

Thai Union Frozen Products Public Company Limited  
and its subsidiaries  
Review report and interim financial statements  
For the three-month and six-month periods ended  
30 June 2010

## **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 subsidiaries as at 30 June 2010, the related consolidated statements of income for the three-month and six-month periods ended 30 June 2010, changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2010, 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 management of the Company and its subsidiaries 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 subsidiaries, Thai Union International, Inc. and its subsidiaries and PT Juifa International Foods, which are included in the consolidated financial statements for the three-month and six-month periods ended 30 June 2010. The financial statements of these subsidiaries present total assets of Baht 12,046 million, and total revenues for the three-month and six-month periods then ended of Baht 7,354 million and Baht 14,675 million, respectively. The financial statements of these subsidiaries were reviewed by other auditors, whose reports have been furnished to me, and my review report, insofar as it relates to the amounts of the various transactions of those subsidiaries included in the consolidated financial statements, is based 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 subsidiaries, and the separate financial statements of Thai Union Frozen Products Public Company Limited for the year ended 31 December 2009 in accordance with generally accepted auditing standards, and expressed an unqualified opinion on those statements, based on my report dated 12 February 2010. The balance sheet as at 31 December 2009, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on, based partially on the reports of other auditors of the overseas subsidiaries. I have not performed any other audit procedures subsequent to the date of that report.

The consolidated statements of income for the three-month and six-month periods ended 30 June 2009, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2009 of Thai Union Frozen Products Public Company Limited and its subsidiaries 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, under his review report dated 29 July 2009, reported that based on his review and the review reports of the other auditors of the overseas subsidiaries, nothing had come to his attention that caused him to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Rungnapa Lertsuwankul  
Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited  
Bangkok: 28 July 2010

Thai Union Frozen Products Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2010 (Unaudited but reviewed)	31 December 2009 (Audited)	30 June 2010 (Unaudited but reviewed)	31 December 2009 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		457,878	728,375	26,548	98,031
Trade accounts receivable	2				
Related parties	3	59,049	57,444	1,652,069	1,709,082
Unrelated parties		7,041,903	6,601,565	1,160,625	1,010,257
Total trade accounts receivable		7,100,952	6,659,009	2,812,694	2,719,339
Less: Allowance for doubtful accounts		(182,070)	(157,969)	(13,759)	(8,498)
Trade accounts receivable - net		6,918,882	6,501,040	2,798,935	2,710,841
Short-term loans to related parties	3	-	-	1,591,766	1,564,907
Current portion of long-term loans to subsidiaries	3	-	-	4,037,700	1,159,291
Current portion of long-term loans to other companies		1,557	1,445	-	-
Inventories - net	4	16,657,744	15,892,970	3,066,859	3,884,980
Other current assets					
Prepaid expenses		97,578	134,272	12,594	16,035
Prepaid income tax		69,213	147,201	43,136	28,111
Spareparts		129,312	115,261	21,982	19,274
Interest receivables	3	450	-	37,229	38,080
Advance payments		55,778	325,305	4,637	52,123
Current portion of forward exchange contracts receivables		338,220	117,263	294,299	52,912
Value added tax refundable		184,711	153,815	66,144	79,789
Others		99,533	100,399	30,805	35,056
Total other current assets		974,795	1,093,516	510,826	321,380
<b>Total current assets</b>		<b>25,010,856</b>	<b>24,217,346</b>	<b>12,032,634</b>	<b>9,739,430</b>

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

**Thai Union Frozen Products Public Company Limited and its subsidiaries**

**Balance sheets (Continued)**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
	<u>Note</u>	<u>30 June 2010</u> (Unaudited but reviewed)	<u>31 December 2009</u> (Audited)	<u>30 June 2010</u> (Unaudited but reviewed)	<u>31 December 2009</u> (Audited)
<b>Non-current assets</b>					
Restricted deposits with financial institution		990	990	-	-
Investments in subsidiaries - net	5	-	-	3,369,453	3,343,953
Investments in associates	6	399,683	401,792	66,231	66,231
Other long-term investments - net	7	83,829	86,871	39,154	39,106
Long-term loans to subsidiaries	3	-	-	452,222	3,444,750
Long-term loans to other companies		26,940	10,333	-	-
Property, plant and equipment - net	8	9,945,734	9,279,978	2,705,116	2,365,439
Properties foreclosed - net		57,057	57,057	57,057	57,057
Intangible assets - net	9	674,697	700,002	-	-
Other non-current assets					
Forward exchange contracts receivables		124,963	211,286	124,963	211,286
Goodwill - net		284,425	290,507	-	-
Leasehold rights - net		18,351	19,715	-	-
Deferred tax assets	13	525,850	525,004	16,206	17,390
Others		60,416	69,062	3,774	10,079
<b>Total non-current assets</b>		<b>12,202,935</b>	<b>11,652,597</b>	<b>6,834,176</b>	<b>9,555,291</b>
<b>Total assets</b>		<b>37,213,791</b>	<b>35,869,943</b>	<b>18,866,810</b>	<b>19,294,721</b>

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Balance sheets (Continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2010 (Unaudited but reviewed)	31 December 2009 (Audited)	30 June 2010 (Unaudited but reviewed)	31 December 2009 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from					
financial institutions	10	5,621,684	5,601,268	1,131,392	883,333
Trade accounts payable					
Related parties	3	49,444	32,935	179,600	240,465
Unrelated parties		3,234,790	2,596,660	1,130,016	1,016,612
Total trade accounts payable		3,284,234	2,629,595	1,309,616	1,257,077
Short-term loans from subsidiaries	3	-	-	511,800	978,610
Current portion of long-term loans	11	279,183	183,760	-	-
Current portion of debentures	12	4,700,000	1,500,000	4,700,000	1,500,000
Other current liabilities					
Corporate income tax payable		218,684	151,680	21,423	-
Accrued expenses	3	822,234	652,706	288,943	175,570
Accounts payable - construction and asset purchase		156,758	169,970	34,369	26,935
Billback		157,840	357,454	-	-
Others		606,193	792,933	174,554	226,441
Total other current liabilities		1,961,709	2,124,743	519,289	428,946
<b>Total current liabilities</b>		<b>15,846,810</b>	<b>12,039,366</b>	<b>8,172,097</b>	<b>5,047,966</b>
<b>Non-current liabilities</b>					
Long-term loans	11	1,075,823	1,264,304	-	-
Debentures	12	500,000	3,700,000	500,000	3,700,000
Deferred tax liabilities	13	264,843	274,407	-	-
Other non-current liabilities		154,916	181,101	22,743	47,846
<b>Total non-current liabilities</b>		<b>1,995,582</b>	<b>5,419,812</b>	<b>522,743</b>	<b>3,747,846</b>
<b>Total liabilities</b>		<b>17,842,392</b>	<b>17,459,178</b>	<b>8,694,840</b>	<b>8,795,812</b>

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Balance sheets (Continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2010 (Unaudited but reviewed)	31 December 2009 (Audited)	30 June 2010 (Unaudited but reviewed)	31 December 2009 (Audited)
<b>Shareholders' equity</b>					
Share capital					
Registered					
885,090,950 ordinary shares of Baht 1 each		885,090	885,090	885,090	885,090
Issued and paid-up					
883,170,950 ordinary shares of Baht 1 each		883,171	883,171	883,171	883,171
Share premium		4,518,797	4,518,797	4,518,797	4,518,797
Unrealised loss					
Revaluation deficit on change in value of investments	7	(17,531)	(19,362)	(451)	(499)
Provision for changes in the value of pension fund		(13,205)	(13,561)	-	-
Translation adjustment		(134,219)	(99,417)	-	-
Retained earnings					
Appropriated - statutory reserve		89,000	89,000	89,000	89,000
Unappropriated		11,793,665	10,972,493	4,681,453	5,008,440
Equity attributable to the Company's shareholders		17,119,678	16,331,121	10,171,970	10,498,909
Minority interest - equity attributable to minority shareholders of subsidiaries					
		2,251,721	2,079,644	-	-
<b>Total shareholders' equity</b>		<b>19,371,399</b>	<b>18,410,765</b>	<b>10,171,970</b>	<b>10,498,909</b>
<b>Total liabilities and shareholders' equity</b>		<b>37,213,791</b>	<b>35,869,943</b>	<b>18,866,810</b>	<b>19,294,721</b>
		-	-	-	-

