

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REVIEW REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS
31 MARCH 2007 AND 2006

Review Report of Independent Auditor

To the Shareholders of Thai Union Frozen Products Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Thai Union Frozen Products Public Company Limited and its subsidiary companies as at 31 March 2007, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period then ended, and the separate financial statements of Thai Union Frozen Products Public Company Limited for the same period. 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 issue a report on these financial statements based on my review. I did not review the interim financial statements of overseas subsidiary companies, Thai Union International, Inc. and its subsidiary companies and PT Juifa International Foods, which are included in the consolidated financial statements for the three-month period ended 31 March 2007. The consolidated financial statements of these subsidiary companies as at 31 March 2007 presented total assets of Baht 10,459 million and total revenues for the three-month period then ended of Baht 6,503 million. The financial statements of these subsidiary companies were reviewed by other auditors whose reports have been furnished to me, and my review report, insofar as it relates to the amounts included for those subsidiary companies in the consolidated financial statements, is based solely on the reports of those auditors.

I conducted my review in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review and the review reports of other auditors, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Thai Union Frozen Products Public Company Limited and its subsidiary companies, and the separate financial statements of Thai Union Frozen Products Public Company Limited for the year ended 31 December 2006 in accordance with generally accepted auditing standards, and expressed an unqualified opinion on those statements, based

(UNAUDITED BUT REVIEWED)

on my audit and the report of the other auditor of the overseas subsidiary company, under my report dated 22 February 2007. The consolidated and separate balance sheet as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. The Company has restated these financial statements to reflect the change in accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, and the changes in differing accounting policies of the Company and its subsidiary companies in the consolidated financial statements, as described in Note 2 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied. I have not performed any other audit procedures subsequent to the date of that report.

The consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2006 of Thai Union Frozen Products Public Company Limited and its subsidiary companies and the separate financial statements of Thai Union Frozen Products Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor of our firm who reported, under her report dated 10 May 2006 and the report of the other auditor of the overseas subsidiary company, that nothing had come to her attention that caused her to believe that those financial statements were not presented fairly, in all material respects, and in accordance with generally accepted accounting principles. The Company has restated these financial statements to reflect the change in accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, and the changes in differing accounting policies of the Company and its subsidiary companies in the consolidated financial statements, as described in Note 2 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok: 10 May 2007

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT 31 MARCH 2007 AND 31 DECEMBER 2006

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited) (Restated)
Assets					
Current assets					
Cash and cash equivalents		276,107	365,142	5,224	3,819
Trade accounts receivable	3				
Related companies	4	15,962	19,641	733,795	901,668
Others		5,223,898	5,324,993	639,877	705,021
Total trade accounts receivable		5,239,860	5,344,634	1,373,672	1,606,689
Less: Allowance for doubtful accounts		(143,588)	(129,404)	(432)	(432)
Trade accounts receivable - net		5,096,272	5,215,230	1,373,240	1,606,257
Short-term loans to subsidiary companies	4	-	-	361,646	521,660
Short-term loans to director and employees	4	98,010	-	-	-
Short-term loans to other companies		22,521	33,780	-	-
Inventories - net	5	11,893,841	12,082,776	2,297,234	2,267,719
Other current assets					
Prepaid expenses		121,513	144,175	8,456	10,354
Prepaid income tax		191,507	195,597	47,934	44,369
Spareparts		122,575	126,334	11,403	11,218
Advance payments		18,350	25,739	2,796	860
Current portion of forward exchange contracts receivables		104,633	77,663	33,782	33,636
Value added tax refundable		126,591	118,895	73,173	50,365
Others	4	134,873	50,504	66,635	32,168
Total other current assets		820,042	738,907	244,179	182,970
Total current assets		18,206,793	18,435,835	4,281,523	4,582,425

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 31 MARCH 2007 AND 31 DECEMBER 2006

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited) (Restated)
Non-current assets					
Restricted deposits with financial institutions		442	442	-	-
Investment - net	6				
Subsidiary companies		-	-	3,324,860	3,340,522
Associated companies		279,676	242,194	43,560	43,560
Total investments - net		279,676	242,194	3,368,420	3,384,082
Long-term investments	7	71,347	72,231	4,605	4,654
Long-term loans to subsidiary company	4	-	-	4,850,613	4,984,554
Long-term loans to other company		16,667	18,750	-	-
Property, plant and equipment - net	8	6,152,244	6,054,203	1,519,462	1,514,579
Properties foreclosed - net		58,884	65,940	58,884	65,940
Leasehold rights - net		18,109	18,531	-	-
Intangible assets - net	9	806,408	844,790	-	-
Goodwill - net		213,290	224,599	-	-
Deferred tax assets	13	358,724	366,950	15,926	15,181
Other non-current assets		525,456	455,987	376,740	325,392
Total non-current assets		8,501,247	8,364,617	10,194,650	10,294,382
Total assets		26,708,040	26,800,452	14,476,173	14,876,807

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 31 MARCH 2007 AND 31 DECEMBER 2006

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited) (Restated)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	10	4,776,989	5,277,391	1,152,553	1,539,032
Trade accounts payable					
Related companies	4	30,694	21,553	216,191	243,845
Others		1,944,627	2,110,726	427,502	494,735
Total trade accounts payable		1,975,321	2,132,279	643,693	738,580
Current portion of long-term loans	11	114,535	91,800	-	-
Short-term loans from subsidiary companies	4	-	-	765,450	829,600
Short-term loans from shareholders of subsidiary companies	4	65,510	123,100	-	-
Other current liabilities					
Corporate income tax payable		106,186	51,067	15,022	-
Accrued expenses	4	415,831	428,245	110,885	124,397
Accounts payable - construction and asset purchase		58,501	45,574	21,198	26,600
Billback		171,368	224,239	-	-
Others		575,350	572,289	130,042	119,959
Total other current liabilities		1,327,236	1,321,414	277,147	270,956
Total current liabilities		8,259,591	8,945,984	2,838,843	3,378,168
Non-current liabilities					
Long-term loans - net of current portion	11	3,708,154	3,630,691	3,162,186	3,260,772
Deferred tax liabilities	13	280,908	286,564	-	-
Other non-current liabilities		152,129	169,277	35,619	39,724
Total non-current liabilities		4,141,191	4,086,532	3,197,805	3,300,496
Total liabilities		12,400,782	13,032,516	6,036,648	6,678,664

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 31 MARCH 2007 AND 31 DECEMBER 2006

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	31 March 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)	31 March 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
Shareholders' equity					
Share capital					
Registered					
885,090,950 ordinary shares of Baht 1 each		885,091	885,091	885,091	885,091
Issued and paid-up					
874,055,950 ordinary shares of Baht 1 each		874,056	874,056	874,056	874,056
Premium on shares capital		4,411,978	4,411,978	4,411,978	4,411,978
Unrealised loss on changes in the value					
of investments	7	(2,970)	(2,086)	(420)	(371)
Provision for changes in the value of pension fund		(23,111)	(23,790)	-	-
Currency translation differences		(44,515)	(11,968)	-	-
Retained earnings					
Appropriated - statutory reserve		89,000	89,000	89,000	89,000
Unappropriated		7,503,510	6,975,830	3,064,911	2,823,480
Equity attributable to the Company's shareholders		12,807,948	12,313,020	8,439,525	8,198,143
Minority interest - equity attributable to minority shareholders					
of subsidiary companies		1,499,310	1,454,916	-	-
Total shareholders' equity		14,307,258	13,767,936	8,439,525	8,198,143
Total liabilities and shareholders' equity		26,708,040	26,800,452	14,476,173	14,876,807
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The accompanying notes are an integral part of the financial statements.

