

Thai Union Frozen Products Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2010 and 2009

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 2010 and 2009, 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 2010 and 2009, these subsidiaries had total assets of Baht 12,854 million and Baht 12,529 million, and total revenues for the years then ended of Baht 29,466 million and Baht 30,081 million, 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 the 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, together with 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 audits and the audit reports 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 2010 and 2009, and 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 Notes 2.2 and 11 to the financial statements. During the current year, the Company purchased MW Brands Group in France and has evaluated the fair value of the intangible assets. The excess of the purchase price over the net asset value is recorded as goodwill in the balance sheet. However, the values of some tangible assets as of the acquisition date are still recorded at a book value that is not the fair value of the assets, because they are awaiting appraisal. The Company may therefore adjust goodwill if the fair value of the tangible assets is materially different from the book value.

Rungnapa Lertsuwankul
Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited
Bangkok: 28 February 2011

Thai Union Frozen Products Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	6	1,037,296,710	728,374,613	14,912,270	98,030,937
Trade accounts receivable	7				
Related parties	8	60,939,436	57,443,714	1,788,149,613	1,709,081,577
Unrelated parties		9,390,185,699	6,601,564,693	1,097,731,924	1,010,256,553
Total trade accounts receivable		9,451,125,135	6,659,008,407	2,885,881,537	2,719,338,130
Less: Allowance for doubtful accounts		(233,266,757)	(157,968,852)	(2,944,741)	(8,497,772)
Trade accounts receivable - net		9,217,858,378	6,501,039,555	2,882,936,796	2,710,840,358
Short-term loans to subsidiaries	8	-	-	625,824,650	1,564,906,950
Current portion of long-term loans to subsidiaries	8	-	-	2,691,738,000	1,159,291,000
Current portion of long-term loans to other companies		1,430,750	1,445,320	-	-
Inventories - net	9	20,934,453,810	15,892,970,036	2,403,644,751	3,884,979,576
Other current assets					
Prepaid expenses		164,409,982	134,271,678	23,442,689	16,035,412
Prepaid income tax		543,164,815	147,200,878	28,162,734	28,111,078
Spareparts		448,701,666	115,261,483	20,157,917	19,274,387
Interest receivables	8	564,769	-	175,072,018	38,080,468
Advance payments		26,444,341	122,982,254	244,758	22,123,331
Current portion of forward exchange contracts receivables		748,337,711	117,263,186	558,700,840	52,912,171
Value added tax refundable		538,929,720	153,815,152	60,726,120	79,789,150
Others		339,435,256	100,399,043	35,962,108	35,055,837
Total other current assets		2,809,988,260	891,193,674	902,469,184	291,381,834
Total current assets		34,001,027,908	24,015,023,198	9,521,525,651	9,709,430,655

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 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Non-current assets					
Restricted deposits with financial institution	10	11,031,720	989,800	-	-
Investments in subsidiaries - net	11	-	-	4,396,708,852	3,343,953,187
Investments in associates - net	12	837,717,064	401,792,397	66,231,008	66,231,008
Other long-term investments - net	13	72,669,275	86,871,022	34,579,160	39,105,560
Long-term loans to subsidiaries - net of current portion	8	-	-	15,429,105,300	3,444,750,400
Long-term loans to other companies - net of current portion		28,630,292	10,333,000	-	-
Property, plant and equipment - net	14	14,092,179,183	9,268,484,473	2,947,676,209	2,364,518,303
Properties foreclosed - net	15	57,056,539	57,056,539	57,056,539	57,056,539
Intangible assets - net	16	24,423,434,919	1,003,876,481	1,508,855	920,490
Other non-current assets					
Forward exchange contracts receivables		387,308,300	211,286,400	387,308,300	211,286,400
Leasehold rights - net		21,094,331	19,714,756	-	-
Advance payment for purchase property, plant and equipment		35,227,356	200,449,452	-	30,000,000
Deferred tax assets	22	498,561,829	525,003,585	18,609,334	17,390,255
Unamortized discount from forward exchange contracts		246,928,814	3,569,718	246,928,815	3,569,718
Others		64,055,054	65,492,258	10,773,125	6,508,938
Total non-current assets		40,775,894,676	11,854,919,881	23,596,485,497	9,585,290,798
Total assets		74,776,922,584	35,869,943,079	33,118,011,148	19,294,721,453

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 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	17	8,363,776,804	5,601,267,718	1,992,669,842	883,333,000
Trade accounts payable					
Related parties	8	39,974,750	32,935,389	243,512,668	240,465,474
Unrelated parties		5,869,654,833	2,596,659,847	696,099,909	1,016,612,207
Total trade accounts payable		5,909,629,583	2,629,595,236	939,612,577	1,257,077,681
Short-term loans from subsidiaries	8	-	-	245,840,000	978,610,000
Current portion of long-term loans	18	516,057,950	183,760,310	-	-
Current portion of debentures	19	3,200,000,000	1,500,000,000	3,200,000,000	1,500,000,000
Other current liabilities					
Corporate income tax payable		187,665,033	151,679,918	25,084,196	-
Accrued expenses	8	1,104,632,080	652,706,406	287,280,371	175,570,488
Accounts payable - construction and asset purchase		180,495,494	169,970,400	70,611,788	26,934,523
Billback		162,793,238	357,453,742	-	-
Others		1,316,238,290	792,933,149	265,745,009	226,440,555
Total other current liabilities		2,951,824,135	2,124,743,615	648,721,364	428,945,566
Total current liabilities		20,941,288,472	12,039,366,879	7,026,843,783	5,047,966,247
Non-current liabilities					
Long-term loans - net of current portion	18	22,500,817,529	1,264,303,640	8,896,807,865	-
Debentures - net of current portion	19	500,000,000	3,700,000,000	500,000,000	3,700,000,000
Convertible bond	20	2,390,745,712	-	2,390,745,712	-
Deferred tax liabilities	22	4,641,052,228	274,406,989	-	-
Forward exchange contracts payable - net of					
current portion		88,683,600	-	88,683,600	-
Other non-current liabilities		478,800,280	181,100,786	47,267,248	47,845,603
Total non-current liabilities		30,600,099,349	5,419,811,415	11,923,504,425	3,747,845,603
Total liabilities		51,541,387,821	17,459,178,294	18,950,348,208	8,795,811,850

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 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Shareholders' equity					
Share capital	21				
Registered					
1,000,000,000 ordinary shares of Baht 1 each					
(31 December 2009: 885,090,950 ordinary shares					
of Baht 1 each)		1,000,000,000	885,090,950	1,000,000,000	885,090,950
Issued and paid-up					
956,329,407 ordinary shares of Baht 1 each					
(31 December 2009: 883,170,950 ordinary shares					
of Baht 1 each)		956,329,407	883,170,950	956,329,407	883,170,950
Share premium		8,158,890,230	4,518,796,858	8,158,890,230	4,518,796,858
Unrealised loss					
Revaluation deficit on change in value of investments	13	(18,112,392)	(19,362,247)	-	(498,600)
Provision for changes in the value of pension fund	29	(27,664,014)	(13,561,118)	-	-
Others reserve		5,940,220	-	-	-
Translation adjustment		(47,638,424)	(99,416,505)	-	-
Retained earnings					
Appropriated - statutory reserve	23	89,000,000	89,000,000	89,000,000	89,000,000
Unappropriated		11,850,241,901	10,972,493,287	4,963,443,303	5,008,440,395
Equity attributable to the Company's shareholders		20,966,986,928	16,331,121,225	14,167,662,940	10,498,909,603
Minority interest - equity attributable to minority shareholders					
of subsidiaries		2,268,547,835	2,079,643,560	-	-
Total shareholders' equity		23,235,534,763	18,410,764,785	14,167,662,940	10,498,909,603
Total liabilities and shareholders' equity		74,776,922,584	35,869,943,079	33,118,011,148	19,294,721,453
		-	-	-	-

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 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Revenues					
Sales	8	71,507,401,428	68,994,493,487	21,183,980,131	20,210,023,115
Other income					
Interest income	8	5,458,483	6,733,551	437,024,383	329,741,096
Dividend income	8	351,530	265,000	1,218,830,079	1,389,482,014
Compensation from accounts payable		61,085,217	22,365,963	59,048,750	22,096,362
Tax coupon received		104,931,356	103,681,392	22,436,012	17,902,197
Exchange gains		806,951,116	351,747,805	356,087,169	253,815,670
Others	8	323,511,789	217,983,026	115,693,557	115,402,966
Total other income		1,302,289,491	702,776,737	2,209,119,950	2,128,440,305
Total revenues		72,809,690,919	69,697,270,224	23,393,100,081	22,338,463,420
Expenses					
Cost of sales	8	61,976,442,881	58,550,500,255	19,586,410,643	18,100,012,627
Selling expenses	8	3,887,944,873	3,671,348,806	933,906,512	922,924,076
Administrative expenses	8	2,162,496,650	2,571,761,490	444,861,099	455,566,425
Management benefit expenses		56,383,121	64,837,750	56,383,121	64,837,750
Other expenses		5,496,811	3,891,697	1,533,052	931,157
Total expenses		68,088,764,336	64,862,339,998	21,023,094,427	19,544,272,035
Income before share of income from investments					
in associates		4,720,926,583	4,834,930,226	2,370,005,654	2,794,191,385
Share of income from investments in associates	12	23,521,321	48,915,369	-	-
Income before finance cost and corporate income tax		4,744,447,904	4,883,845,595	2,370,005,654	2,794,191,385
Finance cost	8	(763,644,302)	(602,100,222)	(341,496,134)	(336,396,153)
Income before corporate income tax		3,980,803,602	4,281,745,373	2,028,509,520	2,457,795,232
Corporate income tax	22	(628,569,170)	(431,070,905)	(77,560,909)	(40,678,977)
Net income for the year		3,352,234,432	3,850,674,468	1,950,948,611	2,417,116,255
Net income attributable to:					
Equity holders of the parent		2,873,694,317	3,343,845,983	1,950,948,611	2,417,116,255
Minority interests of the subsidiaries		478,540,115	506,828,485		
		<u>3,352,234,432</u>	<u>3,850,674,468</u>		
Earnings per share					
26					
Basic earnings per share					
Net income attributable to equity holders of the parent		<u>3.20</u>	<u>3.79</u>	<u>2.17</u>	<u>2.74</u>
Diluted earnings per share					
Net income attributable to equity holders of the parent		<u>3.15</u>	<u>3.79</u>	<u>2.13</u>	<u>2.74</u>

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Cash flows statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Net income before tax	3,980,803,602	4,281,745,373	2,028,509,520	2,457,795,232
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:				
Depreciation and amortisation	1,206,032,414	1,076,102,465	321,396,732	295,412,427
Amortisation of premium/discount from forward exchange contracts	(20,092,691)	100,230,170	(16,151,035)	117,010,378
Amortisation of issue cost of convertible bond and long-term loans from financial institutions	24,622,866	-	6,519,270	-
Allowance for doubtful accounts (reversal)	28,431,144	7,957,518	(5,553,031)	7,780,830
Allowance for diminution in value of inventories (reversal)	60,876,793	(43,449,438)	5,151,959	44,354,694
Allowance for impairment loss of assets	-	205,910,400	-	100,794
Reversal of allowance for impairment loss of properties foreclosed	-	(1,550,000)	-	(1,550,000)
Allowance for impairment loss of intangible assets	-	34,592,947	-	-
Allowance for impairment loss of long-term investments (reversal)	(9,677,789)	9,677,789	-	-
Share of income from investments in associates	(23,521,321)	(48,915,369)	-	-
Loss on sale of investments	1,672,850	1,031,903	459,050	-
Loss on dissolution of subsidiaries	-	1,386,959	-	367,865
Loss (gain) on sale / write-off of property, plant and equipment and intangible assets	4,705,935	(5,627,810)	(467,262)	(881,141)
Loss on write-off of leasehold right	1,231,079	959,116	-	-
Unrealised exchange gain	(193,805,314)	(169,175,989)	(74,126,280)	(127,309,331)
Dividend income	(351,530)	(265,000)	(1,218,830,079)	(1,389,482,014)
Interest income	(5,472,882)	(6,733,551)	(437,024,383)	(329,741,096)
Interest expense	675,995,934	568,285,774	329,299,896	335,037,635
Income from operating activities before change in operating assets and liabilities	5,731,451,090	6,012,163,257	939,184,357	1,408,896,273
Decrease (increase) in operating assets				
Trade accounts receivable	(662,675,815)	464,995,883	(171,732,894)	659,415,939
Inventories	(603,777,734)	2,963,248,673	1,475,559,827	(275,390,674)
Other current assets	311,021,336	(64,267,774)	29,826,189	(44,225,822)
Other non-current assets	(78,651,292)	361,420	(4,264,187)	(30,255,836)
Increase (decrease) in operating liabilities				
Trade accounts payable	(343,156,926)	(684,098,582)	(315,267,956)	(136,455,144)
Other current liabilities	(266,604,438)	443,456,777	54,403,676	12,695,601
Other non-current liabilities	(45,232,836)	(128,490,264)	(19,668,925)	30,038,739
Cash flows from operating activities	4,042,373,385	9,007,369,390	1,988,040,087	1,624,719,076
Cash paid for corporate income tax	(618,967,962)	(427,763,392)	(53,747,447)	(86,743,713)
Net cash from operating activities	3,423,405,423	8,579,605,998	1,934,292,640	1,537,975,363

