

Thai Union Frozen Products Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2008 and 2007

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 2008 and 2007, 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 2008 and 2007, these subsidiaries had total assets of Baht 15,233 million and Baht 13,420 million (restated), respectively, and total revenues for the years then ended of Baht 29,907 million and Baht 26,823 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 auditors, 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 2008 and 2007, the results of their 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 2008, the Company changed its accounting policies on presentation of goodwill and negative goodwill in the consolidated financial statements. Whereas goodwill and negative goodwill were previously stated at cost less accumulated amortisation and impairment losses, negative goodwill arising from business combinations under agreements reached on or after 1 January 2008 is to be recognised immediately in the statement of income, and previously recognised negative goodwill is to be adjusted against the opening balance of retained earnings. Goodwill is to be stated at cost less accumulated impairment losses.

Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited
Bangkok: 18 February 2009

Thai Union Frozen Products Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Assets					
Current assets					
Cash and cash equivalents		556,782,001	485,405,281	28,084,313	1,717,128
Current investments					
Bill of exchange		1,000,000,000	-	1,000,000,000	-
Trade accounts receivable	7				
Related companies	8	31,044,267	15,195,017	1,982,980,666	1,546,486,096
Others		7,225,471,264	6,559,540,669	1,405,187,675	1,082,522,350
Total trade accounts receivable		7,256,515,531	6,574,735,686	3,388,168,341	2,629,008,446
Less: Allowance for doubtful accounts		(151,627,513)	(169,337,155)	(716,942)	(716,942)
Trade accounts receivable - net		7,104,888,018	6,405,398,531	3,387,451,399	2,628,291,504
Short-term loans to related parties	8	-	1,500,000	1,196,832,200	121,103,800
Short-term loans to other company		15,000,000	300,000	15,000,000	-
Current portion of long-term loans to subsidiaries	8	-	-	173,564,500	192,923,425
Current portion of long-term loans to other companies		3,064,710	2,083,333	-	-
Inventories - net	9	19,228,747,320	15,945,239,058	3,654,821,268	3,138,225,085
Other current assets					
Prepaid expenses		153,677,506	150,189,205	16,633,791	19,093,298
Prepaid income tax		85,981,979	92,305,676	14,042,375	39,087,550
Spareparts		97,448,011	132,669,395	15,286,963	13,881,434
Interest receivables	8	7,923,102	-	44,427,330	13,679,586
Advance payments		115,308,708	42,435,387	3,234,377	7,474,243
Current portion of forward exchange contracts receivables		128,783,824	31,419,226	111,345,645	8,674,691
Value added tax refundable		173,069,118	114,227,301	60,844,796	48,364,974
Others		145,393,358	93,954,191	46,682,027	32,802,056
Total other current assets		907,585,606	657,200,381	312,497,304	183,057,832
Total current assets		28,816,067,655	23,497,126,584	9,768,250,984	6,265,318,774

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Non-current assets					
Restricted deposits with financial institutions	10	730,300	668,800	-	-
Investments in subsidiaries - net	11	-	-	3,345,867,453	3,320,367,453
Investments in associates - net	12	264,341,020	255,821,015	38,510,000	43,560,000
Other long-term investments	13	102,586,800	90,602,257	39,130,560	4,539,500
Long-term loans to subsidiaries - net of current portion	8	-	-	4,477,964,100	4,470,790,675
Long-term loans to other companies - net of current portion		16,217,940	16,666,667	-	-
Property, plant and equipment - net	14	8,514,956,732	7,728,002,138	2,127,716,443	1,678,608,220
Properties foreclosed - net	15	58,606,539	60,341,539	58,606,539	60,341,539
Intangible assets - net	16	754,474,494	705,830,949	-	-
Other non-current assets					
Forward exchange contracts receivables		95,011,200	461,142,500	95,011,200	461,142,500
Goodwill - net		301,466,285	206,705,245	-	-
Leasehold rights - net		21,529,125	17,420,256	-	-
Deferred tax assets	21	650,855,684	370,602,881	11,034,431	13,898,166
Others		268,437,636	164,931,684	13,537,821	14,904,272
Total non-current assets		11,049,213,755	10,078,735,931	10,207,378,547	10,068,152,325
Total assets		39,865,281,410	33,575,862,515	19,975,629,531	16,333,471,099

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	17	10,659,178,727	8,939,339,007	3,289,677,527	2,687,169,425
Trade accounts payable					
Related companies	8	23,934,262	32,729,082	326,349,638	243,679,103
Others		3,423,616,162	2,943,642,492	1,069,864,143	814,997,730
Total trade accounts payable		3,447,550,424	2,976,371,574	1,396,213,781	1,058,676,833
Short-term loans from related parties	8	2,500,000	8,000,000	2,500,000	205,400,000
Short-term loans from directors of subsidiaries	8	109,746,000	30,000,000	-	-
Short-term loans from shareholders of subsidiaries	8	400,000	-	-	-
Current portion of long-term loans	18	225,774,940	178,180,700	-	-
Other current liabilities					
Corporate income tax payable		139,732,519	75,340,113	25,640,210	-
Accrued expenses	8	606,179,677	541,072,361	184,706,702	145,044,274
Accounts payable - construction and asset purchase		66,283,818	163,710,897	16,184,296	23,851,606
Billback		145,593,204	190,880,429	-	-
Others		818,714,843	563,064,544	227,553,749	156,152,857
Total other current liabilities		1,776,504,061	1,534,068,344	454,084,957	325,048,737
Total current liabilities		16,221,654,152	13,665,959,625	5,142,476,265	4,276,294,995
Non-current liabilities					
Long-term loans from shareholder of subsidiary	8	-	26,222,400	-	-
Long-term loans - net of current portion	18	1,416,042,339	1,735,349,100	-	-
Debentures	19	5,200,000,000	3,200,000,000	5,200,000,000	3,200,000,000
Deferred tax liabilities	21	293,152,913	276,396,502	-	-
Other non-current liabilities		503,706,892	102,225,685	120,608,355	28,877,571
Total non-current liabilities		7,412,902,144	5,340,193,687	5,320,608,355	3,228,877,571
Total liabilities		23,634,556,296	19,006,153,312	10,463,084,620	7,505,172,566

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
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					
883,170,950 ordinary shares of Baht 1 each					
(2007: 878,794,950 ordinary shares of Baht 1 each)		883,170,950	878,794,950	883,170,950	878,794,950
Share premium		4,518,796,858	4,481,688,378	4,518,796,858	4,481,688,378
Unrealised loss					
Revaluation deficit on change in value of investments	13	(18,503,027)	(8,160,485)	(473,600)	(485,500)
Provision for changes in the value of pension fund	29	(85,953,035)	(6,440,234)	-	-
Translation adjustment		(47,418,453)	(73,045,204)	-	-
Retained earnings					
Appropriated - statutory reserve	23	89,000,000	89,000,000	89,000,000	89,000,000
Unappropriated		9,023,177,341	7,724,167,074	4,022,050,703	3,379,300,705
Equity attributable to the Company's shareholders		14,362,270,634	13,086,004,479	9,512,544,911	8,828,298,533
Minority interest - equity attributable to minority shareholders					
of subsidiaries		1,868,454,480	1,483,704,724	-	-
Total shareholders' equity		16,230,725,114	14,569,709,203	9,512,544,911	8,828,298,533
Total liabilities and shareholders' equity		39,865,281,410	33,575,862,515	19,975,629,531	16,333,471,099
		-	-	-	-

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Revenues					
Sales		69,048,124,396	55,507,131,229	18,845,594,104	14,276,612,179
Other income					
Interest income		13,030,334	18,286,977	272,598,853	354,940,112
Dividend income		310,000	360,500	538,190,006	842,158,904
Compensation from accounts payable		61,597,899	60,385,828	31,424,335	32,516,590
Tax coupon received		87,345,718	90,557,198	13,243,214	15,752,261
Exchange gains		83,915,227	184,312,518	27,607,624	107,200,703
Others		224,661,545	206,190,231	120,038,973	74,262,365
Total other income		470,860,723	560,093,252	1,003,103,005	1,426,830,935
Total revenues		69,518,985,119	56,067,224,481	19,848,697,109	15,703,443,114
Expenses					
Cost of sales		60,290,808,311	47,931,404,135	16,662,459,511	12,697,616,753
Selling expenses		3,701,893,245	3,410,810,608	802,250,680	661,961,461
Administrative expenses		2,219,943,935	1,830,916,648	409,483,273	346,186,241
Other expenses		12,400,027	4,397,034	3,233,797	917,909
Total expenses		66,225,045,518	53,177,528,425	17,877,427,261	13,706,682,364
Income before finance cost and corporate income tax		3,293,939,601	2,889,696,056	1,971,269,848	1,996,760,750
Finance cost		(634,900,294)	(623,947,096)	(256,336,455)	(290,367,230)
Share of income from investments in associates		16,463,877	4,909,621	-	-
Income before corporate income tax		2,675,503,184	2,270,658,581	1,714,933,393	1,706,393,520
Corporate income tax	21	(106,653,783)	(262,932,114)	(85,500,747)	(72,877,433)
Net income for the year		2,568,849,401	2,007,726,467	1,629,432,646	1,633,516,087
Net income attributable to:					
Equity holders of the parent		2,200,469,365	1,823,296,815	1,629,432,646	1,633,516,087
Minority interests of the subsidiaries		368,380,036	184,429,652		
		<u>2,568,849,401</u>	<u>2,007,726,467</u>		
Earnings per share					
Basic earnings per share					
Net income attributable to equity holders of the parent	26	<u>2.51</u>	<u>2.08</u>	<u>1.86</u>	<u>1.86</u>
Diluted earnings per share					
Net income attributable to equity holders of the parent		<u>2.51</u>	<u>2.07</u>	<u>1.86</u>	<u>1.86</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