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 DIRECTORS

(UNAUDITED BUT REVIEWED)

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006 (Restated)	2007	2006 (Restated)
Revenues				
Sales	12,801,515	13,721,080	2,881,839	3,193,839
Other income				
Interest income	2,429	252	92,375	50,104
Tax coupon received	19,119	16,535	3,147	-
Compensation from accounts payable	56,190	46,277	30,793	23,242
Exchange gains	97,766	4,365	48,506	-
Others	47,223	74,072	30,968	27,309
Total other income	222,727	141,501	205,789	100,655
Share of profit of associated companies accounted for under the equity method	3,378	9,037	-	-
Total revenues	13,027,620	13,871,618	3,087,628	3,294,494
Expenses				
Cost of sales	10,957,111	11,590,076	2,515,165	2,902,165
Selling and administrative expenses	1,292,682	1,591,054	242,929	313,966
Other expenses	1,363	2,064	231	205
Total expenses	12,251,156	13,183,194	2,758,325	3,216,336
Income before interest expense,				
Income tax and minority interest	776,464	688,424	329,303	78,158
Interest expense	(127,874)	(136,559)	(73,595)	(36,887)
Corporate income tax (Note 13)	(67,123)	(82,138)	(14,277)	(3,604)
Income after corporate income tax	581,467	469,727	241,431	37,667
Net income of minority interest	(53,787)	(54,352)	-	-
Net income for the period	527,680	415,375	241,431	37,667
				(Unit: Baht)
Earnings per share (Note 14)				
Basic earnings per share				
Net income	0.60	0.48	0.28	0.04
Weighted average number of ordinary shares (Thousand shares)	874,056	869,281	874,056	869,281
Diluted earnings per share				
Net income	0.60	0.47	0.27	0.04
Weighted average number of ordinary shares (Thousand shares)	878,401	874,702	878,401	874,702

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

(UNAUDITED BUT REVIEWED)

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006 (Restated)	2007	2006 (Restated)
Cash flows from (used in) operating activities				
Net income for the period	527,680	415,375	241,431	37,667
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Net income of minority interest in subsidiary companies	53,787	54,352	-	-
	581,467	469,727	241,431	37,667
Adjustment for:				
Depreciation and amortisation	223,263	226,191	50,011	48,294
Amortisation of premium/discount from forward foreign exchange contracts	170	592	93	3,420
Share of profit of associated companies accounted for under the equity method	(3,378)	(9,037)	-	-
Loss (gain) on disposal of assets/ write-off	(1,034)	(362)	134	5
Loss on disposal of properties foreclosed	5,874	3,600	5,874	3,600
Deferred income tax (Note 13)	(685)	17,794	(745)	3,604
Unrealised exchange gains	(33,701)	(132,854)	(22,014)	(8,809)
Allowance for doubtful accounts	14,645	10,604	-	-
Allowance for diminution in value of inventories (reversal)	8,930	(5,816)	666	101
Income from operating activities before change in operating assets and liabilities	795,551	580,439	275,450	87,882
Decrease (increase) in operating assets				
Trade accounts receivable	9,116	147,490	223,262	555,021
Inventories	5,600	25,102	(30,992)	52,914
Other current assets	(51,492)	17,944	(57,859)	(41,718)
Other non-current assets	(17,985)	10,655	137	(6,835)
Increase (decrease) in operating liabilities				
Trade accounts payable	(126,673)	21,806	(84,854)	17,740
Other current liabilities	1,017	(104,059)	13,293	54,969
Other non-current liabilities	(3,461)	(1,239)	(1,867)	1,008
Net cash from operating activities	611,673	698,138	336,570	720,981

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

(UNAUDITED BUT REVIEWED)

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006 (Restated)	2007	2006 (Restated)
Cash flows from (used in) investing activities				
Acquisition of property, plant and equipment	(304,242)	(226,178)	(60,452)	(77,812)
Acquisitions of intangible assets	(3,151)	(124)	-	-
Proceeds from disposal of investment	-	2,010	-	-
Decrease (increase) in short-term loans to subsidiary companies	-	-	159,050	(77,300)
Increase in short-term loans to director and employees	(98,010)	-	-	-
Decrease in short-term loans to other companies	11,259	300	-	-
Increase in long-term loans to subsidiary companies	-	-	-	(3,111,352)
Increase in investment in associated company	(34,850)	-	-	-
Dividend received	-	18,750	-	-
Proceeds from return of capital of subsidiary company	-	-	15,662	-
Proceeds from disposal of property, plant and equipment	3,571	4,336	22	872
Proceeds from disposal of properties foreclosed	1,182	300	1,182	300
Net cash from (used in) investing activities	<u>(424,241)</u>	<u>(200,606)</u>	<u>115,464</u>	<u>(3,265,292)</u>
Cash flows from (used in) financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	(435,304)	(2,433,210)	(386,479)	(694,966)
Increase (decrease) in short-term loans from subsidiary company	-	-	(64,150)	115,300
Increase in short-term loans from associated company	-	13,000	-	13,000
Decrease in short-term loans from shareholders of subsidiary companies	(57,590)	-	-	-
Increase in long-term loans	207,637	1,667,369	-	3,111,352
Decrease in financial lease payable	(11,450)	(34,350)	-	-
Decrease in minority interest - equity attributable to minority shareholders of subsidiary companies	(9,393)	-	-	-
Net cash from (used in) financing activities	<u>(306,100)</u>	<u>(787,191)</u>	<u>(450,629)</u>	<u>2,544,686</u>
Effect of exchange rate change to cash and cash equivalents				
	29,633	218,924	-	-
Net increase (decrease) in cash and cash equivalents	(89,035)	(70,735)	1,405	375
Cash and cash equivalents at beginning of period	365,142	470,198	3,819	6,798
Cash and cash equivalents at end of period	<u>276,107</u>	<u>399,463</u>	<u>5,224</u>	<u>7,173</u>
Supplement cash flows information				
Cash paid during the period for:				
Interest expense	129,379	123,173	75,555	26,223
Corporate income tax	26,707	13,414	7,772	310
Non-cash items:				
Undue installments for acquisition of property, plant and equipment	58,501	78,345	21,198	30,549
Unrealised loss (gain) on changes in the value of investments	884	175	49	(1,813)

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated financial statements								
	Issued and paid-up share capital	Premium on shares capital	Unrealised gain (loss) on changes in the value of investments	Provision for changes in the value of pension fund	Currency translation differences	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiary companies	Total
						Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2006 - as previously reported	869,281	4,333,429	2,049	(26,751)	85,667	89,000	6,342,612	1,124,927	12,820,214
Cumulative effect of the change in accounting policies (Note 2)	-	-	-	-	(402)	-	(318,370)	-	(318,772)
Balance as at 1 January 2006 - as restated	869,281	4,333,429	2,049	(26,751)	85,265	89,000	6,024,242	1,124,927	12,501,442
Unrealised loss on changes in the value of investments	-	-	(175)	-	-	-	-	-	(175)
Provision for changes in the value of pension fund	-	-	-	1,425	-	-	-	-	1,425
Currency translation differences	-	-	-	-	(46,116)	-	-	-	(46,116)
Items not recognised in income statements	-	-	(175)	1,425	(46,116)	-	-	-	(44,866)
Net income for the period - restated	-	-	-	-	-	-	415,375	54,352	469,727
Balance as at 31 March 2006	<u>869,281</u>	<u>4,333,429</u>	<u>1,874</u>	<u>(25,326)</u>	<u>39,149</u>	<u>89,000</u>	<u>6,439,617</u>	<u>1,179,279</u>	<u>12,926,303</u>
Balance as at 1 January 2007 - as previously reported	874,056	4,411,978	(2,086)	(23,790)	(54,458)	89,000	7,353,507	1,454,916	14,103,123
Cumulative effect of the change in accounting policies (Note 2)	-	-	-	-	42,490	-	(377,677)	-	(335,187)
Balance as at 1 January 2007 - as restated	874,056	4,411,978	(2,086)	(23,790)	(11,968)	89,000	6,975,830	1,454,916	13,767,936
Unrealised loss on changes in the value of investments	-	-	(884)	-	-	-	-	-	(884)
Provision for changes in the value of pension fund	-	-	-	679	-	-	-	-	679
Currency translation differences	-	-	-	-	(32,547)	-	-	-	(32,547)
Items not recognised in income statements	-	-	(884)	679	(32,547)	-	-	-	(32,752)
Net income for the period	-	-	-	-	-	-	527,680	53,787	581,467
Dividend paid	-	-	-	-	-	-	-	(9,393)	(9,393)
Balance as at 31 March 2007	<u>874,056</u>	<u>4,411,978</u>	<u>(2,970)</u>	<u>(23,111)</u>	<u>(44,515)</u>	<u>89,000</u>	<u>7,503,510</u>	<u>1,499,310</u>	<u>14,307,258</u>

