

รายงานประจำปี 2557  
**Annual Report 2014**



**Sustainable Business Growth**  
Through  
**Core Value Practices**



Transparency



Ethic & Integrity



Social Responsibility



บริษัท ซีเฟรชอินดัสตรี จำกัด (มหาชน)

**Seafresh Industry Public Company Limited**



**Mr. Narit Chia-apar**  
Chairman of The Board and President

1

**Mrs. Tassanee Youngmeevithya**  
Director and Senior Vice President Administration and Finance

2

**Mr. Narongrit Chiarawongvanit**  
Director

3

**Dr. Kamales Santivejkul**  
Independent Director and Chairman of Audit Committee

4

**Dr. Sorachai Bhisalbutra**  
Independent Director and Member of Audit Committee

5

**Dr. Worapong Leewattanakit**  
Independent Director and Member of Audit Committee

6

**Mrs. Supanee Punnasri**  
Independent Director

7

## SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED

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## Message from the Chairman

Thailand shrimp industry has not fully recovered from Early Mortality Syndrome (EMS) in 2014. The disease has caused a 15% drop in Thailand shrimp production when compared to last year. The four consecutive years decrease in shrimp supply resulted in an overall decline in Thai shrimp export. Once again that Thailand has lost ground in the global market as the leading shrimp exporter.

The combined company sales in 2014, however, have reached 8 billion baht, a 22% increase when compared to 2013 amid the prolonged decline in Thailand shrimp export. This was mainly due to the expansion of the company by establishing a subsidiary abroad. These additional channels enhance a closer connection with consumers. The result was an over 400 million baht in company profit.

Thai shrimp industry is expected to recover in 2015. Early Mortality Syndrome epidemic starts to subside as the result of collaboration among government and private sectors to combat the problem. Examples of implementing mitigation and control measures include broodstock screening, hatchery sanitary improvement, and shrimp farm management. The revival is expected in the second quarter of 2015 while shrimp output will resume to normal in 2016. Company sales will continue to grow as the result.

Finally, the company would like to thank the shareholders, customers, suppliers, and staff for their trust and support. The company still strives to create a competitive advantage in order to drive the sustainable business growth through product and service quality development, effective cost control and management, personnel development, code of ethics adherence under the good corporate governance, stakeholder consideration, and environmental conservation.

A handwritten signature in black ink, consisting of a large, stylized 'N' and 'A' intertwined, with a horizontal line extending to the right.

(Mr. Narit Chia-Apar)  
Chairman

## Board of Directors and Executives

<b>Mr. Narit Chia-Apar</b>	Chairman of the Board and CEO
Education	College, Malaysia
Professional experience	1982 – Present    Seafresh Industry Public Company Limited
Date of appointment as Director	29 November 1982

<b>Mrs. Tassanee Youngmeevithya</b>	Director and Deputy CEO
Education	B.S (Economics)
Professional experience	1982 - Present Seafresh Industry Public Company Limited
Date of appointment as Director	29 November 1982

**Remark:** The board has appointed Mrs. Tassanee Youngmeevithya from Senior Vice President Administration and Finance to be Deputy CEO since 1<sup>st</sup> January 2015 onward.

<b>Mr. Narongrit Chiarawongvanit</b>	Director
Education	College, Malaysia
Professional experience	1982 - Present    Seafresh Industry Public Company Limited
Date of appointment as Director	27 July 1993

<b>Dr. Kamales Santivejkul</b>	Independent Director and Chairman of Audit Committee
Education	Ph.D. (Business Admin.) Oklahoma State University, USA
Professional experience	
2555 – Present	Director of Computer Center
	Faculty of Commerce and Accountancy, Chulalongkorn University
2008 - 2555	Associate Professor Department of Banking and Finance, Faculty of Commerce and Accountancy, Chulalongkorn University
2004 - 2008	Deputy Dean & CIO, Chulalongkorn University
1988 - 2007	Assistant Professor Department of Banking and Finance, Faculty of Commerce and Accountancy, Chulalongkorn University
1995 - 2003	Director: Centers of Academic Resources, Chulalongkorn University
1997 - 2000	Director: Office of Information Technology, Chulalongkorn
University	
1986 - 2004	Director: Computer center, Faculty of Commerce and Accountancy, Chulalongkorn University
Date of appointment as Director	27 July 1993

## Board of Directors and Executives (Cont.)

<b>Dr. Worapong Leewattanakit</b>	Independent Director and Member of Audit Committee
Education	Ph.D. (Computer Science), Vienna University of Technology
Professional experience	
1996 - Present	Instructor - Faculty of Commerce and Accountancy, Chulalongkorn University
2005 - 2008	Director of Office of Information Technology, Chulalongkorn University
Date of appointment as Director	28 July 2005
<b>Mrs. Supanee Punnasri</b>	Independent Director
Education	Bachelor of Medical Science (Certificate of Medical)
Professional experience	
1999 - 2012	Director: E.B. International Company Limited
1984 - 1992	Medical Doctor: Samui, Chaingrai, Chulalongkorn Hospital
Date of appointment as Director	28 April 2006
<b>Mr. Chaisit Chuenchuwit</b>	Company Secretary
Education	MBA Ramkhamhaeng University BBA Kasetsart University BBA (Accounting) Ramkhamhaeng University
Professional experience	
2006 - Present	Seafresh Industry Public Company Limited

The director who authorized to sign along with the company's stamp on behalf of the company is Mr. Narit Chia-Apar, the Chairman of the board, or two Directors with Mr. Narongrit Chiarawongvanit and Mrs. Tassanee Youngmeevithya.

The board has appointed additional executives since 1<sup>st</sup> January 2015 onward as follows :

<b>Mr. Chintat Chia-Apar</b>	Chief Overseas Business Officer
Education	Master of Science
Professional experience	2011 - Present Seafresh Industry Public Company Limited
<b>Mr. Chaisit Chuenchuwit</b>	Chief Financial Officer
Education	MBA
Professional experience	2006 - Present Seafresh Industry Public Company Limited
<b>Mr. Boonlert Foongvannaluck</b>	Chief Commercial Officer
Education	Bachelor of Business Administration
Professional experience	1996 - Present Seafresh Industry Public Company Limited
<b>Mr. Pairoj Yangthong</b>	Chief Operating Officer
Education	MBA
Professional experience	1994 - Present Seafresh Industry Public Company Limited
<b>Mrs. Phongsri Nittipho</b>	Accounting Department Manager
Education	BBA (Accounting)
Professional experience	2008 - Present Seafresh Industry Public Company Limited

## 1. Policy and Business Operation Overview

Seafresh Industry Public Company Limited (CFRESH) is one of the leaders in frozen shrimp products. The company is operating business more than 30 years. We distribute products to all regions of the world such as North America, Europe, Asia, Africa and Oceania. The full capacity of production is over 30,000 tons per year with modern and standardized processes. The plant is located near large sources of raw materials. We have various products as the following frozen raw shrimp, frozen cooked shrimp, value-added frozen cooked shrimp and value-added frozen raw shrimp products. The operation complied with food safety management, modern technology and reliable traceability systems. We have been committed to continually improve quality system, so CFRESH has received several international standard certifications such as GMP, HACCP, ISO 9001, ISO 14001, ISO 22000, BRC, BAP. At present, the company has expanded investment in other countries. (4 Company's subsidiaries base in England, 1 company in United States and 1 affiliated company in Belize.) These companies can increase intimacy between consumer and distribution channel, and also strengthen the supply chain management of the company.

### 1.1 Company Performance Policy in Overview Defined by Board Committee

**Mission:** The best shrimp company

**Vision:** Sustainable business growth through core value practices

**Core Value:**

- 1) Social Responsibility
- 2) Ethic & Integrity
- 3) Transparency

**Business Policy:**

**S-Shareholders**

Safeguard the interests of shareholders by adding value to the business under the principles of good governance

**U-Ultimate Results**

Results-based management where all departments must achieve their undertaking target in accordance to the strategic plan and business plan.

**C-Customers**

Satisfy the customers by producing quality products and timely delivery.

**C-Corporate Risk Management**

Manage various business risks by generally accepted standards.

**E-Employees**

Manage human resources with efficiency and fairness in order to enhance the good environment and quality of work life that can yield its full potential.

**S-Suppliers**

Select vendors who have management capabilities, possess approach that is consistent with the company policy, and have willingness to strengthen relations and strategic cooperation to jointly maximize business benefits.

**S-Society and Environment**

Conduct business with regard to social responsibility, community and strict compliance with the law and environmental regulations.



## 1.2 Key Changes and Development

In October 2011, CFRESH established a new subsidiary Seafresh Industry Invest Limited (“SII”) registered in England with the company hold 51 percent of the total paid-up capital. The purpose of investment is related to the production and distribution of processed food products.

In the same month, CFRESH and SII invested in Blue Earth Foods Limited (“BEF”) which provide and distribute frozen food products and located in England. CFRESH and SII hold 25% and 75% of the total paid-up capital, respectively. Furthermore, SII also purchased 3,750,000 of redeemable preference shares with par value of 1 pound.

In November 2011, SII established a new subsidiary Sea Farms Limited (“SF”) which registered in England and SII hold 100% of the total paid-up capital. The purpose of investment is food business trading and including import food product from CFRESH and other vendors. This is also for distribution in UK and European countries.

In August 2012, SII invested in Belize Aquaculture Limited (“BAL”) which fully integrated shrimp farming in Belize. BAL has hatchery, farming, and processing factory. SII holds 50% of the total paid-up capital.

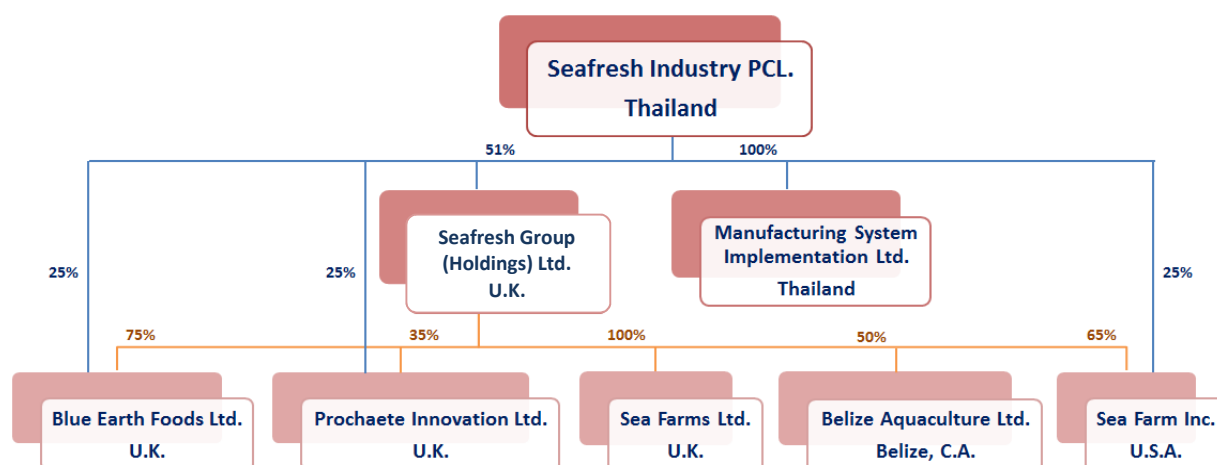
In January 2013, CFRESH invested in Manufacturing System Implementation Company Limited (“MSI”) which located in Thailand. MSI provides consulting service and designed planning in computer systems in Oracle module. CFRESH holds 100% of the total paid-up capital.

In February 2013, CFRESH and SII established a new subsidiary Sea Farms, Inc. (“SFI”). The purposes of investment are purchase and distribute frozen food products. SFI registered in the United States of America. CFRESH and SII hold 25 and 65 percent of the total paid-up capital, respectively.

In March 2013, CFRESH and SII established a new subsidiary Prochaete Innovations Limited (“PCI”), which engages in research and production of fishmeal replacement product. PCI registered in England. CFRESH and SII hold 25 and 35 percent of the total paid-up capital, respectively.

In November 2014, SII changed the company’s name to be Seafresh Group (Holdings) Limited (“SGH”).

## 1.3 Shareholding Group’s Structure



Name list and percentage of shareholding by business partner

1. Temchu Limited and Mr. David Hall hold 49% of SGH
  2. Mike & David’s Fish Company holds 10% of SFI
  3. Blue Aqua Consultancy Limited and Valemare Limited hold 40% of PCI 40%
  4. The Estate of Sir Barry M. Bowen and Bowen & Bowen Limited hold 50% of BAL
- All business partners are not related parties with the company



#### **1.4 Relationship with Business Group of Major Shareholders**

Company and subsidiaries have relationship neither rely on nor complete with other businesses in major shareholder group business significantly.

## 2. Core Business

### Revenue Structure

Revenue Structure <sup>(1)</sup>	2014		2013		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Thailand Operation						
Frozen raw shrimp <sup>(2)</sup>	1,864	22	2,874	41	2,964	47
Service Revenue <sup>(3)</sup>	11	0	17	0	0	0
<b>Total Sales from Thailand Operation</b>	<b>1,875</b>	<b>22</b>	<b>2,891</b>	<b>41</b>	<b>2,964</b>	<b>47</b>
Oversea Operation <sup>(4)</sup>						
Chilled and Frozen Seafood	6,516	77	3,998	57	3,112	49
<b>Total Sales from Overseas Operation</b>	<b>6,516</b>	<b>77</b>	<b>3,998</b>	<b>57</b>	<b>3,112</b>	<b>49</b>
<b>Total Sales</b>	<b>8,391</b>	<b>99</b>	<b>6,889</b>	<b>99</b>	<b>6,076</b>	<b>96</b>
<b>Other Incomes</b>	<b>113</b>	<b>1</b>	<b>81</b>	<b>1</b>	<b>267</b>	<b>4</b>
<b>Total</b>	<b>8,504</b>	<b>100</b>	<b>6,970</b>	<b>100</b>	<b>6,343</b>	<b>100</b>

**Note:** <sup>(1)</sup> All revenue already deducted related transaction which the most transactions are that CRESH sold products to its subsidiaries 2,282 Million Baht

<sup>(2)</sup> Operated by CFRESH

<sup>(3)</sup> Operated by MSI

<sup>(4)</sup> Operated by BEF, SF, SFI, PCI

### 2.1 Products

There are two groups of key products of Seafresh Industry Public Company Limited and subsidiaries. The first group is frozen shrimp product such as raw shrimp, cooked shrimp breaded shrimp, sushi, etc. Second group is chilled seafood products which are fresh seafood and ready to eat seafood. Most of main products export to overseas under company trademark such as Seafresh, Sea Angel, Phoenix, Thai Chia, Go Go, Ultra, and trademarks under customers' brand.

### Promotional Privileges

The Company has been granted various promotional privileges by the Board of Investment under the Investment Promotion Act. B.E. 2520 Details of the promotion certificates are as follows:

Certificate No.	Certificate's date	The promoted business	Date of first earning operating income
1498/2543	23 August 2000	The manufacture of frozen seafood, and frozen processed and semi-processed seafood products.	7 July 2003
1739(3)/2550	4 June 2007	The manufacture of frozen processed or semi-processed products.	1 July 2011
1740(2)/2550	20 June 2007	The manufacture of frozen seafood products.	1 July 2011
1070(2)/2557	9 January 2014	The manufacture of frozen seafood products.	No revenue in the present
1075(3)/2557	10 January 2014	The manufacture of semi-processed product and frozen product	No revenue in the present

Subject to certain imposed conditions, the privileges granted under the Company's promotion certificates include the following:

- Permission to own land in order to carry on the promoted activities, as deemed appropriate by the Board of Investment.
- Exemption from import duty on machinery imported for use in production, as approved by the Board.
- Exemption from corporate income tax on net profit for a period of eight years commencing as from the date of first earning income from the promoted operation.(Exemption certificate no. 1740(2)/2550 and 1070(2)/2557 not exceed 100 percent of investment).
- Exemption from income tax on dividends paid from the profit of the promoted operation, for a period of eight years.
- Permission to deduct costs of installation or construction of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.
- Exemption of income tax on profits rate of fifty percent of the normal rate for a period of five years from the date of the expiration that tax-exempt under section c) (Only exemption of certificate no. 1498/2543).

## Other Rights

Patent, concession, copyright, trademark, and other benefits

- nil -

## Business Restriction

- nil -

## 2.2 Marketing and Competition

### Marketing Strategy

1. Seafresh Industry Public Company Limited factory base in Chumphon. A source can supply raw shrimp in the right place due to area near by shrimp farms with a lot of quality. The company can supply large quantities and high quality materials through the year to save cost of transportation.

2. The Company's major export markets are European Union, Japan, USA, Canada, Australia and others. The Company's policy is diversify exports to each country in the right proportions for reduce the risk of dependence on a single market.

3. The Company's strategy to retain customers with on-time delivery and honesty to clients. The Company increases customer satisfaction by meet the agreement and focus on quality of products and services.

4. The company focuses on shrimp product only then make company expertise in shrimp. Moreover we focus on developing products resources with high quality and include skill workers with expertise in the shrimp business. Therefore, the company can run operations smoothly and efficiently.

5. The Company has a policy to keep raw materials in right quantities and reasonable prices to solve the material shortages which caused the outbreak in shrimp, weathering problems, quantity cultivate, etc. Furthermore the company and subsidiaries have estimated the allowance of decline value of inventory. The allowance determined by the turnover of inventory types.

### Marketing Policy

Company's policy is to produce high quality and high standards with advanced technology and high performance. In 2014, the company got 92% Satisfaction score from the customer's satisfaction survey.

We have system to monitor product quality at every step to ensure products are certified by the world-class quality as follows :

- ISO9001:2008 from “SGS (Thailand Company Limited)” is a quality management standard utilize for establish, upgrade, and certify organization's process-based quality management system.

- Good Manufacturing Practice (GMP) from Department of Fisheries, “SGS (Thailand Company Limited)” is a standard of hygienic management in production and food safety. To ensure that products are consistently produced, control according to quality standards and covers the fundamentals of production management.

- Hazard Analysis Critical Control Point (HACCP) from Department of Fisheries “SGS (Thailand Company Limited)” is standard of food safety management for preventative approach to food safety and focus in production and distribution of food. It's the most significant aspects of quality and safety.

- ISO22000:2005 from “SGS (Thailand Company Limited)” is management system directly related to entrepreneur in the food industry and food chain. It covers the requirements of GMP, HACCP and requirements for management systems in organizations.

- BRC Global Standard (BRC-British Retail Consortium) from “SGS (Thailand Company Limited)” is the standards that guarantee the standardization of quality, safety and operational criteria and ensure that manufactures fulfill their legal obligations and provide protection for the end consumer in United Kingdom and European Union country.

- ISO/IEC 17025:2005 from Bureau of Laboratory Quality Standards, Ministry of Public Health is the Accreditation of Laboratory system.

- BAP Standard from Aquaculture Certification Council (ACC) is a certification system that combines site inspections with sanitary controls, therapeutic controls and traceability in seafood products By a standard retailer of USA.

- ISO14001 from “SGS (Thailand Company Limited)” is the internationally recognized standard for the environmental management of businesses. It prescribes controls for those activities that have an effect on the environment. These include the use of natural resources, handling and treatment of waste, and energy consumption.

- Halal Standard from The Halal Standard Institute of Thailand is the integration process system from beginning to end of the "chain of production". Halal is complied with Islamic law and gets great hygienic food products with nutritional value.

- Q Mark from Department of Fisheries is certificate that the company has a quality system and product meets standard of Q-Mark.

- The International Featured Standard (IFS) from “SGS (Thailand Company Limited)” is certification Standard for primary and secondary packaging materials. The certification standards represent operational process efficiency and product quality.

### Customer Type

Customers are divided to 4 categories.

- Importer: import for distribute to wholesalers and restaurants.

- Wholesaler: import for sell to retailers and restaurants.

- Retailer: import for sell to the chain stores.

- Reprocessor: import for raw or cooked shrimp to make new process or change new packaging.

### Distribution and Distribute Channel

Seafresh Industry Public Company Limited products export to abroad about 98 percent of total sales under company trademark and customers' trademark. The company deals directly with the customers who are the main importers in each market. The company serves more than 50 clients who spread across the globe.

Sales proportion value group by specific regions of Seafresh Industry Public Company Limited exclude subsidiaries.

Description	2012 (%)	2013 (%)	2014 (%)
1. European Union	55	66	60
2. Asia	30	23	25
3. U.S.A. and Canada	10	7	11
4. Australia, New Zealand and other	5	4	4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Most subsidiaries base in United Kingdom therefore almost revenue gain from sales in United Kingdom

Selling to any customer exceed 30 percent of sales continue for 3 years.

- Nil -

## Competition

Due to continuous Early Mortality Syndrome (EMS) outbreak in year 2014, overall shrimp production of Thailand decreased 15% when compared to 2013 while the shrimp price rose slightly

Export during the year 2014.

Japan Market – Because of Japan's economic recession, increasing Japan's consumption tax, and Yen Depreciation, Japan imported shrimp less than the previous year. However, Company can expand market and have kept customer base, so its export value in year 2014 rose slightly.

Europe Market – because EU cut Thailand's GSP Privileges, custom duty of importing processed frozen shrimp has increased from 7% to be 20% since early 2014, and the rate of raw frozen shrimp has increased from 4.2% to be 12% since early 2015. However, due to the strong customer base, the company and its subsidiaries in UK can keep market share in EU and maintain its export value while EU import value declined from the previous year.

North America Market - The US State Department has downgraded Thailand to a Tier 3 ranking on its 2014 Trafficking in Persons (TIP) Report. However, the issue has not affected to company's market expansion. The company's export value was higher than the previous year.

