

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006

Report of Independent Auditor

To the Shareholders of Thai Union Frozen Products Public Company Limited

I have audited the accompanying consolidated balance sheets of Thai Union Frozen Products Public Company Limited and its subsidiaries as at 31 December 2007 and 2006, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Thai Union Frozen Products Public Company Limited for the same years. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of overseas subsidiaries, Thai Union International, Inc. and its subsidiaries and PT Juifa International Foods, which are included in the consolidated financial statements. As at 31 December 2007 and 2006, these subsidiaries had total assets of Baht 13,420 million and Baht 11,133 million (restated), respectively, and total revenues for the years then ended of Baht 26,825 million and Baht 26,990 million (restated), respectively. The financial statements of these subsidiaries were audited by another auditors whose reports have been furnished to me, and my opinion in so far as it relates to amounts included for those subsidiaries in the consolidated financial statements is based solely on the report of those auditors.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits and the reports of the other auditors referred to in the first paragraph, provide a reasonable basis for my opinion.

In my opinion, based on my audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Union Frozen Products Public Company Limited and its subsidiaries and of Thai Union Frozen Products Public Company Limited as at 31 December 2007 and 2006, the results of operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 4 to the financial statements whereby, effective 1 January 2007, the Company changed its accounting policy for recording investments in subsidiaries and associates in the separate financial statements from the equity method to the cost method, and the changes in differing accounting policies of the Company and its subsidiaries in the consolidated financial statements. The Company has thus restated the financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change.

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok: 22 February 2008

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006 (Restated)	2007	2006 (Restated)
Assets					
Current assets					
Cash and cash equivalents		485,405,281	365,142,065	1,717,128	3,818,769
Trade accounts receivable	6				
Related companies	7	15,195,017	19,641,156	1,546,486,096	901,667,999
Others		6,559,540,669	5,324,993,243	1,082,522,350	705,020,550
Total trade accounts receivable		6,574,735,686	5,344,634,399	2,629,008,446	1,606,688,549
Less: Allowance for doubtful accounts		(169,337,155)	(129,403,839)	(716,942)	(432,177)
Trade accounts receivable - net		6,405,398,531	5,215,230,560	2,628,291,504	1,606,256,372
Short-term loans to related parties	7	1,500,000	-	121,103,800	521,660,100
Short-term loans to other companies		300,000	31,696,260	-	-
Current portion of long-term loans to subsidiaries	7	-	-	192,923,425	-
Current portion of long-term loan to other company		2,083,333	2,083,333	-	-
Inventories - net	8	15,945,239,058	12,082,775,715	3,138,225,085	2,267,719,119
Other current assets					
Prepaid expenses		150,189,205	144,175,310	19,093,298	10,353,979
Prepaid income tax		92,305,676	195,597,118	39,087,550	44,369,295
Spareparts		132,669,395	126,334,121	13,881,434	11,218,488
Advance payments		42,435,387	25,739,094	7,474,243	859,466
Current portion of forward exchange contracts receivables		31,419,226	77,663,173	8,674,691	33,636,241
Value added tax refundable		114,227,301	118,894,395	48,364,974	50,365,318
Others	7	93,954,191	50,504,278	46,481,642	32,167,670
Total other current assets		657,200,381	738,907,489	183,057,832	182,970,457
Total current assets		23,497,126,584	18,435,835,422	6,265,318,774	4,582,424,817

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006 (Restated)	2007	2006 (Restated)
Non-current assets					
Restricted deposits with financial institutions	9	668,800	441,800	-	-
Investments in subsidiaries - net	10	-	-	3,320,367,453	3,340,521,503
Investments in associates - net	11	255,821,015	216,061,394	43,560,000	43,560,000
Long-term investments	12	90,602,257	98,364,147	4,539,500	4,654,300
Long-term loans to subsidiaries - net of current portion	7	-	-	4,470,790,675	4,984,553,900
Long-term loans to other company		16,666,667	18,750,000	-	-
Property, plant and equipment - net	13	7,728,002,138	6,054,203,133	1,678,608,220	1,514,578,600
Properties foreclosed - net	14	60,341,539	65,940,319	60,341,539	65,940,319
Leasehold rights - net		17,420,256	18,530,766	-	-
Intangible assets - net	15	705,830,949	844,790,169	-	-
Goodwill - net	16	206,705,245	224,598,303	-	-
Deferred tax assets	21	370,602,881	366,949,824	13,898,166	15,180,799
Other non-current assets		626,074,184	455,986,956	476,046,772	325,392,731
Total non-current assets		10,078,735,931	8,364,616,811	10,068,152,325	10,294,382,152
Total assets		33,575,862,515	26,800,452,233	16,333,471,099	14,876,806,969

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006 (Restated)	2007	2006 (Restated)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	17	8,939,339,007	5,277,390,683	2,687,169,425	1,539,032,106
Trade accounts payable					
Related companies	7	32,729,082	21,553,417	243,679,103	243,845,252
Others		2,943,642,492	2,110,725,866	814,997,730	494,734,457
Total trade accounts payable		2,976,371,574	2,132,279,283	1,058,676,833	738,579,709
Current portion of long-term loans	18	178,180,700	91,800,100	-	-
Short-term loans from related parties	7	8,000,000	-	205,400,000	829,600,000
Short-term loans from shareholders of subsidiaries	7	30,000,000	123,100,000	-	-
Other current liabilities					
Corporate income tax payable		75,340,113	51,067,390	-	-
Accrued expenses	7	541,072,361	428,244,791	145,044,274	124,397,425
Accounts payable - construction and asset purchase		163,710,897	45,574,227	23,851,606	26,599,619
Billback		190,880,429	224,239,056	-	-
Others		563,064,544	572,288,605	156,152,857	119,959,120
Total other current liabilities		1,534,068,344	1,321,414,069	325,048,737	270,956,164
Total current liabilities		13,665,959,625	8,945,984,135	4,276,294,995	3,378,167,979
Non-current liabilities					
Long-term loans from shareholder of subsidiary	7	26,222,400	-	-	-
Long-term loans - net of current portion	18	1,735,349,100	3,630,691,084	-	3,260,772,000
Debentures	19	3,200,000,000	-	3,200,000,000	-
Deferred tax liabilities	21	276,396,502	286,564,062	-	-
Other non-current liabilities		102,225,685	169,277,196	28,877,571	39,724,167
Total non-current liabilities		5,340,193,687	4,086,532,342	3,228,877,571	3,300,496,167
Total liabilities		19,006,153,312	13,032,516,477	7,505,172,566	6,678,664,146

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006 (Restated)	2007	2006 (Restated)
Shareholders' equity					
Share capital	20				
Registered					
885,090,950 ordinary shares of Baht 1 each		885,090,950	885,090,950	885,090,950	885,090,950
Issued and paid-up					
878,794,950 ordinary shares of Baht 1 each (2006: 874,055,950 ordinary shares of Baht 1 each)		878,794,950	874,055,950	878,794,950	874,055,950
Premium on shares capital		4,481,688,378	4,411,977,688	4,481,688,378	4,411,977,688
Unrealised loss on changes in the value of investments	12	(8,160,485)	(2,085,670)	(485,500)	(370,700)
Provision for changes in the value of pension fund	29	(6,440,234)	(23,790,030)	-	-
Translation adjustment		(73,045,204)	(11,968,047)	-	-
Retained earnings					
Appropriated - statutory reserve	23	89,000,000	89,000,000	89,000,000	89,000,000
Unappropriated		7,724,167,074	6,975,829,585	3,379,300,705	2,823,479,885
Equity attributable to the Company's shareholders		13,086,004,479	12,313,019,476	8,828,298,533	8,198,142,823
Minority interest - equity attributable to minority shareholders of subsidiaries		1,483,704,724	1,454,916,280	-	-
Total shareholders' equity		14,569,709,203	13,767,935,756	8,828,298,533	8,198,142,823
Total liabilities and shareholders' equity		33,575,862,515	26,800,452,233	16,333,471,099	14,876,806,969
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The accompanying notes are an integral part of the financial statements.

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DIRECTORS
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THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006 (Restated)	2007	2006 (Restated)
Revenues				
Sales	55,507,131,229	55,038,582,680	14,276,612,179	13,021,501,275
Other income				
Interest income	18,286,977	6,505,581	354,940,112	332,698,870
Dividend income	360,500	90,000	842,158,904	744,434,108
Compensation from accounts payable	60,385,828	62,398,507	32,516,590	31,859,021
Tax coupon received	90,557,198	54,978,392	15,752,261	5,253,457
Exchange gains	184,312,518	87,392,763	107,200,703	33,194,077
Others	206,190,231	176,455,439	74,262,365	56,768,329
Total other income	560,093,252	387,820,682	1,426,830,935	1,204,207,862
Share of income from investments in associates	4,909,621	17,973,952	-	-
Total revenues	56,072,134,102	55,444,377,314	15,703,443,114	14,225,709,137
Expenses				
Cost of sales	47,931,620,838	46,604,523,377	12,697,616,753	11,532,455,289
Selling and administrative expenses	5,285,511,416	5,832,518,402	1,029,272,710	1,137,733,986
Other expenses	4,397,034	6,824,797	917,909	508,336
Total expenses	53,221,529,288	52,443,866,576	13,727,807,372	12,670,697,611
Income before interest expense, income tax and minority interest	2,850,604,814	3,000,510,738	1,975,635,742	1,555,011,526
Interest expense	(579,946,233)	(608,354,387)	(269,242,222)	(286,798,665)
Corporate income tax (Note 21)	(262,932,114)	(133,291,717)	(72,877,433)	(10,692,229)
Income after corporate income tax	2,007,726,467	2,258,864,634	1,633,516,087	1,257,520,632
Net income of minority interest	(184,429,652)	(357,612,754)	-	-
Net income for the years	1,823,296,815	1,901,251,880	1,633,516,087	1,257,520,632
Basic earnings per share (Note 26)				
Net income	2.08	2.18	1.86	1.44
Diluted earnings per share (Note 26)				
Net income	2.07	2.17	1.86	1.43

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006 (Restated)	2007	2006 (Restated)
Cash flows from (used in) operating activities				
Net income for the years	1,823,296,815	1,901,251,880	1,633,516,087	1,257,520,632
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Net income of minority interest in subsidiary companies	184,429,652	357,612,754	-	-
	<u>2,007,726,467</u>	<u>2,258,864,634</u>	<u>1,633,516,087</u>	<u>1,257,520,632</u>
Adjustments for:				
Depreciation and amortisation	978,073,221	912,815,440	202,627,449	200,465,144
Amortisation of premium/discount from forward exchange contracts	30,463,585	616,420	32,290,591	2,313,460
Allowance for doubtful accounts	40,964,025	40,716,355	284,765	-
Allowance for diminution in value of inventories (reversal)	(16,419,095)	24,190,048	6,967,594	3,666,696
Share of income from investments in associates	(4,909,621)	(17,973,952)	-	-
Gain on sale of investment in subsidiary	-	(1,547,832)	-	-
Loss on liquidation of subsidiary	2,292,254	-	-	-
Allowance for impairment loss of investments in subsidiaries (reversal)	(2,123,590)	-	-	73,080
Gain on sale / write-off of property, plant and equipment	(2,226,928)	(3,918,869)	(638,625)	(789,390)
Loss on sale of properties foreclosed	11,167,311	3,600,000	11,167,311	3,600,000
Allowance for impairment loss of assets (reversal)	(12,871,750)	20,000,000	(8,838,220)	20,000,000
Deferred income tax (Note 21)	(21,226,845)	(18,529,798)	1,282,633	(3,024,206)
Exchange gain from repayment of loans	(146,772,000)	-	-	-
Unrealised exchange loss (gain)	185,939,890	(526,793,776)	(30,539,398)	(7,365,159)
Income from operating activities before change in operating assets and liabilities	<u>3,050,076,924</u>	<u>2,692,038,670</u>	<u>1,848,120,187</u>	<u>1,476,460,257</u>
Decrease (increase) in operating assets				
Trade accounts receivable	(1,423,130,458)	154,851,735	(1,034,939,916)	438,107,151
Inventories	(4,317,671,456)	(907,753,051)	(879,709,974)	(209,288,692)
Other current assets	31,131,321	45,234,505	(8,594,928)	(42,230,070)
Other non-current assets	(19,437,999)	31,606,040	(4,810)	(3,600,399)
Increase (decrease) in operating liabilities				
Trade accounts payable	905,170,339	(172,189,121)	327,487,961	(126,776,471)
Other current liabilities	162,922,298	(360,792,099)	54,935,856	28,100,818
Other non-current liabilities	(22,797,574)	2,502,979	(2,792,541)	8,496,384
Net cash from (used in) operating activities	<u>(1,633,736,605)</u>	<u>1,485,499,658</u>	<u>304,501,835</u>	<u>1,569,268,978</u>