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

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	Separate financial statements							Total
	Issued and paid-up share capital	Premium on shares capital	Unrealised gain (loss) on changes in the value of investments	Provision for changes in the value of pension fund	Currency translation differences	Retained earnings		
						Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2006 - as previously reported	869,281	4,333,429	2,049	(26,751)	85,667	89,000	6,342,612	11,695,287
Cumulative effect of the change in accounting policy (Note 2)	-	-	(2,594)	26,751	(85,667)	-	(3,711,839)	(3,773,349)
Balance as at 1 January 2006 - as restated	869,281	4,333,429	(545)	-	-	89,000	2,630,773	7,921,938
Unrealised gains on changes in the value of investments	-	-	1,813	-	-	-	-	1,813
Items not recognised in income statements	-	-	1,813	-	-	-	-	1,813
Net income for the period - restated	-	-	-	-	-	-	37,667	37,667
Balance as at 31 March 2006	869,281	4,333,429	1,268	-	-	89,000	2,668,440	7,961,418
Balance as at 1 January 2007 - as previously reported	874,056	4,411,978	(2,086)	(23,790)	(54,458)	89,000	7,353,507	12,648,207
Cumulative effect of the change in accounting policy (Note 2)	-	-	1,715	23,790	54,458	-	(4,530,027)	(4,450,064)
Balance as at 1 January 2007 - as restated	874,056	4,411,978	(371)	-	-	89,000	2,823,480	8,198,143
Unrealised loss on changes in the value of investments	-	-	(49)	-	-	-	-	(49)
Items not recognised in income statements	-	-	(49)	-	-	-	-	(49)
Net income for the period	-	-	-	-	-	-	241,431	241,431
Balance as at 31 March 2007	874,056	4,411,978	(420)	-	-	89,000	3,064,911	8,439,525

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

(UNAUDITED BUT REVIEWED)

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
31 MARCH 2007 AND 2006

1. GENERAL INFORMATION

Thai Union Frozen Products Public Company Limited (hereinafter referred to as “the Company”) was incorporated as a public limited company under Thai laws and listed in the Stock Exchange of Thailand on 22 November 1994. The Company operates its business in Thailand and its subsidiary companies operate their businesses in Thailand and overseas. Their principal activities in Thailand are the manufacture and export of frozen and canned seafood, and local subsidiary companies are also engaged in the packaging and printing and pet food businesses. The principal activities of the overseas subsidiary companies 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. The Company’s registered office is located at 72/1 Moo 7, Sethakit 1 Road, Tambon Tarsrai, Amphur Muang, Samutsakorn.

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41, “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the income statements, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

1.2 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2006. There have been no changes in the composition of the group of company during the current period.

The percentages of the total assets and total revenues of the subsidiary companies in relation to the total assets and total revenues as included in the consolidated financial statements for the three-month period ended 31 March 2007 are as follows:

Company's name	Percentage of total assets included in the consolidated balance sheet	Percentage of total revenues included in the consolidated income statements
Thai Union Manufacturing Co., Ltd. and its subsidiary company	14.08	19.02
Songkla Canning Pcl. and its subsidiary company	14.46	8.93
Thai Union Seafood Co., Ltd.	2.41	0.71
T-Holding Co., Ltd.	1.18	1.49
Thai Union Numhong Co., Ltd.	0.01	-
Thai Union Feedmill Co., Ltd. and its subsidiary companies	7.97	5.76
Thai Union Graphic Co., Ltd.	0.99	0.28
Thai Union International, Inc. (TUI) and its subsidiary companies	38.00	48.89
PT Juifa International Foods	1.16	1.03

1.3 Significant accounting policies

These interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2006, except for the change in the accounting policies between the Company and its subsidiary companies in the consolidated financial statements, as described in Note 2.1 and the change in accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, as described in Note 2.2.

2. CHANGE IN ACCOUNTING POLICIES

During the current period, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements, from equity method to cost method, in compliance with Notification No. 26/2549 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), issued by the Federation of Accounting Professions, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method.

In this regard, the Company has restated the previous period’s financial statements as though the investments in the subsidiary and associated companies had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the three-month periods ended 31 March 2007 and 2006 by Baht 286 million (Baht 0.32 per share) and Baht 378 million - restated (Baht 0.44 per share - restated), respectively. The cumulative effects of the accounting change are presented under the heading of “Cumulative effect of the change in accounting policy” in the separate statements of changes in shareholders’ equity.

During the current period, the Company changed the method for recording inventory of the overseas subsidiaries from the weighted average to first-in-first-out method, changed the method of recording goodwill and intangible assets of the overseas subsidiaries from using impairment tests at least annually to amortising them over their estimated useful lives of 20 years, and has not recorded interest rate swap of the overseas subsidiaries to fair value. The Company recorded the effects of these changes in recording of the accounting transactions of changed the results from the overseas subsidiaries as an adjustment against the beginning balance of retained earnings, and restated the financial statements presented herein for comparative purposes as though the Company had always recorded such transactions. The effects of the change to the consolidated income statements for the three-month periods ended 31 March 2007 and 2006 are to increase net income by Baht 10.1 million (Baht 0.01 per share) and decrease net income by Baht 17.5 million (Baht 0.02 per share). The cumulative effect of the accounting changes has been presented under the heading of “Cumulative effect of the change in accounting policies” in the consolidated statements of changes in shareholders’ equity.

3. TRADE ACCOUNTS RECEIVABLE

The balances of trade accounts receivable are classified by aging as presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<u>Age of receivable</u>				
Trade accounts receivable -				
related companies				
Not yet due	11,676	13,416	575,458	675,967
Overdue				
1 - 30 days	4,252	5,965	64,022	151,730
31 - 60 days	-	260	62,814	40,026
61 - 90 days	34	-	10,005	33,945
121 - 180 days	-	-	21,496	-
Total trade accounts receivable -				
related companies	15,962	19,641	733,795	901,668
Trade accounts receivable - others				
Not yet due	3,958,248	3,936,271	499,711	510,659
Overdue				
1 - 30 days	928,346	1,066,013	89,277	169,089
31 - 60 days	129,696	138,194	30,538	10,867
61 - 90 days	29,848	45,610	953	3,951
91 - 120 days	47,285	31,678	1,777	2,906
121 - 180 days	31,676	21,767	8,667	3,430
181 - 365 days	31,612	19,002	5,802	957
Over 365 days	67,187	66,458	3,152	3,162
Total trade accounts receivable				
- others	5,223,898	5,324,993	639,877	705,021
Total trade accounts receivable	5,239,860	5,344,634	1,373,672	1,606,689
Less: Allowance for doubtful accounts	(143,588)	(129,404)	(432)	(432)
Trade accounts receivable - net	5,096,272	5,215,230	1,373,240	1,606,257

(UNAUDITED BUT REVIEWED)

4. RELATED PARTY TRANSACTIONS

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

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		<u>Pricing policy</u>
	<u>For the three-month periods ended 31 March</u>				
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
Transactions with subsidiary companies:					
(Eliminated from consolidated financial statements)					
Sales	-	-	1,182,690	896,261	Cost plus margin
Interest income	-	-	89,724	50,104	4.30 - 6.60 percent per annum (2006: 4.40 - 6.25 percent per annum)
Purchases of goods	-	-	283,815	273,696	Cost plus margin
Interest expense	-	-	10,581	3,282	4.10 - 6.60 percent per annum (2006: 4.40 - 6.10 percent per annum)
Transactions with associated companies:					
Purchases of goods	1,918	5,534	-	3,259	Cost plus margin
Purchases service expense	2,969	-	2,686	-	Near market price
Dividend received	-	18,750	-	18,750	As declared
Transactions with related parties:					
Sales	84,161	104,942	29,130	44,996	Cost plus margin
Purchases of goods	399,728	557,199	238,160	237,869	Cost plus margin
Interest income	673	-	-	-	10 percent per annum

The Company and its subsidiary companies have insured with Asia-Pacific Risk Consultants (Thailand) Co., Ltd. which is an insurance broker related by the way of having common directors. During the three-month periods ended 31 March 2007 and 2006, insurance premiums paid through that company amounted to Baht 6.2 million and Baht 8.5 million, respectively.

