

Annual Report 2012



We Put our cares to serve the quality



Mission

1. We commit to operate our business based on prudence, transparency and conscientiousness.
2. We aim to be an astute professional team in continuing to research for innovating convenient, safe and environmentally friendly products.
3. We care and provide opportunity to dedicated talented employees to find ways of improving customer service.

Vision

To be a virtuous corporate brand name with dedication to manufacture and deliver goods and services in terms of comfort safety and environmental friendliness, widely recognized in the global market place.

Corporate Value

1. Loyalty centered : Emphasize on integrity, be professionalism and learning.
2. Teamwork : Work together as a team sharing experiences to attain performance excellence.
3. Merit system : Open opportunities to talented individuals to make valuable contributions.
4. Morality base : Adhere to good corporate governance, conscientiousness manner throughout organization.

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Message from the Board of Directors



Changes in climate cause irregularity to the seasons, drought or surplus water leading to flooding. All these factors cause damage to the source of production, thus reducing productivity and causing delay in normal schedule of production. These factors affect the price of raw materials significantly and influence the aquatic animal industry.

The upstream industry, animal feed products are forced to bear the increased cost despite the price adjustment of animal feed products through reduced trade discount. Manufacturers of aquatic animal feed will not be foisted upon them all the burdens on farmers of aquatic animals; they have to bear part of the burden.

The rearing of aquatic animals was impacted by changes in the climate in certain areas; including the epidemics in shrimps (EMS disease--Early Mortality Disease). It was not known whether this disease is caused by a virus or bacteria, resulting in the decline of shrimp production in the second half of the year about 10 percent from that of the previous years (data available from Thai shrimp farmers in 2012 in which total production of shrimp productivity was 540,000 tons: a decline from that of 2011 at 600,000 tons). The industry shrank slightly instead of scoring growth as was the case in the previous years. Incidentally, both the government and private sectors are attempting to inhibit and prevent the epidemic.

For 2012, the Company earned a gross income of 2,874 million Baht and Group of Companies earned gross income of 3,219 million Baht, an increase of 491 million Baht or it was upped 18 percent when compared with the preceding year, from the recognition of income from frozen food business which the Company had purchased the previous year of 335 million Baht, because SMP has been changed to Subsidiary. In addition, the selling income of the company only also increased from shrimp feed selling, fish feed selling, farming and post larva shrimp selling.

The growth on the basis of adherence to the products of good quality, good service, creating customer satisfaction, creating confidence and acceptance from shrimp farmers, pushing up the growth in earning in spite of the overall decline in shrimps production.

The Company had constructed the Research and Development of Aquatic Animals Feeds Center in Samut Songkram Province to expand its capability in the research and development of aquatic animal feeds in response to the ever-changing feed technologies and for the development of feed formulas for aquatic animals to undergo good growth and good FCR (Feed Consumption Rate). The said Research Center was scheduled for completion and its operation to be opened in 2013.

The Company is determined to operate a business of finished aquatic animal feeds of quality and while at the same time, it has also had concerns for the environment. As the senior executives have had high resolve to manage the environment at universal standard, a policy and sets of actions are introduced to accommodate the Environment Management System Standard: ISO 1400, and the said system was certified on 17 May 2012.

The Company adheres to the philosophy of giving support to the community and society as they are a foundation of sustainable development of society and of business. The projects for various social activities have been organizing on a yearly basis. The 2 remarkable projects are "Thailuxe Graduates Project" and "The school Fishery Project". Thailuxe Graduates Project is the project to distribute scholarships to the employees and the children of the customers to support their education, enhance knowledge, ability and higher education opportunities. The School Fishery Project is project to promote learning about raising aquatic animals and sustainable knowledge to enable them to engage in a supplement occupation to increase income besides instilling the awareness according to the sufficiency economy for sustainability of further occupation, and can be high quality protein food for students which the schools can save the fund for children lunch.

The Board of Directors wishes to congratulate and laud the executive team including all levels of personnel for their dedication, paying attention to operating the business under various pressures and challenges to be encountered and the capability to administer, to manage in order to overcome obstacles smoothly to reflect the operating results as appeared with paying attention to society as there are many activities which are useful to interested persons collectively.

The Company's Board of Directors begs to promise that it is determined to work to its utmost capacity and prudence to operate the business under risk with good business ethics, good corporate governance, with strict compliance with the law, regulations, and criteria with integrity, honesty, and transparency to bring good returns and benefits to shareholders, customers, employees and society collectively.



Mr. Anurot Seneepakonkai
Chairman of the Board of Directors On behalf of the Board of Directors

Message from Audit Committee



In the past year, the Audit Committee, Thai Luxe Enterprise PLC, performed its assignment and duty according to the mission set forth by the Board of Directors, to oversee the interest of the shareholders and interested persons in consistence with the principle of good corporate governance and the principle of societal responsibility of a corporate organization.

The Audit Committee has performed its duty to review the financial statement more correctly and adequately; there is supervision to ensure the availability of suitable, efficient internal control system and that is promoting training and personnel development in the realm of internal control consistently. There is availability of the review to ensure that the Company has complied with the law and regulations concerned. As regards the selection of auditor, the Audit Committee has selected the auditor and nominated for appointment and proposed the remuneration of the auditor in the meeting of shareholders. Moreover, a discussion meeting with the auditor was held regarding various work performance.

The performance of the Audit Committee for 2012 The Audit Committee provided support to the Management in participating in the assessment of the corporate good governance in collaboration with the Stock Exchange of Thailand for improvement of corporate good governance of the Company to be consistent with the assessment criteria of the Stock Exchange of Thailand and in the benefits of the interested persons of the Company. Moreover, the Audit Committee also attaches importance to corporate responsibility towards society and is providing advice to the Management to prepare the report on corporate social responsibility to society for use to communicate social activities to interested persons for information.

The Audit Committee still adheres to the mission, the duty to protect the interest of the Company, minor shareholders and interested persons and emphasizes performance of duty creatively continuously.

A stylized, handwritten signature in black ink, consisting of several connected loops and a long horizontal stroke at the end.

ASST.PROF. Phiphat Nonthanathorn,Ph.D
Chairman of the Audit Committee

Financial Information

		2012	2011	2010
Sales	(Baht)	3,158,189,082	2,686,753,445	2,918,981,626
Gross Profit (Loss)	(Baht)	165,684,409	174,439,229	235,220,380
Earning per Share	(Baht)	0.40	0.46	0.62
Total Asset	(Baht)	1,834,044,443	1,586,873,905	1,428,342,446
Total Liabilities	(Baht)	521,803,275	491,548,997	375,925,260
Shareholders' Equity	(Baht)	1,312,241,168	1,095,324,908	1,052,417,186
Book Value	(Baht)	3.09	2.88	2.77
Return on Asset	(%)	10.30	11.02	17.95
Return on Equity	(%)	14.64	15.47	24.14
Debt to Shareholders	(times)	0.40	0.45	0.36
Dividend Yield	(%)	6.74	7.78	8.80
P/E Ratio	(times)	9.80	7.84	6.99

General Information

Company

Thai Luxe Enterprises Public Company Limited

Located

Head Office	69/5 Moo 5 Rama II Road, Muang District, Samutsongkram 75000 Tel: (66) 3477-1401 Fax: (66) 3477-1406
Office and Petchburi Factory	62 Moo 2 Utapao Road, Kaoyoi District, Petchburi 76140 Tel: (66) 3244-7681 Fax: (66) 3244-7689
Bangkok Office	101/3-4 Nares Road, Bangrak, Bangkok 10500 Tel: (66) 2266-4725 Fax: (66) 2236-7347

WEB SITE

<http://www.thailuxe.com>

E-mail

bkk@thailuxe.com

Nature of Business

Agriculture Business

Registration Dated

Transformed to Public Company on February 24th, 1994
in accordance with Public Company Limited at B.E. 2535

Registration Number

0107537000670

Name in SET

TLUXE

Registered Capital

618,451,520 Baht, divided into 618,451,520 common shares (Unpaid capital is to reserve the number of ordinary shares as a result of warrant exercise)

Paid Up Capital

424,988,343 Baht, divided into 424,988,343 common shares

The Subsidiary and Affiliated Companies: which the company holds their shares more than 10%

SMP Food Products Company Limited

Located : 69/5 Moo 5 Rama II Road, Muang District, Samutsongkram 75000
Type of Business : Manufacturing and Distributing Frozen Food
Registered Capital : 42 Million Baht
Paid Up Capital : 33 Million Baht
% of Shareholder : 96.43 %
Type of Shares : Common Shares

Other Reference Person

1. Registrar

Thailand Securities Depository Company Limited

4th, 6-7th Floor, The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok 10110

Tel: 66-2229-2800 Fax: 66-2359-1259

2. Auditor

Ernst & Young Office Limited

33rd Floor, Lake Rachada Office Complex, 193/136-137 Rachadapisek Road, Klongtoey, Bangkok 10110

Tel: 66-2264-0777 Fax : 66-2264-0789

- Mr. Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

- Miss Siraporn Earanankul

Certified Public Accountant (Thailand) No. 3844

- Miss Tipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

3. Legal Advisor

- Tilleke & Gibbins International Ltd

Supalai Grand Tower, 26th Floor, 1011 Rama 3 Road, Chongnonsi, Yannawa 10120

Tel: 0-2653-5555

History

Year	Event
1987	The Company was set up on 11th June with registered capital of 20 million baht to import shrimp feeds from Taiwan and started raising Black Tiger Shrimp.
1989	Registered capital was increased to 40 and 60 million baht in January and in August respectively to construct factory to produce frozen shrimp.
1990	The Company started production of shrimp feeds locally and frozen products for exports. The Company began to reduce its imports of aquafeed and increased its capital to 80 million and 100 million baht in March and November respectively, to improve the cash flow.
1993	Increased the production variety by including fish feeds and received the Annual Excellence Award for 1993 for Agricultural Industrial Exports.
1994	The Company has been transformed into a Public Company in February when registered capital was upped to 125 million baht in a bid to sell shares to the public and the Company received permission to be registered at Securities Exchange of Thailand in September. Capital so collected was used to expand product line, namely, red shrimps and giant squids frozen for exports.
1998	The Company stopped production of frozen products as the local economy faced doldrums.
1999	The Company opened a new factory to manufacture aquafeed in Petchburi province and the manufacturing base for shrimp feeds was moved totally to the new factory. Investment was made by acquiring shares 10% in SMP Food Products Co. Ltd. Engaged in the business of selling and manufacturing frozen processed foods locally and for exports.
2000	Registered capital was increased to 187.5 million baht in April for use in making fish feeds and paid back the dollar loan completely.

Year	Event
2001	The Company earned the ISO 9002 from the Institute UKAS, United Kingdom. Capital was increased to 250 million baht in October and the capital was used to set up Betagro-Thai Luxe Holding Co. Ltd., with purpose of making investment to manufacture animal feed in Vietnam, with shareholdings of 50%. The said Company which desires to make investment in Betagro-Thai Luxe Vina Feedmill Co. Ltd., by 100% to manufacture feedstuffs. In August the Company made investment in Thai Luxury Food Co. Ltd., for producing and selling processed foodstuffs. The Company's Shareholdings in the said Company is 45%.
2002	Made investment by procuring shares of Thai Luxury Food Co. Ltd., Additionally to the tune of 6.67% which made total shareholdings of the Company to reach 51.67%. Thus, this Company status changed from Affiliated to a Subsidiary. In December at the meeting of the Company's Board of Directors, a resolution was passed for the Company to give up its rights to buy shares additionally of Thai Luxury Food Co. Ltd. Whose capital was increased by 7.5 million baht, due to the said company faced losses, the Board of Directors expressed no confidence in the management and did not permit additional purchase of shares to increase the capital. This resulted in the shareholdings of the Company in Thai Luxury Food Co., Ltd. dropped from 51.67% to 41.33% and the Company's status also rechanged from Subsidiary to Affiliated.
2003	The Company earned ISO 9001:2000 from the UKAS of United Kingdom and the shrimp feed factory also earned the recognition under GMP and HACCP from Livestock Department and thus recognized as the first factory to have received the Recognition of both Institutions, including received The Q Mark from Livestock Department. Betagro-Thailuxe Vina Feedmill Co., Ltd started the productions in February
2004	Fish feed factory was expanded by construction of a new factory in Petchburi province. Shareholdings was increased in Betagro-Thai Luxe Holdings Co. Ltd., by another 10% on 30 September, so that the Company's shareholdings in the Company rose to 60%, including increase in equity in SMP Food Products Co. Ltd., by 11.43% on 30 September, so that shareholdings in SMP Food Products Co., Ltd. became 21.43%.

Year	Event
2005	In July, the Company made a decision to stop its investments in Thai Luxury Food Co. Ltd., by selling shares totaling 155,000 (41.33%) to other shareholders of the Company having no relevance to the Company. In this nexus, as the aforementioned Company faced losses, coupled with the fact the said investment was not conducive to the interests of the Company, In August, the company had issued and offered warrant to purchase ordinary shares of the Company, 125,000,000 units by not charging price to the existing shareholders of the Company and also issued and offered warrant to purchase ordinary shares of the Company to directors and staffers of the Company under the ESOP theme by not more than 7,500,000 units. At the same time shares par value was changed to 1baht that increased the total number of ordinary shares of the Company to reach 250,000,000 units. Registered capital was also increased 133,760,000 baht. It is made up of 133,760,000 ordinary shares with 1.00 baht par value, out of previous registered capital of 250,000,000 baht into the new capital Registration of 383,760,000 baht made up of 383,760,000 ordinary shares Worth 1.00 baht each in a bid to contain exercise of rights to purchase shares of The Company. The New fishmeal factory in Petchburi province began productions in August.
2007	New Fishfeed Factory in Petchburi province earned recognition under GMP and HACCP from Livestock Department so that the Company enjoyed both shrimp and fish feed standards completely. Increase in equity in Betagro- Thailuxe Holding Co. Ltd., by 5% of paid capital.
2008	The Fishfeed Factory in Samutsongkram province was stopped the production in March. The Company expanded its avenues for business by selling frozen food under the brand name “Mamee Cuisine”, and launched to the market in August. Marketing is carried out by the Company with SMP Products Co., Ltd. is the manufacturer.

Year	Event
2009	The company earned ISO 9001:2008, and changed the Logo of the Company to show the step by step approach to highest efficiency with efforts for environmental balance and social commitments
2010	Decreasing of the Company's Register Capital to 380,451,520 Baht
2011	Increased the Company's registered capital from the previous registered capital of Baht 380,451,520 to be the new registered capital of Baht 618,451,520 by increasing the new capital of Baht 238,000,000 divided into 238,000,000 ordinary shares at the par value of Baht 1 each for the following purposes: (a) To support the exercising of the warrants to buy the ordinary shares of the Company No. 2 (TLUXE-W2) in the amount of 169,000,000 units; (b) To support the exercise of the warrants to buy the ordinary shares of the Company to its directors, management and/or employees according to ESOP No. 2 ("TLUXE-ESOP2") in the amount of 19,000,000 units; (c) To support an issuance of Taiwan Depository Receipts: TDRs with total number of 50,000,000 shares. In February, there was an issuance and allocation of warrants to buy ordinary shares of the Company No. 2 ("TLUXE-W2") in the amount of 169,000,000 units (one hundred sixty nine million units) to existing shareholders, and an issuance and allocation of warrants to buy ordinary shares of the Company to its directors, management and/or employees according to ESOP No. 2 ("TLUXE-ESOP2") in the amount of 19,000,000 units (nineteen million units) In April, the company started fish culture in floating baskets in Karnchanaburi province and in June the company invested in shrimp farm in Chumporn province In December, the company was chosen to receive "Company Performance Awards", and the CEO was chosen to "Outstanding CEO", and being one of the 7 finalist to be chosen to "theBest CEO Awards", in SET AWARDS 2011by The Stock Exchang of Thailand.

Year	Event
2011	Shareholdings were increased in SMP Food Products Co. Ltd., by another 74.97% on 8 December, so that the Company's shareholdings in the Company rose to 96.43%, the Company's status also rechanged from Affiliated to Subsidiary.
2012	In May, the company has been awarded ISO4001:2004 from (United Registrar of Systems (Thailand) Limited. In July, the Company made a decision to stop its investments in Betagro Thailuxe Vina Feedmill Co. Ltd., by selling shares to other outside investor who has no relevance to the Company. In this nexus, as the aforementioned Company faced losses, coupled with the fact the said investment was not conducive to the interests of the Company, and In November the company made a decision to close down Betagro Thailuxe Holding Company Limited.

Nature of Business

Thai Luxe Enterprises Public Company Limited (the Company) had established its business in 1987, to undertake the import shrimp feeds for distribution and also operate Black Tiger Shrimp farm. The Company had conducted its business in Agriculture industry, and engaging in the business of manufacturing and distributing Aqua Feed both in the domestic and overseas markets. The Company's business operations can be divided into 2 parts, the production of Shrimp Feed and the production of Fish Feed, both of which are full-cycle operations, which begins from the procurement of raw material, production, sales and distribution.

Factory*	Location	Product	Production Capacity (MT/year)
Petchburi Factory	62 Moo 2 Utapao Road, Kaoyoi District, Petchburi 76140	Shrimp Feed	80,400**
		Fish Feed	61,000***

Remark: Fish feed factory in Samutsongkram has stopped the production since March 2008
 Shrimp feed factory in Petchburi started the operation in 1999
 Fish feed factory in Petchburi started the operation in 2005

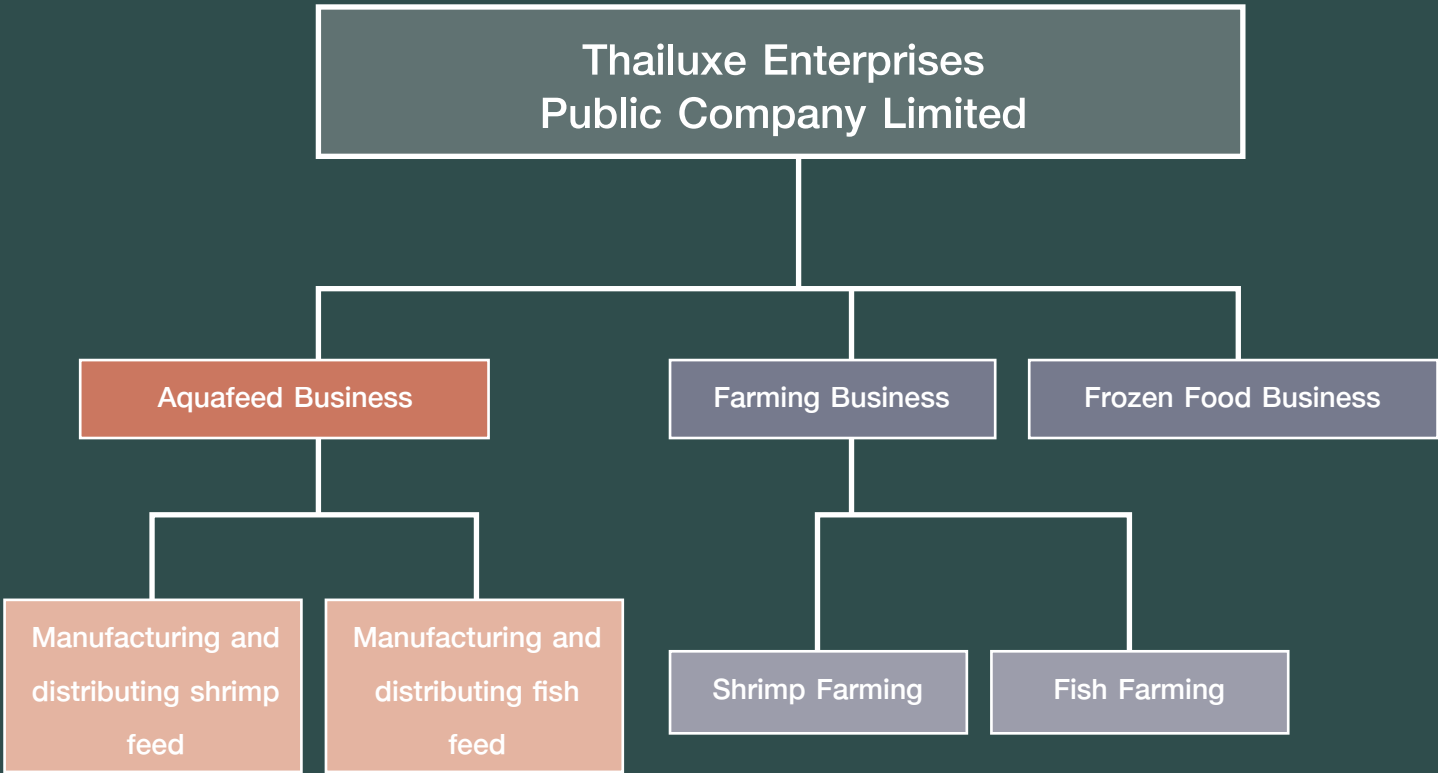
Throughout the period of its business engagement since its establishment, the Company had consistently and progressively developed and improved its manufacturing standard by acquiring advanced technology. The Company had been awarded the ISO9001 : 2008 and ISO4001 : 2004 from United Registrar of Systems (Thailand) Limited, as well as the awarding of the GMP and HACCP Certificates. The company is the first aquafeed manufacturer who has been awarded GMP and HACCP before the government announced 2004 to be the "Year of Food Safety."

The company is the manufacturer and distributor of shrimp feed and fish feed, which produced into pellets for sell to distributors in the country, and some are sold directly to farmers who own farms or group of farmers or its cooperatives.

Thailuxe production process of the quality aquatic feed starts from carefully select the best available ingredient, such as fishmeal, wheat flour, soybean meal, by our expert nutritionist. The company had developed the production process consistency and continuous by introducing cutting-edge technology. We also focus on continual business development in order to produce the super standard products that are environmentally and socially friendly, safe, and health promoting for consumer together with par excellence service to maximize customer satisfaction. Thailuxe has been continuously developing this production process to become the leading manufacturer in quality.

The company is now operating a research and development center in Samutsongkram area to develop the feed formula, since the feed technology is always changing, to get better Feed Conversion Rate (A measure of an animal’s efficiency in converting feed mass into increased body mass). This center will be completed and ready to operate in year 2013. The company also investing in the new shrimp feed plant in Songkla area, the production capacity is 60,000 MT/year. It is currently under construction and machine installation. The estimated time to be ready for production will be in the 4th quarter of year 2013.

The Company has expanded the business sectors to shrimp and fish farming by raising Thubthim fish in the floated basket (Kra-chang) in Karnchanaburi Province, and shrimp farm ponds in Chumporn province, and also expanded to food sector by making investment in SMP Food Products Company Limited with the aim of manufacturing and distributing of frozen processed foods. Currently shareholding in this Company is 96.43%. Therefore, the company can fully integrate with aquatic animal business FARM, FEED, FOOD, and the details of each business sectors are given as follows.



Srimp Feed Business

There are 4 categories as follow :

Black Tiger Shrimp Feed under brand name Thailuxe, Lucky, Speed, Deluxe, and Work.



“THAILUXE” Black Tiger Shrimp Feed



“LUCKY” Black Tiger Shrimp Feed



“SPEED” Black Tiger Shrimp Feed



“DELUXE” Black Tiger Shrimp Feed



“WORK” Black Tiger Shrimp Feed

Fresh Water Prawn Feed under brand name Thailuxe.



“THAILUXE” Freshwater Prawn Shrimp Feed

Vannamai Shrimp Feed under brand name Vanna and Thailuxe



“VANNA” White Shrimp Feed



“THAILUXE” White Shrimp Feed

Economy Shrimp Feed under brand name Thailuxe, Lucky, Prochoice and Speed.



“THAILUXE” Economy Shrimp Feed



“LUCKY” Economy Shrimp Feed



“PROCHOICE” Economy Shrimp Feed



“SPEED” Economy Shrimp Feed

Fish Feed Business

There are 5 categories of Fish Feed and 1 category of Frog Feed as follow :

Catfish Feed under brand name Thailuxe, Lucky, Prochoice and Work



“THAILUXE” Catfish Feed



“LUCKY” Catfish Feed



“PROCHOICE” Catfish Feed



“WORK” Catfish Feed

Tilapia Fish Feed under brand name Speed



“SPEED” Tilapia Fish Feed

VegetarianFish Feed under brand name Thailuxe and Work



“THAILUXE” Vegetarian Fish Feed



“WORK” Vegetarian Fish Feed

Snapper fish feed under brand name Thailuxe



“THAILUXE” Snapper Feed

Pengasuis Catfish feed under brand name Prochoice and Work



“PROCHOICE” Pengasuis Catfish Feed



“WORK” Pengasuis Catfish Feed

“WORK” Pengasuis Catfish Feed



“THAILUXE” Frog Feed

Frozen Food Business

S M P Food Products Co., Ltd. (subsidiary) is the producer and distributor of frozen food products of quality. It has a policy of doing business in tandem with social responsibility placing an emphasis on the research and development in order to invent new, diverse products in time with the change in the market and looking for way to increase productivity according to the quality standard continually as to reduce the use of resource, cost of production, creation of pollution and destruction of the environment continually determined to product the goods above the standard, being safe to consumers and environmentally friendly including attaching importance to raw materials with tracibility to the source of raw materials used in production to guarantee the quality of the goods and the management of the company.