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Cash flows statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities				
Increase in restricted deposits with financial institutions	(67,050)	(259,500)	-	-
Acquisitions of property, plant and equipment	(2,715,036,837)	(1,979,330,335)	(849,726,010)	(519,713,313)
Acquisitions of intangible assets	(10,529,932)	(23,614,800)	(982,829)	(347,654)
Acquisitions of leasehold rights	(5,210,703)	(1,686,160)	-	-
Decrease (increase) in short-term loans to subsidiaries	-	-	880,900,360	(351,112,500)
Decrease in short-term loans to other company	-	15,000,000	-	15,000,000
Increase in long-term loans to subsidiaries	-	-	(14,241,728,600)	(116,500,000)
Increase in long-term loans to other companies	(18,467,276)	(7,119,550)	-	-
Cash paid to purchase of investments in subsidiaries (Note 2.2)	(28,371,146,505)	-	-	-
Increase in investments in subsidiaries (Note 11)	-	-	(1,052,755,665)	-
Increase in investments in associates	(35,688,000)	(88,536,008)	-	(27,721,008)
Decrease in other investments	-	-	4,565,950	-
Dissolution of subsidiaries	-	244,075	-	1,546,401
Interest received	4,433,406	12,014,620	300,032,832	336,087,958
Dividend received	11,851,530	265,000	1,218,830,079	1,389,482,014
Proceed from sale of investments	23,638,101	3,664,747	-	-
Proceeds from sales of property, plant and equipment	369,573,119	30,986,815	19,705,711	1,556,764
Net cash from (used in) investing activities	(30,746,650,147)	(2,038,371,096)	(13,721,158,172)	728,278,662
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	3,096,225,965	(4,891,872,302)	1,109,682,138	(2,406,344,527)
Increase (decrease) in short-term loans from subsidiaries	-	-	(732,770,000)	978,610,000
Decrease in short-term loans from associate	-	(2,500,000)	-	(2,500,000)
Decrease in short-term loans from director of subsidiaries	-	(106,560,000)	-	-
Increase (decrease) in long-term loans from financial institutions	22,989,777,010	(188,875,480)	9,000,000,000	-
Cash paid for interest expense	(589,445,249)	(582,274,842)	(258,781,706)	(335,346,311)
Cash paid for unamortized front end fee	(887,504,570)	-	(133,749,693)	-
Decrease in debentures	(1,500,000,000)	-	(1,500,000,000)	-
Increase in convertible bond	2,502,060,000	-	2,502,060,000	-
Proceed from issued additional share capital	3,713,251,829	-	3,713,251,829	-
Decrease in minority interest - equity attributable to minority shareholders of subsidiaries	(438,633,033)	(258,291,955)	-	-
Dividend paid (Note 30)	(1,995,945,703)	(1,430,726,563)	(1,995,945,703)	(1,430,726,563)
Net cash from (used in) financing activities	26,889,786,249	(7,461,101,142)	11,703,746,865	(3,196,307,401)
Decrease in translation adjustment	742,380,572	91,458,852	-	-
Net increase (decrease) in cash and cash equivalents	308,922,097	(828,407,388)	(83,118,667)	(930,053,376)
Cash and cash equivalents at beginning of year	728,374,613	1,556,782,001	98,030,937	1,028,084,313
Cash and cash equivalents at end of year (Note 6)	1,037,296,710	728,374,613	14,912,270	98,030,937

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Cash flows statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Supplement cash flows information				
Non-cash items:				
Purchases of property, plant and equipment for which no cash has been paid	180,495,494	169,970,400	70,611,788	26,934,523
Unrealised loss (gain) on changes in the value of investments	(751,255)	859,220	-	25,000

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 2010 and 2009

(Unit: Baht)

Consolidated financial statements

	Equity attributable to the parent's shareholders										
	Issued and paid-up		Revaluation deficit on changes in the value of investments	Provision for changes in value of pension fund	Others reserve	Translation adjustment	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiaries	Total
	share capital	Share premium					Appropriated	Unappropriated			
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	9,059,373,867	14,398,467,160	1,868,454,480	16,266,921,640
Income and expenses recognised directly in equity:											
Investments in available-for-sale securities											
Loss recognised in shareholders' equity	-	-	(859,220)	-	-	-	-	-	(859,220)	-	(859,220)
Provision for changes in the value of pension fund	-	-	-	72,391,917	-	-	-	-	72,391,917	-	72,391,917
Translation adjustment	-	-	-	-	-	(51,998,052)	-	-	(51,998,052)	-	(51,998,052)
Net income and expenses recognised directly in equity	-	-	(859,220)	72,391,917	-	(51,998,052)	-	-	19,534,645	-	19,534,645
Net income for the year	-	-	-	-	-	-	-	3,343,845,983	3,343,845,983	506,828,485	3,850,674,468
Total income and expenses for the year	-	-	(859,220)	72,391,917	-	(51,998,052)	-	3,343,845,983	3,363,380,628	506,828,485	3,870,209,113
Dividend paid (Note 30)	-	-	-	-	-	-	-	(1,430,726,563)	(1,430,726,563)	(257,384,899)	(1,688,111,462)
Subsidiaries terminated their operations	-	-	-	-	-	-	-	-	-	(907,056)	(907,056)
Decrease in minority interest	-	-	-	-	-	-	-	-	-	(37,347,450)	(37,347,450)
Balance as at 31 December 2009	883,170,950	4,518,796,858	(19,362,247)	(13,561,118)	-	(99,416,505)	89,000,000	10,972,493,287	16,331,121,225	2,079,643,560	18,410,764,785
Balance as at 31 December 2009	883,170,950	4,518,796,858	(19,362,247)	(13,561,118)	-	(99,416,505)	89,000,000	10,972,493,287	16,331,121,225	2,079,643,560	18,410,764,785
Income and expenses recognised directly in equity:											
Investments in available-for-sale securities											
Loss recognised in shareholders' equity	-	-	751,255	-	-	-	-	-	751,255	-	751,255
Reversal from sales during the year	-	-	498,600	-	-	-	-	-	498,600	-	498,600
Provision for changes in the value of pension fund	-	-	-	(14,102,896)	-	-	-	-	(14,102,896)	-	(14,102,896)
Others reserve	-	-	-	-	5,940,220	-	-	-	5,940,220	-	5,940,220
Translation adjustment	-	-	-	-	-	51,778,081	-	-	51,778,081	-	51,778,081
Net income and expenses recognised directly in equity	-	-	1,249,855	(14,102,896)	5,940,220	51,778,081	-	-	44,865,260	-	44,865,260
Net income for the year	-	-	-	-	-	-	-	2,873,694,317	2,873,694,317	478,540,115	3,352,234,432
Total income and expenses for the year	-	-	1,249,855	(14,102,896)	5,940,220	51,778,081	-	2,873,694,317	2,918,559,577	478,540,115	3,397,099,692
Dividend paid (Note 30)	-	-	-	-	-	-	-	(1,995,945,703)	(1,995,945,703)	(500,316,794)	(2,496,262,497)
Share capital issued (Note 21)	73,158,457	3,640,093,372	-	-	-	-	-	3,713,251,829	122,500,000	122,500,000	3,835,751,829
Decrease in minority interest	-	-	-	-	-	-	-	-	-	88,180,954	88,180,954
Balance as at 31 December 2010	956,329,407	8,158,890,230	(18,112,392)	(27,664,014)	5,940,220	(47,638,424)	89,000,000	11,850,241,901	20,966,986,928	2,268,547,835	23,235,534,763

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 2010 and 2009

(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 2008	883,170,950	4,518,796,858	(473,600)	89,000,000	4,022,050,703	9,512,544,911
Expenses recognised directly in equity:						
Investments in available-for-sale securities						
Loss recognised in shareholders' equity	-	-	(25,000)	-	-	(25,000)
Net expenses recognised directly in equity	-	-	(25,000)	-	-	(25,000)
Net income for the year	-	-	-	-	2,417,116,255	2,417,116,255
Total income and expenses for the year	-	-	(25,000)	-	2,417,116,255	2,417,091,255
Dividend paid (Note 30)	-	-	-	-	(1,430,726,563)	(1,430,726,563)
Balance as at 31 December 2009	<u>883,170,950</u>	<u>4,518,796,858</u>	<u>(498,600)</u>	<u>89,000,000</u>	<u>5,008,440,395</u>	<u>10,498,909,603</u>
Balance as at 31 December 2009	883,170,950	4,518,796,858	(498,600)	89,000,000	5,008,440,395	10,498,909,603
Income recognised directly in equity:						
Investments in available-for-sale securities						
Reversal from sales during the year	-	-	498,600	-	-	498,600
Net income recognised directly in equity	-	-	498,600	-	-	498,600
Net income for the year	-	-	-	-	1,950,948,611	1,950,948,611
Total income for the year	-	-	498,600	-	1,950,948,611	1,951,447,211
Dividend paid (Note 30)	-	-	-	-	(1,995,945,703)	(1,995,945,703)
Share capital issued (Note 21)	73,158,457	3,640,093,372	-	-	-	3,713,251,829
Balance as at 31 December 2010	<u>956,329,407</u>	<u>8,158,890,230</u>	<u>-</u>	<u>89,000,000</u>	<u>4,963,443,303</u>	<u>14,167,662,940</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 2010 and 2009

1. Corporate information

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

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.

In addition, during the current year, the Company acquired a new group of overseas subsidiaries as described in Note 2.2. Their principal activities are the manufacture and distribution of ambient seafood products to countries in Europe under its trademark. Its head office is located at France.

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.

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. 12 “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 30 January 2009, 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 the Thai language financial statements.

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Thai Union 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>2010</u> Percent	<u>2009</u> 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 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
Thai Union Investment Holding Co., Ltd. (TUIH)	Holding company	100.00	-	Mauritius
<u>Held by subsidiaries</u>				
Tri-Union Seafoods, LLC (100% held by TUI)	Manufacturer & distributor of canned tuna and seafood	100.00	100.00	USA

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		<u>2010</u>	<u>2009</u>	
		Percent	Percent	
Tri-Union Samoa Packing Corporation (100% held by Tri-Union Seafoods, LLC)	Liquidated	100.00	100.00	USA
Tri-Union Frozen Foods, LLC (TUFP) (82% held by TUI)	Importer and distributor of frozen seafood	82.00*	-	USA
Empress International, Ltd. (Empress) (100% held by TUI)	Importer and distributor of frozen shrimp and other seafood	-*	100.00	USA
Tri-Union Frozen Foods, LLC (70% held by TUI)	Importer and distributor of frozen seafood	-*	70.00	USA
US Pet Nutrition, LLC (USPN) (99% held by TUI and 1% held by Tri-Union Seafoods, LLC)	Manufacturer & distributor of premium pet food	100.00	-	USA
Empress International of California Ltd. (100% held by Empress)	Sales office	-*	100.00	USA
Empress International Midwest Ltd. (100% held by Empress)	Sales office	-*	100.00	USA
Asian-Pacific Can Co., Ltd. (90.5% held by Songkla Canning Pcl.)	Manufacturer & distributor of packaging for food products	81.85	81.85	Thailand
Yueh Chyang Canned Food Co., Ltd. (51% held by Songkla Canning Pcl.)	Manufacturer & distributor of canned tuna and seafood	46.12	46.12	Vietnam
Thai Union Hatchery Co., Ltd. (99.99% 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	48.45	Thailand
Phuket Fishing Co., Ltd. (100% held by Thai Union Manufacturing Co., Ltd.)	Deep-sea fishing fleet operation and fishery supply trading	90.08	90.08	Thailand