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006 (Restated)	2007	2006 (Restated)
Cash flows from (used in) investing activities				
Increase in restricted deposits with financial institutions	(227,000)	-	-	-
Acquisitions of property, plant and equipment	(2,475,870,005)	(1,425,138,884)	(369,664,364)	(280,994,789)
Acquisitions of leasehold rights	(430,183)	(119,865)	-	-
Acquisitions of intangible assets	(3,631,000)	-	-	-
Proceeds from sales of property, plant and equipment	14,854,570	55,650,462	897,906	3,016,677
Proceeds from sales of properties foreclosed	3,269,689	300,000	3,269,689	300,000
Decrease (increase) in short-term loans to related parties	(1,500,000)	-	397,960,000	(251,400,000)
Decrease (increase) in short-term loans to other company	31,396,259	(28,784,013)	-	-
Decrease (increase) in long-term loans to subsidiaries	-	-	34,087,500	(3,477,451,000)
Proceed (cash paid) from sale of investment in subsidiaries	(207,721)	3,698,563	-	-
Proceed from return of capital of subsidiary company	-	-	40,554,050	-
Increase in investments in subsidiary companies (Note 10)	(5,122,500)	(105,192,634)	(20,400,000)	(140,664,045)
Increase in investments in associate	(34,850,000)	-	-	-
Decrease in unit trusts	-	2,010,000	-	-
Dividend received (Note 11)	-	18,750,000	-	-
Net cash from (used in) investing activities	(2,472,317,891)	(1,478,826,371)	86,704,781	(4,147,193,157)
Cash flows from (used in) financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	3,836,747,451	(2,814,776,151)	1,148,137,320	(739,528,578)
Increase (decrease) in short-term loans from subsidiaries	-	-	(632,200,000)	702,100,000
Increase (decrease) in short-term loans from associate	8,000,000	(16,000,000)	8,000,000	(16,000,000)
Increase (decrease) in short-term loans from shareholders of subsidiaries	(93,100,000)	30,000,000	-	-
Increase in long-term loans from shareholder of subsidiary	26,222,400	-	-	-
Increase (decrease) in long-term loans	(1,644,181,589)	3,156,679,600	(3,114,000,000)	3,494,715,000
Decrease in financial lease payable	(45,800,055)	(106,866,612)	-	-
Increase in debentures	3,200,000,000	-	3,200,000,000	-
Proceed from issued additional share capital	74,449,690	83,323,750	74,449,690	83,323,750
Decrease in minority interest - equity attributable to minority shareholders of subsidiaries	(164,667,382)	(88,287,731)	-	-
Dividend paid (Note 30)	(1,077,695,267)	(949,664,985)	(1,077,695,267)	(949,664,985)
Net cash from (used in) financing activities	4,119,975,248	(705,592,129)	(393,308,257)	2,574,945,187
Effect of exchange rate change to cash and cash equivalents	106,342,464	593,863,145	-	-
Net increase (decrease) in cash and cash equivalents	120,263,216	(105,055,697)	(2,101,641)	(2,978,992)
Cash and cash equivalents at beginning of year	365,142,065	470,197,762	3,818,769	6,797,761
Cash and cash equivalents at end of year	485,405,281	365,142,065	1,717,128	3,818,769

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2007</u>	<u>2006</u> (Restated)	<u>2007</u>	<u>2006</u> (Restated)
Supplement cash flows information				
Cash paid during the year for				
Interest expense	557,424,467	595,409,684	272,049,904	271,684,353
Corporate income tax	219,253,924	282,379,418	78,488,086	40,530,307
Non-cash items:				
Undue installments for acquisition of fixed assets	163,710,897	45,574,227	23,851,606	26,599,619
Unrealised loss (gain) on changes in the value of investments	6,074,815	4,134,551	114,800	(173,700)

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements								
	Issued and paid-up share capital	Premium on shares capital	Unrealised gain (loss) on changes in the value of investments	Provision for changes in the value of pension fund	Translation adjustment	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiaries	Total
						Appropriated statutory reserve	Unappropriated		
Balance as at 31 December 2005 - as previously reported	869,280,950	4,333,428,938	2,048,881	(26,751,495)	85,667,387	89,000,000	6,342,611,885	1,124,927,223	12,820,213,769
Cumulative effect of the change in accounting policies (Note 4)	-	-	-	-	(401,605)	-	(318,369,195)	-	(318,770,800)
Balance as at 31 December 2005 - as restated	869,280,950	4,333,428,938	2,048,881	(26,751,495)	85,265,782	89,000,000	6,024,242,690	1,124,927,223	12,501,442,969
Unrealised loss on changes in the value of investments	-	-	(4,134,551)	-	-	-	-	-	(4,134,551)
Provision for changes in the value of pension fund	-	-	-	2,961,465	-	-	-	-	2,961,465
Translation adjustment	-	-	-	-	(97,233,829)	-	-	-	(97,233,829)
Unrealised items in income statements	-	-	(4,134,551)	2,961,465	(97,233,829)	-	-	-	(98,406,915)
Net income for the year (restated)	-	-	-	-	-	-	1,901,251,880	357,612,754	2,258,864,634
Dividend paid (Note 30)	-	-	-	-	-	-	(949,664,985)	(113,005,893)	(1,062,670,878)
Issuance of share capital by converted warrants to ordinary shares (Note 20)	4,775,000	78,548,750	-	-	-	-	-	-	83,323,750
Additional investment in subsidiaries	-	-	-	-	-	-	-	85,382,196	85,382,196
Balance as at 31 December 2006 - as restated	874,055,950	4,411,977,688	(2,085,670)	(23,790,030)	(11,968,047)	89,000,000	6,975,829,585	1,454,916,280	13,767,935,756
Balance as at 31 December 2006 - as previously reported	874,055,950	4,411,977,688	(2,085,670)	(23,790,030)	(54,458,529)	89,000,000	7,353,507,171	1,454,916,280	14,103,122,860
Cumulative effect of the change in accounting policies (Note 4)	-	-	-	-	42,490,482	-	(377,677,586)	-	(335,187,104)
Balance as at 31 December 2006 - as restated	874,055,950	4,411,977,688	(2,085,670)	(23,790,030)	(11,968,047)	89,000,000	6,975,829,585	1,454,916,280	13,767,935,756
Unrealised loss on changes in the value of investments	-	-	(6,074,815)	-	-	-	-	-	(6,074,815)
Provision for changes in the value of pension fund	-	-	-	17,349,796	-	-	-	-	17,349,796
Translation adjustment	-	-	-	-	(61,077,157)	-	-	-	(61,077,157)
Unrealised items in income statements	-	-	(6,074,815)	17,349,796	(61,077,157)	-	-	-	(49,802,176)
Net income for the year	-	-	-	-	-	-	1,823,296,815	184,429,652	2,007,726,467
Dividend paid (Note 30)	-	-	-	-	-	-	(1,077,695,267)	(173,757,028)	(1,251,452,295)
Issuance of share capital by converted warrants to ordinary shares (Note 20)	4,739,000	69,710,690	-	-	-	-	-	-	74,449,690
Acquisition of investment in subsidiary	-	-	-	-	-	-	1,484,180	(1,484,180)	-
Liquidation of subsidiary	-	-	-	-	-	-	1,251,761	-	1,251,761
Increase in investment in subsidiary	-	-	-	-	-	-	-	19,600,000	19,600,000
Balance as at 31 December 2007	878,794,950	4,481,688,378	(8,160,485)	(6,440,234)	(73,045,204)	89,000,000	7,724,167,074	1,483,704,724	14,569,709,203

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Separate financial statements							Total
	Issued and paid-up share capital	Premium on shares capital	Unrealised gain (loss) on changes in the value of investments	Provision for changes in the value of pension fund	Translation adjustment	Retained earnings		
						Appropriated statutory reserve	Unappropriated	
Balance as at 31 December 2005 - as previously reported	869,280,950	4,333,428,938	2,048,881	(26,751,495)	85,667,387	89,000,000	6,342,611,885	11,695,286,546
Cumulative effect of the change in accounting policies (Note 4)	-	-	(2,593,281)	26,751,495	(85,667,387)	-	(3,826,987,647)	(3,888,496,820)
Balance as at 31 December 2005 - restated	869,280,950	4,333,428,938	(544,400)	-	-	89,000,000	2,515,624,238	7,806,789,726
Unrealised gain on changes in the value of investments	-	-	173,700	-	-	-	-	173,700
Unrealised items in income statements	-	-	173,700	-	-	-	-	173,700
Net income for the year (restated)	-	-	-	-	-	-	1,257,520,632	1,257,520,632
Dividend paid (Note 30)	-	-	-	-	-	-	(949,664,985)	(949,664,985)
Issuance of share capital by converted warrants to ordinary shares (Note 20)	4,775,000	78,548,750	-	-	-	-	-	83,323,750
Balance as at 31 December 2006 - as restated	874,055,950	4,411,977,688	(370,700)	-	-	89,000,000	2,823,479,885	8,198,142,823
Balance as at 31 December 2006 - as previously reported	874,055,950	4,411,977,688	(2,085,670)	(23,790,030)	(54,458,529)	89,000,000	7,353,507,171	12,648,206,580
Cumulative effect of the change in accounting policies (Note 4)	-	-	1,714,970	23,790,030	54,458,529	-	(4,530,027,286)	(4,450,063,757)
Balance as at 31 December 2006 - restated	874,055,950	4,411,977,688	(370,700)	-	-	89,000,000	2,823,479,885	8,198,142,823
Unrealised loss on changes in the value of investments	-	-	(114,800)	-	-	-	-	(114,800)
Unrealised items in income statements	-	-	(114,800)	-	-	-	-	(114,800)
Net income for the year	-	-	-	-	-	-	1,633,516,087	1,633,516,087
Dividend paid (Note 30)	-	-	-	-	-	-	(1,077,695,267)	(1,077,695,267)
Issuance of share capital by converted warrants to ordinary shares (Note 20)	4,739,000	69,710,690	-	-	-	-	-	74,449,690
Balance as at 31 December 2007	878,794,950	4,481,688,378	(485,500)	-	-	89,000,000	3,379,300,705	8,828,298,533

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

1. GENERAL INFORMATION

- 1.1 Thai Union Frozen Products Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand and listed in the Stock Exchange of Thailand on 22 November 1994.
- 1.2 The Company operates its business in Thailand and its subsidiaries operate their businesses in Thailand and overseas. Their principal activities in Thailand are the manufacture and export of frozen and canned seafood, and local subsidiaries are also engaged in the packaging and printing, pet food businesses and fishery. The principal activities of the overseas subsidiaries are the manufacture and distribution of canned seafood, and the import of shrimp and other frozen seafood products for sale to restaurant chains, retailers, wholesalers and food processors which are principally located in the United States and the manufacture and distribution of seafood which are principally located in Indonesia.
- 1.3 The Company’s registered address is located at 72/1 Moo 7, Sethakit 1 Road, Tambon Tarsrai, Amphur Muang, Samutsakorn. The Company has 3 branches in Bangkok and Samutsakorn.

2. BASIS OF PREPARATION

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the early adoption of Accounting Standard No. 56 “Accounting for Income Tax” which is in line with International Accounting Standard (IAS) No. 12 “Income Taxes” (revised 1996).