For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash flows from operating activities				
Net income before tax	2,675,503,184	2,270,658,581	1,714,933,393	1,706,393,520
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:				
Depreciation and amortisation	1,000,043,050	978,073,221	231,890,928	202,627,449
Amortisation of premium/discount from forward exchange contracts	10,579,441	30,463,585	(3,014,464)	32,290,591
Write-off of withholding tax	20,217,992	-	20,217,992	-
Allowance for doubtful accounts (reversal)	(17,281,279)	40,964,025	-	284,765
Allowance for diminution in value of inventories (reversal)	249,985,313	(16,419,095)	(10,794,836)	6,967,594
Reversal of loss on impairment of assets	(1,735,000)	(12,871,750)	(1,735,000)	(8,838,220)
Reversal of allowance for impairment loss of investments in subsidiary	-	(2,123,590)	-	-
Share of income from investments in associates	(16,463,877)	(4,909,621)	-	-
Gain on returned capital of investment in associate	(7,280,450)	-	(7,280,450)	-
Gain on sale of investment	(291,252)	-	-	-
Loss on liquidation of subsidiary	-	2,292,254	-	-
Gain on sale / write-off of property, plant and equipment	(1,962,901)	(2,226,928)	(277,141)	(638,625)
Loss on sale of properties foreclosed	3,083,084	11,167,311	3,083,084	11,167,311
Exchange gain from repayment of loans	-	(146,772,000)	-	-
Unrealised exchange loss (gain)	137,311,649	185,939,890	54,749,067	(30,539,398)
Dividend income	(310,000)	(360,500)	(538,190,006)	(842,158,904)
Interest income	(13,030,334)	(18,286,977)	(272,598,853)	(354,940,112)
Interest expense	589,052,335	579,946,233	237,396,429	269,242,222
Income from operating activities before change in operating assets and liabilities	4,627,420,955	3,895,534,639	1,428,380,143	991,858,193
Decrease (increase) in operating assets				
Trade accounts receivable	(501,680,482)	(1,423,130,458)	(740,885,086)	(1,034,939,916)
Inventories	(3,035,555,432)	(4,317,671,456)	(503,266,473)	(879,709,974)
Other current assets	(90,526,810)	(9,035,270)	(9,346,811)	(2,829,034)
Other non-current assets	(95,683,057)	(19,437,999)	92,040	(4,810)
Increase (decrease) in operating liabilities				
Trade accounts payable	417,027,587	905,170,339	309,634,710	327,487,961
Other current liabilities	34,790,828	116,482,045	43,728,352	57,743,539
Other non-current liabilities	299,174,289	(22,797,574)	725,094	(2,792,541)
Cash flows from (used in) operating activities	1,654,967,878	(874,885,734)	529,061,969	(543,186,582)
Cash paid for interest expense	(580,417,211)	(557,424,467)	(218,791,264)	(272,049,904)
Cash paid for corporate income tax	(284,216,731)	(219,253,924)	(56,996,803)	(78,488,086)
Net cash from (used in) operating activities	790,333,936	(1,651,564,125)	253,273,902	(893,724,572)

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 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash flows from investing activities				
Increase in restricted deposits with financial institutions	(61,500)	(227,000)	-	-
Acquisitions of property, plant and equipment	(1,724,254,521)	(2,475,870,005)	(689,461,459)	(369,664,364)
Acquisitions of intangible assets	(45,006,657)	(3,631,000)	-	-
Acquisitions of leasehold rights	(692,379)	(430,183)	-	-
Decrease (increase) in short-term loans to related parties	-	(1,500,000)	(470,589,400)	397,960,000
Decrease (increase) in short-term loans to other company	(11,128,168)	31,396,259	(15,000,000)	-
Decrease (increase) in long-term loans to subsidiaries	-	-	(240,017,250)	34,087,500
Increase in long-term loans to other companies	(418,000)	-	-	-
Cash paid to purchase of investment in subsidiary	(53,873,902)	-	-	-
Increase in investments in subsidiary (Note 11)	-	(5,122,500)	(25,500,000)	(20,400,000)
Increase in investments in associate	-	(34,850,000)	-	-
Increase in investments in common shares	(34,579,160)	-	(34,579,160)	-
Cash paid from sale of investment in subsidiaries	-	(207,721)	-	-
Liquidation of subsidiary	199,572	-	-	-
Transfer from associate to subsidiary	1,322,620	-	-	-
Interest received	8,015,153	17,467,020	241,851,108	356,067,503
Dividend received	310,000	360,500	538,190,006	842,158,904
Proceed from sale of investment	12,786,975	-	-	-
Proceed from return of capital of subsidiary	-	-	-	40,554,050
Proceed from return of capital of associate	12,330,450	-	12,330,450	-
Proceeds from sales of property, plant and equipment	13,878,762	14,854,570	1,272,139	897,906
Proceeds from sales of properties foreclosed	186,916	3,269,689	186,916	3,269,689
Net cash from (used in) investing activities	(1,820,983,839)	(2,454,490,371)	(681,316,650)	1,284,931,188

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 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans				
from financial institutions	1,511,497,467	3,836,747,451	602,508,101	1,148,137,320
Decrease in short-term loans from subsidiaries	-	-	(197,400,000)	(632,200,000)
Increase (decrease) in short-term loans from associate	(5,500,000)	8,000,000	(5,500,000)	8,000,000
Increase in short-term loans from shareholders of subsidiaries	400,000	-	-	-
Decrease in short-term loans from director of subsidiaries	(45,692,000)	(93,100,000)	-	-
Increase (decrease) in long-term loans from director				
of subsidiary	(26,222,400)	26,222,400	-	-
Decrease in long-term loans	(277,557,220)	(1,644,181,589)	-	(3,114,000,000)
Decrease in financial lease payable	(30,533,370)	(45,800,055)	-	-
Increase in debentures	2,000,000,000	3,200,000,000	2,000,000,000	3,200,000,000
Proceed from issued additional share capital	41,484,480	74,449,690	41,484,480	74,449,690
Decrease in minority interest - equity attributable to minority				
shareholders of subsidiaries	(94,653,525)	(164,667,382)	-	-
Dividend paid (Note 30)	(986,682,648)	(1,077,695,267)	(986,682,648)	(1,077,695,267)
Net cash from (used in) financing activities	2,086,540,784	4,119,975,248	1,454,409,933	(393,308,257)
Decrease in translation adjustment	15,485,839	106,342,464	-	-
Net increase (decrease) in cash and cash equivalents	1,071,376,720	120,263,216	1,026,367,185	(2,101,641)
Cash and cash equivalents at beginning of year	485,405,281	365,142,065	1,717,128	3,818,769
Cash and cash equivalents at end of year (Note 31)	1,556,782,001	485,405,281	1,028,084,313	1,717,128
Supplement cash flows information				
Non-cash items:				
Undue installments for acquisition of fixed assets	66,283,818	163,710,897	16,184,296	23,851,606
Unrealised loss (gain) on changes in the value of investments	10,342,542	6,074,815	(11,900)	114,800

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 2008 and 2007

(Unit: Baht)

Consolidated financial statements										
Equity attributable to the parent's shareholders										
			Revaluation	Provision for	Translation	Retained earnings		Total equity	Minority interest - equity	Total
	Issued and paid-up share capital	Share premium	deficit on changes in the value of investments	changes in value of pension fund		Appropriated	Unappropriated	attributable to the parent's shareholders	attributable to minority shareholders of subsidiaries	
Balance as at 31 December 2006	874,055,950	4,411,977,688	(2,085,670)	(23,790,030)	(11,968,047)	89,000,000	6,975,829,585	12,313,019,476	1,454,916,280	13,767,935,756
Income and expenses recognised directly in equity:										
Investments in available-for-sale securities										
Loss recognised in shareholders' equity	-	-	(6,074,815)	-	-	-	-	(6,074,815)	-	(6,074,815)
Provision for changes in the value of pension fund	-	-	-	17,349,796	-	-	-	17,349,796	-	17,349,796
Translation adjustment	-	-	-	-	(61,077,157)	-	-	(61,077,157)	-	(61,077,157)
Net income and expenses recognised directly in equity	-	-	(6,074,815)	17,349,796	(61,077,157)	-	-	(49,802,176)	-	(49,802,176)
Net income for the year	-	-	-	-	-	-	1,823,296,815	1,823,296,815	184,429,652	2,007,726,467
Total income and expenses for the year	-	-	(6,074,815)	17,349,796	(61,077,157)	-	1,823,296,815	1,773,494,639	184,429,652	1,957,924,291
Dividend paid (Note 30)	-	-	-	-	-	-	(1,077,695,267)	(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	-	74,449,690
Acquisition of investment in subsidiary	-	-	-	-	-	-	1,484,180	1,484,180	(1,484,180)	-
Liquidation of subsidiary	-	-	-	-	-	-	1,251,761	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	13,086,004,479	1,483,704,724	14,569,709,203
Balance as at 31 December 2007 - as previously reported	878,794,950	4,481,688,378	(8,160,485)	(6,440,234)	(73,045,204)	89,000,000	7,724,167,074	13,086,004,479	1,483,704,724	14,569,709,203
Cumulative effect of the change in accounting policy (Note 4)	-	-	-	-	-	-	85,223,550	85,223,550	-	85,223,550
Balance as at 31 December 2007 - as restated	878,794,950	4,481,688,378	(8,160,485)	(6,440,234)	(73,045,204)	89,000,000	7,809,390,624	13,171,228,029	1,483,704,724	14,654,932,753
Income and expenses recognised directly in equity:										
Investments in available-for-sale securities										
Loss recognised in shareholders' equity	-	-	(10,342,542)	-	-	-	-	(10,342,542)	-	(10,342,542)
Provision for changes in the value of pension fund	-	-	-	(79,512,801)	-	-	-	(79,512,801)	-	(79,512,801)
Translation adjustment	-	-	-	-	25,626,751	-	-	25,626,751	-	25,626,751
Net income and expenses recognised directly in equity	-	-	(10,342,542)	(79,512,801)	25,626,751	-	-	(64,228,592)	-	(64,228,592)
Net income for the year	-	-	-	-	-	-	2,200,469,365	2,200,469,365	368,380,036	2,568,849,401
Total income and expenses for the year	-	-	(10,342,542)	(79,512,801)	25,626,751	-	2,200,469,365	2,136,240,773	368,380,036	2,504,620,809
Dividend paid (Note 30)	-	-	-	-	-	-	(986,682,648)	(986,682,648)	(119,153,465)	(1,105,836,113)
Issuance of share capital by converted warrants to										
ordinary shares (Note 20)	4,376,000	37,108,480	-	-	-	-	-	41,484,480	-	41,484,480
Acquisition of investment in subsidiary	-	-	-	-	-	-	-	-	-	-
Increase in investment in subsidiary	-	-	-	-	-	-	-	-	24,500,000	24,500,000
Increase in minority interest	-	-	-	-	-	-	-	-	111,023,185	111,023,185
Balance as at 31 December 2008	883,170,950	4,518,796,858	(18,503,027)	(85,953,035)	(47,418,453)	89,000,000	9,023,177,341	14,362,270,634	1,868,454,480	16,230,725,114

