



ANNUAL REPORT | 2013

THAI UNION FROZEN PRODUCTS PCL.



COMPANY PROFILE

THAI UNION FROZEN PRODUCTS PCL.

Registration No. 0107537000891 (previously Bor.Mor.Jor. 336)

TYPE OF BUSINESS

Processor and exporter of frozen and canned seafood

HEAD OFFICE

72/1 Moo 7, Sethakit 1 Road, Tambon Tarsrai, Amphoe Mueang Samutsakhon, Samutsakhon 74000

Tel: 66 (0) 3481-6500 (Automatic 7 Lines)

Fax: 66 (0) 3481-6886

BANGKOK OFFICE

979/12 M Floor, S.M. Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400

Tel: 66 (0) 2298-0024, 2298-0537 - 41

Fax: 66 (0) 2298-0548, 2298-0550

INVESTOR RELATIONS DEPARTMENT

Tel: 66 (0) 2298-0024

Fax: 66 (0) 2298-0342

Email: ir@thaiunion.co.th

CORPORATE COMMUNICATIONS DEPARTMENT

Tel: 66 (0) 2298-0024

Fax: 66 (0) 2298-0024 ext. 679

Email: tuf_ccd@thaiunion.co.th

WEBSITE

www.thaiuniongroup.com

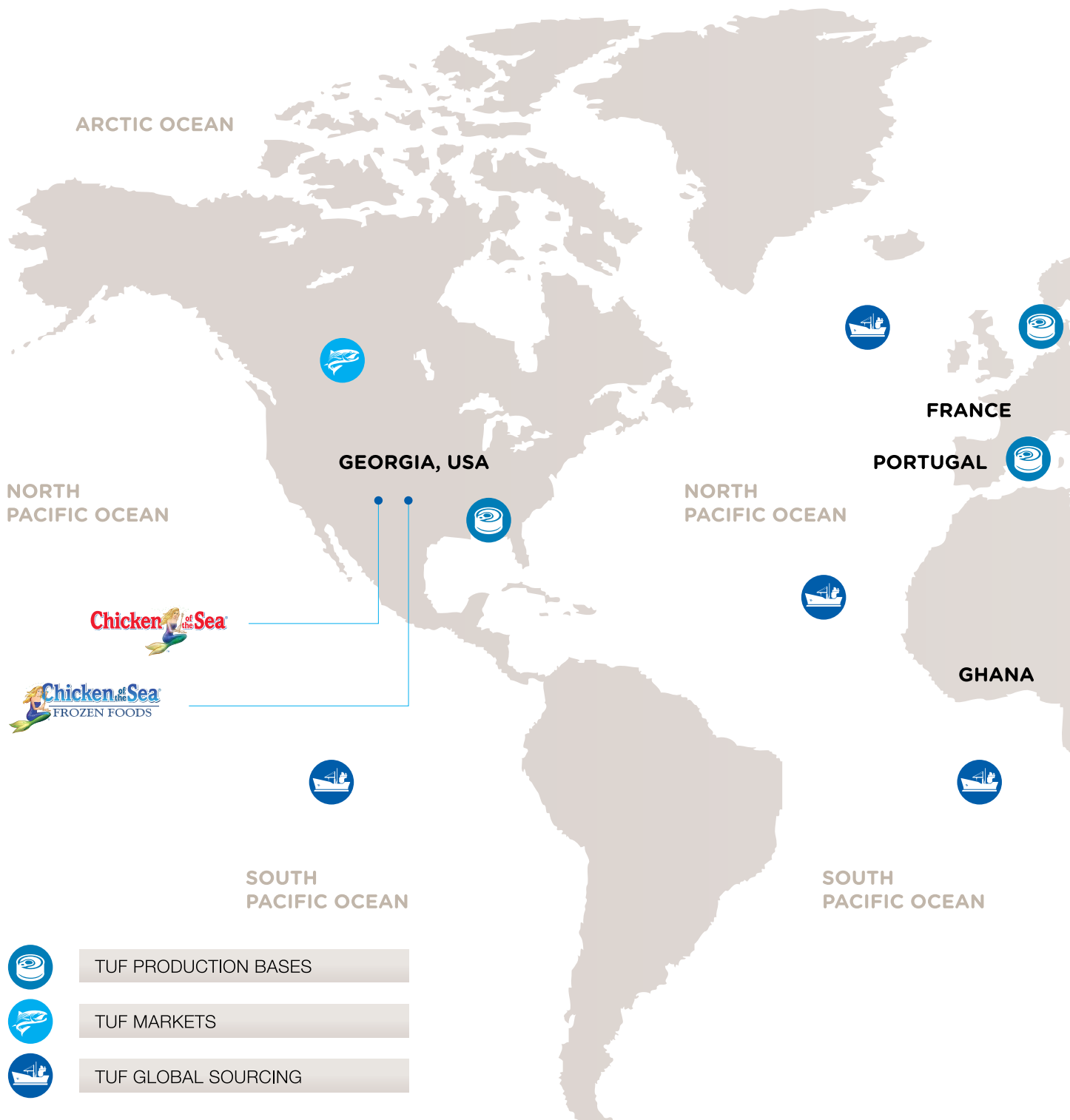
Listed on the Stock Exchange of Thailand since November 22, 1994

AS OF DECEMBER 31, 2013

Registered capital of Bt1,202,000,000 (At Bt1 par value)

Paid-up capital of Bt1,147,593,829 (1,147,593,829 shares)

TUF'S GLOBAL SOURCING, PRODUCTION AND MARKETS







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MESSAGE FROM THE CHAIRMAN AND PRESIDENT



MR. KRAISORN CHANSIRI
Chairman



Throughout the years, TUF has grown solidly with continuing ability to offer satisfactory dividends to our shareholders. To date, our success has largely been driven by a number of key strategies apt for our business nature such as forging ever closer relationships with our invaluable business partners and responding to our clients promptly and competently, to name a few. Besides aggressive organic growth, the Company constantly seek out for strategic business expansion through Mergers and Acquisitions when viable business opportunity arisen. Our commitment for growth extends beyond just business performance but a good corporate governance underlining all our business units and operations.

2013 was the most challenging year in our company history with numerous issues affecting our operations such as the strong Thai Baht with currency fluctuation and political crises in the Middle East in the first half of the year. The issue with Early Mortality Syndrome (EMS) which severely dropped the country's shrimp production by 50% to 540,000 metric tons compared to the previous year, impacting the entire Thai shrimp industry. Tuna was also affected with high fluctuation in prices. The Pet food product category in the USA and domestic market fell short of target. Altogether, these issues contributed to an operational profit of 12.6%, a decrease compared to 15.3% of the previous year. Despite the lack of growth in shrimp export from Thailand, our shrimp operations in the US conversely achieved record performance in both sales and profit, due to its strength in raw materials global sourcing.

The challenges that we confronted in 2013 were not only operational factors, but also of matters pertaining to marine resources sustainability such as raw material and environmental management. More stringent official measures were imposed on conservation and preservation of natural resources which impact the amount of tuna caught and thus increases tuna prices. The other significant issues were violations on child labor, forced labor and human trafficking which altogether impacted the seafood industry and fishery in Thailand as a whole. At present, Thailand has been on the Tier 2 Watch List of the US Trafficking In Persons Report – TIP for the fourth consecutive year. A reassessment of this ranking is due every year and it would negatively affect the company operations and that of the regional industry as a whole if Thailand were to be ranked to a less favorable Tier 3 next year.

Revenue for 2013 in Thai Baht was recorded at THB112,813 million, a six percent increase and USD 3,663 million – also a six percent rise. Net profit stands at THB 2,853 million or a decrease of 39 percent. Despite the challenging year last year, we believe that the worst is behind us as matters turned around in the second half of the year. Apparently, the shrimp business was able to achieve 11.4% net profit in H2 compared to only 5.2% of H1. The successful turnaround was the results of hard work in strategically restructuring our management system to be more lean and efficient from raw material sourcing to processing and inventory control. The refinement in efficiency began to show positive results from the third quarter onward. The new management system is not only more efficient but more flexible – crises were able to be dealt with more effectively and quickly. A combination of improved operating procedures and the betterment in raw material situations contributed to an apparent positive turnaround with H2 net profit of THB 1,819 million – a jump of 76% from H1.



MR. THIRAPHONG CHANSIRI
President and CEO

The basis for the company operational efficiency and growth lies in the commitment to understand the needs of clients and serve them as best we can so they become not just clients but our allies. Another strategy in staying at the top of our game is expansion – finding opportunities for merger and acquisition – to expand product lines and access new markets. None of this could have been possible without the tremendous efforts by all our dedicated employees in Thailand and around the world – all along, they are the forces behind the company solid operational performances

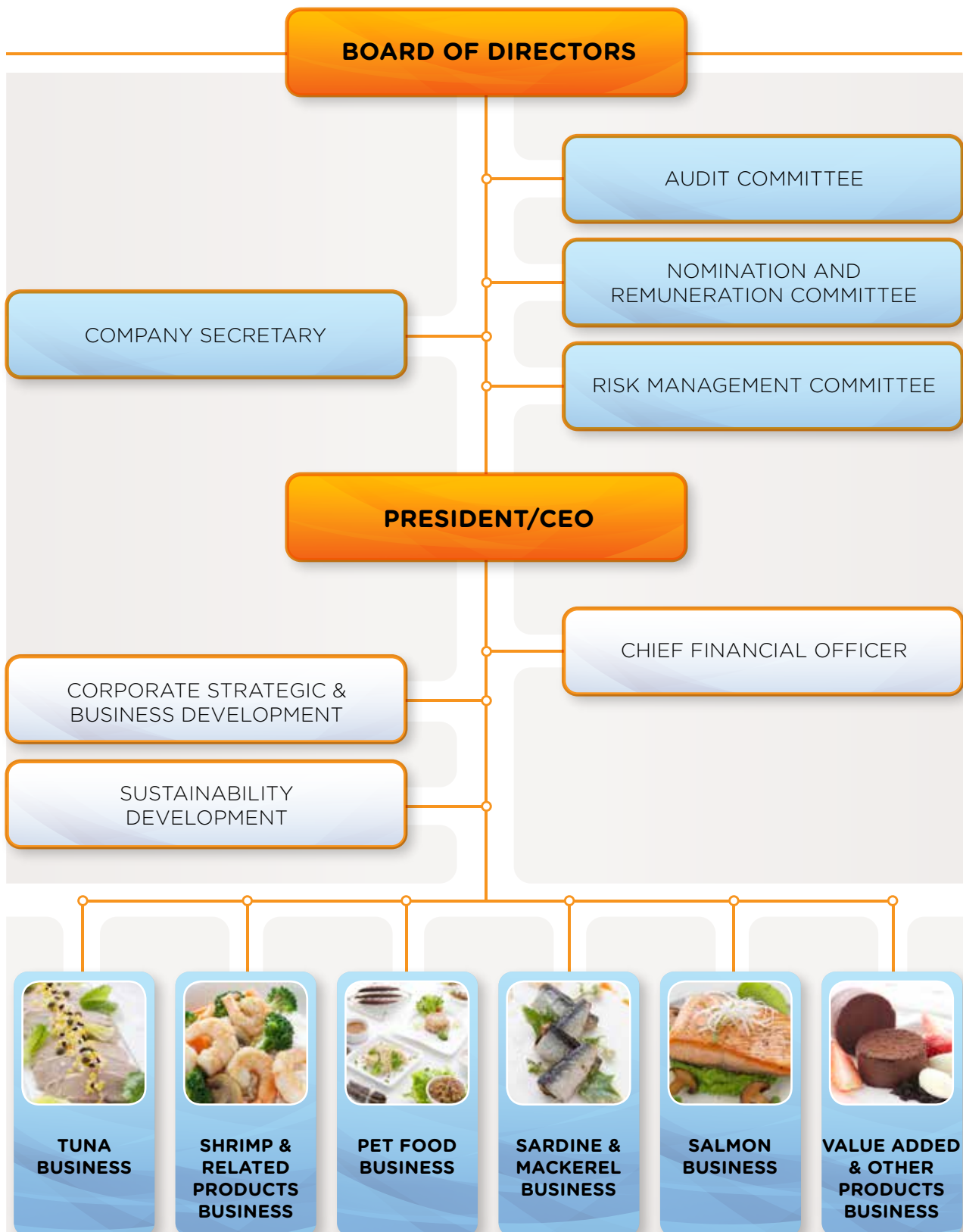
Strong competition both domestic and overseas are inevitable, TUF envisions clear direction and the dynamic ability to adapt quickly to efficiently respond to ever emerging changes. Our strategic framework is in place to ensure steady and sustainable growth:

- Investing in talents to support the company growth both in Thailand and overseas
- Increase our investment in core and related businesses, including market expansion, target market diversification and increasing value proposition for our brands.
- Invest in innovation whereby the research and development teams in each region work more closely to creating exciting new value-added product lines.
- Promote sustainability in all operational aspects with key company stakeholders including resources, environment and communities by developing economic and social cooperation.
- Commit to sustaining the highest quality standards in all our business operations.

TUF always commits to good governance. This year's good governance score for listed company is 89 points – categorized as “very good” - an improvement from the previous year. The scoring criteria include respect for shareholders' rights, equal treatment to shareholders, responsiveness to stakeholders, transparency, and governance roles of the management. We, as the board of directors and company management, are proud to receive this honor of good governance.

In the name of the Board of Directors and the company management, we would like to express our deepest gratitude to each and every one of our employees, business partners and stakeholders who have continuously supported and contributed to the success and growth of the company. TUF and its subsidiaries are committed to strengthening all our business units even further to support our competitiveness as a world leader in seafood. At the same time, we shall share our expertise and knowledge to contribute economically and socially the communities and countries we operate in.

ORGANIZATION CHART



Total Workforce as of December 31, 2013 10,789 Staffs

- Salaried Employee 1,617 Staffs
- Daily Employee 9,172 Staffs

BOARD OF DIRECTORS



MR. KRAISORN CHANSIRI

CHAIRMAN

AGE 79

EDUCATION

- Honorary Doctorate Degree of Philosophy in Business Administration, Mae Fah Luang University
- Honorary Science Degree of Doctor of Philosophy in Food Science and Technology, the Thai Chamber of Commerce University
- The Role of Chairman Program organized by the Thai Institute of Directors Association (RCP 15/2007)
- Certificate, Capital Market Academy Leader Program 12 (March – July 2011)

OTHER POSITIONS

- Chairman, Thai Union Manufacturing Co., Ltd.
- Chairman, Thai Sea Food Co., Ltd.
- Chairman, Merchant Partners Securities PCL.
- Executive Director, Songkla Canning PCL.
- Executive Director, Thai Union Graphic Co., Ltd.
- Director, Tri-Union Seafoods, LLC.
- Director, Tri-Union Frozen Products Inc.
- Director, Thai Union Seafood Co., Ltd.
- Director, Thai Union Feedmill Co., Ltd.
- Director, New Frontier Foods Co., Ltd.
- Director, Waithai Co., Ltd.
- Director, Thai Union Properties Co., Ltd.
- Director, Chansiri Real Estate Co., Ltd.

SOCIAL POSITIONS

- Chief of Permanent Advisory Board, Thai-Chinese Merchant Club
- President of the Tio Chew Association of Thailand
- Vice President, Thai-Chinese Friendship Association
- Honorary Live Vice President, Asian Volleyball Confederation

No. of Shares Held: 117,783,680 shares*

* Shareholders of TUF that included spouse and children as of 28 August 2013



MR. CHENG NIRUTTINANON

EXECUTIVE DIRECTOR
AGE 72

EDUCATION

- The second Middle School of Shantou, People's Republic of China

OTHER POSITIONS

- Chairman, Asian-Pacific Can Co., Ltd.
- Chairman, Lucky Union Foods Co., Ltd.
- Executive Director and Managing Director, Thai Union Manufacturing Co., Ltd.
- Director, Thai Union Feedmill Co., Ltd.
- Director, Tri-Union Seafoods, LLC.
- Director, Tri-Union Frozen Foods, LLC.
- Director, PT Juifa International Foods Co., Ltd.
- Director, Yueh Chyang Canned Food Co., Ltd.
- Director, U.S. Pet Nutrition LLC.
- Director MW Brands Holdings SAS
- Director, New Frontier Foods Co., Ltd.
- Director, Waithai Co., Ltd.
- Director, Ahead Way International Co., Ltd.
- Director, Thaipatana Stainless Steel Co., Ltd.

No. of Shares Held: 70,515,934 shares*

* Shareholders of TUF that included spouse and children as of 28 August 2013

MR. CHUAN TANGCHANSIRI

EXECUTIVE DIRECTOR
AGE 69

EDUCATION

- Bachelor's Degree, South China Normal University, People's Republic of China
- Directors Accreditation Program organized by the Thai Institute of Directors Association (DAP86/2010)

OTHER POSITIONS

- Executive Director and Finance Manager, Thai Union Manufacturing Co., Ltd.
- Executive Director, Songkla Canning PCL.
- Executive Director, Asian-Pacific Can Co., Ltd.
- Director, Thai Union Seafood Co., Ltd.
- Director, Thai Union Feedmill Co., Ltd.
- Director, Thai Union Graphic Co., Ltd.
- Director, Thai Union Investment Holding (Investment in MW Brands Holdings SAS)
- Director, New Frontier Foods Co., Ltd.
- Director, Chansiri Real Estate Co., Ltd.
- Director, Thai Union Properties Co., Ltd.
- Director, Waithai Co., Ltd.
- Director, Thaipatana Stainless Steel Co., Ltd.

No. of Shares Held: 9,867,000 shares*

* Shareholders of TUF that included spouse and children as of 28 August 2013



MR. THIRAPHONG CHANSIRI

PRESIDENT AND CEO
AGE 49

EDUCATION

- Bachelor's Degree (Marketing), Assumption University
- Master of Business Administration (Management), University of San Francisco, USA
- Directors Certification Program organized by the Thai Institute of Directors Association (DCP 10/2001)

OTHER POSITIONS

- Chairman, Thai Union Seafood Co., Ltd.
- Chairman, MW Brands Holdings SAS
- President, Thai Union International, Inc.
- President, Thai Union France Holding 2 SAS
- President, Thai Union Graphic Co., Ltd.
- President, T-Holding Co., Ltd.
- Executive Director, Thai Union Manufacturing Co., Ltd.
- Executive Director, Songkla Canning PCL.
- Director, Asian-Pacific Can Co., Ltd.
- Director, Thai Union Feedmill Co., Ltd.
- Director, Biz Dimension Co., Ltd.
- Director, Tri-Union Seafoods, LLC.
- Director, Tri-Union Frozen Foods, LLC.
- Director, Lucky Union Foods Co., Ltd.
- Director, TN Fine Chemicals Co., Ltd.
- Director, U.S. Pet Nutrition LLC.
- Director, Thai Union Investment Holding (Investment in MW Brands SAS)
- Director, New Frontier Foods Co., Ltd.
- Director, Pakfood PCL.

- Director, Okeanos Co., Ltd.
- Director, Okeanos Food Co., Ltd.
- Director, Waithai Co., Ltd.
- Director, Chansiri Real Estate Co., Ltd.
- Director, Thai Union Properties Co., Ltd.
- Director, Chaowpraya Cold Storage Co., Ltd.
- Director, Thaksin- samut Co., Ltd.

CURRENT POSITION IN OTHER LISTED COMPANY

- Director, Minor International PCL.

SOCIAL POSITIONS

- Director, Thai Listed Companies Association
- Advisory Committee, Market for Alternative Investment (MAI)
- Advisory Committee, SET Research Institute
- Advisory Committee, Thailand Future Foundation
- Councilor, Thailand Management Association (TMA)
- Board of Trustees of Siam Technology College

No. of Shares Held: 114,711,943 shares*

* Shareholders of TUF that included spouse and children as of 28 August 2013



MR. RITTIRONG BOONMECHOTE

MANAGING DIRECTOR
(SHRIMP PRODUCT LINES) AGE 52

EDUCATION

- Bachelor's Degree, Bangkok University
- Directors Certification Program organized by the Thai Institute of Director Association (DCP 84/2010)
- TLCA Executive Development Program (EDP2/2009) by Thai Listed Companies Association

OTHER POSITIONS

- President, Thai Union Feedmill Co., Ltd.
- President, Thai Quality Shrimp Co., Ltd.
- President, Thai Union Seafood Co., Ltd.
- Executive Director, Pakfood PCL.
- Executive Director, Okeanos Co., Ltd.
- Executive Director, Okeanos Food Co., Ltd.
- Director, Chaowpraya Cold Storage Co., Ltd.
- Director, Thaksin- samut Co., Ltd.
- Director, Tri-Union Frozen Products, Inc.
- Director, TMAC Co., Ltd.

SOCIAL POSITIONS

- Vice President, Thai Frozen Foods Association
- Vice President, Bangkok University Alumni Association

No. of Shares Held: 15,860,745 shares*

* Shareholders of TUF that included spouse and children as of 28 August 2013

MR. TAKEHIKO KAKIUCHI

DIRECTOR
AGE 59

EDUCATION

- Bachelor's Degree, Kyoto University, Japan

EXPERIENCE

- Executive Vice President (Living Essentials Group) of Mitsubishi Corporation

No. of Shares Held: -



MR. CHAN SHUE CHUNG

EXECUTIVE DIRECTOR
AGE 39

EDUCATION

- Bachelor's Degree, Oregon State University, USA
- Master of Business Administration, Bangkok University
- Directors Certification Program organized by the Thai Institute of Directors Association (DCP 10/2002)
- TLCA Executive Development Program (EDP1/2009) by Thai Listed Companies Association

OTHER POSITIONS

- Director, Thai Union Feedmill Co., Ltd.
- Director, Thai Union Graphic Co., Ltd.

No. of Shares Held: 3,223,818 shares*

- * Shareholders of TUF that included spouse and children as of 28 August 2013



MR. RAVINDER SINGH GREWAL SARBJIT S

DIRECTOR AGE 45

EDUCATION

- Bachelor's Degree (Commerce), University of New South Wales, Australia
- Certified Public Accountants, Australian Society

OTHER POSITIONS

- Director, Wellard Holdings (Australia)
- Director, Shangri-La Hotel (Malaysia)
- Alt Director, Straits Resource Ltd. (Australia)
- Alt Director, Otto Marine Ltd. (Singapore)
- Director, MW Brands SAS
- Director, Scomi Oilfield Limited (Bermuda)

No. of Shares Held: -

- * Shareholders of TUF that included spouse and children as of 28 August 2013



MR. SAKDI KIEWKARNKHA

INDEPENDENT DIRECTOR

AGE 79

EDUCATION

- Bachelor's Degree (Accounting, Commerce and Law), Thammasat University
- Directors Certification Program organized by the Thai Institute of Directors Association (DCP 13/2001)
- The Role of Chairman Program organized by the Thai Institute of Directors Association (RCP 4/2001)
- DCP Refresher Course organized by the Thai Institute of Directors Association (RE DCP 2/2006)
- Handling Conflicts of Interest: What the Board should do? organized by the Thai Institute of Directors Association (4/2008)
- The Role of Compensation Committee organized by the Thai Institute of Directors Association (RCC 9/2009)
- How to Develop a Risk Management organized by the Thai Institute of Directors Association (HRP 2/2012)
- Executive Program, Stanford University & University of Singapore
- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Audit World – Conference 25-26 June 2012 Resort World Convention Centre, Singapore
- Audit World – Post Conference 27 June 2012 Resort World Convention Centre, Singapore

EXPERIENCE

- Banking Ombudsman, Bank of Thailand
- Executive Vice President, The Siam Commercial Bank PCL.
- Executive Director, Bangkok Metropolitan Bank PCL.
- Executive Director, Bangkok Metropolitan Life Insurance Co., Ltd.
- Chairman of Audit Committee, The Book Club Finance PCL.
- Independent Director & Audit Committee Member, Dusit Thani PCL.
- Advisor to Executive Board, Bangkok Metropolitan Bank PCL.
- Certified Public Accountant No. 0156 from 1962
- Attorney of Law No.2913401 from 1986

SOCIAL POSITIONS

- Vice President, The Princess Mother's Medical Volunteer Foundation

No. of Shares Held: -

- * Shareholders of TUF that included spouse and children as of 28 August 2013



**POL.MAJ.GEN.
PRACHA ANUCROKDILOK**
INDEPENDENT DIRECTOR AGE 77

EDUCATION

- Bachelor's Degree (Law), Ramkhamhaeng University
- Police Cadet Academy of Republic of China
- Directors Accreditation Program organized by the Thai Institute of Directors Association (DAP 33/2005)

EXPERIENCE

- Commander, Quartermaster Division
- Deputy Commissioner, Immigration Bureau
- Deputy Inspector General, Royal Thai Police

No. of Shares Held: 7,572 shares*

* Shareholders of TUF that included spouse and children as of 28 August 2013

MR. KITI PILUNTHANADILOKE
INDEPENDENT DIRECTOR
AGE 75

EDUCATION

- Bachelor's Degree (Law), Thammasat University
- Barrister at Law
- Directors Accreditation Program organized by the Thai Institute of Directors Association (DAP 36/2005)

EXPERIENCE

- Lawyer, Kiti Legal Counselors
- Special Public Prosecutor, Office of the Attorney General

No. of Shares Held: -

* Shareholders of TUF that included spouse and children as of 3 January 2013



DR. THAMNOON ANANTHOTHAI

INDEPENDENT DIRECTOR
AGE 57

EDUCATION

- Bachelor's Degree (Accountancy & Management), Eckerd College USA
- Master's Degree (M.B.A Management), The University of Sarasota Florida USA
- Ph.D. International Management, Walden University USA
- A.C.A Certificate, American Accreditation Council for Accountancy USA
- Audit Committee Program organized by the Thai Institute of Directors Association (ACP 10/2005)
- Directors Accreditation Program organized by the Thai Institute of Directors Association (DAP 48/2005)
- Directors Certification Program organized by the Thai Institute of Directors Association (DCP 70/2006)
- The Role of Chairman Program organized by the Thai Institute of Directors Association (RCP 14/2006)
- Understanding the Fundamental of Financial Statement organized by the Thai Institute of Directors Association (UFS 7/2007)

OTHER POSITIONS

- Chairman, Vintage Engineering PCL.
- Vice Chairman and Chairman of Audit Committee, Better World Green PCL.
- Vice Chairman and Chairman of Audit Committee, IFS Capital (Thailand) PCL.
- Executive Director, Merchant Partners Securities PCL.
- Director and Chairman of Audit Committee, Eastern Printing PCL.
- Director, Independent Director, Audit Committee, Chairman of the Nominating-Committee and Remuneration Committee Member, Property Prefect PCL.
- Director and Audit Committee, Bangkok University
- Independent Director, Pakfood PCL.

No. of Shares Held: -

- * Shareholders of TUF that included spouse and children as of 28 August 2013



MR. KIRATI ASSAKUL
INDEPENDENT DIRECTOR
AGE 56

EDUCATION

- Bachelor's Degree (Chemical Engineering Ontario), Queen's University USA
- Master's Degree (Chemical Engineering), University of Southern California USA
- Directors Certification Program organized by the Thai Institute of Directors Association (DCP 27/2003)
- The Role of Compensation Committee organized by the Thai Institute of Directors Association (RCC 5/2007)

OTHER POSITIONS

- Chairman, Ocean Life Insurance Co., Ltd.
- Chairman of the Boards, Ocean Glass PCL.

No. of Shares Held: 13,312 shares*

* Shareholders of TUF that included spouse and children as of 28 August 2013

Remarks:

Mr. Chan Tin King and Mr. Yasuo Goto resigned as Board of Director on August and December 2013, respectively.

AUDIT COMMITTEE AND SUB-COMMITTEES

AUDIT COMMITTEE

MR. SAKDI KIEWKARNKHA
CHAIRMAN
OF AUDIT COMMITTEE



POL.MAJ.GEN. PRACHA ANUCROKDILOK
AUDIT COMMITTEE



MR. KITI PILUNTHANADILOKE
AUDIT COMMITTEE



SUB-COMMITTEES;

THE NOMINATION AND REMUNERATION COMMITTEE

1. Dr. Thamnoon Ananthothai	Chairman of the Nomination and Remuneration Committee
2. Mr. Sakdi Kiewkarnkha	Member of the Nomination and Remuneration Committee

THE RISK MANAGEMENT COMMITTEE

1. Dr. Thamnoon Ananthothai	Chairman of the Risk Management Committee
2. Mr. Sakdi Kiewkarnkha	Member of the Risk Management Committee
3. Pol.Maj.Gen. Pracha Anucrokdilok	Member of the Risk Management Committee
4. Mr. Thiraphong Chansiri	Member of the Risk Management Committee

MANAGEMENT TEAM

MR. SUTHIDEJ AMORNKASEMWONG

ASSISTANT MANAGING DIRECTOR - FISH PRODUCT LINES

Experience

- General Manager (Fish Product Lines), Thai Union Frozen Products PCL.
- Marketing Manager (Fish Product Lines), Thai Union Frozen Products PCL.



MR. PREERASAK BOONMECHOTE

ASSISTANT MANAGING DIRECTOR - SHRIMP PRODUCT LINES

Experience

- General Manager (Shrimp Product Lines), Thai Union Frozen Products PCL.

MS. SUREENARD SUKHAWANCHAI

GENERAL MANAGER AUDIT UNIT

Experience

- Manager of Internal Audit Department, Krungthai Panich Insurance Co., Ltd.
- Assistant Manager of Finance Department, Krungthai Panich Insurance Co., Ltd.



DR. WIT SOONTARANUN

DIRECTOR OF SUSTAINABILITY DEVELOPMENT

Experience

- Senior Vice President - Health, Safety, Environment and Community Development (HSEC), Banpu PCL.

MR. YONGYUT SETTHAWIWAT

DEPUTY GENERAL MANAGER FINANCE

Experience

- Corporate Treasurer, KCE Electronics PCL.
- Treasury Manager, Hutchison CAT Wireless Multimedia Ltd.



MR. NITI TRAKPIBOON

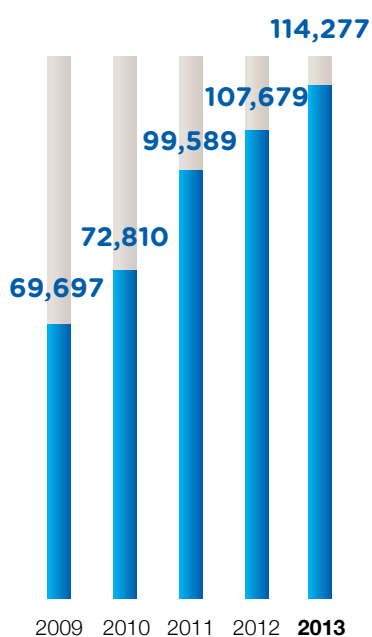
CORPORATE ACCOUNTING MANAGER

Experience

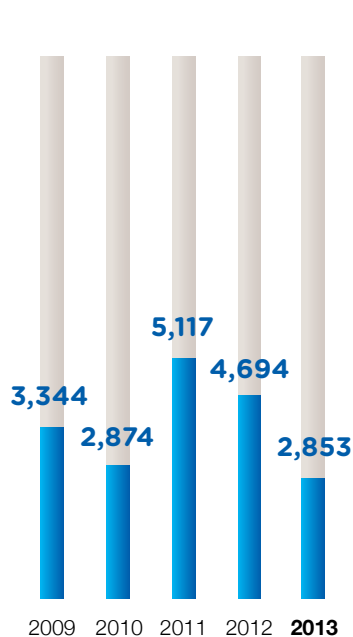
- Assistant Vice President Information Management Department, Kiatnakin Securities Co., Ltd.