According to US antidumping law, in year 2014 the U.S. Department of Commerce announced the final results of antidumping duty administrative review of certain frozen warm water shrimp from Thailand during the period of February 1, 2012, through January 31, 2013 or Period of Review 8 (POR 8) at 1.1 percent as compared to zero percent in the prior period (POR 7). Besides, the Thai shrimp exporters accommodated the settlement of reviewing the rate for POR 9 or during the period of February 1, 2013, through January 31, 2014. Therefore, it is the good news, because the rate of POR 9 is same as the rate of POR 8.

Because 31<sup>st</sup> January 2015 is the end of POR 10, International Trade Commission and Department of Commerce have being considered the sunset review. If some stakeholders request to review, the reviewing process will be started in the year 2016

## 2.3 Product and Service Management

### Production

Seafresh Industry Public Company Limited (CFRESH) has a plant in Chumphon province and Blue Earth Foods Limited which a subsidiary has a plant locate in England. The total capacity for the major products in 2012-2014 as follows:

#### Full capacity and actual capacity (include subsidiary)

Capacity (Ton)	2012	2013	2014
Full capacity	30,000	30,000	30,000
Actual capacity			
Chilled and frozen seafood products	19,071	14,789	14,394
Capacity utilization (%)	63.57	49.30	47.98
Increase (Decrease) production rate (%)	61.10	(22.45)	(2.67)

Production policy depends on company's sales target which is estimated every year.

## **Raw Material and Suppliers**

Raw material in production is shrimp such as Vannamei, Black Tiger shrimp etc. Source of raw shrimp from farms covers areas in Chumphon, Surat Thani, Ranong, Prachuap Khiri Khan. All raw materials are purchased from domestic suppliers. The Company will purchase raw materials from 2 types of suppliers as follows :

1. More than 400 shrimp farmers
2. More than 10 brokers

Raw materials purchase from suppliers, more than 30 percent of all order value.

- Nil -

## **Raw Material Problem**

Shrimp price and quantity may fluctuate because of disease outbreak in shrimp, season, weather, natural disaster, decline in shrimp farms, shrimp feed prices, or foreign exchange rate.

## **Environment Impact**

Company's production process not environment impact follow with implementation of environmental management system ISO14001. The resource management involves with resource efficiency resource management, sustainable energy utilize, waste management from the production and distribute in a form of debris. Regarding the pollution from production process, the company has a system for monitoring performance and installation wastewater treatment system under industry office control. The processes are followed with legal and compliance management system and continuous improvement. The company spent costs for wastewater treatment in year 2013-2014 are 176,472 Baht and 206,069 Baht respectively.



### 3. Risk Factor

#### 3.1 Operational Risk

##### 3.1.1 Risk from raw material price and quantity fluctuation

Shrimp is the key raw material that contributes around 70-80% of total cost. Therefore, the sourcing of raw materials is the key to cost of sales and profitability of the company. Shrimp price and quantity may fluctuate because of disease outbreak in shrimp, season, weather, natural disaster, or decline in shrimp farms. All of these will have an effect on company's business.

Average raw material (Vannamei shrimp) price per kilogram in 2014

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Price (Baht)	266	272	258	234	204	201	216	228	220	205	207	181

##### Risk management

The company has managed the risks mentioned above as follows :

- Store extra raw material in appropriate quantity and price in company's own cold storage.
- Purchase raw material directly from farms in many areas.
- Maintain a good relationship with farmers.
- Assign personnel with expertise to supervise and give advice to shrimp farmers.
- Lock in supply delivery via future purchase contract with accredited farms.
- Diversify investment abroad to reduce dependency on raw material from Thailand

##### 3.1.2 Risk from product and market competitions

Shrimp is the key raw material in almost all of company's products.

##### Risk management

The company has managed the risks mentioned above as follows :

- Diversify product risks through the development of quality and product group that meet customer requirement.
- Focus on research and development that i) add value to the products, ii) create product variety and distinction, and iii) reduce product cost.
- Comply with widely accepted international standards in order to gain customer confidence and trust through production process development, food safety management, environment management, and traceability system. Examples of company's standard compliances are HACCP (Hazard Analysis Critical Control Point), GMP (Good Manufacturing Practices), BRC (British Retail Consortium) Global Standards, ISO 9001:2008, ISO 22000, ISO 17025, BAP (Best Aquaculture Practices) Standards, and HALAL, etc.
- Develop and maintain customer base in high purchasing power countries i.e. European Union (EU), Japan, USA, etc.
- Diversify investment abroad that helps improving product distribution through additional marketing channels.

- Set up of allowance for diminution in value of inventories if the net value received to be lower than the carrying cost. The allowances were 40.48 million baht and 41.16 million baht in 2013 and 2014 respectively.

### **3.1.3 Risk from trade barriers of importing countries**

Most of company's frozen shrimp products are exported to other countries. Impacts on company business from various measures of importing countries are inevitable such as the Generalized System of Preferences, or GSP, US Anti-dumping Duty (AD), Child Labor and Forced Labor regulations, etc.

#### **Risk management**

The company has managed the risks mentioned above as follows :

- Closely assess trade information of importing countries. Identify possible impacts in order to prepare necessary response actions in time.
- Expand customer network into various countries and expand investment abroad in order to reduce dependency risk on any particular market.
- Fully comply with Thai labor standard regulations. Maintain certification compliance with TLS 8001-2003 (Thai Labor Standard) from The Ministry of Labour as well as OHSAS 18001 (Standard for occupational health and safety management systems). Achieve a certification for outstanding establishment on occupational health, safety, and environment in the work place.
- Require all suppliers and contractors in the supply chain not to employ child labor under the age of 18 years old, assign pregnant employees to dangerous work, use forced labor, or use involuntary labor.

### **3.1.4 Risk from overseas investment**

Company's overseas investment is exposed to operation supervisory risk, political and legal risks, or changes in foreign economy.

#### **Risk management**

The company has managed the risks mentioned above as follows :

- Appoint committees to observe the operation of subsidiaries and establish an internal subcommittee to review the operation of the subsidiaries.
- Closely monitor the operation of companies in the group. Hold a meeting at least once a month. Joint planning on annual plan, business expansion, or additional investment.
- Hire leading business consultant
- Establish information system and enterprise resource planning system that are consistent between the Company and its subsidiaries abroad. The implementation enabling an instant information access and review.
- Assign personnel from various departments such as production, procurement, quality assurance, engineering, internal audit, strategic planning & investment, as well as information technology to work in subsidiary companies abroad temporarily and permanently.

### 3.2 Financial Risk

#### 3.2.1 Risk from exchange rate

Most of company's revenues are in foreign currencies because almost all products are exported to other countries and most subsidiaries are located overseas. A severe currency exchange rate fluctuation may have a drastic impact on company's revenues which may result in loss.

The Group's profit (loss) on currency exchange as follows:

	<u>2014</u>	<u>2013</u>
Profit (loss) on currency exchange (million baht)	28.22	(34.15)

#### Risk management

The company has managed the risks mentioned above as follows :

- Establish a currency exchange subcommittee to consider the guidelines and monitor the operations in order to reduce and diversify the risks from foreign exchange rates.
- Closely monitor news and information. Utilize financial derivatives to reduce currency exchange risk as appropriate in any time period.
- Sell products in British Pound and US Dollar currencies in order to reduce dependency on any particular currency.
- Use "Natural Hedge" methodology by borrowing in foreign currencies in order to neutralize loan and lending, reduce currency exchange risk, and save risk management cost.

#### 3.2.2 Risk from interest rate

The company has loans with floating interest rate. Changes in market interest rate will have an impact on company's operation and cash flow.

#### Risk management

The company has managed the risks mentioned above as follows :

- Monitor money market movement and market interest rate trend in order to determine appropriate risk responses.
- Use financial derivative tools such as interest rate swap, etc. on crucial loans that carry floating interest rate in order to align company's financial cost with corresponding market condition.

### 3.3 Shareholders' investment risk

Chia-Apar group and related shareholders hold 66.68 percent of company's total paid up shares. This enables an almost absolute control of shareholders' vote with an exception of at least 3 out of 4 voting in shareholders' meeting as required by law. Therefore, other shareholders will be unable to gather enough vote to imbalance the major shareholders' proposals.

#### Risk management

The company requires all major decisions to get an approval from the Board of Directors. Independent directors are more than one third (1/3) of total directors and are independent from major shareholders. Their important role to make comments will benefit small shareholders.

## 4. General Information and Other Important Information

### 4.1 General Information

Name of company	Seafresh Industry Public Company Limited
Register No	0107537000751
Head Office & Factory	402 Moo 8, Chumphon-Paknam Road, Paknam, Muang, Chumphon 86120, Thailand Telephone: +66 7752 1321-3 Fax: +66 7752 1007
Branch Office	152/25 Chartered Square Bldg., 31 <sup>st</sup> fl., North Sathon Rd., Silom, Bangrak, Bangkok 10500, Thailand Telephone: +66 2637 8888 Fax: +66 2637 8801
Home Page	www.seafresh.com
E-mail	seafresh@seafresh.com
Type of business	Manufacturing and Distributing Frozen Raw Shrimp, Frozen Cooked Shrimp, and Frozen Value-added Shrimp
Issued and paid-up share capital	463,549,600 shares of common stock, Par value: 1 baht per share

### Subsidiary/Associated Company

#### 1. Seafresh Group (Holdings) Limited

Head Office & Factory	Atlantic House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire United Kingdom B98 ORE Telephone: +44 1527 460 460 Fax: +44 1527 460 461
Issued and paid-up share capital	20,000 shares of common stock, Par value: 0.50 pound per share
Percentage of shares holding by CFRESH	51%

#### 2. Blue Earth Foods Limited

Head Office & Factory	Ocean House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire United Kingdom B98 ORE Telephone: +44 1527 519 900 Fax: +44 1527 519 901
Type of business	Manufacturing and Distributing Frozen Food Products
Issued and paid-up share capital	30,000 shares of common stock, Par value: 0.10 pound per share
Percentage of shares holding by CFRESH	63.25% (CFRESH holds 25% and Seafresh Group (Holdings) Limited holds 75%)

#### 3. Sea Farms Limited

Head Office & Factory	Atlantic House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire United Kingdom B98 ORE Telephone: +44 1527 460 460 Fax: +44 1527 460 461
Type of business	Importing and Distributing Seafood Products
Issued and paid-up share capital	1 share of common stock, Par value: 1 pound per share
Percentage of shares holding by CFRESH	51% (Seafresh Group (Holdings) Limited holds 100%)

#### **4. Belize Aquaculture Limited**

Head Office & Factory	Mile 4, Placencia, Stann Creek District, Belize, Central America Telephone: + 501 521 2100 Fax: + + 501 521 2190
Type of business	Fully integrated shrimp farming operation which start from hatchery, farming, and factory.
Issued and paid-up share capital	13,750,188 shares of common stock, Par value: 1 Belize dollar per share
Percentage of shares holding by CFRESH	25.50% (Seafresh Group (Holdings) Limited holds 50%)

#### **5. Manufacturing Systems Implementation Company Limited (MSI)**

Head Office & Factory	12 <sup>th</sup> A Floor, Chartered Square Building, 152/25 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand Telephone: +66 2637 8453 Fax: +66 2637 8456
Type of business	Consultant and computer systems
Issued and paid-up share capital	50,000 shares of common stock, Paid value: 60 Baht per share
Percentage of shares holding by CFRESH	CFRESH holds 100%

#### **6. Sea Farms, Inc**

Head Office & Factory	2288 W Commodore Way, Seattle, WA 98199 United States Telephone: +1 206 403 1417 Fax: +1 206 432 9940
Type of business	Import and distribution seafood products.
Issued and paid-up share capital	10,000 shares of common stock, Par value: 1 US dollar per share
Percentage of shares holding by CFRESH	58.15% (CFRESH holds 25% and Seafresh Group (Holdings) Limited holds 65%)

#### **7. Prochaete Innovations Limited**

Head Office & Factory	Ocean House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire United Kingdom B98 ORE Telephone: +44 1527 460 460
Type of business	Research and produce fish meal replacement product.
Issued and paid-up share capital	100 shares of common stock, Par value: 1 pond per share
Percentage of shares holding by CFRESH	42.85% (CFRESH holds 25% and Seafresh Group (Holdings) Limited holds 35%)

#### **Other Reference**

##### **Auditor**

Grant Thornton Company Limited  
18<sup>th</sup> Fl, Capital Tower All Seasons Place  
87/1 Wireless Road Bangkok 10330  
Telephone: +66 2205 8222  
Fax: +66 2654 3339

##### **Share Register**

Thailand Securities Depository Company Limited  
62, the Stock Exchange of Thailand Bldg.,  
Ratchadapisek Rd., Klongtoey, Bangkok 10110  
Telephone: +66 2229 2800  
Fax: +66 2359 1259

#### **4.2 Other Important Information**

Investors can find more information from company's annual statement (module 56-1) as listed on [www.sec.or.th](http://www.sec.or.th).

## 5. Shareholders

### Major Shareholders

#### Major Shareholders (at 13<sup>th</sup> March 2015)

	Shareholders	Stock amount	%
1.	Chia-Apar Group	200,322,700	43.21%
2.	Mrs. Tassanee Youngmeevithya	106,200,000	22.91%
3.	Mr. Vithit Phongpirodom	13,830,000	2.98%
4.	Mr. Chatchai Tangsricharoenporn	11,898,800	2.57%
5.	Thai N.V.D.R. Co.,Ltd	7,695,000	1.66%
6.	Mr. Narong Tangsricharoenporn	5,278,000	1.14%
7.	Mrs.Wijarinee Harikul	5,000,000	1.08%
8.	Ms. Jarassri Phongpirodom	3,650,000	0.79%
9.	Mr. Kritsanapan Supanrode	3,333,000	0.72%
10.	Mr. Narongrit Chiarawongvanit	2,593,800	0.56%

**Remarks:** Chia-Apar Group consists of:

1. Mr. Narit Chia-Apar
2. Mr. Chintat Chia-Apar
3. Miss Chankate Chia-Apar

Related persons consist:

1. Mrs. Tassanee Youngmeevithya
2. Mr. Narongrit Chiarawongvanit
- 3.

Shareholders able to visit website for update information via <http://www.seafresh.com/investor> before the annual meeting date.

### Other Securities Issuance

Year 2011 the company has allocated warrants (ESOP No.2) to the directors and employees 22,145,000 total amount of warrants is 22,145,000 units at 0 Baht per unit with a 4-year. Duration and the exercise right of 6 Baht per unit which is higher than the market price at that time. Furthermore neither director nor employee is allowed the allocation of over 5% of the total amount of warrants to be offered to the employees and board of directors. At the end of year 2014, remaining warrants are 3,144,400 units which have no right to exercise.

## **6. Dividend Payment Policy**

The dividend payment policy is not less than 40% of net income after corporate income taxes and all types of reserved fund as required by law. Nevertheless, the dividend payment policy may change, depending on performance, cash flow, investment plan, and economic outlook. Moreover, the Board of Directors' resolution approving dividend payment shall be proposed for final approval with shareholders' meeting.

The subsidiary company's policy is to make dividend payment of no less than 50% of the net profit after tax to the shareholders of the subsidiary company. Nevertheless, the dividend payment policy may change, depending on performance, cash flow, investment plan, and economic outlook. Moreover, dividend payment shall be proposed for final approval with subsidiary's shareholder meeting.



## 7. Management Structure

### 7.1 Board of Directors

Name	Position	Attendance/ No. of attendance
1. Mr. Narit Chia-Apar	Chairman of the Board of Directors	10/10
2. Mrs. Tassanee Youngmeevithya	Director	10/10
3. Mr. Narongrit Chiarawongvanit	Director	10/10
4. Dr. Kamales Santivejkul	Independent Director/ Chairman of the Audit Committee	10/10
5. Dr. Sorachai Bhisalbutra	Independent Director/ Audit Committee	10/10
6. Dr. Worapong Leewattanakit	Independent Director/ Audit Committee	10/10
7. Mrs. Supanee Punnasri*	Independent Director	10/10

\* Independent director with relevant business experiences.

### Responsibility of the Board of Directors

1. Set up core policy for business practice and operative direction of the company.
2. Approval consideration of annual investment budget.
3. Approval consideration of loan and lending to subsidiary and joint venture.
4. In considering approval of related transaction, a majority vote of no less than 3/4 from the whole board of directors is required in accordance with the Stock Exchange of Thailand regulations concerning to the related transactions of registered companies.
5. Approval consideration of ad hoc dividend payment.
6. Manage company's operation in accordance to objective, regulation, and shareholders' vote with honesty, sincerity, and carefulness to protect the company's interest.

Ratio of director who represent shareholders

- Nil -

Board of director who has the authority to bind the company is Mr. Narit Chia-Apar (CEO) signature and company's stamp or Mrs. Tassanee Youngmeevithya and Mr. Narongrit Chiarawongvanich both signature and company's stamp.

In case of the board of directors has authorized others to manage the business routine on their behalf, such authorization must be in accordance with the meeting resolutions. Such authorization must consist of clear limitations on roles and responsibilities and the authorized persons are not able to approve items that are in conflict of interest between themselves and the company or other associated companies.

The Board of Directors comprise of 7 persons from 2 managing directors, 1 nonexecutive director, and 4 independent directors or 57.14% of the entire Board.

In addition, the policy of maintaining the position of directors as follows :

1. Limit the listed company that directors can take up not more than 3 firms.
2. Prohibit directors (include managing directors) to operate business, to take part in partnership, or corporate director that has the same condition and complete with the company. Except, it has been inform to the shareholders before appointment

## Independent Director's Qualification

In the selection of independent director, the Board has set the following qualification guidelines in comply with the SET and SEC regulations as follows :

1. Holding share not excess 1% of total voting rights capital of the company, subsidiary, affiliate or juristic person who may have a conflict of interest including the related persons of independent director.
2. Not being the previous managing director, employee, regular-paid consultant, controlling person of the company, subsidiary, affiliate, major shareholder, controlling person or juristic person who may have a conflict of interest. Except the qualified person who being of such position over 2 years before nominating.
3. Not being a lineage or legal registration family regarding with director, executive, major shareholder, controlling person, or expected the new nominating director.
4. No business relationship with the company, subsidiary, affiliate or juristic person who may have a conflict of interest including a relationship about professional services, business trading according to SEC regulations both present and within two years before nominating.
5. Not being a proxy of a major shareholder, or a related person of major shareholder.
6. Not operate business in the same nature of the company or subsidiary or not being a shareholder of the same nature of the company or being a managing director, employee regular-paid consultant, holding excess 1% of voting rights capital of the same nature of the company.
7. Other characteristics that cause unable to express independently.

### The Board of Director's Performance Assessment

The Board of Directors has conducted performance assessment of the entire Board in accordance with the SET guideline which requires to be conducted on a yearly basis which covered the subjects as follows :

- 1) Structure and Characteristics of the Board
- 2) Roles and Responsibilities of the Board
- 3) Board meetings
- 4) The Board's performance of duties
- 5) Relationship with management
- 6) Self-development of Directors and executive development

Individual topic assessments as follows :

1. Roles and responsibilities of the board.
2. Board Meeting
3. Duties of director
4. Relationship with the management.
5. Self-development of directors and executive.

The result of Board of Director's self-assessment for the year 2014 is in the level of "Very Good". The Board intends to use this result to further improve their performance.

The board also evaluated annual performance of the President and each sub-committee. The Commission also evaluated performance of CEO in accordance to Stock Exchange of Thailand guidelines. The company has delivered assessment to the committee evaluation which includes assessment topics as follows:

1. Leadership
2. Strategies
3. Compliance strategies
4. Planning and financial practices.
5. Relationship with commission
6. Relationship with external
7. Management and relationships with employee.
8. Succession
9. product knowledge and services
10. Personal attribute

In year 2014, CEO performance was evaluated by 6 directors (excluding CEO). Overall in 10 topics considered an excellent.

The board also held annual evaluation of the Board of Directors for each set included the Audit Committee, Risk Management Committee, and Corporate Governance Committee. The performance evaluation result for each sub-committee overall is in very good criterion.

## 7.2 Executive Board

Name	Position
1. Mr. Narit Chia-Apar	Chairman of the Board and CEO
2. Mrs. Tassanee Youngmeevithya	Director and Deputy CEO
3. Mr. Narongrit Chiarawongvanit	Director
4. Mr. Narit Chia-Apar	Vice President Factory
5. Mr. Narit Chia-Apar	Vice President Marketing and Sales

The board reorganized the management structure and appointed additional executives since 1<sup>st</sup> January 2015

Name	Position
1. Mr. Narit Chia-Apar	Chairman of the Board and CEO
2. Mrs. Tassanee Youngmeevithya	Director and Deputy CEO
3. Mr. Chintat Chia-Apar	Chief Overseas Business Officer
4. Mr. Chaisit Chuenchuwit	Chief Financial Officer
5. Mr. Boonlert Foongvannaluck	Chief Commercial Officer
6. Mr. Pairoj Yangthong	Chief Operating Officer
5. Mrs. Phongsri Nittipho	Accounting Department Manager

## The Responsibility of Executives

1. To determine general company's policy in order to coordinate with the board of directors.
2. To manage company's internal operations and to determine the general Company's management system.
3. To determine the structure of the company's administration to coordinate with the board of directors.
4. To plan and set general company's project.
5. To direct, coordinate, follow up the operation, and assign; affiliated unit, position, responsibilities, and delegate authority, in consideration of appropriate and efficiency.
6. To determine objective in order to properly manage with high efficiency and following the company's policy.