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 2008 and 2007

(Unit: Baht)

	Separate financial statements					Total
	Issued and paid-up share capital	Share premium	Revaluation deficit on changes in value of investments	Retained earnings		
				Appropriated	Unappropriated	
Balance as at 31 December 2006	874,055,950	4,411,977,688	(370,700)	89,000,000	2,823,479,885	8,198,142,823
Income and expenses recognised directly in equity:						
Investments in available-for-sale securities						
Loss recognised in shareholders' equity	-	-	(114,800)	-	-	(114,800)
Net expenses recognised directly in equity	-	-	(114,800)	-	-	(114,800)
Net income for the year	-	-	-	-	1,633,516,087	1,633,516,087
Total income and expenses for the year	-	-	(114,800)	-	1,633,516,087	1,633,401,287
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	<u>878,794,950</u>	<u>4,481,688,378</u>	<u>(485,500)</u>	<u>89,000,000</u>	<u>3,379,300,705</u>	<u>8,828,298,533</u>
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
Income and expenses recognised directly in equity:						
Investments in available-for-sale securities						
Gain recognised in shareholders' equity	-	-	11,900	-	-	11,900
Net income recognised directly in equity	-	-	11,900	-	-	11,900
Net income for the year	-	-	-	-	1,629,432,646	1,629,432,646
Total income for the year	-	-	11,900	-	1,629,432,646	1,629,432,646
Dividend paid (Note 30)	-	-	-	-	(986,682,648)	(986,682,648)
Issuance of share capital by converted warrants to ordinary shares (Note 20)	4,376,000	37,108,480	-	-	-	41,484,480
Balance as at 31 December 2008	<u>883,170,950</u>	<u>4,518,796,858</u>	<u>(473,600)</u>	<u>89,000,000</u>	<u>4,022,050,703</u>	<u>9,512,544,911</u>

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

Thai Union Frozen Products Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the years ended 31 December 2008 and 2007

1. General information

1.1 Corporate information

Thai Union Frozen Products Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand and listed on the Stock Exchange of Thailand on 22 November 1994.

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 and Vietnam.

The Company’s registered address is 72/1 Moo 7, Sethakit 1 Road, Tambon Tarsrai, Amphur Muang, Samutsakorn. The Company has 3 branches in Bangkok and Samutsakorn.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

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 in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Thai Union Frozen Products Public Company Limited ("the Company") and the following subsidiaries ("the subsidiaries"):

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		<u>2008</u>	<u>2007</u>	
		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.	Liquidation	-	100.00	Thailand

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		<u>2008</u> Percent	<u>2007</u> Percent	
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>				
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
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
Yueh Chyang Canned Food Co., Ltd. (51 percent held by Songkla Canning Pcl.)	Manufacturer & distributor of canned tuna and seafood	46.12	-	Vietnam
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.)	Liquidation	-	50.99	Thailand
Thai Union Hatchery Co., Ltd. (99.99 percent held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and rearing	51.00	51.00	Thailand
Thai Quality Shrimp Co., Ltd. (95% held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and species developer	48.45	25.49	Thailand

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		<u>2008</u>	<u>2007</u>	
		Percent	Percent	
Phuket Fishing Co., Ltd. (100 percent held by Thai Union Manufacturing Co., Ltd.)	Deep-sea fishing fleet operation and fishery supply trading	90.08	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	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	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	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	90.08	Singapore

In January 2008, Thai Quality Shrimp Co., Ltd., an associated company of Thai Union Feedmill Co., Ltd. is registered the capital reduction with the Ministry of Commerce, 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.

During the current year, Songkla Canning Pcl., its subsidiary purchased the investment of 51% of ordinary shares of Yueh Chyang Canned Food Co., Ltd., a company registered in Vietnam. These consolidated financial statements include the balance sheet of that company as at 31 December 2008 and the income statement for the period as from the investment date to 31 December 2008. Such company has recorded the net assets acquired at their net book value as of the acquisition date. The remaining excess of the purchase price over the net assets acquired has been recorded as other assets. The company is awaiting the receipt of a third party appraisal in order to allocate the fair value associated with the assets. The subsidiary obtained this appraisal and completed the purchase price allocation in December 2008. However, the appraisal value differs from net book value in immaterial amount. The subsidiary has therefore recognised the excess of the purchase price over the net book value in the earning statements of the current year.

The net asset value of Yueh Chyang Canned Food Co., Ltd. at the investment date consisted of the followings: -

	(Unit: Thousand Baht)
Cash and cash equivalents	65,275
Trade accounts receivable	84,626
Inventories	166,438
Property, plant and equipment - net	129,003
Other assets	35,272
Total assets	<u>480,614</u>
Short-term loans from financial institutions	75,798
Trade accounts payable	53,548
Other liabilities	124,690
Total liabilities	<u>254,036</u>
Net asset value	226,578
Net asset value attributable to the company's investment	115,555
Positive goodwill	3,594
Purchase price	119,149
Less: Cash and deposits at financial institutions of subsidiary	<u>(65,275)</u>
Net cash paid for purchase of subsidiary	<u><u>53,874</u></u>

The financial statements of Thai Quality Shrimp Co., Ltd. and Yueh Chyang Canned Food Co., Ltd. are included in the consolidated financial statement even though the Company's shareholding are 48.45 percent and 46.12 percent, respectively. This is because the Company has control over the companies through its board of directors, and is therefore regarded as subsidiaries.

- b) 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	Percent	Percent	Percent	Percent
Thai Union Manufacturing Co., Ltd. and subsidiaries	17.39	12.81	17.67	18.35
Songkla Canning Pcl. and subsidiaries	12.70	12.66	12.03	9.46
Thai Union Seafood Co., Ltd.	1.63	1.75	1.23	0.80
T-Holding Co., Ltd.	1.02	1.02	1.50	1.62
Thai Union Feedmill Co., Ltd. and subsidiaries	5.45	6.58	5.39	6.01
Thai Union Graphic Co., Ltd.	1.00	0.84	0.37	0.30
Thai Union International, Inc. (TUI) and subsidiaries	37.67	39.29	42.21	46.54
PT Juifa International Foods	0.54	0.68	0.81	1.30

- c) Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.
- d) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- e) 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 are shown under the caption of "Translation adjustment" in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

g) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notifications No. 9/2550, 38/2550 and 62/2550 mandating the use of accounting standards as follows.

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 become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 29 (revised 2007) and TAS 49 (revised 2007) are not relevant to the business of the Company, while TAS 25 (revised 2007), TAS 31 (revised 2007), TAS 33 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007), and TAS 51 do not have any significant impact on the financial statements for the current year, except the separately presented accounts of selling expenses and administrative expenses. The Company has already separated these expenses of 2007.

The following accounting standard has an impact on the financial statements for the current year.

TAS 43 (revised 2007) “Business Combinations”

TAS 43 (revised 2007) does not require the amortisation of 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. Previously recognised negative goodwill is adjusted to the opening balance of retained earnings, as from the beginning of the first fiscal year starting on or after 1 January 2008.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

4. Change in accounting policies

4.1 Change in accounting policy for recording negative goodwill

During the current year, the Company changed its accounting policy for recording negative goodwill from an investment in subsidiary in the consolidated financial statements, and adjusted the previously recorded negative goodwill against the opening balance of retained earnings, in compliance with Accounting Standard No. 43 (Revised 2007) regarding “Business Combinations”. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy” in the consolidated statements of changes in shareholders’ equity.

Such change in accounting policy had no effect to the separate financial statements.

4.2 Change in accounting policy for recording goodwill

During the current year, the Company changed its accounting policy for measurement of goodwill acquired from a business combination, from stating it at cost less accumulated amortisation (the maximum amortisation period was 20 years) and impairment losses, to stating it at cost less accumulated impairment losses, in compliance with Accounting Standard No. 43 (revised 2007). The Company applied the change prospectively, beginning with the accounting period commencing 1 January 2008, by discontinuing amortisation of goodwill and eliminating the accumulated carrying amount of amortisation of goodwill at the beginning of 2008, with a corresponding decrease in the amount of goodwill.

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 debt 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 2008 and 2007.