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		<u>2010</u>	<u>2009</u>	
		Percent	Percent	
Samui Fishing Co., Ltd. (100% 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% 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% 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% held by Thai Union Manufacturing Co., Ltd.)	General wholesale trade (including importers and exporters)	90.08	90.08	Singapore
Mauritius Company (100% held by TUIH)	Holding company	100.00	-	Mauritius
Thai Union EU Seafood 1 SA (100% held by TUIH)	Holding company	100.00	-	Luxembourg
Thai Union EU Seafood 2 SA (100% held by Thai Union EU Seafood 1 SA)	Holding company	100.00	-	Luxembourg
Thai Union France Holding SAS (100% held by Thai Union EU Seafood 2 SA)	Holding company	100.00	-	France
MW Brands Holding SAS (100% held by Thai Union France Holding SAS)	Holding company	100.00	-	France
MW Brands SAS (100% held by MW Brands Holding SAS)	Headquarter activity	100.00	-	France
MW Brands Seychelles Limited (100% held by MW Brands SAS)	Exporter of canned Tuna	100.00	-	Seychelles

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		<u>2010</u>	<u>2009</u>	
		Percent	Percent	
Etablissements Paul Paulet SAS (100% held by MW Brands SAS)	Manufacturer, importer, distributor and exporter of canned seafood	100.00	-	France
European Seafood Investment Portugal (74% held by MW Brands SAS and 26% held by MW Brands Holdings SAS)	Manufacturer and exporter of canned sardines and mackerel	100.00	-	Portugal
Pioneer Food Cannery Limited (100% held by Etablissements Paul Paulet SAS)	Manufacturer of canned tuna and loins	100.00	-	Ghana
Mareblu SRL (74% held by MW Brands SAS and 26% held by MW Brands Holdings SAS)	Importer and distributor of canned seafood	100.00	-	Italy
UK Seafood Investments Limited (100% held by MW Brands SAS)	Holding company	100.00	-	United Kingdom
Indian Ocean Tuna Limited (60% held by MW Brands SAS)	Manufacturer and exporter of canned tuna	60.00	-	Seychelles
John West Foods Limited (100% held by UK Seafood Investments Limited)	Importer and distributor of canned seafood	100.00	-	United Kingdom
Irish Seafood Investments Limited (100% held by MW Brands SAS)	Importer and distributor of canned seafood	100.00	-	Ireland
John West Holland BV (100% held by Irish Seafood Investments Limited)	Importer and distributor of canned seafood	100.00	-	Netherland
TTV Limited (50% held by Etablissements Paul Paulet SAS)	Deep-sea fishing fleet operation	50.00	-	Ghana

* On 31 December 2010, Tri-Union Frozen Foods, LLC (TUFF) was merged with and into Empress International Ltd. (Empress), a subsidiary of Thai Union International, Inc. The merger was accounted for as a combination of entities under common control. The surviving entity was Empress and its name was changed to Tri-Union Frozen Products, Inc. (TUFPI). As at 31 December 2010, TUFPI is 82% owned by TUI.

During the current year, the overseas subsidiary established US Pet Nutrition LLC, (USPN) in the USA to engage in the manufacture and distribution of premium pet food.

On 5 October 2010, the oversea subsidiary sold its production facility on the America Samoa Island, including all equipment and machinery that remained at the facility, to a third party. Tri-Union Samoa Packing Corporation was liquidated effective 31 December 2010.

During the current year, the Company invested in 100% ordinary shares of Thai Union Investment Holding Co., Ltd., a company registered in the Republic of Mauritius, to acquire MW Brands Holdings SAS in France. These consolidated financial statements include the balance sheet of that company as at 31 December 2010 and the income statement for the period from the investment date to 31 December 2010. Such company has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. However, the Company has recorded some tangible assets acquired at their net book value, not fair value. The Company is awaiting tangible a third party appraisal in order to allocate the fair value associated with the assets. The Company expects to obtain this appraisal and complete the purchase price allocation by the end of 2011.

Details of the fair values of identifiable assets, liabilities and contingent liabilities of MW Brands and their net book values, are as follow:

(Unit: Million Baht)

	<u>Fair value</u>	<u>Net book value</u>
Assets		
Cash and cash equivalents	643	643
Trade accounts receivable	3,311	3,311
Inventories	5,863	5,519
Property, plant and equipment, net	3,841	3,782
Intangible assets (Note 16)	12,944	172
Other assets	558	391
Total assets	<u>27,160</u>	<u>13,818</u>
Liabilities		
Trade accounts payables	4,608	4,608
Deferred tax liabilities (Note 22)	4,162	-
Other liabilities	982	963
Total liabilities	<u>9,752</u>	<u>5,571</u>
Net asset value	<u>17,408</u>	<u>8,247</u>
Equity of the Company (%)	<u>100</u>	
Net assets value attributable to the company's investment	17,408	
Positive goodwill	<u>11,606</u>	
Purchase price	29,014	
Less: Cash and cash equivalents of subsidiaries	<u>(643)</u>	
Net cash paid for purchase of subsidiaries	<u>28,371</u>	

Details of acquisition of MW Brands Group are as follows.

(Unit: Million Baht)

Purchase price

Cash paid	28,742
Direct costs related to the acquisition	<u>272</u>
Total	29,014
Fair value of net assets received	<u>17,408</u>
Goodwill	<u>11,606</u>

The largest fair value adjustments above relate to the recognition of the present value of the portfolio of trademarks comprising Petit Navire, John West, Hyacinthe Parmentier, Mareblu and Starkist. The values derived from the royalty approach have been considered and they have also been corroborated by the profit premium approach. The royalty approach consists in applying to the trademark revenues derived from a royalty rate determined by a qualitative and quantitative analysis of the positioning of the trademarks in the market. The profit premium approach is based on the difference of EBIT per ton between trademark and private labels activities, which is then applied on the projected trademark volumes to determine the present value of the forecasted cash flows. The determined fair value of the trademarks amounts to Baht 12,334 million (EUR 296 million), with related deferred tax liabilities of Baht 3,917 million (EUR 94 million).

Relationship with distributors in France of Baht 235 million (EUR 6 million) and a free license agreement of the Weight Watchers trademark of Baht 210 million (EUR 5 million). The distributor relationship relates to the long term tracked record of the private label activities in France and has been valued using the excess earning methodology which expresses the discounted excess of profitability over the post tax contributory assets charges. This asset has a definite life of 20 years. The same approach has been retained to evaluate the Weight Watchers free license agreement corroborated by a relief from the royalty approach. A definite life of 39 years has been retained. Both intangible assets have related deferred tax liabilities of Baht 140 million (EUR 3.4 million). The Baht 1 million amortisation of these two assets has been included in the consolidated income statements of the current year.

The finished goods have also been subject to a fair value evaluation. This resulted in a Baht 344 million (EUR 8 million) increased in inventories, with related deferred tax liabilities of Baht 105 million (EUR 2.5 million). These inventories had 3 months selling maturity therefore an amount of Baht 156 million (EUR 3.8 million), net of deferred tax, has been released in the consolidated income statement for the current year.

The contingent liabilities have also been subject to a review bringing an additional EUR 0.4 million provision related to a withholding tax risk in Ghana. This provision has been released offsetting the risk effect on the consolidated income statement for the current year.

The residual goodwill of EUR 272 million represents MW Brands specific positioning in the whole value chain thanks to its global tax rate which is lower than the tax rates applied on the recognized items, the cost of the assembled workforce and future synergies expected to arise in the combined life operations.

The operating loss of MW Brands Group (included TUIH) from the acquisition date to 31 December 2010 amounting to Baht 7 million is included in the consolidated financial statements. If the combination had taken place at the beginning of the year, the operating results of MW Brands Group had been included in the consolidated financial statements as though it had been the Company's subsidiaries since 1 January 2010, total revenues and net income in the consolidated income statements for the year ended 31 December 2010 would have been by Baht 18,520 million (EUR 458.4 million) and Baht 818 million (EUR 20.3 million), respectively.

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>2010</u> Percent	<u>2009</u> Percent	<u>2010</u> Percent	<u>2009</u> Percent
Thai Union Manufacturing Co., Ltd. and subsidiaries	9.58	17.27	18.05	18.06
Songkla Canning Pcl. and subsidiaries	7.14	13.19	9.31	9.52
Thai Union Seafood Co., Ltd.	1.41	3.05	2.12	1.76
T-Holding Co., Ltd.	0.71	1.33	2.00	1.82
Thai Union Feedmill Co., Ltd. and subsidiaries	2.72	5.88	6.71	5.93
Thai Union Graphic Co., Ltd.	0.64	1.06	0.30	0.34
Thai Union International, Inc. (TUI) and subsidiaries	16.97	34.46	39.78	42.59
PT Juifa International Foods	0.22	0.47	0.69	0.57
Thai Union Investment Holding Co., Ltd. (TUIH) and subsidiaries	49.29	-	3.89	-

c) Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting 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

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs

TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard which management expects the impact on the financial statements in the year when it is adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

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

Interest income

Interest income is recognised 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.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods and work in process are valued at the lower of 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 2010 and 2009.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statement when the securities are sold.
- 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.

4.6 Property, plant and equipment / 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	-	3 - 40	years
Machinery and equipment	-	3 - 22	years
Furniture and fixtures	-	3 - 20	years
Motor vehicles	-	3 - 20	years

Depreciation of machinery and equipment, furniture and fixtures and motor vehicles of an overseas 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

4.7 Properties foreclosed

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

4.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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, 39	years
Copyrights	-	1 - 7	years
Computer software	-	3, 5, 10	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.

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in 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 and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Leasehold right and amortisation

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

4.11 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in determining borrowing costs.

4.12 Related party transactions

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

They also include 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.

4.13 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in 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.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

4.14 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.

4.15 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.

4.16 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.

4.17 Provisions

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

4.18 Income tax

a) Current tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation of each country. Income tax of the overseas subsidiaries is provided for in the accounts based on the taxable profits determined in accordance with tax legislation of their countries.

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.

4.19 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 2010 and 2009.

4.20 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.

5. 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 have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make 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 and its subsidiaries treat available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires 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 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.

6. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash	3,057,180	2,110,950	1,238,524	850,576
Bank deposits	1,034,239,530	726,263,663	13,673,746	97,180,361
Total	1,037,296,710	728,374,613	14,912,270	98,030,937

As at 31 December 2010, bank deposits in saving accounts and fixed deposits carried interests between 0.04 and 1.37% per annum (2009: between 0.06 and 3.54% per annum).

7. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Age of receivable</u>				
Trade accounts receivable - related parties				
Not yet due	21,681,793	26,698,660	1,369,498,745	1,261,859,721
Overdue				
1 - 30 days	39,253,761	30,658,730	249,096,703	239,910,078
31 - 60 days	3,882	86,324	151,799,798	123,959,219
61 - 90 days	-	-	12,672,246	71,612,850
91 - 120 days	-	-	5,082,121	-
181 - 365 days	-	-	-	11,739,709
Total trade accounts receivable - related parties	60,939,436	57,443,714	1,788,149,613	1,709,081,577

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Trade accounts receivable - others				
Not yet due	7,026,106,636	5,189,768,087	854,306,150	864,529,897
Overdue				
1 - 30 days	1,717,161,058	1,069,916,647	160,022,876	119,886,297
31 - 60 days	280,891,541	105,379,627	45,663,863	7,916,845
61 - 90 days	82,706,010	40,897,934	11,109,087	4,891,253
91 - 120 days	65,732,783	37,332,287	12,345,371	3,719,042
121 - 180 days	50,708,424	29,714,267	9,190,921	4,660,073
181 - 365 days	43,025,849	42,006,257	4,768,266	4,037,155
Over 365 days	123,853,398	86,549,587	325,390	615,991
Total trade accounts receivable				
- others	<u>9,390,185,699</u>	<u>6,601,564,693</u>	<u>1,097,731,924</u>	<u>1,010,256,553</u>
Total trade accounts receivable	9,451,125,135	6,659,008,407	2,885,881,537	2,719,338,130
Less: Allowance for doubtful accounts	<u>(233,266,757)</u>	<u>(157,968,852)</u>	<u>(2,944,741)</u>	<u>(8,497,772)</u>
Trade accounts receivable - net	<u>9,217,858,378</u>	<u>6,501,039,555</u>	<u>2,882,936,796</u>	<u>2,710,840,358</u>

As at 31 December 2010 and 2009, 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
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Transactions with subsidiaries:					
(Eliminated from consolidated financial statements)					
Sales	-	-	9,222.0	7,093.1	Cost plus margin
Dividend received	-	-	1,207.1	1,389.2	As declared
Interest income	-	-	435.3	324.3	1.85 - 6.40% per annum (2009: 1.87 - 6.40% per annum)
Other income	-	-	37.3	52.6	Near market price
Sale of assets	-	-	44.1	-	Near market price
Purchases of goods	-	-	981.4	1,187.9	Cost plus margin
Purchase of assets	-	-	110.8	-	Near market price
Interest expense	-	-	12.2	7.7	1.10 - 1.95% per annum (2009: 1.45 - 1.55% per annum)

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Management fee	-	-	40.5	40.5	Contract price
Other expenses	-	-	48.2	25.1	Near market price
Transactions with associates:					
Sales	18.9	1.9	5.8	0.3	Cost plus margin
Dividend income	11.5	-	11.5	-	As declared
Other income	15.5	0.7	0.1	-	Near market price
Purchases of goods	11.1	10.7	-	0.1	Cost plus margin
Purchases service expense	0.7	0.9	0.4	0.6	Near market price
Transactions with related companies:					
Sales	1,138.7	1,000.1	248.1	240.1	Cost plus margin
Other income	0.4	0.5	0.4	0.5	Near market price
Purchases of goods	3,123.5	3,248.5	2,244.0	1,872.1	Cost plus margin
Transportation expense	42.4	49.3	9.6	10.9	Near market price
Expenses relating to assets	286.2	89.6	196.6	27.2	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 way of having common directors. During the year 2010, insurance premiums paid through that company amounted to Baht 60.1 million (2009: Baht 59.4 million).

