
Closing balance	<u>3,789,076</u>	<u>-</u>	<u>14,078,732</u>	<u>36,162,488</u>	<u>12,802</u>
	Separate financial information				
	Short-term loans from financial institutions Thousand Baht	Short-term loans from related parties Thousand Baht	Long-term loans from financial institutions Thousand Baht	Debentures Thousand Baht	Finance lease liabilities Thousand Baht
<b>For the years ended 31 December 2017</b>					
Opening net book value	28,638,929	923,957	1,542,851	26,917,034	32,321
Cash flows	(23,407,687)	(227,585)	13,597,800	9,500,000	(12,241)
<b>Non-cash changes:</b>					
Finance fees payments	-	-	(83,429)	-	-
Issuance costs	-	-	-	(22,144)	-
Amortisation of financing fees	-	-	15,385	-	-
Amortisation of issuance costs	-	-	-	10,638	-
(Gain) loss on exchange rates	9,038	(2,873)	(201,632)	(236,648)	-
Closing balance	<u>5,240,280</u>	<u>693,499</u>	<u>14,870,975</u>	<u>36,168,880</u>	<u>20,080</u>

### **38 Commitments and contingent liabilities**

#### **38.1 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	
	2018	2017	2018	2017
Land purchase agreement	Rupiah 48,500 million	-	-	-
Factory, building and warehouse construction agreements	Baht 583 million - EUR 12 million	Baht 167 million USD 1 million EUR 3 million	- - -	- - -
Purchase of machinery and equipment agreements	Baht 246 million - EUR 1 million	Baht 168 million USD 1 million EUR 3 million	Baht 23 million - -	Baht 2 million - -

#### **38.2 Guarantees**

- a) As at 31 December 2018, there were outstanding bank guarantees of Baht 29 million (2017: Baht 31 million) issued on behalf of the Company in the normal course of business.
- b) As at 31 December 2018, there were outstanding bank guarantees of Baht 92 million, USD 2 million, EUR 2 million, NOK 7 million, and PLN 1 million (2017: Baht 91 million, USD 2 million, EUR 3 million, NOK 6 million, and PLN 1 million) issued on behalf of the subsidiaries in the normal course of business.
- c) As at 31 December 2018, there was an outstanding letter of guarantee of USD 13 million (2017: 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 2018, there were outstanding bank guarantees of EUR 21 million, CAD 9 million, and CNY 6 million (2017: EUR 22 million, CAD 8 million, and CNY 6 million) issued on behalf of the Company to secure credit facilities of its subsidiaries.

**38 Commitments and contingent liabilities (continued)**

**38.3 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	
	2018 Thousand	2017 Thousand	2018 Thousand	2017 Thousand
Not later than 1 year				
- THB	217,864	168,770	144,062	107,967
- USD	3,290	2,554	251	173
- EUR	4,208	3,443	-	-
- NOK	1,860	750	-	-
- CAD	4	4	-	-
- GBP	262	-	-	-
Later than 1 year but not later than 5 years				
- THB	461,283	367,998	347,529	289,623
- USD	8,021	7,761	489	326
- EUR	4,432	5,216	-	-
- NOK	5,690	-	-	-
- CAD	10	13	-	-
- GBP	630	-	-	-
Later than 5 years				
- THB	131,496	68,683	125,235	64,921
- USD	1,959	3,364	-	-
- EUR	594	62	-	-
- NOK	1,315	-	-	-

**38 Commitments and contingent liabilities (continued)**

**38.4 Litigation**

**Tri-Union Seafoods LLC (Tri-U)**

On 15 July 2015, Tri-U was served with a subpoena from the United States Department of Justice (DOJ) concerning a DOJ antitrust investigation into the packaged seafood industry. Tri-U is fully cooperating with the government, including producing documents and other evidence responsive to the subpoena. Tri-U has been granted conditional leniency by the DOJ which means that, provided Tri-U continues to fully cooperate with the DOJ, neither the company nor any cooperating executives or employees will face prosecution or penalties. The DOJ investigation is ongoing.

Tri-U has also been named as a defendant in several separate civil class actions and direct civil actions (“Civil Actions”). The plaintiffs are various retailers, grocery stores, and consumers that allegedly purchased packaged seafood products from Tri-U and other named defendants. The Civil Actions allege a conspiracy to fix, raise, maintain, and/or stabilize prices for packaged seafood products within the United States, in violation of Sections 1 and 3 of the Sherman Antitrust Act (15 U.S.C. §§ 1, 3) and in violation of various state antitrust, consumer protection, deceptive trade practices and unfair competition statutes. Plaintiffs seek to recover damages.