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

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Directors  
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(Unaudited but reviewed)

**Thai Union Frozen Products Public Company Limited and its subsidiaries**
**Income statements**
**For the three-month periods ended 30 June 2010 and 2009**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>				
Sales	17,092,383	17,195,046	5,221,454	4,849,539
Other income				
Interest income	1,332	873	78,939	81,255
Dividend income	-	45	17,860	385,463
Compensation from accounts payable	2,961	9,024	2,936	8,907
Tax coupon received	29,447	20,323	9,902	3,307
Exchange gains	73,185	36,658	19,693	58,812
Others	84,441	47,535	42,239	20,418
Total other income	191,366	114,458	171,569	558,162
<b>Total revenues</b>	<b>17,283,749</b>	<b>17,309,504</b>	<b>5,393,023</b>	<b>5,407,701</b>
<b>Expenses</b>				
Cost of sales	14,423,900	14,417,243	4,817,056	4,289,909
Selling expenses	921,871	876,368	245,070	210,978
Administrative expenses	570,425	631,636	124,545	145,238
Management benefit expenses	11,435	11,888	11,435	11,888
Other expenses	1,086	1,097	203	130
<b>Total expenses</b>	<b>15,928,717</b>	<b>15,938,232</b>	<b>5,198,309</b>	<b>4,658,143</b>
<b>Income before share of income from investments</b>				
<b>in associates</b>	1,355,032	1,371,272	194,714	749,558
Share of income from investments in associates	5,030	13,021	-	-
<b>Income before finance cost and corporate income tax</b>	<b>1,360,062</b>	<b>1,384,293</b>	<b>194,714</b>	<b>749,558</b>
Finance cost	(129,039)	(147,609)	(73,433)	(85,263)
<b>Income before corporate income tax</b>	<b>1,231,023</b>	<b>1,236,684</b>	<b>121,281</b>	<b>664,295</b>
Corporate income tax (Note 13)	(203,015)	(117,585)	(12,227)	(7,594)
<b>Net income for the period</b>	<b>1,028,008</b>	<b>1,119,099</b>	<b>109,054</b>	<b>656,701</b>
<b>Net income attributable to:</b>				
Equity holders of the parent	873,121	954,489	109,054	656,701
Minority interests of the subsidiaries	154,887	164,610		
	1,028,008	1,119,099		
(Unit: Baht)				
<b>Earnings per share</b>				
Basic earnings per share				
Net income attributable to equity holders of the parent	0.99	1.08	0.12	0.74

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



**Thai Union Frozen Products Public Company Limited and its subsidiaries**
**Income statements**
**For the six-month periods ended 30 June 2010 and 2009**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>				
Sales	33,421,278	34,861,414	10,190,345	9,192,281
Other income				
Interest income	1,815	5,901	156,358	168,365
Dividend income	-	45	325,279	405,969
Compensation from accounts payable	52,688	20,670	52,428	20,539
Tax coupon received	55,351	44,666	13,540	7,428
Exchange gains	306,257	163,763	141,194	152,913
Others	186,592	102,118	82,431	62,253
Total other income	602,703	337,163	771,230	817,467
<b>Total revenues</b>	<b>34,023,981</b>	<b>35,198,577</b>	<b>10,961,575</b>	<b>10,009,748</b>
<b>Expenses</b>				
Cost of sales	28,513,390	29,946,818	9,511,040	8,284,466
Selling expenses	1,787,789	1,739,332	456,658	390,313
Administrative expenses	1,030,888	1,128,090	242,381	268,737
Management benefit expenses	22,971	23,140	22,971	23,140
Other expenses	2,839	2,835	1,092	441
<b>Total expenses</b>	<b>31,357,877</b>	<b>32,840,215</b>	<b>10,234,142</b>	<b>8,967,097</b>
<b>Income before share of income from investments</b>				
<b>in associates</b>	2,666,104	2,358,362	727,433	1,042,651
Share of income from investments in associates	9,391	24,330	-	-
<b>Income before finance cost and corporate income tax</b>	<b>2,675,495</b>	<b>2,382,692</b>	<b>727,433</b>	<b>1,042,651</b>
Finance cost	(262,631)	(316,166)	(148,695)	(172,518)
<b>Income before corporate income tax</b>	<b>2,412,864</b>	<b>2,066,526</b>	<b>578,738</b>	<b>870,133</b>
Corporate income tax (Note 13)	(426,701)	(213,753)	(22,556)	(25,019)
<b>Net income for the period</b>	<b>1,986,163</b>	<b>1,852,773</b>	<b>556,182</b>	<b>845,114</b>
<b>Net income attributable to:</b>				
Equity holders of the parent	1,704,341	1,607,525	556,182	845,114
Minority interests of the subsidiaries	281,822	245,248		
	1,986,163	1,852,773		
				(Unit: Baht)
<b>Earnings per share</b>				
Basic earnings per share				
Net income attributable to equity holders of the parent	1.93	1.82	0.63	0.96

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 six-month periods ended 30 June 2010 and 2009**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Cash flows from (used in) operating activities</b>				
Net income before tax	2,412,864	2,066,526	578,738	870,133
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	557,336	526,693	162,460	141,891
Amortisation of premium/discount from forward foreign exchange contracts	(23,557)	89,133	(25,139)	94,325
Allowance for doubtful accounts (reversal)	24,998	(9,814)	5,261	-
Allowance for diminution in value of inventory (reversal)	31,758	(110,639)	(1,683)	27,945
Allowance for impairment of assets	-	70,080	-	-
Share of income from investments in associates	(9,391)	(24,330)	-	-
Loss on sale of investments	1,214	1,032	-	-
Loss (gain) on liquidation of subsidiary	-	(194)	-	368
Gain on sale / write-off of property, plant and equipment	(4,565)	(3,211)	(104)	(92)
Loss on amortisation leasehold right	489	473	-	-
Unrealised exchange loss (gain)	15,671	(227,514)	14,756	(167,613)
Dividend income	-	(45)	(325,279)	(405,969)
Interest income	(1,815)	(5,901)	(156,358)	(168,365)
Interest expense	238,501	302,447	146,256	174,287
<b>Income from operating activities before change in operating assets and liabilities</b>	<b>3,243,503</b>	<b>2,674,736</b>	<b>398,908</b>	<b>566,910</b>
<b>Decrease (increase) in operating assets</b>				
Trade accounts receivable	(513,516)	171,517	(95,992)	662,379
Inventories	(1,003,639)	2,956,251	817,838	(297,856)
Other current assets	239,895	107,278	30,190	(510)
Other non-current assets	3,884	68,817	2,735	(80)
<b>Increase (decrease) in operating liabilities</b>				
Trade accounts payable	576,997	(356,426)	45,291	(47,703)
Other current liabilities	(160,635)	207,217	72,376	21,820
Other non-current liabilities	(21,192)	(16,843)	(23,419)	7,035
Cash flows from operating activities	2,365,297	5,812,547	1,247,927	911,995
Cash paid for corporate income tax	(322,630)	(191,820)	(14,973)	(44,424)
<b>Net cash from operating activities</b>	<b>2,042,667</b>	<b>5,620,727</b>	<b>1,232,954</b>	<b>867,571</b>

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 six-month periods ended 30 June 2010 and 2009