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 Intangible assets

Intangible assets acquired in a business combination are recognised at fair value on the date of acquisition. Other acquired intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follows.

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually.

5.9 Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Company and its subsidiaries' share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

5.10 Leasehold right and amortisation

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

5.11 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.

5.12 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the leased assets.

5.13 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

5.14 Impairment of assets

At each reporting date, the Company and its subsidiaries performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

5.15 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.

5.16 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.

5.17 Income tax

a) Current tax

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

b) 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.

5.18 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 2008 and 2007.

5.19 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the 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.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Property plant and equipment/Depreciation

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

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

Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company and its subsidiaries' management has used judgment to assess of the results of the litigation and believes that the losses incurred will not exceed the amount of provision for liabilities from litigation recorded in the financial statements.

7. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2008 and 2007, aged on the basis of due dates, are summarised below.

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
(Unit: Baht)				
<u>Age of receivable</u>				
Trade accounts receivable - related companies				
Not yet due	12,465,223	10,976,537	797,429,173	717,236,526
Overdue				
1 - 30 days	18,579,044	4,137,280	544,105,647	389,497,846
31 - 60 days	-	81,200	411,691,292	228,611,176
61 - 90 days	-	-	219,107,972	160,343,908
91 - 120 days	-	-	7,219,658	41,409,080
121 - 180 days	-	-	3,357,432	1,686,184
181 - 365 days	-	-	69,492	7,701,376
Total trade accounts receivable - related companies	<u>31,044,267</u>	<u>15,195,017</u>	<u>1,982,980,666</u>	<u>1,546,486,096</u>

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Trade accounts receivable - others				
Not yet due	5,455,020,629	4,744,998,903	1,047,543,011	856,352,816
Overdue				
1 - 30 days	1,255,124,214	1,377,030,752	206,009,656	186,698,165
31 - 60 days	160,306,796	133,731,367	69,708,573	19,320,555
61 - 90 days	114,655,872	74,699,180	43,219,228	6,252,015
91 - 120 days	61,487,722	45,337,006	24,903,152	7,832,097
121 - 180 days	53,221,897	18,623,346	8,655,012	3,850,639
181 - 365 days	55,459,228	89,013,633	1,933,324	21,505
Over 365 days	70,194,906	76,106,482	3,215,719	2,194,558
Total trade accounts receivable				
- others	7,225,471,264	6,559,540,669	1,405,187,675	1,082,522,350
Total trade accounts receivable	7,256,515,531	6,574,735,686	3,388,168,341	2,629,008,446
Less: Allowance for doubtful accounts	(151,627,513)	(169,337,155)	(716,942)	(716,942)
Trade accounts receivable - net	7,104,888,018	6,405,398,531	3,387,451,399	2,628,291,504

As at 31 December 2008 and 2007, certain trade accounts receivable of three overseas subsidiaries have secured their credit facilities as mentioned in Note 17.

8. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions are summarised below.

	(Unit: Million Baht)				
	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Transactions with subsidiaries:					
(Eliminated from consolidated financial statements)					
Sales	-	-	5,943.8	5,740.2	Cost plus margin
Dividend received	-	-	537.9	841.9	As declared
Interest income	-	-	266.2	349.9	3.40 - 6.40 percent per annum (2007: 3.70 - 6.60 percent per annum)
Purchases of goods	-	-	1,985.7	1,252.3	Cost plus margin
Interest expense	-	-	10.0	26.7	3.20 - 3.45 percent per annum (2007: 3.35 - 6.60 percent per annum)

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Transactions with associates:					
Purchases of goods	11.7	8.3	0.1	-	Cost plus margin
Purchases service expense	0.7	11.1	0.2	10.4	Near market price
Transactions with related companies:					
Sales	1,065.9	314.4	197.6	113.4	Cost plus margin
Purchases of goods	4,068.2	2,601.9	1,603.2	1,484.3	Cost plus margin
Interest income	-	3,935.2	-	-	10 percent per annum
Transportation	48.3	-	5.1	-	Near market price
Expenses relating to assets	67.0	45.7	55.3	34.2	Near market price

The Company and its subsidiaries have insured with Asia-Pacific Risk Consultants (Thailand) Co., Ltd. which is an insurance broker related by the way of having common directors. During the year 2008, insurance premiums paid through that company amounted to Baht 74.0 million (2007: Baht 40.3 million).

Directors and management's remuneration

In 2008 the Company paid salaries, meeting allowances and gratuities to its directors and management totaling Baht 47.3 million (2007: Baht 45 million).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 32.2.

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

<u>Name</u>	<u>Relationship</u>
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
PT Juifa International Foods	Subsidiary

Name	Relationship
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)
Yueh Chyang Canned Food Co., Ltd.	Subsidiary (Held by subsidiary)
Marine Biotech Co., Ltd.	Subsidiary (Held by subsidiary)
Thai Union Hatchery 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 Pte. Ltd.	Subsidiary (Held by subsidiary)
Thai Quality Shrimp Co., Ltd.	Subsidiary (Held by subsidiary)
Lucky Union Foods Co., Ltd.	Associated company
Biz Dimension Co., Ltd.	Associated company
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
Waithai Co., Ltd.	Common major shareholders/Common directors
Merchant Partners Securities Co., Ltd.	Common major shareholders/Common directors
Thaipatana Stainless Steel Co., Ltd.	Common major shareholders/Common directors
Hanhong Kanchang Registered Ordinary Partnership	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
Ahead Way International Co., Ltd.	Common directors
Ekawat Products Co., Ltd.	Related directors
Bio Solution Co., Ltd.	Shareholder of subsidiary
Miss Rungtiwa Boonmechote	Related person

The balances of the accounts as at 31 December 2008 and 2007 between the Company and those related companies are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<u>Trade accounts receivable - related companies</u>				
<u>Subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Empress International, Ltd.	-	-	647,619,088	462,217,091
Tri-Union Seafoods, LLC	-	-	398,749,217	223,569,986
Tri-Union Samoa Packing Corporation	-	-	278,526,618	132,148,704
Tri-Union Frozen Foods, LLC	-	-	399,395,095	284,354,129
Thai Union Manufacturing Co., Ltd.	-	-	11,624,887	42,625,666
T-Holding Co., Ltd.	-	-	216,256,430	180,726,668
Songkla Canning Pcl.	-	-	10,466,161	3,516,201
Thai Union Seafood Co., Ltd.	-	-	13,586,758	206,551,098
Asian-Pacific Can Co., Ltd.	-	-	-	4,840,494
Others	-	-	979,756	65,991
Total trade accounts receivable - subsidiary companies	-	-	1,977,204,010	1,540,616,028
<u>Associated companies</u>				
Trade accounts receivable - associated companies	9,660	209,299	4,860	2,247
<u>Related companies</u>				
T.C. Union Agrotech Co., Ltd.	5,771,796	5,974,821	5,771,796	5,867,821
Jana Fish Industries Limited	2,652,078	1,166,454	-	-
Lucky Surimi Products Co., Ltd.	7,775,154	7,792,906	-	-
Ahead Way International Co., Ltd.	14,436,385	-	-	-
Others	399,194	51,537	-	-
Total trade accounts receivable - related companies	31,034,607	14,985,718	5,771,796	5,867,821
Total	31,044,267	15,195,017	1,982,980,666	1,546,486,096
<u>Short-term loans to related parties</u>				
<u>Subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	624,832,200	67,103,800
Thai Union Manufacturing Co., Ltd.	-	-	300,000,000	-
Songkla Canning Pcl.	-	-	200,000,000	-
Thai Union Graphic Co., Ltd.	-	-	22,000,000	4,000,000
Asian-Pacific Can Co., Ltd.	-	-	50,000,000	50,000,000
	-	-	1,196,832,200	121,103,800

	Consolidated		(Unit: Baht)	
	financial statements		Separate	
	2008	2007	2008	2007
<u>Associated company</u>				
Thai Quality Shrimp Co., Ltd.	-	1,500,000	-	-
Total	-	1,500,000	1,196,832,200	121,103,800
<u>Long-term loans to subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	2,568,754,600	2,650,600,100
Thai Union Manufacturing Co., Ltd.	-	-	2,082,774,000	2,013,114,000
Total	-	-	4,651,528,600	4,663,714,100
Less: Current portion				
Thai Union International, Inc.	-	-	(173,564,500)	(192,923,425)
Net	-	-	4,477,964,100	4,470,790,675
<u>Other current assets - others</u>				
<u>Interest receivable</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	30,375,902	5,190,586
Thai Union Manufacturing Co., Ltd.	-	-	7,532,486	8,320,871
Songkla Canning Pcl.	-	-	856,110	-
Thai Union Graphic Co., Ltd.	-	-	82,696	9,732
Asian-Pacific Can Co., Ltd.	-	-	179,452	158,397
Total	-	-	39,026,646	13,679,586
<u>Trade accounts payable - related companies</u>				
<u>Subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Thai Union Manufacturing Co., Ltd.	-	-	138,924,053	68,159,309
Asian-Pacific Can Co., Ltd.	-	-	122,785,158	74,575,788
Thai Union Graphic Co., Ltd.	-	-	9,778,532	9,564,280
T-Holding Co., Ltd.	-	-	14,446,430	10,225,440
Tri-Union Seafoods, LLC	-	-	834,997	1,865,812
Empress International, Ltd.	-	-	6,183,462	11,113,130
Tri-Union Frozen Foods, LLC	-	-	-	2,273,684
Thai Union Feedmill Co., Ltd.	-	-	5,361,471	23,647
Thai Union Seafood Co., Ltd.	-	-	13,917,787	29,034,329
Songkla Canning Pcl.	-	-	3,820	11,699,444
Others	-	-	-	1,577,580
Total trade accounts payable - subsidiary companies	-	-	312,235,710	220,112,443
<u>Associated companies</u>				
Trade accounts payable - associated companies	1,169,696	1,231,062	100,580	270,710
<u>Related companies</u>				
Pae Ekawat	11,220,295	23,295,950	11,220,295	23,295,950
T.C. Union Global Pcl.	4,948,322	2,488,392	-	-
T.C. Union Agrotech Co., Ltd.	3,802,896	5,713,678	-	-
Ekawat Products Co., Ltd.	669,784	-	669,784	-
Miss Rungtiwa Boonmechote	2,123,269	-	2,123,269	-
Total trade accounts payable - related companies	22,764,566	31,498,020	14,013,348	23,295,950
Total	23,934,262	32,729,082	326,349,638	243,679,103