5-YEAR COMPARATIVE FINANCIAL STATISTICS

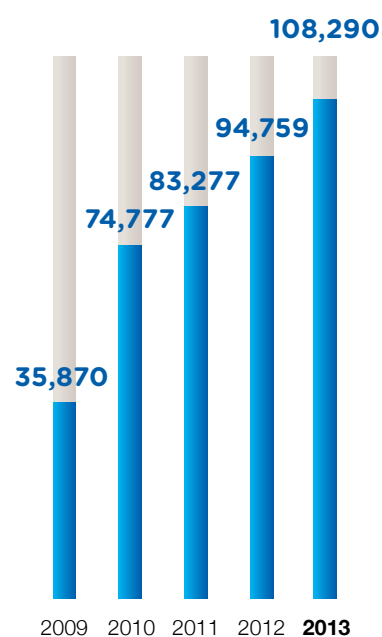
**TOTAL REVENUES
(MILLION BT)**



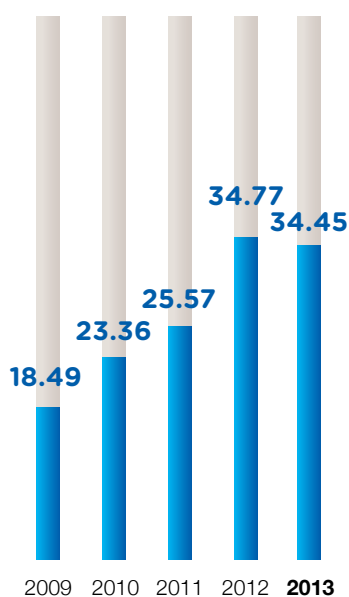
**NET PROFIT
(MILLION BT)**



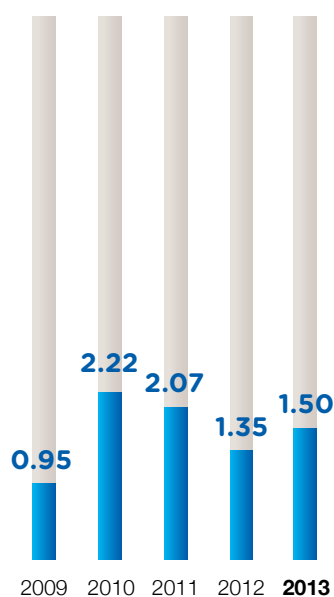
**TOTAL ASSETS
(MILLION BT)**



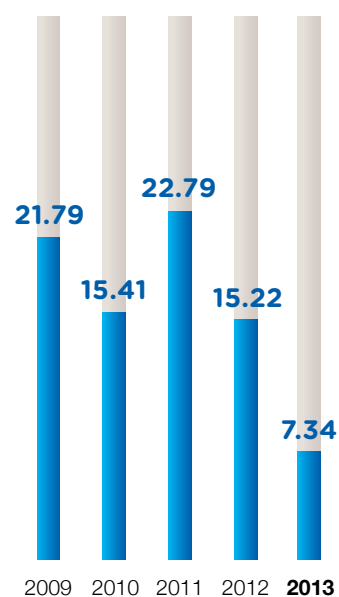
**BOOK VALUE
PER SHARE (BT)**



**TOTAL LIABILITIES
TO EQUITY (TIMES)**

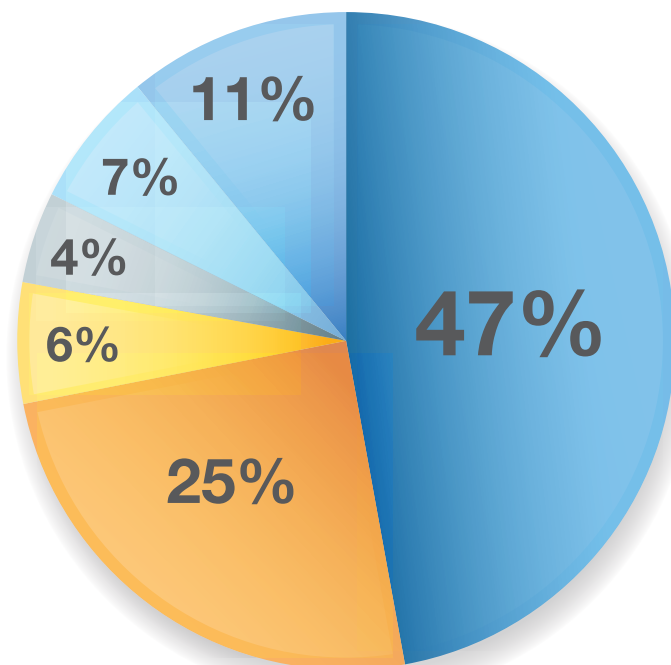
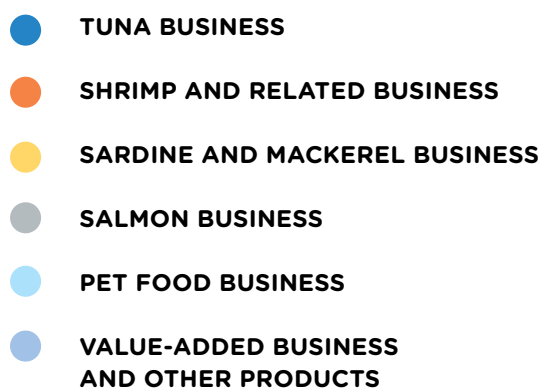


**RETURN ON
AVERAGE EQUITY (%)**

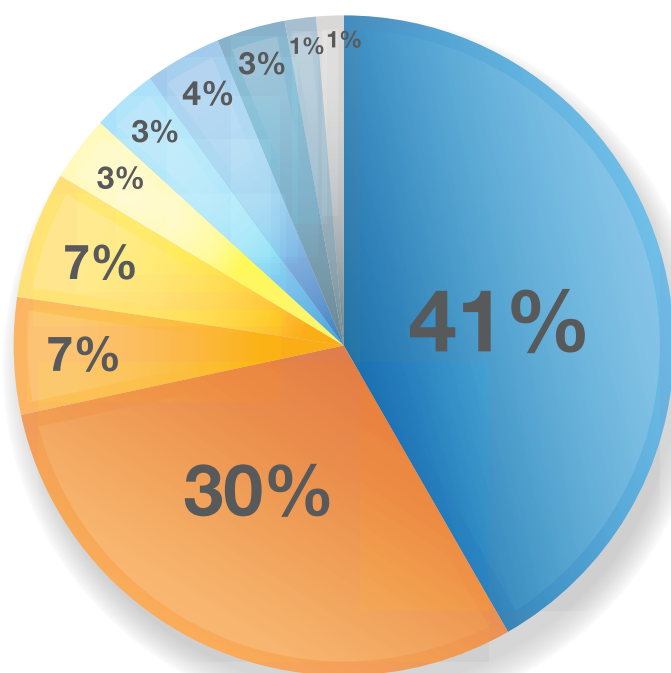


2013 SALES BREAKDOWN AND DISTRIBUTION

2013 SALES BREAKDOWN



2013 SALE DISTRIBUTION



COMPANY

HISTORY AND DEVELOPMENT



Thai Union Frozen Products Public Company Limited (TUF) was founded a company limited in 1988 with an initial capital of THB 25 million as a seafood processing and exporter. Shortly after, in 1992, the company formed a joint venture with Mitsubishi Corporation and Hagoromo Foods. The latter partner was a major food producer and distributor in Japan and TUF's client. Both companies contributed significantly to TUF's product development and competitiveness on a global scale. On November 22, 1994, TUF was publicly listed in the Stock Exchange of Thailand and thus became a publicly listed company. Over the years the company have made numerous increases in investment capital and TUF today has a registered capital amount of THB 1.202 billion at THB 1 par value and paid-up capital of THB 1,147,593,829 equating to equal amounts of shares.

Right from the start, the company have operated under prudent management policy with emphasis on strict adherence to high standards of premium food production: from raw material sourcing to processing to quality control and distribution. TUF's competence and productivity have always been key to serving clients' requirements and satisfying customers around the world .

VISION

TUF constantly strives to be the “Chef of the World” creating and providing world-class quality and innovative cuisine that fully satisfies our customers, consumers and stakeholders' ever evolving requirements.

MISSION

- To become a producer of high quality, delicious, safe and convenient food trusted by consumers anywhere in the world.
- To be known as an organization with good corporate governance, integrity and accountability to all stakeholders and to achieve a sustainable business growth.
- To be known as an employer of choice; investing in people and creating opportunities for career growth as well as betterment of quality of lives.
- To proudly represent and promote Thailand in the world's seafood stage.
- To become a company known for accountability and commitment in the conservation of the greater marine ecology, natural resources and environment.



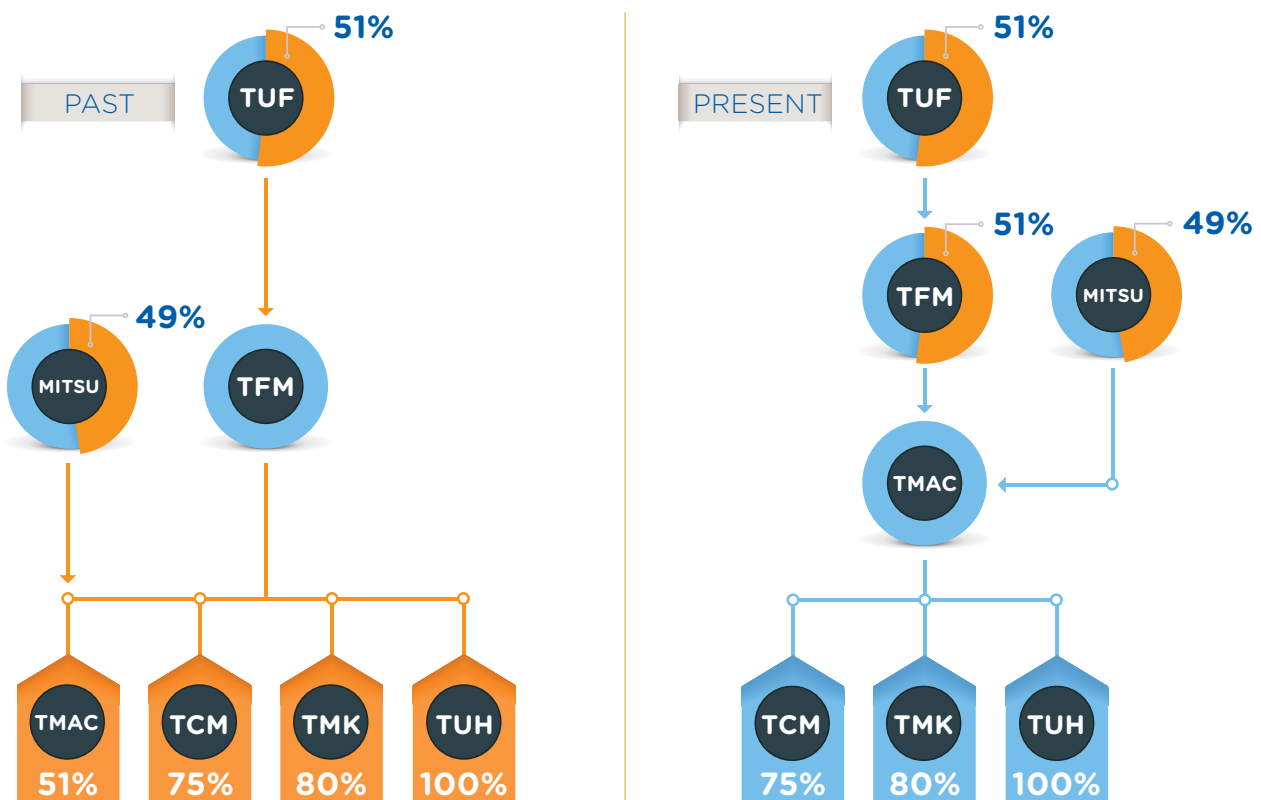
DEVELOPMENT IN 2013.

1. The Company increased investment in Pak Foods Public Company Limited (PPC) from 14,989,999 shares or 49.97% of total in 2012 to the following:

- In February 2013, increased by 4.49% to 54.46% of total.
- In March 2013, an additional 20.18% to 74.64% of total.
- In November 2013, another 2.42% to 77.06% of total.

The series of investment increases result in TUF holding of 25,428,279 shares or 77.06% in PPC thus TUF became the parent company, consequently PPC was unlisted from the Stock Exchange of Thailand.

2. An investment increase in Moresby International Holding in the USA from USD 9.4 million to USD 13.3 million. The said company is a joint venture partner with Thai Union Manufacturing (TUM), a subsidiary of TUF, Century Canning Corporation and Frabelle Fishing Corporation of the Philippines since 2009. Formerly the three partner companies in the joint venture held equal shares of 33.33% and established Majestic Seafood Corporation in Papua New Guinea to operate tuna fishing and production in that country for increased access to tuna and tax privileges. At present, the Majestic Seafood Corporation has begun production and to enable smooth operations, an increase in capital was required.
3. Restructuring of animal feed and aquaculture business cluster for improved management efficiency. This restructuring involved TMAC, a joint venture of Thai Union Feed mill (TFM) and Mitsubishi Corporation, buying up all common shares from TFM. TFM formerly held TCM Fishery, TMK Farm and Thai Union Hatchery. The restructuring can be summarized in the following diagram:



In February 2014, the company issued senior debentures in the total aggregate principal amount of THB 8,250 million divided into 4 tranches: 3-year, 5-year, 7-year and 10-year maturities. The debentures received overwhelming interest from investors from various institutions. The debentures were also assigned with AA- ratings by TRIS Rating Co. Ltd. on 16 January 2014.

The purpose of the issuance is to refinance long-term debts which will be due later this year as well as to optimize the balancing of the company's short and long term debts.

Details of debentures

At the date of declaration the company has 3 series of unpaid debentures that has been registered and can be sold in the Thai Bond Market Association (ThaiBMA). Details of the debentures are as follows:

NAME:

"Series 1 Debentures"	"The Debentures of Thai Union Frozen Products Public Company Limited No. 1/2554 Series 1 Due B.E. 2014"
"Series 2 Debentures"	"The Debentures of Thai Union Frozen Products Public Company Limited No. 1/2554 Series 2 Due B.E. 2016"
"Series 3 Debentures"	"The Debentures of Thai Union Frozen Products Public Company Limited No. 1/2554 Series 3 Due B.E. 2021"

MATURITY:

1. Series 1 Debentures:	maturing 3 years after issuance.
2. Series 2 Debentures:	maturing 5 years after issuance.
3. Series 3 Debentures:	maturing 10 years after issuance

VALUE OF DEBENTURES OFFERED: THB 6,750,000,000 divided into

1. Series 1 Debentures:	THB 3,300,000,000
2. Series 2 Debentures:	THB 1,950,000,000
3. Series 3 Debentures:	THB 1,500,000,000

NUMBER OF DEBENTURES OFFERED: 6,750,000 divided into

1. Series 1 Debentures:	3,300,000 units
2. Series 2 Debentures:	1,950,000 units
3. Series 3 Debentures:	1,500,000 units

PRICE STATED PER DEBENTURE: THB 1,000

PRICE OFFERED PER DEBENTURE: THB 1,000

ISSUANCE DATE: 27 July 2011

MATURITY DATE:

Series 1 Debentures:	27 July 2014
Series 2 Debentures:	27 July 2016
Series 3 Debentures:	27 July 2021

INTEREST RATES AND INTEREST PAYMENT:

Series 1 Debentures:	Fixed rate 4.51 percent per year
Series 2 Debentures:	Fixed rate 4.70 percent per year
Series 3 Debentures:	Fixed rate 5.02 percent per year

Interest payments will be made every 3 months on July 27, October 27, January 27 and April 27 of every year during the entire life of each debentures series. The first payment was made on 27 October 2011 and the final interest payment of each series will be paid on the maturity date of each particular series of debentures.

REDEEMING DEBENTURES:

Can be made on the maturity date of each series of debentures by payment of all principle and final interest.

REGISTRAR AND PAYING AGENCY:

Kasikorn Bank PCL or legally-appointed Registrar and Paying Agent

In addition, the company has issued 4 additional series of debentures on 6 February 2014, and registered them for sale in the Thai Bond Market Association. The details of the debentures are as follows:

NAME:

"Series 1 Debentures"	"The Debentures of Thai Union Frozen Products Public Company Limited No. 1/2557 Series 1 Due B.E. 2017"
"Series 2 Debentures"	"The Debentures of Thai Union Frozen Products Public Company Limited No. 2/2557 Series 2 Due B.E. 2019"
"Series 3 Debentures"	"The Debentures of Thai Union Frozen Products Public Company Limited No. 3/2557 Series 1 Due B.E. 2021"
"Series 4 Debentures"	"The Debentures of Thai Union Frozen Products Public Company Limited No. 4/2557 Series 4 Due B.E. 2024"

MATURITY:

1. Series 1 Debentures:	maturing 3 years after issuance.
2. Series 2 Debentures:	maturing 5 years after issuance.
3. Series 3 Debentures:	maturing 7 years after issuance
4. Series 4 Debentures:	maturing 10 years after issuance

VALUE OF DEBENTURES OFFERED: THB 8,250,000,000 divided into

1. Series1 Debentures:	THB 2,500,000,000
2. Series 2 Debentures:	THB 3,150,000,000
3. Series 3 Debentures:	THB 1,550,000,000
4. Series 4 Debentures:	THB 1,050,000,000

NUMBER OF DEBENTURES OFFERED: 8,250,000 divided into

1. Series 1 Debentures:	2,500,000 units
2. Series 2 Debentures:	3,150,000 units
3. Series 3 Debentures:	1,550,000 units
4. Series 4 Debentures:	1,050,000 units

PRICE STATED PER DEBENTURE: THB 1,000

PRICE OFFERED PER DEBENTURE: THB 1,000

ISSUANCE DATE: 6 February 2014

MATURITY DATE:

Series 1 Debentures:	6 February 2017
Series 2 Debentures:	6 February 2019
Series 3 Debentures:	6 February 2021
Series 4 Debentures:	6 February 2024

INTEREST RATES AND INTEREST PAYMENT:

Series 1 Debentures:	Fixed rate 3.58 percent per year
Series 2 Debentures:	Fixed rate 4.21 percent per year
Series 3 Debentures:	Fixed rate 4.69 percent per year
Series 4 Debentures:	Fixed rate 5.18 percent per year

Interest payments will be made every 3 months on February 6, May 6, August 6 and November 6 of every year during the entire life of each debentures series. The first payment will be made on 6 May 2014 and the final interest payment of each set will be paid on the maturity date of each particular series of debentures.

REDEEMING DEBENTURES:

Can be done on maturity date of each series of debentures by payment of all principle and final interest.

REGISTRAR AND PAYING AGENCY:

Kasikorn Bank PCL or legally-appointed Registrar and Paying Agent



OUR BRANDS

The company currently owns a number of global brands of frozen seafood and premium brand of pet food, covering 3 continents:

AMERICA



CHICKEN OF THE SEA

No.3 brand in the U.S.A.

In addition to its branding strength in this continent, Tri-Union Frozen Products, Inc., our subsidiary, is also the largest importer of frozen shrimps in the U.S.A.

EUROPE



JOHN WEST

No.1 brand in the U.K., the Netherlands and Ireland



PETIT NAVIRE

No.1 brand in France



PARMENTIER

No.3 brand in France



MAREBLU

No.2 brand in Italy

ASIA



CENTURY

No.1 brand in China



SEALECT

No.1 brand of Tuna in Thailand and ASEAN



BELLOTTA

Premium brand of pet food in Thailand

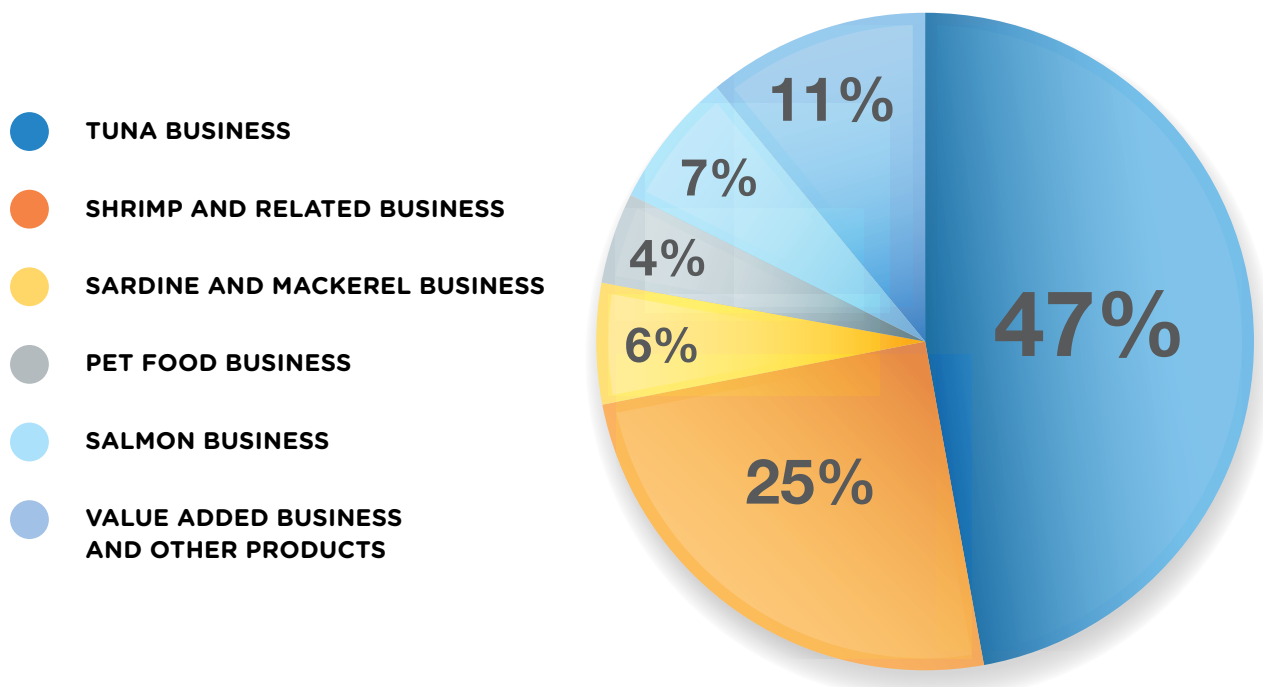


FISHO

Fish snack brand in Thailand

OUR CORE

PRODUCT CATEGORIES



47%

TUNA BUSINESS

Our largest core product group accounting for 47% of the company revenue comprise of frozen cooked tuna loin and canned tuna – marketed under our own brands or under our clients’.

In 2013, tuna products were faced with challenges of fluctuating raw material prices which greatly affected our OEM business as many of our clients delayed their orders due to the sudden increases in raw materials prices. Branded business, however, retained steady growth. Another external factor affecting tuna was the political unrest in the Middle East which delayed trade. Overall, tuna business volume were down by 2.6% from previous year, but the value increased by 4.4% mainly due to price adjustment on branded business.

For 2014, we expect tuna prices to come down as a continuation from the second half of last year which would benefit our businesses. More OEM orders are expected as our raw material price become more competitive and branded business would also benefit for the same reason. It is also expected that retailers will launch more promotions to stimulate tuna consumption in the market after the period of high prices.

25%**SHRIMP AND RELATED BUSINESS**

Accounting for 25% of company revenue is our shrimp business comprising frozen shrimp and other shrimp related products such as shrimp feed and shrimp breeding.

2013 was the most challenging year for shrimp business as the early mortality syndrome (EMS) epidemic caused a reduction on shrimp production by more than 50% compared to previous year. The epidemic resulted in severe shortage of shrimp as raw material and the prices to soar to their highest on record. Shrimp prices rose as much as 60%, for size 60 shrimps per kilogram, to THB 218 per kilogram – up from 136 in 2012. These high prices greatly affected shrimp production for export especially in the first half of the year. The company intervention to solve the issues saw fruition from Q3 of 2013 when we able to turnaround and increased the margins. However, the US seafood trading business performed well which was able to source raw materials from around the world at more competitive prices. The only product line that declined overall compared to previous year was shrimp feed which was also affected by the EMS epidemic.

In 2013 TUF increased our investment in Pakfood Public Company Limited (PPC) to 77.06% and help strengthen our competitiveness in the shrimp industry.

The outlook for shrimp business in 2014 is positive with a forecast of 20% increase in shrimp production despite the EMS not completely eradicated. Since last year, the government and private sector will continue to tackle to the EMS problem with more extensive knowledge sharing to shrimp farmers on proper farming procedures, thus more shrimp are expected to be on the market in the near future.

6%**SARDINE AND MACKEREL BUSINESS**

Accounting for 6% of TUF's revenue is the canned sardine and mackerel product line marketed both under our own brands and OEM.

In 2013, our sardine and mackerel sales declined by 14% compared to 2012 mainly due to decrease in OEM sales as results of raw material shortage. However, our own brands of sardines continued to grow and with a positive outlook with the beginning of the ASEAN Economic Community (AEC) in 2015. The company plans to spearhead the AEC sardine market with our Sealect brand which has already launched in Cambodia, Laos and Myanmar with positive response.

4%

SALMON BUSINESS

Our salmon product line comprise of frozen, processed and canned salmon marketed under our own brands and as OEM, accounting for 4% of the group's revenue.

In 2014, salmon sales declined by 5.2% as major markets were affected by slow economic situations. OEM sales were more affected by this, but our own brands continued to grow and with a positive outlook for 2014.

7%

PET FOOD BUSINESS

Accounting for 7% of the company revenue is our pet food line for cats and dogs, available as wet and dry food and marketed under our own brands and as OEM.

In 2013, pet food sales grew by 11.7% compared to 2012 with increases overall sales volume but with lower profit margin. The latter was an operation from our pet food business in the US which did not meet expectations and compounded by a cost on accounting for restructuring the US pet food business in Q4 of 2013. Overall, however, the company sees trend for growth especially for OEM sales in Thailand which has continued to do well. As for the US pet food business, a more stringent management measure shall increase production efficiency and more focused on higher margin products in order to turnaround in 2014.

11%

VALUE-ADDED AND OTHER PRODUCTS BUSINESS

Accounting for 11% of the company revenue is our product group of read-to-eat meals, canned seafood, frozen cephalopod, bakery and seafood by-products marketed under our own brands and as OEM.

In 2013, this product group experienced slight growth of 2.1% over the previous year thanks to good sales of ready-to-eat meals. For 2014, the company will focus on innovating more value-added products by developing closer collaboration among our trade partners in Thailand and overseas to better understand the consumer demands and trends and expand the market.





GROUP

BUSINESS STRUCTURE

GROUP 1

GROUP 2

GROUP 3

GROUP 4

GROUP 5

ASSOCIATED COMPANIES

**PRODUCTION AND
EXPORT OF FROZEN
AND CANNED
SEAFOOD PRODUCT**

**PRODUCTION AND
DISTRIBUTION OF
PACKAGING PRODUCTS**

**PRODUCTION AND
DISTRIBUTION OF
ANIMAL FEEDS AND
AQUACULTURE**

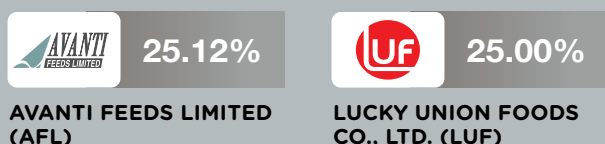
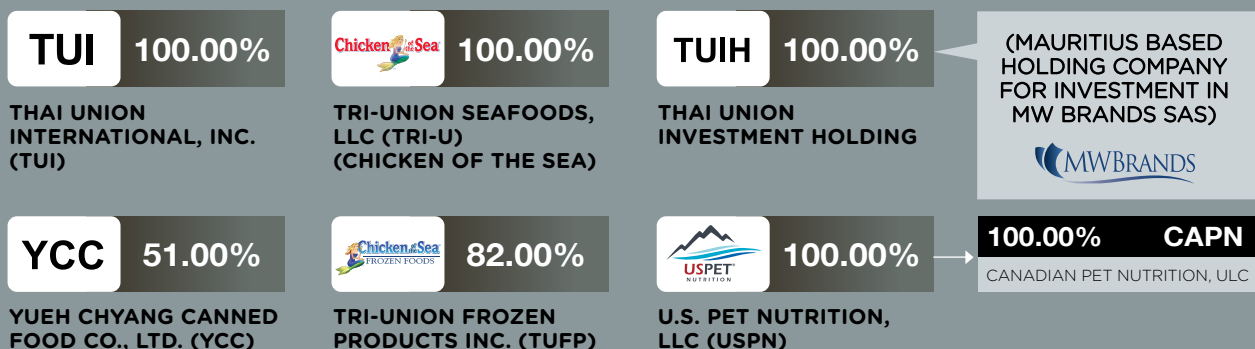
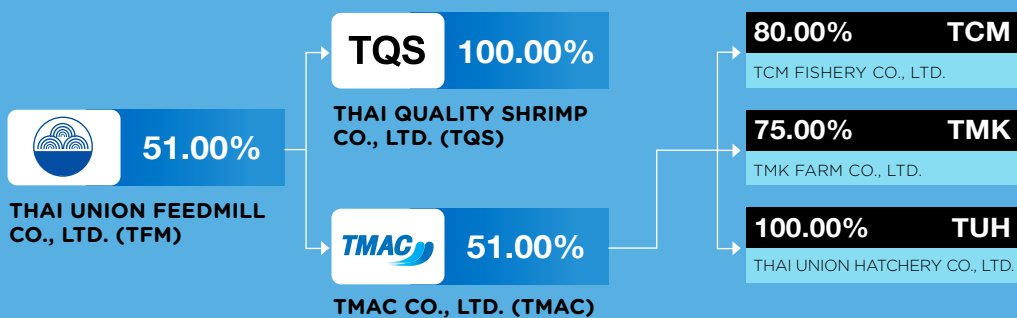
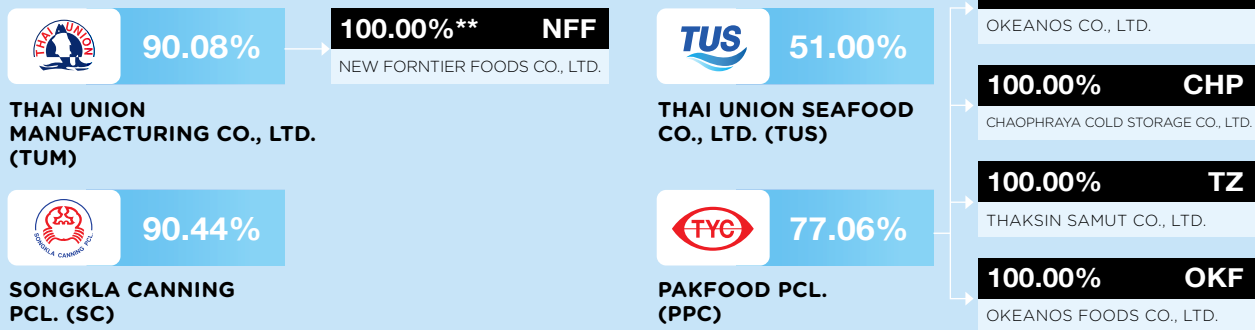
**FOOD BUSINESS
IN THAI DOMESTIC
MARKET**

**OVERSEAS
INVESTMENT**



The World's
**Seafood
EXPERT**

THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED



* Investment held by Songkla Canning
 ** Investment held by Thai Union Manufacturing

MAJOR

SUBSIDIARIES AND ASSOCIATED COMPANIES



**THAI UNION
MANUFACTURING CO., LTD.
(TUM)**

OFFICE:

979/13-16 M Floor, S.M. Tower, Phaholyothin Road,
Samsennai, Phayathai, Bangkok 10400
Tel: 66 (0) 2298-0025, 298-0421 - 32
Fax: 66 (0) 2298-0027 - 28

FACTORY:

30/2 Moo 8, Sethakit 1 Road, Tambon Tarsai,
Amphoe Mueang Samutsakhon, Samutsakhon 74000
Tel: 66 (0) 3441-2210, 3481-6441 - 4
Fax: 66 (0) 3442-5459

TYPE OF BUSINESS:

Processor and exporter of canned tuna and pet food

REGISTERED CAPITAL:

Bt300,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

March 1994 (Additional investment in June 1999)

TYPE/% HOLDING/NO. OF SHARES:

Common share 90.08% or 27,025,360 shares

**SONGKLA
CANNING PCL.
(SC)**

OFFICE:

979/9-10 12th Floor, S.M. Tower, Phaholyothin Road,
Samsennai, Phayathai, Bangkok 10400
Tel: 66 (0) 2298-0029
Fax: 66 (0) 2298-0442 - 3

FACTORY:

333 Kanjanavanij Road, Tambon Pavong,
Amphoe Mueang Songkhla, Songkhla 90100
Tel: 66 (0) 7433-4005 - 8
Fax: 66 (0) 7433-4009

TYPE OF BUSINESS:

Processor and exporter of canned seafood

REGISTERED CAPITAL:

Bt360,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

October 1995 (Additional investment in March 1999)

TYPE/% HOLDING/NO. OF SHARES:

Common share 90.44% or 32,556,819 shares

**THAI UNION
SEAFOOD CO., LTD.
(TUS)**

OFFICE:

979/8 12th Floor, S.M. Tower, Phaholyothin Road,
Samsennai, Phayathai, Bangkok 10400
Tel: 66 (0) 2298-0024
Fax: 66 (0) 2298-0550

FACTORY:

77 Moo 5, Songkhla-Ranot Road, Tambon Watkanun,
Amphoe Singhanakhon, Songkhla 90330
Tel: 66 (0) 7448-3482 - 7
Fax: 66 (0) 7448-3480 - 1

TYPE OF BUSINESS:

Processor and exporter of frozen shrimp

REGISTERED CAPITAL:

Bt300,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

December 1996 (Additional investment
in March 2005 and October 2008)

TYPE/% HOLDING/NO. OF SHARES:

Common share 51.00% or 15,300,000 shares

**ASIAN-PACIFIC
CAN CO., LTD.
(APC)**

OFFICE:

38/70 Moo 8, Sethakit 1 Road, Tambon Tarsai,
Amphoe Mueang Samutsakhon, Samutsakhon 74000
Tel: 66 (0) 3442-3401 - 6
Fax: 66 (0) 3442-1493

TYPE OF BUSINESS:

Manufacturer and distributor of steel and aluminum food
packaging products

REGISTERED CAPITAL:

Bt80,000,000 at Bt400,000 Par Value

DATE OF INVESTMENT:

December 1993

TYPE/% HOLDING/NO. OF SHARES:

Common share 90.50% or 181 shares
(Invested by Songkla Canning PCL.)