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Cash flows from (used in) investing activities</b>				
Acquisitions of property, plant and equipment	(1,392,281)	(897,905)	(482,044)	(223,482)
Acquisitions of intangible assets	(1,000)	(13,124)	-	-
Acquisitions of leasehold rights	(278)	-	-	-
Increase in short-term loans to subsidiaries	-	-	(48,000)	(68,308)
Increase in short-term loans to other companies	-	(450)	-	-
Increase in long-term loans to subsidiaries	-	-	-	(116,500)
(Increase) decrease in long-term loans to other companies	(16,774)	1,205	-	-
Increase in investment in subsidiary	-	-	(25,500)	-
Increase in investment in associates	-	(22,035)	-	-
Liquidation of subsidiary	-	(11)	-	1,547
Interest received	1,365	10,958	157,209	176,940
Dividend received	11,500	45	325,279	405,969
Proceeds from sale of investments	3,483	3,664	-	-
Proceeds from disposal of property, plant and equipment	177,373	11,846	17,433	283
<b>Net cash from (used in) investing activities</b>	<b>(1,216,612)</b>	<b>(905,807)</b>	<b>(55,623)</b>	<b>176,449</b>
<b>Cash flows from (used in) financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	97,216	(4,503,150)	248,059	(1,927,463)
Increase (decrease) in short-term loans from subsidiaries	-	-	(466,810)	687,900
Decrease in short-term loans from shareholders of subsidiary	-	(400)	-	-
Decrease in short-term loans from associate	-	(2,500)	-	(2,500)
Decrease in short-term loans from directors of subsidiary	-	(106,560)	-	-
Decrease in long-term loans	(91,039)	(103,044)	-	-
Cash paid for interest expense	(242,760)	(323,308)	(146,894)	(173,754)
Decrease in minority interest - equity attributable to minority				
shareholders of subsidiaries	(106,674)	(102,476)	-	-
Dividend paid	(883,169)	(618,213)	(883,169)	(618,213)
<b>Net cash used in financing activities</b>	<b>(1,226,426)</b>	<b>(5,759,651)</b>	<b>(1,248,814)</b>	<b>(2,034,030)</b>
<b>Increase in translation adjustment</b>	<b>129,874</b>	<b>68,938</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(270,497)</b>	<b>(975,793)</b>	<b>(71,483)</b>	<b>(990,010)</b>
Cash and cash equivalents at beginning of period	728,375	1,556,782	98,031	1,028,084
<b>Cash and cash equivalents at end of period</b>	<b>457,878</b>	<b>580,989</b>	<b>26,548</b>	<b>38,074</b>

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

(Unaudited but reviewed)

**Thai Union Frozen Products Public Company Limited and its subsidiaries**

**Cash flows statements (continued)**

**For the six-month periods ended 30 June 2010 and 2009**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Supplement cash flows information</b>				
Non-cash items				
Undue installments for acquisitions of property, plant and equipment	156,758	108,455	34,369	33,888
Unrealised loss (gain) on changes in the value of investment	(1,831)	1,324	(48)	40
Transfer of land to pay down other current liabilities	-	3,394	-	-

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

(Unaudited but reviewed)

**Thai Union Frozen Products Public Company Limited and its subsidiaries**  
**Statements of changes in shareholders' equity**  
**For the six-month periods ended 30 June 2010 and 2009**

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>										
Equity attributable to the parent's shareholders										
	Issued and paid-up share capital	Share premium	Revaluation	Provision for	Translation adjustment	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - equity	Total
			deficit on changes in the value of investments	changes in value of pension fund		Appropriated	Unappropriated		attributable to minority shareholders of subsidiaries	
<b>Balance as at 1 January 2009</b>	883,171	4,518,797	(18,503)	(85,953)	(47,418)	89,000	9,059,374	14,398,468	1,832,257	16,230,725
<b>Income and expenses recognised directly in equity:</b>										
Investments in available-for-sale securities										
Loss recognised in shareholders' equity	-	-	(1,324)	-	-	-	-	(1,324)	-	(1,324)
Provision for changes in the value of pension fund	-	-	-	2,139	-	-	-	2,139	-	2,139
Translation adjustment	-	-	-	-	(41,350)	-	-	(41,350)	-	(41,350)
<b>Net income and expenses recognised directly in equity</b>	-	-	(1,324)	2,139	(41,350)	-	-	(40,535)	-	(40,535)
Net income for the period	-	-	-	-	-	-	1,607,525	1,607,525	245,248	1,852,773
<b>Total income and expenses for the period</b>	-	-	(1,324)	2,139	(41,350)	-	1,607,525	1,566,990	245,248	1,812,238
Dividend paid (Note 15)	-	-	-	-	-	-	(618,213)	(618,213)	(102,297)	(720,510)
Decrease in minority interest	-	-	-	-	-	-	-	-	(179)	(179)
<b>Balance as at 30 June 2009</b>	<u>883,171</u>	<u>4,518,797</u>	<u>(19,827)</u>	<u>(83,814)</u>	<u>(88,768)</u>	<u>89,000</u>	<u>10,048,686</u>	<u>15,347,245</u>	<u>1,975,029</u>	<u>17,322,274</u>
<b>Balance as at 1 January 2010</b>	883,171	4,518,797	(19,362)	(13,561)	(99,417)	89,000	10,972,493	16,331,121	2,079,644	18,410,765
<b>Income and expenses recognised directly in equity:</b>										
Investments in available-for-sale securities										
Gain recognised in shareholders' equity	-	-	1,831	-	-	-	-	1,831	-	1,831
Provision for changes in the value of pension fund	-	-	-	356	-	-	-	356	-	356
Translation adjustment	-	-	-	-	(34,802)	-	-	(34,802)	-	(34,802)
<b>Net income and expenses recognised directly in equity</b>	-	-	1,831	356	(34,802)	-	-	(32,615)	-	(32,615)
Net income for the period	-	-	-	-	-	-	1,704,341	1,704,341	281,822	1,986,163
<b>Total income and expenses for the period</b>	-	-	1,831	356	(34,802)	-	1,704,341	1,671,726	281,822	1,953,548
Dividend paid (Note 15)	-	-	-	-	-	-	(883,169)	(883,169)	(131,174)	(1,014,343)
Increase in investment in subsidiary	-	-	-	-	-	-	-	-	24,500	24,500
Decrease in minority interest	-	-	-	-	-	-	-	-	(3,071)	(3,071)
<b>Balance as at 30 June 2010</b>	<u>883,171</u>	<u>4,518,797</u>	<u>(17,531)</u>	<u>(13,205)</u>	<u>(134,219)</u>	<u>89,000</u>	<u>11,793,665</u>	<u>17,119,678</u>	<u>2,251,721</u>	<u>19,371,399</u>

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 six-month periods ended 30 June 2010 and 2009

(Unit: Thousand 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	
<b>Balance as at 1 January 2009</b>	883,171	4,518,797	(474)	89,000	4,022,051	9,512,545
<b>Income and expenses recognised directly in equity:</b>						
Investments in available-for-sale securities						
Loss recognised in shareholders' equity	-	-	(40)	-	-	(40)
<b>Net expenses recognised directly in equity</b>	-	-	(40)	-	-	(40)
Net income for the period	-	-	-	-	845,114	845,114
<b>Total income and expenses for the period</b>	-	-	(40)	-	845,114	845,074
Dividend paid (Note 15)	-	-	-	-	(618,213)	(618,213)
<b>Balance as at 30 June 2009</b>	<u>883,171</u>	<u>4,518,797</u>	<u>(514)</u>	<u>89,000</u>	<u>4,248,952</u>	<u>9,739,406</u>
<b>Balance as at 1 January 2010</b>	883,171	4,518,797	(499)	89,000	5,008,440	10,498,909
<b>Income and expenses recognised directly in equity:</b>						
Investments in available-for-sale securities						
Gain recognised in shareholders' equity	-	-	48	-	-	48
<b>Net income recognised directly in equity</b>	-	-	48	-	-	48
Net income for the period	-	-	-	-	556,182	556,182
<b>Total income for the period</b>	-	-	48	-	556,182	556,230
Dividend paid (Note 15)	-	-	-	-	(883,169)	(883,169)
<b>Balance as at 30 June 2010</b>	<u>883,171</u>	<u>4,518,797</u>	<u>(451)</u>	<u>89,000</u>	<u>4,681,453</u>	<u>10,171,970</u>

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

**Thai Union Frozen Products Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**30 June 2010 and 2009**

**1. General information**

**1.1 Corporate information**

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

The Company operates its business in Thailand and its subsidiaries operate their businesses in Thailand and overseas. Their principal activities in Thailand are the manufacture and export of frozen and canned seafood, and local subsidiaries are also engaged in the packaging and printing, pet food businesses and fishery. The principal activities of the overseas subsidiaries are the manufacture and distribution of canned seafood, and the import of shrimp and other frozen seafood products for sale to restaurant chains, retailers, wholesalers and food processors which are principally located in the United States and the manufacture and distribution of seafood which are principally located in Indonesia and Vietnam.