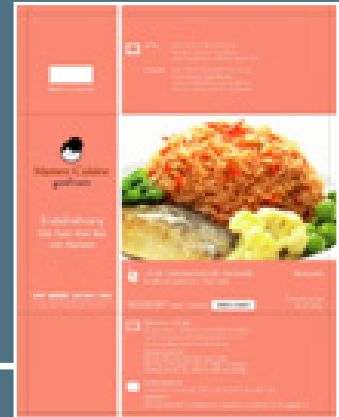
Presently the Company has been granted the ISO 9001-2008 certification standard and certification in terms of Global Standard for Food Safety from Intertek (Thailand) Institute including GMP certification in manufacture of animal feeds and HACCP certification from the Department of Fisheries and Department of Agricultural Extension including Halal Food certification.

The main ingredient of the products is shrimp goods being processed and mixed with other ingredients and subject to being cooked process to add value to the goods ready for preparation or foods ready for eating. Thereafter, the foods are subject to freezing process for distribution to the customers both domestically and abroad. For the goods to be exported, they are produced according to the need of the customers for distribution under the brand name of the buyers at the price agreed with the customer for dealing or according to the sale/purchase contract. The principal importers are European Union, Japan, Americas, Australia and other Asian countries. For the goods to be distributed domestically will be distributed under the customer's brand-name and under the Company's brand, that is, "Mamee CUISINE" and "OKA-SANG"; which currently are on sale in supermarkets, department stores such as the Villa Super Market, Home Fresh Marsh - The Mall Super Store, UFM Fujii Super Market, Max Value Thanjai Mini Super Market and Foods Land Super Market by using sales strategy for finished frozen foods in which shrimp is main ingredient. Being the goods fetching higher price than pork products, chicken products are sold at invariable price and the package is designed to look chic and attractive.

There are 6 menus launching in the market as follow :



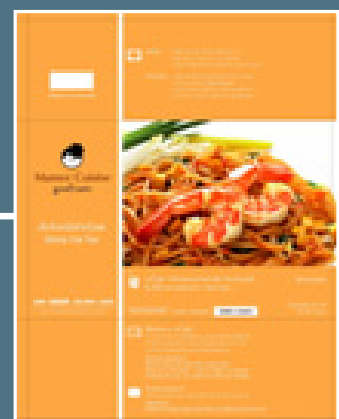
Boiled Rice with Shrimp



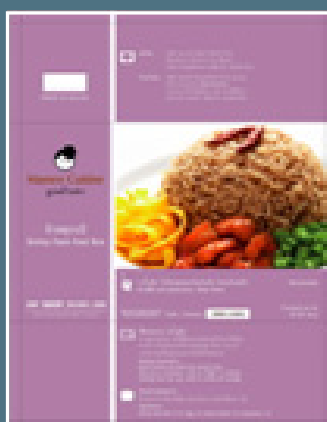
Chili Paste Fried Rice
with Mackerel



Basil Shrimp with Rice



Shrimp Pad Thai



Shrimp Paste Fried Rice



Assorted sushi

Farming Business

At present the breeding of Pla Thubthim fish in the floated basket (Kra-chang) in the reservoir of Mae Khlong Dam, in Karnchanaburi Province, totals 463 floated baskets (Kra-chang); in each floated basket (Kra-chang) about 1,200 Pla Thubthim fish are in breeding.

White shrimps, Vannamai, in 5 shrimp farm ponds in Chumporn province; in each shrimp farm pond about 250,000- 300,000 shimps/rai are in breeding.

- There are two 3-rai size breeding ponds in which about 750,000 shrimps are in breeding in each pond.
- There are one 5-rai size shrimp breeding ponds containing 1,500,000 shrimps in each pond.
- There are two 6-rai size shrimp breeding ponds containing 1,500,000 shrimps in each pond.

The Company will apply various techniques and technologies to prevent epidemic in shrimps and fish; to be friendly to the environment and will emphasize the application of Probiotic Farming technology that avoid the need to use drug and chemical substances.



TRENDS AND INDUSTRIAL SITUATION

Market of Shrimp Feed

Animal feeds industry will grow in tandem with the livestock industry. In any particular year, the growth shrimp farming industry is favorable, and then the quantity of sale of animal feed would grow in tandem with the livestock farming of fowls in such particular year. If for any year, the shrimp farm industry is facing the problem such as an epidemic, flooding, the sales of the animal feeds would drop in tandem with the industrial situation of raising fowl in such particular year.

Shrimp industry is the product champion of the country which creates income for interested people: from farm to table. Due to higher cost of farming than it was the case in the past to almost doubled times, some small farmers were unable to adjust to the situation, and farming had to be discontinued. The farming acreage was reduced to mere 325,000 rai. At the present, although the farming acreage, the number of farms has been on the decline, the productivity of Thai shrimps is yet on the rise yearly thanks to the increase in farming efficiency, farming technology, the development of the species of shrimp; thereby, the productivity has been maintained at about 500,000–550,000 million tons since 2007. From early 2012, the shrimp farmers have released concentrated volume of shrimp and simultaneously countrywide thanks to the dearer price of shrimp continually. Not until the month of April, the crisis of shrimp price was astoundingly on the decline due to:

1. The European economic crisis saw the drop in consumption of shrimp;
2. Import situation of shrimp of Japan was also on the decrease;
3. The economic situation in China went into recession for several years;
4. Market surplus of shrimp products was responsible for cold storage operating at full capacity;
5. Stock of shrimp in America, Japan, went slow in sale, thus purchase orders for shrimp were extremely sluggish.

1. Production situation

During the first 9 months of 2012, the productivity of marine shrimp from cultivation approximately totaled 355,416 tons comprising 346,809 tons (97.58 percent) of white shrimp (Vannamei shrimp) and black tiger prawn of 8,606 tons (2.42 percent). When compared to the same period of the preceding year, productivity was down 2.4 percent, which was 4.5 percent attributable to the raising of white shrimp, but as opposed to the 7 times increase in productivity of tiger prawn (see Table 1). Mostly black tiger prawn produced was exported to China in the form of live shrimp (by means of shocking the prawn by soaking or dipping the shrimp in extremely cold water to enable the export of prawn for a long distance of journey without bruising). The productivity of shrimp in the third quarter of this year was less in quantity than that of the preceding year to 26.9 percent in consequence of death of white shrimp in the raising area in the Eastern region. The shrimp would die during first 30 days of culture without known cause of the said disease. However, the Department of Fisheries was on close vigilance to prevent the epidemic of the disease. Moreover, the said epidemic problem had already impacted the productivity of shrimp, the problem of shortage of quality shrimp in several areas, then further similarly impacting the production of shrimp for this year.

Table 1 Number of farm, area, and production of marine shrimp from cultivation year 2002 – 2012

Year	Number of farm	Area (Rai)	Production (MTS)			
			Total shrimp	Black Tiger	Vannamei	Others
2002	31,179	464,881	264,924	260,574	-	-
2003	34,977	512,620	330,725	194,909	132,364	3,452
2004	33,411	445,001	360,289	106,884	251,698	1,707
2005	33,444	448,908	401,250	26,055	374,487	708
2006 *	30,732	423,628	507,184	3,977	503,207	-
2007 *	30,311	427,511	444,751	3,300	441,451	-
2008 *	25,041	342,235	466,330	1,912	464,418	-
2009 *	25,131	330,068	566,976	1,078	565,898	-
2010 *	-	-	553,909	2,393	551,516	-
2011 *	-	-	502,188	1,456	500,732	-
2011 (Jan-Sep)	-	-	364,264	1,086	363,178	-
2012 (Jan-Sep)	-	-	355,416	8,606	346,810	-
% changing	-	-	-2.4	693.2	-4.5	-

Source : Information Center, Department of Fishery

* Information from Marine Shrimp Culture Research Institute

2. Price Situation

The price of white shrimp (Vannamei) at Thai markets by average during the first 9 months of the year 2012, of every size, dropped from the same period of the preceding year (Table 2). The price during the second quarter dropped drastically as during the said period, the demand from abroad is negligible and was a short purchase order; the need for purchase of raw materials by the cold storage also dropped. As the shrimp products are mainly relying on overseas markets, therefore, impact on the price of shrimp's domestic raw materials was rather considerable coupled with major trading partners still fresh from the economic crisis, thus causing change in the behavior of consumption by switching to consuming other cheap products instead or consuming shrimp of smaller size, etc. Furthermore, the rival countries have increased the production of white shrimps (Vannamei), similarly giving more option to importer countries. In solving the said problem during the period requiring urgent solution, a project was launched to maintain stable price of white shrimp (Vannamei) by means of the marketing network system (type of Shrimp Cluster) in 2012. The project focused on the principle of coordinating with farmer groups and the cold storage business operators to negotiate and agree on the price of white shrimp (Vannamei shrimp) together with signing the agreement according to the group-type network system. The quantity of the target is 30,000 tons for a period of 3 months.

Table 2 Price of vannamei shrimp at Thai market during year 2004 -2012

Unit : Baht/Kg.

Year	Size (piece/kg.)						
	40	50	60	70	80	90	100
2004	185.04	151.98	127.22	114.33	105.42	-	-
2005	184.14	152.01	132.48	118.92	107.93	-	-
2006	181.93	146.29	124.73	114.14	104.17	95.98	89.82
2007	145.45	121	108.06	100.06	92.05	84.51	78.18
2008	137.86	123.39	111.88	105.67	99.16	93.49	87.95
2009	139.35	123.87	112.73	105.35	97.89	92.10	85.63
2010	151.64	138.39	121.62	113.50	104.50	94.38	86.90
2011	168.29	154.76	141.56	134.87	125.55	116.68	108.43
2011 (Jan-Sep)	168.11	154.33	141.72	135.68	126.48	116.86	108.49
2012 (Jan-Sep)	151.74	142.52	133.76	126.22	117.54	109.28	104.08
% changing	-9.74	-7.65	-5.62	-6.68	-7.07	-6.49	-4.07

Source : Samutsakorn Shrimp Trader Association, collected by Fisheries Technology Transfer and Development Bureau

Market of Frozen Food Products

The export of Thai shrimp in the first 9 months of 2012 totaled 254,544 tons accounting for 69,828 million Baht in total value; but the total export was down in terms quantity and value during the same period of the preceding years, accounting for 9.4 percent and 10.6 percent respectively. Most of the quantity of the export was down such as canned shrimp (-87.0 %), frozen boiled shrimp (-80.8 percent), Precooked shrimp or Cooked shrimp (-10.1 %) and Fresh Chilled and Frozen Fresh shrimp (-5.9%) respectively (Table 3).

Fresh Chilled and Frozen Shrimp

Taking into account the export of fresh chilled and frozen fresh shrimp during the first 9 months of 2012, it was found that the ratio of export touched 54.2 percent of overall export of shrimp. The volume and value of export of 2012 were variably on the decline when compared to the same period of the preceding year, which accounted for 5.9 % and 8.8 % respectively (see Table 3). The volume of export increased in the Asian markets and in the Middle East. As for the US market, the Americas and the EU, the export registered a decline.

Precooked or Cooked Shrimp

The export of precooked or cook shrimp products during the first 9 months of 2012 scored the second place as opposed to chilled and frozen fresh shrimp by approximately 45.33 percent of overall shrimp export. When compared to the same period of the previous year, the export declined in terms of quantity and value accounting for 10.1 percent and 10.6 percent respectively (Table No 3).

Table 3 Quantity and Value of Thai Shrimp exporting

Quantity: Mts Value: Million Baht

year	Fresh Chilled and Frozen Shrimp		Precooked or Cooked Shrimp		Canned Shrimp		Dried Shrimp		Frozen Boiled Shrimp		Total Shrimp	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
2002	99,223	34,406	104,649	37,287	7,446	2,161	337	92	56	11	211,711	73,957
2003	118,913	35,918	108,279	34,205	6,436	1,549	363	101	101	27	234,092	71,801
2004	122,518	32,532	112,431	33,268	5,355	1,348	490	126	163	30	240,957	67,312
2005	158,407	37,827	116,674	32,463	4,259	1,097	540	126	158	32	280,038	71,544
2006	178,247	42,835	152,251	41,826	4,487	1,155	760	169	1,065	290	336,810	86,275
2007	196,769	42,689	126,334	31,588	25,554	5,689	242	61.03	1,110	286	350,009	80,313
2008	197,585	42,913	137,376	35,990	18,342	4,171	296	95.4	686	111	354,285	83,280
2009	219,338	46,214	155,448	41,942	15,668	3,541	388.98	93.65	686.35	117.37	391,529	91,908
2010	241,820	53,084	165,521	43,463	11,663	2,818	503.09	144.97	641.13	99	420,149	99,609
2011	202,030	52,330	178,662	54,606	6,213	1,948	588.8	128.62	1,467.39	384.25	388,962	109,398
2011 (Jan-Sep)	146,709	37,648	128,363	38,706	4,697	1,450	150.22	39.64	997.78	252.27	280,918	78,095
2012 (Jan-Sep)	138,013	34,350	115,391	35,023	610	288	338.68	112.7	191.98	54.25	254,544	69,828
% Changing	-5.93	-8.76	-10.11	-9.52	-87.02	-80.12	125.46	184.34	-80.76	-78.49	-9.39	-10.59

Source : Fisheries Foreign Affairs Division, cooperate with The Custom Department

Key Export Markets

United States of America

United States of America is still the No 1 trading partner for Thai shrimp product. During the first 9 months of 2012, the United States imported a total of 381,427 tons, a drop from the same period of the previous year by 5.7 percent and when taking into account the import from Thailand, it saw the import of 85,394 tons, a drop from the previous of 34.2 percent while imports from India, Mexico and Ecuador were proportionally upped (Table 4). The demand situation of shrimp goods in the US market had both positive and negative factors: the fluctuation of oil price which was at high level coupled with low confidence of consumers; while the positive factor is that the securities market was adjusting favorably (during the end of September) with the US Federal Reserve injecting the quantity of money into the system. It was estimated that the said factors would stimulate increased consumption during the last quarter of 2012 thanks to the value added processed products were in demand in the wholesale market in the U.S. such as shelled headless shrimp (IQF-easy peel) (INFOFISH Trade News No. 19/2012).

Table 4 Quantity and Value of shrimp export to USA

Unit : Mt

Country	2007	2008	2009	2010	2011	2011 (Jan-Sep)	2012 (Jan-Sep)	% Changing
Thai	188,319	182,371	190,476	201,767	184,968	129,819	85,394	-34.22
Ecuador	59,128	56,319	61,466	64,906	73,678	55,926	63,868	14.2
Mexico	40,558	34,493	41,119	23,535	30,719	14,710	17,469	18.76
India	20,776	15,179	19,763	30,156	48,105	33,234	41,491	24.85
Indonesia	59,069	83,990	69,289	61,093	70,334	53,805	54,424	1.15
China	48,419	55,745	43,745	47,797	42,727	29,520	25,276	-14.38
Vietnam	39,299	47,924	41,594	48,136	45,162	31,863	28,190	-11.53
Panama	4,454	3,643	3,620	3,312	3,264	2,032	1,710	-15.85
Malaysia	22,834	30,133	18,421	24,346	29,269	18,647	16,516	-11.43
Taiwan	277	858	1,231	631	192	147	87	-40.82
Others	73,803	50,871	57,812	52,917	46,688	34,588	47,002	35.89
Total	556,936	561,526	548,536	558,596	575,106	404,291	381,427	-5.66

JAPAN

Japan imported frozen shrimp during the first 9 months of 2012 totaled 124,170 tons: a decline from the previous year during the same period of 11.1 percent. Thailand had the greatest market share of frozen shrimp import in the Japanese market. Shrimp import by Japan from Thailand totaled 25,746 tons (20.7 percent), second only to Vietnam, which totaled 22,942 tons (18.5 percent); from Indonesia 22,671 tons (18.2 percent); from India 18,091 tons (14.6 percent), from China 9,945 tons (8.0 percent) and from other countries, another 21,223 tons (17.0 percent); with the fall in imports from China, India and Thailand when compared to the same period of the previous year; while the import from Vietnam and from Indonesia were on the rise (Table 5). The wholesale market in Japan had demand for white shrimps and black tiger prawns. Black tiger prawns from Vietnam were from natural culture farms to avoid substance residue, while the naturally cultured black tiger prawn was imported from Myanmar and Bangladesh. (INFOFISH Trade News No. 19/2012)

Table 5 Quantity and Value of shrimp export to Japan

Country	2007	2008	2009	2010	2011	2011 (Jan-Sep)	2012 (Jan-Sep)	% Changing
India	27,025	24,006	24,320	28,334	30,909	19,601	18,091	-7.7
Indonesia	37,080	37,418	34,799	31,992	30,752	22,416	22,671	1.14
Vietnam	40,041	42,167	39,889	40,456	34,142	22,287	22,942	2.94
Thai	26,380	24,957	32,071	37,655	36,565	26,784	25,746	-3.88
China	23,977	16,791	14,882	13,839	17,203	11,210	9,945	-11.28
Others	52,754	51,287	51,613	53,070	55,648	37,394	21,223	-33.75
Total	207,257	196,626	197,574	205,346	205,219	139,692	124,170	-11.11

THE EUROPEAN UNION (EU)

Since Thailand recovered its Generalized System of Preferences from the European Union (EU) on 1 August 2005, the new import tax rate for fresh chilled and frozen shrimp or prawn is at 4.2 percent from the previous 12 percent and the precooked shrimp at the import tax rate of 7 percent from the previous 20 percent, which is the same rate with other competitor countries, in particular, Malaysia, India and Indonesia. This enables

Thai shrimp products to compete fairly in terms of the price in the EU market. EU has reviewed the grant of GSP to Thai shrimp products once again as Thailand earns per capita income in excess of the criteria defined by EU (more than 3,975 US Dollar/per capita/year). The import tax rate for fresh chilled, frozen shrimp from previously 4.2 percent will increase to 12 percent. As for precooked shrimp, previously rate at 7 percent will be increased to 20 percent as it was previously. It is estimated that the said rate will apply in 2014. The countries to be deprived of this right are Thailand and Ecuador only. In consequence, Thailand may lose opportunity to compete in the EU market when compared with the competitor countries in Asian. Incidentally, the process to review the GSP is still under negotiation. Table 6 shows the statistics of Thai fresh chilled, frozen shrimp export to the EU market during the first 8 months of 2012, totaling 32,586 tons at total value of 8,987 million Baht: a decline of 13.4 and 10.3 percent respectively when compared to the same period of the previous year. Incidentally, the shrimp exports had reduced drastically in Belgium (-44.5 %); in Italy (-39.9 %), in France (-37.8 %) and Spain (-37.3 %). However, Thai main trading partner countries in the European Union are the United Kingdom and Germany to which Thailand exported shrimp products totaling approximately 39.3 % and 22.4 % respectively of total export to the entire EU countries. At the same time, Thailand exported shrimp products to Spain, France, Belgium, and Italy totaling approximately 13.0%, 8.8%, 6.8%, and 3.4% respectively.

Table 6 Quantity and Value of shrimp export to E&U countries

Year	Fresh Chilled and Frozen Shrimp		Precooked Shrimp		Total	
	Quantity (Mt)	Value (Million Baht)	Quantity (Mt)	Value (Million Baht)	Quantity (Mt)	Value (Million Baht)
2006	7,156	1,718	7,416	2,145	14,572	3,863
2007	16,171	3,615	14,105	3,849	30,276	7,464
2008	22,994	5,171	15,286	4,178	38,281	9,350
2009	28,552	6,096	21,428	5,774	49,980	11,870
2010	37,979	7,583	26,548	6,981	64,527	14,563
2011	32,680	7,803	25,395	7,809	58,075	15,612
2011 (Jan-Aug)	21,383	5,072	16,232	4,943	37,615	10,015
2012 (Jan-Aug)	16,732	4,090	15,854	4,897	32,586	8,987
% Changing	-21.75	-19.37	-2.33	-0.93	-13.37	-10.27

Source ; Thai Frozen Food Association, cooperate with The Custom Department

Problems and Obstacles in 2012

1. Fierce competition

Due to key competitors such as India, Indonesia, Ecuador and Mexico have had sufficient production to compete in the market increasingly equally with Thailand, thus the demand of buyers in key markets is on the decline with increased options, in particular, the U.S. and the EU markets.

2. The problem of shrimp epidemic

Three types of shrimp epidemic which impacted the decline in shrimp productivity as a whole in 2012 are 1) White Spot Disease (WSD), and Yellow-head Disease, which are widely spreading in the central and eastern regions from the beginning of the year including in the southern region at the end of the year; 2) White Fecal Disease, which was found spreading in several areas, but the epidemic is was not severe; 3) Shrimp Death Disease characterized by acute dead liver cells similar to the EMS (Early Mortality Syndrome). The EMS epidemic was found in the Eastern Region which accounted for 30,000 tons in damage or approximately 5.56 percent of overall productivity. Since certain cause of such disease was not known, there is concern that the disease could spread to other culture areas. At the present, as the government and private sectors envision the severity of this new disease, a seminar was organized to impart knowledge about the cause of problems to shrimp farmers to find a preventive guideline as the outbreak of this disease has never happened in Thailand.

3. The problem of trade barrier

Based on the situation report on human trafficking of the US State Department which classified Thailand in the Tier-2 Watch List (the countries which take action inconsistent with the minimum wage standard, but an attempt of material significance has been made to solve the problem), with 2 years consecutively will expire by the end of 2012. If Thailand has not been able to show to the United States that it has made an effort or developed to deserve the upgrading or it has sufficient qualification to be granted an exemption from downgrading automatically; Thailand may be downgraded to the group Tier-3 (for countries not taking action according to minimum wage standard and has not made an effort to solve the problems automatically). The consequence is protest against Thai fishery products. In the light of the said problem, the government and private sectors are attempting to join forces to solve the problem through pushing and moving the project and various activities such as the introduction of the Good Labour Practice:GLP, for fishing and seafood processing industries to ensure that Thailand is eligible for upgrading or being released from the ranking in the report on human trafficking of the United States.

4. Problem of relying on the principal market

Owing to shrimp products being concentrated in the same markets, the problems are beginning to get worse such as in the United States and in European Union which are being buffeted by economic problems. The government sector of such country is issuing various measures to block imports from Thailand. In the light of such problem, both the government and private sectors introduce promotional measures and motivations to create new market base of potential as to reduce the dependence on the main old markets.

THE TRENDS OF THAI SHRIMP IN 2013

Table 7 Estimated Demand of Shrimp Feed Consumption

Type	2012		2013		Feed Consumption	
					Increased (Decreased)	
	Number of Shrimp (Million)	Feed Consumption (Mt)	Number of Shrimp (Million)	Feed Consumption (Mt)	Quantity (MT)	%
Shrimp	540,000	810,000	540,000	810,000	0	0

Source : Thai Feed Mill Association

In 2013, it is estimated that the valueThai shrimp will be on an increasing trend according to stable or reduced productivity. In the light of the climate variation and epidemic, it is deemed to be a challenging year for Thai exports due to an increased number of shrimp producing countries entering the global market such as Ecuador, India and Indonesia coupled with Thailand's shrimp products' principal markets such as the USA, the European Union and Japan are still facing their domestic economic woes; in particular, the debt problem in the European Union which will drag on indefinitely and the treasury problem in the USA including trade barrier problem from import countries. Meanwhile, in relation to the problem of shrimp epidemic which has

remained unsolved, every sector concerned in the industry has cooperated to solve the problem through acceleration of hygiene improvement in the shrimp culture ponds and cleaning of culture pond during the months of January and April 2013. This is the duration of time that most of the shrimp farmers would slow down releasing the baby shrimp into the culture pond as the weather is cold during this period, making the low survival rate of the baby shrimp. The said action would help reduce/solve the problem of shrimp disease which impact the shrimp productivity as well addressing the allegation of being embroiled in human trafficking and the use of child labor of the United States. This is to prevent impact on Thai shrimp industry as a whole. The government sector has introduced Good Labor Practice or GLP in the shrimp and seafood industry, including the cooperation of the private sector to push for the existence of a pilot prototype factory as a practical guideline. This would help improve the image of Thai fishery products in the eye of various trading partners and which may lead to the upgrade of the watch list from the USA.