During the current period, the Company pays salaries, meeting allowances and gratuities to its directors and management totaling Baht 7.9 million.

In addition, the Company allotted warrants to directors of the Company and its subsidiaries, as discussed in Note 12.

(UNAUDITED BUT REVIEWED)

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

List of related companies	Relationship
Songkla Canning Pcl.	Subsidiary company
Thai Union Manufacturing Co., Ltd.	Subsidiary company
Thai Union Seafood Co., Ltd.	Subsidiary company
T-Holding Co., Ltd.	Subsidiary company
Thai Union Numhong Co., Ltd.	Subsidiary company
Thai Union Feedmill Co., Ltd.	Subsidiary company
Thai Union Graphic Co., Ltd.	Subsidiary company
Thai Union International, Inc. (TUI)	Subsidiary company
PT Juifa International Foods	Subsidiary company
COSI Trading (Shanghai) Co., Ltd.	Subsidiary company (Held by subsidiary company)
Tri-Union Seafoods, LLC	Subsidiary company (Held by subsidiary company)
Tri-Union Samoa Packing Corporation	Subsidiary company (Held by subsidiary company)
Tri-Union Frozen Foods, LLC	Subsidiary company (Held by subsidiary company)
Empress International, Ltd. (Empress)	Subsidiary company (Held by subsidiary company)
Empress International of California Ltd.	Subsidiary company (Held by subsidiary company)
Empress International Midwest Ltd.	Subsidiary company (Held by subsidiary company)
Asian-Pacific Can Co., Ltd.	Subsidiary company (Held by subsidiary company)
Marine Biotech Co., Ltd.	Subsidiary company (Held by subsidiary company)
Thai Marine Development Products Co., Ltd.	Subsidiary company (Held by subsidiary company)
High Health (Thailand) Co., Ltd.	Subsidiary company (Held by subsidiary company)
Lucky Union Foods Co., Ltd.	Associated company
Biz Dimension Co., Ltd.	Associated company
Thai Quality Shrimp Co., Ltd.	Associated company (Held by subsidiary company)
Century Trading (Shanghai) Co., Ltd.	Associated company (Held by subsidiary company)
Sudamar Cia, Ltda.	Associated company (Held by subsidiary company)
Maison Mer S.A.	Associated company (Held by subsidiary company)
Societe Internationale Agroalimentaire	Associated company (Held by subsidiary company)
Chansiri Real Estate Co., Ltd.	Common major shareholders/Common directors
Venturetec Marketing Co., Ltd.	Common major shareholders/Common directors
Geminai & Associate Co., Ltd.	Common major shareholders/Common directors
Thai Union Securities Co., Ltd.	Common major shareholders/Common directors
Asian Pacific Thai Tuna Co., Ltd.	Common major shareholders/Common directors
T.C. Union Global Pcl.	Common major shareholders/Common directors
Jana Fish Industries Limited	Common major shareholders/Common directors
T.C. Union Agrotech Co., Ltd.	Common major shareholders/Common directors
Pae Ekawat	Common directors
Lucky Surimi Products Co., Ltd.	Common directors
Asia-Pacific Risk Consultants (Thailand) Co., Ltd.	Common directors

(UNAUDITED BUT REVIEWED)

The Company had the following significant balances of assets and liabilities with its related companies:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
<u>Trade accounts receivable - related companies</u>				
<u>Subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Empress International, Ltd.	-	-	176,874	212,725
Tri-Union Seafoods, LLC	-	-	180,057	285,994
Tri-Union Frozen Foods, LLC	-	-	158,132	133,214
Thai Union Manufacturing Co., Ltd.	-	-	71,424	125,398
T-Holding Co., Ltd.	-	-	131,281	112,370
Songkla Canning Pcl.	-	-	3,050	5,364
Thai Union Seafood Co., Ltd.	-	-	717	3,818
Asian-Pacific Can Co., Ltd.	-	-	4,821	10,616
Others	-	-	1,804	147
Total trade accounts receivable - subsidiary companies	-	-	728,160	889,646
<u>Associated companies</u>				
Trade accounts receivable - associated companies	23	80	16	19
<u>Related companies</u>				
T.C. Union Agrotech Co., Ltd.	5,790	5,602	5,619	5,495
Jana Fish Industries Limited	1,689	1,627	-	-
Venturetec Marketing Co., Ltd.	-	6,508	-	6,508
Lucky Surimi Products Co., Ltd.	8,460	5,824	-	-
Total trade accounts receivable - related companies	15,939	19,561	5,619	12,003
Total	15,962	19,641	733,795	901,668
<u>Short-term loans to subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	34,896	35,860
Songkla Canning Pcl.	-	-	192,700	354,900
Thai Union Graphic Co., Ltd.	-	-	51,000	57,000
Thai Union Seafood Co., Ltd.	-	-	83,050	73,900
Total	-	-	361,646	521,660
<u>Short-term loans to director and employees</u>				
Director and employees - subsidiary company	98,010	-	-	-

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
<u>Long-term loans to subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	2,756,823	2,832,948
Thai Union Manufacturing Co., Ltd.	-	-	2,093,790	2,151,606
Total	-	-	4,850,613	4,984,554
<u>Other current assets - others</u>				
<u>Interest receivable</u>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	39,083	5,586
Songkla Canning Pcl.	-	-	75	149
Thai Union Graphic Co., Ltd.	-	-	148	148
Thai Union Seafood Co., Ltd.	-	-	148	31
Thai Union Manufacturing Co., Ltd.	-	-	8,654	8,893
Total	-	-	48,108	14,807
<u>Trade accounts payable - related companies</u>				
<u>Subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Thai Union Manufacturing Co., Ltd.	-	-	90,977	28,203
Asian-Pacific Can Co., Ltd.	-	-	80,492	87,089
Thai Union Graphic Co., Ltd.	-	-	11,140	11,409
T-Holding Co., Ltd.	-	-	828	8,931
Tri-Union Seafoods, LLC	-	-	2,497	1,517
Empress International, Ltd.	-	-	3,254	10,494
Songkla Canning Pcl.	-	-	64	80,395
Others	-	-	5,390	983
Total trade accounts payable - subsidiary companies	-	-	194,642	229,021
<u>Associated companies</u>				
Trade accounts payable - associated companies	1,012	1,239	-	-
<u>Related companies</u>				
Pae Ekawat	21,549	14,825	21,549	14,824
T.C. Union Global Pcl.	1,467	844	-	-
T.C. Union Agrotech Co., Ltd.	6,666	4,624	-	-
Others	-	21	-	-
Total trade accounts payable - related companies	29,682	20,314	21,549	14,824
Total	30,694	21,553	216,191	243,845

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
Short-term loans from subsidiary company				
(Eliminated from consolidated financial statements)				
Thai Union Manufacturing Co., Ltd.	-	-	765,450	829,600
Short-term loans from shareholders of subsidiaries				
Mr.Prasert Boonmechote	-	38,000	-	-
Mr. Cheng Niruttinanon	65,510	30,000	-	-
Mr.Thawil Nandatheero	-	22,800	-	-
Mr.Rittirong Boonmechote	-	17,100	-	-
Ms.Orawan Sirivarasant	-	9,975	-	-
Other shareholders	-	5,225	-	-
Total	65,510	123,100	-	-
Accrued expenses				
Accrued interest				
Thai Union Manufacturing Co., Ltd.	-	-	666	468
	-	-	666	468
Others				
Asia-Pacific Risk Consultants (Thailand) Co., Ltd.	6,366	22,685	1,323	10,773
Total	6,366	22,685	1,989	11,241