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

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standards No. 34 (revised 2007), “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, 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.

(Unaudited but reviewed)

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

### 1.3 Adoption of new accounting standards

During the current period, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below. These standards are not effective for the current year, except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective.

	<u>Effective date</u>
Framework for the Preparation and Presentation of Financial Statements (revised 2009)	Immediately effective
TAS 1 (revised 2009) Presentation of Financial Statements	1 January 2011
TAS 2 (revised 2009) Inventories	1 January 2011
TAS 7 (revised 2009) Statement of Cash Flows	1 January 2011
TAS 8 (revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2011
TAS 10 (revised 2009) Events after the Reporting Period	1 January 2011
TAS 11 (revised 2009) Construction Contracts	1 January 2011
TAS 12 Income Taxes	1 January 2013
TAS 17 (revised 2009) Leases	1 January 2011
TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance	1 January 2013
TAS 23 (revised 2009) Borrowing Costs	1 January 2011
TAS 24 (revised 2009) Related Party Disclosures	1 January 2011
TAS 27 (revised 2009) Consolidated and Separate Financial Statements	1 January 2011
TAS 28 (revised 2009) Investments in Associates	1 January 2011
TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2011
TAS 31 (revised 2009) Interests in Joint Ventures	1 January 2011
TAS 33 (revised 2009) Earnings per Share	1 January 2011
TAS 34 (revised 2009) Interim Financial Reporting	1 January 2011
TAS 36 (revised 2009) Impairment of Assets	1 January 2011
TAS 37 (revised 2009) Provisions, Contingent Liabilities and Contingent Assets	1 January 2011
TAS 38 (revised 2009) Intangible Assets	1 January 2011



(Unaudited but reviewed)

		<u>Effective date</u>
TAS 40 (revised 2009)	Investment Property	1 January 2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2011

The management of the Company has assessed the effect of the accounting standards and financial reporting standards and believes that these standards will not have any significant impact on the financial statements for the year in which they are initially applied.

#### 1.4 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 2009. There has been no change in the composition of the group of company during the current period.

The total assets and total revenues of the subsidiaries included in the consolidated financial statements for the six-month period ended 30 June 2010 are as follows:

<u>Company's name</u>	<u>Assets as a percentage to the consolidated total assets</u>	<u>Revenues as a percentage to the consolidated total revenues</u>
Thai Union Manufacturing Co., Ltd. and subsidiaries	19.75	18.61
Songkla Canning Pcl. and subsidiaries	14.70	9.51
Thai Union Seafood Co., Ltd.	3.28	1.88
T-Holding Co., Ltd.	1.30	1.89
Thai Union Feedmill Co., Ltd. and subsidiaries	5.76	6.58
Thai Union Graphic Co., Ltd.	1.23	0.35
Thai Union International, Inc. (TUI) and subsidiaries	31.88	42.41
PT Juifa International Foods	0.49	0.72

## 1.5 Significant accounting policies

The 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 2009.

## 2. 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	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
<b><u>Age of receivable</u></b>				
<b>Trade accounts receivable</b>				
<b>- related parties</b>				
Not yet due	21,718	26,699	1,293,424	1,261,860
Overdue				
1 - 30 days	37,274	30,659	212,474	239,910
31 - 60 days	57	86	43,590	123,959
61 - 90 days	-	-	29,593	71,613
91 - 120 days	-	-	15,607	-
121 - 180 days	-	-	45,388	-
181 - 365 days	-	-	11,993	11,740
<b>Total trade accounts receivable</b>				
<b>- related parties</b>	59,049	57,444	1,652,069	1,709,082
<b>Trade accounts receivable</b>				
<b>- unrelated parties</b>				
Not yet due	5,489,381	5,189,768	971,096	864,530
Overdue				
1 - 30 days	1,146,088	1,069,917	154,927	119,887
31 - 60 days	116,750	105,380	15,183	7,917
61 - 90 days	68,209	40,898	748	4,891
91 - 120 days	39,898	37,332	1,647	3,719
121 - 180 days	33,265	29,714	2,463	4,660
181 - 365 days	42,518	42,006	14,069	4,037
Over 365 days	105,794	86,550	492	616
<b>Total trade accounts receivable</b>				
<b>- unrelated parties</b>	7,041,903	6,601,565	1,160,625	1,010,257
<b>Total trade accounts receivable</b>	7,100,952	6,659,009	2,812,694	2,719,339
Less: Allowance for doubtful accounts	(182,070)	(157,969)	(13,759)	(8,498)
<b>Trade accounts receivable - net</b>	6,918,882	6,501,040	2,798,935	2,710,841

(Unaudited but reviewed)

As at 30 June 2010, certain trade accounts receivable of three overseas subsidiaries have secured their credit facilities as mentioned in Note 10.

### 3. Related party transactions

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

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month periods ended 30 June				
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<b>Transactions with subsidiaries:</b>					
(Eliminated from consolidated financial statements)					
Sales	-	-	2,231,940	1,648,449	Cost plus margin
Dividend income	-	-	10,360	385,419	As declared
Interest income	-	-	78,703	80,931	1.85 - 6.40% per annum (2009: 2.35 - 5.90% per annum)
Other income	-	-	8,197	13,092	Near market price
Purchases of goods	-	-	161,309	383,052	Cost plus margin
Interest expense	-	-	3,463	1,934	1.10 - 1.30% per annum (2009: 1.95% per annum)
Management fee	-	-	10,136	7,122	Contract price
Other expenses	-	-	6,585	5,960	Near market price
<b>Transactions with associates:</b>					
Sales	4,192	42	1,329	42	Cost plus margin
Dividend income	7,500	-	7,500	-	As declared
Other income	1,725	72	12	-	Near market price
Purchases of goods	2,894	2,160	-	115	Cost plus margin
Purchases service expense	160	215	80	135	Near market price
<b>Transactions with related companies:</b>					
Sales	285,721	258,129	66,953	48,956	Cost plus margin
Other income	122	155	122	155	Near market price
Purchases of goods	670,512	704,354	446,893	431,378	Cost plus margin
Transportation	11,040	11,256	1,516	2,714	Near market price
Expenses relating to assets	78,772	28,459	53,720	7,944	Near market price

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the six-month periods ended 30 June				
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<b>Transactions with subsidiaries:</b>					
(Eliminated from consolidated financial statements)					
Sales	-	-	4,335,944	2,818,645	Cost plus margin
Dividend income	-	-	313,779	405,925	As declared
Interest income	-	-	155,830	163,245	1.85 - 6.40% per annum (2009: 2.35 - 6.25% per annum)
Other income	-	-	18,029	21,125	Near market price
Sale of assets	-	-	44,319	-	Near market price
Purchases of goods	-	-	368,788	659,747	Cost plus margin
Purchases of assets	-	-	110,760	-	Contract price
Interest expense	-	-	7,145	2,331	1.10 - 1.30% per annum (2009: 1.95 - 5.04% per annum)
Management fee	-	-	20,272	14,244	Contract price
Other expenses	-	-	11,912	11,791	Near market price
<b>Transactions with associates:</b>					
Sales	7,159	67	2,283	67	Cost plus margin
Dividend income	11,500	-	11,500	-	As declared
Other income	3,383	143	16	-	Near market price
Purchases of goods	5,003	5,222	-	115	Cost plus margin
Purchase service expense	310	440	170	300	Near market price
<b>Transactions with related parties:</b>					
Sales	622,330	468,439	153,727	86,974	Cost plus margin
Other income	274	303	274	303	Near market price
Purchases of goods	1,347,469	1,339,173	856,156	763,179	Cost plus margin
Transportation	20,072	22,760	2,619	4,313	Near market price
Expenses relating to assets	96,860	40,923	57,932	18,778	Near market price

The Company and its subsidiaries have insured with Asia-Pacific Risk Consultants (Thailand) Co., Ltd. which is an insurance broker related by the way of having common directors. During the three-month and six-month periods ended 30 June 2010, insurance premiums paid through that company amounted to Baht 13.2 million and Baht 22.9 million, respectively (2009: Baht 14.1 million and Baht 27.8 million, respectively).