### Information About Board of Directors and Management of the Company

<u>Name/Position</u>	<u>Age</u>	<u>Education</u>	<u>% Share (As of March 13, 2015)</u>	<u>Relationship among Management</u>	<u>Work Experiences</u>		
					<u>Period</u>	<u>Position</u>	<u>Company</u>
Mr.Narit Chia-Apar Chairman of the Board and CEO	57	College, Malaysia Directors Certification Program (DCP)	23.26%	Mrs.Tassanee Youngmeevithya's husband	1982-Present	Chairman of the Board and CEO	Seafresh Industry Public Company
Mrs.Tassanee Youngmeevithya Director and Deputy CEO	60	B.S (Economics) Directors Certification Program (DCP)	22.91%	Mr.Narit Chia- Apar's wife	1982-Present	Director and Deputy CEO	Seafresh Industry Public Company
Mr.Narongrit Chiarawongvanit Director	62	College, Malaysia Directors Accreditation Program (DAP)	0.56%	Mr.Narit Chia- Apar's cousin	1982-Present	Director	Seafresh Industry Public Company
Dr.Kamales Santivejkul  Independent Director and Chairman of Audit Committee	64	Ph.D. (Business Adm.) Oklahoma State University Directors Certification Program (DCP)	0.22%	N/A	2012-Present	Director of Computer Center, Faculty of Commerce and Accountancy	Chulalongkorn University
					2005-2012	Associate Professor Department of Banking and Finance, Faculty of Commerce and Accountancy	Chulalongkorn University
Dr.Sorachai Bhisalbutra  Independent Director and Member of Audit Committee	74	Ph.D. (Statistics) Oklahoma State University Directors Accreditation Program (DAP)	0.47%	N/A	2005-Present	Advisor to the Vice Rector for Research	Dhurakijbundit University
					1999-2005	Vice Rector for Research & Development	Dhurakijbundit University
Dr.Worapong Leewattanakit  Independent Director and Member of Audit Committee	44	Ph.D. (Computer Science), Vienna University of Technology Directors Accreditation Program (DAP)	0.11%	N/A	1996-Present	Instructor-Faculty of Commerce and Accountancy	Chulalongkorn University
					2005-2008	Director or Office of International Technology	Chulalongkorn University
Mrs.Supanee Punnasri  Independent Director	55	Doctor of Medical , Bachelor of Medical Science (Certificate of Medical) Directors Accreditation Program (DAP)	0.18%	N/A	1999-2012	Director	E.B International Co.,Ltd.
					1984-1992	Medical Doctor	Chulalongkorn Hospital
Mr.Chaisit Chuenchuwit  Company Secretary	37	MBA Ramkhamhaeng University	0.00%	N/A	2010-Present	Company Secretary	Seafresh Industry Public Company
					2006-Present	Strategic Planning and Investment Department Manager	Seafresh Industry Public Company

<b>Report on Securities Holding of Director and Management</b>						
<b>Name</b>	<b>Position</b>	<b>Shareholding As on March 14, 2014</b>		<b>Change during year</b>	<b>Shareholding As on March 13, 2015</b>	
		Shares	%	Shares	Shares	%
Mr.Narit Chia-Apar	Chairman of the Board and CEO	107,469,600	23.50	333,400**	107,803,000	23.26
Mrs.Tassanee Youngmeevithya	Director and Deputy CEO	105,966,600	23.17	233,400**	106,200,000	22.91
Mr.Narongrit Chiarawongvanit	Director	2,623,800	0.57	(30,000)	2,593,800	0.56
Dr.Kamales Santivejkul	Independent Director and Chairman of Audit Committee	833,300	0.18	166,700**	1,000,000	0.22
Dr.Sorachai Bhisalbutra	Independent Director and Member of Audit Committee	2,064,800	0.45	133,400**	2,198,200	0.47
Dr.Worapong Leewattanakit	Independent Director and Member of Audit Committee	400,000	0.09	100,000**	500,000	0.11
Mrs.Supanee Punnasri	Independent Director	841,900	0.18	0	841,900	0.18

**Remark:** Securities Holding is including the securities holding by own, spouse, and immature child  
 \*\*Number of shares increased from exercised ESOP No.2

**Director of Subsidiaries**

Name	Seafresh Group (Holdings) Limited	Blue Earth Foods Limited	Sea Farms Limited	Manufacturing System Implementation Limited	Sea Farms, Inc	Prochaete Innovations Limited
1. Mr.Narit Chia-Apar	X			X		
2. Mrs. Tassanee Youngmeevithya	I			I		
3. Mr. Lasse Bo Hansen	II	X	X		X	X
4. Mr. David Arthur Hall	II	II	II		II	II
5. Mr. Phillip Albert Kent		II				
6. Mr.Chaisit Chuenchuwit		I	I		I	
7. Mr.Chintat Chia-Apar		I	I		I	
8. Mr. Michael Girton					II	
9. Mr. David Broberg					II	
10. Mr. Oddgeir Oddsen						II

**Remark**

X = President  
 II = Executive Director  
 I = Director

### 7.3 Company Secretary

The Board of Directors appointed Mr. Chaisit Chuenchuwit as a company secretary effective from 8<sup>th</sup> October 2010. The qualification of company secretary is shown in appendix 1 of Form 56-1.

### 7.4 Remuneration for Director and Management

#### Director remuneration

The company complies with guidelines for Director's remuneration as follows :

- Remuneration of directors has a reasonable level comparing to similar industry and appropriate with the assigned duties and responsibilities.
- Non-executive director will receive only a meeting allowance by the number of attendant. In case of they are assigned to be a director of sub-committee, they have the right to receive a meeting allowance by number of attendant.
- The executive director will not receive meeting allowance.

The Nomination and Remuneration Committee will primarily consider and pass a resolution to the Board of Directors for approval prior submit to shareholder meeting for approval later. The remuneration of Directors of the committee and sub-committee for year 2014 were approved by the shareholders in amount not exceeded BAHT 1,300,000.

#### Executive Officers Remuneration

The board of director is responsible of considering the level of executive officers remuneration basing on the company's performance and individual performance of each executive.

Details of remuneration paid in 2014 are as follows :

#### Monetary Remuneration

The directors' remuneration in 2014 amounting to Baht 1,888,889 was for the meeting allowance for 4 independent directors as follows :

<u>Name</u>	<u>Position</u>	<u>Remuneration/year (Baht)</u>
1. Dr. Kamales Santivejkul	Independent Director	144,144
	Chairman of the Audit Committee	155,556
	Chairman of the Nomination and Remuneration Committee	11,111
2. Dr. Sorachai Bhisalbutra	Independent Director	144,144
	Audit Committee	155,556
	Member of Nomination and Remuneration Committee	11,111
3. Dr. Worapong Leewattanakit	Independent Director	144,144
	Audit Committee	155,556
	Member of Nomination and Remuneration Committee	11,111
4. Mrs. Supanee Punnasri	Independent Director	127,778
5. Mr. Narongrit Chiarawongvanit	Director	127,778

- The total remuneration for 4 executive officers is 8.17 Million Baht which consists of salary and bonus.

- None of the directors received any remuneration from being directorship of the subsidiary of the company.



## Other Remunerations

In 2001, the company allocated warrants (ESOP No.2) to the directors 3,600,000 units or 16.25% of the total amount of warrants to be offered to the employees and board of directors of the company. The total amount of warrants is 22,145,000 units at 0 Baht per unit with a 4 year duration and the exercise right of 6 Baht per unit which is higher than the market price at that time. No director or employee is allowed the allocation of over 5% of the total amount of warrants to be offered to the employees and board of directors.

### List of Directors with Warrants Allocation

Name	Position	No. of Shares	% of Warrants
1.Mr. Narit Chia-Apar	Chairman of Board of Directors	1,000,000	4.52
2. Mrs. Tassanee Youngmeevithya	Director	700,000	3.16
3. Mr. Narongrit Chiarawongvanit	Director	500,000	2.26
4. Dr. Kamales Santivejkul	Chairman of the Audit Committee and Independent Director	500,000	2.26
5. Dr. Sorachai Bhisalbutra	Audit Committee and Independent Director	400,000	1.81
6. Dr. Worapong Leewattanakit	Audit Committee and Independent Director	300,000	1.35
7. Mrs. Supanee Punnasri	Audit Committee and Independent Director	200,000	0.90
<b>Total</b>		<b>3,600,000</b>	<b>16.26</b>

## 7.5 Employee

Total employees 3,675 people, divided into production lines 3,250 people, management section 178 people and sales management 247 people.

For benefit and welfare, total remuneration (salary, bonus, allowances, and provident fund) about 903,198,000 Baht. The Company and employees have jointly established a provident fund on 10 April, 2006 in accordance with the Provident Fund Act B.E.2530 and amended Securities and Stock Exchange Act B.E. 2535, and also other relevant laws as welfare for the employees, started the collection and contributions from payroll period of May 2006 onwards. In addition, there are benefits in areas such as health, accident, and life insurance, employee dormitories and training center within and outside the company, for improving and increasing the quality of work life.

The company's condition of hire, working environment, and other welfares are complied under employment law and Thai labor standard. Due to the company follow the principle of justice, ethics, and transparency, the company was certified Thai Labor Standard TLS.8001-2003 Certification (Completion Level Superlative Phase). Furthermore, the company also emphasizes in every recruiting processes considering by knowledgeable, competency, experience which suitable for required position. The employee was assessed follow the Key Performance Index (KPI) in Balanced Scorecard aspect for being promotion or salary consideration.

The company always emphasizes on safety, sanitation, and working environment for the employees. Executives are responsible for monitoring the safety, sanitation, and working environment and all employees have to strictly comply by the concerning law. The company sufficiently supports budget, person, and other resources to achieve a target and continual development such as training, practicing and other campaigns. The results were clearly seen by the Accident Frequency Rate (AFR.), it was only 1 time per 1 million man-hours. Furthermore company

also approved The Best Establishment for Safety, Sanitary, and Working Environment in National Level for the fourth consecutive year.

Company has policy in human resource development for all employees have been trained. The average hours of employee training is 20 hours per year. Example employees training courses is Corporate Culture, Code of Conduct, Boost up Inspiration, Leadership Development, Coaching, Food Safety Awareness, Good Hygiene Practice: GHP.

In human rights and fairly-treated to employees perspective, the company set priority to protect the human rights, freedom including the fairly treated to all employees, making a writing complaint to supervisor.

## **8. Corporate Governance**

### **8.1 The Principles of Corporate Governance**

The Board of Directors recognizes the importance of corporate governance and code of best practices for directors of public company which comply with the Stock Exchange Thailand's guidance. Through these practices, we created the transparency system of internationally accepted professional management as guidelines for administrative and decision-making procedures and have them reviewed on a regular basis.

Board of directors has to comply with these principles of good corporate governance in 5 chapters as follows :

#### **1. Rights of Shareholders**

Board of Directors is in charge of the company with caring and responsibility of the shareholders' right and equitable treatment of the shareholder. Company also encourages shareholders to use their own rights as follows :

- Right to trade or transfer shares.
- Right to share profit of the company.
- Right to appropriately and timely receive information of the company.
- Right to attend a shareholders' meeting and voting to appoint or relieve directors, appoint an external auditor and other issues that affect the company. Including prohibit to commit any violation or deprivation of the shareholders' rights.

#### **2. Equitable Treatment of Shareholders**

Boards of Directors have to ensure that shareholders are equally treated and protect their own fundamental rights as follows :

- Shareholders are given the opportunity to propose meeting agenda as well as highly qualified knowledgeable, capable and specialized in various areas as candidates for appointing as a director.
- In considering each meeting agenda, the company's officers will distribute the voting form to shareholders or their proxy in the case of disapproval or abstain.
- The secretary of the meeting will conduct the meeting as per agenda proposed in the meeting invitation letters and there shall be no additional agenda for consideration other than those stated in the letter.
- The company has set necessary measures in controlling abuse internal information for personal or other interests which affect the shareholders of the company.
- Require directors to disclose their related interest to all stakeholders.

#### **3. Role of Stakeholders**

Board of Directors is prohibited to deprive the rights of all stakeholders. However, the boards need to enhance collaboration between company and all stakeholders including set up the policies and the best practices for stakeholders in principles of business fairness.

#### **4. Disclosure and Transparency**

Board of Directors have to disclose the financial statements and other important information in correctly, completely, timely and transparency basis followed the Stock Exchange of Thailand and the Securities and Exchange Commission regulations through equally and reliability accessible channels. The company provides investor relations team to communicate with shareholders, investors and analysts.

## Investor Relations

The company has a team responsible for the investor relation. Investors may contact Miss. Supawadee Panyapisutthikul, investor relation manager for enquiries at telephone no. +66 (2)6378888 or E-mail: investor@seafresh.com. In order for investors to receive investment information, the company has organized Analyst Meetings on a quarterly basis.

### 5. Roles and responsibility of the Board of Directors.

The Board of Directors is responsible for corporate governance and taking care to shareholders benefits with honesty, careful, and independent from executives. Devote their time to fully perform their responsibilities. Set a good Internal Control system to be able to cover all aspects and proper risk management. Prepare a Code of Conduct for suggesting executives and employees as guidelines for practice and monitoring.

Furthermore, the Boards have regularly reviewed and evaluated follow a policy guide. The results of the survey in Corporate Governance of Listed Companies Thailand year 2014, the company got the score in "very good" level and the top quartile of Market Capitalization between 3,000 – 3,999 Million Baht.

### 8.2 Sub-Committee

The Board of Directors has appointed 4 sub-committees to assist in the corporate governance of the company which are the Audit Committee, Risk Management Committee, Corporate Governance Committee, and Nomination and Remuneration Committee. The details are as follows :

#### Audit Committee

The audit committee, established on December 21, 1999 and serving period of each director is 2 years. The committee members are comprises of three independent directors which qualified with SEC regulation and the Audit Committee held meetings on regular basis.

Name	Position	Attendance/ No. of attendance
1. Dr. Kamales Santivejkul	Chairman of Audit committee	13/13
2. Dr. Sorachai Bhisalbutra	Member of Audit committee	13/13
3. Dr. Worapong Leewattanakit	Member of Audit committee	13/13

Remark: Dr. Kamales Santivejkul is an Audit Committee member who has knowledge and experience in reviewing the financial statements.

#### Audit Committee's Qualifications

1. Audit Committee members should be appointed by the Board of Directors and/or shareholders meeting.
2. All Audit Committee members must be an independent director and fully qualified by the S.E.C regulations.
3. Not being a director appointed by the Board to decide on the direction of the company, subsidiary, affiliate, major shareholders or controlling person of the company.
4. Not being a director of the company, subsidiary, and listed subsidiary in the same level of the company.
5. Fully knowledge and experience that is able to achieve an assigned audit tasks. The audit committee must be able to devote sufficient time to the operation of the Audit Committee.

### **Audit Committee Responsibility**

1. To review the company's financial reporting process to ensure that accurate and adequate.
2. To review the company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an Internal Audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review the company's practice to be in compliance with the securities laws and regulations of the Stock Exchange of Thailand and laws that related to the company's business.
4. To consider, nominate, or change an independent person to be the company's auditor, and propose to person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and regulations of the Stock Exchange of Thailand for the highest benefit of the company.
6. To prepare, and to disclose in the company's annual report, Audit Committee's report which must be signed by the Audit Committee's Chairman and to be consisted of at least the following information.
  - a. An opinion that accuracy, completeness and creditability to the company's financial report.
  - b. An opinion on the adequacy of the company's internal control system.
  - c. An opinion on the compliance with the securities laws and regulations of the Stock Exchange of Thailand and the laws relating to the company's business.
  - d. An opinion on the suitability of an Auditor.
  - e. An opinion on the transactions that may lead to conflicts of interests.
  - f. The number of the Audit Committee Meetings, and the attendance of such meeting by each committee member.
  - g. An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter.
  - h. Other transactions that should be known to the shareholders and general investors, under the scope of duties and responsibilities assigned by the Company's Board of Directors.
7. To perform any other acts as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

### **Risk Management Committee**

- |                                 |   |
|---------------------------------|---|
| 1. Mrs. Tassanee Youngmeevithya | Chairman of the Risk Management Committee             |
| 2. Mr. Chaisit Chuenchuwit      | Member of the Risk Management Committee               |
| 3. Mr. Krisda Manothirawat      | Member and Secretary of the Risk Management Committee |

The company has established a Risk Management Committee in 2011. In 2014, the Committee held a regularly meeting of 8 times. All committee members attended at all times. Since all members are the top and middle level executives, none has received compensation for serving this Committee.

### **Duties and Responsibilities**

1. Review and approve risk management policies and plans.
2. Supervise, monitor, and follow up the process of identifying and evaluating risks.
3. Evaluate and approve risk assessment and response plan.
4. Follow-up risk management implementation, improvement, and development.
5. Report operating results to the Board of Directors.
6. Communicate with the audit committee on significant risk.

### **Performance over the past year**

The Committee has assigned all departments to conduct risk management in the areas that each involved with, including Strategic risk, Financial risk, Operational risk, Compliance risk, and Catastrophe risk. To support the achievement of company's common objectives, all departments are required to ensure that the likelihood and impact of any adverse event are brought down to the level acceptable by the company. The Committee has conducted a rehearsal as part of the company's Business Continuity Plan. It has also extended the Business Continuity Plan to cover additional incident.

### **Corporate Governance Committee**

1. Mrs. Tassanee Youngmeevithya	Chairman of the Corporate Governance Committee
2. Mr. Chaisit Chuenchuwit	Member of the Corporate Governance Committee
3. Mr. Krisda Manothirawat	Member and Secretary of the Corporate Governance Committee

The Company has established a Corporate Governance Committee in 2013. One meeting was held in 2014 where all of the members attended. Since all members are the top and middle level executives, none has received compensation for serving this committee.

### **Duties and Responsibilities**

1. Establish guidelines for all departments to develop relevant policies that correspond with good corporate governance business practices of the company.
2. Screen, deliberate, and affirm the company policies in accordance with good corporate governance practices.
3. Propose affirmative policies to the company board for approval.
4. Review the company policies at least once a year.
5. Report on actions taken in connection with all aspects of corporate governance to the audit committee.

### **Performance over the past year**

The Committee has reviewed all of company policies to accommodate the new and revised regulations.

### **Nomination and Remuneration Committee**

1. Dr. Kamales Santivejkul	Chairman of the Nomination and Remuneration Committee
2. Dr. Sorachai Bhisalbutra	Member of Nomination and Remuneration Committee
3. Dr. Worapong Leewattanakit	Member of Nomination and Remuneration Committee
4. Mrs. Tassanee Youngmeevithya	Member of Nomination and Remuneration Committee

The Nomination and Remuneration Committee has 4 members comprises of 1 executive director and 3 independent directors or 75% of the committee. Furthermore, chairman of the committee is an independent director. In year 2014, there was one meeting, and all members attended the meeting.

## **Responsibility of Nomination and Remuneration Committee**

1. Consider the appropriateness of structure and composition of the company's directors.
2. Configuration the appropriate qualification for directors and senior managers and set the recruiting criteria.
3. Review the qualification and evaluate performance of the director who retiring by rotation.
4. Set the procedure and process in order to prepare qualified personnel to be directors and senior managers.
5. Set the procedure and review the structure of remuneration of director and senior manager by presenting to board of director for approve. Afterwards, the board of directors present to the shareholders for approves.
6. Set the regulation and condition for selling shares to directors and senior managers when the company issue new shares to the directors and employees.
7. Clarifying all questions regarding remuneration of director in the shareholders' meeting.
8. Creating performance report to present to board of director every year.

## **8.3 Nomination of directors and executives management**

### **Selection of Independent Director Criteria**

For the selection of independent directors, nomination and remuneration committee act as a leader to recruit qualified candidates in accordance with the Board of directors instruction which consistent with the regulations of the SET and the SEC and then presented to the board of directors and / or shareholders for consideration and approval.

### **Nomination of Directors and Executives**

To appoint the new director, nomination and remuneration committee which consists 3 independent directors of 4 directors are responsible for the selection and screening individual person who are qualified under the regulations of the company and adhere to the policy's tenure as director.

The company also considers the rights of minor shareholders to appoint the director and given the opportunity to propose the highly qualified knowledgeable, capable and specialized in various areas as candidates for directorship in advance through E-mail address at [investor@seafresh.com](mailto:investor@seafresh.com) or through Fax no. +662 637 8801. The Company has established guidelines and practices in the nomination of directors including the consideration of the committee at <http://www.seafresh.com/investor>. The company also published a letter to the shareholders through the stock exchange at least 3 months before the end of the financial year. However, in the yearly 2014, there had been no shareholders recommended any directorship candidates.

The nomination and remuneration committee shall then propose a suitably qualified person to get the professional and diversified (Board Diversity) director by considering the structure, size and composition of the Board. The amount offer is equal to the amount of the full term director and offer recommendations to the Board of Directors for seek the approval from the board. After that, a suitably qualified person will be presented to the general meeting of shareholders for appoint following guidelines.

After selecting, the company will present to shareholders meeting follow procedures and methods as below:

1. Each shareholder has the same number of voting right as the number of share held.
2. Each shareholder can exercise all of its voting right as described one (1) in order to elect an individual or a group as the company director but it cannot split the voting right unequally among individuals.
3. The person received the highest voting respectively would elected to be Director equal to the number of director required. In the case that the vote is the same for two or more people, the Chairman will make decision.



4. At each annual Ordinary meeting, the Director stays in the position the longest will be released in the ratio of 1:3. However, The Director who released from the position may be reelected.
5. Beside the retirement according to the term, the director may out of the position when:
  - 5.1 Died
  - 5.2 Resign
  - 5.3 Not qualify according to the article 68 of Public Company Act 1992
  - 5.4 The shareholder meeting can remove any directors before end of term with the vote not less than three fourth of the shareholder present at the meeting and the required total share of the vote should not be less than 50% of the holding share of shareholder present at the meeting.