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Thai Union Frozen Products Public Company Limited and its subsidiaries as follows:

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		2007	2006	
		Percent	Percent	
<u>Held by the Company</u>				
Thai Union Manufacturing Co., Ltd.	Manufacturer & exporter of canned tuna and pet food	90.08	90.08	Thailand
Songkla Canning Pcl.	Manufacturer & exporter of canned seafood	90.44	90.44	Thailand
Thai Union Seafood Co., Ltd.	Manufacturer & exporter of frozen shrimp	51.00	51.00	Thailand
T-Holding Co., Ltd.	Distributor	90.00	90.00	Thailand
Thai Union Numhong Co., Ltd. (cessation of the operations)	Manufacturer & exporter of canned vegetables and fruit	100.00	100.00	Thailand
Thai Union Feedmill Co., Ltd.	Manufacturer & distributor of animal feeds	51.00	51.00	Thailand
Thai Union Graphic Co., Ltd.	Printing manufacturer	74.00	74.00	Thailand
Thai Union International, Inc. (TUI)	Holding company	100.00	100.00	USA
PT Juifa International Foods	Manufacturer & distributor of canned tuna and seafood	76.50	76.50	Indonesia
<u>Held by subsidiaries</u>				
COSI Trading (Shanghai) Co., Ltd. (100 percent held by Thai Union Manufacturing Co., Ltd.)	Liquidation	-	90.08	The People's Republic of China
Tri-Union Seafoods, LLC (100 percent held by TUI)	Manufacturer & distributor of canned tuna and seafood	100.00	100.00	USA
Tri-Union Samoa Packing Corporation (100 percent held by Tri-Union Seafoods, LLC)	Manufacturer & distributor of canned tuna and seafood	100.00	100.00	USA

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		2007 Percent	2006 Percent	
Empress International, Ltd. (Empress) (100 percent held by TUI)	Importer and distributor of frozen shrimp and other seafood	100.00	100.00	USA
Tri-Union Frozen Foods, LLC (70 percent held by TUI)	Importer and distributor of frozen seafood	70.00	70.00	USA
Empress International of California Ltd. (100 percent held by Empress)	Sales office	100.00	100.00	USA
Empress International Midwest Ltd. (100 percent held by Empress)	Sales office	100.00	100.00	USA
Asian-Pacific Can Co., Ltd. (90.5 percent held by Songkla Canning Pcl.)	Manufacturer & distributor of packaging for food products	81.85	81.85	Thailand
Marine Biotech Co., Ltd. (51 percent held by Thai Union Feedmill Co., Ltd.)	Distributor of aquaculture supplies	26.01	26.01	Thailand
Thai Marine Development Products Co., Ltd. (99.99 percent held by Thai Union Feedmill Co., Ltd.) (temporary cessation of the operations)	Shrimp breeding and rearing	50.99	50.99	Thailand
Thai Union Hatchery Co., Ltd. (formerly known as "High Health Thailand Co., Ltd.") (99.99 percent held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and rearing	51.00	30.60	Thailand
Phuket Fishing Co., Ltd. (100 percent held by Thai Union Manufacturing Co., Ltd.)	Deep-sea fishing fleet operation and fishery supply trading	90.08	-	Thailand
Samui Fishing Co., Ltd. (100 percent held by Thai Union Manufacturing Co., Ltd.)	Deep-sea fishing fleet operation and fishery supply trading	90.08	-	Thailand
Phang-nga Fishing Co., Ltd. (100 percent held by Thai Union Manufacturing Co., Ltd.)	Deep-sea fishing fleet operation and fishery supply trading	90.08	-	Thailand
Songkla Fishing Co., Ltd. (100 percent held by Thai Union Manufacturing Co., Ltd.)	Deep-sea fishing fleet operation and fishery supply trading	90.08	-	Thailand
Siam Fishing Pte. Ltd. (100 percent held by Thai Union Manufacturing Co., Ltd.)	General wholesale trade (including importers and exporters)	90.08	-	Singapore

- b) In February 2006, Thai Union International, Inc (TUI) entered into an agreement to invest approximately USD 2.1 million in the ordinary shares of Tri-Union Frozen Foods, LLC, an importer and distributor of frozen seafood in USA, representing a 70 percent interest in such company.

During the third quarter of 2006, the Company purchased the investment of 76.5 percent interest in PT Juifa International Foods, a company registered in Indonesia. These consolidated financial statements include the balance sheet of that company as at 31 December 2006 and the income statements for the period as from the investment date to 31 December 2006.

The net asset value of a subsidiary at the investment date consisted of the following: -

	(Unit: Thousand Baht)
Cash and deposits at financial institutions	4,871
Trade accounts receivable	46,922
Inventories	40,789
Property, plant and equipment - net	175,086
Other assets	58,815
Total assets	<u>326,483</u>
Bank overdrafts and short-term loans from financial institutions	22,978
Trade accounts payable	15,336
Other liabilities	45,548
Total liabilities	<u>83,862</u>
Net asset value	242,621
Net asset value attributable to the Company's investment	185,605
Negative goodwill	(75,541)
Purchase price	110,064
Less: Cash and deposits at financial institutions of subsidiary	<u>(4,871)</u>
Net cash paid for purchase of subsidiary	<u>105,193</u>

- c) The total assets and total revenues of the subsidiaries included in the consolidated financial statements are as follows: -

Company's name	Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	Percent	Percent (Restated)	Percent	Percent (Restated)
Thai Union Manufacturing Co., Ltd. and subsidiaries	12.81	13.32	18.35	18.56
Songkla Canning Pcl. and subsidiary	12.66	14.24	9.46	8.69
Thai Union Seafood Co., Ltd.	1.75	2.11	0.80	0.75
T-Holding Co., Ltd.	1.02	1.15	1.62	1.53
Thai Union Numhong Co., Ltd.	-	0.01	-	-
Thai Union Feedmill Co., Ltd. and subsidiaries	6.58	7.14	6.01	6.49
Thai Union Graphic Co., Ltd.	0.84	0.98	0.30	0.25
Thai Union International, Inc. (TUI) and subsidiaries	39.29	40.46	46.54	47.88
PT Juifa International Foods	0.68	1.08	1.30	0.80

- d) The financial statements of overseas subsidiaries are translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at the monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of "Translation adjustment" in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Investments in the subsidiaries as recorded in the Company's books of account are eliminated against the equity of the subsidiaries. The resultant difference is amortised over a period of 20 years commencing as from the date of acquisition of the investment.

2.3 The separate financial statements, which present investments in subsidiaries and associates presented under the cost method, have been prepared solely for the benefit of the public.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

a) Accounting Standards which are effective for the current year

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries and associates in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45 as discussed in Note 4.

b) Accounting Standards which are not effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied, except for the following accounting standards.

TAS 43 (revised 2007) “Business Combinations”

TAS 43 (revised 2007) does not require the Company to amortise goodwill acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less accumulated impairment losses. This accounting standard applies to goodwill arising from business combinations for which the agreement date is on or after 1 January 2008. Previously recognised goodwill can be accounted for prospectively, with the Company discontinuing the amortisation of the goodwill and instead testing for impairment, as from the beginning of the first fiscal year starting on or after 1 January 2008.

4. CHANGE IN ACCOUNTING POLICIES

During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries and associates in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous year’s separate financial statements as though the investments in the subsidiaries, jointly controlled entities and associates had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the year ended 31 December 2007 and 2006 by Baht 190 million (Baht 0.22 per share) and Baht 644 million (Baht 0.74 per share), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policies” in the separate statements of changes in shareholders’ equity.

In addition, during the first quarter of the current year, the Company changed the method for recording inventory of the overseas subsidiaries from the weighted average to first-in-first-out method, changed the method of recording goodwill and intangible assets of the overseas subsidiaries from using impairment tests at least annually to amortising them over their estimated useful lives of 20 years, and has not recorded interest rate swap of the overseas subsidiaries to fair value. The Company recorded the effects of these changes in recording of the accounting transactions of changed the results from the overseas subsidiaries as an adjustment against the beginning balance of retained earnings, and restated the financial statements presented herein for comparative purposes as though the Company had always recorded such transactions. The change have the effects of decreasing net income in the consolidated income statements for the years ended 31 December 2007 and 2006 by Baht 32 million (Baht 0.04 per share) and by Baht 59 million (Baht 0.07 per share), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policies” in the consolidated statements of changes in shareholders’ equity.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value of goods supplied, excluding value added tax, of goods supplied after deducting discount and allowances.

Sales of merchandise by an overseas subsidiary under commercial agreements are recognised when the subsidiary’s distributor sells such merchandise. The overseas subsidiary may be reimbursed for bank charges, warehousing, and certain other costs incurred in connection with these agreements, and the subsidiary records such reimbursements as a deduction from cost of sales.

Joint marketing arrangements involve seafood purchased from a distributor and sold by the overseas subsidiary. The income and losses, as defined in the specific agreements, are shared in various ways by the overseas subsidiary and the distributor or other party to the joint marketing arrangement. The overseas subsidiary records its share of the income or losses on such joint marketing arrangements upon the completion of the activities of the joint marketing arrangement, when all merchandise under the joint marketing arrangement has been sold and the income or losses have been allocated among the applicable parties.

Interest income

Interest income is recognised as interest accrues based on the effective rate method.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Tax coupon received

Subsidies granted by the Ministry of Finance in the form of tax coupons are recognised as income when the Company obtains written notification of approval of the tax coupon.

5.2 Cash and cash equivalents

Cash and cash equivalents included cash in hand and cash at banks with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

5.4 Inventories

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials are valued at cost (first-in, first-out method). Ingredients and packaging are valued at cost (weighted average method).

Some local subsidiaries record ingredients and packaging using the first-in, first-out method. The effect of the difference in accounting policy is immaterial to net income and the book values of inventories in the consolidated financial statements as at 31 December 2007 and 2006.

5.5 Investments

- a) Investments in available-for-sale securities are determined at fair value. Changes in the value of securities are recorded as a separate item in shareholders' equity until the securities are sold, when the change is included in determining income.
- b) Investments in non-marketable equity securities, which the Company classifies as other investment, are stated at cost net of allowance for loss on diminution in value (if any).
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

5.6 Property, plant and equipment and depreciation

Land is stated at cost. Land improvement, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any). Depreciation of land improvement, plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement, buildings and construction	-	10 - 20	years
Machinery and equipment	-	3 - 30	years
Furniture and fixture	-	3 - 20	years
Motor vehicles	-	5 - 10	years

Depreciation of machinery and equipment, furniture and fixture and motor vehicles of an oversea subsidiary is calculated on the declining balance basis over their estimated useful lives of 5 - 20 years. The effect of the difference in accounting policy is immaterial to net income.

No depreciation is provided for land and construction in progress.

Equipment under a capital lease is stated at the present value of the minimum lease payments and amortised on a straight-line method over the lesser of the lease term or the estimated useful life of the equipment.

Depreciation is included in determining income.

5.7 Properties foreclosed

Properties foreclosed are stated at the lower of cost and net realisable value less allowance for impairment of properties foreclosed.

5.8 Leasehold right and amortisation

Leasehold right is stated at cost less accumulated amortisation. Amortisation of leasehold right is calculated by reference to its cost on a straight-line basis over the period of lease.

5.9 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows: -

Trademarks	-	5, 10, 20	years
Copyrights	-	1 - 7	years

The amortisation is included in determining income.

5.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.11 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Exchange gains and losses are included in determining income.

5.12 Impairment of assets

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and its subsidiaries make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

5.13 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

An overseas subsidiary has a defined benefit pension plan covering all of its production employees in American Samoa. The benefits are based on a percentage of compensation during each year of service. The overseas subsidiary makes annual contributions to the plan equal to the minimum required by applicable regulations.

5.14 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.15 Income tax

5.15.1 Current tax

The Company and its subsidiaries calculate corporate income tax in accordance with the basis regulated in the Revenue Code.

5.15.2 Deferred tax

Deferred income tax is calculated based on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, by using the enacted tax rate at the balance sheet date.

The Company and its subsidiaries recognise deferred tax liabilities for taxable temporary differences and recognise deferred tax assets for deductible temporary differences and tax losses carried forward. The Company and its subsidiaries recognise deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each balance sheet date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

5.16 Asset retirement obligations

The overseas subsidiary accounts for asset retirement obligations in accordance with FASB statement No. 143, "Accounting for Asset Retirement Obligations". The effect of the difference in accounting policy is immaterial to net income for the years 2007 and 2006.

5.17 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the balance sheet. Gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts is recognised as income or expenses on an accrual basis.

Foreign currency option agreements

The notional amounts of the foreign currency option agreements utilised by the Company and its subsidiaries are not recognised as assets or liabilities upon inception of the agreements. Gain and loss from the translation are included in determining income.

5.18 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. TRADE ACCOUNTS RECEIVABLE

The aging of the outstanding balances of trade accounts receivable as at 31 December 2007 and 2006, based on due date, is as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Age of receivable</u>				
Trade accounts receivable - related companies				
Not yet due	10,976,537	13,415,610	717,236,526	675,966,843
Overdue				
1 - 30 days	4,137,280	5,965,138	389,497,846	151,730,260
31 - 60 days	81,200	260,408	228,611,176	40,026,084
61 - 90 days	-	-	160,343,908	33,944,812
91 - 120 days	-	-	41,409,080	-
121 - 180 days	-	-	1,686,184	-
181 - 365 days	-	-	7,701,376	-
Total trade accounts receivable - related companies	<u>15,195,017</u>	<u>19,641,156</u>	<u>1,546,486,096</u>	<u>901,667,999</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Trade accounts receivable - others				
Not yet due	4,744,998,903	3,936,270,944	856,352,816	510,659,282
Overdue				
1 - 30 days	1,377,030,752	1,066,013,589	186,698,165	169,088,730
31 - 60 days	133,731,367	138,193,664	19,320,555	10,867,095
61 - 90 days	74,699,180	45,609,927	6,252,015	3,951,008
91 - 120 days	45,337,006	31,677,850	7,832,097	2,906,239
121 - 180 days	18,623,346	21,766,966	3,850,639	3,429,639
181 - 365 days	89,013,633	19,002,243	21,505	957,034
Over 365 days	76,106,482	66,458,060	2,194,558	3,161,523
Total trade accounts receivable - others	6,559,540,669	5,324,993,243	1,082,522,350	705,020,550
Total trade accounts receivable	6,574,735,686	5,344,634,399	2,629,008,446	1,606,688,549
Less: Allowance for doubtful accounts	(169,337,155)	(129,403,839)	(716,942)	(432,177)
Trade accounts receivable - net	6,405,398,531	5,215,230,560	2,628,291,504	1,606,256,372

As at 31 December 2007 and 2006, certain trade accounts receivable of two overseas subsidiaries have secured their credit facilities as mentioned in Note 17.