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

List of related companies	Relationship
Songkla Canning Pcl.	Subsidiary
Thai Union Manufacturing Co., Ltd.	Subsidiary
Thai Union Seafood Co., Ltd.	Subsidiary

(Unaudited but reviewed)

List of related companies	Relationship
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
Tri-Union Seafoods, LLC	Subsidiary (Held by subsidiary)
Tri-Union Samoa Packing Corporation	Subsidiary (Held by subsidiary)
Tri-Union Frozen Foods, LLC	Subsidiary (Held by subsidiary)
Empress International, Ltd. (Empress)	Subsidiary (Held by subsidiary)
Empress International of California Ltd.	Subsidiary (Held by subsidiary)
Empress International Midwest Ltd.	Subsidiary (Held by subsidiary)
Asian-Pacific Can Co., Ltd.	Subsidiary (Held by subsidiary)
Yueh Chyang Canned Food Co., Ltd.	Subsidiary (Held by subsidiary)
Thai Union Hatchary Co., Ltd.	Subsidiary (Held by subsidiary)
Phuket Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Samui Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Phang-nga Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Songkla Fishing Co., Ltd.	Subsidiary (Held by subsidiary)
Siam Fishing Pte. Ltd.	Subsidiary (Held by subsidiary)
Thai Quality Shrimp Co., Ltd.	Subsidiary (Held by subsidiary)
Lucky Union Foods Co., Ltd.	Associated company
Biz Dimension Co., Ltd.	Associated company
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 Ltd.	Associated company (Held by subsidiary)
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
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
Thaipatana Stainless Steel Co., Ltd.	Common major shareholders/Common directors
Hanhong Kanchang Registered Ordinary Partnership	Common major shareholders/Common directors
Ahead Way International Co., Ltd.	Common major shareholders/Common directors
Merchant Partners Securities Pcl.	Common shareholders/Common directors
Geminai & Associate Co., Ltd.	Common shareholders
Lucky Surimi Products Co., Ltd.	Common directors
Asia-Pacific Risk Consultants (Thailand) Co., Ltd.	Common directors
Pae Ekawat	Relative of director
Ekawat Products Co., Ltd.	Relative of director
Miss Rungtiwa Boonmechote	Relative of director

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
<b><u>Trade accounts receivable - related parties</u></b>				
<b><u>Subsidiaries</u></b>				
(Eliminated from consolidated financial statements)				
Empress International, Ltd.	-	-	500,297	690,730
Tri-Union Seafoods, LLC	-	-	577,851	460,495
Tri-Union Frozen Foods, LLC	-	-	180,948	243,655
Thai Union Manufacturing Co., Ltd.	-	-	78,304	22,845
T-Holding Co., Ltd.	-	-	248,058	270,319
Songkla Canning Pcl.	-	-	51,375	2,890
Thai Union Seafood Co., Ltd.	-	-	4,441	2,971
Others	-	-	1,058	1,042
Total trade accounts receivable - subsidiaries	-	-	1,642,332	1,694,947
<b><u>Associates</u></b>				
Trade accounts receivable - associates	2,278	1,453	706	173
<b><u>Related companies</u></b>				
T.C. Union Agrotech Co., Ltd.	20,747	27,533	9,031	13,962
Jana Fish Industries Limited	4,284	4,763	-	-
Ahead Way International Co., Ltd.	31,740	23,249	-	-
Others	-	446	-	-
Total trade accounts receivable - related parties	56,771	55,991	9,031	13,962
<b>Total</b>	<b>59,049</b>	<b>57,444</b>	<b>1,652,069</b>	<b>1,709,082</b>
<b><u>Short-term loans to subsidiaries</u></b>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	831,766	852,907
Thai Union Manufacturing Co., Ltd.	-	-	500,000	500,000
Songkla Canning Pcl.	-	-	200,000	200,000
Thai Union Graphic Co., Ltd.	-	-	60,000	12,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,591,766</b>	<b>1,564,907</b>
<b><u>Long-term loans to subsidiaries</u></b>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	2,551,826	2,616,685
Thai Union Manufacturing Co., Ltd.	-	-	1,938,096	1,987,356
Total	-	-	4,489,922	4,604,041
Less: Current portion	-	-	(4,037,700)	(1,159,291)
Net	-	-	452,222	3,444,750
<b><u>Other current assets</u></b>				
<b><u>Interest receivable</u></b>				
<b><u>Subsidiaries</u></b>				
(Eliminated from consolidated financial statements)				
Thai Union International, Inc.	-	-	28,424	29,095
Thai Union Manufacturing Co., Ltd.	-	-	7,886	8,102
Songkla Canning Pcl.	-	-	828	856
Thai Union Graphic Co., Ltd.	-	-	91	27
<b>Total</b>	<b>-</b>	<b>-</b>	<b>37,229</b>	<b>38,080</b>

## (Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
<b><u>Trade accounts payable - related parties</u></b>				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union Manufacturing Co., Ltd.	-	-	22,388	54,210
Asian-Pacific Can Co., Ltd.	-	-	86,749	67,167
Thai Union Graphic Co., Ltd.	-	-	13,511	12,415
T-Holding Co., Ltd.	-	-	8,573	17,705
Tri-Union Seafoods, LLC	-	-	15,167	12,277
Tri-Union Frozen Foods, LLC	-	-	-	8,649
Empress International, Ltd.	-	-	3,741	16,932
Thai Union Feedmill Co., Ltd.	-	-	434	-
Thai Union Seafood Co., Ltd.	-	-	6,076	7,580
Songkla Canning Pcl.	-	-	-	295
Phuket Fishing Pcl.	-	-	-	33,957
Others	-	-	46	1,105
Total trade accounts payable - subsidiaries	-	-	156,685	232,292
<u>Associates</u>				
Trade accounts payable - associates	1,263	1,964	-	69
<u>Related companies</u>				
T.C. Union Agrotech Co., Ltd.	25,266	21,518	-	-
Ekawat Products Co., Ltd.	20,462	6,227	20,462	6,227
Jana Fish Industries Limited	-	1,349	-	-
Miss Rungtiwa Boonmechote	2,212	1,877	2,212	1,877
Lucky Surimi Products Co., Ltd.	241	-	241	-
Total trade accounts payable - related companies	48,181	30,971	22,915	8,104
Total	49,444	32,935	179,600	240,465
<b><u>Short-term loans from subsidiaries</u></b>				
(Eliminated from consolidated financial statements)				
Thai Union Manufacturing Co., Ltd.	-	-	165,550	547,850
Songkla Canning Pcl.	-	-	346,250	430,760
Total	-	-	511,800	978,610
<b><u>Accrued expenses</u></b>				
<u>Accrued interest</u>				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union Manufacturing Co., Ltd.	-	-	429	462
Songkla Canning Pcl.	-	-	473	591
Total	-	-	902	1,053
<u>Others</u>				
Asia-Pacific Risk Consultants (Thailand) Co., Ltd.	5,058	9,319	1,850	-
Waithai Co., Ltd.	2,396	3,465	60	64
Thaipatana Stainless Steel Co., Ltd.	9,904	8,086	3,628	1,154
Others	96	-	-	-
Total	17,454	20,870	5,538	1,218
<b>Total</b>	<b>17,454</b>	<b>20,870</b>	<b>6,440</b>	<b>2,271</b>

(Unaudited but reviewed)

The movements of loans to/from related parties during the six-month period ended 30 June 2010 are as follows:

(Unit: Thousand Baht)

	Separate financial statements				Balance as at 30 June 2010
	Balance as at 1 January 2010	During the period			
		Increase	Decrease	Revaluation	
<b><u>Short-term loans to subsidiaries</u></b>					
Thai Union International, Inc.	852,907	36,245	(36,245)	(21,141)	831,766
Thai Union Manufacturing Co., Ltd.	500,000	-	-	-	500,000
Songkla Canning Pcl.	200,000	-	-	-	200,000
Thai Union Seafood Co., Ltd.	-	608,750	(608,750)	-	-
Thai Union Graphic Co., Ltd.	12,000	60,000	(12,000)	-	60,000
	<u>1,564,907</u>	<u>704,995</u>	<u>(656,995)</u>	<u>(21,141)</u>	<u>1,591,766</u>
<b><u>Long-term loans to subsidiaries</u></b>					
Thai Union International, Inc.	2,616,685	-	-	(64,859)	2,551,826
Thai Union Manufacturing Co., Ltd.	1,987,356	-	-	(49,260)	1,938,096
	<u>4,604,041</u>	<u>-</u>	<u>-</u>	<u>(114,119)</u>	<u>4,489,922</u>
<b><u>Short-term loans from subsidiaries</u></b>					
Thai Union Manufacturing Co., Ltd.	547,850	2,368,210	(2,750,510)	-	165,550
Songkla Canning Pcl.	430,760	1,597,690	(1,682,200)	-	346,250
Thai Union Feedmill Co., Ltd.	-	234,630	(234,630)	-	-
	<u>978,610</u>	<u>4,200,530</u>	<u>(4,667,340)</u>	<u>-</u>	<u>511,800</u>

#### 4. Inventory / allowance for diminution in value of inventory

As at 30 June 2010, three overseas subsidiaries have mortgaged the certain inventories of those companies to financial institutions to secure their credit facilities as mentioned in Note 10.