Guarantee obligations with related parties

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

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

List of related companies	Relationship
Songkla Canning Pcl.	Subsidiary
Thai Union Manufacturing Co., Ltd.	Subsidiary
Thai Union Seafood Co., Ltd.	Subsidiary
T-Holding Co., Ltd.	Subsidiary
Thai Union Feedmill Co., Ltd.	Subsidiary
Thai Union Graphic Co., Ltd.	Subsidiary
Thai Union International, Inc. (TUI)	Subsidiary
PT Juifa International Foods	Subsidiary
Thai Union Investment Holding Co., Ltd. (TUIH)	Subsidiary
Tri-Union Seafoods, LLC	Subsidiary (Held by subsidiary)
Tri-Union Samoa Packing Corporation	Subsidiary (Held by subsidiary)
Tri-Union Frozen products, Inc. (TUFP)	Subsidiary (Held by subsidiary)
Empress International, Ltd. (Empress)	Subsidiary (Held by subsidiary)

List of related companies	Relationship
Tri-Union Frozen Foods, LLC	Subsidiary (Held by subsidiary)
US Pet Nutrition, LLC (USPN)	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)
Thai Union Hatchery Co., Ltd.	Subsidiary (Held by subsidiary)
Thai Quality Shrimp 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 Union EU Seafood 1 S.A.	Subsidiary (Held by subsidiary)
Thai Union EU Seafood 2 S.A.	Subsidiary (Held by subsidiary)
MW Brands Holdings SAS	Subsidiary (Held by subsidiary)
MW Brands SAS	Subsidiary (Held by subsidiary)
European Seafood Investment Portugal	Subsidiary (Held by subsidiary)
UK Seafood Investment Limited	Subsidiary (Held by subsidiary)
John West Food Limited	Subsidiary (Held by subsidiary)
Mareblu SRL	Subsidiary (Held by subsidiary)
MW Brands Seychelles Limited	Subsidiary (Held by subsidiary)
Indian Ocean Tuna Limited	Subsidiary (Held by subsidiary)
Pioneer Food Cannery Limited	Subsidiary (Held by subsidiary)
TTV Limited	Subsidiary (Held by subsidiary)
Mauritius Company	Subsidiary (Held by subsidiary)
Thai Union France Holding SAS	Subsidiary (Held by subsidiary)
Etablissements Paul Paulet SAS	Subsidiary (Held by subsidiary)
Irish Seafood Investments Limited	Subsidiary (Held by subsidiary)
John West Holland BV	Subsidiary (Held by subsidiary)
Lucky Union Foods Co., Ltd.	Associated company
Biz Dimension Co., Ltd.	Associated company
Avanti Thai Aqua Feeds Private Limited	Associated company
Century Trading (Shanghai) Co., Ltd.	Associated company (Held by subsidiary)
TN Fine Chemicals Co., Ltd.	Associated company (Held by subsidiary)
Moresby International Holdings Inc.	Associated company (Held by subsidiary)
LDH (La Doria) Limited	Associated company (Held by subsidiary)
Geminai & Associate Co., Ltd.	Common shareholders/Relative of directors
Chansiri Real Estate 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

List of related companies	Relationship
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 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	Relative of directors
Lucky Surimi Products Co., Ltd.	Common directors
Asia-Pacific Risk Consultants (Thailand) Co., Ltd	Common shareholders/Common directors
Asia-Pacific Risk Insurance Broker Co., Ltd.	Common shareholders/Common directors
Ahead Way International Co., Ltd.	Common major shareholders/Common directors
Ekawat Products Co., Ltd.	Relative of director
Miss Rungtiwa Boonmechote	Relative of director

The balances of the accounts as at 31 December 2010 and 2009 between the Company and those related parties are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<u>Trade accounts receivable - related parties</u>				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Empress International, Ltd.	-	-	404,340,578	690,730,199
Tri-Union Seafoods, LLC	-	-	495,801,101	460,494,809
Tri-Union Frozen Foods, LLC	-	-	499,333,462	243,655,226
Thai Union Manufacturing Co., Ltd.	-	-	57,582,147	22,845,189
T-Holding Co., Ltd.	-	-	297,529,346	270,318,601
Songkla Canning Pcl.	-	-	3,793,036	2,889,768
Thai Union Seafood Co., Ltd.	-	-	18,176,753	2,970,768
Others	-	-	1,813,787	1,041,980
Total trade accounts receivable - subsidiaries	-	-	1,778,370,210	1,694,946,540

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<u>Associates</u>				
Trade accounts receivable - associates	7,750,055	1,453,392	1,072,366	172,866
<u>Related parties</u>				
T.C. Union Agrotech Co., Ltd.	19,866,639	27,532,973	8,707,037	13,962,171
Jana Fish Industries Limited	3,914,053	4,762,839	-	-
Ahead Way International Co., Ltd.	29,117,064	23,248,640	-	-
Others	291,625	445,870	-	-
Total trade accounts receivable - related parties	53,189,381	55,990,322	8,707,037	13,962,171
Total	60,939,436	57,443,714	1,788,149,613	1,709,081,577
<u>Short-term loans to subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	545,824,650	852,906,950
Thai Union Manufacturing Co., Ltd.	-	-	-	500,000,000
Songkla Canning Pcl.	-	-	-	200,000,000
Thai Union Graphic Co., Ltd.	-	-	80,000,000	12,000,000
Total	-	-	625,824,650	1,564,906,950
<u>Long-term loans to subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union Investment Holding Co., Ltd.	-	-	13,963,603,500	-
Thai Union International, Inc.	-	-	2,362,747,800	2,616,685,400
Thai Union Manufacturing Co., Ltd.	-	-	1,794,492,000	1,987,356,000
Total	-	-	18,120,843,300	4,604,041,400
Less: Current portion				
Thai Union International, Inc.	-	-	(897,246,000)	(1,159,291,000)
Thai Union Manufacturing Co., Ltd.	-	-	(1,794,492,000)	-
	-	-	(2,691,738,000)	(1,159,291,000)
Net	-	-	15,429,105,300	3,444,750,400
<u>Interest receivable</u>				
(Eliminated from consolidated financial statements)				
Thai Union Investment Holding Co., Ltd.	-	-	150,969,575	-
Thai Union International, Inc.	-	-	18,325,888	29,095,057
Thai Union Manufacturing Co., Ltd.	-	-	5,607,788	8,102,342
Songkla Canning Pcl.	-	-	-	856,110
Thai Union Graphic Co., Ltd.	-	-	168,767	26,959
Total	-	-	175,072,018	38,080,468

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<u>Trade accounts payable - related parties</u>				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union Manufacturing Co., Ltd.	-	-	64,183,277	54,210,470
Asian-Pacific Can Co., Ltd.	-	-	96,083,635	67,166,851
Thai Union Graphic Co., Ltd.	-	-	9,532,890	12,414,669
T-Holding Co., Ltd.	-	-	38,703,484	17,704,793
Tri-Union Seafoods, LLC	-	-	12,929,340	12,276,948
Empress International, Ltd.	-	-	8,337,642	16,932,399
Tri-Union Frozen Foods, LLC	-	-	-	8,648,702
Thai Union Feedmill Co., Ltd.	-	-	470,267	-
Thai Union Seafood Co., Ltd.	-	-	4,854,617	7,580,078
Songkla Canning Pcl.	-	-	442,289	295,047
Phuket Fishing Co., Ltd.	-	-	-	33,956,970
Others	-	-	-	1,105,461
Total trade accounts payable - subsidiaries	-	-	235,537,441	232,292,388
<u>Associates</u>				
Trade accounts payable - associated companies	2,926,876	1,964,389	55,640	69,550
<u>Related parties</u>				
T.C. Union Agrotech Co., Ltd.	26,649,474	21,518,645	-	-
Ekawat Products Co., Ltd.	3,899,750	6,226,720	3,899,750	6,226,720
Jana Fish Industries Limited	2,478,813	1,348,818	-	-
Miss Rungtiwa Boonmechote	2,258,645	1,876,817	2,258,645	1,876,816
Lucky Surimi products Co., Ltd.	1,761,192	-	1,761,192	-
Total trade accounts payable - related parties	37,047,874	30,971,000	7,919,587	8,103,536
Total	39,974,750	32,935,389	243,512,668	240,465,474
<u>Short-term loans from subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union Manufacturing Co., Ltd.	-	-	-	547,850,000
Songkla Canning Pcl.	-	-	245,840,000	430,760,000
Total	-	-	245,840,000	978,610,000
<u>Accrued expenses</u>				
<u>Accrued interest</u>				
Thai Union Manufacturing Co., Ltd.	-	-	5,392	462,105
Songkla Canning Pcl.	-	-	439,555	591,217
	-	-	444,947	1,053,322

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Others				
Asia-Pacific Risk Consultant (Thailand) Limited	15,352,939	9,318,813	1,739,697	-
Waithai Co., Ltd.	3,746,190	3,464,568	688,792	64,074
Thaipatana Stainless Steel Co., Ltd.	20,745,455	8,086,105	18,278,867	1,153,396
Geminai & Associate Co., Ltd.	9,925,912	-	9,925,912	-
Lucky Surimi Products Co., Ltd.	1,482,251	-	1,482,251	-
	<u>51,252,747</u>	<u>20,869,486</u>	<u>32,115,519</u>	<u>1,217,470</u>
Total	<u>51,252,747</u>	<u>20,869,486</u>	<u>32,560,466</u>	<u>2,270,792</u>

During 2010, movements of loans to/from related parties were as follows:

(Unit: Baht)

	Separate financial statements				
	Balance as at	During the year			Balance as at
	1 January 2010	Increase	Decrease	Revaluation	31 December 2010
Short-term loans to subsidiaries					
Thai Union International, Inc.	852,906,950	36,245,000	(285,145,360)	(58,181,940)	545,824,650
Thai Union Manufacturing Co., Ltd.	500,000,000	202,780,000	(702,780,000)	-	-
Songkla Canning Pcl.	200,000,000	4,620,000	(204,620,000)	-	-
Thai Union Graphic Co., Ltd.	12,000,000	80,000,000	(12,000,000)	-	80,000,000
Thai Union Seafood Co., Ltd.	-	3,489,910,000	(3,489,910,000)	-	-
Thai Union Feedmill Co., Ltd.	-	96,000,000	(96,000,000)	-	-
	<u>1,564,906,950</u>	<u>3,909,555,000</u>	<u>(4,790,455,360)</u>	<u>(58,181,940)</u>	<u>625,824,650</u>
Long-term loans to subsidiaries					
Thai Union Investment Holding Co., Ltd.	-	14,273,266,100	-	(309,662,600)	13,963,603,500
Thai Union International, Inc.	2,616,685,400	1,134,000,000	(1,155,500,000)	(232,437,600)	2,362,747,800
Thai Union Manufacturing Co., Ltd.	1,987,356,000	-	-	(192,864,000)	1,794,492,000
	<u>4,604,041,400</u>	<u>15,407,266,100</u>	<u>(1,155,500,000)</u>	<u>(734,964,200)</u>	<u>18,120,843,300</u>
Short-term loans from subsidiaries					
Thai Union Manufacturing Co., Ltd.	547,850,000	4,343,850,000	(4,891,700,000)	-	-
Songkla Canning Pcl.	430,760,000	3,379,880,000	(3,564,800,000)	-	245,840,000
Thai Union Feedmill Co., Ltd.	-	886,430,000	(886,430,000)	-	-
	<u>978,610,000</u>	<u>8,610,160,000</u>	<u>(9,342,930,000)</u>	<u>-</u>	<u>245,840,000</u>

9. Inventory

(Unit: Baht)

	Consolidated financial statements					
	Cost		Allowance for diminution in value		Inventory - net	
			of inventory			
	2010	2009	2010	2009	2010	2009
Finished goods	11,878,950,795	8,941,125,114	(207,524,729)	(146,968,821)	11,671,426,066	8,794,156,293
Work in process	63,624,759	108,768,196	-	-	63,624,759	108,768,196
Raw materials	5,244,552,986	4,440,599,759	(84,920,520)	(71,842,493)	5,159,632,466	4,368,757,266
Ingredient and packaging	1,179,480,979	867,786,990	(62,812,100)	(57,837,040)	1,116,668,879	809,949,950
Goods in transit	2,923,101,640	1,811,338,331	-	-	2,923,101,640	1,811,338,331
Total	21,289,711,159	16,169,618,390	(355,257,349)	(276,648,354)	20,934,453,810	15,892,970,036

(Unit: Baht)

	Separate financial statements					
	Cost		Allowance for diminution in value		Inventory - net	
			of inventory			
	2010	2009	2010	2009	2010	2009
Finished goods	841,306,373	1,543,501,864	(46,123,336)	(25,142,924)	795,183,037	1,518,358,940
Work in process	19,875,424	20,390,614	-	-	19,875,424	20,390,614
Raw materials	1,276,836,120	1,952,618,786	(4,566,693)	(28,697,057)	1,272,269,427	1,923,921,729
Ingredient and packaging	258,199,641	289,560,763	(16,680,341)	(8,378,430)	241,519,300	281,182,333
Goods in transit	74,797,563	141,125,960	-	-	74,797,563	141,125,960
Total	2,471,015,121	3,947,197,987	(67,370,370)	(62,218,411)	2,403,644,751	3,884,979,576

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.