During the second quarter of 2018, Tri-U reached resolution of the antitrust claim brought by one of its largest retail clients in the Civil Actions. Tri-U paid a cash settlement and will participate in a series of joint programs and new product promotions, including innovative product launches across the retailer’s stores. In addition, Tri-U has reached agreements to settle claims brought by a coalition of various other retailers. Based on these agreements, Tri-U has estimated the total settlements costs for all Civil Cases, which was recorded during the second quarter, of USD 42.6 million.

**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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**39 Financial instruments**

Fair value of financial derivatives are set out as below:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Assets</b>				
Foreign currency forward contracts	783,656	854,011	684,750	563,955
Interest rate swap contracts	-	20,615	-	-
Cross currency and interest rate swap contracts	1,276,914	1,888,653	1,276,914	1,888,653
	<u>2,060,570</u>	<u>2,763,279</u>	<u>1,961,664</u>	<u>2,452,608</u>
<b>Liabilities</b>				
Foreign currency forward contracts	122,166	236,576	65,100	63,112
Option contracts	2,790	19,325	-	306
Interest rate swap contracts	56,153	9,943	-	-
Cross currency and interest rate swap contracts	436,807	530,698	436,807	530,698
	<u>617,916</u>	<u>796,542</u>	<u>501,907</u>	<u>594,116</u>
<b>Assets (Liabilities), net</b>	<u>1,442,654</u>	<u>1,966,737</u>	<u>1,459,757</u>	<u>1,858,492</u>

**39.1 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 As at 31 December	Financial assets		Financial liabilities		Average exchange rate	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
EUR	489,407	499,976	77,021	144,271	37.13	39.03
USD	1,348,219	1,136,368	509,975	528,251	32.45	32.68
JPY	89,834	109,278	27,470	398,670	0.29	0.29
NOK	21,273	6,038	87,428	33,900	3.70	3.96
GBP	84,133	69,384	46,786	48,332	41.07	43.99
SEK	5,870	2,214	138	4,526	3.60	3.96
PLN	234,616	249,457	119,096	129,569	8.64	9.34
CZK	2,399	6,235	727	2,272	1.44	1.53
GHS	27,490	3,820	172,624	2,363	5.53	5.44
CNY	27,571	17,918	61,764	9,051	4.72	5.01

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**39 Financial instruments (continued)**

**39.1 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 2018		Contractual maturity date
			Contractual exchange rate		
			Bought amount	Sold amount	
<u>The Company</u>					
USD	1	764	32.41 Baht against USD	30.79 - 33.58 Baht against USD	January 2019 - December 2019
JPY	-	216	-	0.29 - 0.30 Baht against JPY	June 2019 - December 2019
EUR	-	217	-	37.49 - 48.45 Baht against EUR	March 2019 - December 2022
GBP	-	10	-	41.52 - 44.74 Baht against GBP	February 2019 - December 2019
<u>Subsidiaries</u>					
USD	2	265	32.60 -33.12 Baht against USD	31.77 - 33.19 Baht against USD	January 2019 - June 2019
JPY	-	227	-	0.29 - 0.30 Baht against JPY	June 2019 - January 2020
AUD	-	6	-	23.31 - 24.18 Baht against AUD	April 2019 - September 2019
USD	27	-	0.82 - 0.86 EUR against USD	-	February 2019 - December 2019
USD	20	-	0.71 - 0.79 GBP against USD	-	January 2019 - December 2019
USD	-	2	-	3.75 - 3.79 PLN against USD	January 2019 - December 2019
USD	3	-	6.84 – 6.85 CNY against USD	-	January 2019 - August 2019
EUR	39	-	0.90 - 0.92 GBP against EUR	-	January 2019 - December 2019
EUR	-	1	-	9.76 - 9.89 NOK against EUR	March 2019 - December 2019
NOK	397	-	0.10 EUR against NOK	-	January 2019 - December 2020
NOK	5	-	0.09 GBP against NOK	-	January 2019 - July 2019
PLN	2	-	0.23 EUR against PLN	-	January 2019 - December 2019
PLN	2	-	0.27 USD against PLN	-	January 2019 - March 2019
THB	7	-	0.21 CNY against THB	-	March 2019 - June 2019

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**39 Financial instruments (continued)**

**39.1 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 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

As at 31 December 2018, the Group had outstanding option contracts with special conditions with financial institutions under which they had obligations and to buy amounts of NOK 9 million at rates of EUR 0.11 per NOK 1 (2017: buy amounts of NOK 54 million at rates of EUR 0.11 per NOK 1). These agreements will expire within January 2019.