Incidentally, the Baht currency exchange fluctuation is tending toward appreciation which may impact the export price of Thai shrimp products, although some operators have received the purchase order for the whole year and delivery is to be made by installment as defined by the customers. In the short term, impact on shrimp export may not be evident, but if the value of Baht currency is moving toward appreciation continually, future orders may be impacted somewhat.

Fish Feed Market

Fish raising industry in 2012 can be summarized in periods of time as follows:

- The first Quarter : It is the first quarter of 2012 in which the fish culture industry was impacted by great flooding disaster in continuity from the end of 2011. The fish productivity was severely damaged, in particular, the fish raised in the earth ponds in the areas of Central, Easter regions, in Bangkok and its peripheral provinces, the productivity of fish in the first quarter therefore was on the decline as opposed to fish raised in basket (in kra-chang) was similarly impacted, but somewhat negligibly as the farmers were able to make early catch of fish for the market before being affected; but they were unable to release new hatch of fish due to the ponds were damaged by flooding.
- Second quarter: During this quarter, the fish productivity was less than meeting the market demand, sending the price higher coupled with the farmers were able to release new hatches increasingly in the ponds.
- Third and fourth quarter: during these two quarters of the year, productivity and quantity of raised fish increased considerably thanks to its being the fish raising season of the year and the fish culture industry was yet to a degree impacted by economic situation and shortage of raw materials used in producing animal feeds, thus sending the price of animal feeds soaring.

As a result of an analysis of the said industry, farmers would change the format of raising to using low priced animal feeds, resulting low quality of fish product. Incidentally, the productivity of fish in 2012 had not much varied from that of 2011's due to the reduction of raising fish in the earth ponds as opposed to the increase in raising fish in the Kra-chang, which can be substituted in terms production and global markets are in great demand of fish, in particular, tilapia.

**Table 8 Quantity of production of aquatic animals (Fish) in Thailand
from breeding and rate of consumption**

(Unit : Million MT)

Kind of aquatic animal	2006	2007	2008	2009	2010	2011
Catfish	142	147	161	177	187	200
Tilapia	148	149	163	135	145	170
Pla Tubtim	55	57	61	35	50	65
Vegetarian Fish	198	196	202	274	277	243
Others	71	75	71	80	85	89
Total	614	624	658	701	744	767
Rate of consumption	9.75	9.90	10.44	11.13	11.80	12.17

Source : Association of Thai Fish Breeders

Average rate of consumption of animal meat by Thai people

- Pork 16 kg/person/year
- Chicken 17 kg/person/year
- Fresh water fish 12 kg/person/year
- Overall fish consumption 33 kg/per/year

Trends of fish productivity from fish breeding of 2013

Table9 Estimated Demand of Fish Feed Consumption

Type	2012		2013		Feed Consumption	
					Increased (Decreased)	
	Number of Fish (Million)	Feed Consumption (Mt)	Number of Fish (Million)	Feed Consumption (Mt)	Quantity (MT)	%
Fish	374,850	630,476	356,108	600,453	(30,023)	(4.76)

Source : Thai Feed Mill Association

Estimated gross productivity for 2013 would be on the decline to that of 2012 (based on the assessment of Thai Feed Mill Association) attributable to the following:

1. Drought situation affecting continual fish farming
2. Continual death of hatch resulting in low survival rate, productivity as a whole was on the decline.
3. Higher cost of raising fish, in particular, cost of animal feeds, resulting in the reduction of hatching of certain fish owing to sustained loss such as cat fish, etc.



Risk Factors

Risk of raw material prices

Producing aquatic animal feed is necessary to use raw materials from the nature in order to process into food quality and meeting the right standards. The major raw materials are important to produce such products, fish meal, soybean meal, wheat flour, and corn, but, mostly the products are on commodity prices and are set by supply and demand in the worlds' markets.

So, whenever the price of raw materials increases, the costs of aquatic animal feed will result in increase along with the inevitable. However, the company tries to manage the risk of raw materials by updating the situations about the prices of the raw materials in order to analyze closely, and then, targeting the goals of prices approximately and duration in implementing in processing risk management appropriately, and consistently following the business plans through commodity futures trading markets for certain products to hedge volatility of raw materials and products on the yield and performance of the company. Other than that, the companies has a policy of purchasing raw materials diversely and geographically dispersed and have new sources in finding raw materials increasingly.

Risk of exchange rates

The company imports some of the raw materials, which includes: squid liver powder, wheat flour, fish soluble meal that is important that is used for the aquatic animal feed, which gives proteins and fats from the aquatic animal feed. The company will pay for the raw materials with the currency of Yen and U.S. dollar. This gives changes in exchange rates and affects the costs of production and its operations directly from the income of the company that comes from the dealer of the products domestically and group farmers. The company has income in Baht and some transactions are denominated in foreign currencies.

Moreover, the subsidiary, SMP Food Products Co., Ltd. mainly income is from abroad market, in the currency of Yen, U.S. dollar, Euro dollar, Australian dollar, therefore, the exchange rate fluctuation will also effected to sales revenue and business operation of the subsidiary.

However, the company has a policy of hedging foreign exchange agreement in purchasing and selling and entered into foreign bank in advance (Forward Contract) in order to hedge the risk in the period of 3-6 months, depending on the duration of the transit time. The company paid closely attention with the statistics of the exchange rates of each currency to analyze before making decision for each exchange agreement.

In 2011 and 2012, the company purchased the raw materials with the foreign currency of 685.50 million Baht and 548.47 million Baht respectively, by calculating in order wise of 34.74% and 27.55% of the raw materials in the period.

In 2011 and 2012, the company purchased the raw materials with the foreign currency of 685.50 million Baht and 548.47 million Baht respectively, by calculating in order wise of 34.74% and 27.55% of the raw materials in the period.

During 2012, the company sold the raw materials of fishmeal to Taiwan and Vietnam, since in that period Peru and Chile which are the top major exporter and faced with weather problems that affect the quantities of aquatic animal, thus, the fishmeal price is higher compared to Thai fishmeal, whereas China is the worlds largest that needs fishmeal. Therefore, many fishmeal importers shift their ideas on another market that is able to export to replace the decifit. The company seen the opportunity from this situation, and acted as exporter. The revenue from raw material selling in year 2012 is 80.41 million Baht.

Additionally, the company protected the reduction of the risk from the exchange rates, in agreement in purchasing and selling from foreign currencies and its bank in advance (FORWARD CONTRACT) to ensure the risk of exporting the raw materials in large quantities and also to prevent the risk of exchange rates that might arise.

Risks of competing major vendors and the market leader of animal feed

The market leader of the shrimp feed is divided in the market share 2012 at approximately 40 %* of the total sales of the shrimp feed, following by 6 medium-sized companies also divided in market between 6-16% each company, which are combined with a share of 54% of the total shrimp feed sales. The company ranked 6th in the individual, where as other companies is the minor process. The market leader gained highly confidence from the farmers, who have been feeding shrimp as a product of the top leading company in the long run, which gave the company problems by competing in the market share.

For the fish feed industry, it has the same pattern like shrimp, whose the leader of the fish feed has market share in the year of 2012 at 35 %*, following by 8 medium-sized companies with a market share of each company is in the percent between 4- 11%, which involved together with 59% of the total fish feed sales. The company is ranked number 6th.

The company has a marketing strategy, both short and long term, such as improving the product in order to get used to the automatic food feeder, testing water quality service, offering promotions from time to time as a special case in order to compete in the market, joining trade fair, etc. Besides, the company has focused its services to attract dealer and the farmers, and manufacture higher quality feed compared with the same feed type of the others. This helps us to maintain market share, for fish feed and shrimp feed exclusively.

*Source: Thai Luxe Enterprises PCL.

Risk of the revenue from the sale of goods domestically

The company's income from the sale of goods within the country, gives the revenue from the animal feed sale of 2,450.28 million Baht and 2,614.70 million Baht in 2011 and in 2012 respectively, so that if any year is to feed a local decrease in the environment or weather conditions are unfavorable and it will impact significantly on the amount and distribution of revenue from the sale of the company.

The typical volume of distribution for its products will fluctuate seasonally. The sales volume of shrimp feed and fish feed are lower in the late rainy season to cold season, due to the shrimp and fish eat less feed. And if there are epidemic or flooding, it will impact the demand of feed, and impact on sales.

However, the company has invested in shares of SMP Food Products Co. Ltd. at additional 74.97%, the company has a stake in the company 96.43 % of the paid-up capital, and the status of the company changed from a affiliated to subsidiary. SMP Food Products Co., Ltd is producing and distributing food, downstream business. So it can be reduced the risk of selling only aquatic feed products.

Risk of being affected by the operations and financial position of the subsidiary

Performance of the group is based on the performance of the company; also, it depends on the operating results of the subsidiaries. If you have a problem with its implementation, it will affect the performance of the company's consolidated financial statements.

The group has defined measures for the implementation of its policies, by controlling and monitoring the operations of its subsidiaries, as well as, representatives of the company into a subsidiary and associate director of the policy and to safe the interests of the company. Subsidiaries and associated companies are operating in the same direction. This is will lead to the cost management maximum performance and operational efficiency.

Risk of balance of power

Mr. Anurot Seneepakonkai, is one of the major shareholder in the company and the executive who is also the co-founder, chairman, and chief of the executive officer of the company, which was allowed to fluoresce. He has a highest authority in terms of policy formulation and management of the company solely. This may not be able to balance the power and check operation. However, the company has the duties of the Chairman and the President quite clear; in addition, decisions and transactions unrelated to normal business operations of the company must be approved by the board, which composed of an independent director and 3 members of Audit Committee. The transactions will be considered by the benefit to the company.

Risk of doing new business

The company just started farming business, breeding of Pla Thubthim fish in the floated basket (Kra-chang) in the reservoir of Mae Khlong Dam, in Karnchanaburi Province, and breeding White shrimps, Vannamai, in Chumporn province. Although the new business is related to the aquatic feed business operates; it is a new company to operate. Therefore, there is the risk of doing business.

However, since the company is well familiar with aquafeed business, and the company was having experimental farm for research and product development division. The company has the knowledge and experience of farming. It is believed that is to be aquatic business is to succeed.

Shareholders and Management

As of 6th March 2013, the list of the first 10 major shareholders, including the related person under section 258 of the SEC Act

	List of Shareholders	Number of Shares	¹ Proportion (Percent)
1.	Seneepakonkai Family		
	1.1 Mrs. Pornvipa Seneepakonkai ²	28,986,480	6.82
	1.2 Mr. Rojsak Seneepakonkai ³	10,350,090	2.49
	1.3 Thai Asse Trading Co., Ltd ⁴	14,150,000	3.33
	1.4 Miss Arporn Seneepakonkai ³	8,625,090	2.03
	1.5 Miss Arpha Seneepakonkai ³	8,370,000	1.97
	1.6 Mr. Rojphan Seneepakonkai ³	7,500,000	1.76
	1.7 Mr. Anurot Seneepakonkai	11,442,847	2.69
	1.8 Mrs. Orawan Seneepakonkai ⁵	456,225	0.11
	1.9 Mr. Anuphol Seneepakonkai ⁵	20,000	0.005
	Total Seneepakonkai Family and related company	89,900,732	21.15
2.	Jettanalin Family		
	2.1 Mr. Jaran Jettanalin	36,106,965	8.50
	2.2 Mrs. Jenjira Jettanalin	15,028,400	3.54
	2.3 Mr. Phan Jettanalin ⁶	6,476,830	1.52
	2.4 Miss Pim Jettanalin ⁶	5,349,900	1.26
	2.5 Mr. Premson Jettanalin ⁶	646,800	0.15
	Total Jettanalin Family	63,608,895	14.97
3.	Mr. Wu Yu Ting group		
	3.1 Mrs.Shu Wan Wu Tsuang	24,620,895	5.79
	3.2 Mr.Chih sheng Wu	13,288,930	3.13
	3.3 Mr. Wu Yu Ting	586,785	0.14
	Total Mr. Wu Yu Ting group	38,496,610	9.06

	List of Shareholders	Number of Shares	¹ Proportion (Percent)
4.	Mr. Chang Ying Fu group		
	4.1 Symtel International Investment Corp	23,813,310	5.60
	4.2 Mr.Chang Ying Fu	9,808,101	2.31
	Total Mr. Chang Ying Fu group	33,621,411	7.91
5.	Thai NVDR Co., Ltd	25,154,613	5.92
6.	Mrs. Wong Ya Hui	23,343,255	5.49
7.	Miss Panyada Ploypraphat	17,828,700	4.20
8.	Mr. Siriwat Anunkusri	13,442,600	3.16
9.	Mr. Kamol Jing jareondee	10,884,000	2.56
10.	Mrs.Laong Thongsuk	10,111,500	2.38

Source : TLUXE Sharedolder register as of 6th March 2013

Remark : 1) Calculated from the paid up capital in the amounted of 424,988,343 shares

2) Wife of Mr. Anurot Seneepakonkai

3) Sons and Daughters, who reached of their legal age, of Mr. Anurot and Mrs. Pornvipa Seneepakonkai

4) Seneepakonkai Family is holding 100% of paid up capital

5) Sister and Brother of Mr. Anurot Seneepakonkai

6) Sons and Daughters, who reached of their legal age, of Mr. Jaran and Mrs.Jenjira Jettanalin

The list of the first 10 major shareholders of Thai Asse Tradiang Co., Ltd

	List of Shareholders	Number of Share	Proportion (Percent)
1.	Mr. Anurot Seneepakonkai	56,500	9.42
2.	Mrs. Pornvipa Seneepakonkai	198,000	33.00
3.	Miss. Arpha Seneepakonkai	110,125	18.35
4.	Miss. Arporn Seneepakonkai	125	0.03
5.	Mr. Rojphan Seneepakonkai	110,125	18.35
6.	Mr. Rojsak Seneepakonkai	110,125	18.35
7.	Mr. Anusorn Seneepakonkai	9,000	1.5
8.	Mrs. Orawan Seneepakonkai	3,000	0.5
9.	Mrs.Siemeng Saengow	3,000	0.5
	Total	600,000	100.00

The list of the first 10 major shareholders of Syntel International Investment Corp.*

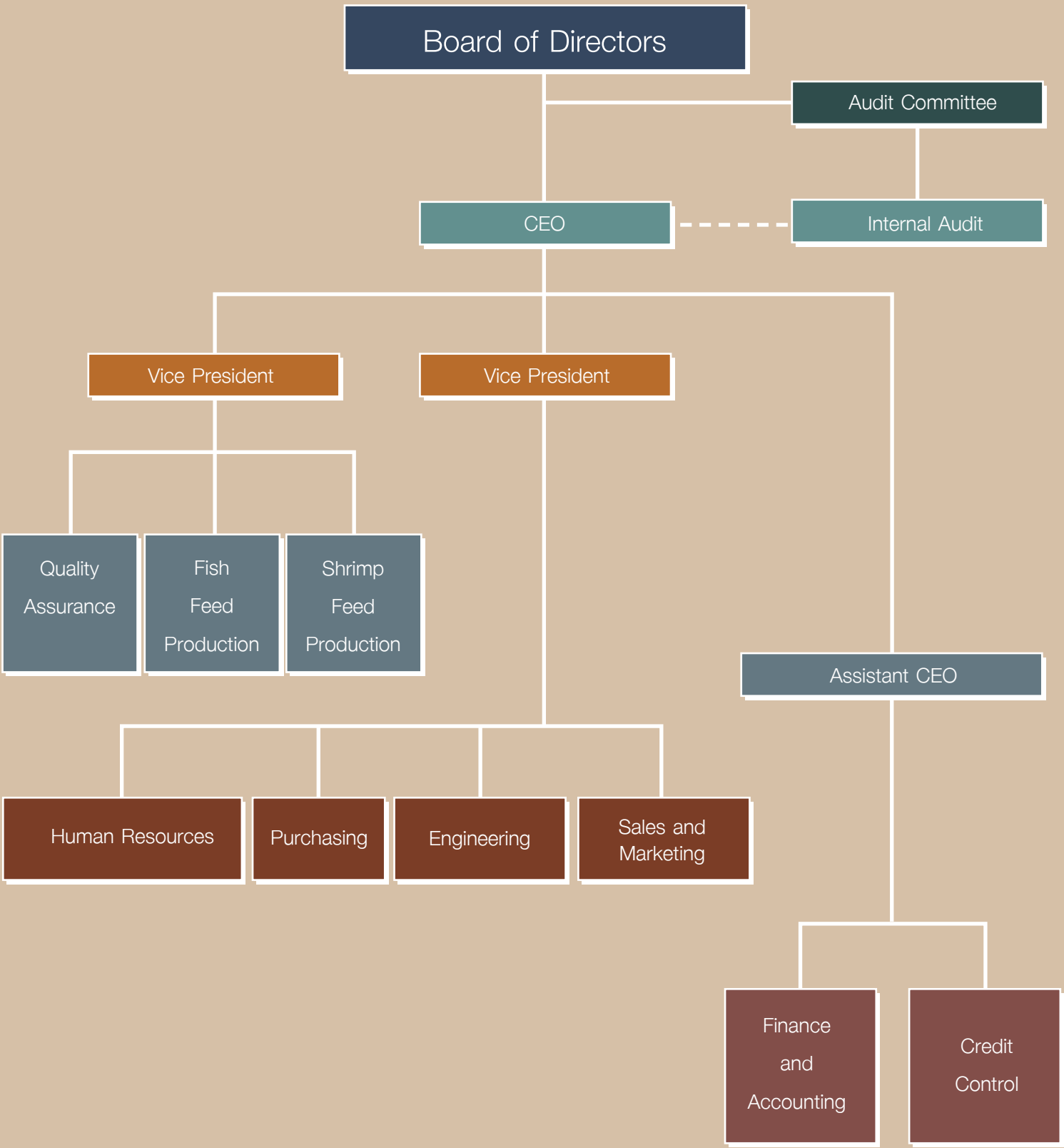
	List of Shareholders	Number of Share	Proportion (Percent)
1.	Chang Ying-Fu	500,000	19.24
2.	Margaret Chang	500,000	19.24
3.	Chang Ya-Hul Terisa	200,000	7.69
4.	Chang Sho-Zu Stephanie	200,000	7.69
5.	Chang I-Chao Eric	400,000	15.38
6.	Chang Ling-Chi Lily	200,000	7.69
7.	Wong Tak-Jun	200,000	7.69
8.	Choe Don-Son	200,000	7.69
9.	Chen Chun-ping	200,000	7.69
	Total	2,600,000	100.00

Remark : * Registered at Bristish Virgin Island

Payment Policy of the dividend

The company paid dividend of not less than 60% of net profit and tax of the company's financial losses and legal reserve. However, all companies and funds may pay dividends at a rate less than the rate specified, depending on the need for working capital for operations. Expansion and other factors involved in the management of the company, the resolution of Board of Directors approved the payment of dividends will be represented for approval at a meeting of shareholders, except interim dividend. The Board of Directors has approved payment of interim dividends will report to the shareholders which will receive in the next meeting.

Organization Chart (as of 31 December 2012)



Management

Directors Structure composed of 3 groups of directors which are Board of Directors, Audit Committee, Nomination and Compensation Committee

Board of Directors

As of 31 December 2012, there are 11 members in Board of Directors

	Name	Position
1.	Mr. Anurot Seneepakonkai	Chairman of the Board of Directors
2.	Mr. Jaran Jettanalin	Director / Member of the Compensation Committee
3.	Mr. Wu Yu Ting	Director
4.	Mr. Chang Ying Fu	Director
5.	Miss Arpha Seneepakonkai	Director
6.	Mr. Rojphan Seneepakonkai	Director
7.	Dr. Thomas Roy Wilson	Director
8.	Asst. Prof. Piphat Nonthanathorn, Ph.D	Independence Director / Chairman of the Audit Committee
9.	Mr. Sakrin Chusaktakul	Independence Director / Member of the Audit Committee
10.	Mr. Somporn Wankijcharoen	Independence Director / Member of the Audit Committee
11.	Mr. Sajja Suksong	Independence Director / Chairman of the Compensation Committee

Miss Orathai Changpradit is the secretary of Board of Directors

Authorized Directors

Company authorized directors are Mr. Anurot Seneepakon and Mr. Jaran Jettanalin, with company seal.

Authorities and Responsibilities of the Board of Directors

1. The Board of Directors function in accordance with the power and duties vested under the Public Corporations Act, B.E. 2535 coupled with the related laws governing public corporations.
2. To perform duties legally, as per business objectives and Articles of Association and work as per resolutions passed by Shareholders.

3. Fixing main policy for business and financial management including policy for getting funds, management of funds, and policy for managing risk factors.
4. Exercise power to change names or positions of directors with power to sign for the Company.
5. Supervising to improve performance and fixing policy with guidelines for solutions when facing obstacles to attain targets.
6. Create reports by containing data generally and financial data to Shareholders and to others related parties correctly with accuracy, transparency and completeness and as required by law.
7. Acknowledge reports and audits on major issues, while fixing policy for adjustments in case of finding any major defects.

Audit Committee

As of 31 December 2012, there are 3 members in Audit Committee

	Name	Position
1.	Asst. Prof. Piphat	Nonthanathorn, Ph.DChairman of the Audit Committee
2.	Mr. Sakrin Chusaktakul ⁽¹⁾	Member of the Audit Committee
3.	Mr. Somporn Wankijcharoen	Member of the Audit Committee

- 1) The director who has knowledge and experience in financial audit

Authorities and Responsibilities of Audit Committee

1. Review to ensure that the Company makes financial report accurately and adequately.
2. Review to ensure that the Company has appropriate and effective internal control system and internal audit system and determine independence of the internal audit agency, and approve appointment, transfer and termination of chief of the internal audit or any other agency with internal audit responsibility.
3. Review to ensure that the Company complies with law governing securities and stock exchange, regulations of the stock exchange and laws applicable to the Company's business.
4. Consider, screen and nominate independent individuals for appointment as auditors of the Company and propose remuneration for such people, and participate in meetings with auditors at least once a year without participation by the Management.
5. Consider related transactions or those with possible conflict of interest to ensure their compliance with laws and regulations of the Stock Exchange of Thailand to ascertain that such transactions are reasonable and most beneficial to the Company.

6. Prepare report of the Audit Committee and include it openly in the annual report of the Company. Such report must be signed by the Audit Committee Chairman and contain the following information.
 - 1) Comments on accuracy, completeness and reliability of financial report of the Company.
 - 2) Comments on adequacy of the internal control system of the Company.
 - 3) Comments on compliance with law governing securities and stock exchange, regulations of the stock exchange or laws applicable to the Company's business.
 - 4) Comments on suitability of the auditors.
 - 5) Comments on transactions with possible conflict of interest.
 - 6) Number of meetings of the Audit Committee and participation of each member of the Audit Committee.
 - 7) Comments or observations in whole obtained by the Audit Committee from performance of duties in accordance with the charter.
 - 8) Other transactions deemed desirable for shareholders and general investors to know under the scope of duties and responsibilities assigned by the Board of Directors of the Company.
7. Perform any other duty assigned by the Board of Directors of the Company with approval of the Audit Committee.

Qualification of Independence Directors

1. Shareholdings not more than 1% of the available number of shares with the Company in the Major Company, Subsidiary, Joint Venture Company. Major shareholders or the persons with power to control the Company are all part of the Company including the directors.
2. There is no director holding interests in the management, or employee, staff of consultant earning salary regularly or the person with power of control of the Company, Major Company, Subsidiary, Joint Venture Company or Juristic Person who may have contradictory interests currently and 2 years previously serving in the management of the Company.
3. It is not a person having blood relations or by legal registration by way of being parent , spouse, sibling, offspring including spouse of offspring and executives serving as major shareholder , exercising power of control of the Company or person to be proposed to serve as executive or person to exercise power of control of the Company or its Subsidiary.
4. Having no business relations with the Company, major Company, Subsidiary, Joint Venture Company, major shareholder or person with power of control of the Company who may act to thwart the independent status of the Company and it has never been shareholder likely to exercise power of control of person having business relations with the Company, Major Company, Subsidiary , Joint Venture Company , major shareholder or person with power of control of the Company currently or 2 years previously.
5. Never served as auditor of the Company, Major Company, Subsidiary, major shareholder, person with power of control of the Company and not being shareholder with power of control, or partner, manager of the auditor's office which has an auditor of the Company, major company, Subsidiary, joint venture company, major shareholder or person with power of control of the Company, Subsidiary currently or 2 years previously.