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2010	2009	2010	2009	2010	2009	2010	2009
			%	%				
Songkla Canning Pcl.	Baht 360 million	Baht 360 million	90.44	90.44	1,379,790,847	1,379,790,847	406,960,237	309,289,780
Thai Union Manufacturing Co., Ltd.	Baht 300 million	Baht 300 million	90.08	90.08	1,212,172,182	1,212,172,182	364,842,360	945,887,600
Thai Union Seafood Co., Ltd.	Baht 300 million	Baht 250 million	51.00	51.00	189,316,187	163,816,187	30,600,000	14,025,000
T-Holding Co., Ltd.	Baht 70 million	Baht 70 million	90.00	90.00	20,698,851	20,698,851	-	5,040,000
Thai Union Feedmill Co., Ltd.	Baht 500 million	Baht 300 million	51.00	51.00	255,000,000	153,000,000	367,200,000	68,850,000
Thai Union Graphic Co., Ltd.	Baht 40 million	Baht 40 million	74.00	74.00	45,331,212	45,331,212	10,360,000	8,880,000
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	27,150,952	37,244,634
Thai Union Investment Holding Co., Ltd. (TUIH)	EUR 22 million	-	100.00	-	925,255,665	-	-	-
Total					4,422,845,289	3,370,089,624	1,207,113,549	1,389,217,014
Less: Provision for impairment of investments					(26,136,437)	(26,136,437)		
Net					4,396,708,852	3,343,953,187		

The shares of MW Brands and its subsidiaries, subsidiaries of Thai Union Investment Holding Co., Ltd., were pledged as collateral of their subsidiaries long-term loans as described in Note 18.

During the second quarter of 2009, an overseas subsidiary (TUI) approved a restructuring plan to cease packing and canning operations in American Samoa, and begin canning operations in Georgia State. The packing and canning operations in American Samoa were currently scheduled to cease on 30 September 2009. TUI recorded expenses of these plans for the year ended 31 December 2009 amounting to Baht 568 million (USD 16 million). These expenses comprise employee severance payments, and write-offs of machinery, equipment and wastage as a result of the closure. Severance was paid only to those employees who continue working until the date that the packing and canning operations cease in American Samoa on 29 September 2009. As at 31 December 2009, employee severance and other expenses were recorded in accrued expenses and other liabilities of Baht 41 million (USD 1.2 million). The subsidiary in American Samoa was sold and liquidated as discussed in Note 2.2.

During the first quarter of the current year, Thai Union Seafood Co., Ltd., subsidiary, called-up the additional 25% of its share capital. The Company additionally invested Baht 25.5 million in this company.

During the third quarter of the current year, Thai Union Feedmill Co., Ltd., subsidiary, increased in the registered share capital of Baht 200 million. The Company additionally invested Baht 102 million in this company.

Acquisition of MW Brands

On 27 July 2010, the meeting of the Company's Board of Directors approved the acquisition of MW Brands, which can be summarised as follow.

- Approval of the entry into Share Purchase Agreement and associated ancillary agreements in regards to the acquisition of shares and business of MW Brands Holdings SAS ("MW Brands"). MW Brands is a vertically integrated group, which manufactures and distributes the ambient seafood products through its trademarks. MW Brands, headquartered in France, has factories in strategic locations close to two major fishing grounds, Seychelles and Ghana, and also in Portugal and France. MW Brands market its products across Europe through four main trademarks. The details of the transaction as prescribed in the Acquisition Rule as follows.
 - The Company and the Seller have entered into a sale and purchase agreement in relation to the Company's proposed acquisition of MW Brands on 27 July 2010. Completion of the Transaction is conditional on approval from the Extraordinary General Meeting of Shareholders, which will be held on 2 September 2010 and Competition Clearance.
 - The purchaser, Thai Union EU Seafood 2 S.A. incorporated in Luxembourg for the purposes of the acquisition, which is wholly owned by the Company.
 - The Company will purchase 31,367,000 shares of MW Brands, equivalent to 100 % of the issued share capital as at 27 July 2010 of MW Brands and a maximum number of 417,517 additional shares of MW Brands to be issued upon exercise of stock-option granted by MW Brands together with the repayment of long-term debt and shareholders' debt for the amount equivalent to an enterprise value of EUR 680 million.

- The Company has agreed to pay for 100% of the share capital of MW Brands as at 27 July 2010 from the sources of funds derived from domestic financial institutions and overseas for the total enterprise value of upto EUR 680 million (equivalent to Baht 28,496 million). The payment shall be made to the seller and its creditors on the closing date.
- Source of funds
 - Long-term loans from 3 leading domestic financial institutions for the total credit line of up to Baht 15,000 million. Such loans will have maturities of 6 years and 8 years.
 - Long-term loans contract with 4 leading foreign financial institutions in the amount of EUR 340 million. Such loans will have maturities of 6 years and 7 years and collateral in the form of shares of MW Brands and its subsidiaries.
 - The Company will issue a convertible bond to private placement investor worth EUR 60 million. The bond will have a tenor of 4 years from the issue date and an annual coupon of 5% p.a. and an overall yield of 8% p.a. unless converted into common shares. The bond can be converted into common shares at any time after the first year at a conversion price of Baht 56 per share (Revised).
- Approval of the execution of Credit Facility Agreements for the acquisition of shares and business of MW Brands Holdings SAS as described above.
- Approval of the reduction of the Company's registered capital from Baht 885,090,950 to Baht 883,170,950.
- Approval of the increase of the Company's registered capital in the additional amount of 116,829,050 shares (Baht 1 per share) from the current registered capital of Baht 883,170,950 and the new registered capital will be Baht 1,000,000,000 for the purpose of reserving the issuance of newly issued convertible bond.
- Approval of the allotment of new ordinary shares from capital increase of the Company reserving for the issuance of convertible bond as described above.
- Approval of the issuance and offering of newly issued convertible bond to specific investors (Private Placement) in the amount not exceeding EUR 60 million as described above.

- Approval of the allotment of remaining ordinary shares from those shares reserved for the issuance of convertible bond, as preceding paragraph, to the existing shareholders on a pro rata basis (Right Offering) or to the investors on a Private Placement basis.
- Approval of the Company's incorporation of its new overseas subsidiary, commercially referred to as Thai Union Investment Holding Co., Ltd. on the territory of Republic of Mauritius under total registered capital of EUR 1, which will be wholly owned by the Company. The Company additionally invested EUR 22 million during the current year. The purpose of the incorporation of Thai Union Investment Holding is to acquire MW Brands Holdings SAS.
- Approval of the appointment of the Company's appointment of CIMB Securities (Thailand) Co., Ltd. as an independent financial advisor to give the Company's directors and shareholders its professional opinions on the acquisition of MW Brands Holdings SAS.
- Approval of the date and agendas for the Extraordinary General Meeting of Shareholders No.1/2010 that shall be held on 2 September 2010.

On 2 September 2010, the Extraordinary General Meeting of Shareholders approved the acquisition of MW Brands, the execution of credit long-term loan agreements, the reduction and increase of the Company's registered capital and the issuance and offering of new convertible bond. The bond are to partially fund the acquisition of MW Brands' shares and business in accordance with the resolution of the Board of Directors meeting held on 27 July 2010. The Company subsequently received confirmation from the UK Office of Fair Trading regarding its anti-trust obligations in respect of the merger.

Thai Union EU Seafood 1 S.A., by the Company, purchased 100% interests in MW Brands and settled the long-term loans and loans from shareholders, which equaled the total enterprise value of EUR 680 million. The completion date of this acquisition is 29 October 2010 as described in Note 2.2.

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	
			2010	2009	2010	2009	2010	2009
			%	%				
Investments in associates, directly held by the Company								
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500,000	37,500,000	295,099,676	276,642,222
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010,000	1,010,000	17,910,393	20,239,038
Avanti Thai Aqua Feeds Private Limited	Manufacturer & distributor of animal feeds	India	50.00	50.00	27,721,008	27,721,008	27,721,008	27,721,008
Investments in associates, directly held by subsidiaries								
Century Trading (Shanghai) Co., Ltd. (50% 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	18,337,267	18,874,784
TN Fine Chemical Co., Ltd. (49% held by Thai Union Manufacturing Co., Ltd.)	Manufacturer & exporter of by-products from seafoods	Thailand	44.14	44.14	44,070,000	44,070,000	38,000,373	41,570,345
Moresby International Holdings Inc. (33% held by Thai Union Manufacturing Co., Ltd.)	Holding in fishing company	British Virgin Island	33.33	33.33	52,433,000	16,745,000	52,433,000	16,745,000
LDH (La Doria) Limited (20% held by MW Brands)	Distributor of food products	United Kingdom	20.00	-	95,939,673	-	388,215,347	-
					238,634,001	202,946,008	837,717,064	401,792,397

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2010	2009	2010	2009
			%	%		
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	1,010,000
Avanti Thai Aqua Feeds Private Limited	Manufacturer & distributor of animal feeds	India	50.00	50.00	27,721,008	27,721,008
					66,231,008	66,231,008

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:

(Unit: Baht)

Company's name	Consolidated financial statements	
	Share of income (loss) from investments in associates during the year	
	2010	2009
Lucky Union Foods Co., Ltd.	25,957,454	54,108,576
Biz Dimension Co., Ltd.	1,671,355	3,498,800
Century Trading (Shanghai) Co., Ltd.	(537,516)	(6,192,352)
TN Fine Chemicals Co., Ltd.	(3,569,972)	(2,499,655)
Total	23,521,321	48,915,369

12.3 Summarised financial information of associates

Financial information of associates is summarised below.

(Unit: Million Baht)

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	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Lucky Union Foods Co., Ltd.	Baht 150 million	Baht 150 million	1,719	1,639	552	542	1,035	1,034	104	216
Biz Dimension Co., Ltd.	Baht 25 million	Baht 25 million	42	59	5	8	76	92	8	17
Avanti Thai Aqua Feeds Private Limited	Rupee 76.9 million	Rupee 76.9 million	52	101	1	47	2	-	1	-
Century Trading (Shanghai) Co., Ltd.	USD 4 million	USD 4 million	46	50	13	13	177	134	(1)	(12)
TN Fine Chemicals Co., Ltd.	Baht 90 million	Baht 90 million	116	109	39	24	55	2	(7)	(5)
Moresby International Holdings Inc.	USD 5.0 million	USD 1.5 million	149	-	-	-	-	-	-	-
LDH (La Doria) Limited	GBP 1 million	-	2,658	-	1,602	-	9,178	-	244	-

On 30 March 2009, a meeting of the Board of Directors of Thai Union Manufacturing Co., Ltd., its subsidiary, approved joint investment to set up a new company, "TN Fine Chemicals Co., Ltd.". The purpose of the investment is to manufacture and export by-products from seafoods. This subsidiary invests 49% of its registered capital of Baht 90 million. During 2009, the subsidiary fully paid Baht 44 million.