### **Top Executive Management Nomination**

For the President recruitment, management committee will be prescreen who qualified with knowledge, skills and experience to benefit company operation and well understanding of the business. Able manage for achieve the objectives and targets and present to the nomination and remuneration committee for approval then present to the board of directors for consideration and approval.

### **8.4 Subsidiaries and Affiliate Operation Control**

The board of director has a mechanism to control, manage, monitor the operation of all subsidiaries and affiliate to maintain benefits of the company capital expenditure. The company assigned company representative to be the directors in the company at least in a percentage of shareholding. The representative has to be approved from board of directors.

Authorized and responsibility scope of company representative.

- Participation in the importance business operation policy.
- Control and oversee subsidiaries to disclose financial statements, operation results, transactions between the company and related persons, acquisition or disposition of assets, or any other importance transaction of the company in according to the rules of the company.
- Define an internal control system and other mechanism for properly and appropriated controlling subsidiary.

### **8.5 Measures for Control of Internal Information**

The company has set necessary measures in controlling internal information for prevention of abuse for personal interests as follows :

- Directors and executives must immediately report of any changes of company's securities held after each of the transaction.
- Directors and executives who gain access to inside information must refrain from the company's securities trading within one month before the disclosure of the financial statement to the public.
- Violation in abuse of company's inside information for personal interests will be imposed with severe punishment such as termination of directorship or employment.

### **8.6 Audit Fee**

#### **(1) Audit Fee**

The company and subsidiaries paid an annual audit fee as follows :

- An audit fee in the past financial year total 2.15 million Baht for the company and domestic subsidiaries.

- An audit fee for overseas subsidiaries in the previous year was Baht 5.48 million.

## **(2) Non-Audit Fee**

Company and subsidiaries paid for other services fee to an audit firm which the company auditor belonging to or related firm with the company auditor or audit firm of Baht 2.78 million. There are also some accrued expenses for incomplete services of Baht 0.98 million.

## **8.7 Other Issues in Good Corporate Governance.**

The company has implemented the good corporate governance for the listed company since 2007. Furthermore, the company is always develop and practice in accordance with this principle in these 5 topics as follows :

- 1) Rights of Shareholders
- 2) Equitable Treatment of Shareholders
- 3) Role of Stakeholders
- 4) Disclosure and Transparency
- 5) Roles and Responsibility of Board of Directors

### **1) Rights of Shareholders**

The company's policy was made basing on the shareholders' rights in promoting shareholders to exercise their rights as owners in controlling the company through selection of board of directors to work for them. The shareholders also have the rights in making decisions on important changes of the company.

In the General Shareholders' Meeting, the company recognizes the exercise of rights in voting in the meeting for decision making by shareholders on important issues. Invitation letters for meetings and supporting documents are with complete detailed information on meeting agenda including the board of directors' opinion on each agenda. There are also complete and accurate minutes of meeting for shareholders' inspection. The company has also appointed Thailand Securities Depository Company Limited to send meeting invitation letters to the shareholders 21 days in advance before the meeting date.

Shareholders can also visit the company's website for online meeting details 30 days before the meeting date at <http://www.seafresh.com/investor>. In addition, shareholders can also make enquiries or ask questions in advance at our E-mail address at [investor@seafresh.com](mailto:investor@seafresh.com).

The meeting will be conducted in a transparent manner under the chairmanship of the Chairman by inviting all shareholders for questions and suggestions for each agenda proposed for consideration. All comments and suggestions will be recorded in the minutes of shareholders' meeting which will be posted 7 days after the meeting at <http://www.seafresh.com/investor>. Besides, the company brought technology to improve the speed and accuracy of the meeting for instance, registered attendees, counting the vote, and showing the result Besides, Thai Investors Association evaluated the quality of the Annual General Meeting of Shareholders of the Company which is excellent with full score of 100.

### **2) Equitable Treatment of Shareholders**

As part of the equitable treatment of shareholders, each is given the opportunity to authorize his/her representative to the meeting with proxy. The shareholders can also appoint others or independent directors to attend the meeting through the use of proxy by specifying approve, disapprove or abstain for each agenda as following criteria.

2.1) Shareholders are given the opportunity to propose meeting agenda through E-mail address at [investor@seafresh.com](mailto:investor@seafresh.com) or through Fax no. +66 2637 8801. The company has published the criteria and procedures in proposing meeting agenda and directors' appointment and

consideration guidelines at <http://www.seafresh.com/investor> as well as the issuance of newsletter to shareholders through the SET online system at least 3 month in advance before end of the financial year. As for the Annual Shareholders' Meeting 2013, there had been no shareholders proposing any meeting agenda or recommending any directorship candidates.

2.2) In considering each meeting agenda, the company's officers will distribute the voting form to shareholders or their proxy in the case of disapproval or abstain. The secretary of the meeting will explain the voting procedures before the consideration of meeting agenda. During the directors' election agenda and shareholders are given the opportunity to select directors individually.

2.3) The secretary of the meeting will conduct the meeting as per agenda proposed in the meeting invitation letters and there shall be no additional agenda for consideration other than those stated in the letter.

### **3) Role of Stakeholders**

In realizing the importance of the rights of all related stakeholders which include employees, customers, suppliers, creditors, community, and environmental impact, the Board of Directors has set a policy to promote the co-operation between the company and stakeholders as follows :

#### **Employee**

Please see in Management Structure topic on page 18

#### **Customers**

The company has emphasized on producing high quality products with international standard and safety to support its selling policy in creating customers' highest satisfaction. The company has conducted Customers' Satisfaction Survey as the core company's KPI in order to develop and improve the products' quality and services to the utmost. Furthermore, customers' trade secret has also been kept confidential and well aware among employees concerned.

#### **Suppliers**

As stated in the company's policy, all staff must deal with the company's suppliers with strict conditions and agreement made in buying products or services with utmost honesty and transparency. Moreover, the company needs to ensure that partners run the business with environmental friendly and concern sustainable business. The company set the team to select supplier and need certify that they run the business by concerning to environment and following the government law. Including, follow up on the regular basic.

#### **Creditors**

The company makes sure to strictly comply with all terms of any agreement such as capital management condition, guarantee (if any). It enters into in a responsible and transparent manner. The company will not conceal any information or hide any facts that might possibly result in the realization of losses for its creditors. In the event that the company is unable to meet any of the criteria it agreed to, it will make immediate notification to that particular creditor to allow for a course of action to be taken to rectify the situation.

#### **Competitors**

With Business Ethic policy, the company will not deal business with dishonesty or destruction to its competitors. The company has never had any argument cases with its competitors.

### **Intellectual Property and Copyright**

The company has set a policy to be concentrated in not violate other intellectual property and copyright. For example all employees have to sign on an agreement of computer and intellectual property violation. The company set the policy to specify an information technology system and procedures for software infringement or absurd software.

### **Community and Impact on Environment**

The company has clearly spelled out in its policy to conserve community and social environment including promoting efficient resources usage as follows :

- Production process and residual raw materials must not have adverse impact on environment.
- Excess raw materials from production are disposed by scrap resale.
- Waste from production process must goes through waste water treatment system under the supervision of Office of Provincial Industry
- Develop ISO 9001:2008 quality management system and ISO14001 environmental management

Furthermore, in 2014 the company held a seminar for employee in a topic of ISO14001: Environmental Management.

### **Anti-Corruption**

Please find in Social Responsibility topic: Anti-corruption Management

### **Notification of Complaint**

The committee has provided a channel for stakeholders to make a complaint which may cause any damage to the company through E-mail Address: [investor@seafresh.com](mailto:investor@seafresh.com). Company's secretary will send the issue to the audit committee for investigation. The company has a policy to protect who send comments or suggestions and retention with confidential.

### **4) Disclosure and Transparency**

The Board of Directors has recognized the importance of information disclosure which impact on investors' and stakeholders' decision making and thus ensured that all information disclosed both on financial information or general information must be transparent and complete. The company has disseminated all related information in Thai and English via both the Stock Exchange of Thailand and the Company's website. Investors may visit the company's website for information and company's activities at [www.seafresh.com/investor](http://www.seafresh.com/investor) or contact us via E-mail Address at: [investor@seafresh.com](mailto:investor@seafresh.com).

### **Interest Disclosure**

The committees specify the company director and executives must reveal their own interest and other related person to the committee. Those related interest director or executives with the company will unable to make a decision in this related transaction.

### **Securities Holding of Director and Management Team Disclosure**

The company shows the securities holding of director and management team in an annual report and set the policy to all directors and executives to clarify their securities holding within 3 days since the transaction date. The company secretary will coordinate to submit the report to the SET and SEC. In addition, the company also invites the directors and executives show their change in securities holding in Board of Directors meeting.

## **5) Roles and Responsibility of Board of Directors**

### **5.1) Roles and Responsibility of Board of Directors**

The Board of Directors takes participation in the setup of the company's core policy, vision, strategy and objectives which review and approval company's vision every five years. The Board's responsibility is also to control and monitor the administrative management to ensure that their performance is in line with the policy and successfully meet with the company's objectives for the utmost benefit of the company and the shareholders as a whole, considers establishing the clear roles and responsibility for Board of Directors, Executives and Audit Committee as per details in the Management section. In addition, the Board monitors the responsibility of the Executive officers to ensure that the business is efficiently managed in the same direction and in line with the policy as well as setting up the operational and investment budgets for the business operations.

Details on responsibility of Board of Directors and Executives are shown on the Management Structure section on Authorization of the Board of Directors and Executives.

### **5.2) The Principles of Good Corporate Governance**

The Board of Directors recognizes the importance of corporate governance and code of best practices for directors of public company which comply with the Stock Exchange Thailand's guidance. Through these practices, we created the transparency system of internationally accepted professional management as guidelines for administrative and decision-making procedures and have them reviewed on a regular basis. Furthermore, the committees usually review the policy and make performance assessment.

### **5.3) Business Ethics**

The Board has set and announced guidelines of business ethics for directors, management, and employees to follow and ensure that they are well aware of, understand to pursue their duties and responsibilities with honesty and transparency and abide to laws, and regulatory ethics. The Board would monitor this guidance on a regular basis. In addition, the company has disclosed a code of conduct in the company's website at <http://www.seafresh.com/investor>.

### **5.4) Conflict of Interests**

The company has established policies and approval procedures for any transactions of conflict of interest or relating activities. Strict practice according to the SET's regulations will be followed and considered to ensure persons related to such conflict of interests have not involvement in any of the company's decision making. The company has clearly disclosed the information in the financial statements, see note to Financial Statements.

### **5.5) Internal Controlling System and Risk Management System**

The company recognizes the importance of internal controlling system of all levels. Therefore, we have clearly established written responsibilities and duties of management and all other employees as well as setting up the budget limit for approval of procurement requests, procurement orders, and other expenses. We created the checked and balanced system and control the utilization of the Company's assets to the maximum benefit. The company also set solid financial control system and risk management system including preventive measures.

The Internal Audit Department has been established to conduct internal auditing of the company's operation systems to ensure full compliance to the company's legal and regulatory requirements. The internal audit department is obligated to report its finding directly to the audit committees.

The committee had evaluated the internal control system through questioning the Management. The evaluation assessment showed that the company's internal control system is divided into five perspectives, organization and environment, risk management, administrative

management, information and communication system, and traceability system. The Committee had the opinion that the company had sufficient internal control system.

#### 5.6) Board of Directors' Meetings

Directors shall meet monthly during the 3<sup>rd</sup> week of the month in each meeting usually takes about 3 hours. However, rescheduling may be made as circumstances permit. Company secretary is responsible for the following arrangements. The Chairman has allocated sufficient time to executives present and explains significant matters the committee commented independently.

Committee may request additional necessary information for making decision within the scope defined policy.

The independent directors are able to arrange a meeting among them as necessary for discuss of issues about the deal without management in attendance, and report the result of the meeting to the Chairman. However, in year 2013, there is no meeting among independent directors.

#### 5.7) Director and Executive Development

5.7.1) The company's directors have attended the training courses organized by the Thai Institute of Directors (IOD) as follows :

<u>Name</u>	<u>Courses</u>
1. Mr. Narit Chia-Apar	Director Certification Program (DCP)
2. Mrs. Tassanee Youngmeevithya	Director Certification Program (DCP)
3. Dr. Kamales Santivejkul	Director Certification Program (DCP)
4. Mr. Narongrit Chiarawongvanit	Director Accreditation Program (DAP)
5. Dr. Sorachai Bhisalbutra	Director Accreditation Program (DAP)
6. Dr. Worapong Leewattanakit	Director Accreditation Program (DAP)
7. Mrs. Supanee Punnasri	Director Accreditation Program (DAP)

5.7.2) The Board of Directors has assigned the Management of the company to prepare for the directors necessary documentations that are useful in performing the directors' duty as well as details of business and its operating direction as guidelines to each new director.

5.7.3) The Board of Directors also encouraged broadening their knowledge in the performance of continuous activity, for example, in 2014 Mrs. Tassanee Youngmeevithya attended the courses about Leadership Development and Coaching

5.7.4) There is guideline for orientation of the new director. Moreover, there are director handbook, documents and information which are beneficial to the director. The corporate secretary will assist a liaison matters.



## **9. Social Responsibility**

### **9.1 Policy Overview**

### **9.2 Operation and Report Preparation.**

### **9.3 CSR Impact from Business Operation.**

### **9.4 Activities for Social and Environment Benefit (CSR after process)**

9.1 – 9.4 Refer to the company website [www.seafresh.com/investor](http://www.seafresh.com/investor) under Sustainability report topic.

### **9.5 Anti-Corruption Management**

The company has measure issued to prevent involvement in corruption as follows :

- 1) Company is implement anti-corruption policy and the guidelines have been written on the company ethics which approved by the Board of Directors. Furthermore policy description and actions related to the prevention of corruption has been disclosed on the company website [www.seafresh.com/investor](http://www.seafresh.com/investor) under corporate governance subject.
- 2) Company has a process risk assessment from corruption and set guidelines to monitor and evaluate performance from anti-corruption policies.
- 3) The company has communicated to directors, management and staff for implementation all processes within the scope of the law. If an error occurs in the process of implementation due to negligence will be punished by the government without lobby acquitted. Besides, the company also offers training in ethics for employees to know about the policies and practices in anti-corruption.
- 4) Company provides channel to report in case of found infraction or corruption and has procedure to protect the reporter.
- 5) The company has expressed intention to join the alignment project for Thai business sector to practice in Collective Anti-Corruption: CAC. The company has acknowledged to ratification agreement to participate in the anti-corruption.

The company provides the guidelines for monitoring and evaluating the implementation of guidelines to prevent the involvement of corruption as follows :

1. The company is set up Internal Audit Department to oversee the internal control system, risk management and governance to provide recommendations continuously by conducting audit in accordance with the annual audit plan approved by the Audit Committee and report significant results of the audit with recommendations to the Audit Committee.
2. In case of facts found from the investigation or complaints that there is evidence with a reasonable cause to believe that there exists a transaction or abuse that may have a significant impact on the Company's financial position or operations, including an offense or breach of laws or the Company's business ethics or guidelines on the prevention of corruption involvement or suspicious abuse in financial reports or internal control system, the Audit Committee will report the findings to the Board of Directors for correction and improvement within a period of time deemed appropriate by the Audit Committee.

## **10. Internal Control and Risk Management**

### **10.1 The Board of Directors Opinion Summarize**

In the committee meeting No. 1/2014 on 27 January 2015 the committee has assessed the internal control evaluation report of the audit committee. The evaluation summarized that the internal control systems evaluation in 5 elements are internal control, risk Assessment, operational control, information system & data communication and monitoring system. The committees consider that the company's internal control transaction with major shareholders, directors, management or related person (under article 10.1 to 10.4 and article 12.1 to 12.4 in the assessment) with sufficiently. The internal control among other topics the committee considered that it is sufficient and appropriated.

### **10.2 The Audit Committee opinion which is different from The Board of Directors opinion** -Nil-

### **10.3 Head of Internal Audit Information**

In the meeting No. 10/2012 on 25th October 2012, the audit committees have appointed Mr. Chaisit Chuenchuwit to the position of Internal Audit Manager since 25th October 2012 due to his experience and understanding for activities and operations of the company very well which working in another position for a period of 7 years. In addition to training in related courses and practice of internal audit including internal audit, risk management, good governance, accounting in accordance with accounting standard edition and presentation of the financial report in accordance with international financial standards report.

For the consideration, approval, appointment, transfer and dismissal or incumbent managers within the company must approve by the audit committee with qualifications of the head of internal audit appears in information statement 56-1 appendix 3.



## 11. Related Transaction

Name and Relationship	Transaction	Value (Million Baht)		Necessity and reasonableness and the Board of Directors opinion
		Year 2013	Year 2014	
Chartered Squared Holding Company Limited Shareholders and directors are follows : (1) Mr.Narit Chia-Apar Director and shareholder 53.24 percentage (2) Mrs. Tassanee Youngmeevithya Director and shareholder 46.75 percentage	Building rental	8.49	8.49	The Company and subsidiaries lease office space from Chartered Square Holding Company Limited for utilize sales office, liaise with customer, document control center for financial, business package procurement. The Company and subsidiaries lease space on 12 <sup>th</sup> A floor, and 31 <sup>st</sup> floor. The office rental and service charges 707,000 Baht per month. Chartered Square Holding Company Limited which charged thought with rates of other customers. The latest contract is 30 months from 1 <sup>st</sup> July 2014 – 31 <sup>st</sup> December 2016. The Audit Committee has concluded that transaction is appropriate. The company needs to utilize the office for sell products and perform other related function. The price for lease and service are general as charged same rate with other customer.
Belize Aquaculture Limited, the joint venture which 50% of shares holding by SGH, CFRESH 's subsidiary	Lending	346.24	451.71	SGH has lent with 8% of interest rate and the maturity date within 1 <sup>st</sup> October 2015. The lending is one of the conditions for joint venture which approved by the CFRESH board No. 4/2013 on 19 <sup>th</sup> April 2013. The board's opinion was that the transaction was reasonable, because CFRESH can extend the market into US and EU which can create the value to CFRESH and its shareholders

### Related Party Transaction Policy

The related party transactions which have already been occurred and will be occurred in the future have been the normal business transactions. There is no any conflict interest. The audit committees consider and give opinion about appropriateness of the deal and disclose strictly complied with SEC and the stock exchange of Thailand's regulations.

## 12. Key Financial Information

Consolidated Financial Statements (Thousand Baht)	31 December		
	2012	2013	2014
Total Assets	3,214,632	3,804,003	4,229,610
Total Liabilities	1,394,943	2,586,262	2,545,633
Total shareholders' equity	1,819,689	1,217,741	1,683,977
Sales	6,076,423	6,871,784	8,379,078
Total revenue	6,343,219	6,969,590	8,503,705
Earnings Before Interest and Taxes	627,732	-278,555	556,201
Profit attributable to equity holders of the company	510,452	-335,473	409,572
Allowance for decline value of inventories	43,757	40,476	41,162

Financial Ratio	31 December		
	2012	2013	2014
<b><u>Liquidity Ratio</u></b>			
Current Ratio	2.24	1.30	1.39
Quick Ratio	0.83	0.47	0.54
Cash flow from operation to current liabilities	0.32	-0.05	0.13
Accounts Receivable Turnover Ratio	15.75	13.33	12.69
Days Sales Outstanding	23	27	28
Inventory Turnover Ratio	5.71	5.76	6.06
Days Inventory Held	63	62	59
Accounts Payable Turnover Ratio	19.33	13.57	13.80
Days Accounts Payable Outstanding	19	27	26
Cash Cycle	67	63	62
<b><u>Profitability Ratio</u></b>			
Gross Margin Ratio	14.34%	3.02%	12.08%
Operating Income Ratio	10.78%	-3.44%	6.97%
Non-operating Income Ratio	2.98%	0.00%	0.00%
Cash from Operation to Operating Income	35.31%	N/A.	40.93%
Profit Margin Ratio	9.40%	-4.86%	5.43%
Earning per Shareholders' Equity	36.83%	-22.30%	31.85%
<b><u>Efficiency Ratio</u></b>			
Return of Assets	22.57%	-9.65%	11.50%
Return of Fixed Assets	77.72%	-17.59%	55.61%
Total Asset Turnover Ratio	2.40	1.99	2.12
<b><u>Financial Policy Ratio</u></b>			
Debt-Equity Ratio	0.77	2.12	1.51
Interest Coverage Ratio	14.65	-0.52	5.72
Fund Flow Coverage	0.53	-0.08	0.52
Payout Ratio	74.17%	N/A	N/A

### 13. Management Discussion of Financial Position and Performance Analysis

#### 1. Overview

Seafresh Industry Public Company Limited and subsidiaries earned revenue from sales in year 2014 total 8,379.08 million Baht increased 1,507.29 million Baht or 21.93% compared with same period in the last year. As increased result from sales of subsidiaries in oversea 1,096.33 million Baht and 410.96 million Baht of the company.

In terms of net profit, consolidated financial statement for year 2014 the company had net profit 409.57 million Baht, while the company had loss 335.47 million Baht in the previous year. The main reasons of profit are as follows :

- 1) Company and subsidiaries gross profit margin increased from 3.02% to 12.08% as a result from the relief of the outbreak of Early Morality Syndrome (EMS), and the company can increase the selling prices to be consistent with the high costs of raw material.
- 2) In year 2014, the company gained from the currency exchange 28.22 million Baht, while in year 2013 there was the currency loss of 34.15 million Baht. The main reason is US dollar depreciation in year 2014 when compared with the previous year.