6. Never been provider of occupational services, legal services or financial services in receipt of service fee exceeding two million baht annually from this Company, Major Company, Subsidiary, Joint Venture Company, major shareholder or person having power to control the Company and not being shareholder with power of control or being manager, provider of occupational services currently or 2 years previously .
7. Not being director elected to serve as representative of the director of the Company, major shareholder or shareholder with relations with a major shareholder .
8. Not engaged in business that operates on the same lines as this Company and competed with this Company, or being partner in limited partnership or director of another Company that is engaged in business the same as this Company and competing with this Company.
9. No having any other characteristics that would prevent independent opinion in the interests of this Company.

Nomination and Compensation Committee

As of 31 December 2012, there are 3 members in Compensation Committee

	Name	Position
1.	Mr. Sajja Suksong	Chairman of the Nomination and Compensation Committee
2.	Mr. Jaran Jettanalin	Member of Nomination and Compensation Committee
3.	Miss Arpha Seneepakonkai	Member of Nomination and Compensation Committee

Authorities and Responsibilities of Nomination and Compensation Committee

1. Seek person with the right qualifications to fill the directorship vacancy at the Company so a proposal may be submitted to Board of Directors of the Company to make consideration for recruiting.
2. Make enquiries about the structure, size and set up of Board of Directors of the Company and offer recommendations when necessary.
3. Make an assessment of the works of Board of Directors of the Company annually, to report to Board of Directors.
4. Study issues related to policy, guidelines for adoption suitably by the Board of Directors befitting their duties and responsibilities with comparisons drawn with peers in the industry, in the interests of the Company, including individual performances of the Board of Directors and submit at the Meeting of Shareholders to pass resolution. Recommendations shall be submitted at the meeting of Board of Directors for approval.
5. Perform any other work as necessary pursuant to Articles of Association of the Company, as per requests of the Board.

Management Team

As of 31 December 2012, there are 9 members in Management Team

	Name	Position
1.	Mr. Anurot Seneepakonkai	CEO
2.	Mr. Rojphan Seneepakonkai	Vice President
3.	Dr. Thomas Roy Wilson	Vice President
4.	Miss Ladda Heapsuwan	Assistant CEO (act for Finance and Accounting manager and Credit Control manager)
5.	Miss Somtawin Pansakul	Purchasing Manager
6.	Mr. Chuchai Sae-Ear	Shrimp Feed Production Manager
7.	Mr. Somsak Jampasak	Fish Feed Production Manager
8.	Mr. Chanchai Nuchrean	Engineer Department Manager
9.	Mr. Sakon Thongpichitkul	Human Resources Manager

Authorities and Responsibilities of Management Team

1. Management has power to issue orders, make plans and carryout the business of the Company in accordance with the policy.
2. Make consideration and form marketing policy.
3. Make consideration of Annual Report, fixing budget allocations for each Working Unit along with power and duties of the staff and procedures to use the budget by the Working Units to be submitted to Board of Directors with measures to control expenditure approved by the Board of Directors.
4. Make amendments to agreements, termination of agreement as per recommendation of Board of Directors.
5. Consideration of various agenda before submitting to Board of Directors for approval.
6. Make decisions over major issues affecting the Company and make prescription of business, functions, guidelines and policy with steps for operations collectively, focusing on productivity, customer relations and executing tasks assigned by Board of Directors.
7. Exercise power to approve expense items or making payments project wise or making investment or trading of fixed asset of the Company as per assignment issued by Board of Directors.
8. Exercise power to approve requests for financing business deals of the Company each time by not more than 5 million baht (five million baht).
9. Exercise power to make procurement or hiring and enter into contractual commitments including payment of money or engage in actions related to the business of the Company as per approval of Board of Directors.
10. Exercise power to hire staff, sacking, forcing for resignation, or fix wage rates, increase salaries for the staff below the level of directorship.

11. Exercise power to work and present self as representing the Company to outsiders in the related business beneficial to this Company.
12. To make general management of the Company.
13. To report to the Board of Directors in any issues which need the resolution from the Board of Directors' meeting. The aforementioned issues have to report to related unit such as SEC and SET.

Composition and Appointment of the Board of Directors

1. The Board of Directors shall consist of at least 11 persons but no more than 15 persons, provided that at least one-half of the directors shall be resident in the kingdom and the directors shall have qualification as required by law.
2. The Board of Directors shall be appointed by the meeting of shareholders under the following criteria and procedures:
 - each shareholder shall have one vote for each share
 - each shareholders shall exercise all votes applicable, one vote for each share, in appointing one or more person to be a director, provided that any of the votes shall not be divisible
 - a person who has the most respective vote shall be elected to be the directors equivalent to the required number of directors but in case where the following persons so elected have equivalent vote, the chairman shall have a casting vote.
3. At every annual general meeting, one-third of the directors or if their number is not a multiple of three, then the number nearest to one-third shall retire from office. The directors in the first and second year after company registration will be offered a draw to resign. In each subsequent year, those directors who have been longest in the office shall retire. The directors who have been resigned are able to be renominated.
4. Each director who would like to resign must submit the resignation letter to the company. The resignation will be effected at the date the company received the letter. The resigned director may report his willing ness to the registra, if needed.
5. In cases where there is any vacancy among the directors other than a retirement by rotation, the Board of Directors shall elect a person who is qualified under the law to be a new director at the next meeting of the Board of Directors unless the period to which new director is entitled shall be less than two months. The person who is elected as the new director shall retain the office during such period only as the vacating director was entitled to retain the same. The resolution of the Board of Directors as specified in the first paragraph above shall consist of votes of not less than three-fourths of the remaining directors.
6. The meeting of shareholders may resolve to remove any director from the office before the expiration of his period of office with the votes of not less than three-fourths of the number of shareholders attending the meeting with the voting right and holding in aggregate not less than one-half of the shares held by those shareholders attending the meeting with the voting right

7. The directors must nominate the chairman of board of directors. The chairman will be both the chairman of board of directors and chairman of shareholders meeting. The chairman can take the position as long as he is being the director of the company. If needed, one or more vice chairman can be nominated.

Principle for Choosing Audit Committee/Independence Directors

Audit committee will be nominated by the directors or the shareholders. The audit committee must be composed of at least 3 audit committees, by selecting from Independent directors. The term of audit committee is 3 years, but can be reappointed by the directors or the shareholders. At least one of audit committee must have knowledge and experience in financial and accountant, and is able to audit the financial statement.

Term of Directors

1. The term of each director is 3 years, which will be resigned at every annual general meeting. The directors who have been resigned are able to be renominated.
2. The term of the members of sub committee will be the same as the term of each director, and can be renominated from the Board of Director.
3. The term of Independence of Director should not in 3 consecutive terms.

Director and Management Remuneration

Director Remuneration

The company's remuneration policies clear and the nomination consider remuneration of directors and board of directors to shareholders for approval. Remuneration at a level, it is appropriate with the directors of listed companies in the agriculture and food industry, which is equivalent to the business of the committee, which was assigned the committee and compensation committee will compensate the increase of the workloads.

Director Remuneration composed of Yearly Remuneration and Meeting Allowance. The remuneration in year 2011 and 2012 are 2,434,000 baht and 2,379,000 baht respectively, as following detail

Unit : Baht

Name	Position	2011			2012		
		Yearly Remuneration	Meeting Allowance	Meeting Allowance of sub committee	Yearly Remuneration	Meeting Allowance	Meeting Allowance of sub committee
1. Mr. Anurot Seneepakonkai	Chairman	240,000	70,000	-	240,000	70,000	-
2. Mr. Jalan Jettanalin	Director / Member of the Nomination and Compensation Committee	150,000	48,000	20,000	150,000	48,000	20,000
3. Mr. Wu Yu Ting	Director	150,000	48,000	-	150,000	24,000	-
4. Mr. Chang Ying Fu	Director	150,000	12,000	-	150,000	24,000	-
5. Miss Arpha Seneepakonkai	Director / Member of the Nomination and Compensation Committee	150,000	48,000	-	150,000	48,000	10,000
6. Mr. Rojphan Seneepakonkai	Director	150,000	40,000	-	150,000	20,000	-
7. Dr. ThomasRoy Wilson	Director	150,000	30,000	-	150,000	40,000	-
8. Asst. Prof. Piphat Nonthanathorn, Ph.D	Independence Director / Chairman of the Audit Committee	180,000	60,000	30,000	180,000	60,000	25,000
9. Mr. Sakrin Chusaktakul	Independence Director / Member of the Audit Committee	150,000	48,000	30,000	150,000	36,000	20,000
10. Mr. Somporn Wankijcharoen	Independence Director / Member of the Audit Committee	150,000	48,000	35,000	150,000	48,000	25,000
11. Mr. Sajja Suksong	Independence Director / Chairman of the Nomination and Compensation Committee	164,000	60,000	23,000	164,000	60,000	19,000
		1,782,000	518,000	138,000	1,782,000	478,000	119,000
Total amout		2,434,000			2,379,000		

Management Remuneration

Unit : Baht

	2011	2012
	Remuneration	Remuneration
Number	11	9
Salary	17,097,738	18,844,991
Bonus	2,595,450	2,759,451
Others	1,637,645	4,599,992
Total	21,330,833	26,204,434

Other Remuneration

Directors and Management

At the extraordinary meeting of shareholders 1/2554 at 22 April 2011, approved an issuance and allocation of warrants to buy ordinary shares of the Company to its directors, management and/or employees according to ESOP No. 2 ("TLUXE-ESOP2") in the amount of 19,000,000 units with no consideration at the rate of 1 warrant unit per 1 ordinary shares. The common share which reserved for the the right has par value 1 Baht. The total ESOP warrant that given to the directors and the management was 8,000,000 units or 42.11% of total ESOP warrant.

Directors and Management data as of 31 December 2012

1. Mr. Anurot Seneepakonkai

Chairman of Board of Directors/Managing Director : Age 66

Started the director position since 1987 | Number of BOD meeting attendance 4/4 | Number of shareholder meeting attendance 1/1

Education/Training	Number of shares (%)	Relation with the management
- Bachelor of Business Administration, Bangkok University - Master of Business Administration, Commerce and Accountancy Faculty, Chulalongkorn University - DCP: Director Certification Program 10/2001 - Thai Institute of Directors	9.51	Father of Mr. Rophan and Miss Arpha Seneepakonkai
Last 5 years experienced		
Period	Position	Company
1987 - present	Chairman of Board of Directors/Managing Director Position in Listed Company - N/A Position in Non Listed Company - N/A	Thai Luxe Enterprises PCL.

2. Mr. Rojphan Seneepakonkai

Director/Vice President : Age 43

Started the director position since 2006 | Number of BOD meeting attendance 2/4 | Number of shareholder meeting attendance -

Education/Training	Number of shares (%)	Relation with the management
- Bachelor of Business Administration, Bangkok University - Master of Business Administration, National University, USA - National University, USA - DAP: Director Accreditation Program 59/2006 - Thai Institute of Directors	1.76	Son of Mr. Anurot and brother of Miss Arpha Seneepakonkai
Last 5 years experienced		
Period	Position	Company
2006 - present	Director	Thai Luxe Enterprises PCL.
2003 - present	Vice President	Thai Luxe Enterprises PCL.
	Position in Listed Company - N/A	
	Position in Non Listed Company - Chairman of Board of Directors	SMP Food Products Co., Ltd

3. Dr. Thomas Roy Wilson

Director/Vice President : Age 59

Started the director position since 2006 | Number of BOD meeting attendance 4/4 | Number of shareholder meeting attendance 1/1

Education/Training	Number of shares (%)	Relation with the management
- Bachelor of Marine Biology, University of Victoria , Canada - Master of Fisheries , University of Washington, USA. - Doctoral of Fish Nutrition, University of Washington, USA. - DAP : Director Accreditation Program 57/2006 - FN : Finance for Non-Finance Director - DCP : Director Certification Program 165/2012 - Thai Institute of Directors	-	-
Last 5 years experienced		
Period	Position	Company
2006 - present	Director	Thai Luxe Enterprises PCL.
2005 - present	Vice President	Thai Luxe Enterprises PCL.
2003 - 2004	Assistant to CEO	Thai Luxe Enterprises PCL.
	Position in Listed Company - N/A	
	Position in Non Listed Company - N/A	

4. Mr. Jaran Jettanalin

Director/ Nomination and Compensation Committee : Age 70

Started the director position since 1987 | Started the nomination committee position since 2007

Number of BOD meeting attendance 4/4 | Number of sub-committee meeting attendance 4/4 | Number of shareholder meeting attendance 1/1

Education/Training	Number of shares (%)	Relation with the management
- Bachelor Degree, Veterinary National Pingtung University of Science and Technology , Taiwan - DAP: Director Accreditation Program 26/2004 - Thai Institute of Directors	12.04	-
Last 5 years experienced		
Period	Position	Company
2007 - present	Director/ Nomination and Compensation Committee	Thai Luxe Enterprises PCL.
2004 - present	Consultant	Thai Luxe Enterprises PCL.
1987 - 2006	Director	Thai Luxe Enterprises PCL.
	Position in Listed Company - N/A	
	Position in Non Listed Company - N/A	

5. Mr. Wu Yu Ting

Director : Age 74

Started the director position since 1987 | Number of BOD meeting attendance 2/4 | Number of shareholder meeting attendance -

Education/Training		Number of shares (%)	Relation with the management
- Bachelor Degree, Veterinary National Pingtung University of Science and Technology, Taiwan		0.14	-
Last 5 years experienced			
Period	Position		Company
1987 - present	Director Position in Listed Company - N/A Position in Non Listed Company - N/A		Thai Luxe Enterprises PCL.

5. Mr. Chang Ying Fu

Director : Age 79

Started the director position since 1987 | Number of BOD meeting attendance 2/4 | Number of shareholder meeting attendance -

Education/Training		Number of shares (%)	Relation with the management
- Bachelor of English, Tamkang University, Taiwan		2.31	-
Last 5 years experienced			
Period	Position		Company
1987 - present	Director Position in Listed Company - N/A Position in Non Listed Company - Chairman of Board of Directors		Thai Luxe Enterprises PCL. Kingtex Co., Ltd

7. Miss Arpha Seneepakonkai

Director/ Nomination and Compensation Committee : Age 44

Started the director position since 2005 | Started the nomination committee position since 2012

Number of BOD meeting attendance 4/4 | Number of sub-committee meeting attendance 1/4 | Number of shareholder meeting attendance 1/1

Education/Training		Number of shares (%)	Relation with the management
- Bachelor Degree, Silpakorn University - Master Degree Integrated Marketing Communication & Advertising, Emerson College, USA - DAP : Director Accreditation Program 34/2005 - Thai Institute of Directors		1.97	Daughter of Mr. Anurot and sister of Mr. Rojphan Seneepakonkai
Last 5 years experienced			
Period	Position		Company
2012 - present	Director/ Nomination and Compensation Committee		Thai Luxe Enterprises PCL.
2005 - 2012	Director		Thai Luxe Enterprises PCL.
2008 - 2012	Training and Business Development Director		Group M Co., Ltd
2004 - 2008	General manager		MEC (Group M) Co., Ltd
	Position in Listed Company - N/A		
	Position in Non Listed Company		
	- Director		SPK Uni Holding Co., Ltd
	- Chairman of Board of Directors		CALIN Co., Ltd

8. Asst. Prof. Piphat Nonthanathorn, Ph.D

Independent Director/ Chairman of Audit Committee : Age 48

Started the director position since 2005 | Started the audit committee position since 2006

Number of BOD meeting attendance 4/4 | Number of sub-committee meeting attendance 4/4 | Number of shareholder meeting attendance 1/1

Education/Training	Number of shares (%)	Relation with the management
- Bachelor of Business Administration, Chiang Mai University - Master of Business Administration, National Institute of Development Administration National Institute of Development Administration - Doctoral Degree of Administrative Development, National Institute of Development Administration - DAP : Director Accreditation Program 40/2005 - DCP : Director Certification Program 60/2005 - ACP : Audit Committee Program - RCC : The Role of Compensation Committee - MIR : Monitoring the System of Internal Control and Risk Management - MIA : Monitoring the Internal Audit Function - MFR : Monitoring the Quality of Financial Reporting - Thai Institute of Directors	-	-
Last 5 years experienced		
Period	Position	Company
2007 - present	Independent Director/ Chairman of Audit Committee	Thai Luxe Enterprises PCL.
2007 - present	Professor	Kasetsart University
2006 - 2007	Independent Director/ Audit Committee	Thai Luxe Enterprises PCL.
2545 - 2550	Professor	Khon Kaen University
	Position in Listed Company - N/A	
	Position in Non Listed Company - N/A	

9. Mr. Sakrin Chusaktakul

Independent Director/ Audit Committee : Age 74

Started the director position since 1997 | Started the audit committee position since 1997

Number of BOD meeting attendance 3/4 | Number of sub-committee meeting attendance 3/4 | Number of shareholder meeting attendance 1/1

Education/Training	Number of shares (%)	Relation with the management
- Bachelor Degree, Commerce and Accountancy Faculty, Thammasat University - Bachelor of Accounting, Thammasat University - Fundamental Credit Analysis Dun&Business - Advanced Accounting Certificate, Bangkok Business College - DAP : Director Accreditation Program 6/2003 - Thai Institute of Directors	0.12	-
Last 5 years experienced		
Period	Position	Company
2007 - present	Independent Director/Audit Committee	Thai Luxe Enterprises PCL.
2006 - 2007	Independent Director/ Chairman of Audit Committee	Thai Luxe Enterprises PCL.
	Position in Listed Company - N/A	
	Position in Non Listed Company	
	- Chairman of Board of Directors	Yong Heng (Visrutvanich) Co., Ltd.
	- Director	Song Khun Na Thum Foundation

10. Mr. Somporn Wankijcharoen

Independent Director/ Audit Committee : Age 63

Started the director position since 2001 | Started the audit committee position since 2001

Number of BOD meeting attendance 4/4 | Number of sub-committee meeting attendance 4/4 | Number of shareholder meeting attendance -

Education/Training	Number of shares (%)	Relation with the management
- Bachelor of Business Administration, Towson State University, USA - Towson State University, USA - DAP: Director Accreditation Program 47/2005 - Thai Institute of Directors	-	-
Last 5 years experienced		
Period	Position	Company
2001 - present	Independent Director/Audit Committee	Thai Luxe Enterprises PCL.
2002 - 2007	Managing Director	Asian Sportswear Co., Ltd
	Position in Listed Company - N/A	
	Position in Non Listed Company - N/A	

11. Mr. Sajja Suksong

Independent Director/Chairman of Nomination and Compensation Committee : Age 45

Started the director position since 2006 | Started the nomination committee position since 2006

Number of BOD meeting attendance 4/4 | Number of sub-committee meeting attendance 4/4 | Number of shareholder meeting attendance 1/1

Education/Training		Number of shares (%)	Relation with the management
- Bachelor of Economics, Chiang Mai University Chiang Mai University - Master of Finance, National Institute of Development Administration National Institute of Development Administration - DAP : Director Accreditation Program 55/2006 - Thai Institute of Directors		-	-
Last 5 years experienced			
Period	Position		Company
2009 - present	Independent Director/ Chairman of Nomination and Compensation Committee		Thai Luxe Enterprises PCL.
2009 - present	Consultant		Golden Feed Enterprises Co., Ltd
2006 - 2008	Independent Director/ Nomination and Compensation Committee		Thai Luxe Enterprises PCL.
2006 - 2008	Financing Director		Globalization Economic and Promotion Network Co., Ltd
	Position in Listed Company - N/A		
	Position in Non Listed Company - Director		Hutch Co., Ltd

12. Miss Ladda Heapsuwan

Assistant CEO : Age 59

Education/Training		Number of shares (%)	Relation with the management
- Bachelor Degree, Commerce and Accountancy Faculty, Dhurakij Bandid		-	-
Last 5 years experienced			
Period	Position		Company
2003 - present	Assistant CEO		Thai Luxe Enterprises PCL.
	Position in Listed Company - N/A		
	Position in Non Listed Company - Director		SMP Food Products Co., Ltd

13. Miss Somtawin Pansakul

Purchasing Manager : Age 44

Education/Training		Number of shares (%)	Relation with the management
- Bachelor of Business Administration, Sukhothaimathirath University		-	-
Last 5 years experienced			
Period	Position		Company
2008 - present	Purchasing Manager		Thai Luxe Enterprises PCL.
1991 - 2008	Accounting Manager		Thai Luxe Enterprises PCL.
	Position in Listed Company - N/A		
	Position in Non Listed Company - Director		SMP Food Products Co., Ltd

14. Mr. Chuchai Sae-Ear

Shrimp Feed Production Manager : Age 43

Education/Training		Number of shares (%)	Relation with the management
- "Bachelor of Human Resources Administration, Muban Chombung Rajabhat University		-	-
Last 5 years experienced			
Period	Position		Company
2003 - present	Shrimp Feed Production Manager		Thai Luxe Enterprises PCL.
2001 - 2002	Factory Manager		SPI Feed Co., Ltd

15. Mr. Somsak Jampasak

Fish Feed Production Manager : Age 49

Education/Training		Number of shares (%)	Relation with the management
- Bachelor of Human Resources Administration, Muban Chombung Rajabhat University		-	-
Last 5 years experienced			
Period	Position		Company
2005 - present	Fish Feed Production Manager		Thai Luxe Enterprises PCL.

16. Mr. Chanchai Nuchrean

Engineer Department Manager : Age 47

Education/Training	Number of shares (%)	Relation with the management
- "Bachelor of Human Resources Administration, Muban Chombung Rajabhat University	0.04	-
Last 5 years experienced		
Period	Position	Company
2006 - present	Engineer Department Manager	Thai Luxe Enterprises PCL.

17. Mr. Sakon Thongpichitkul

Human Resources Manager : Age 47

Education/Training	Number of shares (%)	Relation with the management
- Bachelor Degree, Faculty of Political Science, Ramkhamhaeng University	-	-
Last 5 years experienced		
Period	Position	Company
2008 - present	Human Resources Manager	Thai Luxe Enterprises PCL.
2006 - 2008	Human Resources Manager	S P Pet Pack Co., Ltd
1996 - 2006	Human Resources Manager	Big C Supercenter PCL.

Remark

- 1 As the company certificate, the authorized directors are Mr. Anurot Seneepakonkai or Mr. Jaran Jettanalin, signed with company seal.
2. Number of shares including the spouse and underage son.
3. As at 6 March 2013, the total paid up capital is 424,988,343 Baht, divided into 424,988,343 shares at par value 1 Baht
4. During the year 2012, Dr. Thoma Roy Wilson, Director and Vice President, completed DCP : Director Certification Program 165/2012 from Thai Institute of Directors

The Connected Transaction

1. Betagro – Thailuxe Holding Co., Ltd

Betagro – Thailuxe Holding Co., Ltd (“BTH”) is the subsidiary. TLUXE is holding 65% and Betagro is holding 35% of total paid up capital (Already close down)

Category of Transaction	Detail	Amount (Million Baht)	Necessary and Properly of the Transaction
		2012	
The company lend to BTH for working capital	• Short Term Loan	-	The transaction is properly since it was able to improve the liquidity and the interest rate at 7.5% per year is appropriate.
	• Debtor-ST loan	-	
	- Beginning balance	800,000	
	- Increase	-	
	- Decrease	(800,000)	
	- Ending balance	-	

2. Betagro- Thailuxe Vina Feedmill

Betagro – Thailuxe Vina Feedmill Co., Ltd (“BTV”) is the subsidiary. BTH is holding 100% of total paid up capital (Already stop investment)

Category of Transaction	Detail	Amount (Million Baht)	Necessary and Properly of the Transaction
		2012	
The company lend to BTV for working capital	- Short Term Loan	12,581,000	The transaction is properly since it was able to improve the liquidity and the interest rate at 10% per year is appropriate.
	- Debtor-ST loan		
	- Beginning balance		
	- Increase	6,813,700	
	- Decrease	(19,394,700)	
	- Ending balance	-	
The company received the management fee from BTV	• Management fee	745,227.30	The transaction is the management fee that the company and Betagro PCL. send the advisor to BTV
	• Ending balance	-	
BTV paid the management fee to Betagro	• Management fee	745,227.30	The transaction is the management fee that the company and Betagro PCL. send the advisor to BTV
	• Ending balance	-	

3. SMP Food Products Co., Ltd

SMP Food Products Co., Ltd (SMP) is the subsidiary. TLUXE is holding 96.43% of total paid up capital

Category of Transaction	Detail	Amount (Million Baht)	Necessary and Properly of the Transaction
		2012	
The company lease the cold storage to SMP	- Rental Fee - Ending balance	5,400,000 -	The transaction is properly since after the company stopped producing the frozen food, the company had no necessary to keep the cold storage for business. Therefore, the company rent the cold storage to SMP to earn income. The rental fee is agreeable fee.