Movements in the allowance for diminution in value of inventory account during the six-month period ended 30 June 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial	Separate financial
	statements	statements
Balance as at 1 January 2010	276,648	62,218
Add: Allowance made during the period	736,962	15,533
Less: Allowance reversed during the period	(705,204)	(17,216)
Translation adjustment	(1,726)	-
Balance as at 30 June 2010	<u>306,680</u>	<u>60,535</u>



(Unaudited but reviewed)

## 5. Investments in subsidiaries

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage	
			30 June	31 December	30 June	31 December
			2010	2009	2010	2009
					%	%
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 300 million	Baht 250 million	51.00	51.00
T-Holding Co., Ltd.	Distributor	Thailand	Baht 70 million	Baht 70 million	90.00	90.00
Thai Union Feedmill Co., Ltd.	Manufacturer & distributor of animal feeds	Thailand	Baht 300 million	Baht 300 million	51.00	51.00
Thai Union Graphic Co., Ltd.	Printing manufacturer	Thailand	Baht 40 million	Baht 40 million	74.00	74.00
Thai Union International, Inc. (TUI)	Holding company	USA	USD 8.1 million	USD 8.1 million	100.00	100.00
PT Juifa International Foods	Manufacturer & distributor of seafood	Indonesia	USD 2.7 million	USD 2.7 million	76.50	76.50

(Unit: Thousand Baht)

Company's name	Cost	
	30 June	31 December
	2010	2009
<b><u>Investments in subsidiaries</u></b>		
Songkla Canning Pcl.	1,379,791	1,379,791
Thai Union Manufacturing Co., Ltd.	1,212,172	1,212,172
Thai Union Seafood Co., Ltd.	189,316	163,816
T-Holding Co., Ltd.	20,699	20,699
Thai Union Feedmill Co., Ltd.	153,000	153,000
Thai Union Graphic Co., Ltd.	45,331	45,331
Thai Union International, Inc.	325,770	325,770
PT Juifa International Foods	69,510	69,510
Total	3,395,589	3,370,089
Less: Allowance for loss on impairment of investments	(26,136)	(26,136)
Net	3,369,453	3,343,953

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.

(Unaudited but reviewed)

On 18 June 2010, the meeting of the Company's Board of Directors approved a resolution acknowledging and approving the acquisition of MW Brands, a major canned seafood manufacturer in France, and appointed consultants for this investment project. This project is now underway.

## 6. Investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009
			%	%				
<b><u>Investments in associates, directly held by the Company</u></b>								
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500	37,500	285,067	276,642
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010	1,010	17,096	20,239
Avanti Thai Aqua Feeds Private Limited	Manufacturer & distributor of animal feeds	India	50.00	50.00	27,721	27,721	27,721	27,721
<b><u>Investments in associates, directly held by subsidiary</u></b>								
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	75,900	13,257	18,875
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	44,070	39,797	41,570
Moresby International Holdings Ltd. (33% held by Thai Union Manufacturing Co., Ltd.)	Holding in fishing company	British Virgin Island	33.02	33.02	16,745	16,745	16,745	16,745
					202,946	202,946	399,683	401,792

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 June 2010	31 December 2009	30 June 2010	31 December 2009
			%	%		
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500	37,500
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010	1,010
Avanti Thai Aqua Feeds Private Limited	Manufacturer & distributor of animal fees	India	50.00	50.00	27,721	27,721
					66,231	66,231

(Unaudited but reviewed)

Investments in some associates 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 associates are immaterial.

## 7. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 June 2010		31 December 2009	
	Cost	Fair value	Cost	Fair value
<b>Other long-term investments</b>				
Available-for-sale securities - Unit trusts	60,127	<u>42,596</u>	64,823	<u>45,461</u>
Unrealised loss on changes in the value of investments	(17,531)		(19,362)	
Total available-for-sale securities	42,596		45,461	
Other securities				
- Ordinary shares	50,811		50,988	
- Unit trust	100		100	
Total other long-term investments	93,507		96,549	
Less: Allowance for impairment of investments	(9,678)		(9,678)	
Other long-term investments - net	<u>83,829</u>		<u>86,871</u>	

(Unit: Thousand Baht)

	Separate financial statements			
	30 June 2010		31 December 2009	
	Cost	Fair value	Cost	Fair value
<b>Other long-term investments</b>				
Available-for-sale securities - Unit trusts	5,025	<u>4,574</u>	5,025	<u>4,526</u>
Unrealised loss on changes in the value of investments	(451)		(499)	
Total available-for-sales securities	4,574		4,526	
Other securities - ordinary shares	34,580		34,580	
Total other long-term investments	<u>39,154</u>		<u>39,106</u>	

(Unaudited but reviewed)

## 8. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2010	9,279,978	2,365,439
Acquisitions during period - at cost	1,408,276	519,477
Disposals during period - net book value at disposal date	(159,945)	(17,340)
Depreciation for period	(546,402)	(162,460)
Allowance for impairment	(12,864)	-
Translation adjustment	(23,309)	-
Net book value as at 30 June 2010	<u>9,945,734</u>	<u>2,705,116</u>

## 9. Intangible assets

(Unit: Million Baht)

Consolidated financial statements

	30 June 2010			31 December 2009		
	Cost	Accumulated amortisation	Net	Cost	Accumulated amortisation	Net
Copyrights	37	(3)	34	40	(5)	35
Trademarks	842	(279)	563	866	(287)	579
Patent	36	-	36	36	-	36
Customer relationships	137	(95)	42	141	(91)	50
Covenant not to compete	13	(13)	-	14	(14)	-
Total	<u>1,065</u>	<u>(390)</u>	<u>675</u>	<u>1,097</u>	<u>(397)</u>	<u>700</u>

## **10. Bank overdrafts and short-term loans from financial institutions**

The Company and subsidiaries entered into interest rate swap agreements for short-term loans from financial institution to hedge interest rate risk, as mentioned in Note 17.2.

Empress International Ltd. (Empress) entered into a revolving credit facility with Bank of America N.A.. The credit facility, which expires in 31 December 2010, 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 30 June 2010, the balance under this facility was USD 11 million at interest rate between 4.5% to 5.75% per annum and actual unused availability was approximately USD 12 million. The subsidiary is subject to certain financial covenants including interest coverage ratio and leverage coverage ratio and others. As at 30 June 2010, the subsidiary determined it was in compliance with these covenants.

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 40 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 LIBOR plus a margin of 3.25% per annum or the bank's prime rate plus 2% per annum or plus 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 30 June 2010, the balance under the credit facility was USD 36 million with interest rates of 3.38% and 3.25% per annum and actual unused availability was approximately USD 3 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 30 June 2010.

(Unaudited but reviewed)

Tri-Union Frozen Foods, LLC (TUFF) entered into a revolving credit facility with Wells Fargo Foothill, LLC, which expires in 23 July in 2012, provides 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. As of 30 June 2010, the amount outstanding under the TUFF facility was USD 20 million with interest at rates ranging from 3.09% to 5.25% per annum and actual unused availability was approximately USD 2 million. TUFF is required to maintain certain financial covenants including a working capital ratio, and ratio of total liabilities to tangible net worth and other covenants. As of 30 June 2010, the subsidiary determined it was in compliance with these covenants.