The movements of loans to/from related companies during the three-month period ended 31 March 2007 is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					Due date
	1 January 2007	Additional loans	Repayment	Revaluation	31 March 2007	
Short-term loans to director and employees						
Director and employees						
- subsidiary company	-	98,010	-	-	98,010	26.8.2007
Short-term loans from shareholders of subsidiaries						
Mr.Prasert Boonmechote	38,000	-	(38,000)	-	-	-
Mr. Cheng Niruttinanon	30,000	35,510	-	-	65,510	7.5.2007 and 19.3.2008
Mr.Thawil Nandatheero	22,800	-	(22,800)	-	-	-
Mr.Rittirong Boonmechote	17,100	-	(17,100)	-	-	-
Ms.Orawan Sirivarasant	9,975	-	(9,975)	-	-	-
Other shareholders	5,225	-	(5,225)	-	-	-
	123,100	35,510	(93,100)	-	65,510	

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Separate financial statements					Due date
	1 January 2007	Additional loans	Repayment	Revaluation	31 March 2007	
<u>Short-term loans to subsidiary companies</u>						
Thai Union International, Inc.	35,860	-	-	(964)	34,896	at call
Songkla Canning Pcl.	354,900	496,200	(658,400)	-	192,700	at call
Thai Union Graphic Co., Ltd.	57,000	-	(6,000)	-	51,000	17.4.2007
Thai Union Seafood Co., Ltd.	73,900	92,550	(83,400)	-	83,050	at call
	<u>521,660</u>	<u>588,750</u>	<u>(747,800)</u>	<u>(964)</u>	<u>361,646</u>	
<u>Long-term loans to subsidiary companies</u>						
Thai Union International, Inc.	2,832,948	-	-	(76,125)	2,756,823	31.7.2008 - 30.9.2012
Thai Union Manufacturing Co., Ltd.	2,151,606	-	-	(57,816)	2,093,790	7.9.2007
	<u>4,984,554</u>	<u>-</u>	<u>-</u>	<u>(133,941)</u>	<u>4,850,613</u>	
<u>Short-term loans from subsidiary company</u>						
Thai Union Manufacturing Co., Ltd.	<u>829,600</u>	<u>703,750</u>	<u>(767,900)</u>	<u>-</u>	<u>765,450</u>	at call and 17.4.2007

As at 31 March 2007, the Company had outstanding loans totalling USD 60 million (Baht 2,094 million) under promissory notes to Thai Union Manufacturing Co., Ltd., subject to interest at the rate of 6.2 percent per annum and due within 2007. However, the Company does not intend to call the loans within one year and has therefore presented the loans as long-term loans to subsidiary companies.

As at 31 March 2007, the Company had an outstanding loan of USD 80 million (Baht 2,792 million) to Thai Union International, Inc., on which interest is charged at the rates of LIBOR plus 2.5 percent per annum and LIBOR 3 months plus 1.25 percent per annum and LIBOR 3 months plus 2.5 percent per annum.

5. INVENTORY / ALLOWANCE FOR DIMINUTION IN VALUE OF INVENTORY

As at 31 March 2007, an overseas subsidiary company has mortgaged the certain inventories of that company to financial institutions to secure its credit facilities as mentioned in Note 10.

Movements in the allowance for diminution in value of inventory account during the three-month period ended 31 March 2007 are summarised below.

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2007	85,526	21,691
Add: Allowance made during the period	29,630	10,298
Less: Allowance reversed during the period	(20,539)	(9,632)
Less: Write-off for obsolete and damaged stock	(161)	-
Currency translation differences	(540)	-
Balance as at 31 March 2007	<u>93,916</u>	<u>22,357</u>

6. INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES

These represent investments in ordinary shares in the following subsidiary and associated companies.

Consolidated financial statements						
Company's name	Nature of business	Country of incorporation	Paid-up capital		Investments proportion	
			31 March 2007	31 December 2006	31 March 2007 Percent	31 December 2006 Percent
Investments in associated companies						
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	Baht 150.0 million	Baht 150.0 million	25.00	25.00
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	Baht 150.0 million	Baht 150.0 million	20.00	20.00
Thai Quality Shrimp Co., Ltd.	Shrimp breeding and species developer	Thailand	Baht 8.0 million	Baht 8.0 million	25.49	25.49
Century Trading (Shanghai) Co., Ltd.	Importer & Exporter of food products	China	USD 4.0 million	USD 2.0 million	45.04	45.04
Sudamar Cia, Ltda.	Quality control	Ecuador	USD 0.3 million	USD 0.3 million	50.00	50.00
Maison Mer S.A.	Shrimp cooker	France	USD 1.9 million	USD 1.9 million	24.00	24.00
Societe Internationale Agroalimentaire	Shrimp importer	France	USD 0.8 million	USD 0.8 million	24.00	24.00

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

Consolidated financial statements

Company's name	Cost method		Equity method	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
Investments in associated companies				
Lucky Union Foods Co., Ltd.	37,500	37,500	186,859	178,900
Biz Dimension Co., Ltd.	6,060	6,060	15,919	15,004
Thai Quality Shrimp Co., Ltd.	4,000	4,000	5,226	5,788
Century Trading (Shanghai) Co., Ltd.	75,900	41,050	46,285	16,369
Sudamar Cia, Ltda.	838	838	-	-
Maison Mer S.A.	8,395	8,395	16,948	17,446
Societe Internationale Agroalimentaire	5,543	5,543	8,439	8,687
	<u>138,236</u>	<u>103,386</u>	<u>279,676</u>	<u>242,194</u>

Separate financial statements

Company's name	Nature of business	Country of incorporation	Paid-up capital		Investments proportion	
			31 March 2007	31 December 2006	31 March 2007	31 December 2006
					Percent	Percent
Investments in subsidiary companies						
Songkla Canning Pcl.	Manufacturer & exporter of canned seafood	Thailand	Baht 360 million	Baht 360 million	90.44	90.44
Thai Union Manufacturing Co., Ltd.	Manufacturer & exporter of canned tuna and pet food	Thailand	Baht 300 million	Baht 300 million	90.08	90.08
Thai Union Seafood Co., Ltd.	Manufacturer & exporter of frozen shrimp	Thailand	Baht 200 million	Baht 200 million	51.00	51.00
T-Holding Co., Ltd.	Distributor	Thailand	Baht 70 million	Baht 70 million	90.00	90.00
Thai Union Numhong Co., Ltd.	Manufacturer & exporter of canned vegetables and fruit	Thailand	Baht 125 million	Baht 125 million	100.00	100.00
Thai Union Feedmill Co., Ltd.	Manufacturer & distributor of animal feeds	Thailand	Baht 260 million	Baht 260 million	51.00	51.00
Thai Union Graphic Co., Ltd.	Printing manufacturer	Thailand	Baht 40 million	Baht 40 million	74.00	74.00
Thai Union International, Inc. (TUI)	Holding company	USA	USD 8.1 million	USD 8.1 million	100.00	100.00
PT Juifa International Foods	Manufacturer & distributor of seafood	Indonesia	USD 2.7 million	USD 2.7 million	76.50	76.50
COSI Trading (Shanghai) Co., Ltd. (100 percent held by Thai Union Manufacturing Co., Ltd.)	Not yet commence its operation	China	USD 0.2 million	USD 0.2 million	90.08	90.08

(UNAUDITED BUT REVIEWED)