**THAI UNION
GRAPHIC CO., LTD.
(TUG)**



OFFICE:

255 Smaedam Road, Smaedam, Bangkhunthian,
Bangkok 10150
Tel: 66 (0) 2415-5808 - 9, 2895-5865 - 6
Fax: 66 (0) 2415-4371

TYPE OF BUSINESS:

One-stop-service offset printing house specialized
in standard high-quality printouts

REGISTERED CAPITAL:

Bt40,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

July 1995 (Additional investment in May 2001)

TYPE/% HOLDING/NO. OF SHARES:

Common share 74.00% or 2,960,000 shares

WEBSITE:

<http://www.thaiuniongraphic.com>

**THAI UNION
FEEDMILL CO., LTD.
(TFM)**



OFFICE/FACTORY:

89/1 Moo 2, Rama II Road, Tambon Kalong,
Amphoe Mueang Samutsakhon, Samutsakhon 74000
Tel: 66 (0) 3441-7222, 3441-7219
Fax: 66 (0) 3441-7255

FACTORY:

103/1 Moo 2, Songkhla-Ranot Road, Tambon Pak-Trae,
Amphoe Ranot, Songkhla 90140
Tel: 66 (0) 7439-6933-7
Fax: 66 (0) 7439-6938

TYPE OF BUSINESS:

Processor and exporter of animal feeds

REGISTERED CAPITAL:

Bt500,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

June 2000 (Additional investment in May 2001,
October 2006 and August 2010)

TYPE/% HOLDING/NO. OF SHARES:

Common share 51.00% or 25,500,000 shares

WEBSITE:

<http://www.thaiunionfeedmill.com>

**THAI QUALITY
SHRIMP CO., LTD.
(TQS)**



OFFICE:

89/1 Moo 2, Rama II Road, Tambon Kalong,
Amphoe Mueang Samutsakhon, Samutsakhon 74000
Tel: 66 (0) 3441-7222, 3441-7219
Fax: 66 (0) 3441-7255

TYPE OF BUSINESS:

Producer and distributor of nauplii and postlarvae shrimps.
Research and development of new shrimp breeds.

REGISTERED CAPITAL:

Bt4,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

July 2004 (The capital decrease in December 2007)
Additional investment in March 2013

TYPE/% HOLDING/NO. OF SHARES:

Common share 100.00% or 399,995 shares
(Invested by Thai Union Feedmill Co., Ltd.)

**TMAC CO., LTD.
(TMAC)**



OFFICE:

89/1 Moo 12, Rama II Road, Tambon Kalong,
Amphoe Mueang Samutsakhon, Samutsakhon 74000
Tel: 66 (0) 3441-7222, 3441-7219
Fax: 66 (0) 3441-7255

TYPE OF BUSINESS:

Shrimp Farm

REGISTERED CAPITAL:

Bt560,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

December 2012

TYPE/% HOLDING/NO. OF SHARES:

Common share 50.99% or 28,559,997 shares
(Invested by Thai Union Feedmill Co., Ltd.)

**THAI UNION
HATCHERY CO., LTD.
(TUH)**

OFFICE:

89/1 Moo 12, Rama II Road, Tambon Kalong,
Amphoe Mueang Samutsakhon, Samutsakhon 74000
Tel: 66 (0) 3441-7222, 3441-7219
Fax: 66 (0) 3441-7255

FACTORY:

42 Moo 14, Tambon Kokkloy, Amphoe Takua Pa,
Phangnga 82140
Tel: 66 (0) 7658-4000 – 27
Fax: 66 (0) 7658-4028 – 9

TYPE OF BUSINESS:

Quality white-shrimp breed development to produce
and distribute high-quality nauplii and postlarvae to farmers

REGISTERED CAPITAL:

Bt200,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

April 2006 (Additional investment in November 2007,
April 2011 and January 2013)

TYPE/% HOLDING/NO. OF SHARES:

Common share 100.00% or 1,999,950 shares
(Invested by TMAC Co., Ltd.)

**TCM FISHERY
CO., LTD.
(TCM)**
TCM
OFFICE:

89/1 Moo 12, Rama II Road, Tambon Kalong,
Amphoe Mueang Samutsakhon, Samutsakhon 74000
Tel: 66 (0) 3441-7222, 3441-7219
Fax: 66 (0) 3441-7255

FARM:

147 Moo 11, Tambon Kumpang, Amphoe La-ngu,
Satun 91110

TYPE OF BUSINESS:

Shrimp Farm

REGISTERED CAPITAL:

Bt70,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

April 2012

TYPE/% HOLDING/NO. OF SHARES:

Common share 75.00% or 5,250,000 shares
(Invested by TMAC Co., Ltd.)

**TMK FARM
CO., LTD.
(TMK)**
TMK
OFFICE:

89/1 Moo 12, Rama II Road, Tambon Kalong,
Amphoe Mueang Samutsakhon, Samutsakhon 74000
Tel: 66 (0) 3441-7222, 3441-7219
Fax: 66 (0) 3441-7255

FARM :

173 Moo 4, Tambon Bangsak, Amphoe Kantang,
Trang 92110

TYPE OF BUSINESS:

Shrimp Farm

REGISTERED CAPITAL:

Bt150,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

June 2012

TYPE/% HOLDING/NO. OF SHARES:

Common share 80.00% or 12,000,000 shares
(Invested by TMAC Co., Ltd.)

**T-HOLDING
CO., LTD.
(THD)**

OFFICE:

98 17th Floor Room 9-12 Sathorn Square Tower,
North Sathorn Road, Silom, Bangrak Bangkok 10500
Tel: 66 (0) 2108-1980
Fax: 66 (0) 2108-1844

OFFICE/WAREHOUSE:

11 Kanjanapisek Road, Bangbon, Bangkok 10150
Tel: 66 (0) 2898-8200
Fax: 66 (0) 2895-3001

TYPE OF BUSINESS:

Distributor of "Fisho", "Sealect" and "Bellotta" product lines

REGISTERED CAPITAL:

Bt70,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

November 1996

TYPE/% HOLDING/NO. OF SHARES:

Common share 90.00% or 6,300,000 shares

WEBSITE:

<http://www.fisho.com>, <http://www.sealectbrand.com>

**THAI UNION
INTERNATIONAL, INC.
(TUI)**



OFFICE:

Sorrento South Corporate Center
9330 Scranton Road, Suite 500, San Diego,
California 92121, USA
Tel: (858) 558-9662
Fax: (858) 597-4566

TYPE OF BUSINESS:

A holding company for investment in USA

REGISTERED CAPITAL:

USD10,000,000 at USD1 Par Value

DATE OF INVESTMENT:

April 1996

TYPE/% HOLDING/NO. OF SHARES:

Common share 100.00% or 10,000,000 shares

**TRI-UNION
SEAFOODS, LLC.
(TRI-U)**



OFFICE:

Sorrento South Corporate Center
9330 Scranton Road, Suite 500, San Diego,
California 92121, USA
Tel: (858) 558-9662
Fax: (858) 597-4566

TYPE OF BUSINESS:

Processor and distributor of canned seafood under
"Chicken of the Sea" brand

EQUITY:

USD68.62 Million

DATE OF INVESTMENT:

July 1997 (Additional investment in January 2001)

TYPE/% HOLDING/NO. OF SHARES:

100.00% (No share issued)
(Invested by Thai Union International, Inc.)

WEBSITE:

<http://www.chickenofthesea.com>

**TRI-UNION
FROZEN PRODUCTS, INC.
(TUIFP)**



WEST OFFICE:

222 North Sepulveda Boulevard, Suite 1550,
El Segundo CA 90245 USA
Tel: (866) 572-0996
Fax: (310) 469-7037

EAST OFFICE:

5 Dakota Drive, Suite 303, Lake Success, NY 11042 USA
Tel: (516) 740-4100
Fax: (516) 621-0199

TYPE OF BUSINESS:

Importer and distributor of frozen seafood products

REGISTERED CAPITAL:

Common share 5,800 shares at USD0.001
Par Value Preferred Share 4,200 shares at USD0.001 Par Value

TYPE/%HOLDING/NO. OF SHARES:

Common share 68.97% or 4,000 shares
Preferred share 100.00% or 4,200 shares
(Invested by Thai Union International, Inc.)

**U.S. PET
NUTRITION LLC.
(USPN)**



OFFICE:

9330 Scranton Road, Suite 500, San Diego CA 92121 USA
Tel: (858) 558-9662
Fax: (858) 597-4566

TYPE OF BUSINESS:

Processor and distributor of wet and dry pet food

REGISTERED CAPITAL:

USD1

EQUITY:

USD17,617,189

DATE OF INVESTMENT:

October 2010

TYPE/%HOLDING/NO. OF SHARES:

Common share 99.00%
(Invested by Thai Union International, Inc.)
Common share 1.00%
(Invested by Tri-Union Seafoods, LLC)

**Empress International Ltd. and Tri-Union Frozen Foods,
LLC were merged

**CANADIAN PET
NUTRITION, ULC
(CAPN)****CAPN****OFFICE:**

100, 1150 Kalamalka Lake Road, Vernon,
BC V1T6V2 Canada
Tel.: (250) 762-5434

TYPE OF BUSINESS:

Processor and distributor of pet food

REGISTERED CAPITAL:

100 shares at USD0.01 Par Value

DATE OF INVESTMENT:

July 2011

TYPE/%HOLDING/NO. OF SHARES:

Common share 100.00%

(Invested by U.S. Pet Nutrition LLC.)

**THAI UNION
INVESTMENT HOLDING
(TUIH)****TUIH****OFFICE:**

8th Floor, Medine Mews, La Chaussee Street,
Port Louis, The Republic of Mauritius

TYPE OF BUSINESS:

A holding company for investment in Europe

REGISTERED CAPITAL:

222,000,000 shares at EUR1 Par Value

DATE OF INVESTMENT:

June 2010

TYPE/%HOLDING/NO. OF SHARES:

Common share 100.00% or 222,000,000 shares

**MW BRANDS SAS
(MW BRANDS)****OFFICE:**

104, Avenue du Président Kennedy 75016 Paris, France
Tel: (33) 1-53-77-53-53
Fax: (33) 1-53-77-17-13

TYPE OF BUSINESS:

Processor and exporter of canned seafood in Europe

REGISTERED CAPITAL:

31,367,000 shares at EUR1 Par Value

DATE OF INVESTMENT:

October 2010

TYPE/%HOLDING/NO. OF SHARES:

Common share 100.00% or 31,367,000 shares

(Invested by Thai Union Investment Holding)

**YUEH CHYANG
CANNED FOOD CO., LTD.
(YCC)****YCC****OFFICE:**

Nhut Chinh Village, Ben Luc District, Long An Province,
People's Republic of Vietnam
Tel: (84) 072-387-2377
Fax: (84) 072-387-2388

TYPE OF BUSINESS:

Processor and exporter of canned seafood

REGISTERED CAPITAL:

USD1,919,936

DATE OF INVESTMENT:

December 2007

TYPE/%HOLDING/NO. OF SHARES:

51.00% (Invested by Songkla Canning PCL.)

**LUCKY UNION
FOODS CO., LTD.
(LUF)**



OFFICE/FACTORY:

1/74-75 Samutsakhon Industrial Estate, Tambon Tarsrai,
Amphoe Mueangsamutsakhon, Samutsakhon 74000
Tel: 66 (0) 3449-0330, 3449-0009
Fax: 66 (0) 3449-0008

TYPE OF BUSINESS:

Processor and exporter of imitation crab stick

REGISTERED CAPITAL:

Bt150,000,000 at Bt100 Par Value

DATE OF INVESTMENT:

June 1990 (Additional investment in March 2004)

TYPE/% HOLDING/NO. OF SHARES:

Common share 25.00% or 375,000 shares

**BIZ DIMENSION
CO., LTD.
(BZD)**



OFFICE:

979/79-80 26th Floor, S.M. Tower, Phaholyothin Road,
Samsennai, Phayathai, Bangkok 10400
Tel: 66 (0) 2298-0345
Fax: 66 (0) 2298-0331

TYPE OF BUSINESS:

E-Procurement Service Provider

REGISTERED CAPITAL:

Bt25,000,000 at Bt5 Par Value

DATE OF INVESTMENT:

September 2003

TYPE/% HOLDING/NO. OF SHARES:

Common share 20.00% or 1,000,000 shares

**AVANTI FEEDS
LIMITED (AFL)**



OFFICE:

G2, Concorde Apartments, 6-3-658, Somaji Guda,
Hyderabad 500 082, Andhra Pradesh, India
Tel: 91-40-2331-0260, 2331-0261
Fax: 91-40-2331-1604

TYPE OF BUSINESS:

Processor and exporter of shrimp feed and frozen shrimp

REGISTERED CAPITAL:

INR90,830,420 at INR10 Par Value

DATE OF INVESTMENT:

October 2008

TYPE/% HOLDING/NO. OF SHARES:

Common shares 25.12% or 2,282,042 shares

**TN FINE
CHEMICALS CO., LTD.
(TNFC)**



OFFICE:

30/2 Moo 8, Sethakit 1 Road, Tambon Tarsrai,
Amphoe Mueang Samutsakhon, Samutsakhon 74000
Tel: 66 (0) 3442-3686
Fax: 66 (0) 3442-3688

TYPE OF BUSINESS:

Processor and exporter of seafood by-products,
i.e. high grade oil extracts from tuna fish,
glucosamine derived from shrimp shell.

REGISTERED CAPITAL:

Bt90,000,000 at Bt10,000 Par Value

DATE OF INVESTMENT:

March 2009

TYPE/% HOLDING/NO. OF SHARES:

Common share 48.97% or 4,407 shares
(Invested by Thai Union Manufacturing Co., Ltd.)

**MORESBY INTERNATIONAL
HOLDINGS, INC.
(MIH)**
MIH
OFFICE:

Unit 4, 2nd Floor ADF Haus, Musgrave St.,
Port Moresby, Papua New Guinea

TYPE OF BUSINESS:

A holding company set up for investment in Majestic
Seafood Corporation Ltd. in Papua New Guinea which
operates tuna processing / tuna fishing in the country's
waters and nearby maritime areas

REGISTERED CAPITAL:

USD9,327,699

DATE OF INVESTMENT:

October 2009

TYPE/% HOLDING/NO. OF SHARES:

Common share 33.33%
(Invested by Thai Union Manufacturing Co., Ltd.)

**PAKFOOD PUBLIC CO., LTD.
(PPC)**

OFFICE:

103 Soi Ruam Mit, Non Si Road, Chong Non Si,
Yannawa Bangkok 10120
Tel: 66 (0) 2295-1991-9
Fax: 66 (0) 2295-2012

FACTORY:

30 Ekkachai Road, Tambon Nadee, Amphoe Mueang,
Samutsakhon 74000
Tel: 66 (0) 3483-3803 – 6
Fax: 66 (0) 3486-1110

TYPE OF BUSINESS:

Processor and exporter of seafood and ready-to-eat products

REGISTERED CAPITAL:

Bt300,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

April 2012 (Additional investment in December 2012,
February 2013, March 2013 and November 2013)

TYPE/%HOLDING/NO. OF SHARES:

Common shares 77.06% or 25,428,279 shares

**CHAOWPRAYA
COLD STORAGE CO., LTD (CHP)**
OFFICE:

32 Soi Saphan Pla, Charoen Krung Road,
Yannawa Bangkok 10120
Tel: 66 (0) 2212-0496 - 7
Fax: 66 (0) 2211-5704

TYPE OF BUSINESS:

Property leasing

REGISTERED CAPITAL:

Bt5,000,000 at Bt10 Par Value

TYPE/%HOLDING/NO. OF SHARES:

Common shares 100.00% or 500,000 shares
(Invested by Pakfood PCL.)

**OKEANOS CO., LTD
(OK)**
OFFICE:

103 Soi Ruam Mit, Non Si Road, Chong Non Si,
Yannawa Bangkok 10120
Tel: 66 (0) 2295-1991-9
Fax: 66 (0) 2295-2012

TYPE OF BUSINESS:

Seafood wholesaler

REGISTERED CAPITAL:

Bt5,000,000 at Bt10 Par Value

TYPE/%HOLDING/NO. OF SHARES:

Common shares 100.00% or 500,000 shares
(Invested by Pakfood PCL.)

(The Company currently ceased operations)

THAKSIN-SAMUT CO., LTD (TZ)

OFFICE:

103 Soi Ruam Mit, Non Si Road, Chong Non Si,
Yannawa Bangkok 10120
Tel: 66 (0) 2295-1991-9
Fax: 66 (0) 2295-2012

TYPE OF BUSINESS:

Processor and distributor food and frozen seafood

REGISTERED CAPITAL:

Bt15,000,000 at Bt10 Par Value

TYPE/%HOLDING/NO. OF SHARES:

Common shares 100.00% or 1,500,000 shares
(Invested by Pakfood PCL.)

(The Company currently ceased operations)

OKEANOS FOOD CO., LTD (OKF)

OFFICE:

103 Soi Ruam Mit, Non Si Road, Chong Non Si,
Yannawa Bangkok 10120
Tel: 66 (0) 2295-1991-9
Fax: 66 (0) 2295-2012

FACTORY:

85 Moo 4 Ekkachai Road, Tambon Nadee,
Amphoe Mueang, Samutsakhon 74000
Tel: 66 (0) 3483-3803 – 6
Fax: 66 (0) 3486-1110

TYPE OF BUSINESS:

Processor distributor and exporter frozen food and seafood

REGISTERED CAPITAL:

Bt380,000,000 at Bt10 Par Value

TYPE/%HOLDING/NO. OF SHARES:

Common shares 100.00% or 38,000,000 shares
(Invested by Pakfood PCL.)

NEW FRONTIER FOODS CO., LTD. (NFF)

NFF

OFFICE:

30/24 Moo 8, Rama II Road, Tambon Tarsrai,
Amphoe Mueang Samutsakhon, Samutsakhon 74000

TYPE OF BUSINESS:

Processor and exporter of canned tuna and pet food

REGISTERED CAPITAL:

Bt20,000,000 at Bt10 Par Value

DATE OF INVESTMENT:

January 2013

TYPE/% HOLDING/NO. OF SHARES:

Common share 100.00% or 1,999,990 shares
(Invested by Thai Union Manufacturing Co., Ltd.)

SALES STRUCTURE OF TUF AND SUBSIDIARIES

Unit: Million Baht

2013

2012

2011

COMPANY	% HOLDING BY TUF	SALE	%	SALE	%	SALE	%
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GROUP 1

Production and Export of Frozen and Canned Seafood Products

Thai Union Frozen Products PCL	TUF		13,819.13	12.25	15,011.09	14.1	13,276.77	13.5
Thai Union Manufacturing Co., Ltd.	TUM	90.08	17,344.49	15.38	17,237.95	16.2	15,175.86	15.4
Songkla Canning PCL.	SC	90.44	6,694.89	5.93	7,212.52	6.8	6,557.31	6.6
Thai Union Seafood Co., Ltd.	TUS	51.00	1,381.57	1.22	1,394.42	1.3	1,531.51	1.6
Pakfood PCL.	PPC	77.06	3,475.68	3.08	N/A	N/A	N/A	N/A

GROUP 2

Production and Distribution of Packaging Products

Asian – Pacific Co., Ltd.	APC	90.50*	734.32	0.65	1,068.88	1.0	799.06	0.8
Thai Union Graphic Co., Ltd.	TUG	74.00	158.47	0.14	157.88	0.2	187.00	0.2

GROUP 3

Production and Distribution of Animal Feeds and Aquaculture Products

Thai Union Feedmill Co., Ltd.	TFM	51.00	3,468.99	3.08	4,951.52	4.6	4,978.25	5.0
Thai Quality Shrimp Co., Ltd.	TQS	100.00*	N/A	N/A	22.08	0.0	23.41	0.0
TMAC Co., Ltd.	TMAC	51.00*	N/A	N/A	-	-	-	-

GROUP 4

Food Business in Thai Domestic Market

T-Holding Co., Ltd.	THD	90.00	1,166.10	1.03	1,419.40	1.3	1,813.86	1.8
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GROUP 5

Overseas Investment

Thai Union International, Inc.	TUI	100.00	N/A	N/A	N/A	N/A	N/A	N/A
Tri-Union Seafoods, LLC.	Tri-U	100.00*	14,940.33	13.24	14,124.28	13.2	13,080.19	13.3
Tri-Union Frozen Products, Inc.	TUFP	82.00*	22,348.77	19.81	18,576.08	17.4	18,594.08	18.8
(Empress International Ltd. and Tri-Union Frozen Foods, LLC were merged)								
U.S. Pet Nutrition LLC	USPN	100.00*	1,450.82	1.29	508.74	0.5	N/A	N/A
Thai Union Investment Holding	TUIH	100.00	N/A	N/A	N/A	N/A	N/A	N/A
MW Brands SAS	MWB	100.00*	25,499.51	22.61	24,116.98	22.6	21,867.85	22.2
PT Juifa International Foods Co., Ltd.	JIF	76.50	30.68	0.03	459.51	0.4	437.26	0.4
Yueh Chyang Canned Food Co., Ltd.	YCC	51.00*	298.84	0.26	287.09	0.3	259.49	0.3
			112,812.59	100.0	106,697.62	100.0	98,670.38	100.0

Remark: The above data refers to sales structure after exclusion of connected transactions.

* APC and YCC holding owned by SC, TQS and TMAC holding owned by TFM, TRI-U, TUFP and USPN holding owned by TUI, MWB holding owned by TUIH

TUF'S STRENGTHS



1. The largest canned tuna processor in the world
2. The largest seafood company in the world by sales values
3. Owner of leading brands in major market; John West, Petit Navire, Parmentier in Europe and Century in China
4. One of a few vertically integrated seafood operators on a global scale
5. One of a few seafood operators which is a truly global sourcing, production and distributing network
6. World's diversified mix of extended customer base, product varieties and globally reached market network





FACTS ABOUT TUF

BEING THE WORLD'S SEAFOOD EXPERT WITH

TUNA PRODUCTION CAPACITY

610,000
TONS PER YEAR



SHRIMP PRODUCTION CAPACITY

100,000 TONS PER YEAR



SARDINE & MACKEREL PRODUCTION CAPACITY

106,000 TONS PER YEAR

PET FOOD PRODUCTION CAPACITY

81,000 TONS PER YEAR

OVERALL COLD STORAGE CAPACITY OF

131,000 TONS



GLOBAL WORKFORCE OF

32,000 PEOPLE

MANUFACTURING FOOTPRINT COVERING
9 COUNTRIES IN 5 CONTINENTS; AMERICA,
ASIA, AFRICA, EUROPE AND OCEANIA

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS	2013	2012	2011
SALES	112,813	106,698	98,670
TOTAL REVENUES	114,277	107,679	99,589
GROSS PROFIT	14,222	16,362	16,417
TOTAL ASSETS	108,290	94,759	83,277
TOTAL LIABILITIES	64,943	54,415	56,161
SHAREHOLDERS' EQUITY	43,347	40,344	27,117

Unit: Million Baht

PER SHARE	2013	2012	2011
BASIC EARNINGS PER SHARE	2.49	4.39	5.35
DILUTED EARNINGS PER SHARE	2.47	4.29	5.21
DIVIDEND	1.49	2.10	1.56
PAR VALUE	1.00	1.00	1.00
BOOK VALUE PER AVERAGE SHARE	34.45	34.77	25.57

Unit: Baht

AWARDS, CERTIFICATES AND RANKINGS

Company policies and management that are effective, along with strong determination to continuously raise all-round potential in management, food innovation and quality standards all, help prepare and strengthen the organization for the future. As a result in 2013, the company won the trust of many independent organizations and was awarded in many areas as follows.

1. Best Annual Report 2013 award from Alpha Southeast Asia magazine

with consideration given to completeness of subject matter, transparency of information analytical presentation of useful information, as well as usage of clear and easy-to-understand language. The award was taken part by analysts and investors from various institutions and funds with investment interests in South East Asia.

Alpha Southeast Asia is the first and only institutional investment magazine in Hong Kong that concentrates on the Southeast Asia capital markets.

2. BCG's 2013 Global Challengers Award from the Boston Consulting Group (BCG)

with consideration being given to excellent operating results, stable growth, competitiveness and overseas expansion strategy that helps elevate the company to the global ranks. The company has been winning this particular prize continuously since 2006.

3. One of the best Thai companies voted for investment relations and corporate social responsibility

from the best managed companies in Asia 2013 by FinanceAsia magazine.





4. CSRI Recognition 2013 award “Rising Star” category

from the Corporate Social Responsibility Institute (CSRI) under the Stock Exchange of Thailand (SET). Considerations were given to registered companies that are new to the contest but show outstanding qualities and strong determination to carry out a socially-responsible business entity.

5. Outstanding Establishment for Labor and Welfare 2013

from the Ministry of Labor. The award reflects labor management between the employer and employee that is based on honor and sharing benefits in a fair and feasible manner. It serves as a basis of understanding between the employer and employee.

6. Honorary certificate from the Food Institute, Ministry of Industry,

for support in the Thai food industry competitiveness development program through cost reduction and environmentally friendliness. The company has been regularly offering support in various activities held with the Institute.

7. Honorary shield for outstanding labor activities from the Thai Frozen Foods Association (TFFA) and the Thai Food Processors’ Association (TFPA).

The company has continuously supported activities that help improve the quality of life for employees and their offsprings.

8. TRIS Rating Co. Ltd. affirms the company at AA- with stable outlook.

It has also assigned an AA- with stable outlook rating for TUF’s new Thai Baht debentures worth THB 8,250 million. These ratings truly reflect the high business potential with its strong financial discipline and an ability to maintain a global competitiveness. As a globally leading canned tuna processor with world-class brands, TUF offers product varieties to customer worldwide.

FOOD SAFETY AND QUALITY STANDARDS

The Company will be manufacturer of quality processed seafood for export with focus on producing products that are safe, hygienic, with up to standard quality, met with customer acceptance and satisfaction up to having continuous improvement.

Top quality products are always our first priority, which our domestic and international customers can be assured of. Our products are of international standards and quality, are traceable, and are responsive to the needs of our customers globally.

All TUF products pass our rigorous quality inspection system in every stage of production; biological, chemical and physical. TUF's own inspection laboratory is certified with ISO/IEC 17025 by the Bureau of Laboratory Quality Standards, Department of Medical Sciences, Ministry of Public Health. The lab was also awarded the best 2010 agricultural product inspection laboratory from the National Bureau of Agricultural Commodity and Food Standards (ACFS), Ministry of Agricultural and Cooperatives.

With our continuous determination and attention on sanitation/ hygiene and food safety, we have been certified with various quality accreditations from both national and international organizations. The noteworthy include ISO 9001:2008 for quality management system; ISO 14001 for environmental management system; Best Aquaculture Practices – certification standard for shrimp production throughout the value chain processes; HACCP, GMP, BRC, IFS, Kosher, HALAL, etc. These notations affirm the company's concise and rigorous quality control and inspection system as we endeavor only the best quality food for our customers.



SUSTAINABLE DEVELOPMENT

1. OVERARCHING POLICY

For Thai Union Group, ‘SUSTAINABILITY’ means the continuing capacity of our business to contribute positively to the long-term development of the society and the conservation of natural resources. This definition lays a strategic foundation on how the company contributes to the triple bottom line of sustainable development - economic, social, and environment.

Our sustainability vision and journey have been conceptualized according to our sustainability philosophy “We can, We care, We connect”. These three basic elements of our philosophy indeed evolve from decades of our visionary leadership, values and culture which have formed the formula of successful our business growth and good corporate citizenship.

“WE CAN”

states our committed business proposition as a provider of safe foods and necessary nutrition to the world’s fast growing population, sourcing from well managed natural environment. In coupling with visionary leadership and distinctive expertise, we are thus prime to take the leadership in the world seafood industry with operational excellence, premium product offerings and a global network strength.

“WE CARE”

demonstrates our awareness of the dynamisms in economic, social, and environment that continuously drive contextual change from the past till present and onto the future, we always conduct the business with great caution and being responsible to our stakeholders.

“WE CONNECT”

reflects our strong belief that genuine sustainability is resulted from collective initiatives and offerings by every stakeholder. Consequently we take a participatory approach in propelling our sustainability strategy which is in alignment with our adherence to good corporate citizenship and our long-standing company’s values, the constituents that govern the way our business is conducted and the way we work. As the way to validate our sustainability direction and goals against economic, social, and environmental setting and stakeholders’ expectations, we seek first to understand the context of sustainability within which we operate and the values to which each of our stakeholders adhere. We take every effort to make sure that every opinion and concern of our stakeholders is seriously taken into consideration in planning and taking proactive actions towards the solutions that emphasize on precaution and prevention of potential risks and future problems. Besides, we strive for being recognized as an active member of the society who contributes to the development of long-term sustainability for all through incubating the good deeds from within our organization, then amplifying their impacts locally, regionally, and globally respectively.



In 2013, the Company has joined the United Nations Global Compact (UNGC) with commitment to respect human rights, uphold labor standards, protect the environment, and work against corruption. In effect, the Company has announced the sustainable development policy that is inclusive of all above commitments to provide a framework or guidance for management and staffs in ensuring that the governance and management practice are effective to achieve a sustaining development. The sustainable development policy focuses on 5 key areas namely engaging stakeholders, adhering to good corporate governance, promoting human rights and well-being of people, protecting the nature, and creating shared value.

To ensure effective implementation of the policy, the Sustainable Development Committee chaired by the President has considered restructuring the working groups as

- (1) Corporate Social Responsibility working group,
- (2) Ethical Labor Practice working group,
- (3) Human Capital Development working group,
- (4) Energy, Environment, and Climate Change working group, and
- (5) Sustainable Supply Chain working group

whose roles are to monitor and update situation, analyze, and assess the risks associated with the sustainable development aspects, to perform action planning, follow-up, and monitor the sustainable development performances, and to report the performances to the Sustainable Development Committee.



2. PERFORMANCE AND REPORTING

2.1 STAKEHOLDER ENGAGEMENT

The Company is well aware of its finite resources and limited expertise especially in steering the organization together with its stakeholders along a sustainable development pathway in which diversified resources and multi-disciplinary practices are essential. Engagement with stakeholders has become part of the way we work with others. Furthermore, stakeholders' interest and concern are the key enablers for our management and staffs to have a thorough understanding of the risks and opportunities in a wider context and in depth, inwardly and outwardly, and at present and into the future.

a) Employees

Our employees are the prime driver for sustainable development of both business and environmental and social responsibility. Through employee satisfaction and employee engagement surveys, the Company is on track to enhance the level of engagement of our employees. We are also committed to promote a wider access to the engagement platforms, for instance, by opening up an opportunity for employees of all nationalities to become the representatives in the welfare committee and occupational health and safety committee.