**39 Financial instruments (continued)**

**39.2 Interest rate swap contracts**

The details of outstanding interest rate swap contracts as at 31 December 2018 and 31 December 2017 are as follows:

The Company

The Company had no outstanding interest rate swap contracts as at 31 December 2018 and 31 December 2017.

Subsidiaries

<b>As at 31 December 2018 and 31 December 2017</b>				
	<b>Principal amount</b>	<b>Interest Revenue Rate Swap agreements</b>	<b>Interest Expense Rate Swap agreements</b>	<b>Termination date</b>
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

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**39 Financial instruments (continued)**

**39.3 Cross currency and interest rate swap contracts**

The details of outstanding cross currency and interest rate swap contracts as at 31 December 2018 and 2017 are as follows:

The Company

As at 31 December 2018					
	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 4,106 million	Fixed rate 2.32%	EUR 97 million	-	December 2019
2	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
3	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
4	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
5	Baht 80 million	Floating rate 6-month THBFIX plus 1.33%	EUR 2 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
6	EUR 27 million	Floating rate 3-month EURIBOR plus 2.10%	PLN 118 million	Floating rate 3-month WIBOR plus 3.38%	October 2021
7	Baht 1,066 million	Fixed rate 0.70%	EUR 27 million	Fixed rate 0.73%	October 2021
8	Baht 976 million	Floating rate 6-month THBFIX plus 1.80%	USD 30 million	Fixed rate 3.70%	June 2022
9	Baht 737 million	Fixed rate 2.88%	USD 23 million	Fixed rate 3.30%	June 2022
10	Baht 573 million	Fixed rate 2.88%	USD 18 million	Fixed rate 3.30%	June 2022
11	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
12	Baht 656 million	Fixed rate 4.53%	EUR 17 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
13	Baht 233 million	Fixed rate 3.69%	EUR 6 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
14	Baht 505 million	Fixed rate 3.30%	USD 14 million	Fixed rate 3.96%	June 2025
15	Baht 1,452 million	Fixed rate 3.05%	USD 40 million	Fixed rate 3.98%	June 2025
16	Baht 426 million	Fixed rate 3.68%	USD 13 million	Fixed rate 3.96%	June 2025
17	Baht 488 million	Fixed rate 4.00%	USD 15 million	Fixed rate 3.96%	January 2026
18	USD 75 million	Fixed rate 3.66%	Baht 2,529 million	Fixed rate 3.66%	April 2026

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**39 Financial instruments (continued)**

**39.3 Cross currency and interest rate swap contracts (continued)**

The details of outstanding cross currency and interest rate swap contracts as at 31 December 2018 and 2017 are as follows (continued):

The Company (continued)

<b>As at 31 December 2017</b>					
	<b>Currency and Interest Revenue Rate Swap agreements</b>		<b>Currency and Interest Expense Rate Swap agreements</b>		<b>Termination date</b>
	<b>Principal amount</b>	<b>Interest rate</b>	<b>Principal amount</b>	<b>Interest rate</b>	
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

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**39 Financial instruments (continued)**

**39.3 Cross currency and interest rate swap contracts (continued)**

The details of outstanding cross currency and interest rate swap contracts as at 31 December 2018 and 2017 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	
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
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

**40 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.

The Company’s revenue classified by BOI and Non-BOI promoted activities (revenue from Non-BOI business included non-exemption from the promotional privileges on corporate income tax and revenue after the exemption period) are as follows:

For the years ended 31 December	BOI promoted activities		Non-BOI promoted activities		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Domestic sales	2,931,669	3,709,801	1,695,686	1,832,226	4,627,355	5,542,027
Export sales	14,306,277	16,077,247	7,420,149	565,924	21,726,426	16,643,171
Total revenue from sales	17,237,946	19,787,048	9,115,835	2,398,150	26,353,781	22,185,198

**41 Events after the reporting period**

**Dividend**

On 20 February 2019, 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 2019, to pay a dividend of Baht 1,909 million from its net operating profit for the year 2018. However, by the resolution of the Company's Board of Directors held on 6 August 2018, the Company paid out the interim dividend of Baht 0.25 per share from operating profit for the six-month period ended 30 June 2018, to the Company's shareholders totaling Baht 1,193 million on 3 September 2018. The remaining dividend of Baht 0.15 per share or totaling Baht 716 million will be paid on 23 April 2019.