Thailand operation which produces and sells frozen shrimp

The business has operated by CFRESH. In year 2014, the company has sales revenue increased 410.96 million Baht, due to increasing of selling to overseas subsidiaries. Then, the subsidiaries produce and sell products to customers. The transactions relied on the company strategy to increase intimacy between consumer and distribution channel.

However, according to accounting principles, the transaction is like the related party transaction which must eliminate in the sales revenue of consolidated financial statement. Therefore, the portion of selling frozen shrimp products to other customers to total revenues declined from 41% to 22% when compared with the previous year.

Overseas operations which produce and sell chilled and frozen seafood products.

The businesses have operated by the overseas subsidiaries. The businesses have good growth, so that CFREH can sell more products and increase the selling prices to be consistent with the high costs of raw material. The portion of selling chilled and frozen seafood products to total revenues increased from 57% to be 77% when compared with the previous year.

The revenue structure, market condition and competition refer in core business matter.

#### 2. Operation Result and Profit Ability

##### 2.1) Sales

Seafresh Industry Public Company Limited and subsidiaries had total sales revenue 8,370.08 million Baht in year 2014 increased 1,507.29 million Baht or 21.93% compared with the previous year, as an increasing result from sales of subsidiaries in oversea 1,096.33 million Baht and 410.96 million Baht of the Company.

##### 2.2) Cost and expense for sales and services

Company and subsidiaries gross profit margin increased from 3.02% to 12.08% due to relief of the outbreak of Early Morality Syndrome (EMS). Besides, the company can increase the selling prices to be consistent with the high costs of raw material.

The selling and administration expenses were 545.04 million Baht increased 9.11% when compared with the previous year. SG&A to sales ratio was 6.5% declined from 7.25% in the previous year, because of the better budget management

### 2.3) Net Profit

In terms of net profit, from consolidated financial statements for year 2014, the Company had profit 409.57 million Baht while loss 335.47 million in the previous year due to the higher sales and profit margin.

### 2.5) Return on equity and dividend payment

The return on equity increased from -22.3% in year 2013 to 31.85%. The main reason is that the company had profit in year 2014 while having loss in year 2013.

For dividend payment, on 26<sup>th</sup> February 2015 the Board of Directors has decided unpaid dividend for the fiscal year 2014, because the company should set aside cash for business expansion.

## 3. Asset Management

### 3.1) Assets class

The company and subsidiaries have total assets 4,230 million Baht increased 425.61 million Baht or increased 11.19% compared with year 2013. The main reasons of increasing assets are 105.47 million Baht of higher loans to the related company, 90.12 million Baht of higher inventory, 70.94 of higher cash and cash equivalents, and 70.93 million Baht of Trade accounts receivable - related company.

### 3.2) Account Receivables

The company and subsidiaries have trade accounts receivables at 31<sup>st</sup> December 2014 increased by 94.14 million Baht in a comparison with year 2013. The accrued receivables are mostly not yet due for payment and receivables overdue more than 12 months are only 18.32 million Baht. The company has set an allowance for doubtful accounts amount 19.59 million Baht. The allowance for doubtful accounts is considered from debt collection experience and current status of accrued receivables at the balance sheet date.

### 3.3) Inventories

The Group of companies' finished goods as on December 31, 2014 value 1,268.64 million Baht or increased 105.19 million Baht or increased 9.04% when compared with the previous year. The company and subsidiaries inventory are reserved for support to the growth of sales. In addition, the company typically reserved allowance for diminishing value of inventories by using the percentage of aging stock method and assured that the allowance was appropriated and adequate amounts due to the high inventory storage standards.

### 3.4) Investment

The company has investment in joint ventures 95.37 million Baht decreased by 26.42 million Baht compared with year 2013 cause from joint venture have loss.

### 3.5) Other Assets

The other current assets on December 31, 2014 were 37.07 million Baht, while 26.42 million Baht in the year 2013. The main reason of reduction is that prepaid expenses was 22.66 million Baht declined from 37.10 million Baht, or decreased by 14.44 million Baht

Property, plant and equipment – net on December 31, 2014 were 1,066.75 million Baht, while 1,013.16 million Baht in year 2013, due to increasing machines and equipment of UK subsidiaries.

## 4. Liquidity and Capital adequacy

### 4.1) Cash flow

The Company and our subsidiaries' cash flows from operating activities were positive 238.96 million Baht, while negative 65.20 million Baht in the previous year. The main reasons are that the company and its subsidiaries had profit 495.90 million Baht while having loss 321.82 million Baht. The cash flow from investment was negative 298.26 million Baht, because the company paid for

purchased fixed assets 205.70 million Baht and long-term loans to joint venture 94.40 million Baht. The cash flow from financing activities was 162.42 million Baht, because the company increased borrowing overdraft and short term loan from financial institutions by 280.12 million Baht.

#### 4.2) Liquidity ratio

In year 2014, the company and subsidiaries' liquidity ratio was 1.39 times, increased from 1.30 times in year 2013. The quick ratio was 0.54 time, while 0.47 time in year 2013. The cause was from the company and subsidiaries had 317.05 million Baht of higher current assets, although the current liabilities increased by 122.11 million Baht. Increasing of current assets was higher than increasing of current liabilities.

#### 4.3) Debt services coverage

The loan agreement of the Company has term for 7 years which is obligated to quarterly payments. The loan agreement of its subsidiaries has term for 15 years which is obligated to monthly payments and is secured by mortgage of land and construction thereon, and assets of the subsidiaries.

At present the company and subsidiaries be able to pay the loans. The Company and subsidiaries have the finance lease liabilities and long-term loans due within one year by 219.38 million Baht on 31<sup>st</sup> December 2014.

#### 4.4) Capital Expenditures

In the year 2014 the company has invested 205.70 million Baht for purchased fixed assets and long-term loans to the joint venture 94.40 million Baht.

#### 4.5) Source of Fund and Capital Structure

The company and subsidiaries' debt to equity ratio was 1.51 times, decreased from 2.12 times in the year 2013. The Company had unutilized short-term credit facilities amounting to Baht 1,210 million and GBP 0.25 million as at 31 December 2014.

#### 4.6) Liabilities Commitment and Obligations off-balance sheet Management.

As at 31 December 2014, the Company has capital commitments in respect of purchases of machines and equipment amounting to Baht 18.90 million.

### 5. Factor that may affect with business operation in the future

Please refer in risk factor matter.

## **STATEMENT OF THE RESPONSIBILITY OF BOARD OF DIRECTORS TO FINANCIAL REPORT**

The Company's Board of Directors is responsible for reporting the Company's financial statements. The financial statements were prepared in accordance with generally accepted accounting principles. By using the appropriate accounting standard, the Company has recorded information both correctly and completely, enabling protection of Company assets and prevention of any misallocated items in the financial statement.

The Board of Directors appointed an Audit Committee to examine the report, which comprises three Non-Executive Directors. Their responsibility is to report facts and a reliable financial statement, as well as to ensure the internal control system is the most appropriate and effective one available. The Board of Directors believes that, as of December 31, 2014, the Company's internal control system is capable of assuring a reliable financial statement.

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by several loops and a long horizontal stroke extending to the right.

(Mr. Narit Chia-Apar)  
Chairman of the Board

## AUDIT COMMITTEE REPORT

### To: The Shareholders of Seafresh Industry Public Company Limited

The Board of Directors of Seafresh Industry PCL appointed an Audit Committee which in the current the Audit Committee is comprises of three Independent Directors, who were qualified according to the regulations and best practice guidelines for Audit Committee of the Stock Exchange of Thailand. At present, the Audit Committee for the Company comprising of Dr.Kamales Santivejkul as Chairman of Audit Committee, Dr.Sorachai Bhisalbutra and Dr.Worapong Leewattanakit as Audit Committee members, with the Internal Audit Department Manager served as the secretary of Audit Committee.

The Audit Committee fulfilled the responsibility according to the scope, duties and responsibilities assigned by the Board of Directors that complied with the Regulation of the Stock Exchange of Thailand. In the financial year 2014 the Audit Committee is conducts with the regulation aforesaid which summarizes as follows :

#### **1. Review the interim and annual financial statements**

To consider and review financial statements by questioning and listening to management and the external auditor's clarifications, concerning the correctness, completeness and reliability of the financial statements and the adequacy of information disclosure. The Audit Committee agreed with the external auditors that the financial statements were correct adhering to the general accepted accounting principles.

#### **2. Review the operation information and internal control system**

To considered the internal audit report according to the approved internal audit plan that covered important workflows of the Company, by objective to evaluate the sufficiency, appropriateness and effectiveness of the internal control system and risk management system to reach the specified objective. The Audit Committee has opinion that the Company has adequate internal control system and there is no significant deficiency, appropriate property protection, correctness and credible information disclosure.

#### **3. Review compliance with the Securities and Exchange Acts, Regulations of SET and any other relevant laws.**

The Audit Committee has opinion that the Company has been complying with laws and regulations to which the operations of the Company are subjected and did not find any significant incompliance to any law, regulations and the Company's obligations.

#### **4. Consider appointing the External Auditors and their remuneration**

The Audit Committee has also consider, selecting the external auditors and their remunerations for annually to purpose the Board of Directors to ask for the approval of the Shareholder's Meeting for the year 2015, which the Audit Committee considered the qualification, independency, performance and remuneration and concluded to purpose appoint PricewaterhouseCoopers ABAS Ltd. as the Auditors of the Company and subsidiaries for the year 2015 which consists the auditors as follows :

1. Ms. Sukhumaporn Wong-ariyaporn C.P.A. (Thailand) No. 4843
2. Ms. Varaporn Vorathitikul C.P.A. (Thailand) No. 4474
3. Mr. Vichien Khingmontri C.P.A. (Thailand) No. 3977

In addition, the Audit Committee has opinions concerning the external auditor appointment as follows :

- The auditor has knowledge, competency in the profession, independent practice.
- The audit fee for the year 2015, amounting to Baht 2,050,000, is reasonable.



- The auditors comply with the requirements of the Securities and Exchange Commission.
- The auditors have no relation with the Company and its subsidiaries.

#### **5. Review and give opinion to connected transactions or transaction may have conflict of interests, and information disclosure of such transactions**

By objective the Company complies with Regulation of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The external auditors had opinion that the significant transactions with the connected persons were disclosed and showed in the Financial Statements and Note to Financial Statements and the Audit Committee had opinion as same as the external auditors and also considered that such transactions were reasonable and the most beneficial to the business of the Company and were disclosed correctly and completely.

#### **6. Review the corporate governance report**

The Audit Committee had reviewed the corporate governance report for the listed company in accordance with the Stock Exchange of Thailand (SET) which consist 5 groups as follows :

- 1) Rights of Shareholders
- 2) Equitable Treatment of Shareholders
- 3) Role of Stakeholders
- 4) Disclosure and Transparency
- 5) Responsibilities of the Board

The Audit Committee has opinions in the year 2014, the Company has been conducting with SET guideline in appropriately and also disclosed in this annual report.

#### **7. Audit Committee Meeting**

The formal Audit Committee Meeting set as fixed monthly before the Board of Directors Meeting so that the Audit Committee Meeting would be inform the minute to the Board of Directors for acknowledgement and receiving suggestions from the Board. In the year 2014, Audit Committee held 12 regular meeting and 1 special meeting.

In summary, the Audit Committee had fulfilled the responsibility of the obligations of Stock Exchange of Thailand and opinion that the Company disclosed financial and operation information correctly, had appropriate and effectiveness of internal control, internal audit, and risk management, complied with laws, regulations and obligations, disclosed the connected transactions correctly, performed duties in compliance with the Good Corporate Governance Principle, with adequacy, transparency and reliably, and also developed the operation systems to be more qualified and fit with the changing business environment on a continuing basis.

On behalf of the Audit Committee  
Seafresh Industry PCL



(Dr.Kamales Santivejkul)  
Chairman of the Audit Committee



## **REPORT OF INDEPENDENT AUDITOR**

To the Shareholders of Seafresh Industry Public Company Limited

I have audited the accompanying consolidated financial statements of Seafresh Industry Public Company Limited and subsidiaries which comprise the consolidated statement of financial position as at 31 December 2014, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and note disclosures summarizing significant accounting policies and other explanatory information. I have also audited the separate financial statements of Seafresh Industry Public Company Limited which comprise the separate statement of financial position as at 31 December 2014, the related separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and note disclosures summarizing significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

The Company's management is responsible for the preparation and the fair presentation of these financial statements in accordance with Thai Financial Reporting Standards and for such internal controls as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements, including planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected audit procedures depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position as at 31 December 2014 and the consolidated results of operations and cash flows for the year then ended of Seafresh Industry Public Company Limited and subsidiaries, and the separate financial position as at 31 December 2014 and the results of operations and cash flows for the year then ended of Seafresh Industry Public Company Limited, in accordance with Thai Financial Reporting Standards.

**Mrs. Sumalee Chokdeeanant**

Certified Public Accountant

Registration No. 3322

Bangkok, Thailand

26 February 2015

**SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL**  
**POSITION**

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	261,757,572	190,814,342	99,254,015	35,596,208
Current-portion of deposit with financial institution					
with maturity within one year	12	20,000,000	-	20,000,000	-
Trade accounts receivable - general customers - net	7	634,780,654	611,570,487	85,928,103	237,692,233
- related companies	5, 7	72,523,073	1,592,954	640,822,656	439,508,264
Other receivables - general		13,394,699	3,954,347	48,179	72,381
- related companies	5	3,580,115	459,171	12,031,958	13,573,954
Interest receivable - related companies	5	48,910,218	23,543,768	40,889,063	27,563,511
Inventories - net	8	1,437,690,452	1,347,574,671	482,791,232	467,635,510
Refundable value added tax		34,737,313	30,995,657	4,345,711	1,441,512
Forward exchange contracts receivable - net	9.1	15,486,914	-	1,374,934	-
Other current assets	10	37,073,689	52,378,996	10,536,298	19,023,131
<b>Total Current Assets</b>		<b>2,579,934,699</b>	<b>2,262,884,393</b>	<b>1,398,022,149</b>	<b>1,242,106,704</b>
<b>NON - CURRENT ASSETS</b>					
Restricted deposits with bank	11	15,285,032	9,314,374	15,285,032	9,314,374
Long - term deposit with financial institution	12	-	20,000,000	-	20,000,000
Long - term loans to related companies	5	451,713,903	346,242,621	961,541,283	989,843,528
Investments in subsidiaries	13	-	-	3,882,843	3,882,843
Investment in joint venture	14	95,373,894	121,798,208	-	-
Property, plant and equipment - net	15	1,066,750,843	1,013,157,873	543,507,571	503,616,587
Intangible assets - net	16	16,042,205	27,857,989	4,716,478	5,235,336
Other non - current assets		4,509,366	2,747,180	3,604,154	1,800,913
<b>Total Non - Current Assets</b>		<b>1,649,675,243</b>	<b>1,541,118,245</b>	<b>1,532,537,361</b>	<b>1,533,693,581</b>
<b>TOTAL ASSETS</b>		<b>4,229,609,942</b>	<b>3,804,002,638</b>	<b>2,930,559,510</b>	<b>2,775,800,285</b>

The accompanying notes form an integral part of these financial statements.

**SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL**  
**POSITION**

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short - term loans					
from financial institutions	17	933,960,348	653,836,766	657,700,000	633,312,271
Trade accounts payable - general suppliers		472,294,092	541,682,789	11,325,544	24,537,535
- related companies	5	24,400,197	29,172,588	-	-
Other payables - general		42,522,278	67,214,234	9,322,200	35,296,753
- related companies	5	30,863,678	-	-	-
Accounts payable for purchase of assets		6,996,763	16,885,792	6,996,763	16,885,792
Accrued expenses	18	82,573,277	97,163,311	44,082,875	26,807,440
Current portion of long - term loans	19	216,880,609	182,365,021	211,202,992	177,299,864
Current portion of liabilities under					
finance lease agreements	20	2,503,164	5,564,637	-	-
Forward exchange contracts payable - net	9.2	-	109,162,282	-	103,694,372
Accrued income tax		28,960,193	13,928,172	-	-
Other current liabilities		14,237,430	17,109,236	2,994,015	5,463,593
<b>Total Current Liabilities</b>		<b>1,856,192,029</b>	<b>1,734,084,828</b>	<b>943,624,389</b>	<b>1,023,297,620</b>
<b>NON - CURRENT LIABILITIES</b>					
Long - term loans from financial institution - net	19	578,168,609	714,476,183	500,919,928	626,637,140
Liabilities under derivative for hedging long - term loans	9.3	26,063,330	54,285,337	26,063,330	38,617,613
Liabilities under finance lease agreements - net	20	-	1,801,033	-	-
Reserve for employee benefits obligation	21	30,401,321	28,226,729	30,401,321	28,021,946
Deferred income tax liabilities - net	22.1	50,520,405	51,307,745	-	-
Other non - current liabilities		4,287,401	2,080,022	4,287,401	2,080,023
<b>Total Non - Current Liabilities</b>		<b>689,441,066</b>	<b>852,177,049</b>	<b>561,671,980</b>	<b>695,356,722</b>
<b>TOTAL LIABILITIES</b>		<b>2,545,633,095</b>	<b>2,586,261,877</b>	<b>1,505,296,369</b>	<b>1,718,654,342</b>

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> (Continued)</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - common share at Baht 1 par value					
- Registered 466,694,000 shares		466,694,000	466,694,000	466,694,000	466,694,000
- Issued and paid - up 463,549,600 shares					
(2013 : 456,504,000 shares)	23	463,549,600	456,504,000	463,549,600	456,504,000
Premium on share capital	23	799,228,000	764,000,000	799,228,000	764,000,000
Premium on treasury stock		12,902,865	12,902,865	12,902,865	12,902,865
Retained earnings (deficits)					
- Appropriated for legal reserve	24	46,669,400	46,669,400	46,669,400	46,669,400
- Unappropriated	25	275,903,507	(133,668,391)	102,913,276	(222,930,322)
Other components of shareholders' equity		(19,249,268)	173,613	-	-
<b>Shareholders' equity attributable</b>					
<b>to the Company's shareholders</b>		1,579,004,104	1,146,581,487	1,425,263,141	1,057,145,943
Non - controlling interests' equity		104,972,743	71,159,274	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		1,683,976,847	1,217,740,761	1,425,263,141	1,057,145,943
<b>TOTAL LIABILITIES AND</b>					
<b>SHAREHOLDERS' EQUITY</b>		4,229,609,942	3,804,002,638	2,930,559,510	2,775,800,285

The accompanying notes form an integral part of these financial statements.

**SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER**

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2014	2013	2014	2013
<b>Income</b>					
Sales		8,379,077,783	6,871,783,833	4,142,092,095	3,731,130,444
Service		11,493,464	17,275,349	-	-
Other income	26	84,917,765	80,530,907	209,681,769	159,056,516
Gain on exchange rate		28,216,438	-	-	-
<b>Total income</b>		<u>8,503,705,450</u>	<u>6,969,590,089</u>	<u>4,351,773,864</u>	<u>3,890,186,960</u>
<b>Expenses</b>					
Cost of goods sold		(7,367,018,299)	(6,664,396,304)	(3,690,835,755)	(3,986,562,336)
Cost of service		(7,901,711)	(8,246,810)	-	-
Selling expenses		(261,114,622)	(254,547,369)	(146,653,749)	(138,926,672)
Administrative expenses		(283,924,400)	(244,976,599)	(96,898,302)	(84,335,790)
Loss on exchange rate		-	(34,145,245)	(40,918,680)	(913,740)
<b>Total expenses</b>	27	<u>(7,919,959,032)</u>	<u>(7,206,312,327)</u>	<u>(3,975,306,486)</u>	<u>(4,210,738,538)</u>
<b>Profit (loss) before share of profit (loss) from investments in joint venture, finance cost and income tax expenses</b>		583,746,418	(236,722,238)	376,467,378	(320,551,578)
Share of loss from investment in joint venture	14	(27,545,363)	(41,832,738)	-	-
<b>Profit (loss) before finance cost and income tax</b>		<u>556,201,055</u>	<u>(278,554,976)</u>	<u>376,467,378</u>	<u>(320,551,578)</u>
Finance costs		(60,301,316)	(43,267,167)	(50,623,780)	(34,034,611)
<b>Profit (loss) before income tax</b>		<u>495,899,739</u>	<u>(321,822,143)</u>	<u>325,843,598</u>	<u>(354,586,189)</u>
Income tax expense	22.2	(33,853,172)	(16,792,087)	-	-
<b>Net profit (loss) for the year</b>		<u>462,046,567</u>	<u>(338,614,230)</u>	<u>325,843,598</u>	<u>(354,586,189)</u>
<b>Other comprehensive income (loss) :</b>					
Exchange difference on translation of financial statements in foreign currency		(38,084,081)	14,215,047	-	-
<b>Other comprehensive income (loss) for the year</b>		<u>(38,084,081)</u>	<u>14,215,047</u>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<u>423,962,486</u>	<u>(324,399,183)</u>	<u>325,843,598</u>	<u>(354,586,189)</u>

The accompanying notes form an integral part of these financial statements.

**SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEARS ENDED 31 DECEMBER**

(Unit : Baht)					
		Consolidated F/S		Separate F/S	
	Notes	2014	2013	2014	2013
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO :</b>					
The Company's shareholders		409,571,898	(335,472,681)	325,843,598	(354,586,189)
Non - controlling interests		52,474,669	(3,141,549)	-	-
		<u>462,046,567</u>	<u>(338,614,230)</u>	<u>325,843,598</u>	<u>(354,586,189)</u>
<b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO :</b>					
The Company's shareholders		390,149,017	(328,223,007)	325,843,598	(354,586,189)
Non - controlling interests		33,813,469	3,823,824	-	-
		<u>423,962,486</u>	<u>(324,399,183)</u>	<u>325,843,598</u>	<u>(354,586,189)</u>
<b>EARNINGS (LOSS) PER SHARE</b>	31				
Basic earnings (loss) per share					
Net profit (loss) attributable to the Company per share (Baht)		<u>0.89</u>	<u>(0.74)</u>	<u>0.71</u>	<u>(0.78)</u>
Diluted earnings (loss) per share					
Net profit (loss) attributable to the Company per share (Baht)		<u>0.89</u>	<u>(0.73)</u>	<u>0.71</u>	<u>(0.77)</u>

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

Equity attributable to the Company's shareholders												
Other components of equity												
Other comprehensive income												
Total equity												
Equity attributable												
attributable to												
to non-controlling												
Total												
shareholders'												
equity												
Total equity												
attributable to												
owners of												
interests of												
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The accompanying notes form an integral part of these financial statements.



SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUE)  
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Notes	Paid - up Share Capital	Premium on share capital	Premium on treasury stock	Retained earnings (deficits)		Total
					Legal		
					Reserve	Unappropriated	
<u>Separate F/S</u>							
Balance as at 31 December 2012		450,078,200	731,871,000	12,902,865	46,669,400	450,086,217	1,691,607,682
Ordinary share capital increase from warrants exercised	23	6,425,800	32,129,000	-	-	-	38,554,800
Paid dividend	25	-	-	-	-	(318,430,350)	(318,430,350)
Net comprehensive loss for the year		-	-	-	-	(354,586,189)	(354,586,189)
Balance as at 31 December 2013		456,504,000	764,000,000	12,902,865	46,669,400	(222,930,322)	1,057,145,943
Ordinary share capital increase from warrants exercised	23	7,045,600	35,228,000	-	-	-	42,273,600
Net comprehensive income for the year		-	-	-	-	325,843,598	325,843,598
Balance as at 31 December 2014		463,549,600	799,228,000	12,902,865	46,669,400	102,913,276	1,425,263,141

The accompanying notes form an integral part of these financial statements.

**SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER**

	<b>Consolidated F/S</b>		<b>Separate F/S</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Cash Flows From Operating Activities</b>				
Profit (loss) before income tax	495,899,739	(321,822,143)	325,843,598	(354,586,189)
<b>Adjustments to reconcile income (loss) before tax to net cash provided from (used in) operating activities:</b>				
Depreciation and amortization	131,417,536	112,378,626	70,814,590	68,764,130
Provision for decline value of inventories (reversal)	2,373,074	(5,537,113)	(14,000,000)	(7,000,000)
Reversal of reserve for contingent employees compensation	-	(7,742,104)	-	-
Gain on sales of equipment	(860,564)	(2,460,520)	(860,564)	(2,460,520)
Written off equipment	1,874,454	197,650	440,182	197,650
Share of loss from investment in joint venture	27,545,363	41,832,738	-	-
Unrealized loss (gain) on derivative instruments	(28,222,007)	28,872,250	(12,554,283)	38,617,613
Unrealized loss (gain) on foreign exchange rate	1,397,240	40,023,036	37,994,695	(100,765,947)
Provision for employee benefits obligation	6,920,992	7,409,359	7,125,775	7,409,359
Interest income	(34,991,843)	(23,335,307)	(83,504,487)	(68,526,638)
Interest expense	54,819,750	41,021,308	50,277,316	33,813,678
<b>Cash Flows Provided from (Used in) Operations before Changes in</b>				
<b>Operating Assets and Liabilities</b>	658,173,734	(89,162,220)	381,576,822	(384,536,864)
<b>Decrease (increase) in operating assets;</b>				
Trade accounts and others receivable	(107,111,365)	(177,980,790)	(55,046,589)	(245,503,496)
Inventories	(90,801,747)	(29,200,171)	(1,155,722)	261,345,296
Other current assets	11,563,651	(28,497,298)	5,582,634	(712,467)
Other non - current assets	(1,762,186)	64,323	(1,803,241)	141,829
<b>Increase (decrease) in operating liabilities;</b>				
Trade accounts and others payable	(81,438,424)	167,620,556	(20,770,134)	240,907
Forward exchange contracts payable	(124,649,196)	101,052,970	(105,069,306)	124,457,310
Other current liabilities	(2,871,806)	(1,477,076)	(2,469,577)	4,725,106
Paid for employee benefits obligation	(4,746,400)	(2,753,334)	(4,746,400)	(2,753,334)
Other non-current liabilities	2,207,379	(1,823,516)	2,207,377	(1,823,514)
<b>Cash Received from (Used in) Operating Activities</b>	258,563,640	(62,156,556)	198,305,864	(244,419,227)
Income tax payment	(19,608,491)	(3,041,525)	-	-
<b>Net Cash Provided from (Used in) Operating Activities</b>	238,955,149	(65,198,081)	198,305,864	(244,419,227)

The accompanying notes form an integral part of these financial statements.

**SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED 31 DECEMBER**

	<b>Consolidated F/S</b>		<b>Separate F/S</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Cash Flows from Investing Activities</b>				
Decrease (increase) in restricted deposits with banks	(5,970,658)	32,998,392	(5,970,658)	32,998,392
Cash received from short - term loan to related companies	-	-	-	45,728,550
Cash paid for long - term loan to related companies	(94,398,857)	(172,723,889)	-	(229,390,015)
Acquisition of fixed assets	(205,700,138)	(303,415,849)	(118,912,715)	(114,490,402)
Acquisition of intangible assets	(3,958,420)	(21,092,858)	(1,681,900)	(3,920,600)
Proceeds from sales of equipment	939,252	3,157,009	939,252	3,157,008
Cash received (paid) from acquisition of subsidiary - net	-	546,787	-	(3,599,193)
Cash received from interest income	10,824,282	3,235,136	68,536,467	70,140,402
<b>Net Cash Used in Investing Activities</b>	<b>(298,264,539)</b>	<b>(457,295,272)</b>	<b>(57,089,554)</b>	<b>(199,375,858)</b>
<b>Cash Flows from Financing Activities</b>				
Cash paid for interest expense	(55,943,537)	(41,021,308)	(51,401,102)	(33,813,678)
Increase in bank overdrafts and short - term loans				
from financial institution	280,123,582	335,791,791	24,387,729	315,267,296
Cash received from non-controlling interest	-	127,765	-	-
Cash paid for liabilities under finance lease agreements	(4,862,506)	(2,791,522)	-	-
Cash received from long - term loans	102,909,139	597,588,717	100,000,000	597,588,717
Cash paid for long - term loan	(202,079,868)	(125,694,976)	(193,959,864)	(122,036,616)
Cash received from incremental capital	42,273,600	38,554,800	42,273,600	38,554,800
Dividend paid	-	(318,430,350)	-	(318,430,350)
<b>Net Cash Provided from Financing Activities</b>	<b>162,420,410</b>	<b>484,124,917</b>	<b>(78,699,637)</b>	<b>477,130,169</b>
Translation adjustment for foreign currency financial statements	(33,308,924)	18,397,508	-	-
<b>Increase (decrease) in cash and cash equivalents - net</b>	<b>69,802,096</b>	<b>(19,970,928)</b>	<b>62,516,673</b>	<b>33,335,084</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>190,814,342</b>	<b>210,832,499</b>	<b>35,596,208</b>	<b>2,308,353</b>
Effect of exchange rate changes on balances held in foreign currencies	1,141,134	(47,229)	1,141,134	(47,229)
<b>Cash and cash equivalents at ending of year</b>	<b>261,757,572</b>	<b>190,814,342</b>	<b>99,254,015</b>	<b>35,596,208</b>

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER

			(Unit : Baht)	
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<b>Supplemental cash flows information:</b>				
Acquisition of fixed assets				
Purchase of fixed assets	(195,811,109)	(294,432,515)	(102,026,923)	(105,507,068)
Increase (decrease) accounts payable for purchase of assets	(9,889,029)	(8,983,334)	(16,885,792)	(8,983,334)
Acquisition of fixed assets	<u>(205,700,138)</u>	<u>(303,415,849)</u>	<u>(118,912,715)</u>	<u>(114,490,402)</u>

**Non-cash transactions**

Transfer net assets from investment in Manufacturing Systems

Implementation Co., Ltd. as at investment date	Thousand Baht
Cash and cash equivalents	4,068
Trade accounts receivable	11,148
Other current assets	2,474
Property, plant and equipment - net	111
Other non - current assets	869
Trade accounts and others payable	(9,456)
Other liabilities - current	(3,289)
Provision for employee benefit obligation	(205)
Net assets	<u>5,720</u>
Acquisition value	<u>(3,521)</u>
Surplus on investment in common control company	<u>2,199</u>
Reconcile cash received from acquisition	
Acquisition value	(3,521)
<u>Less</u> Cash and cash equivalents	<u>4,068</u>
Cash received from acquisition of subsidiary - net	<u>547</u>

The accompanying notes form an integral part of these financial statements.

**SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT 31 DECEMBER 2014 AND 2013**

1. GENERAL INFORMATION

Seafresh Industry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacturing and distribution of frozen shrimp. Its registered address and head office address is 402 Moo 8, Chumphon - Paknam Road, Paknam, Muang, Chumphon 86120 and its branch is 152/25, Chartered Square Building, 31<sup>st</sup> Floor, North Sathorn Road, Bangrak, Bangkok 10500.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRINCIPLES OF CONSOLIDATION

2.1 Basis of financial statements preparation

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles issued under the Accounting Act B.E. 2543, and accounting standards issued under Accounting Profession Act B.E. 2547, and the regulations promulgated by the Securities and Exchange Commission and the Securities Exchange of Thailand concerning the preparation and the disclosure of financial information, under the Securities and Exchange Act B.E. 2535. The financial statements have been prepared on a historical cost basis except as otherwise disclosed specifically.

The financial statements are officially prepared in the Thai language in accordance with statutory requirements and accounting standards enumerated under the Accounting Profession Act B.E. 2547. The translation of these statutory financial statements to another language must conform to the Thai financial report.

2.2 Revised accounting standards which are effective on 1 January 2014 and are relevant and have an impact to the Company are:

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures

Accounting Standards: (Continued)

TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets

TAS 38 (revised 2012)	Intangible Assets
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Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These accounting standards were amended primarily to align their contents with the corresponding International Financial Reporting Standards. Most of the changes were directed toward revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These accounting standards do not have any significant impact on the financial statements.

## 2.3 Accounting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new accounting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes are directed toward revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management believes there is no any significant impact on the financial statements in the year in which they are adopted. However, some of these accounting standards involve changes to key principles and affecting the Company's financial statement, as discussed below.

#### TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognize such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognize them gradually in profit or loss.

#### TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognized prospectively.

#### TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgment when reviewing whether the Company and its subsidiary have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

Based on the preliminary analysis, the management believes that this standard will not have any significant impact on the financial statements.

## 2.4 Principles of consolidation

The consolidated financial statements have been prepared under the accounting standard No. 27 “Consolidated and Separate Financial Statements” which include the financial statements of Seafresh Industry Public Company Limited and its subsidiaries in which Seafresh Industry Public Company Limited has investments as follows :

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding (Direct and indirect holding)	
			2014	2013
			(%)	(%)
Seafresh Group (Holdings) Limited	Investment in companies engaged in seafood processing and other related business in Europe	England	51.00	51.00
Sea Farms Limited (100% held by Seafresh Group (Holdings) Limited)	Import and distribution of seafood	England	51.00	51.00
Blue Earth Foods Limited (25% held by the Company and 75% held by Seafresh Group (Holdings) Limited)	Sourcing producing and distribution of processed seafood	England	63.25	63.25
Manufacturing Systems Implementation Co., Ltd.	Consulting and installation of computer system	Thailand	100.00	100.00
Sea Farms, Inc. (25% held by the Company and 65% held by Seafresh Group (Holdings) Limited)	Import and distribution of seafood	United States	58.15	58.15
Prochaete Innovation Limited (25% held by the Company and 35% held by Seafresh Group (Holdings) Limited)	Research and development of fish meal substitution	England	42.85	42.85

The Company invested in Prochaete Innovation Limited for only 42.85% but included such subsidiary in the consolidated financial statements because the Company has power to govern the financial and operating policies of this subsidiary through board of director representatives holding voting rights more than 50%.

The percentage of each subsidiary's assets and revenues as included in the consolidated financial statements as at 31 December 2014 and 2013 and for the years ended 31 December 2014 and 2013 of Seafresh Industry Public Company Limited and subsidiaries are summarized below :

	Consolidated F/S	
	Percentage of subsidiary's	
	Total assets to consolidated total assets	
	2014	2013
<u>Subsidiary companies</u>		
Seafresh Group (Holdings) Limited	14.36	9.14
Sea Farms Limited	23.48	21.65
Blue Earth Foods Limited	25.37	26.94
Manufacturing Systems Implementation Co., Ltd.	0.24	0.36
Sea Farms, Inc.	5.60	3.89
Prochaete Innovation Limited	0.49	0.69



	For the years ended 31 December	
	Percentage of subsidiary's	
	total revenues to consolidated total revenues	
	2014	2013
<u>Subsidiary companies</u>		
Seafresh Group (Holdings) Limited	0.43	0.21
Sea Farms Limited	30.71	15.89
Blue Earth Foods Limited	40.47	39.44
Manufacturing Systems Implementation Co., Ltd.	0.17	0.33
Sea Farms, Inc.	5.79	1.84
Prochaete Innovation Limited	0.03	0.02

Net income of subsidiaries for the years ended 31 December 2014 and 2013 are Baht 127.96 million and Baht 3.84 million, respectively, which are included in the consolidated financial statements.

Significant inter-company transactions with subsidiaries included in the consolidated financial statements have been eliminated.

The consolidated financial statements have been prepared with the same accounting policies as for the separate financial statements for similar accounting transactions or accounting events.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenue and expense recognition

##### *Sales of goods*

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are valued based on invoiced amount, excluding value added tax, of goods supplied after deducting discounts and allowances.

##### *Other income*

Other income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

##### *Interest income*

Interest income is recognized on an accrual basis based on the effective interest rate.

##### *Export subsidies*

Export subsidies received from the Ministry of Finance in the form of tax coupons are recognized when the Company obtains written notification of approval of the tax coupon.

##### *Expenses*

Expenses are recognized on an accrual basis.

### 3.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which do not have restriction of usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

### 3.3 Trade accounts receivable

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for on the basis of collection experience and payment ability of the debtors at the end of year, taking into account overdue balance of each debtor.

### 3.4 Inventories

Inventories are valued at the lower of cost (average basis) and net realizable value. Cost of finished goods and work in process includes direct materials, direct labour and an appropriate proportion of manufacturing overheads based on normal level of activity. Net realizable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

Indirect materials and supplies are valued at the lower of cost (average basis) or net realizable value and are charged to production cost whenever consumed.

Overseas subsidiaries record their inventory costs using the first-in, first-out method. The effects of the difference in accounting policy is not material to profit or loss to the book values of inventories in the consolidated financial statements.

### 3.5 Investments

- a) Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associated companies are accounted for in the separate financial statements using the cost method.

### 3.6 Property, plant and equipment / Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Buildings	20 - 50 years
Building improvements	3 - 10 years

Factory machines and equipment	5 - 10 years
Office supplies and equipment	5 years
Vehicles	5 - 10 years

Depreciation is included in the calculation of operating income.

No depreciation is provided on land and assets under construction.

Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognized.

### 3.7 Intangible assets

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

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

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

Computer software	5 years
Relationship with customers	3 years

### 3.8 Business combination

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

### 3.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

### 3.10 Lease – where the Company and subsidiary are the lessees

Leases of equipment where the Company and subsidiaries assume substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the fair values of leased assets or estimated present values of the underlying lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. Lease payments net of finance charges are recognized as liabilities under financial lease agreements. The finance expense is charged to the statement of comprehensive income over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets.

Leases of assets whereby all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on the straight-line basis over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the year in which termination takes place.

### 3.11 Foreign currencies

Foreign currency transactions are translated into Thai Baht for bookkeeping purpose at the exchange rates prevailing at the date of transactions. The balances of assets and liabilities, denominated in foreign currencies, at the end of year are translated into Baht at the rates of exchange prevailing at that date. Gains and losses resulting from the settlements of such transactions and from the translation of monetary assets and liabilities, denominated in foreign currencies, are recognized in the statement of comprehensive income.

Financial statements of subsidiaries denominated in foreign currencies are translated into Baht for consolidation purposes using exchange rate as follows :

Asset and liabilities	- At closing rate
Share capital	- At transaction rate
Income and expense	- At average rate of exchange during the year

Cumulative translation adjustments are recorded in the statements of comprehensive income and presented under shareholder's equity in the consolidated financial statements until such investment is disposed.

However, it cannot be constructed that assets, liabilities and expenses of overseas subsidiaries can be translated into the stated exchange rates.

### 3.12 Impairment of assets

The Company and subsidiaries regularly assess the impairment of property, plant and equipment and other non-current assets whenever events or changes in circumstances indicate that the recoverable amounts of assets are lower than their carrying amounts. An impairment loss is recognized as an expense in the statement of comprehensive income for assets carried at cost, or treated as a deduction of revaluation increment in the case that the asset is carried at revalued amount to the extent that the impairment loss does not exceed the revaluation increment formerly accounted for on the same asset. A reversal of impairment loss is recognized as income or treated as a revaluation increment when there is an indication that the impairment loss recognized for the asset no longer exists or has decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

### 3.13 Premium on treasury stock

Gains on disposal of treasury stock are determined by reference to the carrying amount and are presented as premium on treasury stock. Losses on disposal of treasury stock are determined by reference to the carrying amount and are presented in premium on treasury stock and retained earnings, consecutively.

### 3.14 Employee benefits

#### *Short-term employment benefits*

Salaries, wages, bonuses, contribution to the social security and provident funds, are recognized as expenses when incurred.

#### *Post-employment benefits*

##### Defined contribution plan

The Company and subsidiaries and their employees have jointly established a provident fund plan whereby monthly contributions are made by employees and the Company and its subsidiaries. The fund's assets are held in a separate trust fund. The Company and its subsidiaries' contributions are recognized as expenses when incurred.

##### Defined benefit plan

The Company and subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under the labor law. The Company and subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains or losses arising from post-employment benefits are recognized immediately in shareholders' equity.

The defined benefits liability comprises the present value of the defined benefit obligation, fair value of plan assets and actuarial gains (losses).

For the first-time adoption of TAS 19: "Employee Benefits" in 2011, the Company elected to recognise the transitional liability which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as an expense on a straight-line basis over five years from the date of adoption.

### 3.15 Income tax

Income tax expense for the year comprises of current and deferred income tax. Current and deferred income taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

#### *Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

#### *Deferred income tax*

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred income tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.16 Segment Information

Segment information is presented by geographical area as the primary format. Business segments are based on the Company and subsidiary management's internal reporting structure.

### 3.17 Derivatives

#### *Forward exchange contracts*

Receivables and payables arising from forward exchange contracts are recorded under Por.68/2541 by the Revenue Department. At contract date, the Company and its subsidiaries record receivables and payables from forward contracts at transaction date. Premiums or discounts are amortized on a straight-line basis over the contract periods. At the end of the period, receivables and payables are translated using closing exchange rates and the net position profit or loss is recorded as income or loss with corresponding debit or credit in the statement of financial position.

#### *Interest rate and currency swap contracts*

The Company and its subsidiaries' payables arising from interest rate and currency swap contracts are measured at fair value at the end of period and changes in such fair value are recorded in profit or loss. Actual gains or losses are recorded in profit or loss at settlement date.

#### *Currency option agreement*

The Company and its subsidiaries recognize gains or losses arising from currency option contracts at exercised date (if any). However the Company does not record gains or losses on changes in its fair value in the financial statements.

### 3.18 Use of accounting estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosures of contingent assets and liabilities. The actual results may differ from those estimates.

### 3.19 Provisions for liabilities and expenses, and contingent assets

Provisions are recognized when the Company and subsidiaries have a present legal or constructive obligation as a result of past events with probable future outflow of resources to settle the obligation and where a reliable estimate of the amount can be made. Contingent assets will be recognized as separate assets only when the realization is virtually certain.

#### 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGEMENT AND CAPITAL RISK MANAGEMENT

##### 4.1 Critical accounting estimates, assumption and judgments

###### a. Impairment of receivables

The Company provides allowances for doubtful accounts to reflect impairment of trade accounts receivable to estimated losses resulting from the inability of customers to make required payments. The allowances are based on consideration of historical collection experiences coupled with a review of outstanding receivables at the end of year.

###### b. Allowance for obsolete, slow-moving and defective inventories

The Company provides allowances for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowances are based on consideration of inventory turnover and deterioration of each category. The Company's management believes that the Company's inventories at the year-end do not require provision for obsolescence and defect.

###### c. Property, plant and equipment and intangible assets

Management determines the estimated depreciation and amortization method, useful lives and residual values for the Company's plant and equipment and computer software at the end of the year, and revise the depreciation and amortization charges where the depreciation and amortization method, useful lives and residual values, previously estimated have changed or are subject to be written down due to obsolescence or if they are no longer in use.

###### d. Impairment of assets

The Company treats assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management judgment.

###### e. Post-employment benefits under defined benefit plans

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality tables for the country. Actual post-employment costs may ultimately differ from these estimates.