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<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
<u>Associated company</u>				
Biz Dimension Co., Ltd.	2,500,000	8,000,000	2,500,000	8,000,000
Total	<u>2,500,000</u>	<u>8,000,000</u>	<u>2,500,000</u>	<u>205,400,000</u>
<u>Short-term loans from director of subsidiaries</u>				
Mr. Cheng Niruttinanon	<u>109,746,000</u>	<u>30,000,000</u>	-	-
<u>Short-term loans from shareholder of subsidiary</u>				
Bio Solution Co., Ltd.	<u>400,000</u>	-	-	-
<u>Accrued expenses</u>				
<u>Accrued interest</u>				
Thai Union Manufacturing Co., Ltd.	-	-	-	88,151
Biz Dimension Co., Ltd.	7,750	20,926	7,750	20,926
	<u>7,750</u>	<u>20,926</u>	<u>7,750</u>	<u>109,077</u>
<u>Others</u>				
Biz Dimension Co., Ltd.	139,406	130,128	-	-
Asia-Pacific Risk Consultant (Thailand) Limited	35,230,715	30,379,376	15,678,231	13,176,688
Waithai Co., Ltd.	3,919,174	-	64,285	-
Thaipatana Stainless Steel Co., Ltd.	615,283	-	615,283	-
Hanhong Kanchang Registered Ordinary Partnership	3,208,379	-	2,801,421	-
Total	<u>43,112,957</u>	<u>30,530,430</u>	<u>19,159,220</u>	<u>13,285,765</u>
<u>Long-term loans from director of subsidiary</u>				
Mr. Cheng Niruttinanon	-	<u>26,222,400</u>	-	-

During 2008, movements of loans to/from related companies were as follows:

	(Unit: Baht)				
	Consolidated financial statement				
	Balance as at 1 January 2008	During the year		Balance as at 31 December 2008	
	Increase	Decrease	Revaluation		
<u>Short-term loans from associated company</u>					
Biz Dimension Co., Ltd.	8,000,000	15,000,000	(20,500,000)	-	2,500,000
<u>Short-term loans from director of subsidiaries</u>					
Mr. Cheng Niruttinanon	30,000,000	152,748,000*	(80,532,000)	7,530,000	109,746,000
<u>Short-term loans from shareholders of subsidiary</u>					
Bio Solution Co., Ltd.	-	500,000	(100,000)	-	400,000
<u>Long-term loans from director of subsidiary</u>					
Mr. Cheng Niruttinanon	26,222,400	-	(26,222,400)	-	-

* Included Baht 117,908,000 from acquisition of subsidiary during this year.

(Unit: Baht)

Separate financial statements						
Balance as at	During the year				Balance as at	
	1 January 2008	Increase	Decrease	Convert to short-term loan		Revaluation
Short-term loans to subsidiary companies						
Thai Union International, Inc.	67,103,800	458,850,000	(506,260,600)	503,278,500	101,860,500	624,832,200
Thai Union Manufacturing Co., Ltd.	-	300,000,000	-	-	-	300,000,000
Songkla Canning Pcl.	-	239,800,000	(39,800,000)	-	-	200,000,000
Thai Union Graphic Co., Ltd.	4,000,000	22,000,000	(4,000,000)	-	-	22,000,000
Thai Union Seafood Co., Ltd.	-	144,700,000	(144,700,000)	-	-	-
Asian-Pacific Can Co., Ltd.	50,000,000	-	-	-	-	50,000,000
Thai Union Feedmill Co., Ltd.	-	12,600,000	(12,600,000)	-	-	-
	<u>121,103,800</u>	<u>1,177,950,000</u>	<u>(707,360,600)</u>	<u>503,278,500</u>	<u>101,860,500</u>	<u>1,196,832,200</u>
Long-term loans to subsidiary companies						
Thai Union International, Inc.	2,650,600,100	710,538,000	(470,520,750)	(503,278,500)	181,415,750	2,568,754,600
Thai Union Manufacturing Co., Ltd.	2,013,114,000	105,100,000	(105,100,000)	-	69,660,000	2,082,774,000
	<u>4,663,714,100</u>	<u>815,638,000</u>	<u>(575,620,750)</u>	<u>(503,278,500)</u>	<u>251,075,750</u>	<u>4,651,528,600</u>
Short-term loans from related parties						
Thai Union Manufacturing Co., Ltd.	197,400,000	2,043,250,000	(2,240,650,000)	-	-	-
Songkla Canning Pcl.	-	16,200,000	(16,200,000)	-	-	-
Thai Union Seafood Co., Ltd.	-	90,100,000	(90,100,000)	-	-	-
Biz Dimension Co., Ltd.	8,000,000	15,000,000	(20,500,000)	-	-	2,500,000
	<u>205,400,000</u>	<u>2,164,550,000</u>	<u>(2,367,450,000)</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>

9. Inventory

(Unit: Baht)

Consolidated financial statements								
Cost	Allowance of diminution in value of inventory						Inventory - net	
	Cost higher than net realisable value		Allowance for stock obsolescence					
	2008	2007	2008	2007	2008	2007	2008	2007
Finished goods	11,223,226,912	8,535,073,112	(226,713,179)	(14,994,547)	(50,466,900)	(33,412,912)	10,946,046,833	8,486,665,653
Work in process	166,360,562	100,891,722	-	-	-	-	166,360,562	100,891,722
Raw materials	5,053,673,747	3,761,072,129	(35,257,454)	-	(3,280,011)	(6,320,008)	5,015,136,282	3,754,752,121
Ingredient and packaging	1,120,105,963	960,579,561	(17,159)	(17,160)	(9,597,705)	(13,086,034)	1,110,491,099	947,476,367
Goods in transit	1,990,712,544	2,655,453,195	-	-	-	-	1,990,712,544	2,655,453,195
Total	<u>19,554,079,728</u>	<u>16,013,069,719</u>	<u>(261,987,792)</u>	<u>(15,011,707)</u>	<u>(63,344,616)</u>	<u>(52,818,954)</u>	<u>19,228,747,320</u>	<u>15,945,239,058</u>

(Unit: Baht)

Separate financial statements								
	Cost		Allowance of diminution in value of inventory				Inventory - net	
			Cost higher than net realisable value		Allowance for stock obsolescence			
	2008	2007	2008	2007	2008	2007	2008	2007
Finished goods	1,477,609,044	1,187,012,602	-	-	(10,791,543)	(17,790,570)	1,466,817,501	1,169,222,032
Work in process	126,320,756	54,089,302	-	-	-	-	126,320,756	54,089,302
Raw materials	1,678,911,240	1,485,491,201	-	-	(1,865,735)	(2,253,066)	1,677,045,505	1,483,238,135
Ingredient and packaging	256,221,432	183,565,342	-	-	(5,206,439)	(8,614,917)	251,014,993	174,950,425
Goods in transit	133,622,513	256,725,191	-	-	-	-	133,622,513	256,725,191
Total	3,672,684,985	3,166,883,638	-	-	(17,863,717)	(28,658,553)	3,654,821,268	3,138,225,085

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

10. Restricted deposits with financial institutions

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

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows.

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2008	2007	2008	2007	2008	2007	2008	2007
			Percent	Percent				
Songkla Canning Pcl.	Baht 360 million	Baht 360 million	90.44	90.44	1,379,790,847	1,379,790,847	146,505,686	179,062,504
Thai Union Manufacturing Co., Ltd.	Baht 300 million	Baht 300 million	90.08	90.08	1,212,172,182	1,212,172,182	324,304,320	540,507,200
Thai Union Seafood Co., Ltd.	Baht 250 million	Baht 200 million	51.00	51.00	163,816,187	138,316,187	18,360,000	-
T-Holding Co., Ltd.	Baht 70 million	Baht 70 million	90.00	90.00	20,698,851	20,698,851	-	9,450,000
Thai Union Numhong Co., Ltd.	Baht 125 million	Baht 125 million	100.00	100.00	91,000,000	91,000,000	-	-
Thai Union Feedmill Co., Ltd.	Baht 300 million	Baht 300 million	51.00	51.00	153,000,000	153,000,000	41,310,000	72,930,000
Thai Union Graphic Co., Ltd.	Baht 40 million	Baht 40 million	74.00	74.00	45,331,212	45,331,212	7,400,000	7,400,000
Thai Union International, Inc. (TUI)	USD 8.1 million	USD 8.1 million	100.00	100.00	325,770,350	325,770,350	-	-
PT Juifa International Foods	USD 2.7 million	USD 2.7 million	76.50	76.50	69,509,995	69,509,995	-	32,541,700
Total					3,461,089,624	3,435,589,624	537,880,006	841,891,404
Less: Provision for impairment of investments					(115,222,171)	(115,222,171)		
Net					3,345,867,453	3,320,367,453		

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 3.56 million is to be invested to acquire 51 percent interest in this company which completed in July 2008.