4. Thai Asse Trading Co., Ltd

Thai Asse Trading Co.,Ltd (Thai Asse) is 100 % holding by Seneepakonkai group

Category of Transaction	Detail	Amount (Million Baht)	Necessary and Properly of the Transaction
		2012	
The company rent Thai Asse building for Bangkok branch office	- Rental Fee - Ending balance	480,000 -	The transaction is properly since the company needs space in Bangkok area for Bangkok branch office. The rental fee is fair and can be compared with the nearby buildings.

Measures or procedures for permission for related transactions.

Related transactions conducted by the Company or by its Subsidiaries that may materialize with persons having interests and taking risk factors such as, sale of goods and purchase of goods and so on. The Company would entrust Audit Committee to make consideration of these items, by using prices of other manufacturers for comparison with the sales prices of the Company or between the Subsidiaries and persons whose interests may be contradictory. The directors must work under the related transaction of the Company's regulations or of its Subsidiaries and shall not approve any transactions which the director himself or related persons may have conflicted of interests. The transactions have to be submitted to the Board of Directors for consideration. The Company must abide by the law governing stocks exchange, including orders, regulations or limitations prescribed by SET. The Company shall also work as per terms relating to divulgence of data concerning connected transactions including acquisition of assets of the Company or of the Subsidiaries. In case Audit Committee has no experience, the Company may have to hire private experts or independent Auditor to work in this respect, to enable Board of Directors to make decision. Data shall be divulged in the report under the remarks accompanying Financial Statements audited by the Company's Auditor. At the same time, information shall be divulged in the Annual Report of the Company and in Form 56-1 as well.

Explanation and Analysis of Management

Financial Statement

- Report of the Independent Auditor for the fiscal year 2010, issued by Mr. Narong Puntawong, Auditor holding license No.3315 from Ernest & Young Office Limited, expressed unconditioned opinion that there is nothing to indicate the Financial Statements are not correct, in respect to major items under the general accounting principles.
- Report of the Independent Auditor for the fiscal year 2011, issued by Mr. Narong Puntawong, Auditor holding license No.3315 from Ernest & Young Office Limited, expressed unconditioned opinion that there is nothing to indicate the Financial Statements are not correct, in respect to major items under the general accounting principles.
- . .
- Report of the Independent Auditor for the fiscal year 2012, issued by Mr. Narong Puntawong, Auditor holding license No.3315 from Ernest & Young Office Limited, expressed unconditioned opinion that there is nothing to indicate the Financial Statements are not correct, in respect to major items under the general accounting principles.

Explanations of financial analysis

• An Overview of past operating

In the light of the big picture of the operating results, the Group of Companies hold that its operating results are on the rise continually, whether in terms of increase in earning, profitability. Earnings from sales are increasing continually according to the shrimp farming industry.

During 2011, the Company earned a gross income of 2,628 million Baht and the Group of Companies earned a gross income of 2,728 million Baht; the decline at the rate of 8.26 percent from that of 2010 due to the fall of sales of the animal feeds and raw materials in consequence of the natural disaster, in particular, the major flooding in the Southern Region during April and in late 2011. On the one hand, the situation was complicated by the epidemics in shrimp such as the White Spot Syndrome viral disease and white fecal disease and on the other hand, it was due to the recording of the devalued (write-down of) investments in subsidiaries overseas.

For 2012, the Company earned a gross income of 2,874 million Baht and Group of Companies earned gross income of 3,219 million Baht, an increase of 491 million Baht or it was upped 18 percent when compared with the preceding year, from the recognition of income from frozen food business which the Company had purchased the previous year of 335 million Baht, because SMP has been changed to Subsidiary. In addition, the selling income of the company only also increased from shrimp feed selling, fish feed selling, due to the increasing of selling price, including with increased income from farming business and post larva shrimp selling.

Although in 2011, the Group of Companies saw the fall in earning from sales, yet it was able to maintain its profitability continually. Its gross profit in 2010 and 2011 accounted for 16.80 percent and 16.80 percent respectively. The main cause was due to the soaring price of aquatic animal feeds and proper, efficient management and control of production cost. The Company was able to control cost of product, in particular efficient control of the cost of raw materials. This was responsible for a good gross profit in the throes of soaring price of raw materials owing to fluctuation of climatic conditions and rising fuel price. However, regarding the rate of net profit in 2010 and in 2011, the Company earned the net profit equal to 7.91 percent and 6.09 percent respectively owing to in 2011, the Company sustained a loss from the currency exchange and partially from the recording of the devalued accounts of investments in the subsidiary overseas.

As for 2012, the gross profit rate was at 14.83 percent: a drop from that of 2011 mainly attributable to soaring price of raw materials and the aggravation of shrimp epidemics such as the Early Mortality Syndrome (EMS) in white shrimp in the third quarter and the fourth quarter, thus affecting the sales during the said period. The profit rate of the Group of Companies in 2012 was equal to 5.58 percent: a decline from that of 2011 due to a sustained loss of net profit from sale of joint venture business abroad and the increased expense of income tax due to the expiration of the Investment Promotion Card No 1169/2539 under which the Special Tax Privilege expired in 2011. Incidentally, the Company was applying for investment promotion privileges from the Board of Investment for a new project for production of animal feeds which will be located in Songkhla province. It is expected that income recognition will be available in the fourth quarter of 2013.

As for the consolidated assets of the Group of Companies, the continual rise was recorded. According to the Consolidated Financial Statement as at the end of 2010-2012, the Group of Companies had total assets of 1,428 million Baht; 1,586 million Baht and 1,834 million Baht respectively. In 2012, the increase in assets mostly attributed to liquid assets mostly comprising cash, current investments, trade receivables which moved in the same direction as the expansion or contraction of the sales and increased liquidity of the Group of Companies. The Group of Companies had the ratio of liquidities in each year was equal to 1.04 times, 0.30 times and 0.47 times respectively. While at the same time, the Group of Companies had an increased short-term loan exposure from finance institutions including increased trade payables in consequence of increased sales and productivity and from investments in the animal feeds manufacturing plant in Southern Region. As a result, the Group of Companies had consolidated liabilities as at the ends of the year 2010-2012 totaled 375 million Baht, 491 million Baht and 521 million Baht respectively and had the debt ratio to shareholders' equities equal to 0.36 times, 0.45 times and 0.40 times respective for each year.

Return on Asset of the Group of Companies was 10.30%, decreased from previous year, also the Return on Equity which was 14.64%. The main reason were the decreasing in net profit of the company at 9 million Baht, including with the company has invested in non-current asset, and receiving cash from warrant exercise (TLUXE-W2), which made the increasing in total asset and total shareholders. Incidentally during 2012, the Company had an increased paid-up capital thanks to the exercise of the right to buy ordinary shares of the holders of the ordinary share warrants for the ordinary shares allocated to the existing shareholders (TLUXE-W2). The said warrants were due to expire on 20th February 2015.

Operating Result

The principal income of the Group of Companies was attributable to sales, which accounted for 98 percent of the gross income. Most of income from sales of the Group of Companies came from manufacture and distribution of the aquatic animal feeds with the ratio of income from distribution of fish feed equal to 19-28 percent and shrimp feed of 53-67 percent of the gross income.

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In 2011, the Group of Companies earned income from sales totaling 2,686.75 million Baht: a decline from that of 2010 in which its gross sales income were 2,918.98 million Baht or a drop to 7.96 percent; it was the decline on the portion of income from mainly the sales of shrimp feeds. In 2011, the Group sustained a reduction in sales of shrimp feeds of 15.60 percent, which was attributable to the continuing slow-down of shrimp raising industry for export from the end of 2000 owing to flood problem in the South and shrimp epidemic. However, the distribution of fish feed showed an increase from 2000 at the rate of 34.73 percent thanks to the increase in consumption of fish meat.

In 2012, the Group of Companies earned income from sales of 3,158.19 million Baht; an increase from that of 2011 which earned income from sale of 2,686.75 million Baht or increased at the rate of 17.55 million Baht. Although in 2012, the shrimp culture industry saw the outbreak of EMS disease in shrimp, the Group of Companies also managed to increase the sales of shrimp feeds from that of 2011 at the rate of 2.09 percent, from the increasing in shrimp feed selling price. For the fish feed in 2012, the Company earned income from increased sales from that of 2011 at the rate of 16.75 percent which was attributable to domestic consumption of fish meat continually, and increasing in fish feed selling price. Incidentally, in 2012, the Company recognized the receipts of 335 million Baht from frozen foods business of the subsidiaries.

Services Income and Rental Income

During 2010-2012, the Group of Companies earned service income amounting to 7.22 million Baht, 6.49 million Baht and 1.39 million Baht respectively; they were income from contracted manufacture of the animal feeds. Moreover, in 2010-2012, the Group of Companies earned rental income of 17.23 million Baht, 12.32 million Baht and 0 million Baht respectively. They were income from the lease land and from the rentals of cold storage in the area of old factory in Samut Songkram province to SMP Food Products Co., Ltd., which in 2010-2011, SMP Food Products Co., Ltd., had the status of being the associated company; but in 2012, the Company changed its corporate status from the associated company to the subsidiary, so rental income was not shown in consolidated statement.

The Group of Companies during 2010 and 2012 earned other income of 30.73 million Baht, 22.90 million Baht and 53.64 million Baht respectively comprising receipts from the VAT refund, income from interest receivable, dividend receivable, and profit from the currency exchange rate. Incidentally, in 2012, the Company sold its joint venture business overseas, thus there arose the recording of gain on return of capital/disposal of investments in subsidiaries.

Cost and Gross Profit

Principal costs of sales of the Group of Companies are the costs of raw materials for manufacture of animal feeds such as fishmeal, soybean meal, wheat flour, squid liver, etc. The Group of Companies would purchase the said raw materials both domestically and abroad. In 2010-2012, the Group of Companies had the costs of

sales amounting to 2,428.53 million Baht; and 2,235.38 million Baht and 2,689.79 million Baht respectively. The increase or decrease in the costs of sales is in tandem with expansion or the contraction of the income from sales. During 2010-2012, the Group of Companies had the ratio of the cost of sales per income from sales at 83.20 percent and at 83.20 percent and 85.17 percent respectively, similarly rendering the Group of Companies the gross profit at 16.80 percent and at 16.80 percent and at 14.83 percent respectively. During 2010-2011, the Company managed to maintain the ratio of cost and of gross profit thanks to the appreciation of Baht currency, resulting in reduced cost of import of raw materials from overseas of the Group of Companies coupled with the soaring price of the animal feeds thanks to the rising price of raw materials which are agricultural produces caused by climatic variation and problem of natural disaster. Meanwhile, as the Group of Companies was introducing advance production and purchase of raw materials plan, it was able to control the cost of sale efficiently. But for the year 2012, the Company was unable to maintain the cost of sales and rate of gross profit owing to continued soaring price of the principal raw materials and the impact from the EMS epidemic in white shrimp in the third and in the fourth quarter which impacted the sales during the said period of time.

Selling and Administrative Expenses

In 2010-2012, the Group of Companies incurred the selling and administrative expenses amounting to 252.85 million Baht, 257.25 million Baht and 294.01 million Baht respectively with the ratio of selling and administrative expenses to total revenue at 8.50 percent, 9.42 percent and 9.13 percent respectively for each year. The main components of the selling and administrative expenses are salary, marketing promotion cost, traveling expense.

As for the increase in the proportion of the selling and administrative expenses per total revenue of the Group of Companies in 2011 due to the decline in sales being aggravated by the flooding problem in the South that impacted the shrimp industry including the epidemic in white shrimp while the Group had fixed overheads of the expenses of sales and administration such as staff salaries, etc. This was responsible for an increase in the proportion of the selling and administrative expenses per total revenue of the Group of Companies in the said year.

In 2012, the proportion of the selling and administrative expenses per total revenue of the Group of Companies was on the decline, due to the drop in the expense of marketing promotion owing to the shrinkage of the total sales of shrimp at the end of third and fourth quarter as a result of the epidemic of EMS in white shrimp.

Net profit

The Group of Companies in 2010-2012 registered the net profit of 235.22 million Baht and 174.44 million Baht and 165.68 million Baht respectively, accounting for the net profit per total revenue equal to 7.91 percent, 6.39 percent, and 5.15 percent respectively. The decline in net profit in 2011 – 2012 was resulted from the slowdown of sales owing to natural disaster and epidemic in shrimp during 2012. The Group of Companies scored the decline in gross profit and the operating profit during 2010 and 2012; earning the gross profit of 16.80 percent and 16.80 percent and 14.83 percent respectively with the operating profit equal to 8.14 percent and 6.80 percent and 5.52 percent.

Financial Position

Total Assets

The total assets of the separate Financial Statement as at the end of 2010-2012 continually were on the rise with value equal to 1,339.76 million Baht, 1,509.40 million Baht and 1,773.12 million Baht respectively.; while the total assets in the Consolidated Financial Statement of the Group of Companies as at the end of 2010 - 2012 stood at 1,428.34 million Baht, 1,586.87 million Baht and 1,834.04 million Baht respectively. The main components of the assets of the Group of Companies can be shown as follows:

Assets	% per Total Assets		
	2010	2011	2012
Cash and cash equivalents	10.86	4.83	9.50
Current Investments	14.75	19.62	16.11
Trade accounts receivables – net	14.28	12.66	13.16
Inventories - net	22.66	26.58	22.94
Current Assets	62.93	64.97	62.85
Property, plant and equipment	33.25	32.85	34.30
Non-Current Assets	37.07	35.03	37.15

There was a change in the components of the assets of the Group of Companies with the proportion of current assets of the Group having the main items such as cash and cash equivalents, trade receivables and the inventory, was on the rise from 62.93 percent of Total assets as at the end of 2010 to 64.97 percent as at the end of 2011; but at the end of 2012 it dropped to 62.85 percent respectively.

While the proportion of non-current assets comprising main items namely, property, plant and equipment declined from 37.07 percent at the end of 2010 to 35.03 percent at the end of 2011; but rose to 37.15 percent as at the of 2012 respectively. The main cause was owing to the construction of a new animal feeds plant in Songkhla province; the distribution center in Chumporn province and the Research and Development of Animal Feeds Center in SamutSongkram province, resulting in the rise of non-current assets on the part of property, plant and equipment including the machinery.

Trade Account Receivables

The main account receivables of the Group of Companies are domestic and overseas cultivators of aquatic animals and distribution agents of the Company based in various provinces of Thailand. The trade account receivables of the Company which showed in the Separate Financial Statement as at the of 2010-2012 were at value equal to 172.72 million Baht, 159.19 million Baht and 211.06 million Baht, which accounted for 12.89 percent, 10.55 percent and 11.90 percent of total assets in each year respectively. As for the Financial Statement of the Group of Companies as at the end of 2010-2012, there were the trade account receivables stood at 203.95 million Baht, 200.36 million Baht and 240.59 million Baht respectively, which accounted for the proportion of 14.28 percent, 12.63 percent and 13.12 percent of total assets of the Group of Companies during the said period of time.

The trade account receivables of the Group of Companies had a trend towards rising in tandem with the sales of aquatic animal feeds domestically and overseas according to the details as follows:

Trade accounts receivables	2010		2011		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Not yet due	135.35	61.82	129.86	58.40	170.77	67.91
Past Due						
Up to 3 months	64.38	29.40	68.09	30.61	67.00	26.64
3 – 6 months	8.92	4.08	3.67	1.65	4.41	1.75
6 - 12 months	5.49	2.51	2.01	0.90	1.51	0.60
over 12 months	4.82	2.20	18.78	8.44	7.80	3.10
Total	218.96	100.00	222.42	100.00	251.48	100.00
Less : Allowance for doubtful debts	(15.01)	(6.86)	(22.06)	(9.92)	(10.89)	(4.33)
Total trade receivables - net	203.95	93.14	200.36	90.08	240.59	95.67

In 2010-2011, the trade account receivables of the Group were down at the rate of 1.76 percent, which the decline in the value of the receivables was attributable to the drop in sales of the Group of Companies due to the shrinkage of shrimp breeding industry for export. The Group of Companies saw the rate of account receivable turnover from 13.65 percent in 2010 down to 12.16 percent 2011 but increase in average collection period; for instance, in 2010, the average collection period was 26.37 days, an increase to 29.61 days in 2011.

At the end of 2012, the Group of Companies scored the increase in trade account receivables from that of 2011 accounted for 20.08 percent; the rate of account receivable turnover was stable at 12.16 percent when compared to that of 2011 and with the average collection period equal to 30.48 days since the shrimp farmers faced the epidemic problem, the Company, therefore, had to extend the span of debt collection to help the farmers.

In the aspect of the quality of trade account receivables, taking into aged on the basis of due dates. It was found that the Group of Companies had the not yet due account receivables approximately 61-68 percent of the total of net trade account receivables and past due account receivables is about 32-42 percent of the total net account receivables, mostly are the account receivables in arrears of not more than 3 months. In 2011-2012, the Group of Companies had the account receivables in arrears on the increase proportionally owing to the problem of shrimp epidemic (EMS epidemic), thus the customers of the Group of Companies were in default of payment on due date.

Inventory

At the end of 2010-2012, the Group had net inventories equal to 317.96 million Baht, 421.78 million Baht and 420.68 million Baht, a proportion of about 21-27 percentage of the total assets. The principal items comprise raw materials in the proportion about 67-72 percent and the finished goods in the proportion of about 16-20 percentage of the total inventories of the Group of Companies.

	2010		2011		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Finished goods	52.88	16.42	91.48	21.24	86.83	20.20
Work in Process	1.35	0.42	6.88	1.60	10.35	2.41
Raw Materials	187.61	58.27	246.64	57.26	202.52	47.12
Raw Materials in transit	46.00	14.29	44.26	10.28	85.40	19.87
Packing materials and supplies	14.45	4.49	19.50	4.53	22.52	5.24
Spare parts	19.65	6.10	21.94	5.09	22.16	5.16
Total	321.94	100.00	430.70	100.00	429.78	100
Allowance of stock obsolescences	-3.97	-1.23	-8.92	-2.07	-9.10	-2.12
Inventories-net	317.96	98.77	421.78	97.93	420.68	97.99

At the end of 2010-2011, net inventories of the Consolidated Financial Statement of the Group of Companies remained 317.96 million Baht and 421.78 million Baht respectively. In 2011, the demand for shrimp in global market was on the decline and the occurrence of flooding calamity in Thailand, caused the inventories of the Group increased at the rate of 32.65 percent.

In 2012, the Group's inventories were down from that of 2011 at the rate of 0.26 percent of total inventories owing to the epidemic EMS in the country where shrimps were raised for export at a large scale, thus slowing down the breeding by farmers resulting in the drop of demand for shrimp feeds domestically; the Company therefore slowed down the production of finished goods.

At the end of 2010-2012, the Group of Companies set up a reserve for allowance of stock obsolescences equal to 3.97 million Baht, 8.92 million Baht and 9.10 million Baht respectively. The set up of the said reserve was the allowance for raw materials, packaging materials and supplies and the spare parts.

Investment in subsidiary and associated companies

During the year, the Company cancelled the Account of Betagro-ThaiLuxe Holding Co., Ltd., which had invested in the ratio of 65 percent to the authorized capital of BTH, amounting to the invested value of 96.99 million Baht, having invested in BTV in a ratio of 100.00 percentage to the paid-up authorized capital of BTV which produces and distributes shrimp feeds in Vietnam.

The Company had invested in SMP Food Products Co., Ltd. in a ratio of 96.43 percentage to the authorized capital of SMP, accounting for the investment of 59.79 million Baht to operate a business of producing and distributing frozen processed foods for distribution both domestically and overseas.

At the end of 2010-2012, the Separate Financial Statement of the Company showed total of value of investment in the subsidiary of 34.09 million Baht, 45.28 million Baht and 22.58 million Baht respectively, which accounted for 2.54 percent, 3.00 percent and 1.28 percent of total assets respectively. The reduction in capital investment in the subsidiary was in consequence of the closure of the business of BTH.

The details of investment of the Company in the subsidiary as at 31 December 2012 are shown as follows:

	Type of Business	Investment Ratio	Paid-Up Capital (Million Baht)	Provision for impairment of investment (Million Baht)	Value of investment - net (Million Baht)
Betagro- Thailuxe Holding Co., Ltd	Manufactureing and selling shrimp feed	65.00	150	-	-
SMP Food Products Co., Ltd	Manufactureing and selling frozen processed food	96.43	62	9.73	22.58

In addition, the Company had general investments of 3.45 million Baht in Thai Cloth Print & Dyeing Co., Plc.

Long-term Account Receivables

Long-term account receivables of the Company are trade account receives being in arrears for a very long time and pending a lawsuit. The Company's total long-term account receivables as at the end of 2010-2012 stood at 63.94 million Baht, 57.01 million Baht and 55.21 million Baht respectively, accounted for 4.48 percent, 3.59 percent and 3.01 percent of total assets as at the said duration respectively. The Company had a policy to set up allowance for doubtful debts taking into account auction price of the security or value of the security. As at the end of 2010-2012, the Company set up allowance for doubtful debts for long-term account receivables of 54.84 million Baht.

Land, building and equipment

Land, building and equipment of the Group of Companies at the end of 2010-2012 stood at 474.86 million Baht, 521.31 million Baht and 629.22 million Baht respectively, accounted for an increase at the rate of 9.78 percent in 2011 and an increase at the rate of 20.70 percent in 2012. The land, building and equipment accounted for 32-35 percentage of total assets throughout the said period of time. Incidentally, the principal components of the land, building and equipment of the Group of Companies are:

1. Land and improvements and plant building located in SamutSongkram province, of total area of 50 rai 1 ngan 64 square wah. It used to be the old factory of the Company (presently it is not in production).
2. Land and improvements and animal feeds production plant located in Petchburi, of total area of 62 rai 3 ngan 10 square wah.
3. Land in Songkhla province of 49 rai 3 ngan 96 square wah. A location for the construction of a new plant for production of aquatic animal feeds.

As at the end of 2012, the Group of Companies had an increase of land, buildings and equipment thanks to the purchase of land worth 1.50 million Baht and construction still in progress worth 108 million Baht. It is the construction of the new plant in Songkhla province , the distribution center in Chumporn province, and a building to be used as the Research and Development of Aquatic Animal Center in SamutSongkram province in addition to purchase of more machinery and vehicles.

Sources of the capital

The structure and sources of capital for operation of the Group's business can be presented as follows:

	% per Total Asset		
	2010	2011	201
Increase (decrease) in bank overdrafts and short-term loans	5.00%	1.95%	2.46%
Trust receipts	2.70%	14.20%	10.82%
Trade Payables	10.54%	10.68%	11.82%
Liabilities under long-term lease agreement due within 1 year	0.20%	0.21%	0.32%
Long-term loans due within 1 year	0.00%	0.00%	-
Other current liabilities	6.52%	0.83%	0.29%
Current Liabilities	24.97%	29.40%	27.24%
Liabilities under long-term lease agreement due over 1 year	0.45%	0.44%	0.13%
Provision for long-term employee benefits	0.90%	1.12%	1.08%
Non-Current Liabilities	1.35%	0.01%	-
Total Liabilities	26.32%	30.98%	28.45%
Shareholders' equity	73.68%	69.02%	71.55%
Debt to Shareholders ratio	0.36	0.45	0.40

When taking into account the capital structure of the Group of Companies, most of the sources of the capital of the Group of Companies came from the shareholders' equity which accounted for a ratio of 72-74 percentage of total capital of the Group according to the Consolidated Financial Statement. The Group of Companies had a ratio of debt to shareholders 'equity at low level. During 2010-2012, the Group of Companies had the said ratio of debt to shareholders 'equity of 0.36 times, 0.45 times and 0.40 times respectively.

Total liabilities

At the end of 2010 -2012, the Group of Companies had total liabilities of 375.93 million Baht, 491.55 million Baht and 521.80 million Baht, accounted for 26.32 percent, 30.98 percent and 28.45 percent of total assets in each year respectively. In 2012, most of total liabilities of the Group of Companies was current liabilities, which comprising the principal items such as trade account payables and account payables for trust receipts. The said items are the source of capital for procurement of raw materials and for working capital of the Company.

Shareholders' equities

As at the end of 2010-2012, the Group of Companies had the shareholders' equity equal to 1,052.42 million Baht, 1,095.32 million Baht and 1,312.24 million Baht respectively. The increase in the shareholders' equity resulted from continual net operating profit of the Company; rendering the Group of Companies to have an increase of retained earnings from 471.96 million Baht at the end of 2010 to 513.22 million Baht at the end of 2011 and 572.34 million Baht at the end of 2012.