In 2013, Mr.Thawil Nandatheero, the managing director of Thai Union Seafood Co., Ltd. (TUS), has initiated the management program called 'War Room' that is successful in unleashing the potential of the employees at all levels and engaging each individual in celebrate his/her work accomplishment along with organizational success. The key principles lie on the right balance of leadership development, executions of best practices, and proper change management. As a result, within a short period of time after launching, TUS has demonstrated remarkable improvements in its performances in terms of efficiency, cost, quality, and employees' morale. The concept of 'War Room' is now being applied to other business units across the group companies.



b) Business Partners and Suppliers

Normally our marketing teams are in close dialogue with customers in business discussion or commercial visit. In 2013, we have started the sustainability outreach to our customers in various occasions such as the visit of the members of the CSR & Environmental Affairs Advisory Committee, Mitsubishi Corporation Japan, the visits to customers' operational facilities and offices, and the visits and meetings by other customers.

As for our domestic fishery suppliers, the procurement and sustainable development were teamed up to promote the Company's Code of Conduct concerning Labor Practice and Responsible Sourcing from Thai Fisheries and discuss the challenges and opportunities in enhancing the standards and management practices across the supply chain. We aim at developing solutions for ethical labor practice and marine resource conservation in subsequent years. In specific to pasteurized crab, Pakfood PCL., a subsidiary, has been working on the conservation of blue swimming crab by collection of crab eggs and nursing of crab larvae. In coordination with suppliers in various locations, we are able to launch and continue this initiative in Pattani, Trang, Songkhla and Nakhon Si Thammarat, and aim at extending to Surat Thani and Chumphon next year. At the same time, the initiative on blue swimming crab management at Kung Krabaen Bay Royal Development Study Center in collaboration with Thai Frozen Foods Association (TFFA) has made tangible improvements in the stocks and is successful in engaging local fishers to support the collection of crab eggs for the project.

Apart from R&D Festival, the event organized annually for customers to meet and learn about the new culinary innovations and the potential for future development, our research and development team has engaged with packaging suppliers in brain-storming for new initiatives in packaging design that are modern, keeping pace with changing lifestyles, and more environmentally friendly. As for aquatic feed products, the research and development team continues its collaborations with customers in developing new feed formula that are suitable for specific culture and aquaculture condition, and with fishmeal supplier in preparation for responsible sourcing certification by International Fishmeal and Fish Oil Organization (IFFO RS) as another step towards minimizing impacts on the environment.

The Company has been working continuously with shrimp farmers to assure the quality standards and farm management for environmental and social responsibility in accordance with the requirements of related authorities such as Thailand's Good Aquaculture Practice (GAP) and international standards such as Best Aquaculture Practice (BAP) by Global Aquaculture Alliance (GAA).

As for the primary processors who are outsourced to process parts of our raw materials, the Company has provided a consistent support for the improvement and certification by third party for quality, labor, and environmental management standards in compatible to those of the Company, for instance, Good Manufacturing Practice (GMP), Hazards Analysis and Critical Control Points (HACCP), social standards such as Business Social Compliance Initiative (BSCI) and Sedex Members Ethical Trade Audit (SMETA).



c) Government and Policy Makers

The Company is in close connection with government authorities both directly and indirectly through associations or organizations of which the Company holds membership such as Thai Frozen Foods Association (TFFA), Thai Food Processors' Association (TFPA), Thai Tuna Industry Association (TTIA). We have been committed to supporting a number of projects, for instance, the research study on an employment of migrant workers in fishery-related industries in Thailand, a joint project by Asian Research Center for Migration, Institute of Asian Studies, Chulalongkorn University and TFFA, the Good Labour Practices (GLP), a joint program by the International Labour Organization (ILO), Department of Fisheries, and Department of Labor Protection and Welfare.

As for environmental protection, the Company has participated in the carbon footprint label project by Thailand Greenhouse Gas Management Organization (TGO) with the support from the National Food Institute, Ministry of Industries, and registered the carbon footprint label for 185 gram canned Sealect sardines in tomato sauce in addition to 4 consecutive year registration of 185 gram canned Sealect tuna green curry. Furthermore, the Company has joined the carbon footprint for organization project by TGO with the support from the Industrial Environment Institute (IEI), the Federation of Thai Industries, as part of our commitment to Thailand's green economy development and our own roadmap for the management of energy, environment, and climate change.

d) Society

Domestic and Local Level

Through the Environmental Management Representative Committee (EMRC), the engagement of surrounding communities is conducted on an on-going basis. This year we put further emphasis on engaging social organizations both locally and nationally with focus on human rights protection and promotion, community and social development. Apart from TUF Care Center which has been our flagship project with Labour Rights Promotion Network Foundation (LPN) since 2012, the Company is in close dialogue with Migrant Workers Rights Network (MWRN), Human Rights Development Foundation (HRDF), and human rights activists to ensure good labor management and practices, and to further enhance the quality of life and social well-being of the communities.

In addition, with the commitment to a meaningful and genuine sustainable development, the Company has partnered with Right Livelihood Foundation (RLF) in establishing a sustainable development roadmap for community that balances its economic development with conservation efforts for local resources and an upholding of community's values and traditions. The participatory roles of government authorities and private sectors are also embedded in the design of the roadmap which is different from most conventional social development programs whose design of the development goal is predetermined on a top-down basis or is led by predestined business agenda. We have started a pilot project with 1 community and laid the foundation in other 2 communities through the network of RLF.



Regional and International Level

Apart from joining the United Nations Global Compact (UNGC), the Company also exchanges the sustainability prospect and perspective with other international organizations whose representative offices are based in Thailand or the regions where we operate. By engaging more partnerships for future programs on corporate social responsibility (CSR), we aim at creating wider impacts on our stakeholders and society through CSR programs, and aligning our CSR programs with regional and international sustainability roadmaps. Through the engagement, we have been able to identify opportunities to collaborate with business partners and organizations at regional and international levels in 3 areas with the focus on the aspects of sustainable (marine resources) supply chain and labor rights protection and promotion.

The Company together with its subsidiaries, Chicken of the Sea International and MW Brands, continue to bring forward the concepts and strategies in marine resource protection through International Seafood Sustainability Foundation (ISSF) since founded in 2009. This year, Mr.Thiraphong Chansiri, the President, was invited to sit on the Blue Ribbon Panel (BRP) whose missions were to establish the guiding principles and criteria for Global Partnership for Oceans (GPO) in funding the integrated ocean and coastal development and management followed the Declaration for Healthy and Productive oceans to Help Reduce Poverty at the United Nations Conference on Sustainable Development in Brazil in 2012. The Company has also engaged closely with the National Fisheries Institute (NFI) in the United States, to implement the fisheries improvement projects such as the research on the design of hatcheries and cages to protect egg bearing female blue swimming crabs at Kung Krabaen Bay Royal Development Study Center.

The Company has also reached out to international organizations who have interest in the protection of human rights and labor rights. By engaging them in the dialogues with our management and hosting the visits to our operational sites, we are able to create a better understanding of the issues and exchange views on the options for future improvement or enhancement. Moreover, we are cooperative with domestic and international media and agencies in providing factual and balance view of the issues of their concern.

For the first time that the company has been invited and participated in the sustainability assessment for Dow Jones Sustainability Indices (DJSI), we are excited to learn how our current sustainability performances are in comparing to the world leaders and the leaders in the food industry. Based on the assessment results, we have put more emphasis on planning and implementation in concerning with relevant aspects or material issues, and also sustainability reporting.



2.2 SUSTAINABLE DEVELOPMENT STRATEGY – MATERIAL ISSUES AND STRATEGIES

Based on our rich experiences in seafood industries, the global presence with operational and commercial sites around the world, and the enhanced stakeholder engagement programs in recent years, the company has conducted the materiality analysis of relevant sustainability aspects and subsequently identified sustainable development strategies in relation to each material issue described in brief as follows.

a) Natural Resources

Seas and Ocean remain the major sources of foods and the sources of economic drivers for coastal communities and governments, and related private sectors such as fisheries, seafood processors, tourisms, etc. Degradations of marine resources and environment have thus brought numerous concerns. Not only from scientists and conservationists, the retailers and people in the seafood industries have placed their great concerns on food security and quality as witnessed from an increase of marketing campaign for eco-friendly products. The concerns over our products relate mainly to (a) tuna which requires the supply chain management at regional and global level, and (b) domestic fishery products specifically sourced from the Gulf of Thailand and Andaman Sea.

The challenges for the sustainability of tuna fisheries are about the control of harvesting at the level that can sustain the reproduction of those concerned species in the long run and the reduction of bycatch. These are placed high on the agenda of International Seafood Sustainability Foundation (ISSF) where the Company and two of its subsidiaries play an active role as members. This year, ISSF is campaigning for the Proactive Vessel Register (PVR) program which is intended to inform consumers and retailers of tuna sourced by well-managed fisheries.

For fishery products sourced domestically, our strategy is to avoid sourcing from fisheries with significant impacts on resources or environment. For instance, we keep reducing the proportion of fishmeal sourced from fisheries while increasing the by-product content in our shrimp feed products. Besides, we have been in collaboration with research institutes, trade associations, related international organizations in planning and implementing fisheries improvement projects for Thai fishery products.



b) Human Rights and Labor Practices

Thai industries that are labor-intensive have been impacted from labor shortage as the country has gone through a significant shift in its economic and social structure in the past decade. A number of workers from neighboring countries especially Myanmar and Cambodia are recruited and employed. This has caused an increasing concern from international communities for the risks of human rights abuses and labor rights violations on these migrant workers. The Government of the United States by Department of State has placed Thailand in 'Tier 2 Watch List' category in its Trafficking in Persons (TIP) report for 4 consecutive years indicating unsatisfactory country performances on combating human trafficking in spite of commitments and significant efforts by the government. If continued as is, there is a possibility that Thailand will be automatically downgraded to 'Tier 3' placement next year. Consequently, Thailand will be subject to a non-humanitarian or non-traded related sanction by the US Government but there is no mandate for determining how US private sectors source goods from Thailand. Besides, in the past several years, a number of human rights organizations have closely monitored the situation in Thailand, in particular fisheries, agriculture, garment and textile industries. Various campaigns have been raised in the developed countries asking for customers and consumers to put pressures on both public and private sectors in Thailand to take the matter more seriously.

With our main production base in Thailand, the overall human rights and labor rights situation of the country has direct and indirect impacts on the business, both the Company and its overseas subsidiaries and business partners. The protection of our workforce from all sorts of abuses is the utmost priority. Therefore, the strategies in ensuring good labor practices cover 3 areas namely (1) making the path cleaner – through rightful recruitment process, (2) making the practice right – through rightful employment practice, and (3) promoting social well-being.

c) Climate Change and Environmental Protection

As we source our raw materials mainly from wild-caught fisheries and aquaculture, the climate change has impacted both directly and indirectly to our business operation, especially in terms of the fluctuation in quantity, quality, and prices of raw materials. This year, we have some setback of revenue and profitability in shrimp-related business from shortage of supply and sharp increase of raw material price as a result of the latest outbreak of Early Mortality Syndrome (EMS) in vannamei shrimp aquaculture in Thailand. With possible connections between the environmental quality and climate change, the Energy, Environment, and Climate Change working group is in the process of developing roadmap for managing the impacts from business operations on the environment in terms of resource use (especially energy and water), use of hazardous chemicals or materials with high adverse impacts, pollution and wastes generated, and greenhouse gas emission. Long-term goal and target of each environmental aspect will be defined in conjunction with the annual target set by Environmental Management Representative Committee (EMRC).



d) Quality, Innovation and Product Responsibility

Product quality and food safety are of the greatest importance in the food industries as they are directly linked to consumers' trust and business's license to operate. Therefore, a rigorous control of quality and hygiene in every processing step is a must. As the manufacturing base for world export market, the Company has adopted the most stringent standards being recognized by both domestically and internationally, for instance, Good Manufacturing Practice (GMP), Hazards Analysis and Critical Control Points (HACCP), BRC Global Standards, and IFS Standards. Furthermore, we are capable of manufacture to specific requirements such as Halal Standard by the Central Islamic Committee of Thailand, Kosher Certificate by the Union of Orthodox Jewish Congregations of America. In addition to the strict provision of our factories, the good management practice throughout the supply chain is also of our emphasis. The Company has been certified by Aquaculture Certification Council, Inc. (ACC) for its shrimp aquaculture and production supply chain covering hatchery, farms, feed mill, and processing factories.

Having majority of products as commodity and for private label, our research and development capability is essential. Our research and development team works closely with customers to make sure that we are capable of meeting customers' expectations. At the same time, the Company has strategized the penetration to the markets for its branded products through product innovation and packaging design. All of these capabilities are enabled based on the solid foundation of process and operational management innovations. Another area of research and development is about an innovation for the environment. Our feed producer continues to develop the products that have lesser contents produced from wild-caught fisheries by substituting with by-products from tuna processing. At present we have successfully commercialized 'D-Grow', the product having none of any wild-caught ingredients. We also aim at having on average half of fishmeal, the key ingredient in the aquatic feeds, sourced as by-product or from certified sources by 2015.

e) Human Capital

Human capital for us is critical for sustainable business. Apart from the challenge we face about human rights and labor practices concerning daily worker which accounts for more than 80 percent of the total workforce, the Company has encountered the great challenge in the need to maintain its operational excellence through experienced and skillful workforce in seafood processing, a solid foundation of the Company throughout our 30 years of history, and the need for redefined business and operational models to cope with the Company's expansion and growth into multiple regions (e.g. Asia, North America, Africa) and branded products in the past decade by the specialized team with distinct requirement of the experience and expertise comparing to the former group of staffs. Our people management strategies thus emphasize on employee engagement and talent management. In the past two years, the Company has introduced various human resource management schemes such as TUF Management Associate program, talent management program, organizational development and restructure in the areas of sustainable development, innovation, strategy and business development, and environmental and safety management.



2.3 SUSTAINABILITY COMMUNICATION AND REPORTING

Upon being well aware of the importance of stakeholder engagement in our sustainable development journey, apart from the efforts to communicate and create partnership with key stakeholders as mentioned in the previous section, the Company has also planned to publish its first sustainability report describing the management and performances in relation to the sustainable development of the Company in 2013. We have chosen to adopt the reporting guideline by Global Reporting Initiative (GRI) to ensure a meaningful communication and to achieve a constructive dialogue between the Company and the stakeholders. The Company may be a first-time reporter but sustainability reporting is not new to us as Chicken of the Sea International, one of our subsidiaries, has its second year sustainability report published which can be downloaded at <http://chickenofthesea.com/company/sustainability>

3. SIGNIFICANT IMPACTS ON CORPORATE SOCIAL RESPONSIBILITY

3.1 GOOD LABOUR PRACTICE

a) Making the Path Cleaner – through rightful recruitment process

The Company realizes that its participation and support in the recruitment process can help to protect migrant workers from being abused potentially by recruitment brokers and related personnel within the process due to lack of understanding by and limited access to necessary resources of the workers themselves. The Company also seeks assistances from human rights organizations and activists to gain an insight from the workers' perspective to the issues. Specific working team has been appointed to get more understanding of the recruiting procedure and process in detail. The trips were made to Yangon in order to learn about the way recruitments are done by Myanmar recruitment agencies and to Myawaddy and Mae Sod, the Thai-Myanmar border districts - the prime immigration point for workers from Myanmar, to learn about official procedure and process on Myanmar and Thai sides. With recent EMS outbreak that has resulted in an oversupply in the labor market especially in the seafood industries, there has not been a chance for the Company to exercise any new initiative for recruiting workers from overseas this year. Nonetheless, we are equipped with a more thorough understanding of the process and will be able to form a right strategy and partnership for future recruitment.



b) Making the Practice Right – through rightful employment practices

In 2013 the Company has announced its code of conduct concerning labor practice to be used as guidance for all operational facilities across the group companies in providing equal treatment of Thai and migrant workers. This code of conduct has been communicated to business partners and suppliers as way to encourage partnership for good labor practices within our supply chain. Particular emphasis was made to address the prohibition for the use of child and forced labor, all forms of harassments, the law compliance in terms of wage, benefits, working time, and annual leave and holiday. Without labor union, the Company provides various channels internally for employees of all levels and nationalities to voice any of their concern to the management such as suggestion boxes, consultation with Human Resource staffs, representation in the welfare committee and occupational health and safety committee. Besides, the Company has engaged local labor rights organizations to gain an insight to the concerns in a wider scope which, in turn, is supportive in defining the improvement strategies for the Company and for the industry as a whole.

c) Promoting Social Well-being

Samut Sakhon and Songkhla, the two provinces where most of our factories in Thailand are located, are home to a number of migrant workers. As an employer, we take a responsibility to promote social well-being of migrants or local residents in those communities. For a number of years, the Company has been recognized as drug-free or narcotic-free workplace. We provide continuous supports for various missions by local authorities. The Company also supports religious activities with a strong belief that right-mind individual creates strong family relationship and subsequently peaceful society. Additionally, we have established TUF Care Center (see next section for more detail) with an urge to taking care of the children of these migrant workers and getting them a proper education while they are living in Thailand.

3.2 RESPONSIBLE SOURCING

In 2013 the Company has announced the code of conduct concerning responsible sourcing from Thai fishery with the emphasis on compliance with laws, regulations, or provisions of related government authorities such as marine catch purchasing document (MCPD). In addition, the code of conduct includes our commitment not to transact business with any fisheries practicing shark finning in consistent to the policy committed by the members of International Seafood Sustainability Foundation (ISSF). We have communicated this code of conduct to fishers and suppliers of fisheries products as part of our commitment to protect the marine resources. The target is set to increase the percentage of raw materials with MCPD beyond the limited portion currently required for exporting to European Union. In parallel, our communication to fishers and suppliers has also included our code for human rights protection and good labor practices.



4. AFTER PROCESS CSR

4.1 TUF CARE CENTER

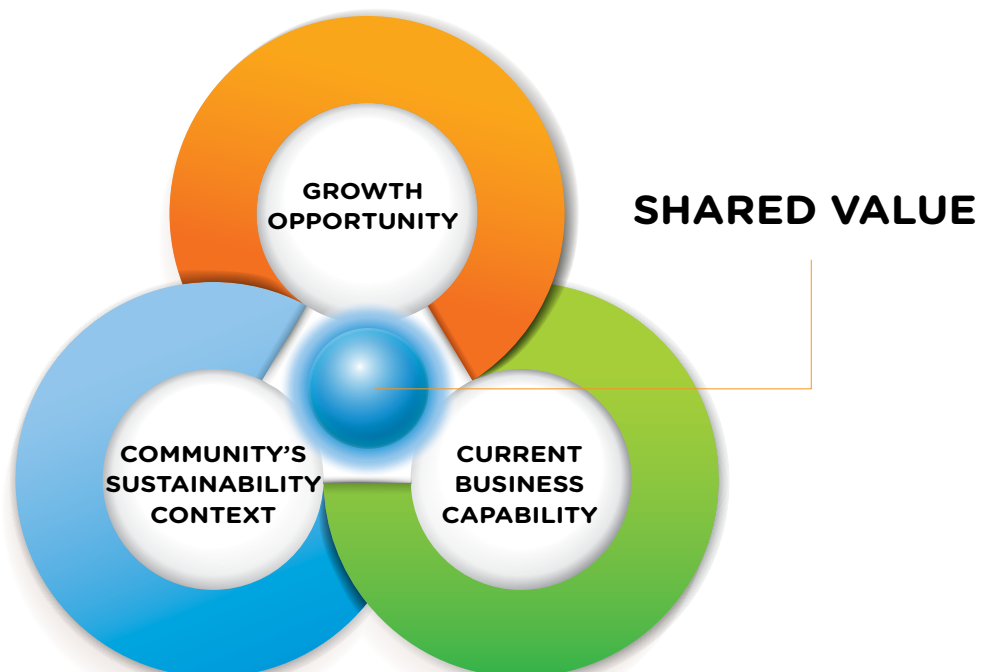
TUF Care Center has been established since late 2012 in supporting sustainability commitment on social development and youth education, with specific aim to strengthening basic skills necessary for Thai and migrant children enrolling into Thai mainstream education. Our aim is well in alignment with the mission by the Ministry of Education to provide equal opportunity for education and to enhance the standard of education towards ASEAN community. The overall funding of 10 million Baht includes investments in infrastructures, educational supplies and professional staffs throughout 5 year project period. This project is co-sponsored by Labour Right Promotion Network (LPN) and schools in Samut Sakhon province. On July 16, the Company launched its first TUF Care Center at Wat Sri Sutharam School having initial 101 beneficiaries, while the second center will be opened in 2014 at Wat Sirimongkol with expected 200 or more beneficiaries. The operating model for each TUF Care Center has been tailored to suit the context and capacity of each school. For example, our first care center arranges multiple classrooms dedicated for 3 different levels of communication and language capabilities, whereas the second care center deploys its strength in unifying basic skill enhancement with mainstream education curriculum.

4.2 SUSTAINABLE COMMUNITY DEVELOPMENT

Apart from transcribing our sustainable development philosophy into business conduct, we aim also at managing sustainable development together with our stakeholders to build a solid and fertile ground for further collaboration between the company and our stakeholders along the journey towards sustainability. In 2013, we have partnered with Right Livelihood Foundation (RLF) in developing a model community for sustainable development at Bang Son, Patew district, Chumphon province. As opposed to a traditional corporate social responsibility program which focuses on the capacity to contribute by business sector, the focus of this program is based on the sustainability context of the community and its sustainability drivers comprising community economic development, conservation of resources, and upholding of values and traditions. Only with true understanding of the context of community's sustainability, we can establish a meaningful and successful roadmap for sustainable development.

Based on this roadmap, appropriate engagement strategy by the Company can be laid either by means of leveraging an existing business capacity to facilitate the community development or co-creating the capacity for future growth of business and community that leads ultimately to creating shared value (CSV). Since inception in June 2013, project coordinators have worked continuously with community leaders and social groups. Capacity buildings were conducted through sharing of experiences and lesson learnt from other communities such as a community plan development by Bua Yai, Na Noi district, Nan province, a development roadmap for self sufficiency by Khao Than, Tha Chang district, Surat Thani province. At present, the roadmap for sustainable community development is in the process of drafting with wide engagement of community members, leaders, various groups of social and profession interest, local administrations, public organizations and authorities.

The roadmap puts the emphasis on natural resource and environment, social development and well-being, and community economic development. It is expected that stakeholder mapping will be made available after completion of the roadmap so that the community and its stakeholders can further enhance their mutual understanding and capitalize on their engagement. As for the Company, the knowledge about community's sustainability context together with its sustainability vision will enable us and our stakeholders to establish social and environmental programs that are relevant and meaningful. As for the community, its development strategies and action plans can be established and executed in an integrated manner.



INDUSTRY

OUTLOOK AND COMPETITIVE SITUATIONS

In 2013, the Thai seafood industry saw a multitude of internal and external challenges that severely impacted canned and processed seafood export – the most significant of which was the factor of raw material. Early Mortality Syndrome (EMS) epidemic in Thailand caused a 50% drop in shrimp production compared to 2012 and consequently drove shrimp prices to record high. The shortage of shrimp resulted in 2013 average price per kilogram of 60 shrimps of 218 Thai Baht – a 60% increase from previous year at 136 Thai Baht. The low shrimp production and high prices prompted major markets to find alternative sources, that are our competitors, offering lower prices such as Ecuador, India, Indonesia and South America. Tuna industry was also faced with the factor of price fluctuations for raw material especially in the first half of the year which caused postponement in orders from clients. Other contributing negative factors include the economic situations of many of our markets including the USA which has not yet recover. The EU was still in recession despite some member states – Spain and Portugal – were able to recover, but not Italy. These factors altogether contributed to a decrease of Thai canned and processed seafood export by eight percent or 916,705 metric tons down from 991,791 the previous year.

Other significant situations were the fluctuation in currencies and increase in legal minimum wages in all provinces in Thailand, both resulting in increased operating costs. Another significant impact on the Thai seafood industry were issues regarding human trafficking, child labor and forced labor. The situation has been serious enough for Thailand to be ranked on Tier 2 Watch List for the fourth consecutive year according to the Trafficking In Persons Report (TIP) while the next TIP evaluation is due by the first quarter of each year. To combat this issue, the government sector has stepped involvement to eradicate the problem, in part to help protect the image of Thai exports. The government has set up an Anti-Human Trafficking and Prevention Committee whose duty is to regular report on the progress of Thai labor issues to the US counterpart. The private sector also collaborated to solve this matter with the Federation of Thai Seafood Producers, an association of eight fishery associations, signing the Policy to Stop Illegal Labor in Fishery Industry. The company also signed the Letter of Intent to collaborate on co-developing the Thai seafood production and fishery to fully comply with labor laws throughout the supply chain. This challenge needs full commitment from both the government and the industry concerned in order to succeed in achieving good labor practices and clear up the tarnished image.

2013 Export of Thai seafood products can be summarized as follow:



TUNA

In 2013, Thailand exported 550,884 metric tons of canned and processed tuna, a two percent decrease compared to 2012 which stood at 559,493 metric tons. The net value of the exports total THB 80,065 million, down by two percent compared to previous year.

The largest market for this product group was the USA with an export value of THB 15,040 million or 19 percent of total export value. In second place was Australia with THB 7,135 million and Japan THB 6,088 million, accounting for nine percent and eight percent market share respectively.

SHRIMP

In 2013, Thai frozen shrimp export volume total 91,618 metric tons, a drop of 49% compared to 2012 which stood at 178,131 metric tons. Frozen shrimp revenue also dropped by 37% to THB 28,561 million from THB 45,176 million the previous year. The number one market for frozen shrimp products was the USA with THB 11,081 million or 39% of total export. Second was Japan with THB 7,178 million or 25% and Canada with THB 1,722 million or six percent of total exports.

Other processed shrimp products also declined in exports in terms of both volume and value. Total exports volume to 99,829 metric tons, a drop of 31% compared to 2012, while the export value in 2013 was THB 34,954 million, a decrease of 21% compared to previous year. The largest market for this product group was the USA with 39,402 metric tons worth THB 14,542 million. Second largest market was Japan with 31,967 metric tons worth THB 10,594 million and the United Kingdom with 8,751 metric tons or THB 3,147 million. The three markets accounted for 42%, 30% and 9% of total processed shrimp exports value.



SALMON

In 2013, Thailand exported volume a total of 7,679 metric tons of chilled, frozen and processed salmon, a 14% decrease from previous year, and a value of THB 2,478 million, a 23% decline over 2012. The biggest market for this product group was Japan with a value of THB 2,325 million, followed by South Korea with THB 38 million and Taiwan THB 17 million. These markets made up shares of 94%, 2% and 0.7% respectively.

SARDINE AND MACKEREL

In 2013, export of canned sardines and mackerel from Thailand contracted compared to 2012 in both volume and value. The volume stood at 116,201 metric tons, a 16% decrease from 138,423 in 2012, while the value was THB 8,574 million – down 18% from THB 10,439 million a year ago. The largest markets for canned sardines and mackerel were South Africa with THB 2,704 million or 32% of total export value, followed by Brazil with THB 529 million or 6% and USA with THB 489 million or 5.7%.

CANNED PET FOOD

In 2013, the total export of canned pet food amounted to 377,634 metric tons, a 9% rise compared to previous year with a value of THB 27,469 million, a 7% increase from previous year. The largest market remained Japan with 136,027 metric tons or 36% of total export and value of THB 9,251 million or 34% of total export. In second place was USA with THB 5,346 million or 20% and third, Italy with THB 2,267 million or 8% of total export value.

INDUSTRY OUTLOOK

Even though the overall seafood exports in 2013 apparently declined due to factors of raw materials particularly shrimp, but these factors have gradually shown signs of improvement. It is expected that in 2014, the EMS epidemic will ease up as the result of both the government and private sector close collaboration to eradicate the problem. Shrimp farming system has been revamped and benefit from new clutches of healthy shrimp lets bred from strong parents. The Thai Fishery Department has forecasted the production of shrimp in 2014 at 320,000 to 400,000 metric tons. Another positive factor for the Thai shrimp industry in 2014 is the abolition of Countervailing Duties by the US which came in to effect since October 2013. Other positive external factors include the world economy which showed signs of recovery since the end of 2013, thanks to the economic recovery of the EU and the tapering of US Quantitative Easing - altogether these factors would positively contribute to Thai exports in 2014.

However, what exporters need to monitoring more closely in 2014 is the increased use of non-tariff barriers by many markets that would impact competitiveness. The issue of labor that put Thailand on the Tier 2 Watch List of the US Trafficking in Persons Report for the fourth consecutive year will further tested when reassessment is done in 2014. In the last year, the Thai government and private sectors have worked together to try and mitigate this labor issue. On the part of the private sector, the Federation of Thai Seafood Producers, an association of eight fishery associations, signed the Letter of Intent to Stop Illegal Labor in Fishery Industry. In September 2013, they also signed in the memorandum of understanding to collaborate on co-developing the Thai shrimp and seafood processing industry to fully comply with labor laws throughout the supply chain on Good Labor Practices. TUF and its subsidiaries; Thai Union Manufacturing, Thai Union Seafood and Pakfood signed this Letter of Intent to commit to good labor practices as we have always adhere to good corporate governance. These sum up the challenges facing the Thai seafood industry.

References:

- Customs Department
- Ministry of Commerce
- Thai Frozen Foods Association
- Fishery Department

RISK FACTORS AND OTHER RELATED FACTORS FOR INVESTMENT CONSIDERATIONS

RISK FACTORS IN BUSINESS OPERATIONS

The company put great emphasis on risk management and had set up a Risk Management Committee since 2011 (B.E. 2554) to ascertain that appropriate levels of risk management are established. In 2013, TUF's comprehensive development and improvement of risk management indicated a clearer and well-designed systematic risk structure. It complied with the Enterprise Risk Management – Integrated Framework; the Committee of Sponsoring Organizations of the Treadway Commission (COSO ERM) and ISO31000 (Risk Management, Australian/New Zealand Standards: AS/NZS ISO 31000: 2009). The continuous implementation of risk management contributed to satisfactory company's performance and sustainable growth. Despite a betterment of risk management, the company still faced many business challenges internally and externally. For operations in Thailand, the year of 2013 posed an unprecedented challenge with the Early Mortality Syndrome (EMS) epidemic in shrimp and fluctuations of tuna and shrimp prices. A robust and systematic risk management helped minimize the impacts of those risks and while the overall performance in 2013 may not be outstanding compared to a few years prior, the company still achieved the best operating margins and overall performances compared to its counterparts' in the same industry. 2013 was the record year of corporate development in preparation for any new challenges that may emerge in the future. The major challenges and risks the company have overcome can be summarized as follows.

TRADE BARRIERS

Despite the fact that Thailand is renowned for its highly competitive seafood industry on a global scale with reputation for high safety and product standards, trade barriers for seafood still continue to affect the industry. Both tariff and non-tariff measures, especially the latter, are affecting seafood producers and exporters to a greater extent. These non-tariff measures come in the forms of more demanding environmental, food safety, labor and sustainable fishery regulations. These sustainable fishery regulations govern fishing methods ensuring the continued productivity of the natural resources. It is imperative that seafood operators work collaboratively to comply with these regulations and embrace the principles of sustainable fisheries management.

The Company's Policies and Action Plans

The company has closely monitored regulatory changes that may affect our export to overseas markets and implemented adjustments accordingly. TUF prioritizes on the importance of sustainable development in areas of natural resources and terrestrial environment conservation. The policy framework was established in respect to conservation of natural resources and sustainable fisheries management. TUF amongst its subsidiaries, are a proud member and co-founders of the International Sustainable Seafood Foundation (ISSF) which proactively supports and promotes long-term conservation of overall health of the greater marine ecosystem.