On 6 October 2008, a meeting of shareholders of Thai Union Seafood Co., Ltd. approved the Baht 200 million increase in the registered share capital, from Baht 200 million to Baht 400 million. This subsidiary registered the additional shares, with the Ministry of Commerce on 10 November 2008, 25 percent of which has been paid-up. During November 2008, the Company additionally invested Baht 25.5 million.

12. Investments in associates

12.1 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	
			<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			Percent	Percent				
<u>Investments in associates, directly held by the Company</u>								
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500,000	37,500,000	222,533,646	202,301,926
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010,000	6,060,000	16,740,237	20,111,874
<u>Investments in associates, directly held by subsidiaries</u>								
Thai Quality Shrimp Co., Ltd. (held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and species developer	Thailand	-	25.49	-	4,000,000	-	2,893,872
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	75,900,000	25,067,137	30,513,343
					114,410,000	123,460,000	264,341,020	255,821,015

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</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	1,010,000	6,060,000
					38,510,000	43,560,000

12.2 Share of income/loss

During the year, the Company and its subsidiaries have recognised its share of net income/loss from investments in associated companies in the consolidated financial statements as follows:

Company's name	(Unit: Baht)	
	Consolidated financial statements	
	Share of income/loss from investments in associates during the year	
	<u>2008</u>	<u>2007</u>
Lucky Union Foods Co., Ltd.	20,231,720	23,402,136
Biz Dimension Co., Ltd.	1,678,363	5,107,496
Thai Quality Shrimp Co., Ltd.	-	(2,894,717)
Century Trading (Shanghai) Co., Ltd.	(5,446,206)	(20,705,294)
Total	<u>16,463,877</u>	<u>4,909,621</u>

12.3 Summarised financial information of associates

Financial information of associated companies is summarised below.

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the year ended		Net income (loss) for the year ended	
	31 December		31 December		31 December		31 December		31 December	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Lucky Union Foods Co., Ltd.	150	150	1,390	875	508	73	1,273	1,065	81	94
Biz Dimension Co., Ltd.	25	150	38	89	4	3	63	69	8	26
Thai Quality Shrimp Co., Ltd.	-	8	-	10	-	4	-	23	-	(6)
Century Trading (Shanghai) Co., Ltd.	USD 4	USD 4	56	63	5	7	139	114	(11)	(41)
	million	million								

Thai Quality Shrimp Co., Ltd., an associate 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% to 95%. Consequently, that associated will become a subsidiary. The capital reduction is registered with the Ministry of Commerce in January 2008.

In August 2008, Biz Dimension Co., Ltd. decreased the company's registered share capital from Baht 150 million to Baht 37.5 million by decreasing the number of shares held by existing shareholders to one of every four shares currently held. The Company received the returned capital of Baht 10 million. On 11 November 2008, this company decreased the company's registered share capital from Baht 37.5 million to Baht 25 million by decreasing the number of shares held by existing shareholders to one of every 1.5 shares currently held. The Company received the returned capital of Baht 2.5 million.

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 associates are immaterial.

13. Other long-term investments

	(Unit: Baht)			
	Consolidated financial statements			
	2008		2007	
	Cost	Fair value	Cost	Fair value
Other long-term investments				
Available-for-sale securities - Unit trusts	69,520,180	51,017,153	74,216,830	66,056,345
Unrealised loss on changes in the value of investments	(18,503,027)	-	(8,160,485)	-
Total available-for-sale securities	51,017,153	<u>51,017,153</u>	66,056,345	<u>66,056,345</u>
Other investments				
- Ordinary shares	51,469,647		24,445,912	
- Unit trust	100,000		100,000	
Total other long-term investments	<u>102,586,800</u>		<u>90,602,257</u>	

	(Unit: Baht)			
	Separate financial statements			
	2008		2007	
	Cost	Fair value	Cost	Fair value
Other long-term investments				
Available-for-sale securities - Unit trust	5,025,000	4,551,400	5,025,000	4,539,500
Unrealised loss on changes in the value of investments	(473,600)	-	(485,500)	-
Total available-for-sale securities	4,551,400	<u>4,551,400</u>	4,539,500	<u>4,539,500</u>
Other investments				
- Ordinary shares	34,579,160		-	
Total other long-term investment	<u>39,130,560</u>		<u>4,539,500</u>	

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Buildings		Machinery and equipment	Furniture and fixture	Motor vehicles	Assets under installation and under construction	
	Land and land improvement	and building improvement					
Cost							
31 December 2007	1,193,093	3,431,070	7,879,419	431,974	349,496	604,320	13,889,372
Translation adjustment	(932)	9,879	27,393	3,293	334	4,672	44,639
Acquisition of subsidiary during the year	-	85,447	95,608	993	4,638	2,005	188,691
Increase from change investment							
in associated	3,393	-	1,671	229	-	-	5,293
Liquidation of subsidiary	-	-	(525)	(135)	-	-	(660)
Acquisitions	703	4,042	219,237	11,969	12,351	1,372,900	1,621,202
Disposals/write off	-	(1,569)	(412,933)	(25,199)	(16,663)	(463)	(456,827)
Transfer in (out)	22,188	289,062	644,408	24,362	21,752	(1,001,572)	200
31 December 2008	1,218,445	3,817,931	8,454,278	447,486	371,908	981,862	15,291,910
Accumulated depreciation							
31 December 2007	9,676	1,381,340	4,194,791	342,040	233,517	-	6,161,364
Translation adjustment	30	6,955	16,178	2,876	239	-	26,278
Accumulated depreciation from acquisition of subsidiary during the year	-	17,304	39,990	740	1,653	-	59,687
Accumulated depreciation from change investment in associated	-	-	130	85	-	-	215
Liquidation of subsidiary	-	-	(220)	(103)	-	-	(323)
Depreciation for the year	4,107	194,268	701,389	34,975	40,310	-	975,049
Depreciation for disposals/write off	-	(863)	(407,536)	(24,274)	(12,644)	-	(445,317)
31 December 2008	13,813	1,599,004	4,544,722	356,339	263,075	-	6,776,953
Allowance for loss on impairment of assets							
31 December 2007	-	-	3	3	-	-	6
Liquidation of subsidiary	-	-	(3)	(3)	-	-	(6)
31 December 2008	-	-	-	-	-	-	-
Net book value							
31 December 2007	1,183,417	2,049,730	3,684,625	89,931	115,979	604,320	7,728,002
31 December 2008	1,204,632	2,218,927	3,909,556	91,147	108,833	981,862	8,514,957
Depreciation for the years							
2007							869,834
2008							975,049

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and fixture	Motor vehicles	Assets under installation and under construction	
Cost							
31 December 2007	361,680	982,367	1,368,900	56,316	98,760	369,814	3,237,837
Acquisitions	-	-	14,178	2,617	402	664,597	681,794
Disposals/write off	-	-	(375,652)	(21,637)	(5,851)	-	(403,140)
Transfer in (out)	4,397	203,266	333,740	18,375	12,033	(571,611)	200
31 December 2008	366,077	1,185,633	1,341,166	55,671	105,344	462,800	3,516,691
Accumulated depreciation							
31 December 2007	-	426,936	1,024,246	41,797	66,250	-	1,559,229
Depreciation for the year	-	59,582	151,828	6,822	13,659	-	231,891
Depreciation for disposals/ write off	-	-	(375,192)	(21,102)	(5,851)	-	(402,145)
31 December 2008	-	486,518	800,882	27,517	74,058	-	1,388,975
Net book value							
31 December 2007	361,680	555,431	344,654	14,519	32,510	369,814	1,678,608
31 December 2008	366,077	699,115	540,284	28,154	31,286	462,800	2,127,716
Depreciation for the years							
2007							202,627
2008							231,891

An overseas subsidiary has mortgaged the construction and machinery, with net book values totalling approximately USD 0.1 million (2007: USD 0.1 million), to financial institutions to secure its credit facilities, as mentioned in Note 17.

As at 31 December 2008, 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 2,934 million (2007: Baht 2,890 million).

15. 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 2008 and 2007 are as follows:

	(Unit: Thousand Baht)	
	<u>2008</u>	<u>2007</u>
Cost	99,480	113,917
Disposals/transfer out	(3,470)	(14,437)
Allowance for loss on impairment of assets	<u>(37,403)</u>	<u>(39,138)</u>
Net	<u>58,607</u>	<u>60,342</u>

16. Intangible assets

(Unit: Million Baht)

	2008			2007		
	Cost	Accumulated		Cost	Accumulated	
		amortisation	Net		amortisation	Net
Copyrights	13	(3)	10	15	(5)	10
Trademarks	942	(301)	641	924	(310)	614
Patent	36	-	36	-	-	-
Customer relationships	147	(80)	67	143	(63)	80
Covenant not to compete	14	(14)	-	14	(12)	2
Total	<u>1,152</u>	<u>(398)</u>	<u>754</u>	<u>1,096</u>	<u>(390)</u>	<u>706</u>

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

The Company entered into interest rate swap agreements for short-term loans from financial institution to hedge interest rate risk, as mentioned in Note 33.1.

An overseas subsidiary entered into a revolving credit facility with Bank of America N.A.. The credit facility, which expires on 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% per annum or the bank's prime rate less 0.25% per annum, subject to adjustment quarterly. An unused line fee is charged at 0.25% 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. As at 31 December 2008, the balance under this facility was USD 27 million at interest rate at 3.19% per annum and actual unused availability based upon substantially all of collateralised assets was approximately

USD 2 million. The subsidiary is subject to certain financial covenants including interest coverage ratio and leverage coverage ratio and others. As at 31 December 2008, the subsidiary determined it was not in compliance with the interest coverage ratio covenant. The Company has committed to provide any necessary funds to replace, in full, any bank debt which may be required to be repaid due to any covenant related default through at least 17 February 2010.