Incidentally, during 2012, the Company had an increase of already paid-up capital attributable to the exercise of right to buy ordinary shares by the Company, of the holders of the share warrants allotted to the existing shareholders (TLUXE-W2). The said share warrants will expire on 20 February 2015.

The Group of Companies had consistently paid out dividends. In 2010, dividend was paid at the rate of 0.38 Baht per share which accounted for the value of the dividend of 144.57 million Baht. In 2011, the dividend was paid out at the rate of 0.28 Baht per share which accounted for the value of the dividend of 106.53 million Baht and in 2012 the Company paid the dividend at the rate of 0.26 Baht per share, which accounted for the value of the dividend of 109.44 million Baht.

Cash Flow

In 2012, the Company had the Cash flows from operating activities of 229.04 million Baht, increased from previous year at 107 million Baht, due to the unpaid raw material which were purchased during the end of the year. The Cash flows from investing activities totaled 100.41 million Baht; mostly the Company spent on purchase of land, building and equipment for the new animal feeds manufacturing plant in Song Khla; the Cash flows from financing activities net of 30.95 million Baht. The Cash flows from financing activities was the cash flow earned from the exercise of the convertible right to the warrants TLUXE-W2 amounting to 111.34 million Baht. The Company used a sum of money to settle the short-term loan debt and the trust receipt to the Bank and repay the liability of 35.73 million Baht including cash payment of the dividend totaling 106.56 million Baht. The cash and cash equivalent items as at 31 December 2012 were equal to 174.29 million Baht.

The liquidity ratio according to the Consolidated Financial Statement as at 31 December 2012 was equal to 2.31 times, an increase from 2011, which was at 2.21 times and Cash Cycle was equal to 58.83 days, which was equal to that of 2011.

Warrants

1. The Company had a total of 169,000,000 units of the warrants for purchase of the ordinary share. The date of the issue of the warrants is 21 February 2011. The validity of the warrant is 4 years. The first day of exercising the warrant is 31 March 2012 and the last of the exercise of the warrant is 20 February 2015. The number of warrants having been exercised during 2012 are as follows:

	Exercise Date	Units	Amount (Baht)	Remaining Warrant (Unit)
1	31 March 2012	34,940,383	87,350,957.50	134,059,617
2	30 September 2012	9,596,440	23,991,100.00	124,463,177

2. There is a total of 19,000,000 units of the warrants to buy ordinary shares of the Company under the ESOP project (second time). The date of issuance of the warrant is 21 July 2011. The validity of the warrant is 4 years. The first day of exercising the warrant is 30 September 2013 and the last day of exercising the warrant is 20 July 2015.

Auditor Remuneration

Auditor remuneration of the year 2012 was composed of auditor fee 900,000.00 Baht, and other fee to be total 1,000,545 Baht.

Good Corporate Governance

The Board of Directors prescribed a policy on good governance because it was recognized as being significant and necessary for sustainable growth of business. The Board of Directors emphasized on and intended to follow such principle by prescribing policy for and direction of the Company's business operation with emphasis on the internal control and audit system, supervising the Management to follow the policy efficiently for long term benefits of shareholders under the legal and framework and business ethics, and adopted the good governance principles for companies listed in 2006. The principles are divided into 5 chapters as follows.

1. Rights of Shareholders

The Company held 1 shareholder's meeting in 2012, which was ordinary general meeting of shareholders, participated by directors of the Company and directors of the Audit Committee and a representative of the auditor. The Company sent invitation to the meeting together with supporting information for the meeting agendas to shareholders at least 14 days in advance. The invitation letter has adequate details, with comments of the Board of Directors in all agendas. The meeting was fully recorded for review by shareholders. The Company posted the invitation letter and the meeting report in its website at www.thailuxe.com.

In the shareholder's meeting, the Company allocated the meeting time properly and treated all shareholders equally in expressing their opinions and raising any question to the meeting in accordance with the meeting agendas and the matters taken up for discussion. All such matters including significant inquiries and comments were recorded in the report of the meeting.

2. Equitable Treatment of Shareholders

The Company allowed any shareholder who was unable to personally attend the meeting to authorize a third party, or select any independent director, to attend on his/her behalf using the letter of authorization sent by the Company with the invitation letter for ease of shareholders' participation in the meeting. The Company adopted the barcode system in participation registration, thus reducing the registration time, and provided snacks and drinks to shareholders in the registration area before the meeting started.

The company allowed any shareholder to propose an AGM agenda and to nominate in advance the person who qualified as a director, via communication channel on the company website from the period of 15 November 2012 until 31 January 2013.

In the meeting, the Chairman of the meeting allowed shareholders to express their opinions and inquire on matters related to that taken up for consideration in that agenda item, and allowed shareholders to elect directors individually under the agenda item on election of directors to replace those vacating office at the end of their term.

The Company has a policy on utilization of inside information, the awareness of which is limited to high-level executives only and disclosed to employees of the Company on a need-to-know basis. The executives are required to report on their holding of securities in accordance with notifications of the Securities and Exchange Commission and of the Stock Exchange of Thailand. There is also an internal control on utilization of the Company's inside information with a policy prohibiting executives to trade on the Company's shares in case they are aware of information impacting upon the prices of the Company's securities.

The Company recognizes the significance of the internal audit system, both at the managerial level and the operative level, by establishing an internal audit section carrying the audit to ensure that the main operation and significant financial transactions of the Company were performed efficiently in accordance with guidelines established, including the audit on compliance control. To ensure that the internal audit section is independent and capable of fully auditing and balancing, the Board of Directors, therefore, requires the internal audit section to report on the auditing results directly to the Audit Committee, and to be evaluated on its performance by the Audit Committee as well.

3. Roles of Stakeholders

Employees

The Company treated all employees equally and fairly, taking into account the human right principle and employment in compliance with provisions of laws, and provided proper remunerations and welfares, organized training courses on employment development, established a provident fund, provided scholarships to employees' children with good educational record and to employees themselves. The Company allowed employees' participation by letting them expressing their comments through the comment receiving center in the Company's website, or reporting any traces in case of dishonesty in the organization. Such comments would be sent directly to the Audit Committee.

Suppliers

The Company bought goods and services from suppliers in accordance with trade conditions, and by strictly complying with conditions of agreements with suppliers.

Customers

The Company attended to and was responsible for customers by maintaining production and service quality and standard, making products with value to customers, providing information on products and services to consumers correctly and appropriately, with measure on safeguarding customers' secrets, and personnel to receive complaints from customers.

Creditors

The Company strictly complied with conditions and agreements related to goods trading and loan without circumventing to delay payment or to be in default of payment.

Rivals

The Company observed good competition rules, maintained standard of competition practice, avoided dishonest action to obtain advantages in unfair competition or to destroy rivals.

The Company has set up a website as an avenue for whistle blowing; reporting illegal or unethical practices; reporting finance matters; or failure in systems. The page has tabs that divide into "Shareholders/Stakeholders/Contact Committee". It is also possible to report directly to the Internal Auditors at IA@thailuxe.com

The committee will protect the reporters by keeping their data strict confidentially.

The committee follows a process after an issue is reported to them, they will firstly summarize the report and present it to the Audit committee for further investigation. If the matter affects the Company, it will be presented to the Board of Directors for further action.

The Company was responsible for the environment of communities and the society by implementing environmental management within the organization and the society with measure on maintenance of utensils and equipments used in the Company's operation to protect the environment from pollutants. The Company also established an internal unit and delegated a person with direct responsibility to carry out CSR activities, for example, granting scholarships to customers' children, supporting school fishery, white factory, green factory and drug-free campaign.



พิธีมอบทุนการศึกษา

4. Disclosure and Transparency

The Board of Director recognized the importance of disclosure of accurate, complete, transparent and thorough information, both financial and general, as well as those with impacts upon the Company's securities prices, by disseminating such information for awareness of investors and parties concerned through various channels and communications of the Stock Exchange accurately and completely within the prescribed time and in accordance with criteria prescribed by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Company disclosed the annual report, both in the Thai and the English versions, through the Company's website. The Board of Directors also required the report on responsibilities of the Board of Directors upon the financial statement to be included together with the auditor's report in the annual report.

The Company assigned a high-level executive a duty of investment-relation management. Investors may obtain information on the Company at tel. 02266-4725 or e mail address: bkk@thailuxe.com.

5. Responsibilities of the Board

The Board of Directors is composed of 11 directors, of which 4 are independent directors, 3 executive directors and 4 non-executive directors, nominated by various groups of investors, thus ensuring adequate balance.

The Board of Directors determines business direction, business plan, investment plan and investment source procurement and supervises and monitors work performance to ensure compliance with the business plan and to eliminate conflict of interests. Directors with interests in each matter will not be entitled to vote or make any decision in that matter.

The Board of Directors prepared a manual on business ethics for acknowledgement by all directors and employees for them to understand the measure for treatment to the Company, all groups of stakeholders and the public and the society.

The Chairman of the Board of Directors is still holding the Managing Director position as well because he has experiences in the business being carried out by the Company. However, it will be prescribed in the future that the Chairman of the Board of Directors and the Managing Director will be a different person to ensure independence of the Chairman of the Board of Directors and to clearly separate the authorities in setting policies, supervision and management of routine work.

The Company required the Board of Directors' meeting to be held at least once a quarter with extraordinary sessions as necessary, each session with clear agendas established in advance, and regular follow-ups on the operation results. Letter of invitation to such a meeting together with the agendas thereof will be sent at least 7 days in advance of each meeting to allow the Board of Directors adequate time to study the information before attending the meeting. In 2012, the Board of Directors held 4 ordinary meeting.

The Board of Directors appointed an Audit Committee comprising 3 independent directors to help supervising the Company's business, oversee the quality of the financial reports and the internal control system, and a Compensation Committee to help recruiting candidates with suitable qualifications to be directors of the Company and determining appropriate remuneration for the Directors. The Company established a clear and transparent policy on remunerations, but setting it at the same level as the industry and appropriate to the duties and responsibilities assigned, and at a sufficiently high level to attract and retain directors with desired qualifications. Directors' remunerations will be presented to shareholder's meeting for consideration and final approval. Power and duties of the Audit Committee and the Compensation Committee are as per details in the management structure. In 2012, the Audit Committee held 4 meetings and the Nomination and Compensation Committee held 4 meetings.

Remunerations of executives are in accordance with principles and policy prescribed by the Board of Directors, which link with the Company's operation results and each executive's performance. There is a suitable remuneration determination process relying on information on remunerations of companies with similar size in the same industry in conjunction with the Company's operation results.

Company's Board of Directors assume liability for the financial transactions of the company as well as for the essence contained in Annual Reports. Financial Reports are prepared under the generally accepted principles practiced in Thailand and the Company selects a suitable accounting system and carefully making estimates and divulgence of data incorporated in the remarks accompanying financial statements.

The Board of Directors arranged to maintain an efficient internal control system to ensure reasonably that accounting transactions were accurate, complete and adequate to maintain properties and to be aware of weak points to prevent dishonesty or abnormal transactions in material aspects.

The Board of Directors was of the opinion that the Company's overall internal control system was satisfactory and the Company's financial statement could create confidence and relationships with investors.

Corporate Responsibility

The company boldly states that “Thai Luxe Enterprises Company Limited is responsible for the conservation and safety of the environment including raising the awareness in the community because that is the long term foundation that we operate our social and business environment”

“The company’s policy is to operate business under the ethical consideration for social and economic benefits. Care about the environment and customs wherever the company has set up location. Focus on self betterment while on the company’s projects to care and protect the environment. Accurately strive to raise the bar on environmental and safety issues, no matter if the project is self initiated, state affair or community initiatives. All staff have been instilled the importance of social responsibility and the need for continuous practice. The company allocates a certain amount of its profit to fund these projects.”

Staff fully appreciates the opportunities that Thailand offers, as well as what the society and community offers. Thus, they understand the importance of giving back, by co-operating with colleagues, community leaders and organisations to launch valuable projects.

In 2012, the company keeping practices the four E namely: Education, Environment, Energy Conservation and Employee Engagement (social responsibility work). To prove what we preach, we implemented the following projects for the betterment of the community.

Education

The Company is confident that development of youth quality to become major force in the future is much necessary for all countries. Consequently, the Company promoted and developed education of youths and communities to upgrade Thai education standard by supporting, establishing and executing various projects throughout a period of over 20 years. Projects executed included “Thailuxe Graduates project”, granting scholarships to employees, customer’ descendant and students from various educational institutes on a continuous basis, and other supporting computers for education, supporting education instrument to early child development center at Aor Bor Tor Nongchumpol, Petchburi PanyaNukul School, and also school fishery project for education support.

Environment

Caring for the environment is highly important to the company, this includes the conservation and development of energy source. Thus, many projects have been established in the past year. Some of our outstanding projects include “The conservation project at the Mae Klong River Basin; The conservation project at the the Mangrove restoration at Don Hoi Lord; the conservation and restoration project at Khao Nang Phanthurat; and a religious teaching on work life, meditation and donation that allows staff to practice good karma for the betterment of the community as a whole.

Energy Conservation

The company acknowledges the responsibility to use energy sufficiently and to conserve for the many generations to come. The company promoted community awareness on energy conservation via such projects called “Conserve energy in Homes/Offices”, using natural energy from wind turbines (installed in front of the building to produce electricity from wind),

Employee Engagement

This is another obligation held and recognized by the Company of the sharing of sorrow and troubles of the fellow Thai people in various crises as far as a private sector should do, which included donation for victims of floods and coldness, the HIV-infected Assistance Project, participation in anti-drug campaign, aids to less-fortunate or deserted children under the Happy Children with Gentle Adults Project, organization of various entertaining activities, expression of children’s skills, granting of scholarships, luncheon funds, blood donation project jointly with the Red Cross Society etc.

Besides the 4 “E” strategy, the Company also envisaged as a key factor the personnel safety, and regulated the Safety Standard Operational Excellence by defining “the Operational Excellence (OE)” as a management system on safety, occupational health, the environment, reliability as well as efficiency of the work process to achieve the excellent results equivalent to international standards. The strive towards “the Operational Excellence” was implanted in the aspect of quality of life and environmental protection.

The Company developed potentials of personnel throughout the organization to obtain the Operational Excellence and maintain the excellence on a sustainable basis. That required not only the vision of executives, but also employee engagement as an important component. The Company, therefore, implanted a culture for all to believe that all types of accidents may be prevented, and the “Zero Incidents” is possible. All these components helped the Company to achieve the target of “the Operational Excellence”, and resulted in the Company’s being selected as the outstanding company on safety aspect at provincial level for 4 years consecutively (2009 – 2012). The Company would strive to achieve the national level success in the following year.

Extending best wish to
His Majesty the King at Siriraj Hospital



Thai Luxe Graduates Project



Thai Luxe Graduates Project



The School Fishing Project



The School Fishing Project



Donation by Thailuxe



Happy Children with Gentle Adults Project



“Thailuxe Merit Project” by free the fish



Semina with Thailuxe



Plant and Farming Vising



Responsibilities of the Board of Directors upon Financial Report

The Board of Directors is responsible upon the Company's financial report. Presentation of the Company's financial report was made in accordance with generally accepted accounting standard by following accounting standard prescribed by the Certified Accountant and Auditor Association of Thailand, using appropriate accounting policy on a regular basis in transaction to ensure that the accounting information is accurate, complete and adequate to maintain properties of the Company and prevent abnormal transactions which may occur.

The Board of Directors appointed the Audit Committee comprising 3 independent directors to oversee and ensure that the financial report is truthful, complete, adequate and reliable, and to supervise appropriate and efficient internal control system. The Board of Directors finds that the quality of the Company's internal control system is generally adequate and appropriate to provide reliability of the financial statement as at 31 December 2012.



Mr. Anurot Seneepakonkai
Chairman of the Board of Directors

I have audited the accompanying consolidated financial statements of Thai Luxe Enterprises Public Company Limited and its subsidiary, which comprise the consolidated statements of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thai Luxe Enterprises Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is 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 and plan and perform 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 procedures selected depend on the auditor's judgment, including the assessment of the risks 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 entity's preparation and fair 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 entity'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 the 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 financial position of Thai Luxe Enterprises Public Company Limited and its subsidiary and of Thai Luxe Enterprises Public Company Limited as at 31 December 2012, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Khitsada Lerdwana
Certified Public Accountant (Thailand) No. 4958

Ernst & Young Office Limited
Bangkok : 19 February 2013

Statements of financial position

As at 31 December 2012

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	7	174,295,855	76,617,628	170,785,218	70,188,052
Current investments					
Trading securities	8	630,099	616,375	630,099	616,375
Available-for-sale securities	8	294,796,216	160,607,780	294,796,216	160,607,780
Bills of exchange		-	150,000,000	-	150,000,000
Trade and other receivables	6, 9	241,395,161	200,800,138	211,942,610	165,342,891
Short-term loans to related parties	6	-	-	15,000,000	29,181,000
Inventories	10	420,678,865	421,781,406	397,495,995	370,371,311
Other current assets		20,814,179	20,601,374	16,902,745	17,141,702
Total current assets		1,152,610,375	1,031,024,701	1,107,552,883	963,449,111
Non-current assets					
Restricted bank deposit	11	2,812,550	2,763,872	2,812,550	2,763,872
Investments in subsidiaries	12	-	-	22,581,589	45,276,009
Other long-term investment	13	3,449,590	3,449,590	3,449,590	3,449,590
Long-term receivables	9	375,163	2,174,438	375,163	2,174,438
Investment properties	14	3,775,600	3,975,600	17,417,157	19,537,998
Property, plant and equipment	15	629,222,824	521,311,855	578,917,364	470,003,450
Intangible assets	16	8,390,987	2,428,268	8,390,987	2,428,268
Other non-current assets		33,407,354	19,745,581	31,624,726	315,905
Total non-current assets		681,434,068	555,849,204	665,569,126	545,949,530
Total assets		1,834,044,443	1,586,873,905	1,773,122,009	1,509,398,641

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

Statements of financial position (continued)

As at 31 December 2012

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	17	45,112,863	30,895,174	19,428,406	-
Trust receipts and packing credits		198,427,746	225,348,888	191,854,309	220,255,784
Trade and other payables	6, 18	216,805,416	169,524,474	203,399,972	147,047,003
Current portion of liabilities under long-term lease agreements	19	5,803,243	3,398,426	2,726,681	2,925,819
Corporate income tax payable		28,091,905	24,205,142	28,091,905	24,205,142
Other current liabilities		5,271,897	13,225,660	4,898,076	6,743,393
Total current liabilities		499,513,070	466,597,764	450,399,349	401,177,141
Non-current liabilities					
Liabilities under long-term lease agreements, net of current portion	19	2,452,233	6,947,993	1,627,252	4,324,748
Provision for long-term employee benefits	20	19,837,972	17,817,640	15,626,002	14,260,408
Other non-current liabilities		-	185,600	-	-
Total non-current liabilities		22,290,205	24,951,233	17,253,254	18,585,156
Total liabilities		521,803,275	491,548,997	467,652,603	419,762,297
Shareholders' equity					
Share capital					
Registered					
618,451,520 ordinary shares of Baht 1 each		618,451,520	618,451,520	618,451,520	618,451,520
Issued and fully paid up					
424,988,343 ordinary shares of Baht 1 each					
(2011: 380,451,520 ordinary shares of Baht 1 each)	21	424,988,343	380,451,520	424,988,343	380,451,520
Share premium - ordinary shares	21	282,030,995	215,225,760	282,030,995	215,225,760
Capital reserve for share-based payment transactions		31,199,175	11,655,000	31,199,175	11,655,000
Retained earnings					
Appropriated - statutory reserve	23	56,536,364	46,964,716	56,536,364	46,964,716
Unappropriated		515,802,764	466,255,356	510,079,227	434,783,270
Other components of shareholders' equity		635,302	(33,767,501)	635,302	556,078
Equity attributable to owners of the Company		1,311,192,943	1,086,784,851	1,305,469,406	1,089,636,344
Non-controlling interests of the subsidiaries		1,048,225	8,540,057	-	-
Total shareholders' equity		1,312,241,168	1,095,324,908	1,305,469,406	1,089,636,344
Total liabilities and shareholders' equity		1,834,044,443	1,586,873,905	1,773,122,009	1,509,398,641

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

Statements of comprehensive income
For the year ended 31 December 2012

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit or loss :					
Revenues					
Sales		3,158,189,082	2,686,753,445	2,799,068,829	2,585,856,996
Services income		1,389,102	6,491,709	451,017	6,071,832
Gain on return of capital/disposal of investments in subsidiaries	12	20,861,280	-	30,981,040	-
Other income		38,675,993	35,217,977	44,139,441	36,812,195
Total revenues		3,219,115,457	2,728,463,131	2,874,640,327	2,628,741,023
Expenses					
Cost of sales		2,689,791,393	2,235,375,389	2,370,758,814	2,147,397,764
Cost of service		1,214,616	2,748,307	125,115	2,218,523
Selling expenses		126,395,452	115,867,887	111,281,169	107,981,814
Administrative expenses		167,617,185	141,379,397	144,949,183	125,698,423
Exchange loss		-	11,308,009	-	4,892,667
Loss on impairment of investments		-	-	-	21,129,131
Total expenses		2,985,018,646	2,506,678,989	2,627,114,281	2,409,318,322
Profit before share of loss from investment in associate, finance cost and income tax expenses		234,096,811	221,784,142	247,526,046	219,422,701
Share of loss from investment in associate		-	(4,764,222)	-	-
Profit before finance cost and income tax expenses		234,096,811	217,019,920	247,526,046	219,422,701
Finance cost		(7,485,033)	(9,281,284)	(5,709,068)	(6,005,467)
Profit before income tax expenses		226,611,778	207,738,636	241,816,978	213,417,234
Income tax expenses	25	(50,384,020)	(41,642,908)	(50,384,020)	(41,642,908)
Profit for the year		176,227,758	166,095,728	191,432,958	171,774,326
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		56,511,927	(3,143,804)	-	-
Gain on changes in value of available-for-sale investments		79,224	443,106	79,224	443,106
Other comprehensive income for the year		56,591,151	(2,700,698)	79,224	443,106
Total comprehensive income for the year		232,818,909	163,395,030	191,512,182	172,217,432

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

Statements of comprehensive income (Continued)

For the year ended 31 December 2012

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit attributable to:					
Equity holders of the Company		165,684,409	174,439,229	191,432,958	171,774,326
Non-controlling interests of the subsidiaries		10,543,349	(8,343,501)		
		176,227,758	166,095,728		
Total comprehensive income attributable to:					
Equity holders of the Company		200,087,212	172,838,862	191,512,182	172,217,432
Non-controlling interests of the subsidiaries		32,731,697	(9,443,832)		
		232,818,909	163,395,030		
Earnings per share	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.40	0.46	0.47	0.45
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.36	0.38	0.41	0.38

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

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2012

(Unit : Baht)

	Consolidated financial statements										
	Equity attributable to owners of the Company										
						Other components of shareholders' equity					
						Other comprehensive income					
	Issued and fully paid-up share capital	Share premium - ordinary shares	Capital reserve for share-based payment transactions	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Surplus on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Ap-propriated				Un appropriated							
Balance as at 1 January 2011	380,451,520	215,225,760	-	38,376,000	433,561,075	(32,280,106)	112,972	(32,167,134)	1,035,447,221	16,969,965	1,052,417,186
Capital reserve for share-based payment transactions	-	-	11,655,000	-	-	-	-	-	11,655,000	-	11,655,000
Dividend paid (Note 30)	-	-	-	-	(133,156,232)	-	-	-	(133,156,232)	-	(133,156,232)
Additional acquisition of investment in the subsidiary	-	-	-	-	-	-	-	-	-	1,013,924	1,013,924
Total comprehensive income for the year	-	-	-	-	174,439,229	(2,043,473)	443,106	(1,600,367)	172,838,862	(9,443,832)	163,395,030
Transferred to statutory reserve (Note 23)	-	-	-	8,588,716	(8,588,716)	-	-	-	-	-	-
Balance as at 31 December 2011	380,451,520	215,225,760	11,655,000	46,964,716	466,255,356	(34,323,579)	556,078	(33,767,501)	1,086,784,851	8,540,057	1,095,324,908
Balance as at 1 January 2012	380,451,520	215,225,760	11,655,000	46,964,716	466,255,356	(34,323,579)	556,078	(33,767,501)	1,086,784,851	8,540,057	1,095,324,908
Capital reserve for share-based payment transactions	-	-	19,544,175	-	-	-	-	-	19,544,175	-	19,544,175
Share capital issued as a result of warrants exercise (Note 21)	44,536,823	66,805,235	-	-	-	-	-	-	111,342,058	-	111,342,058
Dividend paid (Note 30)	-	-	-	-	(106,565,353)	-	-	-	(106,565,353)	-	(106,565,353)
Total comprehensive income for the year	-	-	-	-	165,684,409	34,323,579	79,224	34,402,803	200,087,212	32,731,697	232,818,909
Decreased in non-controlling interests of the subsidiaries due to receipt cash from return of capital of subsidiary (Note 12)	-	-	-	-	-	-	-	-	-	(40,223,529)	(40,223,529)
Transferred to statutory reserve (Note 23)	-	-	-	9,571,648	(9,571,648)	-	-	-	-	-	-
Balance as at 31 December 2012	424,988,343	282,030,995	31,199,175	56,536,364	515,802,764	-	635,302	635,302	1,311,192,943	1,048,225	1,312,241,168