Commercially leveraging risks through marketing and investment policies is no less significant. To minimize risks and lay a greater foundation for growth, we expand our market bases globally in order to spread the possibility of risks management. Product innovation plays an important role in adding value propositions with the aim of appealing to a wider customer base. Through a series of strategic investments, TUF comprises of manufacturing bases in nine different countries: Thailand, Vietnam, India, Papua New Guinea, USA, France, Portugal, Ghana and the Seychelles with the home-base facilities located in Thailand. The strategic placement of production facilities globally allows the company an ability to manage risks, including those from government restrictions or local trade barriers.

FINANCIAL RISKS

Volatility of Foreign Exchange Rates

In recent years, foreign exchange rates have been relatively volatile and consequently impacted our business. Over 90% of Thai Union Group 's revenues are generated from Thailand-based operations, exporting to overseas markets, such as the US, the EU, and Japan, A majority of our revenues are recognized in foreign currencies, mostly in U.S. dollar. Therefore, our revenues are subjected to the risk of foreign exchange volatility.

The Company's Policy and Action Plans

We have maintained a close monitor on movements of currency exchange rates as well as considered all appropriate measures in managing our exposure to exchange rate risks. Our revenue and expense streams have provided an effective natural hedge, as we import most of our raw materials and export most of our products, using US dollar as the transactional currency. Other measures taken include the utilization of forward contracts and currency options to minimize our exposure to currency fluctuations, to allow efficient use of our financial resources and to continue closely monitor trends in financial markets and capital movements.

Interest Rate Risks

Globalization has connected economies in all parts of the world together, allowing rapid movement of investment funds across borders. This implies a world where interest rates can change very quickly, requiring business operators to carefully implement a sound financial policy to address risks associated with shifting interest rates.

The Company's Policy and Action Plans

As in the case of currency exchange rate situations, we have continuously monitored interest rate movement. Thai Union Group as a whole has been carefully maintaining an optimal debt structure given interest rate situations and trends, with appropriate proportion of fixed and floating-rate loans. The debt structure can also be adjusted to match changing circumstances via various financial instruments, including Interest Rate Swap, Cross Currency Swap.

RISKS ON THE NEGATIVE VIEW TOWARDS MIGRANT WORKERS' SITUATION IN THAILAND / REPUTATION RISK AND LABOR SUSTAINABLE DEVELOPMENT

Risks on the negative view towards migrant workers' situation in Thailand pose a significant challenge to our business operations as Thailand is the key manufacturing base. In couple to the fact that seafood is a labor intensive industry, it was inevitable that the situation about labor rights abuses and human trafficking is closely monitored by governments, public and private sector, social organizations, and business partners especially from overseas. This has caused a negative impact to the company reputation as well as its products.

The Company's Policy and Action Plans

TUF continues its support to the programs by government and its partnership with trade organizations in enhancing the standard of good labor practices. In 2013, the company has announced the code of conduct in relation to labor practices as a guideline for all subsidiaries in Thailand, inclusive of legal compliance, prohibition of child and forced labor, occupational health and safety, freedom of association and rights to collective bargaining, non-discrimination, disciplinary practices, remuneration, welfare and benefits. The company envisions to become the exemplary leader in good labor practices in the fishery industry and in Thailand.

PROCUREMENT AND RAW MATERIAL RISKS

Tuna

The fluctuation of tuna prices most significantly affects the raw material costs and profit margins. The raw material accounts for 60 to 70 percent of overall costs with tuna prices fluctuating according to global demand and supply. The company policy is to trade one to two months in advance, thus discrepancies between stock costs and agreed selling prices could vary from when the deal is done and when the shipment is made.

The Company's Policy and Action Plans

The procurement department constantly monitors and analyzes raw material prices and with extensive experience in this industry plus being one of the largest buyers in the region, the company has considerable edge in influencing the regional prices.

The company shall trade 30 to 45 days in advance while also procuring 30 to 45 days in advance. A management system is in place to keep an appropriate inventory and turnover to minimize variance.

Shrimp

In 2013, the shrimp business was faced with an extreme challenge in the form of Early Mortality Syndrome (EMS) epidemic which began in late 2012. Its impact was most felt in 2013 as Thailand, the largest shrimp production base in the world, lost more than 50% of shrimp production capabilities due to the epidemic. The company, as well as many other players in the industry suffered severe shortage of raw materials, especially in the first half of the year. This also resulted in sharp increase in domestic shrimp prices thus hampered the price competitiveness of Thailand's shrimp industry.

The Company's Policy and Action Plans

The company solved the raw material shortage in Thailand by importing shrimp from other countries and also by lowering the production levels to compensate. The offending EMS epidemic was investigated in close collaboration with government agencies in an attempt to rectify the situations. Preventive measures were taken in the form of extensive knowledge sharing with shrimp farmers throughout the country.

ADMINISTRATIVE AND MANAGEMENT RISKS

Human Resources Development

To serve the rapid growth and steady expansion in subsidiaries and strategic partners both locally and overseas, the company needed to develop the management structures at high and middle levels. Plans were drawn to recruit the most qualified and competent personnel and high-level executives in the industry to undertake the magnitude of operations both domestically and abroad and ascertain that the operations are managed as competently as possible.

The Company's Policy and Action Plans

The company President is a firm believer in the management philosophy that "People Drive Business" and the company has adopted this approach for continuous human resource development. An executive development plan is applied to ensure positive corporate growth and a Succession Plan created for every executive positions to guarantee that company growth is sustainable.



Operational System

The company currently comprise of 31 subsidiaries and partner companies around the world as results of global strategic expansion. With the differences in work languages and cultures among them, the company is well aware of the inevitable challenges in management: the task of harmonizing each and every one unit and align all towards common goals. The operational system need to be robust enough to steer the whole network in the right direction while at the same support ample flexibility for development.

The Company's Policy and Action Plans

Priority is given to management and administration systems that facilitate operational policies, system and targets that can steer the whole organization. It is imperative that the core management team both in Thailand and overseas possess high levels of relevant industrial expertise and management capabilities. To bond the spirit of all the executives together, the annual TUF Global Conference is organized for all the subsidiaries and partner companies. The gathering enable new policies to be communicated and encourage high level executives to effectively set forth the company target objectives and strategies together.



RISK MANAGEMENT

The company put great emphasis on risk management and had set up a Risk Management Committee to oversee the company risk management policies and frame work. The committee make ascertain that appropriate level of risk management is taken and inform the board of directors on matters of significant risks. In 2013, the Risk Management Committee held a total of four meetings. To enhance the risk management systems, the company sought the expertise from Ernst and Young to implement Enterprise Risk Management – Integrated Framework, The Committee of Sponsoring Organizations of the Treadway Commission and ISO31000 on Risk Management, Australian/New Zealand Standards: AS/NZS ISO 31000:2009. Under the ISO31000, the company risk management processes can be summarized as follows:

- Stipulate company policy and framework on risk management and communicate them to company executives and employees emphasizing on the practical implementation of such policy to ensure company objectives are achieved.
- Identify corporate risks, set risk assessment criteria and risk appetite to manage high level risks.
- Conduct risk evaluation according to risk assessment criteria.
- Set risk treatment procedures for risks that exceed the company risk assessment criteria.
- Monitor and review major risks and risk treatment procedures to make certain that risks are managed with appropriate levels of competency.

REPORT ON THE PRACTICE OF GOOD CORPORATE GOVERNANCE

The Board of Directors of Thai Union Frozen Products PCL., perceives the importance of good corporate governance within the Company in order to promote sustainable operational growth and to gain public acceptance of the Company both locally and internationally. Being guided by this perception, the Board is determined to adhere to good corporate governance principles and therefore embraces such principles directed by the Stock Exchange of Thailand, in conjunction with honesty, transparency, responsibility, business ethics, confidence, trust and high level of working standards in accordance with the Code of Best Practices of listed company. This principle adoption is intended to enhance the Company's competitiveness, which in turn will further boost the confidence in the Company's operations among shareholders, investors and all stakeholders, thereby creating effective, prosperous and sustainable growth in the Company's business, as well as adding value to shareholders while also taking into account all stakeholders.

Following the perception of the importance of good corporate governance above mentioned, the Board therefore promotes and supports the practice of good corporate governance principles directed by the Stock Exchange of Thailand through devising its own policy centered on 5 pillars as set forth below:

1. Right of Shareholders
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Information Disclosure and Transparency
5. Board of Directors' Responsibilities

1. RIGHT OF SHAREHOLDERS

The Company follows good corporate governance principles and sets clear business policy perceiving equitable treatment of shareholders and stakeholders. This can be evident from the fact that the Board and the management cooperate their efforts to efficiently deliver work performance, prudent and careful administration for the best interests of the Company and shareholders. Operations are transparent and can be verified. Information disclosure is made in the complete, accurate, punctual, and equitable manner to all parties concerned. The Company has appropriate controlling system and risk management adequate for facilitating well-informed decision making. The Company adheres to business ethics as a main pillar to prevent damages to all stakeholders. The Board oversees the Company's disclosure of all material information to ensure its accuracy, fairness and timeliness in order to secure investor confidence.

The Company's information disclosures to shareholders are made on the basis of equity regardless of share volume owned, individuals or juristic person and being local or overseas. In each shareholders' meeting, the Company places emphasis on, and respects, the right of shareholders by strictly carrying out the meeting pursuant to the Public Limited Companies Act. And also, the Company recognizes that the shareholders have the rights to decide, to obtain easily accessible, adequate, complete and timely information including the encouragement for the use and non-violation of the rights of shareholders as follows:

Shareholders' Meeting

- Set the schedules of the Annual General Meeting of Shareholders (AGM) within 4 months of the annual closing date of its accounting books. That is within 30 April of each year. For the urgent matters of shareholders' interest or requiring shareholders' approval, the Board will call the Extraordinary General Meeting of Shareholders (EGM). For year 2013, the Company's following arrangements for the hosting of the Annual General Meeting of Shareholders (AGM) on 10 April 2013.

Meeting Preparation Procedure and Delivery of Meeting Invitation

- The Board began to allow shareholders to propose name list of potential director candidates and meeting agenda for 2013 Annual General Meeting of Shareholders. Company secretary was assigned to publicize such information electronically through the Stock Exchange of Thailand communication systems and forwarded to corporate website 95 days prior to the date of meeting invitation delivery in order to allocate appropriate time for their proposals.
- The Company publicized meeting invitation along with sufficiently-detailed relevant documentation, objectives and reasons as well as opinions of the Board given in each agenda and the proxy forms as stipulated by the Ministry of Commerce on www.thaiuniongroup.com since 8 March 2013 and such information dissemination was available for 33 days prior to the date of AGM.
- The Company authorized Thailand Securities Depository Co., Ltd., in its capacity as registrar, to deliver to shareholders meeting invitation along with sufficiently-detailed relevant documentation, opinions of the Board given in each agenda, proxy form for convenience of shareholder who is unable to attend the meeting and wishes to authorize an appropriate person or any independent director to act as proxy and vote on his/her behalf, and including annual report CD-ROM 15 days prior to the date of AGM.
- The Company publicized meeting invitation in Post Today newspapers (in Thai) and Bangkok Post (in English) for 3 consecutive days and 7 days prior to the date of meeting to reassure shareholder attendance on the scheduled meeting date and time.

On-site Meeting Procedure

- The Company facilitated all shareholders including institution investors in a fair manner by arranging the officers to welcome and provide the sufficient information on document checking and registration. The Company was open for AGM registration between 11:00 a.m. - 13:00 p.m. of 10 April 2013 at the well-known Thai Army Club, Viphavadi-Rangsit Road, Bangkok to provide convenient access to shareholders. In the past year, there were totally 890 shareholders in attendance with aggregate share volume of 713,400,151 units, equivalent to 62.16% of the total issued and paid-up shares.
- Chairman of the Board chaired 2013 Annual General Meeting of Shareholders, in which there were 12 board members, including the Chairman, in attendance out of the whole board of 15 members. The board members in attendance comprised Chairman, President, Managing Director, CFO, Independent Director and Audit Committee members, who are independent directors. As some Board members are representatives of overseas shareholders, not all Board members were able to attend the meeting. However, without their presence, all such members could express their opinions about the issues through the agendas being directly delivered to them prior to the meeting. Moreover, there were Finance controller, Corporate account manager, Legal advisor and Independent auditors from Ernst & Young Co., Ltd. to attend the AGM.
- Chairman of the meeting assigned the MC to clearly explain vote-casting and vote-counting procedures for each agenda to eligible shareholders as well as the procedure of one vote per one share according to the Company's Articles of Association No.35. The Company's auditors from Ernst & Young and 2-volunteer from shareholders were the witness for the vote counting. The meeting was conducted in the manner that allowed and encouraged all shareholders to raise questions, express opinions and give suggestions about the issues through the entire meeting session. There were 6 shareholders who made queries and presented opinions for AGM.
- In order to preserve voting transparency, the Company made available ballots to facilitate exercise of voting right by shareholders in case of their disapproval or abstention of any agenda being considered. Shareholders were allowed to freely cast their votes for each director candidate on an individual basis, not on the whole board of candidates. Vote counts were clearly announced onsite to make known to all attending shareholders immediately following the end of voting procedure in each agenda. The meeting session was also videotaped on the Company's website for further dissemination afterwards. Interested shareholders may request copy of the videotape from Stock Information Department, Office of President.

Post-meeting Procedure

- The Company publicized the resolutions of all agenda considered in 2013 Annual General Meeting of Shareholders on www.thaiuniongroup.com immediately on the date of meeting, except for questions raised by shareholders and answers given during the meeting session. Complete resolutions of the meeting were subsequently submitted through the Stock Exchange of Thailand communication systems and forwarded to corporate website on 23 April 2013, or 13 days following the date of AGM.

Hosting of shareholders' meeting with great emphasis on equitable voting right has earned the Company excellent performance in the 2013 annual evaluation of Annual General Meeting of Shareholders conducted by Thai Investors Association.

2. EQUITABLE TREATMENT OF SHAREHOLDERS

The Company perceives the importance of right of shareholders, is well aware of its responsibility to ensure equitable treatment of shareholders and therefore have put the following initiatives into action.

- The Board assigned company secretary to prepare data and communicate to shareholders with regards to the Company's invitation for shareholders to propose name list of potential director candidates and meeting agenda for consideration in 2013 Annual General Meeting of Shareholders. Such information was publicized electronically through the Stock Exchange of Thailand communication systems and forwarded to investor relations section on corporate website 95 days prior to the date of meeting invitation delivery in order to allocate appropriate time for their proposals. Although the Company has provided shareholders with such these proposal opportunities since 2007, no proposals, however, were submitted for either director candidates or meeting agenda during the past year. In addition, we do not have the additional agendas that did not notice.
- The Board facilitated shareholders who cannot attend the meeting by assigning any independent directors and proposed the name list of at least 2 independent directors who were to act as proxies to vote in each meeting agenda on behalf of shareholders. In 2013 Annual General Meeting of Shareholders, there were 10 shareholders who authorized Pol.Maj.Gen. Pracha Anucrokdilok, a member of Audit Committee, there were 5 shareholders who authorized Dr.Thamnoon Ananthothai, Chairman of Nomination and Remuneration, there were 4 shareholders who authorized Mr.Kiti Piluntanadilok, a member of Audit Committee, there were 3 shareholders who authorized Mr.Kirati Assakul, to act as proxy and vote on his/her behalf, All of them have been serving as independent directors.
- The Board provided voting cards for the shareholders for each agenda separately so that they can vote as appropriate. The voting cards are then collected and calculated together with the votes cast before in the proxy form. The votes are then announced in the meeting room and filed the cards for inspection.
- The Board assigned company secretary to document and file the meeting resolutions in a correct and complete manner and to publicize the resolutions of all agenda considered in 2013 Annual General Meeting of Shareholders in investor relations section on www.thaiuniongroup.com immediately on the date of meeting, except for questions raised by shareholders and answers given during the meeting session. Complete resolutions of the meeting were subsequently submitted through the Stock Exchange of Thailand communication systems and forwarded to corporate website within 14 days following the date of meeting.
- The Company imposes preventive measures to guard against the use of internal information for personal gains among the Board and management members by communicating their mandatory duties to report any changes made to the securities ownership of their own, those of their spouses and children below lawful age to the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 on immediate basis and not later than 3 business days following the date of purchase, sell, transfer or receipt of such securities. The Board or management members or sections with access to, or acknowledgement of, internal information are not allowed to leak the information to outsiders or other unauthorized persons. In addition, no securities trading by those management is allowed within the period of one month prior to the disclosure of financial

statements or any other material information to the public in order to prevent illegal use of internal information undisclosed to the public, which can affect the trading of the Company's share on the Stock Exchange of Thailand. However, this prohibition is exempted in the case of continued fluctuation of securities trading prices driven naturally by overall stock market mechanism, which encourages those management to trade their securities only in response to the stock market situations and in good faith. Furthermore, the Board and management members are made aware of legal punishment and penalty pursuant to the Securities and Exchange Act B.E. 2535 and relevant regulations.

- The Board assigns company secretary to oversee and follow up items with potential conflict of interests and connected transactions. Company secretary is responsible for preparing quarterly summary report of those items and transactions and regularly publicizes such report at year-end in the Company's annual report and Form 56-1. Furthermore, the Board and management members, in any Board meeting, are required to comply with good corporate governance policy by not participating in casting votes or giving opinions on any issues sensitive to conflict of interests or vested interests.
- The Board assigns company secretary to maintain the filing of report of vested interests as disclosed to the Company by the Board and management members pursuant to the Notification No. Tor.Jor.2/2552 of Capital Market Committee Governing Required Vested Interests Disclosure by Listed Company Directors, Management Members and Connected Persons. With regards to this issue, the Section 89/14 of the Securities and Exchange Act B.E. 2535, as subsequently amended under the authority of the Securities and Exchange Act (No. 4) B.E. 2551, stipulates that the Board and management members must report to the Company their vested interests in the Company's and its subsidiaries' operations and management, or those of their connected persons. This requirement is aimed to furnish necessary information to the Company and to enable the Company to comply with its own connected transaction handling procedures, which are established to prevent such items with potential conflict of interests from leading to possible siphoning of corporate funds and interests from the Company and its subsidiaries.

3. ROLES OF STAKEHOLDERS

The Company perceives the importance of right of all stakeholders and equitable treatment, as the Company foresees the importance of their support and the mutual cooperation between the Company and the various groups of stakeholders in that it can secure long-term business wealth, employment and financial stability. Therefore, the Company adheres to equitable treatment of all stakeholders as well as ensures that effective administration of internal controls and compliance controls are established and maintained, as summarized below;

- **Shareholder:** The Company is determined to represent all shareholders efficiently through generating maximum long-term returns on investment and is committed to conducting business with transparency, to put in place reliable financial and accounting systems, and to deliver optimum shareholder satisfaction with regular and sustainable strong operational performance and continued growth. The executive board and all employees shall perform duties with integrity and make decisions in good faith and in fairness to major and minor shareholders alike, as well as for the good of relevant parties. They shall refrain from any activities that could cause conflicts of interest and serve self-interest. Confidential information shall not be divulged to outside parties while simultaneously paying attention to accurate, complete and punctual disclosure of material information to all shareholders in response to their unwavering trust and support given to the Company and provide the investment returns that satisfy the shareholders the most.
- **Employee:** The Company treats employees equitably and fairly with no discrimination against national origin, religion, gender, marital status, language, or workforce ranks, not associating with forced labor, child labor, and human trafficking, and not supporting bribery and corruption. The Company sets the appropriate compensation comparable to compensation paid in the same industry. Provision of fringe benefits to employees not only complies with but also exceeds relevant standard mandatory requirements. Among those benefits available to employees are provident fund, annual health check-up and adoption of Kaizen principle, safe and sanitary workplace environment, employee recreational activities, and in-house physical workout facility to promote mutual recreation among employees. In addition, the annual mini-marathon run started since 2009 to encourage the employees to be committed to that goal.

Although some employees will not do before, but they will try to practice successfully. Besides, much emphasis is also placed on long-term personnel development, ample learning and self-development opportunity for career advancement and improved life quality. In order to put these implementations in actions, the Company introduces organization-wide professional human resources management systems to maximize personnel potentiality and capability throughout the entire business group. Employees of all levels are encouraged to acquire new knowledge and skills through company-subsidized scholarship program along with seminar/training attendance at leading educational institutions. The Company provides employee manual, which equips employees with necessary information on corporate policy and entitled fringe benefits. In addition, the Company has adopted a progress-oriented HR policy, driven by passionate belief in the utmost importance of human capital in business and the vital contribution it makes to the Company's achievement of common goals. Therefore, the Company is committed to promoting greater professional capability among employees in parallel with continued improvements in their quality of life. Concerning learning and development paths made available to employees, appropriate practical learning programs are developed and applied to employees from their first day of employment within the Company until their retirement. Our employees are the prime driver for sustainable development of both business and environmental and social responsibility. Through employee satisfaction and employee engagement surveys, the Company is on track to enhance the level of engagement of our employees. We are also committed to promote a wider access to the engagement platforms, for instance, by opening up an opportunity for employees of all nationalities to become the representatives in the welfare committee and occupational health and safety committee. In this regard, the Company has provided continued support to facilitate their greater learning experiences through time allocation, financial contribution and career progression as detailed below:

Human Capital Development: The Company's human capital development is intended to encourage employees to perform respective functions at their optimum efficiency. In order to achieve this goal, the Company develops, and capitalizes on, tailored individual development plan on a continued basis. The individual development plan is implemented in conjunction with systematic follow-up and performance evaluation conducted to personnel training and development programs. Employees of all levels throughout the business gain benefits from organization-wide adoption of knowledge-based approach. In addition, the availability of Human Resource Information System (HRIS) within the Company not only enhances efficiency and accuracy of HR data management but also lowers operating costs. Under this human capital management policy, all people across the business are engaged side by side in continual process of knowledge acquisition and management. Apart from these continued HR development efforts regardless of position levels of employees, the Company has been making regular investment in the area of organizational development since 2004 with the intention of further strengthening organizational performance. In this regard, the Company has hired qualified advisors and experts in different disciplines to work in advisory capacity on the organizational and human capital development initiatives. Those professional advisory bodies include Accenture, CSR, INWIS and APM Group, among others. The Company's human capital development policy is created in harmony with corporate visions and business strategies. Great emphasis is placed on development efforts in line with current personnel management system (PMS), which centers on competency development. Such competency is composed of 3 major elements; Core Competency, Management Competency and Functional Competency. Moreover, as the Company foresees the importance of specific functional, management and soft skills development among each position level as one of job enhancement factors, other personnel development efforts have also been made. These efforts encompass a wide range of personnel development aspects; for example, prerequisite knowledge for industrial establishment personnel, development of specific functional skills, development of management and soft skills, Leadership Program, Coaching Program, cross-functional rotation system, inter-departmental personnel realignment system, trial function performance in superior position, Star Program and the most recent program "TUF Management Associate Program" has been introduced to provide opportunities for young talents from within and outside the organization to experience working in our overseas operations, the management program called 'War Room' that is successful in unleashing the potential of the employees at all levels and engaging each individual in celebrate his/her work accomplishment along with organizational success. The key principles lie on the right balance of leadership development, executions of best practices, and proper change management within a short period of time after launching. The remarkable improvements in its performances in terms of efficiency, cost, quality, and employees' morale.

Moreover, the Company stresses the importance of communicating information concerning its business to all employees, such as CEO meets employees every 6 months for announcement the annual targets, the results including as the spirit and morale in the operating in the event of circumstances.

- Customer:** The Company builds customer satisfaction and is responsible for customers through offering developing high-quality products in compliance with food safety, occupational health and environment standards, adhering to commitments given to customers, delivering goods and service on-time and at fair prices, making customers accurately well-informed of available goods and service, and also placing much attention to customer confidentiality. The Company also sets aside special unit or appoints persons in charge of handling customer complaints and responding to those complaints without delay; for example, our marketing teams are in close dialogue with customers in business discussion or commercial visit. In 2013, we have started the sustainability outreach to our customers in various occasions such as the visit of the members of the CSR & Environmental Affairs Advisory Committee, Mitsubishi Corporation Japan, the visits to customers' operational facilities and offices, and the visits and meetings by other customers.
- Business Partner:** The Company treats suppliers equitably and fairly in line with commercial conditions, is willingly open for their opinions and suggestions to forge stronger business relations and places much attention to their commercial confidentiality; for example, As for our domestic fishery suppliers, the procurement and sustainable development were teamed up to promote the Company's Code of Conduct concerning Labor Practice and Responsible Sourcing from Thai Fisheries and discuss the challenges and opportunities in enhancing the standards and management practices across the supply chain. We aim at developing solutions for ethical labor practice and marine resource conservation in subsequent years. Apart from R&D Festival, the event organized annually for customers to meet and learn about the new culinary innovations and the potential for future development, our research and development team has engaged with packaging suppliers in brain-storming for new initiatives in packaging design that are modern, keeping pace with changing lifestyles, and more environmentally friendly. The Company has been working continuously with shrimp farmers to assure the quality standards and farm management for environmental and social responsibility in accordance with the requirements of related authorities such as Thailand's Good Aquaculture Practice (GAP) and international standards such as Best Aquaculture Practice (BAP) by Global Aquaculture Alliance (GAA).
- Creditor:** The Company honestly and strictly adheres to loan agreement commitments given to respective creditors and financial institutions so as to ensure the availability of proper and fair returns on their loan investments. Furthermore, the Company takes best efforts to minimize its exposure to potential conflict of interests with creditors and not omitting information or facts that may damage creditors. If the Company cannot respect the conditions of the contracts, it must notify its creditors in advance to jointly solve the problems.
- Competitor:** The Company competes with competitor under fair commercial competition, with business ethics and in compliance with applicable legislation. The Company does not seek information that is its competitors' trade secret by dishonest means, thereby having no trading disputes with any competitor.
- Corporate Social Responsibility:** The Company perceives the corporate responsibility for the environment in the society and community and for natural resources conservation. In turning its nature-care spirit into actions, extensive corporate support is given to communities around the plant in terms of both safety and environment at its best. Among our corporate social responsibilities having been materialized include, for example, TUF Care Center has been established in supporting sustainability commitment on social development and youth education, with specific aim to strengthening basic skills necessary for Thai and migrant children enrolling into Thai mainstream education. Our aim is well in alignment with the mission by the Ministry of Education to provide equal opportunity for education and to enhance the standard of education towards ASEAN community, Hometown Community Development Program, which has been running on continued basis with clear objectives of promoting community strength and fostering pride in hometowns among employees, and "Blood Donation" organized for seven consecutive years with over 3,500 units of accumulated blood donated to Thai Red Cross Society Other company-sponsored CSR initiatives in actions through the entire 2013 are further described under Sustainable Development heading on page 54 - 65 of this annual report.

- **Respect of Copyrights and Intellectual Property Rights** The Company respects copyrights and intellectual property rights of others by forbidding the employees to use illegal programs or software and strictly comply with the Copyright Act B.E.1994
- **Anti-corruption** The directors, management and employees of the Company and its business lines are prohibited from performing, accepting or supporting corruption in any form, whether directly or indirectly. The Company has appropriate internal control, internal audit, and risk management with regular reviews in order to prevent improper practices. The Company has in place mechanisms for transparent and accurate financial reporting.
- **Whistle-Blowing and Complaints** The Company provided the channel for whistle-blowing or complaint-making that stakeholders are or may be affected by the damage caused by the Company's operation, or the employees are involved in unlawful, dishonest acts or corruption by directly submitting the case or via post to;

Chairman of the Audit Committee, or General Manager, Audit Unit
 Thai Union Frozen Products Public Company Limited
 23rd floor, S.M.Tower, Samsennai, Phyathai, Bangkok 10400
 Telephone 02 298-0024 ext 695-6
 Facsimile 02 298-0024 ext 697

4. INFORMATION DISCLOSURE AND TRANSPARENCY

The Board devises policy on correct, complete and punctual disclosure of material financial and non-financial information through dissemination channels of the Stock Exchange of Thailand and investor relations section on corporate website in both English and Thai languages so as to provide equitable and credible access opportunity for shareholders, institution investors and any persons interested in obtaining such information.

The Board stands behind the Company and its subsidiaries' consolidated financial statements and financial information presented in the Company's annual report. The said financial statements are prepared in accordance with generally accepted accounting standards by applying appropriate accounting policy on a regular and carefully considered basis. Material information is sufficiently disclosed in the notes to the financial statements.

The Board has provided report indicating its responsibilities to prepare financial statements. Such report is exhibited alongside the auditor's report in the Company's annual report to ensure true and fair presentation of the financial statements regularly following the generally accepted accounting standards and accounting policy.

The Board opinions that there is effective administration of internal controls in the Company and that the reasonable fairness is assured for the financial statements for period ending 31 December 2013, for which the Company's auditors have conducted the audits on a generally accepted auditing standards.

Remuneration for Directors and Management

- Directors are remunerated in the form of monthly retainer and meeting allowance comparable in average to the general practice in the industry, suitable for the scope and amount of assigned responsibilities, and shareholders approved. Aside from the preceding meeting allowance, directors are not additionally remunerated from the Company's subsidiaries.
- Executive directors are remunerated in the form of monthly retainer, meeting allowance, salary, provident fund matching contribution and annual bonus based mainly on operational performance of the Company and work performance of each director.
- The management team is remunerated in the form of salary, provident fund matching contribution and annual bonus based mainly on operational performance of the Company and work performance of each management member.
- Aside from the preceding monetary remuneration, the Company does not pay any other remuneration to directors.

The Company considers the total amount of annual remuneration paid to the Board and management members is not high when compared to the average amount paid by other listed companies in the Stock Exchange of Thailand due to the Company's attention to the best interests of shareholders. The remuneration paid to the Board and management members in the year 2013 in comparison with its counterparts in the year 2012 is set forth below:

	2013		2012	
Unit : Million baht	Board of Directors	Management Team	Board of Directors	Management Team
Number (Person)	15	11	15	10
Retainer/Meeting Allowance	7.64	-	5.84	-
Salary/Annual Bonus	-	63.24	-	66.31
Provident Fund Matching Contribution	-	4.62	-	4.19
Total	7.64	67.86	5.84	70.50

The Board perceives the importance of correct, complete and transparent information disclosure to all shareholders, investors and all parties concerned on equitable treatment basis. Information on operations and financial status is communicated clearly and timely under relevant laws to provide target groups with correct understanding of the Company, thereby creating acceptance and investment sentiment among investors. The communication also allows the Company to gain insight into public view on the Company's operations, which will be a part of considerations for future goal and strategy setting. Moreover the Investor Relations Unit is officially set up, the Company clearly assigns the management and other personnel to assist in communicating with the public as follows:

1. Mr. Thiraphong Chansiri President
2. Mr. Wai Yat Paco Lee Head of Investor Relations & Corporate Investment
3. Ms. Suthipa Vacharotayangul Investor Relations Manager

The past continued communications of operational performance, financial and non-financial information to stock analysts, investors and shareholders during 2013 were as follows:

- 92 company visits by investors and analysts
- 50 conference calls
- 4 analysts meetings following the announcement of operating results
- 3 opportunity day by the SET
- 5 plant visits by investor analysts
- 2 plant visits by minor shareholders
- 11 overseas roadshows
- 5 local roadshows

In addition, the Company provides the public with written information dissemination through corporate website <http://www.thaiuniongroup.com> and printed media as follows:

- Investor note and presentation, that give information on operational results issued to investors and stock analysts on a quarterly basis
- Annual report for shareholders, investors and other interested general public
- Report or notification of any corporate changes in need of public disclosure pursuant to the Notifications of the Securities and Stock Exchange Commission and the Stock Exchange of Thailand

Due to continued strong adherence to transparent information disclosure, Securities Analysts Association had ever granted to the Company its annual SAA's Picked Award for being the most-admired listed company's top executive. The Company had ever achieved totally 2 awards in Agro & Food category; The Most-admired CEO Award, The Most-admired IR Award, The grant of the awards is based on favorable votes cast by stock analysts and fund managers who identify the Company's regular provision of complete and accurate in-depth information, including facilitating convenient availability and accessibility for interviews as their deciding factors to vote for the Company.