Tri-Union Seafoods, LLC (Tri-U) entered into a revolving credit facility with Bank of America N.A. The credit facility, which expires on 31 October 2009, provides for borrowings and the issuance of letters of credit up to USD 60 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 1.5% per annum or 1.75% per annum or the bank's prime rate less 0.25% per annum, subject to adjustment quarterly. An unused line fee is charged at 0.25% per annum or 0.375% per annum, subject to adjustment, on the average daily unused portion of the credit facility. The credit facility is secured by accounts receivable and inventory of Tri-U. As at 31 December 2008, the balance under the credit facility was USD 58 million with interest at rates ranging from 2.0% to 3.4% per annum. Tri-U is subject to certain financial covenants including an interest coverage ratio and leverage ratio and others. As at 31 December 2008, Tri-U determined that it was in compliance with all of these covenants.

Tri-Union Frozen Foods, LLC (TUFF) entered into a USD 30 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% per annum or cost of funds (as defined in the facility) plus a margin of 1.5% 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 2008, the amount outstanding under the TUFF facility was USD 25.9 million with interest at rates ranging from 2.05% to 5.55% per annum. The subsidiary was contingently liable for open letters of credit issued under this facility totally USD 0.9 million, and actual unused availability was approximately USD 3.3 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 2008, the subsidiary determined it was in compliance with these covenants.

18. Long - term loans

Long-term loans as at 31 December 2008 and 2007 consist of:

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	2008	2007
USD loans	165	232
Baht loans	1,477	1,681
Total	1,642	1,913
Less: Current portion	(226)	(178)
Net	<u>1,416</u>	<u>1,735</u>

On 21 July 2003, an 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% 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 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 less 1.25% per annum and MLR less 1.00% per annum. These loans are to be repaid within year 2010 and have guaranteed by a local subsidiary. As at 31 December 2008, the balance of this loan is Baht 125 million.

During the second quarter of 2007, a local subsidiary drew Baht 380 million of two loan agreements from a local financial institution, carrying interest at 4.85% per annum, and THBFIX plus 0.5% per annum. These loans are to be repaid within year 2012. As at 31 December 2008, the balance of this loan is Baht 261.5 million.

During the third quarter of 2007, a local subsidiary entered into a 7-year loan agreement amounting to Baht 1,190 million with a local financial institution. The loan carries interest at THBFIX plus 0.39% per annum and is to be repaid in semi-annually installments, the first of which will be due in January 2011. The loan contains covenants relating to various matters stipulated in the agreement. However, during this year, the above subsidiary had repaid principal amount of Baht 100 million. As at 31 December 2008, the balance of this loan is Baht 1,090 million.

19. Debentures

On 26 October 2005, a meeting of the Company's Board of Directors approved the issuance of debentures of the Company and/or its subsidiary companies in an amount of up to Baht 8,500 million or the equivalent in another currency, for the purposes of refinancing debt and future expansion. Such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.

On 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% per annum and the redemption in full is in June 2011.

On 12 November 2008, the Company issued the 2-year debentures of Baht 1,500 million (1,500,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with no trustee, with interest rate at 4.7% per annum and the 5-year debentures of Baht 500 million (500,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with no trustee, with interest rate at 5.5% per annum.

The debentures contain covenants relating to various matters such as the maintenance of debt to shareholders' equity ratio and interest cover ratio, and certain conditions in issuance of debentures agreements, for example, annual dividend payment in the form of cash exceeding 60 percent of net income of the year is prohibited, etc.

20. Share capital

Reconciliation of ordinary shares is presented below.

	(Unit: Shares)	
	<u>2008</u>	<u>2007</u>
Issued and paid-up - ordinary shares		
Number of ordinary shares at beginning of year	878,794,950	874,055,950
Increase in number of ordinary shares due to exercise of warrants in July	<u>4,376,000</u>	<u>4,739,000</u>
Number of ordinary shares at end of year	<u>883,170,950</u>	<u>878,794,950</u>

21. Corporate income tax/deferred tax assets (liabilities)

Corporate income tax of the Company and local subsidiaries have been calculated 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 2008 and 2007 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
Income tax on taxable income	370,150	276,753	82,637	71,594
Translation adjustment	(15,973)	7,406	-	-
Expense (income) in deferred income tax	(247,523)	(21,227)	2,864	1,283
Income tax as included in income statements	<u>106,654</u>	<u>262,932</u>	<u>85,501</u>	<u>72,877</u>

The components of deferred tax assets as presented in balance sheets as at 31 December 2008 and 2007 consist of:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Tax losses brought forward	272,188	98,616	-	-
Tax effect of non-deductible expenses				
Allowance for doubtful accounts	10,822	10,523	179	215
Allowance for devaluation in the value of inventories	13,986	3,415	1,504	1,941
Other allowance	11,304	16,928	9,351	11,742
Accrued liabilities	251,194	163,602	-	-
Inventory cost capitalisation	91,362	47,948	-	-
Others	-	29,571	-	-
Total	<u>650,856</u>	<u>370,603</u>	<u>11,034</u>	<u>13,898</u>

As at 31 December 2008, a local subsidiary has deferred tax liabilities amounting to Baht 48.1 million (2007: Baht 46.0 million) and overseas subsidiaries have deferred tax liabilities amounting to Baht 245.1 million or USD 7.0 million (2007: Baht 230.4 million or USD 6.8 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 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 4.4 million ordinary shares. The Company registered the additional shares with the Ministry of Commerce on 8 July 2008. There are 1.9 million warrants as expired during the current year and there is no outstanding warrant as at 31 December 2008.

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. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Salary and wages and other employee				
benefits	4,876,812,036	4,394,202,688	1,408,422,007	1,223,543,332
Depreciation	862,218,529	753,820,397	231,890,928	202,627,449
Amortisation expenses	1,098,018	1,490,989	-	-
Rental expenses	402,226,356	279,412,305	150,784,118	100,200,106
Raw materials, consumables used				
and finished goods purchased	45,571,054,691	32,704,114,143	14,403,845,005	10,036,165,782
Changes in inventories of finished				
goods and work in progress	(2,753,622,640)	(1,822,803,729)	(362,827,896)	(2,907,246)

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 subsidiaries 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 subsidiaries are allowed to utilise the losses as a deduction against net income of future years after the expiry of the tax exemption period but with a time limit of 5 years after that period.

- Exemption from income tax on dividend paid to the shareholders from the income of the promoted operation during the corporate income tax exemption period.
- Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year and/or 5 years as from the 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)

	2008			2007		
	B.O.I. promoted	Non - B.O.I. promoted	Total	B.O.I. promoted	Non - B.O.I. promoted	Total
Revenues						
Sales						
Local	1,363,961,541	531,909,506	1,895,871,047	1,191,251,867	677,982,134	1,869,234,001
Export	15,114,813,382	1,834,909,675	16,949,723,057	11,099,491,630	1,307,886,548	12,407,378,178
Other income	85,749,786	917,353,219	1,003,103,005	145,746,180	1,281,084,755	1,426,830,935
Total revenues	<u>16,564,524,709</u>	<u>3,284,172,400</u>	<u>19,848,697,109</u>	<u>12,436,489,677</u>	<u>3,266,953,437</u>	<u>15,703,443,114</u>

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.

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

	Consolidated		Separate		Weighted average		Earnings per share			
	financial statements		financial statements		number of		Consolidated		Separate	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	Million	Million	Million	Million	Million	Million	Baht	Baht	Baht	Baht
	Baht	Baht	Baht	Baht	shares	shares				
Basic earnings per share										
Net income attributable to equity holders of the parent	2,200.5	1,823.3	1,629.4	1,633.5	876.2	876.4	2.51	2.08	1.86	1.86
Dilutive effect of warrants conversion	-	-	-	-	-	2.9				
Diluted earnings per share										
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	2,200.5	1,823.3	1,629.4	1,633.5	876.2	879.3	2.51	2.07	1.86	1.86

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 comes from both local and export sales. Below is the consolidated financial information for the years ended 31 December 2008 and 2007 of the Company and its subsidiaries by segment.

(Unit: Million Baht)

	Frozen and canned		Other businesses		Total		Elimination		Grand total	
	food products									
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Sales										
- Local	3,321	2,762	9,502	7,861	12,823	10,623	(6,448)	(5,540)	6,375	5,083
- Export	70,481	57,333	680	852	71,161	58,185	(8,488)	(7,761)	62,673	50,424
Total sales	73,802	60,095	10,182	8,713	83,984	68,808	(14,936)	(13,301)	69,048	55,507
Segment operating income									3,291	2,866
Unallocated income (expenses):										
Interest income									13	18
Administrative expenses									(10)	5
Share of income from investment in associated companies									16	5
Finance cost									(635)	(624)
Corporate income tax									(107)	(263)
Minority interest									(368)	(184)
Net income									2,200	1,823

Financial information of the Company and its subsidiaries presented by geographical segment for the years ended 31 December 2008 and 2007 is as follows:

(Unit: Million Baht)

	Thailand		Overseas		Total		Elimination		Grand total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Sales									
- Frozen and canned										
food products	42,927	33,256	30,875	26,839	73,802	60,095	(12,392)	(9,571)	61,410	50,524
- Other businesses	10,182	8,713	-	-	10,182	8,713	(2,544)	(3,730)	7,638	4,983
Total sales	53,109	41,969	30,875	26,839	83,984	68,808	(14,936)	(13,301)	69,048	55,507
Segment operating income									3,291	2,866
Property, plant and										
equipment - net	7,740	7,110	775	618	8,515	7,728	-	-	8,515	7,728
Unallocated assets									31,350	25,848
Total assets									39,865	33,576

Transfer prices between the Company and its subsidiaries are as set out in Note 8.