7. RELATED PARTY TRANSACTIONS

During the years, the Company had significant business transactions with related companies which related by way of common shareholders and/or common directors. Such transactions are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2007	2006	2007	2006	
Transactions with subsidiaries:					
(Eliminated from consolidated financial statements)					
Sales	-	-	5,740.2	4,880.8	Cost plus margin
Dividend received	-	-	841.9	725.6	As declared
Interest income	-	-	349.9	328.5	3.70 - 6.60 percent per annum (2006: 5.00 - 6.20 percent per annum)
Purchases of goods	-	-	1,252.3	1,045.1	Cost plus margin
Interest expense	-	-	26.7	20.1	3.35 - 6.60 percent per annum (2006: 4.95 - 6.75 percent per annum)

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2007	2006	2007	2006	
Transactions with associates:					
Purchases of goods	8.3	8.3	-	-	Cost plus margin
Purchases service expense	11.1	10.8	10.4	10.4	Near market price
Transactions with related companies:					
Sales	314.4	445.0	113.4	191.1	Cost plus margin
Purchases of goods	2,601.9	2,283.8	1,484.3	1,584.9	Cost plus margin
Interest income	3,935.2	-	-	-	10 percent per annum

The Company and its subsidiaries have insured with Asia-Pacific Risk Consultants (Thailand) Co., Ltd. which is an insurance broker related by the way of having common directors. During the year 2007, insurance premiums paid through that company amounted to Baht 40.3 million (2006: Baht 62.7 million).

Directors and management's remuneration

In 2007 the Company paid salaries, meeting allowances and gratuities to its directors and management totaling Baht 45 million (2006: Baht 47 million).

In addition, the Company has allocated warrants to directors of the Company and its subsidiaries, as discussed in Note 22.

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 31.2.

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

List of related companies	Relationship
Songkla Canning Pcl.	Subsidiary
Thai Union Manufacturing Co., Ltd.	Subsidiary
Thai Union Seafood Co., Ltd.	Subsidiary
T-Holding Co., Ltd.	Subsidiary
Thai Union Numhong Co., Ltd.	Subsidiary
Thai Union Feedmill Co., Ltd.	Subsidiary
Thai Union Graphic Co., Ltd.	Subsidiary
Thai Union International, Inc. (TUI)	Subsidiary

List of related companies	Relationship
PT Juifa International Foods	Subsidiary
COSI Trading (Shanghai) Co., Ltd.	Subsidiary (Held by subsidiary)
Tri-Union Seafoods, LLC	Subsidiary (Held by subsidiary)
Tri-Union Samoa Packing Corporation	Subsidiary (Held by subsidiary)
Tri-Union Frozen Foods, LLC	Subsidiary (Held by subsidiary)
Empress International, Ltd. (Empress)	Subsidiary (Held by subsidiary)
Empress International of California Ltd.	Subsidiary (Held by subsidiary)
Empress International Midwest Ltd.	Subsidiary (Held by subsidiary)
Asian-Pacific Can Co., Ltd.	Subsidiary (Held by subsidiary)
Marine Biotech Co., Ltd.	Subsidiary (Held by subsidiary)
Thai Marine Development Products Co., Ltd.	Subsidiary (Held by subsidiary)
Thai Union Hatchery Co., Ltd. (formerly known as “High Health (Thailand) Co., Ltd.”)	Subsidiary (Held by subsidiary)
Phuket Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Samui Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Phang-nga Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Songkla Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Siam Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Lucky Union Foods Co., Ltd.	Associated company
Biz Dimension Co., Ltd.	Associated company
Thai Quality Shrimp Co., Ltd.	Associated company (Held by subsidiary)
Century Trading (Shanghai) Co., Ltd.	Associated company (Held by subsidiary)
Chansiri Real Estate Co., Ltd.	Common major shareholders/Common directors
Venturetec Marketing Co., Ltd.	Common major shareholders/Common directors
Geminai & Associate Co., Ltd.	Common major shareholders/Common directors
Thai Union Securities Co., Ltd.	Common major shareholders/Common directors
Asian Pacific Thai Tuna Co., Ltd.	Common major shareholders/Common directors
T.C. Union Global Pcl.	Common major shareholders/Common directors
Jana Fish Industries Limited	Common major shareholders/Common directors
T.C. Union Agrotech Co., Ltd.	Common major shareholders/Common directors
Pae Ekawat	Common directors
Lucky Surimi Products Co., Ltd.	Common directors
Asia-Pacific Risk Consultants (Thailand) Co., Ltd.	Common directors

The balances of the accounts as at 31 December 2007 and 2006 between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
<u>Trade accounts receivable - related companies</u>				
<u>Subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Empress International, Ltd.	-	-	462,217,091	212,724,594
Tri-Union Seafoods, LLC	-	-	132,148,704	285,994,269
Tri-Union Samoa Packing Corporation	-	-	223,569,986	-
Tri-Union Frozen Foods, LLC	-	-	284,354,129	133,213,916
Thai Union Manufacturing Co., Ltd.	-	-	42,625,666	125,398,345
T-Holding Co., Ltd.	-	-	180,726,668	112,369,516
Songkla Canning Pcl.	-	-	3,516,201	5,364,368
Thai Union Seafood Co., Ltd.	-	-	206,551,098	3,818,258
Asian - Pacific Can Co., Ltd.	-	-	4,840,494	10,615,860
Others	-	-	65,991	146,392
Total trade accounts receivable - subsidiary companies	-	-	1,540,616,028	889,645,518
<u>Associated companies</u>				
Trade accounts receivable - associated companies	209,299	79,619	2,247	19,100
<u>Related companies</u>				
T.C. Union Agrotech Co., Ltd.	5,974,821	5,602,118	5,867,821	5,495,118
Jana Fish Industries Limited	1,166,454	1,626,969	-	-
Venturetec Marketing Co., Ltd.	-	6,508,263	-	6,508,263
Lucky Surimi Products Co., Ltd.	7,792,906	5,824,187	-	-
Others	51,537	-	-	-
Total trade accounts receivable - related companies	14,985,718	19,561,537	5,867,821	12,003,381
Total	15,195,017	19,641,156	1,546,486,096	901,667,999
<u>Short-term loans to related parties</u>				
<u>Subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	67,103,800	35,860,100
Songkla Canning Pcl.	-	-	-	354,900,000
Thai Union Graphic Co., Ltd.	-	-	4,000,000	57,000,000
Thai Union Seafood Co., Ltd.	-	-	-	73,900,000
Asian-Pacific Can Co., Ltd.	-	-	50,000,000	-
	-	-	121,103,800	521,660,100
<u>Associated company</u>				
Thai Quality Shrimp Co., Ltd.	1,500,000	-	-	-
Total	1,500,000	-	121,103,800	521,660,100

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
<u>Long-term loans to subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	2,650,600,100	2,832,947,900
Thai Union Manufacturing Co., Ltd.	-	-	2,013,114,000	2,151,606,000
Total	-	-	4,663,714,100	4,984,553,900
Less: Current portion				
Thai Union International, Inc.	-	-	(192,923,425)	-
Net	-	-	4,470,790,675	4,984,553,900
<u>Other current assets - others</u>				
<u>Interest receivable</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	5,190,586	5,586,004
Songkla Canning Pcl.	-	-	-	148,566
Asian-Pacific Can Co., Ltd.	-	-	158,397	-
Thai Union Graphic Co., Ltd.	-	-	9,732	147,575
Thai Union Seafood Co, Ltd.	-	-	-	31,527
Thai Union Manufacturing Co., Ltd.	-	-	8,320,871	8,893,305
Total	-	-	13,679,586	14,806,977
<u>Trade accounts payable - related companies</u>				
<u>Subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Thai Union Manufacturing Co., Ltd.	-	-	68,159,309	28,203,373
Asian-Pacific Can Co., Ltd.	-	-	74,575,788	87,089,229
Thai Union Graphic Co., Ltd.	-	-	9,564,280	11,408,514
T-Holding Co., Ltd.	-	-	10,225,440	8,931,113
Tri-Union Seafoods, LLC	-	-	1,865,812	1,516,947
Empress International, Ltd.	-	-	11,113,130	10,493,759
Tri-Union Frozen Foods, LLC	-	-	2,273,684	652,155
Thai Union Seafood Co., Ltd.	-	-	29,034,329	330,822
Songkla Canning Pcl.	-	-	11,699,444	80,394,853
Others	-	-	1,601,227	-
Total trade accounts payable - subsidiary companies	-	-	220,112,443	229,020,765
<u>Associated companies</u>				
Trade accounts payable - associated companies	1,231,062	1,239,402	270,710	-
<u>Related companies</u>				
Pae Ekawat	23,295,950	14,824,487	23,295,950	14,824,487
T.C. Union Global Pcl.	2,488,392	844,224	-	-
T.C. Union Agrotech Co., Ltd.	5,713,678	4,624,332	-	-
Others	-	20,972	-	-
Total trade accounts payable - related companies	31,498,020	20,314,015	23,295,950	14,824,487
Total	32,729,082	21,553,417	243,679,103	243,845,252

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
<u>Short-term loans from related parties</u>				
<u>Subsidiary company</u>				
(Eliminated from consolidated financial statements)				
Thai Union Manufacturing Co., Ltd.	-	-	197,400,000	829,600,000
<u>Associated company</u>				
Biz Dimension Co., Ltd.	8,000,000	-	8,000,000	-
Total	8,000,000	-	205,400,000	829,600,000
<u>Short-term loans from shareholders of subsidiaries</u>				
Mr.Prasert Boonmechote	-	38,000,000	-	-
Mr. Cheng Niruttinanon	30,000,000	30,000,000	-	-
Mr.Thawil Nandatheero	-	22,800,000	-	-
Mr.Rittirong Boonmechote	-	17,100,000	-	-
Ms.Orawan Sirivarasant	-	9,975,000	-	-
Other shareholders	-	5,225,000	-	-
Total	30,000,000	123,100,000	-	-
<u>Accrued expenses</u>				
<u>Accrued interest</u>				
Thai Union Manufacturing Co., Ltd.	-	-	88,151	467,525
Biz Dimension Co., Ltd.	20,926	-	20,926	-
	20,926	-	109,077	467,525
<u>Others</u>				
Biz Dimension Co., Ltd.	130,128	-	-	-
Asia-Pacific Risk Consultant (Thailand) Limited	30,379,376	22,685,293	13,176,688	10,773,333
Total	30,530,430	22,685,293	13,285,765	11,240,858
<u>Long-term loans from shareholder of subsidiary</u>				
Mr. Cheng Niruttinanon	26,222,400	-	-	-

During 2007, movements of loans to/from related companies were as follows:

(Unit: Baht)

	Consolidated financial statements					Due date
	1 January 2007	Additional loans	Repayment	Revaluation	31 December 2007	
<u>Short-term loans to associated company</u>						
Thai Quality Shrimp Co., Ltd.	-	3,500,000	(2,000,000)	-	1,500,000	13.3.2008 and 20.3.2008
<u>Short-term loans from associated company</u>						
Biz Dimension Co., Ltd.	-	8,000,000	-	-	8,000,000	At call
<u>Short-term loans to director and employees</u>						
Director and employees of subsidiary company	-	167,350,656	(166,685,568)	(665,088)	-	

(Unit: Baht)

Consolidated financial statements						
	1 January 2007	Additional loans	Repayment	Revaluation	31 December 2007	Due date
Short-term loans from shareholders of subsidiaries						
Mr.Prasert Boonmechote	38,000,000	-	(38,000,000)	-	-	
Mr. Cheng Niruttinanon	30,000,000	-	-	-	30,000,000	1.5.2008
Mr.Thawil Nandatheero	22,800,000	-	(22,800,000)	-	-	
Mr.Rittirong Boonmechote	17,100,000	-	(17,100,000)	-	-	
Ms.Orawan Sirivarasant	9,975,000	-	(9,975,000)	-	-	
Other shareholders	5,225,000	-	(5,225,000)	-	-	
	<u>123,100,000</u>	<u>-</u>	<u>(93,100,000)</u>	<u>-</u>	<u>30,000,000</u>	
Long-term loans from shareholder of subsidiary						
Mr. Cheng Niruttinanon	-	34,599,000	(6,919,800)	(1,456,800)	26,222,400	18.3.2008