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

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2012

(Unit : Baht)

	Separate financial statements							
	Issued and fully paid-up share capital	Share premium-ordinary shares	Capital reserve for share-based payment transactions	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
						Other comprehensive income	Total other components of shareholders' equity	
						Surplus on changes in value of available-for-sale investments		
				Ap-propriated	Unappropriated			
Balance as at 1 January 2011	380,451,520	215,225,760	-	38,376,000	404,753,892	112,972	112,972	1,038,920,144
Capital reserve for share-based payment transactions	-	-	11,655,000	-	-	-	-	11,655,000
Dividend paid (Note 30)	-	-	-	-	(133,156,232)	-	-	(133,156,232)
Total comprehensive income for the year	-	-	-	-	171,774,326	443,106	443,106	172,217,432
Transferred to statutory reserve (Note 23)	-	-	-	8,588,716	(8,588,716)	-	-	-
Balance as at 31 December 2011	380,451,520	215,225,760	11,655,000	46,964,716	434,783,270	556,078	556,078	1,089,636,344
Balance as at 1 January 2012	380,451,520	215,225,760	11,655,000	46,964,716	434,783,270	556,078	556,078	1,089,636,344
Capital reserve for share-based payment transactions	-	-	19,544,175	-	-	-	-	19,544,175
Share capital issued as a result of warrants exercise (Note 21)	44,536,823	66,805,235	-	-	-	-	-	111,342,058
Dividend paid (Note 30)	-	-	-	-	(106,565,353)	-	-	(106,565,353)
Total comprehensive income for the year	-	-	-	-	191,432,958	79,224	79,224	191,512,182
Transferred to statutory reserve (Note 23)	-	-	-	9,571,648	(9,571,648)	-	-	-
Balance as at 31 December 2012	424,988,343	282,030,995	31,199,175	56,536,364	510,079,227	635,302	635,302	1,305,469,406

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

Cash flows statements

For the years ended 31 December 2012

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before tax	226,611,778	207,738,636	241,816,978	213,417,234
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	67,577,372	60,985,689	61,196,328	57,096,263
Bad debts	3,095,664	5,346,642	3,095,664	5,346,642
Increase (decrease) in allowance for doubtful accounts	1,714,579	3,585,063	392,110	(2,176,085)
Increase in reduce cost of inventory to net realisable value	186,121	2,171,507	535,512	1,532,814
Unrealised gain on valuation of trading securities	(13,724)	(8,180)	(13,724)	(8,180)
Gain on sales of trading securities	-	(547,204)	-	(547,204)
Gain on sales of available-for-sale securities	(6,004,967)	(1,513,433)	(6,004,967)	(1,513,433)
Write-off stock obsolescences	-	163,349	-	163,349
Loss on sale of investment property	130,000	-	130,000	-
Gain on sales of equipment	(485,001)	(3,315,278)	(203,186)	(3,315,278)
Loss on impairment of investments in subsidiaries	-	-	-	21,129,131
Gain on return of capital/disposal of investments in subsidiaries	(20,861,280)	-	(30,981,040)	-
Share of loss from investment in associate	-	4,764,222	-	-
Dividend received from other long-term investment	(150,000)	(500,000)	(150,000)	(500,000)
Share-based payment transactions	19,544,175	11,655,000	19,544,175	11,655,000
Provision for long-term employee benefits	2,369,832	1,721,922	1,715,094	1,671,388
Unrealised on exchange loss (gain)	(1,032,823)	7,088,961	(1,092,417)	6,632,718
Interest expenses	5,100,469	8,460,610	2,941,712	3,058,612
Profit from operating activities before changes in operating				
assets and liabilities	297,782,195	307,797,506	292,922,239	313,642,971
Operating assets (increase) decrease				
Trade and other receivables/long-term receivables	(57,973,987)	23,939,505	(48,237,758)	12,388,371
Inventories	(5,262,633)	(82,020,967)	(27,660,196)	(90,326,179)
Other current assets	(765,670)	(6,788,899)	238,957	(9,097,164)
Other non-current assets	(107,628)	3,656,607	(24,400)	(62,000)
Operating liabilities increase (decrease)				
Trade and other payables	55,085,813	(77,105,428)	54,534,678	(56,619,268)
Other current liabilities	(7,770,245)	6,874,868	(1,845,317)	1,035,809
Other non-current liabilities	(349,500)	(195,434)	(349,500)	(330,500)
Cash from operating activities	280,638,345	176,157,758	269,578,703	170,632,040
Cash paid for interest expenses	(4,828,189)	(5,953,485)	(2,463,761)	(2,999,840)
Cash paid for corporate income tax	(46,769,364)	(48,056,892)	(46,497,257)	(48,056,892)
Net cash from operating activities	229,040,792	122,147,381	220,617,685	119,575,308

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

Cash flows statements (continued)

For the years ended 31 December 2012

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from investing activities				
Decrease (increase) in restricted bank deposit	(48,678)	29,967,709	(48,678)	(32,291)
Purchases of current investments - trading securities	-	(177,000,000)	-	(177,000,000)
Cash receipt from sales of current investments - trading securities	-	301,000,000	-	301,000,000
Purchases of current investments - available - for - sale securities	(1,319,868,029)	(479,000,000)	(1,319,868,029)	(479,000,000)
Cash receipt from sales of current investments - available-for-sale securities	1,191,763,784	407,000,000	1,191,763,784	407,000,000
Purchases of other current investments	(208,000,000)	(180,000,000)	(208,000,000)	(180,000,000)
Cash receipt from sales of other current investments	358,000,000	30,000,000	358,000,000	30,000,000
Acquisition of investment in subsidiary company	-	(17,727,901)	-	(19,025,010)
Net cash received from return of capital/disposal of investments in subsidiaries	131,571,113	-	53,625,000	-
Increase in short-term loans to related parties	(80,000,000)	-	(10,613,700)	(38,334,000)
Cash receipt from repayment of short-term loans to related parties	-	-	5,400,000	10,500,000
Cash receipt from repayment of short-term loans to unrelated party	22,516,080	-	19,394,700	-
Proceed from sale of investment property	70,000	-	70,000	-
Increase in advance for machinery	(11,301,073)	-	(11,301,073)	-
Acquisition of property, plant and equipment	(179,903,854)	(80,638,611)	(166,530,745)	(80,540,785)
Proceed from sales of equipment	1,169,003	3,342,020	883,956	3,342,020
Acquisition of intangible assets	(6,528,712)	(79,072)	(6,528,712)	(79,072)
Dividend received from other long-term investment	150,000	500,000	150,000	500,000
Net cash used in investing activities	(100,410,366)	(162,635,855)	(93,603,497)	(221,669,138)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(5,172,136)	(53,955,015)	38,581	(686,033)
Increase (decrease) in trust receipts and packing credits	(26,396,006)	169,956,920	(27,894,232)	175,050,024
Cash receipt from short-term loans from related party	-	12,376,800	-	-
Repayment of short-term loans from related parties	-	(24,876,800)	-	-
Repayment of liabilities under long-term lease agreements	(4,160,762)	(2,810,252)	(3,338,076)	(2,840,443)
Cash receipt from capital increase as a result of warrants exercise	111,342,058	-	111,342,058	-
Dividend paid	(106,565,353)	(133,156,232)	(106,565,353)	(133,156,232)
Net cash from (used in) financing activities	(30,952,199)	(32,464,579)	(26,417,022)	38,367,316
Decrease in translation adjustments	-	(5,578,070)	-	-
Net increase (decrease) in cash and cash equivalents	97,678,227	(78,531,123)	100,597,166	(63,726,514)
Cash and cash equivalents at beginning of year	76,617,628	155,148,751	70,188,052	133,914,566
Cash and cash equivalents at end of year	174,295,855	76,617,628	170,785,218	70,188,052

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

Cash flows statements (continued)

For the years ended 31 December 2012

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Supplemental cash flows information				
Non-cash related transactions				
The return of capital of investment in subsidiary which no cash has been paid	50,460	-	-	-
Acquisition of equipment for which paid in advance	16,685,000	-	-	-
Acquisition of equipment for which no cash has been paid	1,773,433	-	1,773,433	-
Assets acquired under long-term lease agreements	1,417,400	861,000	-	861,000
Paid advance of machinery for which paid by promissory note	19,983,348	-	19,983,348	-

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

Notes to consolidated financial statements

For the year ended 31 December 2012

1. General information

Thai Luxe Enterprises Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of feeds for aquatic animals. The registered office of the Company is at 69/5 Moo 5 Rama 2 Road (Km. 71) Tambol Bangkhantaek, Amphur Muang, Samutsongkhram.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Thai Luxe Enterprises Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2011 Percent	2010 Percent
Held by the Company				
Betagro-Thailuxe Holding Co., Ltd. (Its liquidation process was completed on 28 December 2012)	Investment holding	Thailand	-	65
SMP Food Products Co., Ltd.	Manufacturing and distributing of frozen food	Thailand	96	96
Held by subsidiary company				
Betagro-Thailuxe Vina Feed Mill Co., Ltd. (100 percent held by Betagro-Thailuxe Holding Co., Ltd.)	Manufacturing and distributing of shrimp feeds	Vietnam	-	65

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Translation adjustment" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards :

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

Financial Reporting Standard :

TFRS 8	Operating Segments
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Accounting Standard Interpretations :

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

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

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect of increasing brought-forward retained earnings and other components of shareholders' equity of the year 2013 to the Company and its subsidiaries by approximately Baht 11.4 million in total (the Company only: approximately Baht 4.4 million).

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	Effective date
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company is evaluating the first-year impact to the financial statements of the accounting treatment guidance and accounting standard interpretations and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Rental income

Rental income are recognised as revenue at the amounts as stipulated in the agreements on an accrual basis.

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods are valued at the lower of cost (first-in, first-out basis) and net realisable value. Cost of finished goods includes all production costs and attributable factory overheads.

Raw materials, packing materials, supplies and spare parts are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- e) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment properties

The Company presented its land not being used in operation, land and building rented to a subsidiary company as investment properties. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation charges of building investment property are valued with reference to its costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment property is included in determining income.

No depreciation is provided for land investment properties.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 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 (if any).

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

	The Company	Subsidiaries
Buildings and building improvement	5 - 20 years	5, 20 years
Machinery and equipment	5 - 10 years	5 years
Furniture and office equipment	5 years	3, 5 years
Motor vehicles	5 years	5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

4.8 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

The intangible assets with finite useful lives is computer software with useful lives of 10 years.

4.9 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.

4.10 Long-term leases

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

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.11 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits and other long-term benefits are recognised immediately in profit or loss.

The defined benefits liability and other long-term benefit liabilities comprise the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiary elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, retrospectively as though the Company and its subsidiary initially recorded these employee benefit expenses.

4.14 Provisions

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

4.15 Equity-settled share-based payment transactions

The Company recognise the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the vesting period of the share options, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

Estimating fair value for share-based payment transactions requires determination relating to appropriate assumptions, including the expected life of the share options, share price volatility and dividend yield.

4.16 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

4.17 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income.

5. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Impairment of equity investments

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

Property plant and equipment/Depreciation

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

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

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Equity-settled share-based payment transactions

Estimating fair value for share-based payment transactions requires determination relating to appropriate assumptions, including the expected life of the share options, share price volatility and dividend yield.

Litigation

The Company has contingent liabilities as a result of litigation. The Company’s management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2012	2011	2012	2011	
Transactions with subsidiary companies (eliminated from the consolidated financial statements)					
Sales of raw materials	-	-	1	27	Contract prices
Rental income	-	-	5	1	Contract prices
Purchase of raw materials	-	-	3	-	Market prices
Transactions with related companies					
Rental income	-	10	-	10	Contract prices
Purchase of raw materials	6	4	6	4	Market prices

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related parties are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade and other receivables - related parties (Note 9)				
Subsidiaries	-	-	100	10,601
Total trade and other receivables - related parties	-	-	100	10,601
Trade and other payables - related party (Note 18)				
Subsidiary	-	-	75	3,000
Total trade and other payables - related party	-	-	75	3,000

Loans to related parties

As at 31 December 2012 and 2011, the balance of loans to related parties and the movements are as follows:

(Unit : Thousand Baht)

Loans to related party	Related by	Consolidated financial statements			
		Balance as at 31 December 2011	Increase during the year	Decrease from dissolution of subsidiary	Balance as at 31 December 2012
Share holder of Betagro - Thailuxe Holding Co., Ltd.	Shareholder	-	80,000	(80,000)	-
Total		-	80,000	(80,000)	-

The loan was received in full in December 2012 and Betagro - Thailuxe Holding Co., Ltd. paid the return of capital to the Company of Baht 53.6 million according to percentage of shareholding as mentioned in Note 12 to the financial statements.

(Unit : Thousand Baht)

Loans to related parties	Related by	Separate financial statements			
		Balance as at 31 December 2011	Increase during the year	Decrease during the year	Balance as at 31 December 2012
Betagro - Thailuxe Holding Co., Ltd.	Subsidiary	800	-	(800)	-
Betagro - Thailuxe Vina Feed Mill Co., Ltd.	Subsidiary	12,581	6,814	(19,395)	-
SMP Food Products Co., Ltd.	Subsidiary	15,800	3,800	(4,600)	15,000
Total		29,181	10,614	(24,795)	15,000

The short-term loans to related party carrying interest rates at 6 percent per annum.

Directors and management's benefits

During the years ended 31 December 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and managements as below.

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	30	25	26	23
Post-employment benefits	1	1	1	1
Termination benefits	1	-	1	-
Share-based payments	12	5	12	5
Total	44	31	40	29

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	957	941	820	840
Bank deposits	23,339	45,677	19,965	39,348
Bills of exchange	150,000	30,000	150,000	30,000
Total	174,296	76,618	170,785	70,188

As at 31 December 2012, bank deposits in saving accounts and bills of exchange carried interests between 0.1 and 3.2 percent per annum (2011: between 0.1 and 4.0 percent per annum).

8. Current investments

(Unit : Thousand Baht)

	Consolidated / Separate financial statements	
	2012	2011
Investments in trading securities - Fair value	630	616
Investments in available-for-sale securities, Cost*	294,161	160,051
Add : Gain on changes in value of investments	635	556
Investments in available-for-sale securities, Fair value	294,796	160,607
Total	295,426	161,223

During the year 2012, the Company sold available-for-sale securities with book values totaling Baht 1,186.3 million and recognised gains (after tax) on the sales amounting to Baht 4.6 million in profit or loss. This amount included gains transferred from gain on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 0.4 million (after tax).

During the year 2011, the Company sold available-for-sale securities with book values totaling Baht 405.5 million and recognised gains (after tax) on the sales amounting to Baht 1.2 million in profit or loss. This amount included gains transferred from gain on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 0.1 million (after tax).

*The Company guaranteed its electricity use with Bank of Thailand bonds amounting to Baht 6 million.

9. Trade and other receivables / long-term receivables

9.1 Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade receivables - related party				
Aged on the basis of due dates				
Not yet due	-	-	-	4,856
Total trade receivables - related party	-	-	-	4,856
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	170,768	129,864	141,867	94,844
Past due				
Up to 3 months	66,995	68,094	66,995	58,968
3 - 6 months	4,405	3,673	4,405	1,044
6 - 12 months	1,511	2,013	1,511	1,071
Over 12 months	7,801	18,777	3,709	5,438
Total	251,480	222,421	218,487	161,365
Less: Allowance for doubtful debts	(10,888)	(22,061)	(7,423)	(7,031)
Total trade receivables - unrelated parties, net	240,592	200,360	211,064	154,334
Total trade receivables - net	240,592	200,360	211,064	159,190
Other receivables				
Amounts due from related parties	-	-	65	4,534
Amounts due from unrelated parties	75	32	51	-
Interest receivable - related parties	-	-	35	645
Interest receivable - unrelated parties	728	408	728	408
Management fee receivable - related party	-	-	-	566
Total other receivables	803	440	879	6,153
Total trade and other receivables - net	241,395	200,800	211,943	165,343

9.2 Long-term receivables

These represent the balance of long outstanding debts due from various trade debtors against whom the Company has taken legal actions. As at 31 December 2012, the Company has set up an allowance for doubtful accounts amounting Baht 55 million (2011: Baht 55 million) in its accounts by taking into consideration the auction price and the value of the related collaterals.

10. Inventories

(Unit : Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Finished goods	86,833	91,481	(2,821)	(2,577)	84,012	88,904
Work in process	10,352	6,878	-	-	10,352	6,878
Raw materials	202,519	246,643	(108)	(379)	202,411	246,264
Raw materials in transit	85,396	44,260	-	-	85,396	44,260
Packing materials and supplies	22,520	19,497	(2,981)	(3,858)	19,539	15,639
Spare parts	22,163	21,940	(3,194)	(2,104)	18,969	19,836
Total	429,783	430,699	(9,104)	(8,918)	420,679	421,781

(Unit : Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Finished goods	66,323	70,862	-	-	66,323	70,862
Work in process	10,157	6,143	-	-	10,157	6,143
Raw materials	200,431	228,181	-	-	200,431	228,181
Raw materials in transit	85,395	33,302	-	-	85,395	33,302
Packing materials and supplies	19,470	15,696	(2,846)	(3,400)	16,624	12,296
Spare parts	21,760	21,691	(3,194)	(2,104)	18,566	19,587
Total	403,536	375,875	(6,040)	(5,504)	397,496	370,371

11. Restricted bank deposit

These represent fixed deposit pledged with the bank to secure credit facilities.

12. Investments in subsidiaries

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

(Unit : Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Provision for impairment of investment		Carrying amounts based on cost method - net	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Betagro-Thailuxe Holding Co., Ltd. (Its liquidation process was completed on 28 December 2012)	-	150,000	-	65.0	-	96,994	-	(74,300)	-	22,694
SMP Food Products Co.,Ltd.	62,000	62,000	96.4	96.4	32,311	32,311	(9,729)	(9,729)	22,582	22,582
Total					32,311	129,305	(9,729)	(84,029)	22,582	45,276

No dividend was received from the subsidiary companies for the years 2012 and 2011

On 13 July 2012, Betagro-Thailuxe Holding Co., Ltd., a subsidiary of the Company, entered into an agreement to dispose of all of its investment in Betagro-Thailuxe Vina Feed Mill Co., Ltd. (a subsidiary), which is principally engaged in the manufacture and distribution of shrimp feed products in Vietnam, to a third party. The total value of the investment is determined with reference to the net book value of Betagro-Thailuxe Vina Feed Mill Co., Ltd. as at 30 June 2012, amounting to USD 2.7 million or Baht 82.0 million. Subsequently, in September 2012, Betagro-Thailuxe Holding Co., Ltd. registered the transfer of its shares in Betagro-Thailuxe Vina Feed Mill Co., Ltd.

On 31 October 2012, the Extraordinary General Meeting of the shareholders No.1/2012 of Betagro-Thailuxe Holding Co., Ltd., a subsidiary of the Company, passed a special resolution to dissolve the company. The subsidiary was liquidated on 28 December 2012. In addition, the Company received Baht 53.6 million from the return of capital. The net book value of investment in such subsidiary was Baht 22.6 million; therefore, the Company recorded gain from the return of capital of approximately Baht 31.0 million in profit or loss of the current year.

13. Other long-term investment - other company

(Unit : Thousand Baht)

Company's name	Consolidated/Separate financial statements									
	Paid-up capital as at 31 December		Shareholding percentage		Cost		Provision for impairment of investment		Carrying amounts based on cost method - net	
	2012	2011	2012 (%)	2011 (%)	2012	2011	2012	2011	2012	2011
Ordinary shares - Thai Textile Printing Public Company Limited	350,000	350,000	1.4	1.4	5,000	5,000	(1,550)	(1,550)	3,450	3,450
Total					5,000	5,000	(1,550)	(1,550)	3,450	3,450

During the year 2012, the Company received dividend from the above company amounting to Baht 0.2 million (2011: Baht 0.5 million).

14. Investment properties

The net book value of investment properties as at 31 December 2012 and 2011 are presented below.

(Unit : Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land not being used in operation	Office building for rent	Total	Land not being used in operation	Office building for rent	Total
31 December 2012						
Cost	4,417	-	4,417	11,428	38,417	49,845
Less Accumulated depreciation	-	-	-	-	(31,786)	(31,786)
Less Allowance for diminution in value	(642)	-	(642)	(642)	-	(642)
Net book value	3,775	-	3,775	10,786	6,631	17,417
31 December 2011						
Cost	4,617	-	4,617	11,628	38,417	50,045
Less Accumulated depreciation	-	-	-	-	(29,865)	(29,865)
Less Allowance for diminution in value	(642)	-	(642)	(642)	-	(642)
Net book value	3,975	-	3,975	10,986	8,552	19,538

The reconciliations of the net book value of investment properties for the years 2012 and 2011 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value at beginning of year	3,975	21,459	19,538	21,459
Reclassified from investment properties to property, plant and equipment	-	(17,484)	-	-
Disposals - net book value	(200)	-	(200)	-
Depreciation charged	-	-	(1,921)	(1,921)
Net book value at end of year	3,775	3,975	17,417	19,538

During the year 2011, the Company acquired additional shares of SMP Food Products Co., Ltd. and therefore the investment in that company changed to an investment in a subsidiary. As a result, as at 31 December 2011, the Company reclassified investment properties leased to such subsidiary company to be property, plant and equipment in consolidated statement of financial position.

The fair value of the investment properties as at 31 December 2012 and 2011 stated below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Land not being used in operation/ land for rent	14,229	14,235	40,519	40,525
Office building for rent	-	-	46,200	46,200

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer. The fair value of the land not being used in operation has been determined based on market prices, while that of the land and office building for rent have been determined using the cost approach.