5. BOARD OF DIRECTORS' RESPONSIBILITIES

The Board has set up policy, strategies, goals and budgeting in order to improve operational efficiency and to preserve the best interests of the Company. The Board follows up and ensures that the management's work performance is in line with the work plans. The Board also clearly defines roles, duties and responsibilities of the Board members, the management, staff and other parties concerned. The Board assigns the Audit Committee to oversee the Internal Audit Department, to evaluate the department's work performance, to ensure an adequacy of internal controls and to promote appropriate risk management in order to preserve the best interests of the Company. In order to be equipped with further knowledge, capability and potentials as visionary directorship, the directors of the Company have attended the training courses organized by the Thai Institute of Directors Association (IOD) and others as follows;

Names	DCP	DAP	RCP	RCC	ACP	UFS	HRP HCI	TLCA	Top Management
1. Mr. Kraisor Chansiri			15/2550						12/2554
2. Mr. Cheng Niruttinanon									
3. Mr. Chuan Tangchansiri		86/2553							
4. Mr. Thiraphong Chansiri	10/2544								
5. Mr. Rittirong Boonmechote		84/2553						2/2552	
6. Mr. Yasuo Goto									
7. Mr. Takehiko Kakiuchi									
8. Mr. Ravinder Singh Grewal Sarbjit S									
9. Mr. Chan Tin King	47/2547								
10. Mr. Chan Shue Chung	10/2545							1/2552	
11. Mr. Sakdi Kiewkarnkha	13/2544 2/2549		4/2544	9/2552			2/2555 4/2551		
12. Pol.Maj.Gen. Pracha Anucrokdilok		33/2548							
13. Mr. Kiti Pilunthanadiloke		36/2548							
14. Dr. Thamnoon Ananthothai	70/2549	48/2548	14/2549		10/2548	7/2550			
15. Mr. Kirati Assakul	27/2546			5/2550					

DCP : Director Certification Program

DAP : Director Accreditation Program

RCP : The Role of Chairman Program

RCC : The Role of Compensation Committee

ACP : Audit Committee Program

UFS : Understanding the Fundamental of Financial Statement

HRP : How to Develop a Risk Management Plan

HCI : Handling Conflict of Interest

TLCA : TLCA Executive Development Program

Top Management Courses : Capital Market Academy

Although some members of the Board and the management team are shareholders, the management policy is based mainly on the best interests of the Company, particularly decision on issues sensitive to conflict of interests or vested interests. Those members are not eligible for voting for issues that may cause conflict of interests in order to preserve independence in decision making. Furthermore, the information regarding such consideration is immediately disclosed to the public for transparency. The necessary information is also regularly disclosed in the Company's annual report and Form 56-1.

The Company has created the code of ethics or statement of business conduct for all directors, management team and employees. The code serves as guidelines for their honest and equitable work operations and is

made known to all directors, management team and employees to ensure their awareness, understanding and compliance. The Company believes that such practice would improve the standards of good corporate governance and promote investor confidence in the Company's management as well as preserve justice and credibility in the capital market.

BOARD COMPOSITION

The Company's Board of Directors comprises 15 members, namely; 7 executive directors, 2 directors from business partners (in support of business strategies), 1 director from Bondholders and 5 independent directors (3 of which also serve as Audit Committee members). Such proportion of the Board members allows effective considerations for the best interests of the Company. For the year 2013, there were totally 5 independent directors to be at one-third of the total number of Board members or the proportion accounts for 33.33%.

In the end of year, there were 2 directors, who resigned from the board. Then, the total of the Company's Director is 13 people and there were 5 independent directors to be at the proportion accounts for 38.5%.

DEFINITION AND QUALIFICATIONS OF INDEPENDENT DIRECTOR

An independent director is a qualified and independent person of the same qualification criteria described in the Notification Governing Qualifications and Responsibilities of Audit Committee established by the Stock Exchange of Thailand. In addition, a person qualified to serve as independent director must be able to perform duties to preserve the best interests of all shareholders in equitable manner without conflict of interests and be available in Board meetings to give independent and unbiased opinions and judgments.

An independent director must meet the following criteria:

- 1) Holds no more than 0.05% of total voting stocks of TUF including stocks held by connected persons of the independent director, as well as nominees.
- 2) Is not or has not ever been a major shareholder.
- 3) Is not or has not ever been board member of its parent company or an executive director, employee, staff, advisor who receives salary of a controlling person of TUF, its parent company, its subsidiaries or its associated companies.
- 4) Is not any professional advisor.
- 5) Has not or has not had a business relationship with the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflict of interests, in the manner that may interfere with his independent judgment.
- 6) Does not represent the Company's or its major shareholder's board members or a shareholder who is related to the Company's major shareholders.

The afore-mentioned definition of independent director is based on the Company's Corporate Governance Policy established by the Board. Moreover, the Company's criteria are stricter than "the criteria" required by the Stock Exchange of Thailand and the Securities Exchange Commission in term of stock holding ratio.

Although the title Chairman of the Board and Managing Director are not combined into one position, both represent the same group of major shareholders. However, consideration of important matters requires approval from directors from all groups of shareholders. Independent directors play important roles in giving opinions, balancing and verifying the power of management.

BOARD MEETING

The Board meeting is held regularly on a quarterly basis following clearly defined and scheduled agendas mutually agreed and decided by Chairman and President. Follow-up agenda is regularly included in the meeting. Company secretary sends meeting agendas and meeting invitation to the Board members not less than 10 days in advance to allocate appropriate time for data analysis. The agendas and meeting invitation may be sent to the Board members less than 10 days in advance in the case of urgency or preservation of the Company's interests. Each meeting session lasts about 2 hours. There were totally 7 ordinary meeting sessions during the year 2013, with each director's attendance summarized below:

BOARD MEETING (TIMES)

DIRECTORS	Times of Attendance/ Total Sessions Held	Prior Notice via Electronics Media
1. Mr. Kraisorn Chansiri	7/7	-
2. Mr. Cheng Niruttinanon	6/7	1/7
3. Mr. Chuan Tangchansiri	7/7	-
4. Mr. Thiraphong Chansiri	6/7	1/7
5. Mr. Rittirong Boonmechote	6/7	1/7
6. Mr. Yasuo Goto	1/7	6/7
7. Mr. Takeshi Inoue	1/7	6/7
8. Mr. Ravinder Singh Grewal Sarbjit S	5/7	2/7
9. Mr. Chan Tin King	5/5	-
10. Mr. Chan Shue Chung	4/7	3/7
11. Mr. Sakdi Kiewkarnkha*	7/7	-
12. Pol.Maj.Gen. Pracha Anucrokdilok*	7/7	-
13. Mr. Kiti Pilunthanadiloke*	5/7	2/7
14. Dr. Thamnoon Ananthothai*	7/7	-
15. Mr. Kirati Assakul*	5/7	2/7

* Independent Director

Unit: Time

Remarks:

- Mr. Yasuo Goto and Mr. Takehiko Kakiuchi are directors, who reside outside the Kingdom of Thailand.
- Mr. Chan Tin King and Mr. Yasuo Goto resigned from the Board on August and December 2013, respectively.
- The company secretary is assigned to oversee and facilitate the Board meeting including documenting the meeting resolutions and filing in a complete, correct and verifiable manner.

SUBCOMMITTEE

The Board has appointed committees to assist in governing the Company.

1) Audit Committee

The Audit Committee has 3 years of tenure and is composed of 3 independent directors professionally competent in financial and accounting, organizational management and law disciplines. All independent directors neither hold any managerial positions, nor perform employee or consulting roles for the Company. TUF Audit Committee composition is as set forth below:

- | | |
|-------------------------------------|-----------------------------|
| 1. Mr. Sakdi Kiewkarnkha | Chairman of Audit Committee |
| 2. Pol.Maj.Gen. Pracha Anucrokdilok | Audit Committee |
| 3. Mr. Kiti Pilunthanadiloke | Audit Committee |

The Audit Committee met regularly in 18 meeting sessions during the year 2013 to implement assigned tasks and report performance results directly to the Board. The details of those implemented tasks are described under "Report of Audit Committee" heading on page 104 of this annual report.

2) Nomination and Remuneration Committee

The Nomination and Remuneration Committee includes a Chairman and one other members. Majority members must be independent directors possessing qualifications required by the Securities and Exchange Commission and the Stock Exchange of Thailand, and must have the appropriate level and scope of experience and expertise. During 2013, the committee held one meeting. TUF Nomination and Remuneration Committee composition is as set forth below:

- | | |
|-----------------------------|---|
| 1. Dr. Thamnoon Ananthothai | Chairman of Nomination and Remuneration Committee |
| 2. Mr. Sakdi Kiewkarnkha | Member of Nomination and Remuneration Committee |

3) Risk Management Committee

The Risk management Committee includes a Chairman and three other members. Majority members must be independent directors possessing qualifications required by the Securities and Exchange Commission and the Stock Exchange of Thailand, and must have the appropriate level and scope of experience and expertise. During 2013, the committee held four meeting. TUF Risk Management Committee composition is as set forth below:

1. Dr. Thamnoon Ananthothai	Chairman of Risk Management Committee
2. Mr. Sakdi Kiewkarnkha	Member of Risk Management Committee
3. Pol.Maj.Gen Pracha Anucrokdilok	Member of Risk Management Committee
4. Mr. Thiraphong Chansiri	Member of Risk Management Committee

CONTROLLING SYSTEM, INTERNAL AUDIT AND RISK MANAGEMENT

Controlling System and Internal Audit: The Company has its own Internal Audit Unit to regularly oversee internal controls system, to inspect significant items and to ensure the effectiveness of controlling system for greater credibility of financial statements. A committee has also been set up to be in charge of reviewing the efficiency of the internal controls, in which operations, compliance controls, risk management and extraordinary items are incorporated. The past internal audit reports indicated that the Company's operations have been in line with the planned systems, possessed efficient internal controls, risk assessment, risk management and prevention measures, compliance control and shown no significant non-compliance in its operations.

Risk Management: The Risk Management Committee assigns the management team to regularly identify internal and external risk factors as well as to conduct assessment of their impacts on the Company's business. Risk management team is diversely composed of management members and top executives who are directly responsible for the work areas where risk factors are identified. The risk management team analyzes target risk factors in order to determine root causes and create countermeasures. The countermeasures are turned into practical guidance to either prevent or minimize potential impacts of those risks. In addition, the risk management team also follows up and ensures that taken corrective and preventive actions are in line with its directed countermeasures and reports the performance of countermeasure implementation to Audit Committee for subsequent address in Board meeting.

CONFLICT OF INTERESTS AND USE OF INTERNAL INFORMATION

The Board determines handling procedures and monitoring measures against potential conflict of interests and connected transactions. Much efforts and prudential considerations are independently taken in order to identify the appropriateness of target items under the scope of the Company's Corporate Governance Policy and for the best interests of the Company. Those items with nature of potential conflict of interests and connected transactions are treated in the same manner as transactions made to outsiders. Quarterly summary report of those items and transactions is prepared and regularly publicized at year-end in the Company's annual report and Form 56-1. Furthermore, the Company requires that the Board and management members report to the Company their vested interests in the Company's and its subsidiaries' operations and management, or those of their connected persons. This requirement is aimed to furnish necessary information to the Company and to enable the Company to comply with its own connected transaction handling procedures, which are established to prevent such items with potential conflict of interests from possible siphoning of corporate funds and interests from the Company and its subsidiaries.

The Company imposes preventive measures to guard against the use of internal information for personal gains among the Board and management members by communicating their mandatory duties to report any changes made to the securities ownership of their own, those of their spouses and children below lawful age to the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 on immediate basis and not later than 3 business days following the date of purchase, sell, transfer or receipt of such securities. The Board or management members or sections with access to, or acknowledgement of, internal information are not allowed to leak the information to the outsiders or other unauthorized persons. In addition, no securities trading by those management is allowed within the period of one month prior to the disclosure of financial statements or any other material information to the public in order to prevent illegal use of internal information undisclosed to the public, which can affect the trading of the Company's share on the Stock Exchange of Thailand.

APPOINTMENT OF DIRECTORS

Board of Directors shall appoint a director, whose qualifications are deemed appropriate and qualified pursuant to the Public Companies Limited Act. Such appointment can be made only in the event that directorship either expires by normal office term or prematurely falls vacant in consequence of whatever causes during the office term. A substitute director appointed to fill interim vacancy shall be in the office only for the remaining tenure. One third of directors shall retire and new directors shall be elected in an annual general meeting of shareholders according to criteria and procedures set forth below:

1. Each shareholder has a right to vote in proportion to share volume owned; the principle of “one share, one vote” is applied.
2. Each shareholder is required to cast the entire vote owned in 1 for one or more candidates but can not split the vote into portions.
3. Candidates shall be entitled to directorship based on votes received. Candidate with maximum votes is first entitled to directorship and followed by the other less voted, respectively. As a rule, the number of newly appointed directors must not exceed the number of new directors intended in that election.

Shareholders, if necessary, may pass resolutions to remove any director prior to statutory expiration of office term provided (a) three fourth of majority votes of all shareholders present at a meeting is reached; and (b) the aggregate share volume owned by shareholders in (a) must be greater than half of the aggregate share volume owned by all shareholders present at the meeting. Such case shall be effective only when the qualifications of all board members and the management comply fully with Section 68 of the Public Companies Limited Act of 1992 and the SEC’s Regulation Governing the Rules, Conditions and Procedures for the Securities Offer and Permission dated 18 May 1992.

Board of Directors shall appoint any person deemed professionally recognized and qualified to act as independent director provided that the appointee is (a) not an employee or staff member receiving regular salary from the company or its subsidiaries; (b) independent of major dominant shareholders; (c) a shareholder of not more than 0.05% of the respective paid-up capital of the company; and (d) able to equally protect the interests of minority shareholders. Board of Directors shall consider and vote to appoint qualified candidate and seek further approval during meeting of shareholders.

AUTHORITY OF BOARD OF DIRECTORS AND AUDIT COMMITTEE

AUTHORITY OF BOARD OF DIRECTORS

Board of Directors is authorized to manage the company in conformity with objectives, regulations and shareholder resolutions with honesty, in good faith, and for the best interest of the company. Additionally, Board of Directors is responsible for setting corporate policy and direction as well as ensure that the management implement the policy effectively and efficiently.

Legal binding of the company requires a countersign of two directors in minimum and the seal of the company affixed. Alternatively, Board of Directors may authorize certain directors to deal with such legal binding.

Board members are required to disclose any material interest in transactions or contracts which the company enters into and increase/decrease in share/debenture ownership in the company or its subsidiaries during any fiscal year. Board of Directors is authorized to implement and direct the company's activities except for the following issues, which require prior shareholder approval.

- (1) Any issue that requires shareholder approval, pursuant to the law;
- (2) Altering the company's par value or registered capital;
- (3) Increase in the company's Board members.
- (4) Any deed that yields Board of Directors' gain or loss or any deed that is obliged, by SET regulations, to have shareholder's approval.

AUTHORITY OF EXECUTIVE DIRECTORS

- (1) Implement the company's policy, which obliges to laws, conditions, regulations, and rules of the Company, except for those issues subjected to the consent of shareholders.
- (2) Set, propose and devise business policy and strategy to Board of Directors.
- (3) Set business plan, business management authority, annual budget estimation, and budget allocation propose all these to Board of Directors for review and approval, as well as follow business plan and strategy in accordance with the corporate policy and business guidelines to committed to Board of Directors.
- (4) Handle general business administration, set up organization and management structures to cover all aspects of personnel recruitment, training, employment, and employment termination.
- (5) Approve credit facility requests made to financial institution, including giving collateral or making any payment for normal business transactions, e.g. payment made for branch expansion investment or any regular business operations. The approval of the said credit facility must involve not over Bt200 million or equivalent in value, or the value as approved by Board of Directors. However, the credit facility value allowed for approval may be subject to change as deemed appropriate depending on the consideration of Board of Directors.
- (6) Appoint or dismiss any employee holding position lower than managing director.
- (7) Perform other duties as assigned by Board of Directors.

In addition, the above-mentioned approval authorities must not be in nature of any business transactions that allow executive directors, or their authorized persons, to grant further approval for transactions having their conflicts of interest, vest interest, or any other forms of conflicts of interest (according to the company's articles of association and pursuant to the Notifications of the Office of the Stock Exchange Commission and the Stock Exchange of Thailand) with the company or its subsidiaries. except that the said approval is given for business transactions in accordance with corporate policy and criteria approved by Board of Directors, provided that executive directors with vested interest in such issue are not eligible for voting right. Board of Directors is authorized to make change to the authority of executive directors as deemed necessary or appropriate.

The following policies are under the consideration of managing director or Board of Directors:

1. FINANCIAL POLICY

• Annual budget;	approved by Board of Directors
• Investment in other companies;	approved by Board of Directors
• Loan application;	approved by Executive Directors
• Property lease agreement;	approved by President

2. BUSINESS AND MARKETING POLICY;

approved by Managing Director

3. MANAGEMENT POLICY

• Organizational restructuring;	approved by Executive Directors
• Management realignment;	approved by Managing Director
• Changes in work regulations or fringe benefits;	approved by Managing Director

4. EMPLOYEE POLICY

• Salary/bonus increment;	approved by Executive Directors
• Recruitment, performance evaluation, punishment or resignation of the management;	approved by Managing Director

5. BUDGETED PURCHASE OF FIXED ASSETS;

approved by Managing Director

6. UNBUDGETED PURCHASE OF FIXED ASSETS;

approved by Board of Directors

In the case where Board of Directors authorizes another person to perform duties on behalf of Board of Directors regarding ordinary business conduct, such authorization is made following the resolution passed in Board of Directors' meeting with clearly defined scope, authority and responsibility. Such authorization does not give authority to the said authorized person to approve issues that the said authorized person, or other persons may have vested interest or conflicts of interest in other forms with the company or its subsidiaries.

AUTHORITY OF AUDIT COMMITTEE

The company requires that Audit Committee consist in minimum of 3 independent members with assigned duties in accordance with those stipulated in the Office of the Stock Exchange Commission's and the Stock Exchange of Thailand's regulations. Audit Committee is sufficiently equipped with solid knowledge and competent experience to review the fairness of the Company's financial statements, including performing other duties in their capacity as Audit Committee, as summarized below:

- (1) Perform the followings: (a) ensure that Board's directions are fully followed; (b) maintain transparency; (c) provide Internal Audit Department with task guidelines; (d) review and approve annual internal audit plan submitted by Internal Audit Department; (e) manage potential conflicts of interest; (f) ensure full compliance with applicable requirements, laws and regulations; and (g) give opinions and assess an adequacy of internal controls and report to Board of Directors.
- (2) Review significant information in financial reports and provide guidelines for preparing such reports and relevant analysis prior to submission to Board of Directors.
- (3) Devise policy on commercial best practice with emphases on prohibitions and responsibilities applied to staff.
- (4) Coordinate with external parties, e.g. independent auditor, the Office of the Stock Exchange Commission, the Stock Exchange of Thailand, for opinions on the company's internal controls and review of relevant regulations.

SHAREHOLDING STRUCTURE AND MANAGEMENT

SHAREHOLDER

SHARES

%

1. CHANSIRI GROUP	266,032,717	23.18
2. MITSUBISHI CORPORATION	86,758,201	7.56
3. NIRUTTINANON GROUP	85,927,218	7.49
4. THAI NVDR CO., LTD.	79,503,905	6.93
5. STATE STREET BANK EUROPE LIMITED	54,358,201	4.74
6. THE BANK OF NEW YORK MELLON-CGT TAXABLE	38,992,600	3.40
7. SOCIAL SECURITY OFFICE (2 CASES)	38,078,462	3.32
8. MORGAN STANLEY & CO. INTERNATIONAL PCL.	27,176,441	2.37
9. NORTRUST NOMINEES LTD.	19,922,566	1.74
10. BOONMECHOTE GROUP	18,560,745	1.62

Remark: On the closing date of register book (28 August 2013) and based on total number of shares of 1,147,593,829 at the par value of Bt1 with regard to Thai NVDR Co., Ltd., as shareholders will not be eligible for exercising their right to vote in shareholder meeting 6.93% of total votes will be excluded.

SHAREHOLDING STRUCTURE

TYPES

% HOLDING

JURISTIC PERSONS

30 December 2013

30 December 2012

THAI	33.16	32.78
FOREIGN	38.52	38.03
TOTAL	71.68	70.81

PRIVATE INDIVIDUALS

THAI	28.31	29.11
FOREIGN	0.01	0.08
TOTAL	28.32	29.19
GRAND TOTAL	100.00	100.00

CHANGE IN SHAREHOLDINGS OF THE BOARD OF DIRECTOR

BOARD OF DIRECTORS

As of 1 January 2013

As of 31 December 2013

1. MR. KRAISORN CHANSIRI	117,783,680	117,783,680
2. MR. CHENG NIRUTTINANON	70,595,934	70,555,934
3. MR. CHUAN TANGCHANSIRI	9,967,000	9,867,000
4. MR. THIRAPHONG CHANSIRI	114,711,943	114,711,943
5. MR. RITTIRONG BOONMECHOTE	15,860,745	15,860,745
6. MR. YASUO GOTO	-	-
7. MR. KAKIUCHI TAKECHIKO	-	-
8. MR. CHAN TIN KING	3,273,818	3,173,818
9. MR. CHAN SHUE CHUNG	17,463,331	10,300,000
10. MR. RAVINDER SINGH GREWAL SARBJIT S	-	-
11. MR. SAKDI KIEWKARNKHA	-	-
12. POL.MAJ.GEN. PRACHA ANUCROKDILOK	7,572	7,572
13. MR. KITI PILUNTHANADILOKE	-	-
14. DR. THAMNOON ANANTHOTHAI	-	-
15. MR. KIRATI ASSAKUL	13,312	13,312
TOTAL	349,677,335	342,274,004

Remark: Shareholders of TUF that included spouse and children pursuant to section 258 of the Securities and Exchange

REMUNERATION FOR DIRECTORS AND MANAGEMENT

REMUNERATION 2013 (BAHT)

BOARD OF DIRECTORS	Meeting Allowance	Retainer Allowance	Audit Committee Allowance	Sub Committee Allowance	Total Allowance
1. MR. KRAISORN CHANSIRI	190,000	540,000			730,000
2. MR. CHENG NIRUTTINANON	90,000	270,000			360,000
3. MR. CHUAN TANGCHANSIRI	105,000	270,000			375,000
4. MR. THIRAPHONG CHANSIRI	90,000	270,000		80,000	440,000
5. MR. RITTIRONG BOONMECHOTE	90,000	270,000			360,000
6. MR. YASUO GOTO **	15,000	270,000			285,000
7. MR. KAKIUCHI TAKECHIKO	15,000	270,000			285,000
8. MR. CHAN TIN KING **	75,000	170,000			245,000
9. MR. CHAN SHUE CHUNG	60,000	270,000			330,000
10. MR. RAVINDER SINGH GREWAL SARBJIT S	75,000	270,000			345,000
11. MR. SAKDI KIEWKARNKHA	105,000	285,000	585,000	240,000	1,215,000
12. POL.MAJ.GEN. PRACHA ANUCROKDILOK	105,000	285,000	285,000	120,000	795,000
13. MR. KITI PILUNTHANADILOKE	75,000	285,000	285,000		645,000
14. DR. THAMNOON ANANTHOTHAI	105,000	285,000		480,000	870,000
15. MR. KIRATI ASSAKUL	75,000	285,000			360,000

Remark: **Mr. Chan Tin King and Mr. Yasuo Goto resigned as Board of Director on 31 August 2013 and 16 December 2013 respectively

REMUNERATION 2013 (BATH)	Salary & Bonus and Provident Fund
11 MEMBERS OF THE MANAGEMENT TEAM	THB 67.86 Million

OTHER FORMS OF REMUNERATION: NONE

CONNECTED

TRANSACTIONS OF LISTED COMPANY

CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TUF	NO. OF SHARES OWNED IN CONNECTED COMPANY	
1. Thai Union Feedmill Co., Ltd. (holding 51.0%)	Mr. Rittirong Boonmechote	Director	5,974,975	11.9%
	Mr. Prasert Boonmechote	Relative of	2,500,000	5.0%
	(Mr. Rittirong's father)	Director		
	Mr. Wattana Boonmechote	Relative of	1,750,000	3.5%
	(Mr. Rittirong's brother)	Director		
	Ms. Rungtiwa Boonmechote	Relative of	1,750,000	3.5%
	(Mr. Rittirong's sister)	Director		
2. Thai Union Seafood Co., Ltd. (holding 51.0%)	Mr. Rittirong Boonmechote	Director	3,974,850	13.2%
	Mr. Prasert Boonmechote	Relative of	3,000,000	10.0%
	(Mr. Rittirong's father)	Director		
	Mr. Wattana Boonmechote	Relative of	900,000	3.0%
	(Mr. Rittirong's brother)	Director		
	Ms. Rungtiwa Boonmechote	Relative of	900,000	3.0%
	(Mr. Rittirong's sister)	Director		

CONNECTED TRANSACTION SUMMARY

The company has transactions with individuals / parties who might have conflict of interests based on the shareholding structure of the company, or as a result of the materiality and significance of such transactions. Nevertheless, those transactions do not cause any conflict of interests with the minority shareholders of the company.

With regards to business transactions with the parties that might have conflict of interests, the company has provided the details of such transactions in the Note (Item 9) for reference.

Further details related to those transactions, excluding those already provided in the Notes to the Financial Statements, are as follows

POLICY OF PRICE

CONNECTED TRANSACTIONS FOR YEAR 2013

Market Price	Commercial Transactions:
	<ul style="list-style-type: none"> • Purchase of raw materials from TUF at the total amount of Bt17,830,202. • Purchase of raw materials (Scrap) from TUS at the total amount of Bt8,767,540. • Purchase of finished goods from THD at the total amount of Bt346,826. • Purchase of uniform from TUM at the total amount of Bt12,118. • Sale of sample goods to TUM at the total amount of Bt100,694.
	Supporting Commercial Transactions:
	<ul style="list-style-type: none"> • Payment for marketing service and lab service charge to TUF at the total amount of Bt780,000. • Receive the water for construction of plant from TUF at the total amount of Bt14,549.

Market Price	Commercial Transactions:
	<ul style="list-style-type: none"> • Purchase of raw materials from TMK at the total amount of Bt49,988,624. • Purchase of raw materials from TCM at the total amount of Bt30,799,508. • Purchase of raw materials from TUF at the total amount of Bt21,727,389. • Purchase of packages from TUG at the total amount of Bt640,817. • Purchase of packages from OKF at the total amount of Bt78,495. • Purchase of uniform from TUM at the total amount of Bt6,365. • Sale of finished goods to COSF at the total amount of Bt2,135,927,375. • Sale of raw materials and finished goods to TUF at the total amount of Bt107,130,508. • Sale of finished goods to OKF at the total amount of Bt21,809,942. • Sale of raw materials to TFM at the total amount of Bt8,767,539. • Sale of raw materials to TUH at the total amount of Bt26,225. • Sale of sample goods to SC at the total amount of Bt760.
	Supporting Commercial Transactions:
	<ul style="list-style-type: none"> • Payment for marketing service charge to TUF at the total amount of Bt10,535,745. • Payment for marketing service charge to TUM at the total amount of Bt6,348,000. • Payment for transportation charge to COSF at the total amount of Bt865,739. • Payment for claim and transportation charge to TUF at the total amount of Bt99,259.

POLICY OF PRICE

CONNECTED TRANSACTIONS FOR YEAR 2013

Market Price	Commercial Transactions:
	<ul style="list-style-type: none"> • Purchase of raw materials from TUF at the total amount of Bt636,173. • Purchase of finished goods from THD at the total amount of Bt192,192. • Purchase of finished goods from PPC at the total amount of Bt162,247. • Payment for printing package from TUG at the total amount of Bt75,405. • Sale of raw materials to TUM at the total amount of Bt10,354,616. • Sale of finished goods to TUF at the total amount of Bt1,457,847. • Sale of finished goods to SC at the total amount of Bt1,007,840. • Sale of finished goods to PPC at the total amount of Bt33,300.

Compare to neighbor areas	Short-term Rent of Immovable Property Transactions:
	TUF, TUM and SC paid the rent and service charge for its Bangkok office at the total amount of Bt25,074,126. With their needs to run Bangkok office to facilitate business transactions, the three companies entered into rental contract with the Chansiri Real Estate Co., Ltd., a real estate developer. The contracted rental charge is Bt270/square metre/month and the service charge is between Bt180/square metre/month depending on level of the rented area. The rental and service charge is consistent with general market price in the industry and apply only for rented area, excluding other utility charge. The rental agreement is effective for 3 years. The contract will expire in December 2016.

	Commercial Transactions: -None-
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Market Price	Commercial Transactions:
	<ul style="list-style-type: none"> • Purchase of raw materials from SC at the total amount of Bt94,032,341. • Sale of raw materials to TFM at the total amount of Bt35,449,152.

Market Price	Commercial Transactions:
	<ul style="list-style-type: none"> • Purchase of raw materials from TUM at the total amount of Bt297,563,058. • Purchase of raw materials from TUF at the total amount of Bt257,964,037. • Payment for printing sticker from TUG at the total amount of Bt3,400. • Sale of raw materials to TFM at the total amount of Bt175,133,484. • Sale of raw materials to TUM at the total amount of Bt208,238.
	Asset or Service Transactions:
	<ul style="list-style-type: none"> • Payment for Sola oil and moving fish cooking tank charge to TUF at the total amount of Bt427,081.

POLICY OF PRICE

CONNECTED TRANSACTIONS FOR YEAR 2013

Compare to neighbor areas	Short-term of Immovable Property Transaction: TUF paid the rent, service charge and utility charge at the total amount of Bt6,006,300 for office and plant area including machinery, equipment and contracted service of Lucky Surimi Products Co., Ltd., as a solution for the Company's inadequate processing area for extension of its value added production line (pie and ready-to-eat food). The contracted rental charge is Bt549,070 per month (the said amount is only for the rent and service charge, excluding expenses on utilities,) and utilities service charge at the total amount of Bt25,961,218. The rental agreement is effective for 3 years. The contract will expire in December 2014.
Market Price	Commercial Transactions: <ul style="list-style-type: none"> Purchase of finished goods from TUF at the total amount of Bt1,460. Sale of raw materials to TUF at the total amount of Bt1,367,828.
Market Price	Commercial Transactions: <ul style="list-style-type: none"> Purchase of finished goods from TUF at the total amount of Bt8,032. Sale of raw materials to TUF at the total amount of Bt843,979,702.
Market Price	Commercial Transactions: <ul style="list-style-type: none"> Purchase of finished goods from THD at the total amount of Bt524,417.
Market Price	Supporting Commercial Transactions: <ul style="list-style-type: none"> Receive for Haulage charge from TUM at the total amount of Bt35,632,593. Receive for Haulage charge from TUF at the total amount of Bt4,291,678. Receive for Haulage charge from APC at the total amount of Bt4,013,550. Receive for Haulage charge from SC at the total amount of Bt96,204. <p>Under the 2011 AGM resolution passed on April 25, 2011 of the expenses for transaction per year not exceeding Bt100 million.</p>
Market Price	Commercial Transactions: <ul style="list-style-type: none"> Sale of finished goods to COSI at the total amount of Bt33,923,220.

CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TUF	NO. OF SHARES OWNED IN CONNECTED COMPANY	
14. Thaipatana Stainless Steel Co., Ltd.	Mr. Cheng Niruttinanon	Director	20,000	40.0%
	Mr. Chuan Tangchansiri	Director	5,000	10.0%
15. Yueh Chyang Canned Food Co., Ltd. (holding 51.0%)	Mr. Cheng Niruttinanon	Director	120,181USD*	6.2%
16. Biz Dimension Co., Ltd. (holding 20.0%)	Mr. Kraisorn Chansiri	Director	475,000	9.5%
	Mr. Chan Tin King	Director	124,999	2.5%
	Mr. Thiraphong Chansiri	Director	8,333	0.2%
17. TN Fine Chemicals Co., Ltd. (holding 48.97%)	Mr. Thiraphong Chansiri	Director	1	0%

POLICY OF PRICE

CONNECTED TRANSACTIONS FOR YEAR 2013

Market Price	Asset or Service Transactions:
	<ul style="list-style-type: none"> • Receive for production tools from TUM at the total amount of Bt73,394,219. • Receive for repair equipments from TUM at the total amount of Bt25,840,072. • Receive for production tools from TUF at the total amount of Bt10,248,932. • Receive for repair equipments from TUF at the total amount of Bt1,511,540. • Receive for production equipments to SC at the total amount of Bt689,000. • Receive for production equipments to APC at the total amount of Bt310,280. • Receive for repair equipments from SC at the total amount of Bt63,000.
	Under the 2011 AGM resolution passed on April 25, 2011 of the expenses for transaction per year not exceeding Bt150 million.