(Unit: Baht)

Separate financial statements						
	1 January 2007	Additional loans	Repayment	Revaluation	31 December 2007	Due date
Short-term loans to subsidiary companies						
Thai Union International, Inc.	35,860,100	33,840,000	-	(2,596,300)	67,103,800	At call
Songkla Canning Pcl.	354,900,000	2,186,700,000	(2,541,600,000)	-	-	
Thai Union Graphic Co., Ltd.	57,000,000	10,000,000	(63,000,000)	-	4,000,000	17.1.2008
Thai Union Seafood Co., Ltd.	73,900,000	857,210,000	(931,110,000)	-	-	
Asian-Pacific Can Co., Ltd.	-	50,000,000	-	-	50,000,000	28.1.2008
Thai Union Feedmill Co., Ltd.	-	5,200,000	(5,200,000)	-	-	
	<u>521,660,100</u>	<u>3,142,950,000</u>	<u>(3,540,910,000)</u>	<u>(2,596,300)</u>	<u>121,103,800</u>	
Long-term loans to subsidiary companies						
Thai Union International, Inc.	2,832,947,900	126,787,500	(160,875,000)	(148,260,300)	2,650,600,100	31.7.2008 - 30.9.2012
Thai Union Manufacturing Co., Ltd.	2,151,606,000	-	-	(138,492,000)	2,013,114,000	7.3.2008
	<u>4,984,553,900</u>	<u>126,787,500</u>	<u>(160,875,000)</u>	<u>(286,752,300)</u>	<u>4,663,714,100</u>	
Short-term loans from related parties						
Thai Union Manufacturing Co., Ltd.	829,600,000	3,875,290,000	(4,507,490,000)	-	197,400,000	At call and 17.1.2008
Biz Dimension Co., Ltd.	-	8,000,000	-	-	8,000,000	At call
	<u>829,600,000</u>	<u>3,883,290,000</u>	<u>(4,507,490,000)</u>	<u>-</u>	<u>205,400,000</u>	

As at 31 December 2007, the Company had outstanding loans totalling USD 60 million (Baht 2,013 million) under promissory notes to Thai Union Manufacturing Co., Ltd., subject to interest at the rate of 6.2 percent per annum and due within 2008. However, the Company does not intend to call the loans within one year and has therefore presented the loans as long-term loans to subsidiaries.

As at 31 December 2007, an overseas subsidiary had outstanding loans totaling Rupiah 7,284 million (Baht 26 million) under promissory notes from its shareholder, subject to interest at the rate of 7.75 percent per annum and due within 2008. However, its shareholder does not intend to call the loans within one year and has therefore presented the loans as long-term loans from shareholder of subsidiary.

As at 31 December 2007, the Company had an outstanding loan of USD 81 million (Baht 2,718 million) to Thai Union International, Inc., on which interest is charged at the rates of LIBOR plus 2.5 percent per annum and 3-month LIBOR plus 1.25 percent per annum and 3-month LIBOR plus 2.5 percent per annum.

8. INVENTORY

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Finished goods	8,535,073,112	6,719,128,682	1,187,012,602	1,228,120,977
Work in process	100,891,722	94,032,423	54,089,302	10,073,681
Raw materials	3,761,072,129	2,429,810,833	1,485,491,201	822,251,252
Ingredients and packaging	960,579,561	834,398,348	183,565,342	126,491,851
Goods in transit	2,655,453,195	2,090,931,906	256,725,191	102,472,317
Total	16,013,069,719	12,168,302,192	3,166,883,638	2,289,410,078
Less: Allowance for diminution in value	(67,830,661)	(85,526,477)	(28,658,553)	(21,690,959)
Inventories - net	<u>15,945,239,058</u>	<u>12,082,775,715</u>	<u>3,138,225,085</u>	<u>2,267,719,119</u>

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

9. RESTRICTED DEPOSITS WITH FINANCIAL INSTITUTIONS

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

10. INVESTMENTS IN SUBSIDIARIES

Separate financial statements						
Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage	
			2007	2006	2007	2006
					Percent	Percent
Songkla Canning Pcl.	Manufacturer & exporter of canned seafood	Thailand	Baht 360 million	Baht 360 million	90.44	90.44
Thai Union Manufacturing Co., Ltd.	Manufacturer & exporter of canned tuna and pet food	Thailand	Baht 300 million	Baht 300 million	90.08	90.08
Thai Union Seafood Co., Ltd.	Manufacturer & exporter of frozen shrimp	Thailand	Baht 200 million	Baht 200 million	51.00	51.00
T-Holding Co., Ltd.	Distributor	Thailand	Baht 70 million	Baht 70 million	90.00	90.00
Thai Union Numhong Co., Ltd.	Manufacturer & exporter of canned vegetables and fruit	Thailand	Baht 125 million	Baht 125 million	100.00	100.00
Thai Union Feedmill Co., Ltd.	Manufacturer & distributor of animal feeds	Thailand	Baht 300 million	Baht 260 million	51.00	51.00
Thai Union Graphic Co., Ltd.	Printing manufacturer	Thailand	Baht 40 million	Baht 40 million	74.00	74.00
Thai Union International, Inc. (TUI)	Holding company	USA	USD 8.1 million	USD 8.1 million	100.00	100.00
PT Juifa International Foods	Manufacturer & distributor of seafood	Indonesia	USD 2.7 million	USD 2.7 million	76.50	76.50

(Unit: Baht)

Separate financial statements		
Company's name	Cost	
	2007	2006
<u>Investments in subsidiary companies</u>		
Songkla Canning Pcl.	1,379,790,847	1,379,790,847
Thai Union Manufacturing Co., Ltd.	1,212,172,182	1,212,172,182
Thai Union Seafood Co., Ltd.	138,316,187	138,316,187
T-Holding Co., Ltd.	20,698,851	20,698,851
Thai Union Numhong Co., Ltd.	91,000,000	91,000,000
Thai Union Feedmill Co., Ltd.	153,000,000	132,600,000
Thai Union Graphic Co., Ltd.	45,331,212	45,331,212
Thai Union International, Inc.	325,770,350	325,770,350
PT Juifa International Foods	69,509,995	110,064,045
Total	3,435,589,624	3,455,743,674
Less: Provision for impairment of investments	(115,222,171)	(115,222,171)
Net	3,320,367,453	3,340,521,503

In February 2006, Thai Union International, Inc (TUI) entered into an agreement to invest approximately USD 2.1 million in the ordinary shares of Tri-Union Frozen Foods, LLC, an importer and distributor of frozen seafood in USA, representing a 70 percent interest in such company.

In April 2006, Thai Union Feedmill Co., Ltd. and High Health Aquaculture Incorporated, a US corporation, jointly invested in the establishment of High Health (Thailand) Co., Ltd., a manufacturer and distributor of post larvae and nauplii in Thailand, with a registered capital of Baht 40 million. Thai Union Feedmill Co., Ltd. holds a 60 percent interest, comprising 2.4 million ordinary shares with a par value of Baht 10 each. In October 2007, Thai Union Feedmill Co., Ltd. additional invested in Thai Union Hatchery Co., Ltd. (formerly known as "High Health (Thailand) Co., Ltd.") from 60 percent to 99.99 percent interest.

On 27 April 2006, TUI entered into a joint venture agreement with Tomich Bros. Seafood to establish Port Seafood Terminals, Inc. (PST). PST's proposed operations include the unloading, processing and blast freezing of wet fish and tuna, warehousing and cold storage. PST is in the process of executing a lease agreement with a port in respect of the ground lease of TUI, which expired in April 2006.

On 16 May 2006, a meeting of the Board of Directors of the Company approved the acquisition of ordinary shares in PT Juifa International Foods, an Indonesian producer and exporter of canned tuna. A total of USD 2.9 million is to be invested to acquire 76.5 percent interest of the issued and paid-up capital in this company, and the Company completed the investment in the third quarter of 2006.

On 6 September 2006, a meeting of the Board of Directors of Thai Union Feedmill Co., Ltd. approved the increase the registered share capital of Baht 100 million from Baht 200 million to Baht 300 million. This subsidiary registered the additional shares with the Ministry of Commerce on 4 October 2006. During the second quarter of the current year, the Company additional invested Baht 20.4 million.

During the third quarter of the current year, Thai Union Manufacturing Co., Ltd. the subsidiary, established 4 subsidiaries in Thailand and 1 subsidiary in Singapore the totaling Baht 112 million to engage in fishery and related businesses.

During the current year, Thai Union Manufacturing Co., Ltd. closed the business and liquidated its subsidiary, Cosi Trading (Shanghai) Co., Ltd., which earned it approximately Baht 6 million.

On 3 December 2007, High Health (Thailand) Co., Ltd. registered the change of its name with the Ministry of Commerce from "High Health (Thailand) Co., Ltd." to "Thai Union Hatchery Co., Ltd."

On 14 December 2007, a meeting of the Board of Directors of the Company approved the acquisition of ordinary shares in Yueh Chyang Canned Food Co., Ltd. in Vietnam by Songkla Canning Pcl., its subsidiary. A total of USD 3.25 million is to be invested to acquire 51 percent interest in this company which will be complete in the first quarter of 2008.

11. INVESTMENTS IN ASSOCIATES

11.1 Details of associates:

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2007 Percent	2006 Percent	2007	2006	2007	2006
Investments in associates, directly held by the Company								
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500,000	37,500,000	202,301,926	178,899,791
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	6,060,000	6,060,000	20,111,874	15,004,378
Investments in associates, directly held by subsidiaries								
Thai Quality Shrimp Co., Ltd. (49.99 percent held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and species developer	Thailand	25.49	25.49	4,000,000	4,000,000	2,893,872	5,788,589
Century Trading (Shanghai) Co., Ltd. (50 percent held by Thai Union Manufacturing Co., Ltd.)	Importer & exporter of food products	The People's Republic of China	45.04	45.04	75,900,000	41,050,000	30,513,343	16,368,636
					123,460,000	88,610,000	255,821,015	216,061,394

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding		Cost	
			percentage			
			<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		Percent	Percent			
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500,000	37,500,000
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	6,060,000	6,060,000
					<u>43,560,000</u>	<u>43,560,000</u>

(Unit: Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income/loss from investments		Dividend received during the year	
	in associates during the year			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Lucky Union Foods Co., Ltd.	23,402,136	35,197,244	-	18,750,000
Biz Dimension Co., Ltd.	5,107,496	4,571,302	-	-
Thai Quality Shrimp Co., Ltd.	(2,894,717)	(723,595)	-	-
Century Trading (Shanghai) Co., Ltd.	(20,705,294)	(21,070,999)	-	-
	<u>4,909,621</u>	<u>17,973,952</u>	<u>-</u>	<u>18,750,000</u>

11.2 Summarised financial information of associates

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues		Net income (loss)	
	31 December		31 December		31 December		for the year ended		for the year ended	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Lucky Union Foods Co., Ltd.	150	150	875	762	73	54	1,065	1,038	94	141
Biz Dimension Co., Ltd.	150	150	89	61	3	1	69	55	26	24
Thai Quality Shrimp Co., Ltd.	8	8	10	12	4	-	23	11	(6)	(1)
Century Trading (Shanghai) Co., Ltd.	USD 4 million	USD 2 million	63	34	7	7	114	58	(41)	(42)

During the first quarter of the current year, Thai Union Manufacturing Co., Ltd., the subsidiary, paid up additional 25 percent of the price of its shares in Century Trading (Shanghai) Co., Ltd., totaling USD 1 million.

Thai Quality Shrimp Co., Ltd., an associated company of Thai Union Feedmill Co., Ltd., reduced its registered capital from Baht 8 million to Baht 4 million. As a result, the equity interest of Thai Union Feedmill Co., Ltd. increased from 49.99 percent to 95 percent. Consequently, that associated company will become a subsidiary. The capital reduction is registered with the Ministry of Commerce in 2008.