Separate financial statements

Company's name	Nature of business	Country of incorporation	Paid-up capital		Investments proportion	
			31 March 2007	31 December 2006	31 March 2007	31 December 2006
					Percent	Percent
Tri-Union Seafoods, LLC (100 percent held by TUI)	Manufacturer & distributor of canned tuna and seafood	USA	USD 32.1 million	USD 32.1 million	100.00	100.00
Tri-Union Samoa Packing Corporation (100 percent held by Tri-Union Seafoods, LLC)	Manufacturer & distributor of canned tuna and seafood	USA	-	-	100.00	100.00
Tri-Union Frozen Foods, LLC (70 percent held by TUI)	Importer and distributor of frozen seafood	USA	USD 3 million	USD 3 million	70.00	70.00
Empress International, Ltd. (Empress) (100 percent held by TUI)	Importer and distributor of frozen shrimp and seafood	USA	USD 1	USD 1	100.00	100.00
Empress International of California Ltd. (100 percent held by Empress)	Sales office	USA	-	-	100.00	100.00
Empress International Midwest Ltd. (100 percent held by Empress)	Sales office	USA	-	-	100.00	100.00
Asian-Pacific Can Co., Ltd. (90.5 percent held by Songkla Canning Pcl.)	Manufacturer & distributor of packaging for food products	Thailand	Baht 80 million	Baht 80 million	81.85	81.85
High Health Thailand Co., Ltd. (60 percent held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and rearing	Thailand	Baht 40 million	Baht 40 million	30.60	30.60
Marine Biotech Co., Ltd. (51 percent held by Thai Union Feedmill Co., Ltd.)	Distributor of aquaculture supplies	Thailand	Baht 5 million	Baht 5 million	26.01	26.01
Thai Marine Development Products Co., Ltd. (99.99 percent held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and rearing	Thailand	Baht 15 million	Baht 15 million	50.99	50.99
Investments in associated companies						
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	Baht 150 million	Baht 150 million	25.00	25.00
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	Baht 150 million	Baht 150 million	20.00	20.00
Investments in associated companies held by subsidiaries						
Thai Quality Shrimp Co., Ltd. (49.99 percent held by Thai Union Feedmill Co., Ltd.)	Shrimp breeding and species developer	Thailand	Baht 8 million	Baht 8 million	25.49	25.49
Century Trading (Shanghai) Co., Ltd. (50 percent held by Thai Union Manufacturing Co., Ltd.)	Importer & Exporter of food products	China	USD 4 million	USD 2 million	45.04	45.04
Sudamar Cia, Ltda. (50 percent held by Empress)	Quality control	Ecuador	USD 0.3 million	USD 0.3 million	50.00	50.00
Maison Mer S.A. (24 percent held by Empress)	Shrimp cooker	France	USD 1.9 million	USD 1.9 million	24.00	24.00
Societe Internationale Agroalimentaire (24 percent held by Empress)	Shrimp importer	France	USD 0.8 million	USD 0.8 million	24.00	24.00

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

Separate financial statements

Company's name	Cost method	
	31 March 2007	31 December 2006
<u>Investments in subsidiary companies</u>		
Songkla Canning Pcl. and its subsidiary	1,379,791	1,379,791
Thai Union Manufacturing Co., Ltd. and its subsidiary	1,212,172	1,212,172
Thai Union Seafood Co., Ltd.	138,316	138,316
T-Holding Co., Ltd.	20,699	20,699
Thai Union Numhong Co., Ltd.	91,000	91,000
Thai Union Feedmill Co., Ltd. and its subsidiaries	132,600	132,600
Thai Union Graphic Co., Ltd.	45,331	45,331
Thai Union International, Inc. and its subsidiaries	325,771	325,771
PT Juiifa International Foods	94,402	110,064
Total	3,440,082	3,455,744
Less: Allowance for loss on impairment of investments	(115,222)	(115,222)
Net	3,324,860	3,340,522
<u>Investments in associated companies</u>		
Lucky Union Foods Co., Ltd.	37,500	37,500
Biz Dimension Co., Ltd.	6,060	6,060
	43,560	43,560

During the current period, Thai Union Manufacturing Co., Ltd., the subsidiary, paid in an additional 25 percent of the price of its shares in Century Trading (Shanghai) Co., Ltd., a total of USD 1 million.

(UNAUDITED BUT REVIEWED)

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

7. LONG-TERM INVESTMENTS

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2007		31 December 2006	
	Cost	Fair value	Cost	Fair value
Long-term investments				
Available-for-sale securities - Unit trusts	74,217	71,247	74,217	72,131
Unrealised loss on changes in the value of investments	(2,970)	-	(2,086)	-
Total available-for-sale securities	71,247	71,247	72,131	72,131
Other securities - Ordinary shares	100		100	
Total long-term investments	71,347		72,231	

(Unit: Thousand Baht)

	Separate financial statements			
	31 March 2007		31 December 2006	
	Cost	Fair value	Cost	Fair value
Long-term investments				
Available-for-sale securities - Unit trusts	5,025	4,605	5,025	4,654
Unrealised loss on changes in the value of investments	(420)	-	(371)	-
Total long-term investments	4,605	4,605	4,654	4,654

Unrealised loss on changes in the value of investments as at 31 March 2007 and 31 December 2006 is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Unrealised loss on changes in the value of investments in				
- the Company	(420)	(371)	(420)	(371)
- the subsidiary companies	(2,550)	(1,715)	-	-
Balance at equity method	(2,970)	(2,086)	(420)	(371)

(UNAUDITED BUT REVIEWED)

8. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the three-month period ended 31 March 2007 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2007	6,054,203	1,514,579
Acquisitions during period - at cost	317,169	55,050
Disposals during period - net book value at disposal date	(2,537)	(156)
Depreciation for period	(200,409)	(50,011)
Currency translation differences	(16,182)	-
Net book value as at 31 March 2007	<u>6,152,244</u>	<u>1,519,462</u>

Two overseas subsidiary companies have mortgaged the construction and machinery, with net book values totalling approximately USD 0.1 million (31 December 2006: USD 0.6 million), to financial institutions to secure their credit facilities and another overseas subsidiary company has mortgaged its certain machinery and equipment to financial institution to secure its credit facility, as mentioned in Note 10.

As at 31 March 2007, certain machinery of the local subsidiary company, which has net book value of Baht 196 million, was acquired under financial lease agreement with a financial institution.

9. INTANGIBLE ASSETS

The aggregate carrying value of the overseas subsidiary company's indefinite-lived intangible assets, consisting of trademarks, was USD 26 million as at 31 March 2007 (31 December 2006: USD 26 million). Finite lived intangible assets consist of the following:

(UNAUDITED BUT REVIEWED)

(Unit: Thousand USD)

	31 March 2007			31 December 2006		
	Cost	Accumulated amortisation	Net	Cost	Accumulated amortisation	Net
Customer relationships	4,237	(1,554)	2,683	4,237	(1,448)	2,789
Covenant not to compete	413	(302)	111	413	(282)	131
Total	<u>4,650</u>	<u>(1,856)</u>	<u>2,794</u>	<u>4,650</u>	<u>(1,730)</u>	<u>2,920</u>

As at 31 March 2007, the local subsidiary companies have intangible assets - net amounting to Baht 45.7 million (31 December 2006: Baht 44.1 million).

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

The Company entered into interest rate swap agreements for short-term loans from financial institutions to hedge interest rate risk, as mentioned in Note 18 c).

On 31 January 2007, an overseas subsidiary company entered into a new revolving credit facility with Bank of America N.A. ("BABC") to replace the existing two loans with two financial institutions. The credit facility, which expires on 31 January 2010, provides for borrowings and the issuance of letters of credit up to USD 30 million subject to limitations based on eligible accounts receivable and inventory and may be increased to USD 40 million under certain conditions. The issuance of letter of credit reduces the amount of borrowing capacity. Borrowings under the credit facility bear interest, at the subsidiary company's option, at LIBOR plus a margin of 1.25 percent per annum or the bank's prime rate less 0.25 percent per annum, subject to adjustment quarterly. An unused line fee is charged at 0.25 percent per annum, subject to adjustment, on the average daily unused portion of the credit facility. The credit facility is secured by accounts receivable and inventory of the subsidiary company. As at 31 March 2007, the balance under this facility was USD 16 million with interest at LIBOR plus 1.25 percent per annum (6.6%), and was contingently liable for open letters of credit issued under this credit lines, totaling USD 0.6 million and actual unused availability based upon substantially all of collateralised assets was approximately USD 13.4 million. The subsidiary company is subject to certain financial covenants including interest coverage ratio and leverage coverage ratio and others. As at 31 March 2007, the subsidiary company determined it was not in compliance with the interest coverage ratio covenant. The Company has committed to provide any necessary funds to replace, in full, any bank debt which may be required to be repaid due to any covenant related default through at least 8 May 2008.

(UNAUDITED BUT REVIEWED)

On 31 October 2006, Tri-Union Seafoods, LLC (Tri-U) entered into a new revolving credit facility with BABC to replace the facility. The credit facility, which expires on 31 October 2009, provides for borrowings and the issuance of letters of credit up to USD 50 million subject to limitations based on eligible accounts receivable and inventory and may be increased to USD 70 million under certain conditions. The issuance of letters of credit reduces the amount of borrowing capacity. Borrowings under the credit facility bear interest, at Tri-U's option, at LIBOR plus a margin of 1.25 percent per annum or the bank's prime rate less 0.25 percent per annum, subject to adjustment quarterly. An unused line fee is charged at 0.25 percent per annum, subject to adjustment, on the average daily unused portion of the credit facility. The credit facility is secured by accounts receivable and inventory of Tri-U. As at 31 March 2007, the balance under the credit facility was USD 33 million (31 December 2006: USD 31.3 million) with interest at LIBOR plus 1.25 percent per annum (6.6%) and actual unused availability was approximately USD 17 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 March 2007.