During the third quarter of 2009, the Company invested in Avanti Thai Aqua Feeds Private Limited, a company registered in India. The purpose of the investment is to manufacture and distribute animal feeds. The Company invests 50% of its registered capital of Rupee 77 million and the Company paid Rupee 38 million or Baht 28 million.

During the last quarter of 2009, Thai Union Manufacturing Co., Ltd., its subsidiary invested in Moresby International Holdings Inc. for setting up Majestic Seafood Corporation Ltd. in Papua New Guinea. The purpose of the investment is tuna processing/tuna fishing in Papua New Guinea waters and nearby maritime areas. This subsidiary invests 33.33% of its registered capital of USD 1.5 million and the Company paid USD 0.5 million or Baht 16.8 million. This company has not yet been operated.

During the third quarter of 2010, Moresby International Holdings Inc. increased in the registered share capital of USD 3.45 million. Thai Union Manufacturing Co., Ltd. additionally invested USD 1.15 million in this company.

Investments in some associates 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			
	2010		2009	
	Cost	Fair value	Cost	Fair value
Other long-term investments				
Available-for-sale securities - Unit trusts	55,101,880	<u>36,989,488</u>	64,823,530	<u>45,461,283</u>
Unrealised loss on changes in the value of investments	(18,112,392)		(19,362,247)	
Total available-for-sale securities	36,989,488		45,461,283	
Other investments				
- Ordinary shares	35,579,787		50,987,528	
- Unit trusts	100,000		100,000	
Total other long-term investments	72,669,275		96,548,811	
Less: Allowance for impairment of investments	-		(9,677,789)	
Other long-term investments - net	<u>72,669,275</u>		<u>86,871,022</u>	

(Unit: Baht)

	Separate financial statements			
	2010		2009	
	Cost	Fair value	Cost	Fair value
Other long-term investments				
Available-for-sale securities - Unit trusts	-	-	5,025,000	4,526,400
Unrealised loss on changes in the value of investments	-	-	(498,600)	-
Total available-for-sale securities	-	-	4,526,400	-
Other investments				
- Ordinary shares	34,579,160	-	34,579,160	-
Total other long-term investments	34,579,160	-	39,105,560	-

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land and land improvement	Buildings		Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
		and improvement	and building					
Cost								
31 December 2009	1,226,901	4,373,254	9,604,131	366,040	412,006	1,104,878	17,087,210	
Translation adjustment	(3,682)	(123,496)	(242,559)	(22,470)	(8,041)	(28,754)	(429,002)	
Increase from acquisition of subsidiaries during the year (Note 2.2)	48,664	1,979,489	4,955,046	292,320	198,649	330,902	7,805,070	
Additions	409,111	38,148	75,483	31,574	27,376	2,169,735	2,751,427	
Disposals/write off	(116,349)	(207,788)	(1,051,767)	(43,191)	(33,647)	(678)	(1,453,420)	
Transfer in (out)	31,057	539,753	1,317,522	30,660	59,545	(1,978,537)	-	
31 December 2010	1,595,702	6,599,360	14,657,856	654,933	655,888	1,597,546	25,761,285	
Accumulated depreciation								
31 December 2009	17,925	1,793,468	5,245,341	284,361	277,713	-	7,618,808	
Translation adjustment	(131)	(51,334)	(135,886)	(15,360)	(6,257)	-	(208,968)	
Increase from acquisition of subsidiaries during the year (Note 2.2)	991	778,613	2,855,075	172,766	156,801	-	3,964,246	
Depreciation for the year	4,809	225,011	873,228	35,220	50,108	-	1,188,376	
Depreciation for disposals/write off	(887)	(141,928)	(685,292)	(37,065)	(28,184)	-	(893,356)	
31 December 2010	22,707	2,603,830	8,152,466	439,922	450,181	-	11,669,106	
Allowance for loss on impairment of assets								
31 December 2009	-	-	199,918	-	-	-	199,918	
Translation adjustment	-	-	(9,830)	-	-	-	(9,830)	
Allowance for loss on impairment of assets for the year	-	-	(190,088)	-	-	-	(190,088)	
31 December 2010	-	-	-	-	-	-	-	

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
Net book value							
31 December 2009	<u>1,208,976</u>	<u>2,579,786</u>	<u>4,158,872</u>	<u>81,679</u>	<u>134,293</u>	<u>1,104,878</u>	<u>9,268,484</u>
31 December 2010	<u>1,572,995</u>	<u>3,995,530</u>	<u>6,505,390</u>	<u>215,011</u>	<u>205,707</u>	<u>1,597,546</u>	<u>14,092,179</u>
Depreciation for the years							
2009							<u>1,051,302</u>
2010							<u>1,188,376</u>

(Unit: Thousand Baht)

	Separate financial statements						
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
Cost							
31 December 2009	366,077	1,460,926	1,690,477	51,429	120,552	341,308	4,030,769
Additions	369,912	-	19,158	2,130	7,092	527,717	926,009
Disposals/write off	(17,079)	-	(2,867)	(1,851)	(1,125)	(2,617)	(25,539)
Transfer in (out)	-	177,158	131,663	6,115	2,710	(317,646)	-
31 December 2010	<u>718,910</u>	<u>1,638,084</u>	<u>1,838,431</u>	<u>57,823</u>	<u>129,229</u>	<u>548,762</u>	<u>4,931,239</u>
Accumulated depreciation							
31 December 2009	-	560,751	993,951	26,238	85,311	-	1,666,251
Depreciation for the year	-	81,833	216,386	8,465	14,318	-	321,002
Depreciation for disposals/ write off	-	-	(834)	(1,731)	(1,125)	-	(3,690)
31 December 2010	<u>-</u>	<u>642,584</u>	<u>1,209,503</u>	<u>32,972</u>	<u>98,504</u>	<u>-</u>	<u>1,983,563</u>
Net book value							
31 December 2009	<u>366,077</u>	<u>900,175</u>	<u>696,526</u>	<u>25,191</u>	<u>35,241</u>	<u>341,308</u>	<u>2,364,518</u>
31 December 2010	<u>718,910</u>	<u>995,500</u>	<u>628,928</u>	<u>24,851</u>	<u>30,725</u>	<u>548,762</u>	<u>2,947,676</u>
Depreciation for the years							
2009							<u>294,846</u>
2010							<u>321,002</u>

As at 31 December 2010, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 4,664 million (2009: Baht 3,488 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 2010 and 2009 are as follows:

	(Unit: Thousand Baht)	
	<u>2010</u>	<u>2009</u>
Cost	92,910	96,010
Disposals/transfer out	-	(3,100)
Allowance for loss on impairment of assets	<u>(35,854)</u>	<u>(35,854)</u>
Net	<u><u>57,056</u></u>	<u><u>57,056</u></u>

16. Intangible assets

(Unit: Million Baht)

	Consolidated financial statements									
	Licences	Trademark	Patents	Covenant			Distributor relationships	Goodwill	Others	Total
				Customer relationships	not to complete	Computer software				
Cost										
At 31 December 2009	47	874	36	141	14	92	-	290	-	1,494
Translation adjustment	(7)	(622)	-	(14)	(1)	(8)	(10)	(520)	-	(1,182)
Increase from acquisition of subsidiaries during the year (Note 2.2)	210	12,585	-	-	-	159	235	11,606	2	24,797
Cost of acquisition of subsidiary	-	-	-	-	-	-	-	20	-	20
Additions	2	-	-	-	-	9	-	-	-	11
Disposal/write off	-	-	-	-	-	(3)	-	-	-	(3)
At 31 December 2010	<u>252</u>	<u>12,837</u>	<u>36</u>	<u>127</u>	<u>13</u>	<u>249</u>	<u>225</u>	<u>11,396</u>	<u>2</u>	<u>25,137</u>
Amortisation										
At 31 December 2009	12	296	-	90	14	78	-	-	-	490
Translation adjustment	-	(28)	-	(8)	(1)	(3)	-	-	-	(40)
Increase from acquisition of subsidiaries during the year (Note 2.2)	-	-	-	-	-	65	-	-	-	65
Amortisation	6	-	-	13	-	8	1	-	-	28
Amortisation for disposal/write off	-	-	-	-	-	(3)	-	-	-	(3)
At 31 December 2010	<u>18</u>	<u>268</u>	<u>-</u>	<u>95</u>	<u>13</u>	<u>145</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>540</u>

Consolidated financial statements

	Licences	Trademark	Patents	Covenant			Goodwill	Others	Total
				Customer relationships	not to complete	Computer software			
Impairment									
At 31 December 2009	-	-	-	-	-	-	-	-	-
Translation adjustment	-	(8)	-	-	-	-	-	-	(8)
Increase from acquisition of subsidiaries during the year (Note 2.2)	-	182	-	-	-	-	-	-	182
At 31 December 2010	-	174	-	-	-	-	-	-	174
Net book value									
At 31 December 2009	35	578	36	51	-	14	290	-	1,004
At 31 December 2010	234	12,395	36	32	-	104	11,396	2	24,423

(Unit: Million Baht)
Separate financial
statements

Computer software

Cost

At 31 December 2009

8.0

Additions

1.0

At 31 December 2010**9.0****Amortisation**

At 31 December 2009

7.1

Amortisation

0.4

At 31 December 2010**7.5****Net book value**

At 31 December 2009

0.9

At 31 December 2010

1.5

Acquisition during the year

Licenses, distributor relationships and trademark included intangible assets acquired through business combinations. These licenses and distributor relationships have been granted for approximately 39 years and 20 years, respectively. Trademarks acquired have indefinite useful life.

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 32.1.

On 15 October 2010, TUI entered into an Amended and Restated Credit Agreement (the TUI credit facility) with Bank of America N.A. The TUI credit facility provides for an USD 85 million revolving facility and expires on 15 October 2013. Borrowing under the credit facility bear interest, at TUI's option, at LIBOR plus a margin of 2.00 - 2.50% per annum, or the bank's prime rate plus 1.00 - 1.50% per annum, subject to excess availability evaluated on a quarterly basis. 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 substantially all of assets of TUI. As at 31 December 2010, the balance under the credit facility was USD 77 million at interest rate between 2.52% to 4.50% per annum and actual unused availability was approximately USD 8 million. TUI is subjected to certain financial covenants including interest coverage ratio and leverage coverage ratio and others. As at 31 December 2010, TUI determined it was in compliance with these covenants.

Empress International Ltd. (Empress), maintained a revolving credit facility with Bank of America N.A. until 15 October 2010, which was replaced by the TUI Credit Facility. The credit facility, provides for borrowings and issuance of letters of credit up to USD 23 million subject to limitations based on eligible accounts receivable and inventory. 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, 1% minimum plus a margin of 3.5% per annum or the bank's prime rate plus 2.5% per annum, subject to quarterly adjustment. An unused line fee is charged at 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 the subsidiary. As at 31 December 2009, the balance of this loan was USD 24 million.

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 2011, provides for borrowings and the issuance of letters of credit up to USD 47 million subject to limitations based on eligible accounts receivable and inventory. 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 3% per annum or 3.25% per annum, the bank's prime rate, or the bank's prime rate plus 2% per annum or 2.25% per annum, subject to quarterly adjustment. An unused line fee is charged at 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 2010, the balance under the credit facility was USD 41 million with interest rate at 3.31% per annum and actual unused availability was approximately USD 5 million. Tri-U is subject to certain financial covenants including an interest coverage ratio and leverage ratio and others. Tri-U determined it was in compliance with all of these covenants as of 31 December 2010.

Tri-Union Frozen Foods, LLC (TUFF) maintained a revolving credit facility with Wells Fargo Foothill, LLC until 15 October 2010, which was replaced by TUFF credit facility. The TUFF Facility provided for borrowing and the issuance of letter of credit of up to USD 45 million subject to limitations based on eligible accounts receivable and inventory and may be increased to USD 75 million under certain conditions. The issuance of letters of credit reduces the borrowing capacity. Borrowings under the credit agreement bear interest, at TUFF's option, at LIBOR plus a margin of 2.75% per annum or the bank's base rate plus 2% per annum. The facility is guaranteed by the Company and collateralised by TUFF's accounts receivable and inventory. In association with the TUFF Credit Facility in place, TUFF repaid Wells Fargo Foothill, LLC for the entire outstanding balance on 15 October 2010. (As at 31 December 2009, the balance of this loan was USD 24 million).