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

12. LONG-TERM INVESTMENTS

(Unit: Baht)

	Consolidated financial statements			
	2007		2006	
	Cost	Fair value	Cost	Fair value
Long-term investments				
Available-for-sale securities - Unit trusts	74,216,830	66,056,345	74,216,830	72,131,160
Unrealised loss on changes in the value of investments	(8,160,485)	-	(2,085,670)	-
Total available-for-sale securities	66,056,345	<u>66,056,345</u>	72,131,160	<u>72,131,160</u>
Other securities				
- Ordinary shares	24,445,912		26,132,987	
- Unit trust	100,000		100,000	
Total long-term investments	<u>90,602,257</u>		<u>98,364,147</u>	

(Unit: Baht)

	Separate financial statements			
	2007		2006	
	Cost	Fair value	Cost	Fair value
Long-term investments				
Available-for-sale securities - Unit trust	5,025,000	4,539,500	5,025,000	4,654,300
Unrealised loss on changes in the value of investments	(485,500)	-	(370,700)	-
Total long-term investments	<u>4,539,500</u>	<u>4,539,500</u>	<u>4,654,300</u>	<u>4,654,300</u>

13. PROPERTY, PLANT AND EQUIPMENT

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and construction	Machinery and equipment	Furniture and fixture	Motor vehicles	Construction in progress	Total
Cost							
31 December 2006	1,064,126	3,093,482	6,036,016	420,080	327,218	527,779	11,468,701
Translation adjustment	(1,051)	(25,480)	(55,952)	(7,975)	(937)	(4,802)	(96,197)
Acquisitions	126,404	3,222	1,442,261	15,869	19,158	985,639	2,592,553
Disposals/write off	-	(1,371)	(49,967)	(11,672)	(12,366)	(309)	(75,685)
Transfer in (out)	3,614	361,217	507,061	15,672	16,423	(903,987)	-
31 December 2007	1,193,093	3,431,070	7,879,419	431,974	349,496	604,320	13,889,372
Accumulated depreciation							
31 December 2006	6,329	1,231,689	3,649,037	317,970	205,399	-	5,410,424
Translation adjustment	(48)	(16,621)	(33,582)	(4,957)	(645)	-	(55,853)
Depreciation for the year	3,395	167,071	621,823	39,946	37,599	-	869,834
Depreciation for disposals/write off	-	(799)	(42,487)	(10,919)	(8,836)	-	(63,041)
31 December 2007	9,676	1,381,340	4,194,791	342,040	233,517	-	6,161,364
Allowance for loss on impairment of assets							
31 December 2006	-	-	4,067	7	-	-	4,074
Translation adjustment	-	-	(35)	-	-	-	(35)
Decrease	-	-	(4,029)	(4)	-	-	(4,033)
31 December 2007	-	-	3	3	-	-	6
Net book value							
31 December 2006	1,057,797	1,861,793	2,382,912	102,103	121,819	527,779	6,054,203
31 December 2007	1,183,417	2,049,730	3,684,625	89,931	115,979	604,320	7,728,002
Depreciation for the years							
2006							830,049
2007							869,834

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and land improvement	Buildings and construction	Machinery and equipment	Furniture and fixture	Motor vehicles	Construction in progress	
Cost							
31 December 2006	350,352	931,808	1,265,345	51,668	95,605	186,310	2,881,088
Acquisitions	11,328	-	10,891	1,677	439	342,582	366,917
Disposals	-	-	(4,501)	(2,711)	(2,931)	(25)	(10,168)
Transfer in (out)	-	50,559	97,165	5,682	5,647	(159,053)	-
31 December 2007	361,680	982,367	1,368,900	56,316	98,760	369,814	3,237,837
Accumulated depreciation							
31 December 2006	-	374,716	897,009	38,385	56,400	-	1,366,510
Depreciation for the year	-	52,220	131,720	5,907	12,780	-	202,627
Depreciation for disposals	-	-	(4,483)	(2,495)	(2,930)	-	(9,908)
31 December 2007	-	426,936	1,024,246	41,797	66,250	-	1,559,229
Net book value							
31 December 2006	350,352	557,092	368,336	13,283	39,205	186,310	1,514,578
31 December 2007	361,680	555,431	344,654	14,519	32,510	369,814	1,678,608
Depreciation for the years							
2006							200,465
2007							202,627

An overseas subsidiary has mortgaged the construction and machinery, with net book values totalling approximately USD 0.1 million (2006: USD 0.6 million), to financial institutions to secure its credit facilities and another overseas subsidiary has mortgaged its certain machinery and equipment to financial institution to secure its credit facility, as mentioned in Note 17.

As at 31 December 2007, certain machinery of the local subsidiary, which has net book value of Baht 181 million, was acquired under financial lease agreement with a financial institution.

As at 31 December 2007, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 2,890 million (2006: Baht 2,380 million).

14. PROPERTIES FORECLOSED

In 2003, a local subsidiary has transferred most of its assets to the Company at its appraised value after deducting impairment losses, in settlement of loan debt and accrued interest. The Company recorded these assets as properties foreclosed in the balance sheet.

The balances of properties foreclosed as at 31 December 2007 and 2006 are as follows:

	(Unit: Thousand Baht)	
	<u>2007</u>	<u>2006</u>
Cost	113,917	118,819
Disposals/transfer out	(14,437)	(4,902)
Allowance for loss on impairment of assets	<u>(39,138)</u>	<u>(47,977)</u>
Net	<u><u>60,342</u></u>	<u><u>65,940</u></u>

15. INTANGIBLE ASSETS

	(Unit: Million Baht)					
	<u>2007</u>			<u>2006</u>		
	Accumulated		Net	Accumulated		Net
	Cost	amortisation		Cost	amortisation	
Copyrights	15	(5)	10	17	(5)	12
Trademarks	924	(310)	614	992	(264)	728
Customer relationships	143	(63)	80	152	(52)	100
Covenant not to compete	14	(12)	2	15	(10)	5
Total	<u>1,096</u>	<u>(390)</u>	<u>706</u>	<u>1,176</u>	<u>(331)</u>	<u>845</u>

16. GOODWILL

Changes in goodwill (negative goodwill) on consolidation balances during the year can be summarised as follows:

	(Unit: Million Baht)		
	<u>Goodwill</u>	<u>Negative goodwill</u>	<u>Total</u>
Cost:			
As at 31 December 2006	<u>399</u>	<u>(106)</u>	<u>293</u>
As at 31 December 2007	<u>395</u>	<u>(106)</u>	<u>289</u>

(Unit: Million Baht)

	<u>Goodwill</u>	<u>Negative goodwill</u>	<u>Total</u>
Accumulated amortisation:			
As at 31 December 2005	67	(11)	56
Charge for the year	15	(3)	12
As at 31 December 2006	82	(14)	68
Charge for the year	19	(5)	14
As at 31 December 2007	101	(19)	82
Net book value:			
As at 31 December 2006	317	(92)	225
As at 31 December 2007	294	(87)	207

Amortisation of goodwill is included in “Selling and administrative expenses” in the income statements.

17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

The Company entered into interest rate swap agreements for short-term loans from financial institute to hedge interest rate risk, as mentioned in Note 32.1.

As at 31 December 2006, an overseas subsidiary company obtained revolving loan facilities from a financial institution with amount of USD 6 million for working capital purposes. This loan is mainly secured by the Company’s director and certain assets of the subsidiary, such as inventories, machineries, equipments and other fixed assets with maximum amount of USD 2.27 million.

As at 31 December 2006, an overseas subsidiary maintained credit lines from two overseas financial institutions aggregating USD 28 million, which are generally done on an annual basis. Borrowings under these credit lines are collateralised by a lien on such company’s assets. As at 31 December 2006, that company had utilised USD 21.4 million under these credit lines, carrying interest at rates ranging from 6.58 - 8.75 percent per annum, and was contingently liable for open letter of credit issued under this credit lines, totaling USD 0.4 million. Actual unused availability based upon substantially collateralised assets was approximately USD 6.2 million.

Under the credit facilities agreements, the above subsidiary is required to maintain certain levels of working capital, tangible net worth and other financial ratios, as well as remain in compliance with several operating covenants. As at 31 December 2006, the subsidiary was able to achieve compliance with the stipulated financial ratios. The Company has committed to provide any necessary funds to replace, in full, any bank debt which maybe required to be repaid due to any covenant related default through at least 21 February 2008. In July 2006, the Company signed an agreement with Empress whereby USD 3 million of amounts due from Empress will be subordinate to Empress' bank debt. The credit lines with two overseas financial institutions expired in April and June 2007. Until the new agreement is executed, the subsidiary has an oral agreement with two financial institutions to extend the credit line under the previously existing terms.

Subsequent to 31 January 2007, the above subsidiary entered into a new revolving credit facility with Bank of America N.A. to replace the existing two loans with the above financial institutions. The credit facility, which expires in 31 January 2010, provides for borrowings and issuance of letters of credit up to USD 30 million subject to limitations based on eligible accounts receivable and inventory and may be increased to USD 40 million under certain conditions. The issuance of letter of credit reduces the amount of borrowing capacity. Borrowings under the credit facility bear interest, at the subsidiary's option, at LIBOR plus a margin of 1.25 percent per annum or the bank's prime rate less 0.25 percent per annum, subject to adjustment quarterly. An unused line fee is charged at 0.25 percent per annum, subject to adjustment, on the average daily unused portion of the credit facility. The credit facility is secured by accounts receivable and inventory of the subsidiary company. As at 31 December 2007, the balance under this facility was USD 29 million at interest rate between 6.13 percent to 7.0 percent per annum and actual unused availability based upon substantially all of collateralized assets was approximately USD 0.9 million. The subsidiary company is subject to certain financial covenants including interest coverage ratio and leverage coverage ratio and others. As at 31 December 2007, the subsidiary company determined it was in compliance with all of these covenants.

Tri-Union Seafoods, LLC (Tri-U) entered into a new revolving credit facility with Bank of America N.A., which replaced its previously revolving credit facility. The credit facility, which expires on 31 October 2009, provides for borrowings and the issuance of letters of credit up to USD 50 million subject to limitations based on eligible accounts receivable and inventory and may be increased to USD 70 million under certain conditions. The issuance of letters of credit reduces the amount of borrowing capacity. Borrowings under the credit facility bear interest, at Tri-U's option, at LIBOR plus a margin of 1.25 percent per annum or the bank's prime rate less 0.25 percent per annum, subject to adjustment quarterly. An unused line fee is charged at 0.25 percent per annum, subject to adjustment, on the average daily unused portion of the credit facility. Tri-U is subject to certain financial covenants including an interest coverage ratio and leverage ratio and others. The credit facility is secured by accounts receivable and inventory of Tri-U. As at 31 December 2007, the balance under the credit facility was USD 48 million with interest at rates ranging from 6.13 percent to 6.5 percent per annum. Actual unused availability was approximately USD 2 million as at 31 December 2007. Tri-U is subject to certain financial covenants including an interest coverage ratio and leverage ratio and others. Tri-U determined it was in compliance with all of these covenants as of 31 December 2007.

Tri-Union Frozen Foods, LLC (TUFF) entered into a USD 20 million revolving line of credit facility with Rabobank International, for advances up to 180 days and for the issuance of commercial letters of credit of up to 364 days. The issuance of letters of credit reduces the borrowing capacity. Borrowings under the credit agreement bear interest at LIBOR plus a margin of 1.5 percent per annum or cost of funds (as defined in the facility) plus a margin of 1.5 percent per annum or the bank's prime rate depending on subsidiary's option. Advances under the facility are subject to limitations based on inventory and accounts receivable levels. The agreement remains in effect until terminated by either party with written notice of termination to the other. The facility is guaranteed by the Company and collateralised by TUFF's assets. As of 31 December 2007, the amount outstanding under the TUFF facility was USD 15.8 million with interest at rates ranging from 5.90 percent to 7.12 percent per annum. The subsidiary was contingently liable for open letters of credit issued under this facility totally USD 2.0 million, and actual unused availability was approximately USD 2.2 million.

TUFF is required to maintain certain financial covenants including a working capital ratio, and ratio of total liabilities to tangible net worth and other covenants. As of 31 December 2007, the subsidiary determined it was in compliance with these covenants.

18. LONG - TERM LOANS

Long-term loans as at 31 December 2007 and 2006 consist of:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2007	2006	2007	2006
USD loans	232	3,585	-	3,261
Baht loans	1,681	137	-	-
Total	1,913	3,722	-	3,261
Less: Current portion	(178)	(92)	-	-
Net	1,735	3,630	-	3,261

On 18 July 2003, another overseas subsidiary entered into an agreement to borrow a total of USD 10 million from Citicorp USA, Inc. for use in the acquisition of Empress. This loan was paid in full on 30 May 2006, and replaced by a USD 10 million note payable to the Company (see Note 7).

On 21 July 2003, the same overseas subsidiary entered into an agreement to borrow a total of USD 10 million from Standard Chartered Bank for use in the acquisition of Empress. Interest is charged at SIBOR plus 0.93 percent per annum, payable quarterly commencing from October 2003. Principal is to be repaid every six months commencing in July 2006. The Company has guaranteed repayment.

During the first quarter of 2006, the Company entered into a loan agreement with Calyon whereby it obtained a facility of USD 100 million at an interest rate of LIBOR plus 0.65 percent per annum. The Company has to draw down the loan within 6 months from the date of the agreement and the principal is to be repaid within January 2011. However, the Company paid the full amount of debts during the second quarter of the current year.