Tri-Union Frozen Foods, LLC (TUFF) entered into a USD 15 million revolving line of credit facility with Rabobank International on 18 August 2006, for advances up to 180 days and for the issuance of commercial letters of credit of up to 364 days. The issuance of letters of credit reduces the borrowing capacity. Borrowings under the credit agreement bear interest at LIBOR plus a margin of 1.5 percent per annum or cost of funds (as defined in the facility) plus a margin of 1.5 percent per annum or the bank's prime rate depending on subsidiary's option. Advances under the facility are subject to limitations based on inventory and accounts receivable levels. The agreement remains in effect until terminated by either party with written notice of termination to the other. The facility is guaranteed by the Company and collateralised by TUFF's assets. As of 31 March 2007, the amount outstanding under the TUFF facility was USD 12.8 million (31 December 2006: USD 12.2 million) with interest at rates ranging from 6.75 percent to 6.90 percent per annum. The subsidiary company was contingently liable for open letters of credit issued under this facility totaling USD 0.9 million, and actual unused availability was approximately USD 1.3 million.

(UNAUDITED BUT REVIEWED)

In connection with the credit facility, the subsidiary is required to maintain certain financial covenants including a working capital ratio, and ratio of total liabilities to tangible net worth and other covenants. As of 31 March 2007, the subsidiary determined it was in compliance with these covenants. On 30 April 2007, TUFF entered into an amendment with Rabobank International to extend the facility from USD 15 million to USD 20 million.

The loan of an overseas subsidiary company of USD 6 million is mainly secured by the Company's director and certain assets of the subsidiary company, such as inventories, machineries, equipments and other fixed assets with maximum amount of USD 2.19 million.

11. LONG-TERM LOANS

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

	(Unit: Thousand USD)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Calyon term loan	90,000	90,000	90,000	90,000
Standard Chartered Bank credit facility	7,800	8,900	-	-
Total	97,800	98,900	90,000	90,000
Less: Current portion	(2,200)	(2,200)	-	-
	<u>95,600</u>	<u>96,700</u>	<u>90,000</u>	<u>90,000</u>

Movements in the long-term loans account during the three-month period ended 31 March 2007 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2007	3,722	3,261
Add: Additional borrowings	247	-
Less: Repayment	(39)	-
Less: Unrealised gain on exchange	(107)	(99)
Balance as at 31 March 2007	<u>3,823</u>	<u>3,162</u>

(UNAUDITED BUT REVIEWED)

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

During the first quarter of 2006, the Company entered into a loan agreement with Calyon whereby it obtained a facility of USD 100 million at an interest rate of LIBOR plus 0.65 percent per annum. The Company has to draw down the loan within 6 months from the date of the agreement and principal is to be repaid within January 2011. As at 31 March 2007, the outstanding balance of this loan is USD 90 million. The loan agreement requires the Company to maintain certain financial ratios. The Company entered into interest rate swap agreements for these loans amounting USD 80 million in order to hedge interest rate risk, as mentioned in Note 18 c).

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

12. ESOP

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

(UNAUDITED BUT REVIEWED)

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

As at 31 March 2007, there are 11 million outstanding unexercised warrants offered to directors and employees of the Company and its subsidiaries.

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

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

Corporate income tax of the overseas subsidiary companies have been calculated by applying the federal statutory rate.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March			
	2007	2006	2007	2006
Income tax on taxable income	64,316	60,113	15,022	-
Currency translation differences	3,492	4,231	-	-
Expense (income) in deferred income tax	(685)	17,794	(745)	3,604
Income tax as included in income statements	<u>67,123</u>	<u>82,138</u>	<u>14,277</u>	<u>3,604</u>

(UNAUDITED BUT REVIEWED)

The components of deferred tax assets as presented in balance sheets consist of:

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>31 March 2007</u>	<u>31 December 2006</u>	<u>31 March 2007</u>	<u>31 December 2006</u>
Tax losses brought forward	135,634	139,618	-	-
Tax effect of non-deductible expenses				
Allowance for doubtful accounts	8,727	8,323	130	130
Allowance for devaluation in the value of inventories	3,730	2,614	1,403	658
Other allowance	15,209	16,558	14,393	14,393
Accrued liabilities	143,566	147,787	-	-
Inventory cost capitalisation	50,563	52,050	-	-
Others	1,295	-	-	-
Total	<u>358,724</u>	<u>366,950</u>	<u>15,926</u>	<u>15,181</u>

As at 31 March 2007, a local subsidiary company has deferred tax liabilities amounting to Baht 40.3 million (31 December 2006: Baht 38.4 million) and overseas subsidiary companies have deferred tax liabilities amounting to Baht 240.6 million or USD 6.8 million (31 December 2006: Baht 248.2 million or USD 6.9 million).

(UNAUDITED BUT REVIEWED)

14. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	Consolidated financial statements					
	Net income		Weighted average number of shares		Earnings per share	
	For the three-month periods ended 31 March					
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
		(Restated)				(Restated)
Basic earnings per share						
Net income	527,680	415,375	874,056	869,281	<u>0.60</u>	<u>0.48</u>
Dilutive effect of warrants conversion	-	-	4,345	5,421		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>527,680</u>	<u>415,375</u>	<u>878,401</u>	<u>874,702</u>	<u>0.60</u>	<u>0.47</u>
	Separate financial statements					
	Net income		Weighted average number of shares		Earnings per share	
	For the three-month periods ended 31 March					
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>

Basic earnings per share

Net income	241,431	37,667	874,056	869,281	<u>0.28</u>	<u>0.04</u>
Dilutive effect of warrants conversion	-	-	4,345	5,421		

Diluted earnings per share

Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>241,431</u>	<u>37,667</u>	<u>878,401</u>	<u>874,702</u>	<u>0.27</u>	<u>0.04</u>
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15. DEBENTURES

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

16. FINANCIAL INFORMATION BY SEGMENT

Except for an overseas subsidiary company of which the principal business activity is overseas investments, the operations of the Company and its subsidiary companies principally involve the production, distribution and export of frozen seafood products, and these activities are carried out in Thailand and overseas. Their income come from both local and export sales. Financial information of the Company and its subsidiary companies presented by business segment for the three-month periods ended 31 March 2007 and 2006 is as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Frozen and canned food products		Other businesses		Total		Elimination		Grand total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales										
- Local	425	371	1,790	1,805	2,215	2,176	(1,081)	(1,011)	1,134	1,165
- Export	13,026	13,658	175	189	13,201	13,847	(1,534)	(1,291)	11,667	12,556
Total sales	13,451	14,029	1,965	1,994	15,416	16,023	(2,615)	(2,302)	12,801	13,721
Segment operating profit	648	575	188	165	836	740	(62)	-	774	740
Unallocated income (expenses):										
Interest income									2	-
Selling and administrative expenses									(2)	(61)
Share of gain from investment in associated companies									3	9
Interest expense									(128)	(137)
Corporate income tax									(67)	(82)
Net income of minority interest									(54)	(54)
Net income									528	415

(UNAUDITED BUT REVIEWED)

Financial information of the Company and its subsidiary companies presented by geographical segment for the three-month periods ended 31 March 2007 and 2006 is as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Thailand		Overseas		Total		Elimination		Grand total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales										
- Frozen and canned food products	6,936	7,418	6,515	6,611	13,451	14,029	(1,728)	(2,131)	11,723	11,898
- Other businesses	1,965	1,994	-	-	1,965	1,994	(887)	(171)	1,078	1,823
Total sales	8,901	9,412	6,515	6,611	15,416	16,023	(2,615)	(2,302)	12,801	13,721
Segment operating profit									774	740

17. COMMITMENTS

As at 31 March 2007, the Company and its subsidiary companies have the following commitments:

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

	2007		2008 - 2009		As from 2010		Total	
Office rental and service agreements	Baht	18.1 million	Baht	18.3 million	Baht	35.0 million	Baht	71.4 million
Land lease agreements	Baht	10.8 million	Baht	21.3 million	Baht	46.7 million	Baht	78.8 million
	USD	2.6 million	USD	5.0 million	USD	3.9 million	USD	11.5 million
Car lease agreements	Baht	2.3 million	Baht	2.0 million	-	-	Baht	4.3 million
Machinery and equipment lease agreement	USD	0.1 million	USD	0.2 million	-	-	USD	0.3 million
Warehouse and factory construction agreements	Baht	23.5 million	Baht	3.4 million	-	-	Baht	26.9 million
Purchase machinery and equipment agreements	Baht	35.6 million	-	-	-	-	Baht	35.6 million
Purchase land agreement	Baht	38.0 million	-	-	-	-	Baht	38.0 million
Advertising agreement	Baht	14.0 million	-	-	-	-	Baht	14.0 million

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

	Amount		
The overseas subsidiary company	USD	1.9	million
The local associated company	Baht	30.0	million
The overseas associated companies	USD	2.3	million

(UNAUDITED BUT REVIEWED)

- c) The overseas subsidiary company 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 arrangements for the three-month periods ended 31 March 2007 amounting to USD 0.2 million.
- d) Purchase commitments of the overseas subsidiary companies
- TUI entered into contracts with independent fishing vessel operators to guarantee the supply of raw tuna. These contracts generally provide for the purchase of all fish caught by the respective vessel at the United Tuna Cooperative price and are renewable each year. Fish purchases under the terms of these contracts approximated 13 percent of total raw fish purchases for the three-month period ended 31 March 2007.
 - In order to ensure procurement of frozen seafood, primarily shrimp products, from certain suppliers, Empress has entered into various purchase agreements with them ranging in length from one to four years. These agreements typically require either the purchase of a minimum amount of product during the year, or they require the company to purchase a portion, or in certain cases all, of the selected products produced by the supplier. The overseas subsidiary company considers these agreements necessary to maintain a consistent supply of quality products and believes these commitments are within the normal requirements of the business. These purchase commitments have represented approximately 10 - 15 percent of total inventory purchases by Empress. Since the acquisition, Empress has entered into purchase commitments with the Company and a local subsidiary company to procure inventory.

(UNAUDITED BUT REVIEWED)

- Tri-U entered into an agreement with a vendor to supply cans and ends to Tri-U's American Samoa facility. This agreement expires on 31 December 2010. The overseas subsidiary company is required to purchase a minimum quantity of cans and ends per year from the vendor, or the vendor may terminate the agreement with 18 months prior written notice. The price for cans and ends purchased through this agreement is variable within a range based on the quantity purchased by the overseas subsidiary company. Either the overseas subsidiary company or the vendor may elect to terminate the agreement with 18 months prior written notice at any time after June 2009.
- Tri-U has a transportation contract with a freight carrier in which Tri-U agrees to transport a minimum amount of containers to and from American Samoa per calendar year. This agreement is in effect until 15 November 2009. Rates vary based on the contents of each shipment.

e) Co-Pack agreement

During the year 2004, TUI entered into a three-year co-pack agreement with a third party whereby it supplies canned tuna products in compliance with the third party's specifications. The agreement is automatically renewed in one-year extensions indefinitely, unless either party gives the other party twelve months' written notice of termination. The third party supplies the raw materials, and the overseas subsidiary company is reimbursed for production costs. In connection with the agreement, the third party provided equipment which the overseas subsidiary company installed in its facility and which it uses for its own production as well as for that under the co-pack agreement. The amount paid for the lease of the equipment is based on production and has the option to purchase the equipment upon termination of the agreement for cost plus interest, less lease payments previously made.

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

18. CONTINGENT LIABILITIES

a) Forward foreign exchange contracts

Significant forward exchange contracts outstanding are summarised below.

Buying / Selling forward foreign exchange contracts	Amount	Forward exchange rate	b)	Option agr
<u>As at 31 March 2007</u>				
<u>The Company</u>				
Selling forward foreign exchange contracts	USD 100.64 million against Baht	34.55 - 43.55	A	
	JPY 14.37 million against Baht	0.2995 - 0.3016	s	
<u>Subsidiary companies</u>				
Selling forward foreign exchange contracts	USD 102.13 million against Baht	34.56 - 38.50	at	
	EURO 0.31 million against Baht	46.50 - 46.74	3	
			1	
			M	
			ar	

ch 2007, the Company and its subsidiary companies have outstanding option agreements under which they will sell “put option” USD 35.49 - 59.28 million at rates from Baht 34.96 to Baht 37.60 per USD 1.

As at 31 March 2007, the Company and its subsidiary companies have outstanding option agreements under which they will buy “put option” USD 19.5 million at rates ranging from Baht 34.52 to Baht 34.63 per USD 1.

c) Interest rate swap transaction agreements

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

During the year 2005, the Company entered into two interest rate swap agreements with The Hongkong and Shanghai Banking Corporation Limited for short-term loans from financial institutions amounting to Baht 400 million, as mentioned in Note 10. Under these, interest was to be paid at fixed rates of 4.22 and 4.64 percent, respectively. In March 2007, the Company entered into two additional interest rate swap agreements. The first agreement reverses the effect of one of the 2005 swap agreements on a nominal amount of Baht 200 million, while under the second agreement a fixed rate of 4.64 percent is swapped to a floating rate on a nominal amount of Baht 200 million. These agreements terminate in 2008.

During the year 2006, the Company entered into three interest rate swap agreements, to swap the interest rates on long-term loans from Calyon of USD 80 million, as mentioned in Note 11, to a fixed rate of 5.79 percent and a rate of LIBOR minus 0.105 percent plus stipulated rate in the agreements. During the current period, the Company entered into two additional interest rate swap agreements to swap a fixed rate of 5.79 percent to a rate of LIBOR plus 0.47 percent on a nominal amount of USD 60 million. The above agreements terminate in 2011.

d) 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.

(UNAUDITED BUT REVIEWED)

- 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. TUI and the other producers have agreed to provide indemnification for related damages. However, on 10 May 2006 a decision was issued in the tuna companies' favor on all issues contained in the lawsuit. The Office of Attorney General of a US state filed an objection to the decision, but on 29 September 2006, the Superior Court of this state rendered its decision that the objections raised were without merit. In addition, other states in the US have filed similar suits against TUI and TUI is presently unable to estimate the amount of any damages.

19. GUARANTEES

- a) The Company's board of directors approved the issuance of corporate guarantees of USD 22.8 million (31 December 2006: Baht 1,234 million and USD 23.9 million) to several financial institutions to secure credit facilities of its subsidiary companies and their loans.
- b) As at 31 March 2007, there were outstanding bank guarantees of approximately Baht 33.2 million (31 December 2006: Baht 32.8 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.
- c) As at 31 March 2007, there were outstanding bank guarantees of approximately Baht 63.8 million (31 December 2006: Baht 60.9 million) issued by banks on behalf of the subsidiary companies in respect of certain performance bonds as required in the normal course of businesses.

(UNAUDITED BUT REVIEWED)

20. FINANCIAL INSTRUMENTS

The following is a summary of significant unhedged foreign currency-denominated assets and liabilities as at 31 March 2007:

(Unit: Thousand)

Foreign currency	Consolidated financial statements		Separate financial statements	
	Assets	Liabilities	Assets	Liabilities
US dollars	94,555	112,339	93,000	101,648
Yen	-	138,278	-	136,888
EURO	-	856	-	98

21. SUBSEQUENT EVENTS

On 25 April 2007, the Annual General Meeting of shareholders passed resolution approving the payment of dividend of Baht 0.68 per share from its income for the period 1 July 2006 to 31 December 2006, to the Company's shareholders, a total of Baht 594 million and will be paid in 9 May 2007.

22. RECLASSIFICATION

In addition to the changes in accounting policies as mentioned in Note 2, which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the prior period have been reclassified to conform to the current period's classification, but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

23. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Audit Committee and the Company's management on 10 May 2007.