18. Long-term loans

Long-term loans as at 31 December 2010 and 2009 consist of:

	(Unit: Million Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2010	2009	2010	2009
USD loans	8	85	-	-
Baht loans	10,259	1,363	9,000	-
EUR loans	13,589	-	-	-
Less: Deferred financial fees	(839)	-	(103)	-
Total	23,017	1,448	8,897	-
Less: Current portion	(516)	(184)	-	-
Net	22,501	1,264	8,897	-

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 credit facility expired in July 2010 with principal and interest paid in full.

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 0.50% per annum. These loans are to be repaid within June 2013 and have been guaranteed by a local subsidiary. As at 31 December 2010, the balance of this loan is Baht 65.6 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 2010, the balance of this loan is Baht 103.5 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 2009, the above subsidiary had repaid principal amount of Baht 100 million. As at 31 December 2010, the balance of this loan is Baht 1,090 million.

During the last quarter of 2010, the Company has entered into 6-year and 8-year two unsecured loan agreement totally amounting to Baht 9,000 million from the group of financial institutions. The loan carries interest at THBFIX plus 1.50% - 1.75% per annum and is to be repaid within year 2019. As at 31 December 2010, the balance of this loan is Baht 9,000 million.

In relation to the acquisition of MW Brands discussed in Note 11, an overseas subsidiary has entered into loan agreements with four overseas financial institutions to acquire EUR 340 million loans. The loans carry interest at the LIBOR plus 4.5%-5% per annum, are to be repaid within 6 years and 7 years and secured by the shares of MW Brands and its subsidiaries.

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 subsidiaries 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, which redeemed on the maturity date in 2010 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 and the redemption is in 2013.

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% of net income of the year is prohibited, etc.

20. Convertible bond

On 2 September 2010, the Extraordinary General Meeting of Shareholders approved the issuance non-secured convertible bond to specific investors (Private Placement) of EUR 60 million. The bond has a tenor of 4 years and an annual coupon of 5% p.a. and an overall yield of 8% p.a. unless converted into common shares. The bond can be converted into common shares at any time after the first year at a conversion price of Baht 56 per share. On 27 October 2010, the Company issued these convertible bond. The convertible bond contains covenants relating to various matters.

According to the Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentation”, the issuer of convertible bond is required to classify the bond’s liability and equity components and present them separately from the owner’s equity in the balance sheets. However, the rate of interest payable in the future on the convertible bond was the same as the market rate prevailing on the date of bond issuance. The Company therefore recorded all the convertible bond as liabilities. The liability component continues to be presented on an amortized cost basis, until conversion to ordinary shares or maturity of the bond.

21. Share capital

On 2 September 2010, the Extraordinary General Meeting of Shareholders of the Company approved the following resolutions relating to changes in the Company’s registered share capital.

- 1) Approved the reduction of registered share capital of the Company from Baht 885,090,950 to Baht 883,170,950.
- 2) Approved the increase of registered share capital of the Company from Baht 883,170,950 to Baht 1,000,000,000.

The above reduction and increase of registered share capital were made for the purposes of the acquisition of MW Brands, as described in Note 11. The Company registered the reduction and increase in its registered share capital with the Ministry of Commerce on 10 September 2010 and 13 September 2010, respectively.

Reconciliation of the number of issued and paid-up share capital

	(Unit: Shares)	
	<u>For the years ended 31 December</u>	
	<u>2010</u>	<u>2009</u>
Number of ordinary shares at the beginning of year	883,170,950	883,170,950
Increase in the number of ordinary shares due to share capital increase*	<u>73,158,457</u>	<u>-</u>
Number of ordinary shares at the end of year	<u><u>956,329,407</u></u>	<u><u>883,170,950</u></u>

* The Company allocated the new 73,158,457 shares to the existing shareholders at the ratio of 20 existing common shares to 1 newly issued shares. The shares were offer at a price of Baht 50 per share, totaling 44,158,457 shares. In addition, the Company allocated 29,000,000 shares through private placement at the subscription price of Baht 53 per share. The Company registered its additional shares with the

Ministry of Commerce on 27 October 2010 and the shares were first traded on Stock Exchange of Thailand on 29 October 2010.

22. 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 2010 and 2009 are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Income tax on taxable income	293	325	79	47
Translation adjustment	13	16	-	-
Expense (income) in deferred income tax	323	90	(1)	(6)
Income tax as included in income statements	629	431	78	41

The components of deferred tax assets and liabilities as presented in balance sheets as at 31 December 2010 and 2009 consist of:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Deferred tax asset				
Tax losses brought forward	157	44	-	-
Tax effect of non-deductible expenses				
Allowance for doubtful accounts	19	12	1	-
Allowance for devaluation in the value of inventories	73	14	9	8
Other allowance	11	10	9	9
Accrued liabilities	159	398	-	-
Inventory cost capitalisation	79	46	-	-
Others	1	1	-	-
Total	499	525	19	17

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2010</u>	<u>2009</u>
Deferred tax liabilities		
Depreciation and amortisation	373	259
Intangible assets	3,749	-
Prepaid expense	14	15
Others reserve	149	-
Other	356	-
Total	<u>4,641</u>	<u>274</u>

The above deferred tax liabilities included the deferred tax liabilities of EUR 100 million from the appraised value of fair value of intangible assets at acquisition date as discussed in note 2.2.

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% of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Salary and wages and other employee				
benefits	5,486,862,419	5,197,538,996	1,740,562,792	1,680,239,989
Depreciation	1,188,376,138	1,051,302,075	321,002,268	294,846,305
Amortisation expenses	30,574,974	24,365,379	394,463	566,122
Rental expenses under operating lease				
agreements	582,987,902	519,597,814	249,437,929	235,196,066
Raw materials, consumables used				
and finished goods purchased	49,226,353,078	52,745,637,580	15,440,498,509	14,974,339,577
Changes in inventories of finished				
goods and work in progress	(2,892,682,244)	2,339,694,164	702,710,681	40,037,322

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, to the extent that the amount of tax exempted does not exceed investment capital exclusive of land and working capital for manufacturing frozen seafood and canned pet food and for a period of 8 years for semi-canned food and frozen ready-meal commencing as from the date of first earning operating income.

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

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

	2010			2009		
	B.O.I.	Non - B.O.I.	Total	B.O.I.	Non - B.O.I.	Total
	promoted	promoted		promoted	promoted	
Revenues						
Sales						
Local	1,930,745	1,025,087	2,955,832	1,725,549	382,194	2,107,743
Export	15,716,541	2,511,607	18,228,148	16,135,589	1,966,691	18,102,280
Other income	405,829	1,803,291	2,209,120	290,148	1,838,292	2,128,440
Total revenues	<u>18,053,115</u>	<u>5,339,985</u>	<u>23,393,100</u>	<u>18,151,286</u>	<u>4,187,177</u>	<u>22,338,463</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.

For the year ended 31 December 2010

	Earnings per share		Weighted	Earnings per share	
	Consolidated financial statements	Separate financial statements	average number of ordinary shares	Consolidated financial statements	Separate financial statements
	Million Baht	Million Baht	Million share	Baht	Baht
Basic earnings per share					
Net income attributable to equity holders of the parent	2,874	1,951	897.4	3.20	2.17
Less: Interest expense from convertible bond recognised during the year	(22)	(22)	-		
Effect of dilutive potential ordinary share	-	-	7.8		
Diluted earning per share					
Net income of ordinary shareholders assuming the conversion of warrants to ordinary share	2,852	1,929	905.2	3.15	2.13

There was no disclosure of diluted earnings per share in the financial statements for the year ended 31 December 2009 since there is no dilutive potential ordinary share.

27. Segment information

The operations of the Company and its subsidiaries principally involve the production, distribution and export of frozen seafood products. Some overseas subsidiaries of which the principal business activity is overseas investments. 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 2010 and 2009 of the Company and its subsidiaries by segment.

(Unit: Million Baht)

	Frozen and canned food products		Other businesses		Total		Elimination		Grand total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales										
- Local	3,704	3,252	10,532	9,390	14,236	12,642	(4,893)	(4,571)	9,343	8,071
- Export	74,844	70,858	668	550	75,512	71,408	(13,348)	(10,485)	62,164	60,923
Total sales	78,548	74,110	11,200	9,940	89,748	84,050	(18,241)	(15,056)	71,507	68,994
Segment operating income	3,275	3,950	1,297	881	4,572	4,831	152	(2)	4,724	4,829
Unallocated income (expenses):										
Interest income									5	7
Administrative expenses									(8)	(1)
Share of income from investment in associated companies									24	49
Finance cost									(764)	(602)
Corporate income tax									(629)	(431)
Minority interest									(478)	(507)
Net income									2,874	3,344

Financial information of the Company and its subsidiaries presented by geographical segment for the years ended 31 December 2010 and 2009 is as follows:

(Unit: Million Baht)

	Thailand		Overseas		Total		Elimination		Grand total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales										
- Frozen and canned										
food products	44,430	42,728	34,118	31,382	78,548	74,110	(16,278)	(13,297)	62,270	60,813
- Other businesses	11,200	9,940	-	-	11,200	9,940	(1,963)	(1,759)	9,237	8,181
Total sales	<u>55,630</u>	<u>52,668</u>	<u>34,118</u>	<u>31,382</u>	<u>89,748</u>	<u>84,050</u>	<u>(18,241)</u>	<u>(15,056)</u>	<u>71,507</u>	<u>68,994</u>
Segment operating income									<u>4,724</u>	<u>4,829</u>
Property, plant and										
equipment - net	9,464	8,433	4,592	799	14,056	9,232	36	-	14,092	9,268
Unallocated assets									60,685	26,602
Total assets									<u>74,777</u>	<u>35,870</u>

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. and TISCO Asset Management Co., Ltd.

During the year 2010, the Company and its local subsidiaries contributed approximately Baht 41.8 million (2009: Baht 38.4 million) to 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 2010 (2009: USD 0.4 million).

30. Dividends

				(Unit: Baht)	
Dividends	Approved by		Total dividends	Dividend per share	
Final dividends for 2008	Annual General Meeting of the shareholders on 9 April 2009		618,213,295	0.70	
Interim dividends for 2009	Board of Directors' meeting on 4 August 2009		812,513,268	0.92	
Total dividends for 2009			<u>1,430,726,563</u>		
Final dividends for 2009	Annual General Meeting of the shareholders on 22 March 2010		883,169,149	1.00	
Interim dividends for 2010	Board of Directors' meeting on 4 August 2010		883,160,350	1.00	
Interim dividend for 2010	Board of Directors' meeting on 30 September 2010		229,616,204	0.26	
Total dividends for 2010			<u>1,995,945,703</u>		

31. Commitments and contingent liabilities

31.1 Commitments

As at 31 December 2010, the Company and its subsidiaries have the following commitments:

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

	Payable within						Total
	Less than 1 year		1 to 5 years		More than 5 years		
Office rental and service agreements	Baht	43 million	Baht	56 million	Baht	8 million	Baht 107 million
	EUR	1 million	EUR	2 million	-	-	EUR 3 million
Land lease agreements		-	Baht	3 million	Baht	3 million	Baht 6 million
	USD	2 million	USD	3 million	-	-	USD 5 million
		-	EUR	2 million	EUR	1 million	EUR 3 million
Car lease agreements	Baht	5 million	Baht	2 million	-	-	Baht 7 million
	EUR	1 million	-	-	-	-	EUR 1 million
Machine lease agreements	Baht	17 million	Baht	1 million	-	-	Baht 18 million
		-	USD	1 million	-	-	USD 1 million
Computer & copy machine lease Agreements	Baht	18 million	Baht	15 million	-	-	Baht 33 million
Warehouse and factory construction agreements	Baht	290 million	-	-	-	-	Baht 290 million

	Payable within			Total
	Less than 1 year	1 to 5 years	More than 5 years	
Purchase machinery, equipment and vehicle agreements	Baht 67 million	-	-	Baht 67 million
	EUR 1 million	-	-	EUR 1 million
	JPY 2 million	-	-	JPY 2 million
Advertising agreements	Baht 9 million	Baht 4 million	-	Baht 13 million
Communication agreements	Baht 1 million	Baht 2 million	-	Baht 3 million
Advisory agreements	Baht 9 million	-	-	Baht 9 million
Marketing service agreements	Baht 1 million	-	-	Baht 1 million
Internet network service agreements	Baht 3 million	Baht 10 million	-	Baht 13 million

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

	Amount
The local subsidiary	Baht 381.0 million
The overseas subsidiary	USD 1.9 million
The overseas associates	USD 2.3 million

- c) The overseas subsidiary has agreed to make payments under royalty agreements for the use of certain production machinery and equipment. The agreements require fixed payments plus an additional sum based on output. Total payments made under these arrangement for the year ended 2010 amounting to USD 0.5 million (2009: USD 0.6 million).