During the third quarter of 2006, a local subsidiary entered into two loan agreements amounting to Baht 150 million from two local financial institutions, carrying interest at MLR minus 1.50 percent per annum, MLR minus 1.25 percent per annum and MLR minus 1.00 percent per annum. These loans are to be repaid within year 2010 and have guaranteed by a local subsidiary company.

During the second quarter of the current year, a local subsidiary company draw Baht 380 million of two loan agreements from a local financial institution, carrying interest at 4.85 percent per annum, and THBFIX plus 0.5 percent per annum. These loans are to be repaid within year 2012. As at 31 December 2007, the balance of this loan is Baht 341 million.

During the third quarter of the current year, a local subsidiary company entered into a 7-year loan agreement with a local financial institution for a facility of Baht 1,400 million. The loan carries interest at THBFIX plus 0.39 percent per annum and is to be repaid in semi-annually installments, the first of which will be due in January 2011. As at 31 December 2007, this company has already drawn Baht 1,190 million. The loan contains covenants relating to various matters stipulated in the agreement.

19. DEBENTURES

On 7 June 2007, the Company issued Baht 3,200 million (3,200,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with no trustee, with interest rate at 3.91 percent per annum and the redemption in full is in June 2011.

The debentures contain covenants relating to various matters such as the maintenance of financial ratios and certain conditions in issuance of debentures agreement.

The movements of debentures for the year ended 31 December 2007 are as follows:

(Unit: Million Baht)

	Consolidated financial statements and Separate financial statements
	<hr/>
Balance as at 1 January 2007	-
Add: Debentures issued	3,200
Less: Debentures repayment	-
	<hr/>
Balance as at 31 December 2007	<u>3,200</u>

20. SHARE CAPITAL

Reconciliation of ordinary shares is presented as below.

	(Unit: Shares)	
	<u>2007</u>	<u>2006</u>
Issued and paid-up - ordinary shares		
Number of ordinary shares at beginning of year	874,055,950	869,280,950
Increase in number of ordinary shares due to exercise of warrants in July	<u>4,739,000</u>	<u>4,775,000</u>
Number of ordinary shares at end of year	<u><u>878,794,950</u></u>	<u><u>874,055,950</u></u>

21. CORPORATE INCOME TAX/DEFERRED TAX ASSETS (LIABILITIES)

Corporate income tax of the Company and local subsidiaries have been calculated at the rate of 30 percent on the income from the non-promoted activities after adding back certain provisions and expenses which are disallowable for tax computation purposes.

Corporate income tax of the overseas subsidiaries has been calculated by applying those statutory rates.

Corporate income tax of the Company and subsidiaries for the years 2007 and 2006 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Income tax on taxable income	276,753	139,964	71,594	13,716
Translation adjustment	7,406	11,858	-	-
Expense (income) in deferred income tax	<u>(21,227)</u>	<u>(18,530)</u>	<u>1,283</u>	<u>(3,024)</u>
Income tax as included in income statements	<u><u>262,932</u></u>	<u><u>133,292</u></u>	<u><u>72,877</u></u>	<u><u>10,692</u></u>

The components of deferred tax assets as presented in balance sheets as at 31 December 2007 and 2006 consist of:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Tax losses brought forward	98,616	139,618	-	-
Tax effect of non-deductible expenses				
Allowance for doubtful accounts	10,523	8,323	215	130
Allowance for devaluation in the value of inventories	3,415	2,614	1,941	658
Other allowance	16,928	16,558	11,742	14,393
Accrued liabilities	163,602	147,787	-	-
Inventory cost capitalisation	47,948	52,050	-	-
Others	29,571	-	-	-
Total	<u>370,603</u>	<u>366,950</u>	<u>13,898</u>	<u>15,181</u>

As at 31 December 2007, a local subsidiary has deferred tax liabilities amounting to Baht 46.0 million (2006: Baht 38.4 million) and overseas subsidiaries have deferred tax liabilities amounting to Baht 230.4 million or USD 6.8 million (2006: Baht 248.2 million or USD 6.9 million).

22. ESOP

In August 2003, the Company issued warrants to purchase the ordinary shares to directors and employees of the Company and its subsidiaries (ESOP). The Company also issued 26 million additional ordinary shares, with a par value of Baht 1 each, to support the exercise of these named non-transferable warrants offered to directors and employees of the Company and its subsidiaries. The terms and conditions of this exercise are as follows:

- (1) The warrants, are named, non-transferable and have a life of 5 years.
- (2) The exercise price is the average closing price of the shares of the Company on SET in the 30 days before the exercise date discounted by Baht 8 and the exercise ratio is 1 warrant per 1 ordinary share.
- (3) Exercises of the warrants can be made on the 2 July of each year.

During the current year, the warrant holders exercised rights to purchase 4.7 million ordinary shares. The Company registered the additional shares with the Ministry of Commerce on 5 July 2007. As at 31 December 2007, there are 6.3 million (2006: 11 million ordinary shares) outstanding unexercised warrants offered to directors and employees of the Company and its subsidiaries.

23. STATUTORY RESERVE

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

24. EMPLOYEES AND RELATED COSTS

	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006
Number of employees at the end of year	25,973	26,043	9,898	9,176
Employee cost for the years (Million Baht)	4,280	3,228	1,224	1,063

25. PROMOTIONAL PRIVILEGES

The Company has been granted promotional privileges by the Board of Investment to carry on the activity of producing frozen seafood, processed and semi-processed food and others. In addition, five subsidiary companies were granted promotional privileges by the Board of Investment to produce frozen seafood, processed and semi-processed food, processed animal feeds and others. Subject to certain imposed conditions, the tax privileges of the Company and these subsidiaries include the following:

- Exemption from corporate income tax on income from the promoted activities for a period of 8 years commencing as from the date of first earning operating income.

In case that there are losses incurred during the corporate income tax exemption period, the Company and its subsidiary companies are allowed to utilise the losses as a deduction against net income of future years after the expiry of the tax exemption period but with a time limit of 5 years after that period.

- Exemption from income tax on dividend paid to the shareholders from the income of the promoted operation during the corporate income tax exemption period.

- Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a periods of 1 year and/or 5 years as from the date of first import.
- Exemption from import duty on items which the promoted person imports for re-export for a period of 1 year and/or 5 years as from the date of first import.
- Five percent of any increment in export income over that of the preceding year is deductible from taxable income for a period of ten years commencing as from the date of first earning operating income, provided that the export sales of that year are not lower than the average export sales of the past three years, except for the first two years.
- Exemption from import duty on machinery as approved by the Board.

In addition, subsidiaries have been accorded the following additional privileges:

- A fifty percent reduction of corporate income tax on their net income, for a period of 5 years after the corporate income tax exemption expired.
- Permission to double deduct the costs of transportation, electricity and water supply for corporate income tax purpose, for a period of 10 years, commencing as from the date of first earning operating income.
- Permission to deduct twenty five percent of the cost of public utilities, in addition to normal depreciation charges.

The Company's operation revenues for the years are below shown divided according to promoted and non-promoted activities.

(Unit: Baht)

	2007			2006		
	B.O.I. promoted	Non - B.O.I. promoted	Total	B.O.I. promoted	Non - B.O.I. promoted	Total
Revenues						
Sales						
Local	1,191,251,867	677,982,134	1,869,234,001	900,741,683	615,645,302	1,516,386,985
Export	11,099,491,630	1,307,886,548	12,407,378,178	10,363,173,092	1,141,941,198	11,505,114,290
Other income	145,746,180	1,281,084,755	1,426,830,935	119,545,124	1,084,662,738	1,204,207,862
Total revenues	12,436,489,677	3,266,953,437	15,703,443,114	11,383,459,899	2,842,249,238	14,225,709,137

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

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

Reconciliation between basic earnings per share and diluted earnings per share is presented below.

	Consolidated financial		Separate financial		Weighted average		Earnings per share			
	statements		statements		number of		Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	Million	Million	Million	Million	Million	Million	Baht	Baht	Baht	Baht
	Baht	Baht	Baht	Baht	shares	shares				
		(Restated)		(Restated)				(Restated)		(Restated)
Basic earnings per share										
Net income	1,823.3	1,901.3	1,633.5	1,257.5	876.4	871.7	2.08	2.18	1.86	1.44
Dilutive effect of warrants conversion										
Diluted earnings per share										
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	-	-	-	-	2.9	4.7				
	1,823.3	1,901.3	1,633.5	1,257.5	879.3	876.4	2.07	2.17	1.86	1.43

27. SEGMENT INFORMATION

Except for an overseas subsidiary of which the principal business activity is overseas investments, the operations of the Company and its subsidiaries principally involve the production, distribution and export of frozen seafood products, and these activities are carried out in Thailand and overseas. Their income come from both local and export sales. Below is the consolidated financial information for the years ended 31 December 2007 and 2006 of the Company and its subsidiaries by segment.

	Frozen and canned		Other businesses		Total		Elimination		Grand total	
	food products									
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
										(Restated)
Sales										
- Local	2,762	1,639	7,861	7,844	10,623	9,483	(5,540)	(4,084)	5,083	5,399
- Export	57,333	55,893	852	868	58,185	56,761	(7,761)	(7,121)	50,424	49,640
Total sales	60,095	57,532	8,713	8,712	68,808	66,244	(13,301)	(11,205)	55,507	55,039

(Unit: Million Baht)

	Frozen and canned		Other businesses		Total		Elimination		Grand total	
	food products									
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Segment operating income									2,830	3,104
Unallocated income (expenses):										(Restated)
Interest income									18	7
Selling and administrative expenses									(3)	(129)
Share of income from investment in associated companies									5	18
Interest expense									(580)	(608)
Corporate income tax									(263)	(133)
Net income of minority interest									(184)	(358)
Net income									<u>1,823</u>	<u>1,901</u>

Financial information of the Company and its subsidiaries presented by geographical segment for the years ended 31 December 2007 and 2006 is as follows:

(Unit: Million Baht)

	Thailand		Overseas		Total		Elimination		Grand total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales										(Restated)
- Frozen and canned										
food products	33,256	30,504	26,839	27,092	60,095	57,596	(9,571)	(7,836)	50,524	49,760
- Other businesses	8,713	8,648	-	-	8,713	8,648	(3,730)	(3,369)	4,983	5,279
Total sales	<u>41,969</u>	<u>39,152</u>	<u>26,839</u>	<u>27,092</u>	<u>68,808</u>	<u>66,244</u>	<u>(13,301)</u>	<u>(11,205)</u>	<u>55,507</u>	<u>55,039</u>
Segment operating income									<u>2,830</u>	<u>3,104</u>
Property, plant and										
equipment - net	7,110	5,414	618	640	7,728	6,054	-	-	7,728	6,054
Unallocated assets									<u>25,848</u>	<u>20,746</u>
Total assets									<u>33,576</u>	<u>26,800</u>

Transfer prices between the Company and its subsidiaries are as set out in Note 7.

28. PROVIDENT FUND

The Company, the local subsidiaries and their employees have jointly established provident funds under the Provident Fund Act B.E. 2530. The funds are contributed to on a monthly basis; by the employees at rates ranging from 2 to 5 percent of the basic salaries, and by the Company and its local subsidiaries at rates ranging from 2 to 10 percent, based on the length of employment. The Company's fund is managed by MFC Asset Management Pcl. and the local subsidiaries' fund is managed by American International Assurance Co., Ltd.

During the year 2007, the Company and its local subsidiaries contributed approximately Baht 33.4 million (2006: Baht 31.0 million) into the fund.

29. PROVISION FOR CHANGES IN THE VALUE OF PENSION FUND

An overseas subsidiary has established a pension fund under which it matches participants' contributions under these plans at a rate of 50 percent of an employee's contribution up to a maximum of 6 percent of eligible compensation. The overseas subsidiary contributed USD 0.3 million to the fund in the year 2007 (2006: USD 0.4 million).