15. Property, plant and equipment

(Unit : Thousand Baht)

	Consolidated financial statements						
	Land and improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Cost :							
1 January 2011	95,483	317,333	635,296	34,245	49,573	32,635	1,164,565
Additions	4,500	2,744	5,553	1,960	5,640	61,103	81,500
Disposals	-	(207)	(13,712)	(497)	(915)	-	(15,331)
Transfers	321	25,353	33,400	1,155	-	(60,229)	-
Building and equipment of subsidiary acquired during the year	-	6,989	31,515	5,866	7,826	1,204	53,400
Reclassified from investment properties to property, plant and equipment (Note 14)	7,011	38,417	-	-	-	-	45,428
Translation adjustment	-	(2,049)	(2,508)	(64)	(45)	-	(4,666)
31 December 2011	107,315	388,580	689,544	42,665	62,079	34,713	1,324,896
Additions	1,523	5,170	41,037	5,196	3,123	143,731	199,780
Disposals	-	-	(15,035)	(1,054)	(1,324)	-	(17,413)
Transfers	310	1,366	68,628	57	-	(70,361)	-
Building and equipment of subsidiary disposed during the year	-	(30,795)	(37,637)	(1,026)	(626)	-	(70,084)
31 December 2012	109,148	364,321	746,537	45,838	63,252	108,083	1,437,179

(Unit : Thousand Baht)

	Consolidated financial statements						
	Land and improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Accumulated depreciation :							
1 January 2011	-	169,851	456,141	27,070	32,380	-	685,442
Depreciation for the year	-	16,805	35,304	2,759	5,575	-	60,443
Depreciation on disposals	-	(207)	(13,685)	(497)	(915)	-	(15,304)
Depreciation from building and equipment of subsidiary acquired during the year	-	5,622	27,859	4,646	5,357	-	43,484
Reclassified from investment properties to property, plant and equipment (Note 14)	-	27,944	-	-	-	-	27,944
Translation adjustment	-	(705)	(1,881)	(62)	(44)	-	(2,692)
31 December 2011	-	219,310	503,738	33,916	42,353	-	799,317
Depreciation for the year	-	16,170	41,052	3,591	6,198	-	67,011
Depreciation on disposals	-	-	(14,588)	(1,048)	(1,093)	-	(16,729)
Depreciation from building and equipment of subsidiary disposed during the year	-	(12,611)	(31,659)	(1,014)	(626)	-	(45,910)
31 December 2012	-	222,869	498,543	35,445	46,832	-	803,689
Allowance for impairment loss :							
31 December 2011	209	2,300	1,758	-	-	-	4,267
31 December 2012	209	2,300	1,758	-	-	-	4,267
Net book value :							
31 December 2011	107,106	166,970	184,048	8,749	19,726	34,713	521,312
31 December 2012	108,939	139,152	246,236	10,393	16,420	108,083	629,223

Depreciation for the year

2011 (Baht 44 million included in manufacturing cost, and the balance in administrative expenses)

60,443

2012 (Baht 50 million included in manufacturing cost, and the balance in administrative expenses)

67,011

(Unit : Thousand Baht)

	Separate financial statements						
	Land and improvement	Buildings	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Cost :							
1 January 2011	95,483	284,551	595,150	33,155	48,856	32,635	1,089,830
Additions	4,500	2,682	5,519	1,960	5,640	61,101	81,402
Disposals	-	(207)	(13,712)	(496)	(915)	-	(15,330)
Transfers	320	25,354	33,400	1,155	-	(60,229)	-
31 December 2011	100,303	312,380	620,357	35,774	53,581	33,507	1,155,902
Additions	1,524	1,297	16,732	3,951	1,286	143,515	168,305
Disposals	-	-	(13,960)	(830)	(419)	-	(15,209)
Transfers	310	450	68,661	24	-	(69,445)	-
31 December 2012	102,137	314,127	691,790	38,919	54,448	107,577	1,308,998
Accumulated depreciation :							
1 January 2011	-	158,569	426,049	26,006	31,679	-	642,303
Depreciation for the year	-	13,531	32,872	2,741	5,488	-	54,632
Depreciation on disposal	-	(207)	(13,685)	(496)	(915)	-	(15,303)
31 December 2011	-	171,893	445,236	28,251	36,252	-	681,632
Depreciation for the year	-	13,041	37,491	3,028	5,150	-	58,710
Depreciation on disposal	-	-	(13,512)	(827)	(189)	-	(14,528)
31 December 2012	-	184,934	469,215	30,452	41,213	-	725,814

(Unit : Thousand Baht)

	Separate financial statements						
	Land and improvement	Buildings	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Allowance for impairment loss :							
31 December 2011	209	2,300	1,758	-	-	-	4,267
31 December 2012	209	2,300	1,758	-	-	-	4,267
Net book value :							
31 December 2011	100,094	138,187	173,363	7,523	17,329	33,507	470,003
31 December 2012	101,928	126,893	220,817	8,467	13,235	107,577	578,917

Depreciation for the year

2011 (Baht 40 million included in manufacturing cost, and the balance in administrative expenses)	54,632
2012 (Baht 45 million included in manufacturing cost, and the balance in administrative expenses)	58,710

As at 31 December 2012, the Company and its subsidiary had motor vehicles under financial lease agreements with net book values amounting to Baht 10 million (2011: Baht 8 million) (The Company only: Baht 8 million, 2011: Baht 10 million).

As at 31 December 2012, certain buildings and equipment items of the Company and its subsidiary 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 approximately Baht 406 million (2011: Baht 427 million) (The Company only : Baht 371 million, 2011: Baht 379 million).

As at 31 December 2011, the overseas subsidiary has mortgaged building, machinery and equipment amounting to approximately Baht 26 million as collateral against credit facilities from financial institutions.

16. Intangible assets

The net book value of intangible assets as at 31 December 2012 and 2011 are presented below.

(Unit : Thousand Baht)

	Consolidated / Separate financial statements					
	2012			2011		
	Computer software	Computer software under development	Total	Computer software	Computer software under development	Total
Cost :	5,713	6,288	12,001	5,472	-	5,472
Less Accumulated amortisation	(3,610)	-	(3,610)	(3,044)	-	(3,044)
Net book value	2,103	6,288	8,391	2,428	-	2,428

The reconciliation of the net book value of intangible assets for the years 2012 and 2011 are presented below.

(Unit : Thousand Baht)

	Consolidated / Separate financial statements	
	2012	2011
Net book value at beginning of year	2,428	2,892
Acquisition	6,529	79
Amortisation	(566)	(543)
Net book value at end of year	8,391	2,428

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

(Unit : Thousand Baht)

	Interest rate	Consolidated financial statements		Separate financial statements	
	(% per annum)	2012	2011	2012	2011
Bank overdrafts	MOR	10,723	-	38	-
Short-term loans from financial institutions	-	-	19,895	-	-
Promissory notes	SIBOR + 1.5, 5.0	34,390	11,000	19,390	-
Total		45,113	30,895	19,428	-

As at 31 December 2012, credit facilities of the Company are guaranteed by the Company's directors.

As at 31 December 2011, short-term loans from financial institutions are secured by the mortgage of the overseas subsidiary's buildings, machinery and equipment as described in Note 15 to financial statements, and guarantee by the Company's directors.

18. Trade and other payables

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade payables - unrelated parties	162,485	117,754	154,217	99,874
Other payables - related party	-	-	75	3,000
Other payables - unrelated parties	8,267	3,767	8,165	3,767
Other payables for purchase of machinery	4,535	2,761	4,535	2,761
Accrued expenses	41,518	45,242	36,408	37,645
Total trade and other payables	216,805	169,524	203,400	147,047

19. Liabilities under long-term lease agreements

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Liabilities under long-term lease agreements	8,738	11,314	4,590	7,931
Less : Deferred interest expenses	(483)	(968)	(236)	(680)
Total	8,255	10,346	4,354	7,251
Less : Portion due within one year	(5,803)	(3,398)	(2,727)	(2,926)
Liabilities under long-term lease agreements - net of current portion	2,452	6,948	1,627	4,325

The Company and its subsidiary have entered into the long-term lease agreements with leasing companies for rental of motor vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 4 years. Long-term lease agreements are non-cancelable.

Future minimum lease payments required under the long-term lease agreements were as follows:

(Unit : Million Baht)

	Consolidated financial statements					
	Less than 1 year		1 - 4 years		Total	
	2012	2011	2012	2011	2012	2011
Future minimum lease payments	6	4	2	7	8	11
Deferred interest expenses	-	(1)	-	-	-	(1)
Present value of future minimum lease payments	6	3	2	7	8	10

(Unit : Million Baht)

	Separate financial statements					
	Less than 1 year		1 - 4 years		Total	
	2012	2011	2012	2011	2012	2011
Future minimum lease payments	3	3	2	5	5	8
Deferred interest expenses	-	-	-	(1)	-	(1)
Present value of future minimum lease payments	3	3	2	4	5	7

20. Provision for long-term employee benefits

Provision for long-term employee benefits which are compensations on employees' retirement and other long-term employee benefit plan, namely long service awards as at 31 December 2012 and 2011 were as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Balance at beginning of year	17,818	12,920	14,260	12,920
Increases in benefit from acquisition a subsidiary during the year	-	3,507	-	-
Current service cost	1,660	1,201	1,148	1,160
Interest cost	709	521	567	511
Benefits paid during the year	(349)	(331)	(349)	(331)
Balance at end of year	19,838	17,818	15,626	14,260

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current service cost	1,660	1,201	1,148	1,160
Interest cost	709	521	567	511
Total expense recognised in profit or loss	2,369	1,722	1,715	1,671
Line items under which such expenses are included in profit or loss				
Cost of sales	938	429	412	388
Selling and administrative expenses	1,431	1,293	1,303	1,283

Principal actuarial assumptions at the valuation date were as follows :

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.0	4.0	4.0	4.0
Future salary increase rate (depending on age of employee)	4.0 - 40.0	4.0 - 40.0	5.0	5.0
Staff turnover rate	5.0 - 40.0	5.0 - 40.0	5.0 - 40.0	5.0 - 40.0

Amounts of defined benefit obligation for the current and previous three years are as follows :

(Unit : Thousand Baht)

	Defined benefit obligation	
	Consolidated financial statements	Separate financial statements
Year 2012	19,838	15,626
Year 2011	17,818	14,260
Year 2010	12,920	12,920
Year 2009	11,543	11,543

21. Share capital

During the year 2012, warrants were exercised to purchase new ordinary shares as follows :

	Consolidated / Separate financial statements		
	Increase in paid up share capital from warrants exercise	Increase in share premium - ordinary shares from warrants exercise	Date of registration of additional shares from warrants exercise with the Ministry of Commerce
	(Thousand Baht)	(Thousand Baht)	
Outstanding as at 1 January 2012	380,451	215,226	5 April 2012 4 October 2012
Exercised during March 2012	34,941	52,410	
Exercised during September 2012	9,596	14,395	
Outstanding as at 31 December 2012	424,988	282,031	

22. Warrants

The Company has granted warrants to its existing shareholders (TLUXE-W2), and directors, management and employees (TLUXE-ESOP2), for no consideration.

A summary of the warrants granted is presented below.

	TLUXE-W2	TLUXE-ESOP2
Approved by	Extraordinary General Meeting of the Shareholders No. 1/2011	Annual General Meeting of the Shareholders No. 1/2011
Date of original grant	21 February 2011	21 July 2011
No. of warrants granted (units)	169,000,000	190,000,000
Life of warrants (years)	4	4
Exercisable	Semi-annually	Semi-annually
First exercise date	30 March 2012	30 September 2012
Final exercise date	20 February 2015	20 July 2015
Exercise price per 1 ordinary share (Baht)	2.50	2.50
Exercise ratio (warrant to ordinary share)	1:1	1:1

* On 21 July 2011, which was the date that the warrants were issued, the Company allocated 18.5 million warrants of TLUXE-ESOP2 to the directors, management and employees of the Company. The Company cancelled 0.5 million unallocated warrants at a later date.

On 15 March 2011, the Stock Exchange of Thailand accepted the listing of 168,999,014 of TLUXE-W2 as securities.

Presented below is a summary of warrants activity:

(Unit : Thousand Unit)

	TLUXE-W2	TLUXE-ESOP2
No. of warrants issued	169,000	18,500
Exercised during March 2012	(34,941)	-
Exercised during September 2012	(9,596)	-
Write-off during the year 2012	-	(1,992)*
Outstanding of warrants as at 31 December 2012	124,463	16,508

* The Company wrote-off TLUXE-ESOP2 of its directors, management and employees that were not eligible for the privilege because they had resigned before the warrants expired.

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

24. Expenses by nature

Significant expenses by nature are as follow :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Salary and wages and other employee benefits	194,061	117,291	133,390	100,260
Depreciation	67,011	60,443	60,631	56,553
Raw materials and consumables used	2,427,285	2,130,203	2,197,406	2,028,801
Changes in inventories of finished goods and work in progress	1,174	(25,191)	525	(24,174)

25. Income tax

Corporate income tax of the Company for the years have been calculated on the earnings of the non-tax-exempted activities after adding back certain expenses and deducting income which disallowable for tax computation purposes.

26. Promotional privileges

The Company has received promotional privileges which approved by the Board of Investment as the following :

26.1 The promotion certificate No. 1169/2539 issued on 26 February 1996 for the manufacture and distribution of feeds for aquatic animals. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years, from the date the promoted operations commenced generating revenues (19 October 1998), this privilege has already expired in 2006 and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends, this privilege has already expired in 2011 and an exemption of income tax on dividend paid to the shareholders from the profit of the promoted activities during the corporate income tax exemption period.

26.2 The promotion certificate No. 1926 (2)/2547 issued on 3 November 2004 for the manufacture and distribution of feeds for aquatic animals. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (5 August 2005). In addition, the exemption from corporate income tax must not exceed the capital investment, excluding land and working capital, a reduction of import duty on imported machinery as approved by the Board and an exemption of income tax on dividend paid to the shareholders from the profit of the promoted activities during the corporate income tax exemption period.

26.3 The promotion certificate No. 2091 (2)/2554 issued on 31 August 2011 for the manufacture and distribution of feeds for aquatic animals. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (1 June 2012). In addition, the exemption from corporate income tax must not exceed the capital investment, excluding land and working capital, a reduction of import duty on imported machinery as approved by the Board and an exemption of income tax on dividend paid to the shareholders from the profit of the promoted activities during the corporate income tax exemption period.

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit : Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2012	2011	2012	2011	2012	2011
Sales						
Domestic sales	901,384	769,891	1,882,685	1,815,966	2,784,069	2,585,857
Export sales	-	-	15,000	-	15,000	-
Total sales	901,384	769,891	1,897,685	1,815,966	2,799,069	2,585,857

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued. However, TLUXE-ESOP2 was not included in calculation of diluted earnings per share for the year 2011 since the exercise price and the balance of fair value of each TLUXE-ESOP2 is higher than the average market price for the year.

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

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2012 (Thousand Baht)	2011 (Thousand Baht)	2012 (Thousand Shares)	2011 (Thousand Shares)	2012 (Baht)	2011 (Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	165,684	174,439	409,608	380,451	0.40	0.46
Effect of dilutive potential ordinary shares						
TLUXE-W2	-	-	51,335	73,842		
TLUXE-ESOP2	-	-	3,597	-		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	165,684	174,439	464,540	454,293	0.36	0.38

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2012 (Thousand Baht)	2011 (Thousand Baht)	2012 (Thousand Shares)	2011 (Thousand Shares)	2012 (Baht)	2011 (Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	191,433	171,774	409,608	380,451	0.47	0.45
Effect of dilutive potential ordinary shares						
TLUXE-W2	-	-	51,335	73,842		
TLUXE-ESOP2	-	-	3,597	-		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	191,433	171,774	464,540	454,293	0.41	0.38

28. Segment information

The Company and its subsidiaries' business operations involve two principal segments: (1) animal feed and (2) food product. These operations are carried on both in locally and overseas. Below is the consolidated financial information for years ended 31 December 2012 and 2011 of the Company and its subsidiaries by segment.

(Unit : Million Baht)

	Domestic				Overseas		Elimination of inter-segment Revenues		Consolidated financial statements	
	Animal feed segment		Food product segment		Animal feed segment					
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sales	2,799	2,580	335	-	27	107	(3)	-	3,158	2,687
Service income	-	6	1	-	-	-	-	-	1	6
Inter-segment revenues	7	27	-	-	-	-	(7)	(27)	-	-
Total revenues	2,806	2,613	336	-	27	107	(10)	(27)	3,159	2,693
Segment operating profit	435	444	33	-	-	11			468	455
Unallocated income and expenses:										
Gain on return of capital/disposals of investments in subsidiaries									21	-
Other income									39	35
Selling expenses									(126)	(116)
Administrative expenses									(168)	(141)
Exchange loss									-	(11)
Share of loss from investment in associate									-	(5)
Finance cost									(7)	(9)
Income tax expenses									(50)	(42)
Non-controlling interests of the subsidiaries									(11)	8
Profit for the year - attributable to equity holders of the Company									166	174

(Unit : Million Baht)

	Domestic				Overseas		Elimination of inter-segment Revenues		Consolidated financial statements	
	Animal feed segment		Food product segment		Animal feed segment					
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Property, plant and equipment	592	495	37	-	-	26	-	-	629	521
Unallocated assets									1,205	1,066
Total assets									1,834	1,587

Transfer prices between business segments are comparable to the prices charged to third parties.

29. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and their employees contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by American International Assurance Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2012, the Company contributed Baht 1.7 million (2011: Baht 1.5 million) to the fund.

30. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividend on 2010 profit of the promoted operations and the non-promoted operations - The remaining dividend (after deducted an interim dividend which paid during 2010)	Annual General Meeting of the Shareholder on 22 April 2011	87.5	0.23
Interim dividend on 2011 profit of the promoted operations and the non-promoted operations - Interim dividend for 2011	Board of Directors Meeting on 8 August 2011	45.7	0.12
Total for 2011		133.2	0.35
Final dividend on 2011 profit of the promoted operations and the non-promoted operations - The remaining dividend (after deducted an interim dividend which paid during 2011)	Annual General Meeting of the Shareholder on 23 April 2012	60.9	0.16
Interim dividend on 2012 profit of the promoted operations and the non-promoted operations - Interim dividend for 2012	Board of Directors Meeting on 14 August 2012	45.7	0.11
Total for 2012		106.6	0.27

31. Commitments and contingent liabilities

31.1 Capital Commitments

As at 31 December 2012, the Company had capital commitments of approximately USD 2 million and Baht 58 million (2011: Baht 19 million), relating to the construction building, acquisition and installation of machinery and equipment.

31.2 Operating lease commitments

As at 31 December 2012, the Company and its subsidiaries had significant operating lease commitments of approximately Baht 4.6 million (2011: USD 0.4 million), relating to rental land, building and vehicle.

31.3 Service agreement commitments

As at 31 December 2012, the Company had commitments of NTD 12 million and Baht 1 million relating to service agreements which are payable within one year (2011: NTD 13 million and Baht 1 million).

31.4 Guarantees

As at 31 December 2012, there were outstanding bank guarantees of approximately Baht 1 million (2011: Baht 1 million), issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee relating to guarantee electricity use. In addition, the Company guaranteed its electricity use with Bank of Thailand bonds as mentioned in Note 8 to the financial statements.

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, investments, trade and other payables, short-term loans and long-term lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries are exposure to interest rate risk relates primarily to its cash at banks, current investments, loans, bank overdrafts, trust receipts and packing credits, short-term borrowing and liabilities under long-term lease agreements. Most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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

(Unit : Million Baht)

	Consolidated financial statements											
	Fixed interest rates				Floating interest rate		Non - interest bearing		Total		Effective interest rate	
	Within 1 year		1-4 years									
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Financial Assets												
Cash and cash equivalents	150	30	-	-	20	41	4	6	174	77	0.1 - 3.2	0.1 - 4.0
Current investments												
Trading securities	-	-	-	-	-	-	1	1	1	1	-	-
Available-for-sale securities	-	-	-	-	-	-	295	161	295	161	-	-
Bills of exchange	-	150	-	-	-	-	-	-	-	150	-	3.5 - 3.8
Trade and other receivables	-	-	-	-	-	-	241	201	241	201	-	-
Restricted bank deposit	3	3	-	-	-	-	-	-	3	3	1.7	1.9
Long-term receivables	-	-	-	-	-	-	-	2	-	2	-	-
	153	183	-	-	20	41	541	371	714	595		
Financial liabilities												
Bank overdrafts and short-term loans from financial institutions	15	-	-	-	30	31	-	-	45	31	MOR, SIBOR + 1.5, 5.0	2.5 - 8.3
Trust receipts and packing credits	-	-	-	-	198	225	-	-	198	225	1.7 - 2.8	1.7 - 2.4
Trade and other payables	-	-	-	-	-	-	217	170	217	170	-	-
Liabilities under long-term lease agreements	6	3	2	7	-	-	-	-	8	10	2.7 - 7.2	2.7 - 4.9
	21	3	2	7	228	256	217	170	468	436		

(Unit : Million Baht)

	Separate financial statements											
	Fixed interest rates				Floating interest rate		Non - interest bearing		Total		Effective interest rate	
	Within 1 year	1-4 years										
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012 (% p.a.)	2011 (% p.a.)
Financial Assets												
Cash and cash equivalents	150	30	-	-	19	35	2	5	171	70	0.1 - 3.2	0.1 - 4.0
Current investments												
Trading securities	-	-	-	-	-	-	1	1	1	1	-	-
Available-for-sale securities	-	-	-	-	-	-	295	161	295	161	-	-
Bills of exchange	-	150	-	-	-	-	-	-	-	150	-	3.5 - 3.8
Trade and other receivables	-	-	-	-	-	-	212	165	212	165	-	-
Short-term loans to related parties	15	29	-	-	-	-	-	-	15	29	6.0	6.0 - 8.0
Restricted bank deposit	3	3	-	-	-	-	-	-	3	3	1.7	1.9
Long-term receivables	-	-	-	-	-	-	-	2	-	2	-	-
	168	212	-	-	19	35	510	334	697	581		
Financial liabilities												
Bank overdrafts and short-term loans from financial institutions	-	-	-	-	19	-	-	-	19	-	MOR, SIBOR + 1.5	-
Trust receipts	-	-	-	-	192	220	-	-	192	220	1.7	1.7 - 2.4
Trade and other payables	-	-	-	-	-	-	203	147	203	147	-	-
Liabilities under long-term lease agreements	3	3	1	4	-	-	-	-	4	7	2.7 - 4.9	2.7 - 4.9
	3	3	1	4	211	220	203	147	418	374		

Foreign currency risk

The Company and its subsidiary are exposure to foreign currency risk arises mainly from trading and borrowing transactions that are denominated in foreign currencies. The Company and its subsidiary seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The Company and its subsidiary had the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currencies	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2012 (Million)	2011 (Million)	2012 (Million)	2011 (Million)	2012	2011
	(Baht per 1 foreign currency unit)					
US dollar	1	1	7	6	30.63	31.69
Japanese yen	-	-	25	39	0.35	0.41

The Company and its subsidiary had foreign exchange contracts outstanding are summarised below.

As at 31 December 2012			
Foreign currencies	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.4	30.7 - 31.7	17 April 2013 - 19 June 2013
Euro	0.1	39.5	27 February 2013

As at 31 December 2012			
Foreign currencies	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.7	30.1 - 32.0	4 January 2012 - 3 July 2012

32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature. Loans given to and loans from others mostly bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements 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 transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

33. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2012, the Group's debt-to-equity ratio was 0.40:1 (2011: 0.45:1) and the Company's was 0.36:1 (2011: 0.39:1).

34. Events after the reporting period

On 7 February 2013, the meeting of the Company's Board of Directors No. 1/2013 passed a resolution to propose to the Company to acquire 195,000 shares of Thai Demeter Company Limited at a price of Baht 1,950,000, or 65 percent of shareholding in that company.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised director on 19 February 2013.

Contact Company

Mae Klong Factory

Tel : 0-3477-1444
Fax : 0-3477-1406
e-mail : thailuxe@thailuxe.com

Petchburi Factory

Tel : 0-3244-7681-8
Fax : 0-3244-7689
e-mail : info@thailuxe.com

Bangkok Office

Tel : 0-2266-4725-7
Fax : 0-2236-7347
e-mail : bkk@thailuxe.com

Surathanee Branch

Tel : 0-7722-4362 , 08-1303-2010
Fax : 0-7722-4362
e-mail : autchara@thailuxe.com , autchara05@hotmail.com

Chachengsao Branch

Tel : 0-3882-0705 , 08-6754-7952
Fax : 0-3882-0705
e-mail : nararat@thailuxe.com , nararat_2004@hotmail.com

Chanthaburi Branch

Tel : 0-3933-5668 , 08-9742-8985
Fax : 0-3933-5668
e-mail : tluxchan@thailuxe.com , tluxchan@hotmail.com

Koh Yor Branch (Songkla)

Tel : 0-7433-3960 , 08-1571-2259
Fax : 0-7433-3962
e-mail : tlsongkhla@thailuxe.com , tlsongkhla@hotmail.com

Chumporn Branch

Tel : 0-7750-2025 , 08-9609-1407
Fax : 0-7750-2025
e-mail : tlchump@thailuxe.com , tlchump@hotmail.com

Contact Company

Huasai Branch (Nakorn Srithammarat)

Tel : 0-7532-4197 , 08-1408-9501
Fax : 0-7532-4197
e-mail : tlnaconsri@thailuxe.com , tlnaconsri@hotmail.com

Takuapa Branch (Pangnga)

Tel : 0-7642-1373 , 08-9744-6153
Fax : 0-7642-1373
e-mail : tlpangha@thailuxe.com , tlpangha@hotmail.com

Trung Branch

Tel : 0-7521-7919 , 08-9744-2067
Fax : 0-7521-7919
e-mail : tltrung@thailuxe.com , tltrung@hotmail.com

Krabi Branch

Tel : 0-7560-1743, 08-5070-8687
Fax : 0-7560-1743
e-mail : siranee2698@hotmail.com

Satool Branch

Tel : 0-7472-5099, 08-9412-8834
Fax : 0-7475-2099
e-mail : satoon_p@hotmail.com



Thai Luxe Enterprises Public Company Limited

Head Office (Samutsongkram Factory)

69/5 Moo 5, Pama II Rd., Muang District, Samutsongkram 75000 Tel. 0-3477-1401 Fax 0-3477-1406

Petchburi Office and Factory

62 Moo 2, Utapao Rd., Kaoyoi District, Petchburi 76000 Tel. 0-3244-7681 Fax 0-3244-7689

Bangkok Office

101/3-4 Nares Rd., Bangrak, Bangkok 10500 Tel. 0-2266-4725 Fax 0-2236-7347