- d) Purchase commitments

- 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. TUI has not renewed these contracts. Fish purchases under the terms of these contracts approximated 18 percent of total raw fish purchases for the years ended 31 December 2009.
- Tri-U entered into an agreement with a vendor to supply cans and ends to Tri-U through 31 December 2010. In May 2010, Tri-U renegotiated a new contract with the same vendor retroactively effective from 1 January 2010 through 31 December 2012. The price for cans and ends purchased through this agreement is based on market prices, variable within a range depending on the quantity purchased by Tri-U. Either Tri-U or the vendor may elect to

terminate the agreement with 6 months' prior written notice at any time after July 2012.

- The Company has entered into contracts farming program with several independent shrimp farmers to guarantee the supply of shrimps. These contracts stipulated conditions with regard to price and quantity to be supplied and are effective for a period of not over one year.

e) Co-Pack agreement

During the year 2007, TUI renewed co-pack agreement with a third party whereby it supplies canned tuna products in compliance with the third party's specifications. TUI provided the third party 12 months' written notice on 30 April 2009 to terminate the agreement. 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 return the equipment upon termination of the agreement.

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. However, such contingent liability as mentioned in the Note 2.2 has been waived, resulting from the execution of sale the plant.

Asset retirement obligations recorded by TUI relate primarily to the retirement of buildings and leasehold improvements subject to ground leases in connection with TUI's warehouse facility in California. TUI estimated the fair value of the costs associated with removal and remediation of certain assets to their condition before TUI obtained rights to use of the related asset was USD 1.1 million as of 31 December 2010 and 2009.

- The Office of the 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. Such case was dismissed on 8 January 2007. However, the plaintiff filed a notice of appeal and the appeal was granted on 19 August 2008. TUI filed a petition for an en

banc appeal, which was denied. On 13 January 2009, TUI filed a petition with the Supreme Court, which the Court has declined to hear. Each party has subsequently filed motions and are currently awaiting the Judge's rulings. TUI is unable to predict the probable outcome of this matter. As such, TUI has no accrual related to this matter as of 31 December 2010.

- In March 2008, the US Department of Commerce announced a preliminary anti-dumping (AD) Duty 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 Duty 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.
- TUI received a demand letter from the former shareholders of an overseas subsidiary in connection with the earn-out provisions of the purchase agreement. TUI intends to rigorously defend itself against any claim that may be made in connection with this matter and the outcome of any such claim cannot be determined at this time. Accordingly, no amounts have been accrued as of 31 December 2010.
- An overseas subsidiary received grants of USD 1.2 million from government agencies in Georgia during the current year. In order to retain the funds received from these grants, the subsidiary must achieve certain levels of capital investments and maintain certain levels of employment. Based on the requirements of the grant agreements, the subsidiary has achieved sufficient required levels of compliance with the terms of the grants to retain USD 0.8 million of the funds during the period ended 31 December 2010, which has been recorded as other income in the consolidated statements of income. The remaining deferred grant revenue of USD 0.4 million is recorded in other long-term liabilities on the consolidated balance sheets. The subsidiary expects to meet the remaining requirements that are necessary to recognise the deferred grant revenue within the next four years.

31.2 Guarantees

- a) As at 31 December 2009, the Company's board of directors approved the issuance of corporate guarantees of USD 47.3 million to several financial institutions to secure credit facilities of its subsidiaries and their loans.
- b) As at 31 December 2010, there were outstanding bank guarantees of approximately Baht 58.4 million and USD 5 million (2009: Baht 49.5 million and USD 6 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 2010, there were outstanding bank guarantees of approximately Baht 103.0 million (2009: Baht 108.8 million) issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of business.

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, restricted deposits with financial institutions, trade accounts receivable, loans, investments, accounts payable, short-term loans, long-term loans, debentures and convertible bond. 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 do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in the 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, short-term borrowings, long-term borrowings, debentures and convertible bond. 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, including the Company and its subsidiaries had entered into interest rate swap agreements. The interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2010 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 2010							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
	(Million Baht)						
Financial assets							
Cash and cash equivalents	-	-	-	1,034	3	1,037	0.04 - 1.37
Trade accounts receivable	-	-	-	-	9,451	9,451	-
Restricted deposits with financial institutions	-	-	-	11	-	11	0.59
Long-term loans to other companies	1	3	26	-	-	30	3.75 - 4.00
	<u>1</u>	<u>3</u>	<u>26</u>	<u>1,045</u>	<u>9,454</u>	<u>10,529</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	4,697	-	-	3,667	-	8,364	1.17 - 3.81
Trade accounts payable	-	-	-	-	5,910	5,910	-
Long-term loans	20	18	-	22,979	-	23,017	1.89 - 5.59
Debentures	3,200	500	-	-	-	3,700	3.9 - 4.7
Convertible bond	-	-	2,391	-	-	2,391	5.0
	<u>7,917</u>	<u>518</u>	<u>2,391</u>	<u>26,646</u>	<u>5,910</u>	<u>43,382</u>	

Separate financial statements as at 31 December 2010

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	Over		Floating	Non- interest		
	1 year	1-5 years	5 years	interest rate	bearing		
	(Million Baht)						
Financial assets							
Cash and cash equivalents	-	-	-	14	1	15	0.2
Trade accounts receivable	-	-	-	-	2,886	2,886	-
Short-term loans to subsidiaries	80	-	-	546	-	626	2.3 - 2.4
Long-term loans to subsidiaries	2,692	419	13,963	1,047	-	18,121	4.5 - 6.4
	<u>2,772</u>	<u>419</u>	<u>13,963</u>	<u>1,607</u>	<u>2,887</u>	<u>21,648</u>	
Financial liabilities							
Bank overdrafts and short-term loans							
from financial institutions	1,993	-	-	-	-	1,993	0.7 - 1.8
Trade accounts payable	-	-	-	-	940	940	-
Short-term loans from subsidiaries	246	-	-	-	-	246	2.0
Long-term loans	-	-	-	8,897	-	8,897	3M THBFIX+1.5, 1.7
Debentures	3,200	500	-	-	-	3,700	3.9 - 4.7
Convertible bond	-	-	2,391	-	-	2,391	5.0
	<u>5,439</u>	<u>500</u>	<u>2,391</u>	<u>8,897</u>	<u>940</u>	<u>18,167</u>	

The Company and its subsidiaries entered into interest rate swap agreements 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 2010 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

	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Terminal date
4	Baht 1,020 million (first 2 years) Baht 85-850 million (remaining 4 years)	Float rate 3-month THBFIX-Reuters plus 1.50% (first 2 years) Float rate 3-month THBFIX-Reuters plus 1.75% remaining 4 years)	Fixed rate 4.505%	October 2016
5	Baht 1,020 million (first 2 years) Baht 85-850 million (remaining 4 years)	Float rate 3-month THBFIX-Reuters plus 1.50% (first 2 years) Float rate 3-month THBFIX-Reuters plus 1.75% remaining 4 years)	Fixed rate 4.467%	October 2016
6	Baht 2,040 million (first 2 years) Baht 170-1,700 million (remaining 4 years)	Float rate 3-month THBFIX-Reuters plus 1.50% (first 2 years) Float rate 3-month THBFIX-Reuters plus 1.75% remaining 4 years)	Fixed rate 4.522%	October 2016
7	Baht 900 million (first 2 years) Baht 75-750 million (remaining 4 years)	Float rate 3-month THBFIX-Reuters plus 1.50% (first 2 years) Float rate 3-month THBFIX-Reuters plus 1.75% remaining 4 years)	Fixed rate 4.4875%	October 2016
8	Baht 1,020 million (first 2 years) Baht 85-850 million (remaining 4 years)	Float rate 3-month THBFIX-Reuters plus 1.50% (first 2 years) Float rate 3-month THBFIX-Reuters plus 1.75% remaining 4 years)	Fixed rate 4.48%	October 2016

Subsidiaries

	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Terminal date
1	EUR 95 million	Float rate 3-month EURIBOR	Fixed rate 2.70 %	October 2017
2	EUR 133 million	Float rate 3-months EURIBOR	Fixed rate 2.73 %	October 2017

Cross currency and interest rate 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 397.8 million	Float rate 3-month THBFIX	USD 12 million	Fixed rate 4.4086%	July 2012
3	USD 30 million	Fixed rate 3.29%	Baht 1,004.1 million	Float rate 6-month THBFIX plus 0.66%	December 2011
4	Baht 1,134 million	Float rate 3-month THBFIX - Reuters	USD 35 million	Float rate 3-month LIBOR-BBA plus 0.665%	July 2013

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 of the Company as at 31 December 2010 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
USD	232.3	20.5	30.10
JPY	196.1	104.7	0.37
EUR	355.2	60.1	39.87

Foreign exchange contracts outstanding as at 31 December 2010 are summarised below.

Foreign currency	Bought	Sold	Contractual exchange rate	
	amount	amount	Bought	Sold
	(Million)	(Million)		
<u>The Company</u>				
USD against Baht	-	374.2	-	29.50 - 43.00
JPY against Baht	-	202.5	-	0.36 - 0.37
EUR against Baht	1.3	320.5	39.76 - 40.82	39.10 - 50.02
<u>Subsidiaries</u>				
USD against Baht	0.1	318.9	30.16 - 30.21	29.61 - 33.71
EUR against Baht	1.1	1.3	39.83 - 41.60	40.10 - 50.02
USD against GBP	22.6	-	1.53 - 1.61	-
USD against EUR	10.0	-	1.42	-
EUR against GBP	22.3	-	0.84	-

As at 31 December 2010, the Company and its local subsidiaries have outstanding option agreements with special conditions with financial institutions under which they have obligations to sell amounts of between USD 43.5 million up to USD 92.0 million, depending on conditions stipulated in the agreements, at rates ranging from Baht 29.77 to Baht 31.70 per USD 1. These agreements will terminate within October 2011.

Moreover, as at 31 December 2010, the overseas subsidiaries have outstanding option agreements as follow.

Foreign currency	Bought	Sold	Contractual exchange rate	
	amount	amount	Bought	Sold
	(Million)	(Million)	(Million)	(Million)
EUR against USD	3.0	4.5	1.5306	1.5306
GBP against USD	4.5	3.0	1.7054	1.7054
EUR against GBP	14.4	14.4	0.858-0.864	0.858-0.887

32.2 Fair values of financial instruments

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

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

33. 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 2010, the Group's debt to equity ratio was 2.22:1 (2009: 0.95:1) and the Company's was 1.33:1 (2009: 0.84:1).

34. Subsequent events

The meeting of the Company's Board of Directors No. 1/2011, held on 28 February 2011, passed the following resolutions.

- 1) Approved dividend payment of Baht 0.34 per share from its income for the period from 1 October 2010 to 31 December 2010, to the Company's shareholders, totaling Baht 325 million. The dividend will be paid on 4 May 2011 and transferred unappropriated retained earnings to statutory reserve of Baht 11 million.
- 2) Approved the increase of credit limit for issuance of debentures of the Company and/or its subsidiaries in an amount of up to Baht 15,000 million or the equivalent in other currencies, for the purpose of refinancing debt and future expansion. Such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.
- 3) Approved the revision of right specification by amending the definition of "Shareholders' equity" as indicated in Article 6.2.3, of the right specification regarding the rights and duties of the holder and issuer. This amendment applies to the Company's debentures issued on 7 June 2007 of Baht 3,200 million, scheduled to be redeemed in June 2011, and the debentures issued on 12 November 2008 of Baht 500 million, scheduled to be redeemed in 2013, as mentioned in Note 19.

- 4) Approved the increase in the credit facility from a financial institution of Baht 810 million. The credit facility provides for working capital borrowings of Baht 510 million and loans for foreign currency transaction of Baht 300 million. However, Songkla Canning Pcl. and Thai Union Seafood Co., Ltd. can jointly utilise these credit facilities in the amount not exceeding Baht 120 million for working capital borrowings and not exceeding Baht 171.4 million for loans for foreign currency transaction.

35. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to the current year classification but no effect to previously reported net income or shareholders' equity. The significant reclassification are as follows.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Advance payments	122,982,254	325,304,686	22,123,331	52,123,331
Property, plant and equipment - net	9,268,484,473	9,279,978,439	2,364,518,303	2,365,438,793
Intangible assets - net	1,003,876,481	700,002,460	920,490	-
Goodwill - net	-	290,507,075	-	-
Advance payments for purchase				
property, plant and equipment	200,449,452	-	30,000,000	-
Unamortised discount from forward				
exchange contracts	3,569,718	-	3,569,718	-
Other non-current asset - other	65,492,258	69,061,976	6,508,938	10,078,656

36. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's management on 28 February 2011.