Market Price	Commercial Transactions:
	<ul style="list-style-type: none"> • Purchase of finished goods from COSI at the total amount of Bt10,913. • Sale of finished goods to COSI at the total amount of Bt917,024,474. • Sale of finished goods to TUM at the total amount of Bt392,035,907. • Sale of finished goods to COSF at the total amount of Bt44,238,898.
	Supporting commercial transactions:
	Receive the consultant charge for Vietnamese market from TUF at the total amount of Bt949,092.

Market Price	Supporting commercial transactions:
	<ul style="list-style-type: none"> • Receive the professional service charge for “fisho.com” web content update and web-based activities from THD at the total amount of Bt149,338. • Receive the professional service charge for e-Procurement and e-Auction consulting service from TUF at the total amount of Bt360,000. • Receive the professional service charge for e-Procurement and e-Auction consulting service from TUM at the total amount of Bt340,000. • Receive the professional service charge for e-Procurement and e-Auction consulting service from PPC at the total amount of Bt100,500.
	Asset or Service Transactions:
	<ul style="list-style-type: none"> • Purchase of used van from TUF at the total amount of Bt841,122.

Market Price	Commercial Transactions:
	<ul style="list-style-type: none"> • Purchase of finished goods from TUM at the total amount of Bt17,763,679. • Purchase of finished goods from TUF at the total amount of Bt6,231,650.
	Supporting commercial transactions:
	<ul style="list-style-type: none"> • Payment for utilities service charge to TUM at the total amount of Bt17,844,530. • Payment for lab service charge to TUF at the total amount of Bt77,200.

CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TUF	NO. OF SHARES OWNED IN CONNECTED COMPANY	
18. Thai Union Properties Co., Ltd.	Mr. Kraisorn Chansiri	Director	16,300	54.3%
	Ms. Bussakorn Chansiri	Relative of	7,700	25.7%
	(Mr. Kraisorn's wife)	Director		
	Mr. Thiraphong Chansiri	Director	2,400	8.0%
	Mr. Dejphon Chansiri	Relative of	1,800	6.0%
	(Mr. Kraisorn's son)	Director		
	Mr. Disaphol Chansiri	Relative of	1,800	6.0%
	(Mr. Kraisorn's son)	Director		
	Mr. Chuan Tangchansiri	Director	-	-
19. Geminai Water Craft Co., Ltd.	Mr. Dejphon Chansiri	Relative of	400,000	80%
	(Mr. Kraisorn's son)	Director		
20. Minor International PCL.	Mr. Thiraphong Chansiri	Director	-	-
21. Phil-Union Frozen Foods, INC.	Mr. Cheng Niruttinanon	Director	149,996	100.0%
22. Factory Storage Service Co., Ltd.	Mr. Nakorn Niruttinanon	Relative of	300,000	60.0%
	(Mr. Cheng's son)	Director		

Remarks:

- Commercial transaction refers to purchase or sale of raw materials in the normal course of business and under general trading conditions under the Board of Directors' Meeting No. 5/2008 resolution passed on August 20, 2008.
- For item 4, 8, 13 and 17-20 Mr. Kraisorn Chansiri, Mr. Cheng Niruttinanon, Mr. Chuan Tangchansiri, Mr. Thiraphong Chansiri and Mr. Chan Tin King are TUF directors with share ownership in the connected company less than 10% of its registered capital but also hold director titles in the said connected company.
- For items 15, Yueh Chyang Canned Food Co., Ltd. located in Vietnam with investment value that no number of shares.

POLICY OF PRICE

CONNECTED TRANSACTIONS FOR YEAR 2013

Compare to neighbor areas	Commercial Transactions: -None-

Market Price	Commercial Transactions: -None-

Market Price	Commercial Transactions: -None-

Market Price	Commercial Transactions:
	<ul style="list-style-type: none"> Sale of finished goods to COSF at the total amount of Bt744,241,395.

Compare to neighbor areas	Short-term of Immovable Property Transaction:
	TUM paid the rent, service charge and utility charge at the total amount of Bt9,614,865 for office and plant area of Factory Storage Service Co., Ltd., as a solution for the Company's inadequate processing area for line packaging and label. The contracted rental charge is Bt696,345 per month for 10,713 square metre (the said amount is only for the rent and service charge, excluding expenses on utilities.) and utilities service charge at the total amount of Bt6,970,349. The rental agreement is effective for 3 years. The contract will expire in July 2016.

In addition, the Company and subsidiaries have entered into property insurance policy, with Asia-Pacific Risk Consultants (Thailand) Co., Ltd. and Asia-Pacific insurance Brokers Co., Ltd. as insurer. The transaction is connected, as Mr. Chuan Tangchansiri, TUF Director, also has director title in the insurer., TUF and subsidiaries paid approximately Bt122.49 million Asia-Pacific Risk Consultants (Thailand) Co., Ltd. and Asia-Pacific insurance Brokers Co., Ltd.. The insurer is entitled to commission only partially from total amount of the paid premium.

REPORT OF AUDIT COMMITTEE

TO THE BOARD OF DIRECTORS AND SHARE HOLDERS

The Thai Frozen Union Products Public Company Limited Audit Committee is comprised of three independent directors who are experts in finance, accounting, organization management, law, internal control and risk management. Each member of the Audit Committee meets the criteria stipulated by the Stock Exchange Commission and the Stock Exchange of Thailand. None of them hold any managerial position, are employed nor perform consulting roles for the company.

In 2013, the Audit Committee convened 18 times as follows.

1. MR. SAKDI KIEWKARNKHA,

- | | |
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| • Independent Director and Audit Committee Chairman, | attended 18 meetings. |
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2. POL. MAJ. GEN. PRACHA ANUCROHDILOK,

- | | |
|--|-----------------------|
| • Independent Director and Audit Committee Member, | attended 18 meetings. |
|--|-----------------------|

3. MR. KITI PILUNTHANADILOKE,

- | | |
|--|-----------------------|
| • Independent Director and Audit Committee Member, | attended 17 meetings. |
|--|-----------------------|

The Audit Committee, appointed by the company board of directors, performed audit duties in compliance with the Internal Audit Charter. The Audit Committee hereby summarizes the tasks performed in 2013 as follow:

1. Examination of the annual and quarterly financial statements for the year 2012, and the first three quarters of 2013 that of the company and of its subsidiary. Meetings were held with auditors and the company management to make certain that financial statements have been accurately prepared, in compliance with accounting standards, contain adequately disclosed, complete and reliable information. Observations and recommendations of the account auditor were well received and appropriately applied to company operations. The Audit Committee had met with the accounting auditor once and it was stated that accounting auditor was given freedom to work and received good cooperation from the company executives. The company accounting manager also confirmed that the company accounting system is efficient, completely cover all accounting data and comply with current accounting standard. The Audit Committee finds, after verification with the management and the auditor that the financial statements of this company and its subsidiaries complies with applicable accounting standards, adequately disclose information, complete and reliable.
2. The Audit Committee examined and evaluated the internal control system of the company and its subsidiaries by regularly perusing the work plan and internal control reports. The Audit Committee found no significant flaws and found that internal control system of the company and its subsidiaries have effective mechanisms for fraud prevention and fraud monitoring. Also, the auditor reported similarly that the internal control system for finance is sufficiently effective. The Audit Committee concluded that the internal control system of the company and its subsidiaries is sufficient and appropriate. To support in development of company risk management, the Committee was informed that the company is to commission a consultancy with expertise in corporate risk management with the Administration Manager as coordinator. The Committee found that this matter is pending.

3. The Audit Committee was confirmed by the company management that throughout 2013 the company and its management operated in conformity with all application laws and regulations. They also confirmed that the company had disclosed all information required by the Stock Exchange Commission and the Stock Exchange of Thailand. The Audit Committee found that this claim to be true that the company had operated and disclosed information as per legal requirements.
4. The Audit Committee conducted inspection of the company and eight of its subsidiaries. With each company, the Audit Committee convened with the management, reviewed their operations, internal control system, risk management system, environmental management system, financial statements, financial auditors and internal auditors. The Committee also observed production facilities, inventory management and overall situations.
5. The Audit Committee was able to conduct their duties according to the Internal Audit Charter without any restrictions of access to information. The Committee has reviewed the operational performances and concluded that the company operation is good. The committee was also involved in appraising general manager in charge of audit who was responsible for internal control operations of the company and its subsidiaries.
6. The Audit Committee considered and appraised the performance of the independent auditors and found that they had performed their professional roles with independence, knowledge, ability and experience and had full unconditional access to all data required. The independent auditors made inquiries to the Company's executives and directors to provide observations and suggestions in the aspect of the accounting systems, the internal control measures and risk management to the Company and its subsidiaries as they deemed necessary and appropriate. Seeing that their professional performance, according to the performance appraisal conducted, was satisfactory and proved beneficial to shareholders' and the Company's interests, the Audit Committee therefore proposed that one of the following from Ernst & Young Office Limited should be re-appointed to act in the same capacity for the year 2014 and that consultancy fees be discussed: Mr. Sophon Permsirivallop, Ms. Rungnapa Lertsuwankul, Ms. Pimjai Manitkajohnkit or Ms. Rossaporn Phanphongsanon.



MR. SAKDI KIEWKARNKHA
Audit Committee Chairman



POL. MAJ. GEN. PRACHA ANUCROHDILOK
Audit Committee Member



MR. KITI PILUNTHANADILOKE
Audit Committee Member

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

OVERVIEW

There is no better description to phrase the year of 2013 than a “Perfect Storm” for TUF. A balanced portfolio of product lines has always been the hallmark behind our consistent profitability over the years. Nevertheless, concurrent negative factors from all fronts (tuna, shrimp, pet food and sardine & mackerel) did make a significant dent into our profitability during the year with net profit down by as much as 39% from the previous year.

On the bright side, sales continued to set new records on the annual and quarterly bases, thanks to generally higher selling prices. Sales value rose by 5.7% YoY to THB 112,813 million or grew by 6.4% YoY in USD term to USD 3,663 million. The actual sales volumes however dropped from the previous year in most product categories. Performance of our Thailand-based export-oriented contract manufacturing (OEM) business was the hardest hit as opposed to our overseas-based consumer brand and commodity trading business which generally fared better thanks to their respective market leading positions and local competitive environments.

Tuna remained the largest category. However, the firm’s sales growth was mainly driven by shrimp and related business products (frozen shrimp and shrimp feed) and pet food products while sardine and mackerel products showed declines. In addition, selling prices were generally higher, up 14% YoY, across all product categories. Frozen shrimp and pet food products enjoyed sales growth in volumes and prices. As a result, the proportion of these items out of the total consolidated sales increased, pushing the contribution by tuna products down slightly to 47%, compared with a typical level of 49%-50%. One key factor was the higher shrimp selling price as a result of significant price adjustments due to global shrimp shortage caused by Early Mortality Syndrome (EMS) epidemic. Our shrimp selling prices were up by 21% on average through the year.

The sales volume growth of key product categories was mixed. Significantly lower volumes of aquatic feed (down 33% YoY) and sardine and mackerel (down 17% YoY) were seen, but frozen shrimp volume increased by 7% YoY and pet food by 15% YoY while tuna products slightly lower by 3%. The consolidation of Pakfood (PPC) into TUF’s books since March 2013 and the strong performance of our US frozen seafood unit together drove the shrimp sales growth. Also, increase in pet food sales were partly helped by the improved sales at our US pet food business in the second half of the year. On tuna, the rollercoaster-like raw material prices through the year impacted private label buyers’ behaviors, delaying their purchases for almost three quarters, before they placed more orders again in the last quarter of the year.

The following are the key factors that negatively impacted our performance of the year:

1) VOLATILE TUNA RAW MATERIAL PRICES THROUGH THE YEAR

The skipjack tuna raw material price climbed and re-visited the historic high at USD 2,350 per metric ton (set in September 2012) in 1Q13, but began its persistent decline since May until early 4Q13. Then, the price dived deep and fast during the last quarter and the momentum continued through early 2014. In other words, the tuna price fell all the way to USD 1,400 per metric ton at the year end from its peak in April. This volatile and extreme price pattern undoubtedly hurt customers' confidence, delaying their purchases. When this development disrupted the flow of our orders, it also dampened our ability (particularly the OEM business) to adjust prices timely enough to pass on the fast changing costs. In conclusion, sales were slow and margins were squeezed, as demonstrated in our financial results. A better situation only started to develop in late 4Q13 when the price became so attractive (low) that sparked buyers' interests and their willingness to stock up again. As the business activities apparently started to revive again in late 2013, we do hope a low cost to buyers as well as end users could mean a sustainable recovery of tuna consumption and the industry itself, particularly the OEM business, in 2014.

2) SHRIMP RAW MATERIAL PRICES SETTING NEW HIGHS AMID EMS-DRIVEN SHORTAGE IN THAILAND

2013 turned out to be the worst year for shrimp output in Thailand for more than a decade. The EMS outbreak, that also affected China, Vietnam and Malaysia so far, got more severe than expected, hitting shrimp farmers and processors, including our Thailand-based OEM business, the hardest as the country's farm shrimp output fell by half from the typical level to only 250,000 - 260,000 tons. Meanwhile, the local shrimp raw material price more than doubled from its normal level. The historic high price and short supply caused almost the whole processing sectors into deep losses. The impact was particularly severe during the first half of the year when our local processing units also incurred operating losses.

Despite the supply situation that did not get better in the second half, when the industry was trying to figuring out what EMS is and its cure, we made some critical strategic moves to survive the business through significant price adjustments, partial sourcing of raw materials from EMS-free countries and aggressive in house cost reduction programs. These moves turned out to yield surprising results, allowing us to recover most of the earlier losses in the second half of the year. However, the overall margins, though profitable, for the year were still very slim, compared with a year ago. The outlook of the shrimp supply in the near term is still unclear as the EMS continues to exist in Thailand without an effective cure, though the general industry expectation is an improved output from last year.

3) CONTINUAL OPERATING LOSSES AT OUR US PET FOOD SUBSIDIARY

Our US-based pet food subsidiary continued to incur losses as a result of some poor execution despite after almost two years of operations. The loss was particularly large when this unit needed to report some inventory write-off and extra expenses in the last quarter as a result of a major restructuring exercise that tended to streamline its product offerings and scaled back its operations during the second half of the year. We nevertheless remain positive about the prospect of the US pet food business, particularly in the premium segment. We do look forward to an improvement in its operations soon after all the restructuring efforts in 2013.



TUNA BUSINESS

Total tuna sales were THB 53,366 million, up 4% from THB 51,127 million a year ago while volume (tonnage) decreased by 3%. Essentially, higher selling prices drove up sales value, thanks to price adjustments earlier in the year to compensate for the historic high raw material price during the first 5 months of the year. However, higher prices did impact short term consumption and delayed buyers' purchases, resulting in lower volume, particularly for our OEM business. The political instability in the Middle East also slowed our OEM sales. Surprisingly, the fast collapse of tuna raw material prices in the second half of the year due to good catching did not help the situation as OEM buyers continued to place small orders and tended to wait for the lowest possible prices. New OEM orders started to pour in in the fourth quarter, but only until raw material prices dropped more than 25% from the peak (USD 2,350 per metric ton). Our OEM tuna business suffered in terms of volume and margin throughout the year while branded sales delivered stable sales and reasonable margins in the US and Europe. Given that as much as half of our tuna sales came from OEM accounts, the overall margins of tuna business also declined.

The movement of the tuna raw material price was extraordinary throughout the year. The price surged quickly during the first four months to re-touch the historic peak of USD 2,350 per metric ton (set in September 2012). Since then, it declined continuously and the plunge accelerated in the last quarter when catching improved after certain periodic precautionary conservative fishing restrictions expired. Barely over 3 quarters, the tuna price was down almost by half, hitting below USD 1,300 per metric ton in January 2014, setting a new low for the past four years. On average, the skipjack price (WPO/Bangkok landing) during the year dropped by 8% to USD 1,956 per metric ton from USD 2,127 a year ago. The decline continued into early 2014. However, relatively lower prices did stimulate buyers' purchases and hopefully consumption at the retail level when more sales promotions become more possible. This factor may lead to more price stability in the short term.



SHRIMP AND RELATED BUSINESS (FROZEN SHRIMP AND FEED)

Total sales of shrimp and related business were THB 28,167 million, up 17% from THB 24,072 million a year ago despite the prevailing EMS outbreak in Thailand that caused our volume (tonnage) to drop by 22% mainly from lower YoY shrimp feed sales. The drivers behind shrimp sales growth were

- 1) successful price adjustment of frozen shrimp for export in the second half of the year amid supply shortage to cope with higher costs,
- 2) consolidation of PPC into TUF books since March 2013; and
- 3) encouraging performance of our US frozen seafood trading unit that enjoyed a strong global sourcing network amid shortage.

Frozen shrimp export sales dropped by half, in line with the over than 50% shrimp output decline in the country (vs. a typical Thailand annual farm output of 500,000 tons), leading to losses in the local exported-oriented OEM processing units in the first half of the year as a result of high costs and low utilization rates. However, they started to return to profitability since the third quarter thanks to a series of well-executed operations:

- 1) successful price adjustment;
- 2) partial import of raw materials to fill up capacity for certain orders; and
- 3) successful implementation of aggressive cost cutting and productivity boosting programs. The local units managed to break even for the whole year due to a strong recovery in the second half. The whole category could have performed worse than this if without the strong performance at our US frozen seafood trading unit that delivered good YoY sales growth at a reasonable margin.

In 2013, the domestic shrimp raw material price has been rising with no break, setting successive new records near the year end and into 2014. The EMS got worse through the year when more cultivation areas, even in the southern Thailand, were affected. Despite more research and investigations have been carried out by various governmental and private agencies and even farmers themselves, there is not a very clear cause and an effective cure for the disease yet. Therefore, the outlook for local shrimp supply is still uncertain. In 2013, the average price of white shrimp was THB 218 per kg (60 pieces per kg), up 60% from a year ago. But this figure was far from a realistic picture of the current situation that the price already hit above THB 270 per kg., more than doubling from its typical level in a normal year. In other words, challenges remain ahead.

FINANCING AND INVESTMENT

During 2013, we have carried out a few important investment / divestment activities as follows:

- 1) Complete divestment of our equity stake in Indonesia-based PT Jui Fa International Foods (JIF) In March 2013, our 88.78% stake of Indonesia-based JIF was officially sold to a third party for THB 79 million (at a price of THB 3,315.84 per share for the total 23,970 shares owned by TUF), resulting in a loss of THB 58 million as the selling price was below the net asset value of the firm. Therefore, the firm was no longer a TUF subsidiary since then. From our first investment till the disposal, we had received dividends from the firm, amounting to THB 164 million. JIF, essentially a tuna cannery operating in the Central Java Island of Indonesia, has been majority owned by TUF since 2006 as a strategic investment to secure a portion of tuna raw material requirement from the resource-rich country of Indonesia. However, we faced increased difficulty of recruiting eligible staff to supervise this remote operating unit in the past few years when we have also expanded our global sourcing and production network through new investments, we therefore decided to divest this investment when a third party became interested in its operations in order to allow ourselves to focus on other projects.
- 2) Successive further investments in Pakfood (PPC) up to 77.06% and eventually successful delisting in November Since our initial investments (15 million shares or 49.97% of PPC for THB 773 million) in 2012, we made successive further investments in 2013 in this leading Thai frozen shrimp, crab meat and dim-sum processor in order to gain more control, integrate the operations further and realize more synergies. We first increased our stake (9.6 million new shares) by 4.49% thru a rights offering to 54.46% in February. Then again, in March, we bought another 20.18% stake from a group of major shareholders. By then, we effectively owned 74.64% of the firm. With no need for raising funds from the equity market thru this unit and an objective to minimize the cost of listing, we decided to request for a voluntary delisting of the firm's shares from the Stock Exchange of Thailand in June, followed by a final tender offer (August 28 - October 31) to acquire all remaining shares in the market. As a result, we added another 2.42% of equity stake from the tender offer. Eventually on November 15, 2013, we successfully delisted the firm from the stock market. The total cost to acquire the 77.06% stake of the firm was THB 1,325 million over a period of about 18 months. These transactions were funded by TUF's internally generated cash flows and short term borrowings. We plan to integrate its operations further and derive more synergies from PPC in shrimp procurement and production in 2014.

FUTURE PROSPECT AND ACTION PLAN

We expect sales to maintain the firm's historical long term growth rate of close to 10% in 2014 to achieve the USD 4 billion target. With the current challenges either stabilizing or subsiding, we expect sales to restore its typical growth trend and margins to recover. Sales growth is expected to be across all product categories, leading by smaller categories, such as cephalopod, salmon, pet food and others. While tuna and shrimp sales should increase gradually, the margins of these products should partially return to their pre-2013 level. If tuna raw material prices are returning to acceptable levels with increased stability, sales and profitability of OEM canned tuna processing business should improve. The typical cost-plus pricing scheme should work again when the flow of orders is no longer disrupted. After a major streamlining of our US pet food unit in late 2013, we also expect minimal loss that should improve the overall pet food business margin in 2014. On another front, sardine & mackerel business should also rebound with improved profitability with more customers and markets.

Critical factors that could determine whether these goals can be achieved or not are as follows:

1. Our ability to adjust prices to accommodate expectedly high shrimp prices driven by EMS-led raw material shortage in the region given an assumption of no full recovery to normal within a short period of time
2. Our ability to procure shrimp raw materials from different sources to improve the capacity utilization rate and costs at our Thai plants
3. Continual success of internally initiated assertive cost cutting and productivity boosting programs, across all Thai plants to cut costs and raise productivity
4. Stable and acceptable tuna raw material prices to entice customers to return to their normal buying patterns and our ability to exercise cost plus pricing for OEM business
5. Reasonable US canned tuna market competition without unnecessary price
6. Our European units' resilience to fight competition in their markets
7. Substantially reducing or minimizing losses at our US pet food unit through effective restructuring measures
8. Effective and non-speculative currency hedging in light of volatile Thai baht

Total planned capital investment will be THB 3,500 million, down from THB 4,500 million in 2013 due to uncertain business outlook and the decision to indefinitely delay the construction of a new shrimp processing plant to replace the original one that was damaged by fire about two years ago. Key investment items will be machinery and equipment and building and construction. Due to the expected recovery of key business lines, the general financial health should improve as cash flows increase and subsequently financial leverage declines.

Our dividend policy is to pay at least 50% of our net profit twice a year. We have followed this policy all along, except for the year of 2011 when we had to limit the annual dividend to a fixed amount of THB 1,200 million due to the covenants of the debts incurred for the acquisition of MW Brands. However, we have returned to this long term policy since September 2012.

Thanks to our prudent management and ability to adapt to changing business environments, we have managed to report consecutively profitable quarters and dividend payments since our listing on the Stock Exchange of Thailand in 1994.

RISKS

In addition to proper execution of our focused strategy and our staff's determination to success, we believe the likelihood of meeting our goal this year will also be subject to the following critical factors:

FOREIGN EXCHANGE RATE

As 90% of the group's revenues are in foreign currencies, any extreme fluctuations of foreign exchange rates will have impact on our profitability. It is mainly because a portion of our Thai plants' expenses are in Thai baht. In 2013, around 76% of our group (consolidated) operating expenses were in foreign currencies. As a US dollar earner, we normally benefit from a strong USD situation. But, thanks to our non-speculative and timely currency hedging policy, we have been successful in riding out most of the foreign exchange rate fluctuations, with consistent foreign exchange gains in the past few years as a proof.

RAW MATERIAL PRICE

Raw material price is the main factor for earnings volatility as it accounts for a majority of our typical product costs. The raw material price volatility from time to time could exert pressure on margins as price adjustments might not be as timely as we wish, but we can generally match prices with costs over a longer period of time. Our long term track record shows that non-speculative procurement, careful inventory management of raw materials and timely adjustment of the selling price has helped us minimize most impacts from such volatility. Our selling prices, particularly for OEM business, are normally set on the (raw material) cost -plus (processing fees) basis.

Food safety (and traceability) and sustainability continue to be very critical competitive factors for food exporting business going forward. They can serve as an advantage as well as a disadvantage (in form of trade barriers) to any food company. Given our on-going certification programs and frequent factory audits by global customers from most food safety-stringent markets, we are confident that our high standards and track record will work to our advantage. Besides, our management also takes note of consumers and investors' growing awareness of the impact of each business on the environment in terms of preservation and sustainability. That intention led to our involvement in co-founding the International Seafood Sustainability Foundation since 2009, which performs scientific research and promote preservation of tuna resources. Furthermore, our four-star certification on our shrimp hatchery, shrimp feed mill, partner farms and processing facilities by Aquaculture Certification Council (ACC) is another proof of this intention. We work closely with all stakeholders to ensure TUF as socially responsible.

We also uphold corporate governance, transparency and professional management, in light of corporate social responsibility (CSR), as our guiding principles. We treat shareholders, whether major or minority, in the fairest and most responsible manner by committing to full and timely information disclosure and returning cash in form of dividend to them as much as possible. Investors' confidence in our commitments has been consistently proved in numerous awards which we received over the years. Furthermore, consistent coverage by analysts from world and local leading investment banks and securities brokers and frequent visits by influential investment managers are just some of the proofs of our long term commitment to good corporate governance. Moreover, as countries around the world are becoming more integrated and dependent on each other, awareness and care for the sustainability of each company's business practices in respect to the environment and the society become consumers' interests. Our management has been taking proactive measures to ensure that our business practices are sustainable through various certification programs, social activities and with the Sustainability Department set up specifically for the business under the group.

COMPARATIVE FINANCIAL RATIOS

KEY COMPARATIVE FINANCIAL RATIOS

RATIOS	2012	2013
1. LIQUIDITY RATIOS		
• Current Ratio (Times)	1.36	1.18
• Quick Ratio (Times)	0.37	0.32
2. LEVERAGE RATIOS		
• Total Liabilities to Equity (Times)	1.35	1.50
• Debt to Equity (Times)*	0.87	0.99
• Time Interest Earned (Times)	3.40	3.40
3. EFFICIENCY ACTIVITY RATIOS		
• Assets Turnover (Times)	1.20	1.11
• Inventory Turnover (Times)	3.04	2.81
• Accounts Receivable Turnover (Times)	9.35	8.93
• Accounts Payable Turnover (Times)	11.66	11.70
4. PROFITABILITY RATIOS		
• Gross Profit Margin (%)	15.34	12.61
• Net Profit Margin (%)	4.36	2.50
• Return on Average Equity (%)	15.22	7.43
• Return on Assets (%)**	8.90	5.54
5. PER SHARE DATA		
• Earnings per Share (Thai Baht)	4.39	2.49
• Dividend per Share (Thai Baht)	2.10	1.49
• Book Value per Share (Thai Baht)	34.77	34.45

* Debt = Interest-bearing debt only

** Pre-tax ROA = EBIT / Average total assets

FINANCIAL ANALYSIS

AN OVERVIEW

2013 was a year of perfect storm for TUF with many challenges:

- Lower tuna sales volume due to volatile tuna raw material prices at high level that dampened consumption and delayed OEM customer orders during the year until 4Q13.
- Rising shrimp raw material prices as well as the shortage of shrimp supply caused by the EMS epidemic resulted in loss at frozen shrimp business for export during 1H13.
- Continual loss of pet food in the US pet food unit instead of target breakeven in 4Q13.

However, our branded tuna business showed resilient growth from 2012 thanks to the price adjustments in Europe and more rational market competition in the US. In addition, our frozen shrimp business for export returned to profitability since 3Q13 from 1H13 loss thanks to the successful price adjustment, partial import of shrimp raw materials to fill capacity (with customer acceptance), and success of cost cutting and productivity boosting program. Amid EMS epidemic, our seafood trading business in the US showed strong performance during the year thanks to its global sourcing ability. For US pet food unit, we restructured its business in 2H13 that resulted in one-time inventory write-off in 4Q13 with an expectation of earnings improvement in 2014.

SALES

2013 consolidated sales grew by 5.7% YoY to another record level of THB 112,813 million from THB 106,698 million due to higher sales of shrimp and related business (+17% YoY), tuna (+4% YoY), pet food (+12% YoY), and value-added & other products (+2% YoY). However, sales of sardine & mackerel declined by 14% YoY while sales of salmon decreased by 5% YoY. In terms of US dollar, 2013 consolidated sales increased by 6.4% YoY from USD 3,441 million to USD 3,663 million. The average exchange rate for the year was at THB30.80/USD compared to THB31.00/USD in 2012.

Tuna and shrimp and related business remained the major sources of revenues accounting for 47% and 25% of total sales, respectively. Value-added & other products accounted for 11% of total sales, followed by pet food at 7%, sardine and mackerel at 6%, and salmon at 4%.

The US continued to be the largest market, accounting for 42% of TUF's consolidated sales in 2013. The higher contribution from the US market was mainly contributed by the record performance at our US frozen seafood trading unit. Sales generated from the US market grew by 24% YoY. However, sales from Europe grew only 4% YoY while the Japanese market shrank 19%. Consequently, the proportion of sales from Europe, Japan and domestic market were reduced to 30%, 7%, and 7%, respectively.

In terms of the main operating units, the US operating units added up to 34% of the total. MW Brands was the single largest unit within the group, accounting for 23% when Thai and other operating units made up for the biggest portion (43%).

GROSS MARGIN

2013 gross margin dropped YoY to 12.6% due to lower gross margin of OEM tuna, pet food and frozen shrimp business.

Gross margin of OEM tuna business was lower due to lower OEM sales volume when customers delayed orders during 1H13 after facing volatile tuna raw material prices at the high level. However, gross margin of branded tuna business was reasonable YoY in both US (from more rational US market competition) and Europe (from the price adjustment). Gross margin of tuna business in 2H13 showed recovery sign with 13.0% gross margin compared to 11.9% in 1H13.

Pet food business gross margin was lower YoY due mainly to continual loss and one-time inventory write-off at US pet food unit from its business restructure in 4Q13. Our gross margin of the pet food business for export out of Thailand remained in good shape.

Frozen shrimp for export out of Thailand was under pressure with loss in 1H13 due to continually skyrocketing shrimp raw material prices from supply shortage as a result of the EMS outbreak that challenged the price adjustment. However, gross margin of frozen shrimp for export has returned to profit since 3Q13 due to our well-strategically business execution i.e., successful price adjustment, partial import of raw materials to fill capacity, and success of cost cutting and productivity boosting program. Our US frozen seafood trading business performed well throughout the year thanks to its global sourcing network. 2H13 gross margin of frozen shrimp improved to 11.4% from 5.2% in 1H13.

Despite a lower consolidated gross margin YoY, 2H13 performance showed signs of recovery from 1H13 particularly in the tuna business and shrimp and related business. 2H13 consolidated gross margin improved to 13.4% from 11.7% in 1H13. Excluding the one-time inventory write-offs at overseas subsidiaries, the normalized consolidated gross margin in 2H13 should have been 14.4%.

SELLING AND ADMINISTRATIVE EXPENSE (SG&A)

2013 SG&A increased by 8% YoY from THB 9,493 million to THB 10,234 million mainly as a result of higher personnel and sales promotion expenses. %SG&A to sales was 9.1%, remained in-line with the 9% budget.

OTHER INCOME (INCLUDING SHARE OF INCOME FROM INVESTMENT IN ASSOCIATES)

2013 other income significantly increased by 187% YoY from THB 555 million to THB 1,589 million due mainly to one-off gain from accounting treatment at subsidiary level, reimbursement of insurance compensation from the fire incident of the shrimp plant, an increase of share profit from investments in associates (e.g. Avanti Feeds and Lucky Union Foods), Business Interruption claim, and compensation from accounts payable.

FX GAIN/LOSS

2013 FX gain declined by 90% YoY from THB 497 million to THB 52 million. There was a FX loss of THB 150 million in 4Q13 due to the rapid exchange rate movement and mark-to-market of hedging instruments during the quarter.