Assumptions to estimate the actuarial valuation date are as follows :

Discount rate (% per year)	3.8
Future salary increase rate (Depending on age range) (% per year)	4.0 - 12.0
Staff turnover rate (% per year)	0 - 40.0
Number of staff (persons)	1,091

f. Leases

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

#### 4.2 Capital risk management

The Company's objectives in the management of capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment policy or issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

### 5. TRANSACTIONS WITH RELATED PARTIES AND PERSONS

The Company has significant business transactions with its related parties and persons (related in term of common shareholders and/or management). Such transactions have been complied with the terms and bases determined by the Company and related parties and persons, which are summarized below :

The relationship between the Company and related parties are summarized below :

Names	Relationship
Seafresh Group (Holdings) Limited (SGH)	Subsidiary
Sea Farms Limited	Subsidiary of SGH
Blue Earth Foods Limited	Subsidiary of SGH
Sea Farms Inc.	Subsidiary of SGH
Prochaete Innovation Limited	Subsidiary of SGH
Manufacturing System Implementation Co., Ltd.	Subsidiary
Chartered Square Holding Company Limited	Common director
Thai K Boiler Company Limited	Common director

Names	Relationship
Temchu Limited	Shareholder of SGH
Belize Aquaculture Limited	Joint Venture of SGH
Mike & David's Fish Company	Shareholder of Sea Farms, Inc.
Bowen & Bowen Limited	Shareholder of Joint Venture
The Estate of Sir Barry M. Bowen	Shareholder of Joint Venture
Blue Aqua Consultancy Limited	Shareholder of Prochaete Innovation Limited
Valemare Limited	Shareholder of Prochaete Innovation Limited

Significant transactions with related parties and persons for the years ended 31 December 2014 and 2013 are as follow :

		(Unit : Thousand Baht)			
		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
Transaction with related parties	Pricing policy	2014	2013	2014	2013
<u>Subsidiaries</u>					
Sales of goods	Cost plus margin	-	-	2,281,984	863,128
Interest income	8% per annum	-	-	82,351	59,575
Other income	Cost plus margin	-	-	853	-
Other income (Interest on credit sale)	1% per month	-	-	74,693	35,539
Service income	Cost plus margin	-	-	1,560	1,560
<u>Joint venture</u>					
Purchase of goods	Cost plus margin	348,386	24,805	52,617	24,805
Sales of goods	Cost plus margin	74,901	-	-	-
Interest income	8% per annum	33,911	7,835	95	7,835
Other income	Cost plus margin	1,176	-	1,176	-
Other income (Interest on credit sale)	1% per month	638	4,052	638	4,052
Service income	Cost plus margin	32,279	-	-	-
<u>Related companies</u>					
Purchase of goods	Cost plus margin	5	39	5	39
Office rental and service	Cost plus margin	8,485	8,489	7,780	7,804
Service income	Cost plus margin	48	43	48	43
<u>Key management personnel compensation</u>					
Short term employee benefits		54,429	51,414	8,172	8,412
Provision for post-employment benefits		-	500	-	500
Total		54,429	51,914	8,172	8,912

Significant balances with the related parties and persons as at 31 December 2014 and 2013 are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<b>Trade accounts receivables</b>				
Subsidiaries				
Sea Farms Limited	-	-	535,373	418,475
Blue Earth Foods Limited	-	-	-	23
Sea Farms, Inc.	-	-	105,449	21,010
Joint venture				
Belize Aquaculture Limited	72,523	1,593	-	-
Total	72,523	1,593	640,822	439,508
<b>Other receivables</b>				
Subsidiary				
Manufacturing Systems Implementation Co., Ltd.	-	-	-	1,560
Joint venture				
Belize Aquaculture Limited	3,579	459	1,919	113
Total	3,579	459	1,919	1,673
<b>Trading interest receivables</b>				
Subsidiary				
Sea Farms Limited	-	-	7,804	11,901
Sea Farms, Inc	-	-	2,308	-
Joint venture				
Belize Aquaculture Limited	1	-	1	-
Total	1	-	10,113	11,901
<b>Total other receivables</b>	3,580	459	12,032	13,574
<b>Trade payables</b>				
Joint venture				
Belize Aquaculture Limited	24,400	29,172	-	-
<b>Other payables</b>				
Joint venture				
Belize Aquaculture Limited	30,864	-	-	-
<b>Key management compensation</b>				
Provision for post-employment benefits	-	3,200	-	3,200

### Long - term loans to and interest receivable from related parties

As at 31 December 2014 and 2013, the balances of long-term loans to and interest receivable from related parties and the movement are as follows :

(Unit : Thousand Baht)

Borrowers	Interest rate (% per annum)	Principal (Thousand US dollar)	Maturity date	Consolidated F/S				
				31 December 2013	Increase during the year	Decrease during the year	Translation adjustment	31 December 2014
Belize Aquaculture Limited	8	13,966	3 March 2015 – 1 October 2015	346,243	239,294	(144,895)	11,072	451,714

(Unit : Thousand Baht)

Borrowers	Interest rate (% per annum)	Principal (Thousand US dollar)	Maturity date	Separate F/S				
				31 December 2013	Increase during the year	Decrease during the year	Unrealized loss from exchange rate	31 December 2014
Seafresh Group (Holdings) Limited	8	29,360	2 January 2015 – 15 February 2016	681,129	308,715	-	(28,303)	961,541
Sea Farms Limited	8	5,013	28 February 2015	163,820	-	(163,820)	-	-
Belize Aquaculture Limited	8	4,434	6 May 2014 – 21 February 2015	144,895	-	(144,895)	-	-
				989,844	308,715	(308,715)	(28,303)	961,541

### Interest receivable – related companies

(Unit : Thousand Baht)

Borrower	Consolidated F/S				
	31 December 2013	Increase during the year	Decrease during the year	Translation adjustment	31 December 2014
Belize Aquaculture Limited	23,544	31,048	(6,880)	1,198	48,910

(Unit : Thousand Baht)

Borrowers	Separate F/S				
	31 December 2013	Increase during the year	Decrease during the year	Unrealized loss from exchange rate	31 December 2014
Seafresh Group (Holdings) Limited	19,686	82,281	(59,436)	(1,642)	40,889
Sea Farms Limited	1,092	71	(1,163)	-	-
Belize Aquaculture Limited	6,785	95	(6,880)	-	-
Total	27,563	82,447	(67,479)	(1,642)	40,889

## 6. CASH AND CASH EQUIVALENTS

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Cash on hand	7,705	437	7,683	90
Cash at banks	254,053	190,377	91,571	35,506
Total	261,758	190,814	99,254	35,596

As at 31 December 2014, the Company has cash at bank with 0.37 to 0.50 percent interest rate per annum (2013 : 0.50 to 0.65 percent per annum).

## 7. TRADE ACCOUNTS RECEIVABLE – NET

An aging analysis of trade accounts receivable as at 31 December 2014 and 2013 is set forth below :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<u>Trade accounts receivable - general customers</u>				
Not yet due	488,854	475,141	59,656	176,671
Past due				
Less than 3 months	143,605	92,284	25,951	60,775
3 - 6 months	893	92	-	-
6 - 12 months	1,585	1,118	-	-
Over 12 months	18,321	18,347	18,321	18,246
Total	653,258	586,982	103,928	255,692
<u>Less</u> Allowance for doubtful accounts	(19,585)	(18,000)	(18,000)	(18,000)
Net	633,673	568,982	85,928	237,692
Accrued income	1,108	42,588	-	-
Total general customers – net	634,781	611,570	85,928	237,692
<u>Trade accounts receivable – related companies</u>				
Not yet due	10,083	-	507,201	220,190
Past due				
Less than 3 months	62,440	1,593	133,622	219,318
Total	72,523	1,593	640,823	439,508
Total accounts receivable – net	707,304	613,163	726,751	677,200

## 8. INVENTORIES – NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Raw materials	164,054	143,466	18,306	7,669
Indirect raw materials	13,355	3,213	5,739	3,213
Package	29,174	29,054	12,663	13,171
Goods in transit	-	42,816	-	42,816
Work in process	3,628	6,047	154	10
Finished goods	1,268,641	1,163,455	455,729	424,557
Total	1,478,852	1,388,051	492,591	491,436
<u>Less</u> Allowance for decline value of inventories	(41,162)	(40,476)	(9,800)	(23,800)
Net	1,437,690	1,347,575	482,791	467,636

During the year, the movements in allowance for decline in value of inventories are as follows :

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
Balance as at 31 December 2013	40,476	23,800
<u>Add</u> Additional allowance during the year	18,964	-
<u>Less</u> Reversal of allowance during the year	(16,591)	(14,000)
Translation adjustment	(1,687)	-
Balance as at 31 December 2014	41,162	9,800

## 9. ASSETS AND LIABILITIES FROM DERIVATIVE INSTRUMENTS

Assets and liabilities from derivative instruments which were recognized in the financial statements are as follows :

### 9.1 Forward exchange contracts receivable - net

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Valuation of hedged items at the contract date	23,488	-	1,665	-
<u>Less</u> Deferred discount	(8,001)	-	(290)	-
Net	15,487	-	1,375	-
Fair Value	22,208	-	1,041	-

## 9.2 Forward exchange contracts payable – net

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Valuation of hedged items at the contract date	-	156,762	-	145,275
<u>Less</u> Deferred premium	-	(47,600)	-	(41,581)
Net	-	109,162	-	103,694
Fair value	-	174,187	-	161,640

The Company has entered into forward foreign exchange contracts with 3 financial institutions in order to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. The settlement dates of open forward contracts are approximately 3 - 6 months.

## 9.3 Liabilities under derivative for hedging long – term loans

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Cap/Collar contract	-	15,667	-	-
Interest rate SWAP	2,143	3,974	2,143	3,974
Cross currency SWAP	23,920	34,644	23,920	34,644
Total	26,063	54,285	26,063	38,618

As at 31 December 2014 and 2013, the Company and subsidiaries had liabilities under derivatives for hedging interest rates on long-term loans with floating interest rates based on market rates (Note to financial statement No. 19). On payment date for each interest period, the Company and subsidiaries will pay interest to the bank with fixed interest rate. The other conditions stipulated in the agreement.

10. OTHER CURRENT ASSETS

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Prepaid expenses	22,658	37,100	2,198	7,922
Spare part and Stationary supplies	3,129	3,359	3,129	3,359
Advance payment	1,818	3,489	1,818	3,489
Tax coupon	1,713	1,894	1,713	1,894
Others	7,756	6,536	1,678	2,359
Total	37,074	52,378	10,536	19,023

11. RESTRICTED DEPOSIT WITH BANK

Obligations	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Credit line (Note to financial statements No.17)	15,000	9,000	15,000	9,000
Employee guarantee	285	314	285	314
Total	15,285	9,314	15,285	9,314

12. LONG – TERM DEPOSIT WITH FINANCIAL INSTITUTIONS

This amount represents a cash deposit with the Government Saving Bank in the form of a 5-year, maturing on 28 January 2015. The deposit has a fixed interest rate at 1.50% per annum. As at 31 December 2014, the deposit is reclassified to current assets as its maturity is less than one year.

13. INVESTMENTS IN SUBSIDIARIES

	Currency of Investments	(Unit : Thousand Baht)					
		Paid-up capital		Percentage of shareholding		Separate F/S Cost	
		2014	2013	2014	2013	2014	2013
Seafresh Group (Holdings) Limited	GBP	10,000	10,000	51.00	51.00	248	248
Blue Earth Foods Limited	GBP	3,000	3,000	25.00	25.00	36	36
Sea Farms, Inc.	USD	10,000	10,000	25.00	25.00	77	77
Prochaete Innovation Limited	GBP	100	100	25.00	25.00	1	1
Manufacturing Systems Implementation Co., Ltd.	Thousand Baht	3,000	3,000	100.00	100.00	3,521	3,521
Total investment in subsidiaries						3,883	3,883



#### 14. INVESTMENT IN JOINT VENTURE

(Unit : Thousand Baht)									
	Nature of Business	Location	Paid up Capital	Percentage of Investment		Consolidated F/S Equity Method		Separate F/S At Cost	
				2014	2013	2014	2013	2014	2013
Belize Aquaculture Limited	Shrimp farm	Belize	BZD 13.75 million	50.00	50.00	95,374	121,798	9,663	9,663

Movements in the Company's investment in the Joint Venture during the years ended 31 December 2014 and 2013 are as follows :

(Unit : Thousand Baht)		
Consolidated		
	2014	2013
Beginning book value	121,798	158,499
Share of loss from investments accounted for under the equity method	(27,545)	(41,833)
Translation adjustment	1,121	5,132
Ending book value	95,374	121,798

Summary of financial information of Belize Aquaculture Limited.

The Company's pro portionate interests in assets, liabilities, revenues and expenses in Belize Aquaculture Limited joint venture are as follows :

(Unit : Thousand Baht)		
	2014	2013
Cash and cash equivalents	1,653	4,851
Trade accounts receivable and other receivables	19,164	49,448
Inventories	110,425	39,351
Property, plant and equipment	316,854	255,366
Other non-current asset	-	1,868
Total assets	448,096	350,884
Trade accounts payable and other payable	104,630	43,868
Loans	248,092	185,218
Total liabilities	352,722	229,086
Net assets of the joint venture	95,374	121,798

(Unit : Thousand Baht)

For the years ended 31 December

	2014	2013
Revenue	256,179	242,901
Cost of goods sold	(169,649)	(174,136)
Selling and administrative expenses	(114,075)	(110,598)
Loss before income tax	(27,545)	(41,833)
Income tax	-	-
Net loss for the year	(27,545)	(41,833)

15. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Thousand Baht)

Consolidated F/S						
	2013	Increase	Decrease	Transfer in (out)	Translation adjustment	2014
<b>Cost :</b>						
Land	134,211	1,790	-	29,155	(1,576)	163,580
Building and building improvement	888,686	21,106	(21,163)	42,366	(14,315)	916,680
Machines and factory equipment	743,498	43,685	(21,161)	5,037	(13,037)	758,022
Office fixtures and supplies	111,487	25,015	(7,456)	406	(3,632)	125,820
Vehicles	84,904	2,851	(3,311)	1,290	-	85,734
Construction in progress	38,646	101,364	-	(78,254)	-	61,756
Total	2,001,432	195,811	(53,091)	-	(32,560)	2,111,592
<b>Accumulated depreciation :</b>						
Building and building improvement	499,093	27,850	(20,614)	-	(1,287)	505,042
Machines and factory equipment	361,894	67,143	(19,776)	-	(5,306)	403,955
Office fixtures and supplies	69,622	12,988	(7,438)	-	(1,930)	73,242
Vehicles	43,210	8,254	(3,311)	-	(6)	48,147
Total	973,819	116,235	(51,139)	-	(8,529)	1,030,386
<u>Less</u> Provision for impairment on building and machines	(14,455)	-	-	-	-	(14,455)
<b>Net book value – Net</b>	1,013,158					1,066,751
<b>Depreciation allocation for the year:</b>						
Cost of goods sold	89,458					102,443
Selling and administrative expenses	12,445					13,792
Total	101,903					116,235

(Unit : Thousand Baht)

	Separate F/S			
	2013	Increase	Decrease	Transfer in (out)
<b>Cost :</b>				
Land	103,479	-	-	-
Building and building improvement	600,195	1,321	(20,951)	71,521
Factory Machines and factory equipment	490,248	1,779	(19,784)	5,037
Office fixtures and supplies	55,872	2,382	(7,364)	406
Vehicles	84,904	2,255	(3,311)	1,290
Construction in progress	38,646	101,364	-	(78,254)
Total	1,373,344	109,101	(51,410)	-
<b>Accumulated depreciation :</b>				
Building and building improvement	472,400	26,369	(20,596)	-
Machines and factory equipment	290,810	31,810	(19,561)	-
Office fixtures and supplies	48,853	2,324	(7,346)	-
Vehicle	43,210	8,111	(3,311)	-
Total	855,273	68,614	(50,814)	-
<u>Less</u> Provision for impairment in building and machine	(14,455)	-	-	-
<b>Net book value – Net</b>	<b>503,616</b>			<b>543,507</b>
<b>Depreciation allocation for the year:</b>				
Cost of goods sold	54,714			57,573
Selling and administrative expenses	12,212			11,041
Total	66,926			68,614

As at 31 December 2014 and 2013, subsidiaries have mortgaged assets with net book value of Baht 185 million and 198 million respectively as collaterals for credit lines with financial institutions.

As at 31 December 2014 and 2013 subsidiaries had machinery and equipment under finance lease agreements with net book values amounting to Baht 22 million and 26 million, respectively.

As at 31 December 2014 and 2013, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to Baht 542 million and 561 million, respectively, (Separate F/S : Baht 508 million and Baht 540 million, respectively).

16. INTANGIBLE ASSETS – NET

(Unit : Thousand Baht)

Consolidated F/S				
	2013	Increase	Decrease	Translation adjustment
<b>Cost :</b>				
Customer relationship	25,341	-	-	(1,300)
Computer software	28,051	3,958	-	(881)
Total	53,392	3,958	-	(2,181)
<b>Less Accumulated amortization :</b>				
Customer relationship	18,654	6,635	-	(1,248)
Computer software	6,880	8,548	-	(342)
Total	25,534	15,183	-	(1,590)
<b>Net book value – Net</b>	<b>27,858</b>			<b>16,042</b>
<b>Amortization for the year</b>				
Selling and administrative expenses	10,475			15,183

(Unit : Thousand Baht)

Separate F/S				
	2013	Increase	Decrease	Transfer in (out)
<b>Cost :</b>				
Computer software	10,879	1,682	-	-
Total	10,879	1,682	-	-
<b>Less Accumulated amortization :</b>				
Computer software	5,644	2,201	-	-
Total	5,644	2,201	-	-
<b>Net book value – net</b>	<b>5,235</b>			<b>4,716</b>
<b>Amortization for the year</b>				
Selling and administrative expenses	1,839			2,201

17. BANK OVERDRAFT AND SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Bank overdrafts	6,538	20,837	-	312
Short - term loans from financial institutions	927,422	633,000	657,700	633,000
Total	933,960	653,837	657,700	633,312

The overdraft and short - term loan facilities have interest rate at 2.25 - 3.00% and are collateralized by bank deposits of the Company and subsidiary as mentioned in Note 11 to the financial statements.

As at 31 December 2014, the Company and subsidiaries have unutilized short-term credit facilities amounting to Baht 1,210 million (2013 : Baht 700 million and GBP 0.25 million).

18. ACCRUED EXPENSES

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Accrued salary and bonus	37,451	11,614	27,246	9,422
Accrued consulting expense	10,378	27,956	1,448	1,210
Accrued utilities expense	6,717	5,667	6,717	5,667
Accrued transportation and warehouse expense	4,596	19,320	-	-
Accrued promotional expense	3,130	7,299	-	-
Accrued insurance	25	2,717	25	-
Accrued import duty expense	-	1,265	-	-
Other	20,276	21,325	8,647	10,508
Total	82,573	97,163	44,083	26,807

19. LONG – TERM LOANS FROM FINANCIAL INSTITUTIONS – NET

					(Unit : Thousand Baht)			
Loans	Principals	Term	Maturity	Repayment	Consolidated F/S		Separate F/S	
		(years)			2014	2013	2014	2013
1	GBP 1.8 million	15	February 2028	Monthly installments of GBP 13,229	82,926	92,904	-	-
2	USD 10 million	7	October 2018	3 Months installments of USD 0.39 million	201,991	252,392	201,991	252,392
3	USD 10 million	5	April 2018	3 Months installments of USD 0.5 million	231,792	296,545	231,792	296,545
4	Baht 300 million	5	March 2018	Quarterly installments of Baht 15 million	195,000	255,000	195,000	255,000
5	Baht 100 million	3	April 2017	3 Months installments of Baht 8.33 million	83,340	-	83,340	-
Total					795,049	896,841	712,123	803,937
<u>Less</u> Current portion					(216,881)	(182,365)	(211,203)	(177,300)
Portion due more than one year					578,168	714,476	500,920	626,637

Loans bear interest rate at 4% to LIBOR-plus 3.15% per annum which the Company and subsidiaries must comply with the covenants in the contract.

The subsidiaries loans bear interest rate based on Pound Sterling rate plus 3% by collateralized mortgage land with building and assets.

Movements of long - term loans are summarized below :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2014	2013	2014	2013
Beginning balance	896,841	372,134	803,937	283,769
<u>Add</u> Additional borrowings	102,909	597,589	100,000	597,589
<u>Less</u> Repayments	(202,080)	(125,695)	(193,960)	(122,037)
Unrealized loss from exchange rate	2,146	44,616	2,146	44,616
Translation adjustment	(4,767)	8,197	-	-
Ending balance	795,049	896,841	712,123	803,937

20. LIABILITIES UNDER FINANCE LEASE AGREEMENTS – NET

	(Unit : Thousand Baht)	
	Consolidated F/S	
	2014	2013
Liabilities under finance lease agreements	2,639	7,861
<u>Less</u> Deferred interest expense	(136)	(495)
Present value of liabilities under finance lease agreements	2,503	7,366
<u>Less</u> Current portion	(2,503)	(5,565)
Portion due more than one year	-	1,801

Subsidiaries have entered into a finance lease with the leasing company to lease machines and equipment used in the operation and have a commitment to pay a monthly rental. The agreement period ranges from 2 to 5 years.