## 11. Long-term loans

Long-term loans as at 30 June 2010 and 31 December 2009 consist of:

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	30 June	31 December
	2010	2009
USD loans	47	85
Baht loans	1,308	1,363
Total	1,355	1,448
Less: Current portion	(279)	(184)
Net	1,076	1,264

Movements in the long-term loan account during the six-month period ended 30 June 2010 are summarised below.

	(Unit: Million Baht)
	Consolidated
	financial statements
Balance as at 1 January 2010	1,448
Less: Repayment	(91)
Less: Unrealised exchange loss	(2)
Balance as at 30 June 2010	1,355

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

During the third quarter of 2006, a local subsidiary entered into two loan agreements amounting to Baht 150 million from two local financial institutions, carrying interest at MLR minus 1.25% per annum and MLR minus 1.00% per annum. These loans are to be repaid within year 2013 and have been guaranteed by a local subsidiary. As at 30 June 2010, the balance of this loan is Baht 75 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 30 June 2010, the balance of this loan is Baht 143 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 2008, the above subsidiary had repaid principal amount of Baht 100 million. As at 30 June 2010, the balance of this loan is Baht 1,090 million.

## **12. Debentures**

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

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

(Unaudited but reviewed)

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

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

### 13. Corporate income tax/deferred tax assets (liabilities)

Corporate income tax of the Company and local subsidiaries has 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 the federal statutory rate.

Corporate income tax of the Company and subsidiaries for the three-month and six-month periods ended 30 June 2010 and 2009 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June			
	2010	2009	2010	2009
Income tax on taxable income	221,941	101,280	11,918	8,036
Translation adjustment	(587)	17,269	-	-
Expense (income) in deferred income tax	(18,339)	(964)	309	(442)
Income tax as included in income statements	<u>203,015</u>	<u>117,585</u>	<u>12,227</u>	<u>7,594</u>



(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June			
	2010	2009	2010	2009
Income tax on taxable income	437,111	196,805	21,372	25,502
Translation adjustment	7,525	10,072	-	-
Expense (income) in deferred income tax	(17,935)	6,876	1,184	(483)
Income tax as included in income statements	<u>426,701</u>	<u>213,753</u>	<u>22,556</u>	<u>25,019</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
Tax losses brought forward	44,461	43,808	-	-
Tax effect of non-deductible expenses				
Allowance for doubtful accounts	17,142	11,570	1,900	234
Allowance for devaluation in the value of inventories	21,382	14,426	5,343	8,193
Other allowance	9,640	10,282	8,963	8,963
Accrued liabilities	387,544	398,004	-	-
Inventory cost capitalisation	44,578	45,781	-	-
Others	1,103	1,133	-	-
Total	<u>525,850</u>	<u>525,004</u>	<u>16,206</u>	<u>17,390</u>

As at 30 June 2010, a local subsidiary has deferred tax liabilities amounting to Baht 39.0 million (31 December 2009: Baht 42.0 million) and overseas subsidiaries have deferred tax liabilities amounting to Baht 225.8 million or USD 7.0 million (31 December 2009: Baht 232.4 million or USD 7.0 million).

**14. Financial information by segment**

Except for an overseas subsidiary of which the principal business activity is overseas investments, the operations of the Company and its subsidiaries principally involve the production, distribution and export of frozen seafood products, and these activities are carried out in Thailand and overseas. Their income comes from both local and export sales. Financial information of the Company and its subsidiaries presented by business segment for the three-month and six-month periods ended 30 June 2010 and 2009 is as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June									
	Frozen and canned food products		Other businesses		Total		Elimination		Grand total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales										
- Local	908	732	2,506	2,464	3,414	3,196	(1,126)	(1,138)	2,288	2,058
- Export	17,960	17,347	181	148	18,141	17,495	(3,337)	(2,358)	14,804	15,137
Total sales	18,868	18,079	2,687	2,612	21,555	20,691	(4,463)	(3,496)	17,092	17,195
Segment operating income	866	1,165	335	267	1,201	1,432	156	(62)	1,357	1,370
Unallocated income (expenses):										
Interest income									2	1
Administrative expenses									(3)	(1)
Share of income from investments in associates									5	13
Finance cost									(129)	(147)
Corporate income tax									(203)	(117)
Net income of minority interest									(155)	(164)
Net income attributable to equity holders of the parent									873	955

(Unit: Million Baht)

	For the six-month periods ended 30 June									
	Frozen and canned food products		Other businesses		Total		Elimination		Grand total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales										
- Local	1,792	1,432	4,762	4,420	6,554	5,852	(2,147)	(2,247)	4,407	3,605
- Export	35,268	35,017	346	243	35,614	35,260	(6,600)	(4,004)	29,014	31,256
Total sales	37,060	36,449	5,108	4,663	42,168	41,112	(8,747)	(6,251)	33,421	34,861
Segment operating income	2,006	1,912	668	476	2,674	2,388	(6)	(35)	2,668	2,353
Unallocated income (expenses):										
Interest income									2	6
Administrative expenses									(3)	(1)
Share of income from investments in associates									9	24
Finance cost									(263)	(316)
Corporate income tax									(427)	(213)
Net income of minority interest									(282)	(245)
Net income attributable to equity holders of the parent									1,704	1,608

(Unaudited but reviewed)

Financial information of the Company and its subsidiaries presented by geographical segment for the three-month and six-month periods ended 30 June 2010 and 2009 is as follows:

(Unit: Million Baht)

		For the three-month periods ended 30 June									
		Thailand		Overseas		Total		Elimination		Grand total	
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales											
-	Frozen and canned										
	food products	11,109	10,092	7,759	7,987	18,868	18,079	(3,529)	(2,449)	15,339	15,630
-	Other businesses	2,687	2,612	-	-	2,687	2,612	(934)	(1,047)	1,753	1,565
Total sales		13,796	12,704	7,759	7,987	21,555	20,691	(4,463)	(3,496)	17,092	17,195
Segment	operating										
income										1,357	1,370

(Unit: Million Baht)

		For the six-month periods ended 30 June									
		Thailand		Overseas		Total		Elimination		Grand total	
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales											
-	Frozen and canned										
	food products	21,579	20,132	15,481	16,317	37,060	36,449	(6,837)	(4,214)	30,223	32,235
-	Other businesses	5,108	4,663	-	-	5,108	4,663	(1,910)	(2,037)	3,198	2,626
Total sales		26,687	24,795	15,481	16,317	42,168	41,112	(8,747)	(6,251)	33,421	34,861
Segment	operating										
income										2,668	2,353

## 15. Dividends

Dividends declared in 2010 and 2009 consist of the following:

(Unit: Baht)

	Approved by	Total dividends	Dividend per share
Dividends on income for the period 1 July 2009 to 31 December 2009	Annual General Meeting of the shareholders on 22 March 2010	883,170,950	1.0
Total for 2010		883,170,950	
Dividends on income for the period 1 July 2008 to 31 December 2008	Annual General Meeting of the shareholders on 9 April 2009	618,213,295	0.7
Total for 2009		618,213,295	

**16. Commitments**

As at 30 June 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 - 5 years	More than 5 years	
Office rental and service agreements	Baht 25.5 million	Baht 34.2 million	Baht 7.6 million	Baht 67.3 million
Land lease agreements	Baht 0.9 million	Baht 3.8 million	Baht 4.1 million	Baht 8.8 million
	USD 2.6 million	USD 3.9 million	USD 0.3 million	USD 6.8 million
Car lease agreements	Baht 4.8 million	Baht 2.3 million	-	Baht 7.1 million
Machinery and equipment lease agreements	Baht 4.9 million	Baht 2.0 million	-	Baht 6.9 million
	USD 0.4 million	USD 1.0 million	USD 0.3 million	USD 1.7 million
Warehouse and factory construction agreements	Baht 246.2 million	-	-	Baht 246.2 million
Purchase machinery and equipment agreements	Baht 32.5 million	-	-	Baht 32.5 million
	USD 1.9 million	-	-	USD 1.9 million
	EUR 0.8 million	-	-	EUR 0.8 million
	YEN 1.5 million	-	-	YEN 1.5 million
Advertising agreements	Baht 22.9 million	Baht 9.4 million	-	Baht 32.3 million
Communication agreements	Baht 1.2 million	Baht 2.6 million	-	Baht 3.8 million
Computer and copy machine lease agreements	Baht 16.1 million	Baht 13.3 million	-	Baht 29.4 million

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

	Amount
The local subsidiaries	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 arrangements for the three-month and six-month periods ended 30 June 2010 amounting to USD 0.2 million and USD 0.3 million, respectively.

d) Purchase commitments of the Company and overseas subsidiaries

- TUI entered into contracts with independent fishing vessel operators to guarantee the supply of raw tuna. These contracts generally provide for the purchase of all fish caught by the respective vessel at the United Tuna Cooperative price and are renewable each year. TUI has not renewed these contracts in 2010. Fish purchased under the terms of these contracts approximated 0% and 28% of total raw fish purchased for the six-month periods ended 30 June 2010 and 2009, respectively.
- 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.