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 2008, the Company and its local subsidiaries contributed approximately Baht 39.3 million (2007: Baht 33.4 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 0.4 million to the fund in the year 2008 (2007: USD 0.3 million).

30. Dividends

Dividends	Approved by	Total dividends	(Unit: Baht) Dividend per share
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	483,337,222	0.55
Total for 2007		<u>1,077,695,267</u>	
Final dividends for 2007	Annual General Meeting of the shareholders on 21 April 2008	492,116,044	0.56
Interim dividends for 2008	Board of Directors' meeting on 11 August 2008	494,566,604	0.56
Total for 2008		<u><u>986,682,648</u></u>	

31. Statements of cash flows

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at financial institutions with an original maturity of 3 months or less and without restriction.

Cash and cash equivalents as reflected in the statements of cash flows consist of the followings: -

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
Cash and cash equivalents	556,782	485,405	28,084	1,717
Current investments - Bill of exchange	1,000,000	-	1,000,000	-
Cash and cash equivalents in statements of cash flows	<u>1,556,782</u>	<u>485,405</u>	<u>1,028,084</u>	<u>1,717</u>

32. Commitments and contingent liabilities

32.1 Commitments

As at 31 December 2008, the Company and its subsidiaries have the following commitments:

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

	Payable within						
	Less than 1 year		1 to 5 years		More than 5 years		Total
Office rental and service agreements	Baht	28.0 million	Baht	50.5 million	Baht	12.9 million	Baht 91.4 million
Land lease agreements	Baht	1.0 million	Baht	4.1 million	Baht	5.5 million	Baht 10.6 million
	USD	2.8 million	USD	5.7 million	USD	0.9 million	USD 9.4 million
Car lease agreements	Baht	2.7 million	Baht	0.5 million	-	-	Baht 3.2 million
Machine lease agreements	Baht	10.9 million	-	-	-	-	Baht 10.9 million
Warehouse and factory construction agreements	Baht	15.4 million	Baht	44.9 million	-	-	Baht 60.3 million
Purchase machinery and equipment agreements	Baht	32.3 million	Baht	84.3 million	-	-	Baht 116.6 million
	USD	1.9 million	-	-	-	-	USD 1.9 million
Advertising agreements	Baht	19.3 million	-	-	-	-	Baht 19.3 million

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

	<u>Amount</u>	
The local subsidiary	Baht	406.5 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 2008 amounting to USD 0.7 million (2007: 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 8 percent and 9 percent of total raw fish purchases for the years ended 31 December 2008 and 2007, 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 5 - 10 percent of total inventory purchases by Empress.

- 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 extension 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) 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.

- In March 2008, the US Department of Commerce announced a preliminary anti-dumping (AD) rate for the Company and its subsidiary's shrimp exports to the US for the period of 1 February 2006 to 31 January 2007 from a rate of 5.95% (average rate of Thailand) to 15.3%. The Company and its subsidiary will pay AD USD 7.9 million for that period and the Company and its subsidiary have not recorded this amount in the accounts since the announcement is preliminary and not a final announcement. The Company has appointed a lawyer in US to negotiate with the US Department of Commerce. In September 2008, the announcement is finalised at a rate of 2.85% for the Company and its subsidiary. The Company and its subsidiary will receive the different amount. However, the management of the Company and its subsidiary have not recorded this amount because it is in the process of refunding.
- In January 2007, TUI and two employees of TUFF were named in a lawsuit whereby the plaintiff alleged misappropriation of trade secrets, unfair business practices, and unfair competition. The matters which were the subject of this litigation were settled in December 2008 without admission of liability on mutually agreeable terms.

32.2 Guarantees

- a) The Company's board of directors approved the issuance of corporate guarantees of USD 34.5 million (2007: USD 26.7 million) to several financial institutions to secure credit facilities of its subsidiaries and their loans.
- b) As at 31 December 2008, there were outstanding bank guarantees of approximately Baht 40.9 million (2007: Baht 35.8 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 2008, there were outstanding bank guarantees of approximately Baht 87.0 million (2007: Baht 65.7 million) issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of business.

33. Financial instruments

33.1 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, current investments, 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 are 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 2008 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 2008							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate
	(Million Baht)						(% p.a.)
Financial assets							
Cash and cash equivalents	107	-	-	438	12	557	0.75 - 3.00
Current investments	1,000	-	-	-	-	1,000	3.77
Restricted deposits with financial institutions	-	-	-	1	-	1	-
Trade accounts receivable	-	-	-	-	7,257	7,257	-
Short-term loans to other company	15	-	-	-	-	15	6.25
Long-term loans to other companies	1	1	15	-	2	19	4.00 - 6.10
	<u>1,123</u>	<u>1</u>	<u>15</u>	<u>439</u>	<u>7,271</u>	<u>8,849</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	6,568	-	-	4,091	-	10,659	4.16 - 4.87
Trade accounts payable	-	-	-	-	3,448	3,448	-
Short-term loans from related parties	3	-	-	-	-	3	3.65
Short-term loans from shareholders of subsidiary	-	110	-	-	-	110	6.75
Long-term loans	-	895	273	474	-	1,642	2.37 - 6.25
Debentures	-	5,200	-	-	-	5,200	3.99
	<u>6,571</u>	<u>6,205</u>	<u>273</u>	<u>4,565</u>	<u>3,448</u>	<u>21,062</u>	

Separate financial statements as at 31 December 2008

	Fixed interest rates				Total	Interest rate (% p.a.)
	Within		Floating	Non- interest		
	1 year	1-5 years	interest rate	bearing		
	(Million Baht)					
Financial assets						
Cash and cash equivalents	-	-	23	5	28	0.75
Current investments	1,000	-	-	-	1,000	3.77
Trade accounts receivable	-	-	-	3,388	3,388	-
Short-term loans to related parties	746	-	451	-	1,197	5.9
Short-term loans to other company	15	-	-	-	15	6.25
Long-term loans to subsidiaries	174	4,478	-	-	4,652	5.24
	<u>1,935</u>	<u>4,478</u>	<u>474</u>	<u>3,393</u>	<u>10,280</u>	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	3,290	-	-	-	3,290	4.19
Trade accounts payable	-	-	-	1,396	1,396	-
Short-term loans from related parties	3	-	-	-	3	3.65
Debentures	-	5,200	-	-	5,200	3.99
	<u>3,293</u>	<u>5,200</u>	<u>-</u>	<u>1,396</u>	<u>9,889</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 2008 is as follows: -

The Company

	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Terminal date
1	USD 90 million	Float rate 3-month LIBOR plus 0.47 %	Fixed rate 3.81 - 3.94%	June 2011
2	USD 30 million	Fixed rate 3.94% as stipulated in the agreement	Float rate 3-month LIBOR plus 0.47% (7 Mar 08 to 7 Mar 09) Fixed rate 3.29% (7 Mar 09 to 7 Jun 11)	June 2011
3	USD 20 million	Float rate 3-month LIBOR plus 0.65 %	Float rate 3-month LIBOR minus 0.105 % plus stipulated rate in the agreement	January 2011

Subsidiaries

	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Terminal date
1	USD 10 million	Fixed rate 3.00 %	Fixed rate 4.00 %	2010
2	USD 10 million (To convert contract 1)	Fixed rate 4.00 %	Fixed rate 3.00 %	2010
3	USD 40 million	Float rate 1-month LIBOR	Fixed rate 3.56 %	January 2011
4	USD 10 million	Float rate 1-month LIBOR	Fixed rate 3.07 %	January 2011
5	Baht 200 million	Float rate 3-month THBFIX	Fixed rate 3.32%	February 2010
6	Baht 100 million	Fixed rate 5.12%	Float rate 3-month THBFIX	February 2010
7	Baht 300 million	Float rate 3-month THBFIX	Fixed rate 3.98%	August 2010

Cross currency swap agreements

The Company

	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Terminal date
	Principal amount	Interest rate	Principal amount	Interest rate	
1	Baht 3,114 million	Fixed rate 3.91%	USD 90 million	Float rate 3-month LIBOR plus 0.47%	June 2011
2	Baht 1,561.8 million	Float rate 3-month THBFIX	USD 47 million	Fixed rate 3.58% to 4.4086%	July 2010 to July 2012
3	Baht 388.9 million	Fixed rate 5.00%	USD 11 million	Float rate 3-month LIBOR plus 2.36%	December 2009

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 2008 are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2008 (Baht per 1 foreign currency unit)
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	
	(Million)	(Million)	(Million)	(Million)	
US dollar	352	27	237	14	34.90
Japanese yen	229	803	229	529	0.39
Euro	-	3	-	-	49.20

Foreign exchange contracts outstanding at 31 December 2008 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	15	253	33.15 - 35.76	32.08 - 43.55
Japanese yen	-	176	-	0.35 - 0.39
Euro	6	-	44.56 - 49.03	-
<u>Subsidiaries</u>				
US dollar	12	167	33.22 - 35.68	31.78 - 35.65

As at 31 December 2008, the Company and its subsidiaries have outstanding option agreements with special conditions with financial institutions under which they have obligations to buy amounts of between USD 60 million to USD 90 million, depending on conditions stipulated in the agreements, at rates ranging from Baht 33.22 per USD 1. These agreements will terminate within June 2009.

As at 31 December 2008, the Company and its subsidiaries have outstanding option agreements with special conditions with financial institutions under which they have obligations to sell amounts of between USD 63 million to USD 95 million, depending on conditions stipulated in the agreements, at rates ranging from Baht 33.22 to Baht 33.31 per USD 1. These agreements will terminate within June 2009.

33.2 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.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2008, the Group's debt to equity ratio was 1.46:1 (2007: 1.30:1) and the Company's was 1.10:1 (2007: 0.85:1).

35. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's management on 18 February 2009.