Subsidiaries have commitments to pay minimum payments as lease agreements as follows :

	(Unit : Thousand Baht)		
	As at 31 December 2014		
	Less than 1 year	1 – 5 years	Total
Total minimum payments under lease agreements	2,639	-	2,639
Deferred interest under financial lease	(136)	-	(136)
Present value of minimum payments under lease agreement	2,503	-	2,503

	(Unit : Thousand Baht)		
	As at 31 December 2013		
	Less than 1 year	1 – 5 years	Total
Total minimum payments under lease agreements	5,924	1,937	7,861
Deferred interest under financial lease	(359)	(136)	(495)
Present value of minimum payments under lease agreement	5,565	1,801	7,366

## 21. RESERVE FOR EMPLOYEE BENEFITS OBLIGATION

The reserve for employee benefits obligations, which is for compensations on employees' retirement, is as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<b>Defined benefit obligation at beginning of year</b>	34,386	32,604	34,181	32,604
Increase from employee benefit obligation of subsidiary	-	205	-	-
Current service cost	2,808	3,004	2,808	3,004
Finance cost	1,238	1,326	1,238	1,326
Benefits paid during the year	(4,747)	(2,753)	(4,747)	(2,753)
<u>Less</u> Reversal of employee benefit obligation	(205)	-	-	-
<b>Defined benefit obligation at end of year</b>	33,480	34,386	33,480	34,181
Unrecognized past service cost	(3,079)	(6,159)	(3,079)	(6,159)
<b>Provisions for employee benefits at ending of year</b>	30,401	28,227	30,401	28,022

For the years ended 31 December 2014 and 2013, provision for employee benefit expenses included in the profit or loss was as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2014	2013	2014	2013
Current service cost	2,808	3,004	2,808	3,004
Finance cost	1,238	1,326	1,238	1,326
Past service cost recognized during the year	3,079	3,079	3,079	3,079
<u>Less</u> Reversal of provision during the year	(205)	-	-	-
Total expenses recognized in profit or loss	6,920	7,409	7,125	7,409



Past service costs that are recognized items within 5 years are detailed below:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2014	2013	2014	2013
Current service cost as at 1 January 2011	15,397	15,397	15,397	15,397
Past service cost previously recognized	(9,239)	(6,159)	(9,239)	(6,159)
Past service cost recognized during the year	(3,079)	(3,079)	(3,079)	(3,079)
Ending unrecognized past service cost	3,079	6,159	3,079	6,159

Amount under benefit obligations for the current year and previous two periods are as follows :

	(Unit : Thousand Baht)			
	Obligation under employee benefit		Adjustment based on experience from a liability scheme	
	Consolidated F/S	Separate F/S	Consolidated F/S	Separate F/S
2014	33,480	33,480	-	-
2013	34,386	34,181	-	-
2012	32,604	32,604	2,077	2,077

## 22. INCOME TAX

Applicable tax rates for the Group are as follows :

	<u>Tax rates (%)</u>
Income tax under the Revenue Code of the Company and subsidiary in Thailand	20
Corporate income tax in foreign countries	20 – 24

22.1 Deferred tax assets and tax liabilities as at 31 December 2014 and 2013 are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<b>Deferred tax assets from</b>				
Liabilities under derivative for hedging interest rate	-	3,133	-	-
<b>Total</b>	<b>-</b>	<b>3,133</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liabilities from</b>				
Surplus on value of land and building before business acquisition	(21,994)	(36,987)	-	-
Customers relationship from business acquisition	-	(1,337)	-	-
Forward exchange contracts	(4,233)	-	-	-
Difference from depreciation rate	(24,293)	(16,117)	-	-
<b>Total</b>	<b>(50,520)</b>	<b>(54,441)</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>(50,520)</b>	<b>(51,308)</b>	<b>-</b>	<b>-</b>

Utilization of deferred tax assets in the future is dependent on future taxable income that exceeds the profits arising from the reversal of taxable temporary differences.

The change in deferred income tax assets and liabilities are as follows :

	Consolidated F/S				(Unit : Thousand Baht)
	Recognized as income (expense)				
	2013	Statements of Income	Shareholders' equity	Translation adjustment	2014
<b>Deferred tax assets from</b>					
Liabilities from derivative instruments	3,133	(3,109)	-	(24)	-
<b>Total</b>	<b>3,133</b>	<b>(3,109)</b>	<b>-</b>	<b>(24)</b>	<b>-</b>
<b>Deferred tax liabilities from</b>					
Surplus on value of land and buildings	(36,987)	13,695	-	1,298	(21,994)
Customer relationships	(1,337)	1,327	-	10	-
Forward exchange contracts	-	(4,427)	-	194	(4,233)
Difference from depreciation rate	(16,117)	(9,416)	-	1,240	(24,293)
<b>Total</b>	<b>(54,441)</b>	<b>1,179</b>	<b>-</b>	<b>2,742</b>	<b>(50,520)</b>
<b>Net</b>	<b>(51,308)</b>	<b>(1,930)</b>	<b>-</b>	<b>2,718</b>	<b>(50,520)</b>

(Unit : Thousand Baht)

	Consolidated F/S				
	Recognized as income (expense)				
	2012	Statements of Income	Shareholders' equity	Translation adjustment	2013
<b>Deferred tax assets from</b>					
Loss carrying forwarded	5,268	(7,248)	-	1,980	-
Liabilities from derivative instruments	6,099	(991)	-	(1,975)	3,133
Reserve for contingent compensation employees	1,907	(901)	-	(1,006)	-
Total	13,274	(9,140)	-	(1,001)	3,133
<b>Deferred tax liabilities from</b>					
Surplus on value of land and buildings	(37,163)	4,996	-	(4,820)	(36,987)
Customer relationships	(3,324)	2,421	-	(434)	(1,337)
Difference from depreciation rate	(10,344)	1,766	-	(7,539)	(16,117)
Total	(50,831)	9,183	-	(12,793)	(54,441)
Net	(37,557)	43	-	(13,794)	(51,308)

22.2 Income tax expenses recognized in the statements of income for the years ended 31 December 2014 and 2013 are as follows :

	Consolidated F/S		Separate F/S	
	(Unit : Thousand Baht)			
	2014	2013	2014	2013
<b>Current tax</b>	31,923	16,835	-	-
<b>Deferred tax</b>				
Movement in temporary differences	1,930	6,056	-	-
Income tax rate reduction from 25% to 20%	-	(6,099)	-	-
<b>Total</b>	33,853	16,792	-	-

## 23. SHARE CAPITAL

Movements in the number of issued and paid-up ordinary shares, issued and paid-up share capital and premium on ordinary shares during the year ended 31 December 2014 are summarized below :

	Number of issued and paid-up ordinary shares (Thousand shares)	Issued and paid-up share capital (Thousand Baht)	Premium on ordinary shares (Thousand Baht)
Balance as at 31 December 2013	456,504	456,504	764,000
Increase from ESOP warrants exercised	7,046	7,046	35,228
Balance as at 31 December 2014	463,550	463,550	799,228

Movements of ESOP warrants during the year ended 31 December 2014 are summarized below :

	(Unit : Thousand Baht)	
	2014	2013
Balance as at 31 December	10,156	16,582
Amount exercised during the year	(7,046)	(6,426)
Amount no longer exercisable because warrant holders ceased being directors or employees of the Company during the year	(3,110)	-
Balance as at 31 December	-	10,156

## 24. LEGAL RESERVE

Legal reserve represents the reserve which the Company appropriated under the provisions of the Public Limited Companies Act B.E. 2535, which requires the Company to appropriate at least 5% of its net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.

## 25. DIVIDENDS PAID

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2012	Annual General Meeting of the shareholders on 29 April 2013	318,430	0.70

26. OTHER INCOME

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2014	2013	2014	2013
Interest income	34,992	23,336	83,504	68,527
Income from sale of by products	14,705	13,390	14,705	13,390
Export subsidies refund	12,688	8,903	12,688	8,903
Compensation from export duty	4,346	5,366	4,346	5,366
Interest income from credit sale	3,185	5,193	77,879	40,732
Income from sales of scrap	1,625	1,868	1,625	1,868
Gain on sales of equipment	862	2,460	862	2,460
Others	12,515	20,015	14,073	17,810
Total	84,918	80,531	209,682	159,056

27. EXPENSES BY NATURE

Significant expenses by nature are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2014	2013	2014	2013
Salaries and wages and other employee benefits	903,198	956,334	475,544	423,334
Depreciation and amortization expense	131,418	112,378	70,815	68,764
Raw materials and consumable supplies used	6,007,152	5,442,913	3,142,575	3,190,643
Logistic expenses	144,259	167,141	58,926	62,312
Utilities expenses	113,383	114,966	78,322	75,457
Warehouse expenses	21,045	1,543	-	1,543
Maintenance expenses	41,997	56,532	21,822	34,793
Rental expenses from operating lease agreements	9,254	9,876	7,185	7,464
Changes in inventories of finished goods and work in process	102,766	(9,310)	31,316	291,400
Reversal of provision for decline value of inventories	2,373	(5,537)	(14,000)	(7,000)
Loss (gain) from exchange rate and derivative Instruments	(28,201)	34,145	40,919	914

## 28. PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rates of 3% and 5%, respectively, of their basic salaries. The fund, which is managed by Bank of Ayudhya Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years 2014 and 2013, the Company contributed Baht 4.9 million and 5.2 million, respectively.

## 29. PROMOTIONAL PRIVILEGES

The Company has been granted various promotional privileges by the Board of Investment under the Investment Promotion Act. B.E. 2520 Details of the promotion certificates are as follows :

Certificate No.	Certificate's date	The promoted business	Date of first earning operating income
1498/2543	23 August 2000	The manufacture of frozen seafood, and frozen processed and semi-processed seafood products.	7 July 2003
1739(3)/2550	4 June 2007	The manufacture of frozen processed or semi-processed products.	1 July 2011
1740(2)/2550	20 June 2007	The manufacture of frozen seafood products.	1 July 2011
1070(2)/2557	9 January 2014	The manufacture of frozen seafood products.	Not revenue in the present
1075(3)/2557	10 January 2014	The manufacture of semi-processed product and frozen product	Not revenue in the present

Subject to certain imposed conditions, the privileges granted under the Company's promotion certificates include the following :

- Permission to own land in order to carry on the promoted activities, as deemed appropriate by the Board of Investment.
- Exemption from import duty on machinery imported for use in production, as approved by the Board.
- Exemption from corporate income tax on net profit for a period of eight years commencing as from the date of first earning income from the promoted operation.(Exemption certificate no. 1740(2)/2550 and 1070(2)/2557 not exceed 100 percent of investment).
- Exemption from income tax on dividends paid from the profit of the promoted operation, for a period of eight years.

- e) Permission to deduct costs of installation or construction of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.
- f) Exemption of income tax on profits rate of fifty percent of the normal rate for a period of five years from the date of the expiration that tax-exempt under section c) (Only exemption of certificate no. 1498/2543).

The Company's operating revenues for the years ended 31 December 2014 and 2013 are below shown divided according to promoted and non-promoted operations as follows :

	(Unit : Thousand Baht)		
	Promoted business	Non - promoted business	Total
<b>2014</b>			
Sales			
Domestic sales	2,957	5,465	8,422
Export sales	3,770,851	362,819	4,133,670
Total sales	<u>3,773,808</u>	<u>368,284</u>	<u>4,142,092</u>
<b>2013</b>			
Sales			
Domestic sales	3,693	11,774	15,467
Export sales	3,691,750	23,913	3,715,663
Total sales	<u>3,695,443</u>	<u>35,687</u>	<u>3,731,130</u>

### 30. FINANCIAL INFORMATION BY SEGMENT

The Company's financial information classified by geophysical area for the years ended 31 December 2014 and 2013 are presented as follows :

	(Unit : Thousand Baht)							
	Consolidation F/S							
	For the years ended 31 December							
	Overseas operation		Thailand operation		Elimination		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from 3rd parties	6,515,809	3,998,308	1,874,762	2,890,751	-	-	8,390,571	6,889,059
Revenue from related parties	-	-	2,281,984	863,128	(2,281,984)	(863,128)	-	-
Total Revenue	<u>6,515,809</u>	<u>3,998,308</u>	<u>4,156,746</u>	<u>3,753,879</u>	<u>(2,281,984)</u>	<u>(863,128)</u>	<u>8,390,571</u>	<u>6,889,059</u>
Interest income	33,816	14,384	83,527	68,526	(82,351)	(59,575)	34,992	23,335
Interest expense	165,526	98,510	50,277	33,814	(160,983)	(91,303)	54,820	41,021
Depreciation and amortization expense	60,572	43,537	70,846	68,841	-	-	131,418	112,378
Segment profits (loss) before taxes	<u>127,963</u>	<u>3,838</u>	<u>326,075</u>	<u>(354,414)</u>	<u>41,862</u>	<u>28,754</u>	<u>495,900</u>	<u>(321,822)</u>

	Consolidation F/S							
	For the years ended 31 December							
	Overseas operation		Thailand operation		Elimination		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Segment assets	2,944,959	2,337,422	2,940,599	2,789,275	(1,655,948)	(1,322,694)	4,229,610	3,804,003
Increase (decrease) of non – current assets of segment	258,376	472,448	(1,190)	366,921	(148,629)	(312,964)	108,557	526,405
Segment liabilities	2,646,432	2,113,426	1,511,679	1,728,567	(1,612,478)	(1,255,731)	2,545,633	2,586,262

### 31. EARNING PER SHARE

Earnings per share is calculated by dividing profit for the year attributable to shareholders of the Company, excluding other comprehensive income, with the sum of weighted average number of ordinary shares issued during the year.

Diluted earnings per share are calculated by dividing profit for the year attributable to shareholders of the Company, excluding other comprehensive income, with the sum of weighted average number of ordinary shares issued during the year and weighted average number of ordinary shares in the Company may be issued to converse diluted share into common stock. The calculation assumes that the conversion into ordinary shares occurs at the beginning of the year or on the date the potential ordinary shares.

The calculation of earnings per share, basic and diluted earnings per shares are as follows :

	Consolidated F/S					
	Profit (loss) for the year		Weighted average common stock		Profit (loss) per share	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings (loss) per share						
Profit (loss) attributable to equity holders of the parent company	409,572	(335,472)	460,533	456,147	0.89	(0.74)
Potential effect of dilutive ordinary shares						
Warrants	-	-	-	3,814		
Diluted earnings (loss) per share						
Profit (loss) of ordinary shareholder assuming the exercise of warrants	409,572	(335,472)	460,533	459,961	0.89	(0.73)



	Separate F/S					
	Profit (loss) for the year		Weighted average common stock		Profit (loss) per share	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings (loss) per share</b>						
Profit (loss) attributable to equity holders of the parent company	325,844	(354,586)	460,533	456,147	0.71	(0.78)
<b>Potential effect of dilutive ordinary shares</b>						
Warrants	-	-	-	3,814		
<b>Diluted earnings (loss) per share</b>						
Profit (loss) of ordinary shareholder assuming the exercise of warrants	325,844	(354,586)	459,264	460,533	0.71	(0.77)

## 32. DISCLOSURE ON FINANCIAL INFORMATION

### ***Financial risk management***

The Company's financial instruments principally comprise cash and cash equivalent pledged deposits at banks, trade accounts receivable, loans, investments, bank overdrafts and short - term loans from financial institutions, loans, finance lease payables, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below:

### ***Credit risk***

The Company has exposure to credit risk primarily with respect to trade and other receivable and loans. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses since most of the credit granting are covered with contracts and guarantees. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, and other receivables as stated in the statement of financial position.

### ***Interest rate risk***

The Company's exposure to interest rate risk relates primarily to its cash at banks, loans to bank overdrafts, short-term and long-term loans. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

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

(Unit : Million Baht)

Consolidated F/S						
As at 31 December 2014						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non- interest Bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	228	34	262	0.37 – 0.50
Current-portion of time deposit with financial institution	20	-	-	-	20	1.50
Trade and other receivables	-	-	-	724	724	-
Restricted bank deposits	-	15	-	-	15	2.00 - 3.00
Long - term deposit with financial institution	-	452	-	-	452	8.00
long-term loans to related parties	20	467	228	758	1,473	

(Unit : Million Baht)

Consolidated F/S						
As at 31 December 2014						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non- interest Bearing	Total	Effective interest rate (% per annum)
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	658	-	276	-	934	2.90
Trade and other payables	-	-	-	570	570	-
Long-term loans	-	-	795	-	795	3.33 - 4.55
Liabilities under finance lease agreements	3	-	-	-	3	4.00
	661	-	1,071	570	2,302	

(Unit : Million Baht)

Consolidated F/S						
As at 31 December 2013						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non- interest Bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	36	155	191	0.25 - 0.65
Trade and other receivables	-	-	-	617	617	-
Restricted bank deposits	-	9	-	-	9	1.45 - 2.25
Long - term deposit with financial institution	-	20	-	-	20	1.50
long-term loans to related parties	-	363	-	-	363	8.00
	-	392	36	772	1,200	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	653	-	-	-	653	4.00 - 4.50
Trade and other payables	-	-	-	638	638	-
Long-term loans	-	-	897	-	897	4.00 - 4.50
Liabilities under finance lease agreements	5	2	-	-	7	2.85 - 6.00
	658	2	897	638	2,195	

(Unit : Million Baht)

Separate F/S						
As at 31 December 2014						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non- interest Bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	66	33	99	0.37 - 0.50
Current-portion of time deposit with financial institution	20	-	-	-	20	1.50
Trade and other receivables	-	-	-	739	739	-
Restricted bank deposits	-	15	-	-	15	2.00 -3.00
Long-term loans to related parties	-	962	-	-	962	8.00
	20	997	66	772	1,835	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	658	-	-	-	658	2.90
Trade and other payables	-	-	-	21	21	-
Long-term loans	-	-	712	-	712	3.33 - 4.55
	658	-	712	21	1,391	

(Unit : Million Baht)

Separate F/S						
As at 31 December 2013						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non- interest Bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	36	-	36	0.25 - 0.65
Trade and other receivables	-	-	-	691	691	-
Restricted bank deposits	9	-	-	-	9	1.45 - 2.25
Long - term deposit with financial institution	-	20	-	-	20	1.50
Long-term loans to related parties	-	990	-	-	990	8.00
	9	1,010	36	691	1,746	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	633	-	-	-	633	2.96 – 3.20
Trade and other payables	-	-	-	60	60	-
Long-term loans	-	-	804	-	804	3.33 - 4.80
	633	-	804	60	1,497	

**Foreign currency risk**

The Company has exposure to foreign currency risk from trading transactions and borrowings that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange and currency swap contracts when it considers appropriate. Generally, the forward and currency swap contracts mature within one year.

Monetary assets and liabilities balances in foreign currency are as follows :

In Foreign Currency ('000)				
Consolidated F/S		Separate F/S		
2014	2013	2014	2013	
<b>Current assets</b>				
Cash at banks				
USD	2,674	750	1,962	31
GBP	2,628	2,058	1	1
Trade accounts receivable				
USD	7,528	3,808	6,355	3,808
GBP	21,850	11,948	10,540	5,676
Loan to subsidiaries				
USD	13,966	12,898	12,592	12,898
GBP	10,795	15,170	10,795	11,123

	In Foreign Currency ('000)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<b><u>Current liabilities</u></b>				
Trade accounts payable				
USD	19	-	-	-
GBP	9,356	7,982	-	-
Loan from				
USD	13,100	16,660	13,100	16,660
GBP	1,621	1,723	-	-

Some of the above financial assets and liabilities have forward foreign currency contracts and derivatives as Note to the financial statements No.9.

#### ***Fair values of financial instruments***

Since the majority of the Company's, its subsidiaries' and its joint ventures' financial instruments are short-term in nature, and the significant financial assets and liabilities comprise loans to and loans from, which bear interest at rates close to market rates, the fair value of these financial assets and liabilities are not expected to be materially different from the amounts presented in the statement of financial position.

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

The Company and subsidiaries have invested into derivatives as a mean to prevent risk from volatile movements in exchange rates or interest rate by establishing a future exchange rates which the related asset and liability will be receive or settle. The Company and subsidiaries have not recognized the foreign exchange option contracts in the financial statement.

Fair values of outstanding financial derivatives has gain (loss) as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Foreign exchange option contracts	-	(7,229)	-	(2,443)

### 33. OBLIGATIONS

#### 33.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 1 and 2.5 years. Future minimum lease payments required under these non-cancellable operating lease contracts are as follows :

	(Unit : Million Baht)	
Payable	2014	2013
Within 1 year	7.1	3.4
Over 1 and up to 3 years	6.9	0.1

The subsidiaries have entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 1 and 5 years. Future minimum lease payments required under these non-cancellable operating lease contracts are as follows :

	(Unit : Thousand GBP)	
Payable	2014	2013
Within 1 year	49	103
Over 1 and up to 5 years	-	33

#### 33.2 Capital commitments

As at 31 December 2014, the Company has capital commitments in respect of purchases of machines and equipment amounting to Baht 18.9 million.

#### 33.3 Bank guarantees

	2014	2013
<u>The Company</u>		
US Customs bond	USD 0.5 million	USD 0.5 million
Electricity guarantee	Baht 7.2 million	Baht 7.2 million
Energy Policy and Planning Office guarantee	Baht 1.9 million	Baht 1.9 million
Import - export guarantee - Customs Dept.	Baht 1.0 million	Baht 1.0 million

### 34. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Company's board of directors on 26 February 2015.



**SET AWARDS 2014  
Outstanding Corporate Social  
Responsibility Awards**



**Very Good CG Scoring  
Top Quartile by Market Capitalization  
3,000-3,999 MB**



**Thai Labor Standard:  
Thai Corporate Social  
Responsibility  
2010-2014**



**Safety, Occupational Health and  
Working Environment Award  
in National Level  
2011-2014**



บริษัท ซีเฟรชอินดัสตรี จำกัด (มหาชน)

**Seafresh Industry Public Company Limited**



# Sustainable Business Growth



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สำนักงาน: 152/25 อาคารชาร์เตอร์สแควร์ ชั้น 31  
ถนนสาทรเหนือ แขวงสีลม เขตบางรัก  
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