30. DIVIDENDS

			(Unit: Baht)
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2005	Annual General Meeting of the shareholders on 25 April 2006	556,339,808	0.64
Interim dividends for 2006	Board of Directors' meeting on 6 September 2006	<u>393,325,177</u>	0.45
Total for 2006		<u>949,664,985</u>	
Final dividends for 2006	Annual General Meeting of the shareholders on 25 April 2007	594,358,045	0.68
Interim dividends for 2007	Board of Directors' meeting on 20 August 2007	<u>483,337,222</u>	0.55
Total for 2007		<u>1,077,695,267</u>	

31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1 Commitments

As at 31 December 2007, the Company and its subsidiaries have the following commitments:

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

	2008		2009 - 2010		As from 2011		Total	
Office rental and service agreements	Baht	29.4 million	Baht	51.3 million	Baht	29.3 million	Baht	110.0 million
Land lease agreements	Baht	0.6 million	Baht	1.3 million	Baht	6.1 million	Baht	8.0 million
	USD	3.0 million	USD	3.7 million	USD	2.3 million	USD	9.0 million
Car lease agreements	Baht	3.2 million	Baht	1.3 million	-	-	Baht	4.5 million
Machine lease agreements	USD	0.3 million	USD	0.2 million	-	-	USD	0.5 million
Warehouse and factory construction agreements	Baht	40.6 million	Baht	3.2 million	-	-	Baht	43.8 million
Purchase machinery and equipment agreements	Baht	13.5 million	Baht	11.7 million	-	-	Baht	25.2 million
	JPY	148.3 million	-	-	-	-	JPY	148.3 million
	CHF	0.5 million	-	-	-	-	CHF	0.5 million
Advertising agreement	Baht	3.3 million	Baht	0.3 million	-	-	Baht	3.6 million

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

	Amount	
The local subsidiary	Baht	330.0 million
The overseas subsidiary	USD	1.9 million
The overseas associates	USD	2.3 million

- c) The overseas subsidiary has agreed to make payments under royalty agreements for the use of certain production machinery and equipment. The agreements require fixed payments plus an additional sum based on output. Total payments made under these arrangement for the years ended 31 December 2007 amounting to USD 0.7 million (2006: USD 0.7 million).

d) Purchase commitments of the overseas subsidiaries

- TUI entered into contracts with independent fishing vessel operators to guarantee the supply of raw tuna. These contracts generally provide for the purchase of all fish caught by the respective vessel at the United Tuna Cooperative price and are renewable each year. Fish purchases under the terms of these contracts approximated 9 percent and 15 percent of total raw fish purchases for the years ended 31 December 2007 and 2006, respectively.
- In order to ensure procurement of frozen seafood, primarily shrimp products, from certain suppliers, Empress has entered into various purchase agreements with them ranging in length from one to four years. These agreements typically require either the purchase of a minimum amount of product during the year, or they require the company to purchase a portion, or in certain cases all, of the selected products produced by the supplier. The overseas subsidiary considers these agreements necessary to maintain a consistent supply of quality products and believes these commitments are within the normal requirements of the business. These purchase commitments have represented approximately 10 - 20 percent of total inventory purchases by Empress. Since the acquisition, Empress has entered into purchase commitments with the Company and a local subsidiary to procure inventory.
- Tri-U entered into an agreement with a vendor to supply cans and ends to Tri-U's American Samoa facility. This agreement expires on 31 December 2010. The overseas subsidiary is required to purchase a minimum quantity of cans and ends per year from the vendor, or the vendor may terminate the agreement with 18 months prior written notice. The price for cans and ends purchased through this agreement is variable within a range based on the quantity purchased by the overseas subsidiary. Either the overseas subsidiary or the vendor may elect to terminate the agreement with 18 months prior written notice at any time after June 2009.
- Tri-U has a transportation contract with a freight carrier in which Tri-U agrees to transport a minimum amount of containers to and from American Samoa per calendar year. This agreement is in effect until 15 November 2009. Rates vary based on the contents of each shipment.

e) Co-Pack agreement

During the year 2007, TUI entered into a co-pack agreement with a third party whereby it supplies canned tuna products in compliance with the third party's specifications. The agreement is automatically renewed in one-year extensions indefinitely, unless either party gives the other party twelve months' written notice of termination. The third party supplies the raw materials, and the overseas subsidiary is reimbursed for production costs. In connection with the agreement, the third party provided equipment which the overseas subsidiary installed in its facility and which it uses for its own production as well as for that under the co-pack agreement. The amount paid for the lease of the equipment is based on production and has the option to purchase the equipment upon termination of the agreement for cost plus interest, less lease payments previously made.

f) As the result of TUI's acquisition of the stock of Empress in 2003, TUI has payment commitments to the sellers of such stock, who are entitled to shares of future income until July 2008, if certain annual net income targets of Empress are achieved. The earn-outs are payable annually.

g) Others

- In connection with TUI's production facilities in American Samoa, TUI may become obligated to remove its improvements and installations of property and equipment upon expiration of its lease agreement with the American Samoa Government, which expires on 30 September 2013. TUI has not recognised a liability related to the asset retirement obligations because TUI lacks sufficient information to reasonably estimate the fair value.
- The Office of Attorney General of a US state filed a lawsuit against the three largest canned tuna companies in the US, including TUI, for failure to warn consumers that certain tuna contains mercury. TUI and the other producers have agreed to provide indemnification for related damages. However, on 10 May 2006 a decision was issued in the tuna companies' favor on all issues contained in the lawsuit. The Office of Attorney General of a US state filed an objection to the decision, but on 29 September 2006, the Superior Court of this state rendered its decision that the objections raised were without merit. However, on 18 January 2007 the Office of Attorney General of the state filed notice of appeal, and a decision on the appeal is anticipated in 2008. TUI is presently unable to estimate the amount of any damages. In addition, other states in the US have filed similar suits against TUI and TUI is presently unable to estimate the amount of any damages.

31.2 Guarantees

- a) The Company's board of directors approved the issuance of corporate guarantees of USD 26.7 million (2006: Baht 1,234 million and USD 23.9 million) to several financial institutions to secure credit facilities of its subsidiaries and their loans (2006: USD 4 million as a guarantee for a subsidiary in case the subsidiary does not comply with the forward contracts made with the financial institution).
- b) As at 31 December 2007, there were outstanding bank guarantees of approximately Baht 35.8 million (2006: Baht 32.8 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.
- c) As at 31 December 2007, there were outstanding bank guarantees of approximately Baht 65.7 million (2006: Baht 60.9 million) issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of businesses.

32. FINANCIAL INSTRUMENTS

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "*Financial Instruments: Disclosure and Presentations*", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore 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 balance sheet.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its deposits at financial institutions, bank overdrafts, long-term borrowings and debentures. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2007 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements as at 31 December 2007							
Fixed interest rates							
Within	Over		Floating	Non- interest	Total	Interest rate	
1 year	1-5 years	5 years	interest rate	bearing			
(Million Baht)						(% p.a.)	
Financial assets							
Cash and cash equivalents	-	-	-	485	-	485	-
Restricted deposits with financial institutions	-	-	-	1	-	1	-
Trade accounts receivable	-	-	-	-	6,575	6,575	-
Short-term loans to related parties	2	-	-	-	-	2	5.10
Long-term loans to other companies	2	8	9	-	-	19	4.00
	<u>4</u>	<u>8</u>	<u>9</u>	<u>486</u>	<u>6,575</u>	<u>7,082</u>	

Consolidated financial statements as at 31 December 2007

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	Over		Floating	Non- interest		
	1 year	1-5 years	5 years	interest rate	bearing		
	(Million Baht)						
Financial liabilities							
Bank overdrafts and short-term loans							
from financial institutions	5,771	-	-	3,168	-	8,939	3.60
Trade accounts payable	-	-	-	-	2,976	2,976	-
Short-term loans from related parties	8	-	-	-	-	8	3.35
Short-term loans from shareholders of subsidiary	30	-	-	-	-	30	4.00
Long-term loans from shareholder of subsidiary	-	26	-	-	-	26	7.75
Long-term loans	20	665	602	627	-	1,914	4.27 - 5.06
Debentures	-	3,200	-	-	-	3,200	3.91
	<u>5,829</u>	<u>3,891</u>	<u>602</u>	<u>3,795</u>	<u>2,976</u>	<u>17,093</u>	

Separate financial statements as at 31 December 2007

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	Over		Floating	Non- interest		
	1 year	1-5 years	interest rate	bearing			
	(Million Baht)						
Financial assets							
Cash and cash equivalents	-	-	-	4	(2)	2	-
Trade accounts receivable	-	-	-	-	2,629	2,629	-
Short-term loans to related parties	54	-	-	67	-	121	3.73 - 5.92
Long-term loans to subsidiaries	-	2,013	-	2,651	-	4,664	6.20 - 8.22
	<u>54</u>	<u>2,013</u>	<u>-</u>	<u>2,722</u>	<u>2,627</u>	<u>7,416</u>	
Financial liabilities							
Bank overdrafts and short-term loans							
from financial institutions	2,687	-	-	-	-	2,687	3.35 - 3.75
Trade accounts payable	-	-	-	-	1,059	1,059	-
Short-term loans from related parties	205	-	-	-	-	205	3.35 - 5.92
Debentures	-	3,200	-	-	-	3,200	3.91
	<u>2,892</u>	<u>3,200</u>	<u>-</u>	<u>-</u>	<u>1,059</u>	<u>7,151</u>	

The Company and its subsidiaries entered into interest rate swap agreement to manage risk associated with the financial liabilities carrying floating interest. The details of short-term loans from financial institutions and long-term loans are set out in Notes 17 and 18. The detail of the interest rate swap agreement outstanding as at 31 December 2007 is as follows: -

- a) During the year 2004, the overseas subsidiary entered into two interest rate swap agreements to convert the variable interest rate payments on credit facilities of USD 10 million from Citicorp USA, Inc. and USD 10 million from Standard Chartered Bank to fixed rates of 3 percent and 3 percent, respectively. In July 2005, the above subsidiary entered into two additional interest rate swap agreements. The first agreement was entered to reverse the effect of one of the 2004 swap agreements and the second agreement was entered to convert one of the credit facilities to a fixed rate of 4 percent. During February 2006, one of the 2004 swap agreements was cancelled, resulting in a loss of USD 0.2 million. The remaining swap agreements terminate in 2010.

In January 2008, the overseas subsidiaries entered into interest rate swap agreements to convert the variable interest rate payments on credit facilities of USD 40 million and USD 10 million to fixed rates of 3.56 percent and 3.07 percent, respectively. These agreements will expire in 2011.

- b) During the year 2005, the Company entered into two interest rate swap agreements for short-term loans from financial institute with The Hongkong and Shanghai Banking Corporation Limited of Baht 400 million, as mentioned in Note 17, to fixed rates of 4.22 and 4.64 percent, respectively. In March 2007, the Company entered into two additional interest rate swap agreements, which reverse the effect of the 2005 swap agreements. The swap agreements terminate in 2008.
- c) During the year 2006, the Company entered into three interest rate swap agreements on USD 80 million, to swap a rate of 3-month LIBOR plus 0.65 percent to a fixed rate of 5.79 percent on a nominal amount of USD 60 million and to swap a rate of 3-month LIBOR plus 0.65 percent to a rate of 3-month LIBOR minus 0.105 percent plus stipulated rate in the agreements on a nominal amount of USD 20 million.

During the third quarter of the current year, the Company entered into interest rate swap agreements to reverse the effect of the above agreement to swap a fixed rate of 5.79 percent to a rate of 3-month LIBOR plus 0.47 percent on a nominal amount of USD 60 million. The above agreements terminate in 2011. In addition, the Company entered into a cross currency swap agreement with a contract value equivalent to USD 90 million, whereby Baht-denominated debt from the issuance of Baht debenture, subject to interest at a rate of 3.91 percent per annum is to be converted to USD liabilities subject to interest at 3-month LIBOR plus 0.47 percent, in order to match both cash flows and currency with long-term loans provided to group companies. The agreement terminates in 2011.

- d) In October 2007, a local subsidiary entered into a cross currency swap agreement with a contract value equivalent to USD 20 million, whereby USD - denominated USD loan to, subject to interest at 3-month LIBOR is to be converted to Baht loan to subject to interest at 3-month THBFIX. The agreement terminates in 2008.

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when it considers appropriate.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2007 are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2007 (Baht per 1 foreign currency unit)
	Financial assets (Million)	Financial liabilities (Million)	Financial assets (Million)	Financial liabilities (Million)	
US dollar	320	32	204	16	33.72
Japanese yen	59	277	59	239	0.30
Euro	-	1	-	-	49.26

Foreign exchange contracts outstanding at 31 December 2007 are summarised below.

Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought (Baht per 1 foreign currency unit)	Sold
<u>The Company</u>				
US dollar	-	242	-	33.49 - 43.55
Japanese yen	-	44	-	0.29 - 0.31
<u>Subsidiaries</u>				
US dollar	-	147	-	33.30 - 37.05

As at 31 December 2007, the subsidiaries have outstanding option agreements under which they will sell USD 32.0 - 42.4 million at rates ranging from Baht 34.11 to Baht 34.35 per USD 1 or rates stipulated in the agreements on maturity dates arising between 4 January 2008 to 26 December 2008.

32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

33. RECLASSIFICATION

In addition to the change in accounting policy as mentioned in Note 4, which affects the previously reported net income and shareholder's equity, certain other amounts in the financial statements for the year ended 31 December 2006 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Audit Committee and the Company's management on 22 February 2008.