**17. Contingent liabilities**

## 17.1 Forward foreign exchange contracts

Significant forward exchange contracts outstanding are summarised below.

Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought (Baht per 1 foreign currency unit)	Sold
<u>As at 30 June 2010</u>				
<u>The Company</u>				
US dollar	2	239	32.32	32.18 - 43.00
Yen	64	156	0.34 - 0.36	0.34 - 0.37
Euro	2	3	42.94 - 43.29	39.07 - 50.20
<u>Subsidiaries</u>				
US dollar	2	99	32.32 - 32.52	32.32 - 34.23
Euro	1	2	39.56 - 45.55	39.27 - 50.02
Yen	150	-	0.36	-

As at 30 June 2010, the Company has outstanding option agreement with special conditions with a financial institution under which it has obligations to buy amounts of between USD 2 million up to USD 4 million, depending on conditions stipulated in the agreement, at rates ranging from Baht 32.45 to Baht 32.65 per USD 1. The agreement will terminate within September 2010.

As at 30 June 2010, the Company and its subsidiaries have outstanding option agreements with special conditions with financial institutions under which they have obligations to sell amounts of between USD 30 million up to USD 43 million, depending on conditions stipulated in the agreements, at rates Baht 32.52 to Baht 33.66 per USD 1. These agreements will terminate within December 2010.

## 17.2 Interest rate swap transaction agreements

## Interest rate swap agreements

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
4	Baht 500 million	Fixed rate 4.7%	Float rate 3-month FDR plus 3.19%	November 2010

Subsidiaries

	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Terminal date
1	USD 10 million	Float rate 3-month SIBOR	Fixed rate 2.965%	July 2010
2	USD 10 million (To convert contract 1)	Fixed rate 2.965 %	Float rate 3-month SIBOR	July 2010
3	USD 10 million	Float rate 3-month SIBOR	Fixed rate 4.12%	July 2010
4	Baht 300 million	Float rate 3-month THBFIX	Fixed rate 3.98%	August 2010

## Cross currency swap agreements

The Company

	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Terminal date
	Principal amount	Interest rate	Principal amount	Interest rate	
1	Baht 3,114 million	Fixed rate 3.91%	USD 90 million	Float rate 3-month LIBOR plus 0.47%	June 2011
2	Baht 1,561.8 million	Float rate 3-month THBFIX	USD 47 million	Fixed rate 3.58% to 4.4086%	July 2010 to July 2012
3	Baht 455.8 million	Fixed rate 3.57%	USD 13.75 million	Float rate 3-month LIBOR plus 3.00%	December 2010
4	USD 30 million	Fixed rate 3.29%	Baht 1,004.10 million	Float rate 6-month THBFIX plus 0.66%	December 2011

### 17.3 Others

- a) 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 Note 20 will be waived, subject to the execution of selling 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 30 June 2010.

- b) 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 30 June 2010.
- c) In March 2008, the US Department of Commerce announced a preliminary anti-dumping (AD) rate for the Company and its subsidiary's shrimp exports to the US for the period of 1 February 2006 to 31 January 2007 from a rate of 5.95% (average rate of Thailand) to 15.3%. The Company and its subsidiary will pay AD USD 7.9 million for that period and the Company and its subsidiary have not recorded this amount in the accounts since the announcement is preliminary and not a final announcement. The Company has appointed a lawyer in US to negotiate with the US Department of Commerce. In September 2008, the announcement is finalised at a rate of 2.85% for the Company and its subsidiary. The Company and its subsidiary will receive the different amount.



(Unaudited but reviewed)

However, the management of the Company and its subsidiary have not recorded this amount because it is in the process of refunding.

- d) As of 30 June 2010, the Company has agreed in writing to provide financial support to Empress, its subsidiary, including all liabilities and obligations of that company at least 1 July 2011.
- e) 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 30 June 2010.
- f) TUI may be required to pay anti-dumping duties in excess of cash deposit amounts on product imported from several suppliers located in Vietnam since 2006. During 2009, management reversed USD 1.8 million of an accrual recorded for this matter in the financial statements as at 31 December 2008. The reversal was recorded upon the U.S. Department of Commerce's issuance of review results and confirming results, indicating that no further payments were required. The domestic industry has filed an appeal of the conclusions reached by the U.S. Department of Commerce with the U.S. Court of International Trade. The ultimate outcome of this matter cannot be determined at this time.
- g) An overseas subsidiary received grants of USD 1.2 million from government agencies in Georgia during the current period. 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 0.1 million and USD 0.6 million of the funds during the three-month and six-month periods ended 30 June 2010, which has been recorded as other income in the consolidated statements of income. The remaining deferred grant revenue of USD 0.6 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.

**18. Guarantees**

- a) The Company's board of directors approved the issuance of corporate guarantees of USD 46.2 million (31 December 2009: USD 47.3 million) to several financial institutions to secure credit facilities of its subsidiaries and their loans.
- b) As at 30 June 2010, there were outstanding bank guarantees of approximately Baht 61.5 million and USD 6 million (31 December 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 30 June 2010, there were outstanding bank guarantees of approximately Baht 110.9 million (31 December 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 businesses.

**19. Financial instruments**

The following is a summary of significant unhedged foreign currency-denominated assets and liabilities as at 30 June 2010.

(Unit: Thousand)

Foreign currency	Consolidated financial statements		Separate financial statements	
	Assets	Liabilities	Assets	Liabilities
US dollar	12,299	22,490	2,900	12,347
Yen	-	710,813	-	608,095
Euro	82	441	-	62
Singapore dollar	-	2,013	-	-

**20. Subsequent event**

On 7 July 2010, an overseas subsidiary signed a letter of intent with American Samoa Government (ASG) and a third party to sell its canning facility in American Samoa including all equipment and machinery no later than 31 August 2010. Upon closing, ASG will issue to the subsidiary the 2009 - 2010 Tax Exemption Certificate and the waiver of all environmental liabilities with unconditional mutual termination of the current land lease. In return, the subsidiary will forgive income tax receivable amount USD 0.4 million due from ASG with the remaining balance to be paid in three installments.

On 27 July 2010, a meeting of the Board of Directors of the Company has passed the important resolutions 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 brands. MW Brands, headquartered in Paris, 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 brands. 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 Company is expecting to be engaged in the Transaction within 30 November 2010.
  - 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 Euro 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 Euro 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 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 Euro 340 million. Such loans will have maturities of 6

(Unaudited but reviewed)

years and 7 years and collateral in the form of shares of MW Brands and its subsidiaries.

- The Company will issue a convertible debenture to private placement investor worth Euro 60 million. The debenture 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 debenture can be converted into common shares at any time after the first year at a conversion price of Baht 46 per share.
- 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 debentures.
- Approval of the allotment of new ordinary shares from capital increase of the Company reserving for the issuance of convertible debentures as described above.
- Approval of the issuance and offering of newly issued convertible debentures to specific investors (Private Placement) in the amount not exceeding Euro 60 million as described above.
- Approval of the allotment of remaining ordinary shares from those shares reserved for the issuance of convertible debentures, as preceding paragraph, to the existing shareholders on a pro rata basis (Right Offering) or to the investors on a Private Placement basis.

(Unaudited but reviewed)

- Approval of the Company's incorporation of its new overseas subsidiary, commercially referred to as Thai Union Investment Holding on the territory of Republic of Mauritius under total registered capital of USD 1, which will be wholly owned by the Company. 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.

## **21. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Audit Committee and the Company's management on 28 July 2010.