FINANCE COST

2013 finance cost was lower by 29% YoY from THB 2,329 million to THB 1,655 million thanks to lower interest expense after MW Brands loan repayment in 2Q12. 2013 effective interest rate was therefore lower to 4.2% from 6.2% in 2012.

CORPORATE INCOME TAX

2013 corporate income tax increased significantly by 312% YoY from THB 120 million to THB 495 million with the higher effective tax rate of 12.4% compared to 2.1% in 2012 due to higher taxable income of overseas operations in 2013 while there was tax credit from operating loss at US subsidiaries in 2012.

NET PROFIT

2013 reported net profit dropped by 39% YoY from THB 4,694 million in 2012 to THB 2,853 million. The main reasons came from lower gross margin, lower FX gain, and higher corporate income tax. Net profit margin therefore declined to 2.5% from 4.4% in 2012.

ASSETS

Total assets in 2013 amounted to THB 108,290 million representing an increase of THB 13,532 million from THB 94,759 million in 2012.

- Trade receivables were THB 13,545 million, up 16% from THB 11,721 million in 2012 due mainly to higher trade receivables of US frozen seafood trading unit in tandem with its higher sales. Accounts receivable turnover declined to 8.93 times from 9.35 times in 2012 thanks to higher growth of average accounts receivables in relation to growth of sales (+12% YoY compared to 6% YoY). 2013 accounts receivable days were higher to 40 days from 38 days in 2012.
- Inventories increased by 11% to THB 36,917 million from THB 33,291 million a year ago due to higher value of inventory balance from high raw material prices during the year. Inventory turnover declined to 2.81 times from 3.04 times in 2012 due to higher growth of average inventory compared to growth of COGS (+18% YoY vs +9% YoY). 2013 inventory days increased to 128 days from 119 days in 2012 mainly as a result of higher inventory of branded tuna business.
- Asset turnover fell to 1.11 times in 2013 from 1.20 times in 2012 due to higher growth of average total assets compared to growth of sales (+14% YoY vs +6% YoY).
- Current ratio declined to 1.18 times in 2013 from 1.36 times in 2012. Quick ratio also dropped to 0.32 time from 0.37 time. The declining of these ratios resulted from the higher growth of total current liabilities (+32% YoY) compared to that of total current assets (+15% YoY). Total current liabilities were higher YoY due mainly to higher bank overdrafts and short-term loans from financial institutions and higher current portion of long term loans and debentures.
- Property plant and equipment totaled THB 21,473 million, up 20% compared to THB 17,923 million in 2012 due mainly to the consolidation of PPC since March 2013 as well as capacity expansion and improvement of existing plants (TUF, TUM, and TFM) as well as new equipment and machinery of the subsidiaries in Europe and US to increase efficiency of their plants.

LIABILITIES

Total liabilities in 2013 amounted to THB 64,943 million representing an increase of THB 10,528 million from THB 54,415 million in 2012.

- Bank overdrafts and short-term loans increased by 31% to THB 29,375 million from THB 22,511 million due mainly to higher working capital need from high raw material prices during the year.
- Trade payables were THB 7,828 million, down 13% from THB 9,026 million due to higher trade payables of subsidiary in Europe. Accounts payable turnover slightly rose to 11.70 times from 11.66 times a year ago due to slightly lower growth of average accounts payable compared to growth of COGS (+9% YoY vs +10% YoY). Trade payables days were constant at 31 days.
- Long term loans declined by 17% to THB 9,588 million from THB 11,598 million as some portions were reclassified to the current portion of long term loans.
- Interest-bearing debts were THB 43,050 million, a 23% increase from THB 35,008 million a year ago. Approximately 32% of the total interesting bearing debts were long term (including 9% of current portion). In addition, around 74% of the interest-bearing debts were THB currency while 20% were in USD and 6% in Euro (before Swap transactions).

SHAREHOLDERS' EQUITY

Total shareholders' equity in 2013 amounted to THB 39,536 million representing an increase of THB 2,321 million from THB 37,215 million in 2012 due to earnings incurred during the year.

- Total liabilities to equity ratio in 2013 increased to 1.50 times from 1.35 times in 2012 due mainly to higher short term debts and other current liabilities. 2013 debt to equity ratio also rose to 0.99 time from 0.87 time in 2012 due to higher short term debts for higher working capital needs as a result of high raw material prices during the year.
- 2013 return on average equity decreased to 7.4% from 15.2% in 2012 mainly as a result of higher shareholders' equity base with lower YoY earnings.

CASH FLOWS

Net cash flows from operating activities in 2013 were THB 3,871 million, a decrease of THB 580 million from THB 4,451 million in 2012 mainly due to lower profit before tax. The annual depreciation and amortization expenses amounted to THB 2,238 million.

Meanwhile, cash spent on investing activities amounted to THB 5,564 million representing an increase of THB 1,281 million from THB 4,283 million a year ago. During the year, acquisitions of property, plant and equipment were made in the parent company and most of local and overseas subsidiaries in order to add more capacity to existing facilities. As a matter of fact, we scaled down our 2013 capital expenditure plan from THB 6,000 million to not exceeding THB 4,500 million in responding to business uncertainty. In addition, there was an increase in short-term investment from a fixed deposit at foreign financial institution.

Cash inflows from financing activities in 2013 were THB 2,348 million compared with cash outflows of 168 million in 2012. The net inflows came mainly from higher bank overdrafts and short-term loans as well as additional long term loan at the end of the year. Meanwhile, there were dividend payments totaling THB 1,836 million during the year.

Net increase in cash and cash equivalents at the end of 2013 amounted to THB 221 million.

REFERENCES

COMMON SHARE REGISTER

Thailand Securities Depository Co., Ltd
7th Floor, The Stock Exchange of Thailand Building,
62 Rachadapisek Road, Klongtoey Bangkok 10110
Tel: 66 (0) 2229-2440

CONVERTIBLE DEBENTURES REGISTRAR

Stock Information Department, Office of the President
Thai Union Frozen Products PCL. (TUF)
25th Floor, S.M. Tower, Phaholyothin Road,
Samsennai, Phayathai, Bangkok 10400 Thailand
Tel: 66 (0) 2298-0024
Fax: 66 (0) 2298-0553

REGISTRAR DEBENTURES

Kasikorn Bank PCL.

INDEPENDENT AUDITORS

Mr. Sophon Permsirivallop or
Ms. Rungnapa Lertsuwankul or
Mr. Chayapol Suppasertanon or
Ms. Pimjai Manitkajohnkit

Ernst & Young Office Limited
193/136-137, 33rd Floor, Lake Rajada Office Complex,
New Rachadapisek Road, Klongtoey, Bangkok 10110
Tel: 66 (0) 2264-0777, 2661-9190
Fax: 66 (0) 2264-0709

INDEPENDENT AUDITOR REMUNERATION

1. Audit Fee

The Company and subsidiaries paid audit fee to:

- Auditing firm where independent auditors are attached to, individual or entity related to independent auditors and auditing firm during 2013 fiscal year at Bt10,237,000

2. Non-Audit Fee

The Company and subsidiaries paid remuneration incurred by the following service:

- Audit fee paid to Auditing firm where independent auditors are attached to, individual or entity related to independent auditors and auditing firm during 2013 fiscal year amounts totally to Bt-.
- Audit fee for special items, pursuant to the Notification Por 4/2001 of the Board of Investment, paid to Auditing firm where independent auditors are attached to, individual or entity related to independent auditors and auditing firm during 2013 fiscal year amounts totally to Bt560,000

STATEMENT

OF THE BOARD OF DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

As the Company is a listed company on the Stock Exchange of Thailand, the Board of Directors hereby expresses its responsibility for ensuring that the Company's financial reports contained herein genuinely reflect its actual financial status and operating results, based on accounting principles which require accurate, complete, and adequate recording of accounting items in every aspect. We affirm that all due care and attention have been taken in the reporting of the financial statements and that they strictly comply with the generally accepted accounting standards. We also wish to assure that adequate disclosure of all pertinent material data has been made in notes to financial statement in accordance with the updated Accounting Standards as applied to the past financial year. Independent auditors have unconditionally expressed their opinions on our financial statements in the Report of Independent Auditors.



MR. KRAISORN CHANSIRI
Chairman



MR. THIRAPHONG CHANSIRI
President

Independent Auditor's Report

To the Shareholders of Thai Union Frozen Products Public Company Limited

I have audited the accompanying consolidated financial statements of Thai Union Frozen Products Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, 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 Union Frozen Products 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.

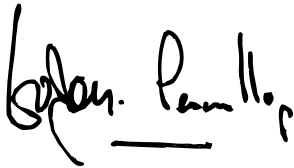
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Union Frozen Products Public Company Limited and its subsidiaries and of Thai Union Frozen Products Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok: 24 February 2014

Thai Union Frozen Products Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
Assets					
Current assets					
Cash and cash equivalents	6	1,620,733,842	1,400,044,853	69,190,002	62,334,789
Short-term investment	7	1,593,720,000	-	1,593,720,000	-
Trade and other receivables	8,9	13,948,340,827	11,918,157,723	3,367,595,407	4,196,393,140
Short-term loans to subsidiaries	9	-	-	80,000,000	1,417,041,200
Short-term loans to other companies		2,958,144	11,652,013	-	5,465,000
Current portion of long-term loans to subsidiaries	9	-	-	724,893,875	-
Current portion of long-term loans to other companies		4,116,389	6,954,524	-	1,608,338
Inventories	10	36,917,346,432	33,290,478,541	5,019,971,420	4,871,029,878
Other current assets					
Prepaid income tax		210,550,144	127,239,879	76,604,805	60,357,391
Current portion of forward exchange contracts receivables		4,416,493	240,052,680	3,766,952	130,727,848
Value added tax refundable		360,128,163	461,043,103	33,167,458	68,340,536
Others		881,998,439	881,003,687	144,607,784	73,173,048
Total other current assets		1,457,093,239	1,709,339,349	258,146,999	332,598,823
Total current assets		55,544,308,873	48,336,627,003	11,113,517,703	10,886,471,168
Non-current assets					
Restricted bank deposits	11	11,093,803	13,649,287	-	-
Investments in associates	12	1,289,600,593	1,806,273,171	155,573,639	929,033,585
Investments in subsidiaries	13	-	-	16,442,429,520	14,063,001,850
Investments in joint venture	14	578,939,615	-	-	-
Other long-term investments	15	33,919,431	32,317,276	-	-
Long-term loans to subsidiaries - net of current portion	9	-	-	23,863,646,852	21,129,712,775
Long-term loans to other companies - net of current portion		10,871,831	24,121,373	-	1,260,000
Property, plant and equipment	16	21,472,833,289	17,923,268,913	4,188,048,894	3,849,580,950
Goodwill		12,791,945,754	11,536,447,404	-	-
Others intangible assets	17	14,696,284,206	13,278,430,015	4,445,278	2,929,189
Other non-current assets					
Forward exchange contracts receivables - net of current portion		48,275,500	97,167,200	48,275,500	97,167,200
Leasehold rights		204,929,425	204,308,926	-	-
Advance payment for purchase of property, plant and equipment		97,089,256	37,734,173	-	-
Deferred tax assets	24	1,328,856,000	1,163,761,179	31,497,750	50,086,434
Unamortised discount from forward exchange contracts		29,581,420	157,955,797	29,581,420	157,955,797
Others		151,753,855	146,586,104	20,343,697	40,165,074
Total non-current assets		52,745,973,978	46,422,020,818	44,783,842,550	40,320,892,854
Total assets		108,290,282,851	94,758,647,821	55,897,360,253	51,207,364,022

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	18	29,374,817,980	22,511,200,366	11,473,312,757	9,787,924,156
Trade and other payables	9,19	9,802,404,454	10,544,727,744	1,593,911,988	1,928,711,772
Current portion of long-term loans	20	779,500,000	399,000,000	450,000,000	112,500,000
Current portion of debentures	21	3,297,649,536	500,000,000	3,297,649,536	500,000,000
Income tax payable		235,338,189	116,397,844	110,449,932	-
Other current liabilities		3,440,727,862	1,477,549,180	1,926,162,378	201,891,448
Total current liabilities		46,930,438,021	35,548,875,134	18,851,486,591	12,531,027,376
Non-current liabilities					
Long-term loans - net of current portion	20	3,442,645,296	2,424,826,880	3,297,722,485	2,137,500,000
Debentures - net of current portion	21	3,441,968,780	6,733,847,032	3,441,968,780	6,733,847,032
Convertible bond	22	2,713,756,045	2,439,562,712	2,713,756,045	2,439,562,712
Provision for long-term employee benefits	23	1,718,005,641	1,476,893,699	377,386,130	341,674,259
Deferred tax liabilities	24	5,534,565,671	4,925,039,153	47,887,494	49,902,896
Forward exchange contracts payable - net of					
current portion		709,677,314	339,211,088	625,211,000	324,647,375
Other non-current liabilities		452,117,488	526,758,955	83,019,089	154,334,132
Total non-current liabilities		18,012,736,235	18,866,139,519	10,586,951,023	12,181,468,406
Total liabilities		64,943,174,256	54,415,014,653	29,438,437,614	24,712,495,782
Shareholders' equity					
Share capital	25				
Registered					
1,202,000,000 ordinary shares of Baht 1 each		1,202,000,000	1,202,000,000	1,202,000,000	1,202,000,000
Issued and paid-up					
1,147,593,829 ordinary shares of Baht 1 each		1,147,593,829	1,147,593,829	1,147,593,829	1,147,593,829
Share premium		17,500,508,871	17,500,508,871	17,500,508,871	17,500,508,871
Retained earnings					
Appropriated - statutory reserve	26	120,200,000	120,200,000	120,200,000	120,200,000
Unappropriated		18,716,270,733	17,699,516,062	7,511,030,410	7,546,976,011
Other components of shareholders' equity		2,051,805,259	747,611,124	179,589,529	179,589,529
Equity attributable to owners of the Company		39,536,378,692	37,215,429,886	26,458,922,639	26,494,868,240
Non-controlling interests of the subsidiaries		3,810,729,903	3,128,203,282	-	-
Total shareholders' equity		43,347,108,595	40,343,633,168	26,458,922,639	26,494,868,240
Total liabilities and shareholders' equity		108,290,282,851	94,758,647,821	55,897,360,253	51,207,364,022
		-	-	-	-

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

Directors

Thai Union Frozen Products Public Company Limited and its subsidiaries
Income statement
For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Revenues					
Sales	9, 28	112,812,594,229	106,697,622,358	23,457,148,276	25,071,942,048
Other income					
Dividend income		5,904,000	72,000	835,437,467	1,421,743,357
Interest income		14,704,705	11,796,393	1,026,379,407	987,553,868
Exchange gains		51,774,083	496,804,699	100,291,708	217,898,692
Others		1,392,317,105	472,831,214	554,120,471	222,018,667
Total other income		1,464,699,893	981,504,306	2,516,229,053	2,849,214,584
Total revenues		114,277,294,122	107,679,126,664	25,973,377,329	27,921,156,632
Expenses					
Cost of sales		98,590,391,272	90,335,525,090	21,562,120,190	22,649,962,345
Selling expenses		5,060,281,049	4,826,874,163	692,676,898	878,763,235
Administrative expenses		5,173,919,602	4,666,036,936	857,433,919	720,930,137
Total expenses		108,824,591,923	99,828,436,189	23,112,231,007	24,249,655,717
Profit before share of profit from investments					
in associates and joint ventures, finance cost					
and income tax expenses		5,452,702,199	7,850,690,475	2,861,146,322	3,671,500,915
Share of profit from investments in associates					
and joint ventures		175,795,934	69,830,149	-	-
Profit before finance cost and income tax expenses		5,628,498,133	7,920,520,624	2,861,146,322	3,671,500,915
Finance cost		(1,654,909,119)	(2,328,874,222)	(855,088,580)	(706,000,826)
Profit before income tax expenses		3,973,589,014	5,591,646,402	2,006,057,742	2,965,500,089
Income tax expenses	24	(494,616,168)	(120,158,878)	(205,929,525)	(30,365,070)
Profit for the year		3,478,972,846	5,471,487,524	1,800,128,217	2,935,135,019
Profit attributable to:					
Equity holders of the Company		2,852,828,488	4,693,736,006	1,800,128,217	2,935,135,019
Non-controlling interests of the subsidiaries		626,144,358	777,751,518		
		3,478,972,846	5,471,487,524		
Earnings per share	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		2.49	4.39	1.57	2.74
Diluted earnings per share					
Profit attributable to equity holders of the Company		2.47	4.29	1.57	2.71

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Profit for the year	3,478,972,846	5,471,487,524	1,800,128,217	2,935,135,019
Other comprehensive income:				
Exchange differences on translation of				
financial statements in foreign currency	1,406,488,173	88,925,545	-	-
Gain on change in value of available-for-sale investments,				
net of income tax	4,851,646	5,373,974	-	-
Gain (loss) on change in the value of pension fund	(12,886,232)	39,803,020	-	-
Gain on revaluation of land, net of income tax	-	725,773,616	-	179,589,529
Actuarial losses, net of income tax	-	(391,975,886)	-	(128,882,502)
Increase in other reserves	7,718,563	7,369,252	-	-
Other comprehensive income for the year	1,406,172,150	475,269,521	-	50,707,027
Total comprehensive income for the year	4,885,144,996	5,946,757,045	1,800,128,217	2,985,842,046
Total comprehensive income attributable to:				
Equity holders of the Company	4,191,396,101	5,108,557,144	1,800,128,217	2,985,842,046
Non-controlling interests of the subsidiaries	693,748,895	838,199,901		
	4,885,144,996	5,946,757,045		

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

Thai Union Frozen Products Public Company Limited and its subsidiaries
Cash flow statement
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit before tax	3,973,589,014	5,591,646,402	2,006,057,742	2,965,500,089
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	2,238,134,174	1,902,394,522	402,754,290	335,581,784
Amortisation of premium/discount from forward foreign exchange contracts	72,506,413	71,257,387	72,212,043	75,921,504
Amortisation of issue cost of convertible bond, debentures and long-term loans from financial institutions	12,371,202	676,369,715	12,371,202	11,678,945
Loss on write-off of unclaimed prepaid income tax	-	7,981,413	-	7,981,413
Allowance for doubtful accounts	80,841,482	1,871,776	1,529,429	97,797
Decrease of inventory to net realisable value (reversal)	494,367,773	308,412,675	97,610,178	(28,312,207)
Reversal of allowance for loss on impairment of assets	(3,517,526)	(28,702,970)	-	(29,365,348)
Allowance for loss on impairment of intangible assets	2,506,826	-	-	-
Allowance for loans to other companies	10,000,000	-	-	-
Reversal of allowance for impairment loss of investments	-	-	-	(26,136,437)
Share of profit from investments in associates and joint venture	(175,795,934)	(69,830,149)	-	-
Loss on sale of other investments	1,328,736	1,277,548	3,491,789	-
Provision for long-term employee benefits	213,398,696	190,278,148	41,666,008	25,755,163
Gain on transfer investment in associates to subsidiaries	(49,735,894)	-	-	-
Loss on dissolution of subsidiaries	58,200,188	-	-	-
Gain on fair value adjustment from investment in joint venture	(160,994,223)	-	-	-
Gain on sale investment in subsidiaries to joint venture	(37,691,845)	-	-	-
Gain on dissolution of subsidiaries	-	(24,209)	-	-
Loss (gain) on sale / write-off of property, plant and equipment and other intangible assets	(38,342,810)	167,823,203	8,095,967	155,811,526
Loss on write-off of leasehold right	-	4,189,487	-	-
Unrealised exchange loss (gain)	337,795,135	(168,914,350)	218,493,313	(29,795,259)
Gain on shares swap of investments in associates	-	(54,763,471)	-	(54,763,471)
Dividend income	(5,904,000)	(72,000)	(835,437,467)	(1,421,743,357)
Interest income	(14,704,705)	(11,796,393)	(1,026,379,407)	(987,553,868)
Interest expense	1,554,723,457	2,247,595,457	836,744,559	687,393,166
Profit from operating activities before change in operating assets and liabilities	8,563,076,159	10,836,994,191	1,839,209,646	1,688,051,440
Decrease (increase) in operating assets				
Trade and other receivables	(934,068,832)	(930,089,533)	837,250,719	(223,928,951)
Inventories	(1,620,946,259)	(7,805,934,416)	(247,620,249)	(1,201,128,853)
Other current assets	215,671,996	59,827,190	31,347,727	(63,592,655)
Other non-current assets	(59,016,526)	(97,530,874)	19,873,753	(24,510,095)
Increase (decrease) in operating liabilities				
Trade and other payables	(1,690,281,305)	2,623,837,551	(283,925,270)	517,297,852
Other current liabilities	(60,575,118)	74,789,851	(92,180,466)	(40,764,766)
Other non-current liabilities	(144,699,645)	94,249,717	(69,206,815)	61,468,027
Cash flows from operating activities	4,269,160,470	4,856,143,677	2,034,749,045	712,891,999
Cash paid for corporate income tax	(398,068,790)	(405,330,451)	(95,153,725)	(121,493,013)
Net cash from operating activities	3,871,091,680	4,450,813,226	1,939,595,320	591,398,986

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from investing activities				
Decrease (increase) in restricted deposits with financial institutions	2,147,280	(1,742,870)	-	-
Increase in short-term investments	(1,593,720,000)	-	(1,593,720,000)	-
Acquisitions of property, plant and equipment	(4,206,425,735)	(3,615,104,967)	(813,426,967)	(859,456,519)
Acquisitions of intangible assets	(17,438,383)	(22,959,172)	(1,980,558)	(1,570,670)
Acquisitions of leasehold rights	(3,367,025)	(9,207,473)	-	-
Other investments	(1,350)	-	-	-
Decrease (increase) in short-term loans to subsidiaries	-	-	1,337,041,200	(1,356,907,200)
Decrease (increase) in short-term loans to other companies	8,693,869	(11,652,013)	5,465,000	(5,465,000)
Increase in long-term loans to subsidiaries	-	-	(1,127,723,524)	(3,845,397,970)
Decrease (increase) in long-term loans to other companies	6,369,684	(2,478,533)	2,868,338	(1,674,840)
Increase in investments in subsidiaries	-	-	(1,180,226,767)	(9,470,294,026)
Increase in investments in associates	(39,553,333)	(773,459,946)	-	(773,459,946)
Increase in other long-term investments	-	(200,368)	-	-
Dissolution of subsidiaries	-	24,209	-	-
Interest received	9,468,087	12,215,820	1,083,105,498	1,085,063,999
Dividend received	79,907,440	55,249,439	835,437,467	1,421,743,357
Proceeds from sale of investment in subsidiaries	602,181,622	-	79,480,740	-
Increase in investment joint ventures	(438,410,217)	-	-	-
Proceeds in acquisitions of subsidiaries	(324,572,169)	-	(508,713,486)	-
Proceeds from sale of investments	3,212,621	4,782,221	-	-
Proceeds from sales of property, plant and equipment and intangible assets	347,108,965	81,502,668	2,871,801	25,479,854
Net cash used in investing activities	(5,564,398,644)	(4,283,030,985)	(1,879,521,258)	(13,781,938,961)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	5,157,997,283	8,248,147,433	1,685,388,601	6,233,938,604
Increase (decrease) in long-term loans from financial institutions	1,105,120,000	(13,439,584,588)	1,435,622,300	-
Cash paid for deferred financial fee	(4,424,700)	-	(4,427,000)	-
Cash paid for debentures	(500,000,000)	-	(500,000,000)	-
Cash paid for interest expense	(1,563,586,125)	(2,256,563,390)	(834,254,741)	(685,902,735)
Proceeds from issued additional share capital	-	9,532,883,063	-	9,532,883,063
Decrease in non-controlling interests of the subsidiaries	(11,222,274)	(368,932,205)	-	-
Dividend paid	(1,835,548,009)	(1,883,952,342)	(1,835,548,009)	(1,883,952,342)
Net cash from (used in) financing activities	2,348,336,175	(168,002,029)	(53,218,849)	13,196,966,590
Increase (decrease) in translation adjustment	(434,340,222)	497,744,242	-	-
Net increase in cash and cash equivalents	220,688,989	497,524,454	6,855,213	6,426,615
Cash and cash equivalents at beginning of year	1,400,044,853	902,520,399	62,334,789	55,908,174
Cash and cash equivalents at end of year (Note 6)	1,620,733,842	1,400,044,853	69,190,002	62,334,789
	-		0	

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Supplement cash flows information				
Non-cash items:				
Undue installment of acquisition of property, plant and equipment	165,177,470	188,809,392	10,577,356	72,278,789
Unrealised gain on changes in the value of investments	(4,851,646)	(5,373,974)	-	-
Transfer of property, plant and equipment to leasehold rights	5,522,955	41,360,857	-	-
Transfer of property, plant and equipment to intangible assets	179,043,803	210,456,642	-	-
Increase in revaluation surplus on land	-	725,773,616	-	179,589,529
Transfer of other long-term investment to investment in associate	-	34,579,160	-	34,579,160
Increase in actuarial losses	-	(391,975,886)	-	(128,882,502)
Dividend announcement without paid	4,863,707	-	1,253,019	-
Transfer of investment in associate to investment in subsidiary	714,754,055	-	773,459,946	-

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

(Unit Baht)

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Other components of shareholders' equity					Total shareholders' equity
		Share premium	Retained earnings		Other comprehensive income	Total other components of shareholders' equity	
			Appropriated	Unappropriated			
Balance as at 1 January 2012	956,329,407	8,158,890,230	100,000,000	6,644,875,836	-	-	15,860,095,473
Dividend paid (Note 33)	-	-	-	(1,883,952,342)	-	-	(1,883,952,342)
Total comprehensive income for the year	-	-	-	2,806,252,517	179,589,529	179,589,529	2,985,842,046
Issued ordinary share capital (Note 25)	191,264,422	9,341,618,641	-	-	-	-	9,532,883,063
Unappropriated retained earnings transferred to statutory reserve (Note 26)	-	-	20,200,000	(20,200,000)	-	-	-
Balance as at 31 December 2012	1,147,593,829	17,500,508,871	120,200,000	7,546,976,011	179,589,529	179,589,529	26,494,868,240
Balance as at 1 January 2013	1,147,593,829	17,500,508,871	120,200,000	7,546,976,011	179,589,529	179,589,529	26,494,868,240
Dividend paid (Note 33)	-	-	-	(1,836,073,818)	-	-	(1,836,073,818)
Total comprehensive income for the year	-	-	-	1,800,128,217	-	-	1,800,128,217
Balance as at 31 December 2013	1,147,593,829	17,500,508,871	120,200,000	7,511,030,410	179,589,529	179,589,529	26,458,922,639

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

Thai Union Frozen Products Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2013

1. General information

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

The Company operates its business in Thailand and its subsidiaries operate their businesses in Thailand and overseas. Their principal activities in Thailand are the manufacture and export of frozen and canned seafood, and local subsidiaries are also engaged in the packaging, printing and pet food businesses.

The principal activities of the overseas subsidiaries such as the subsidiaries in United States are the manufacture and distribution of canned seafood, and the import of shrimp and other frozen seafood products for sale to restaurant chains, retailing, and wholesaling, the subsidiaries in Europe are the manufacturer and distributor of ambient seafood products to countries in Europe under their trademarks, and a subsidiary in Asia, principally located in Vietnam is the manufacturer and distributor of seafood (2012: two subsidiaries were located in Indonesia and Vietnam).

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

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting 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 Union Frozen Products Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			Percent	Percent
<u>Held by the Company</u>				
Thai Union Manufacturing Co., Ltd.	Manufacturer & exporter of canned tuna and pet food	Thailand	90.08	90.08
Songkla Canning Pcl.	Manufacturer & exporter of canned seafood	Thailand	90.44	90.44
Thai Union Seafood Co., Ltd.	Manufacturer & exporter of frozen shrimp	Thailand	51.00	51.00
T-Holding Co., Ltd.	Distributor	Thailand	90.00	90.00
Thai Union Feedmill Co., Ltd. (TFM)	Manufacturer & distributor of animal feeds	Thailand	51.00	51.00
Thai Union Graphic Co., Ltd.	Printing manufacturer	Thailand	74.00	74.00
Thai Union International, Inc. (TUI)	Holding company	USA	100.00	100.00
PT Juifa International Foods	Manufacturer & distributor of seafood	Indonesia	-	88.78
Thai Union Investment Holding Co., Ltd. (TUIH)	Holding company	Mauritius	100.00	100.00
Pakfood Pcl (PPC)	Manufacturer & distributor of frozen foods & aquatic animal	Thailand	77.06	-
<u>Held by subsidiaries</u>				
Tri-Union Seafoods, LLC (100% held by TUI)	Manufacturer & distributor of canned tuna and seafood	USA	100.00	100.00
Tri-Union Frozen Products, Inc. (TUFP) (82% held by TUI)	Importer and distributor of frozen seafood	USA	82.00	82.00
US Pet Nutrition, LLC (USPN) (99% held by TUI and 1% held by Tri-Union Seafoods, LLC)	Manufacturer & distributor of premium pet food	USA	100.00	100.00

Canadian Pet Nutrition, ULC (100% held by USPN)	Distributor of pet food	Canada	100.00	100.00
Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			Percent	Percent
Asian-Pacific Can Co., Ltd. (90.5% held by Songkla Canning Pcl.)	Manufacturer & distributor of packaging for food products	Thailand	81.85	81.85
Yueh Chyang Canned Food Co., Ltd. (51% held by Songkla Canning Pcl.)	Manufacturer & distributor of canned tuna and seafood	Vietnam	46.12	46.12
New Frontier Food Co., Ltd. (100% held by Thai Union Manufacturing Co., Ltd.)	Manufacturer & exporter of canned tuna and pet food	Thailand	90.08	-
Thai Quality Shrimp Co., Ltd. (95% held by TFM)	Shrimp breeding and species developer	Thailand	48.45	48.45
TMAC Co., Ltd. (51% held by TFM)	Shrimp breeding and rearing	Thailand	26.01	26.01
TCM Fishery Co., Ltd. (75% held by TMAC Co., Ltd) (2012: 75% held by TFM)	Shrimp breeding and rearing	Thailand	19.51	38.25
TMK Farm Co., Ltd. (80% held by TMAC Co., Ltd) (2012: 80% held by TFM)	Shrimp breeding and rearing	Thailand	20.81	40.80
Thai Union Hatchery Co., Ltd. (99.99% held by TMAC Co., Ltd) (2012: 99.99% held by TFM)	Shrimp breeding and rearing	Thailand	26.01	51.00
Thai Union European Seafood 1 SA (100% held by TUIH)	Holding company	Luxembourg	100.00	100.00
Thai Union France Holding 2 SAS (100% held by Thai Union European Seafood 1 SA)	Holding company	France	100.00	100.00
MW Brands SAS (100% held by Thai Union France Holding 2 SAS)	Headquarters activity	France	100.00	100.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			Percent	Percent
MW Brands Seychelles Limited (100% held by MW Brands SAS)	Exporter of canned Tuna	Seychelles	100.00	100.00
Etablissements Paul Paulet SAS (100% held by MW Brands SAS)	Manufacturer, importer, distributor and exporter of canned seafood	France	100.00	100.00
European Seafood Investment Portugal (74% held by MW Brands SAS and 26% held by Thai Union France Holding 2 SAS)	Manufacturer and exporter of canned sardines and mackerel	Portugal	100.00	100.00
Pioneer Food Cannery Limited (100% held by Etablissements Paul Paulet SAS)	Manufacturer of canned tuna	Ghana	100.00	100.00
Mareblu SRL (74% held by MW Brands SAS and 26% held by Thai Union France Holding 2 SAS)	Importer and distributor of canned seafood	Italy	100.00	100.00
UK Seafood Investments Limited (100% held by MW Brands SAS)	Holding company	United Kingdom	100.00	100.00
Indian Ocean Tuna Limited (60% held by MW Brands SAS)	Manufacturer and exporter of canned tuna	Seychelles	60.00	60.00
John West Foods Limited (100% held by UK Seafood Investments Limited)	Importer and distributor of canned seafood	United Kingdom	100.00	100.00
Irish Seafood Investments Limited (100% held by MW Brands SAS)	Importer and distributor of canned seafood	Ireland	100.00	100.00
John West Holland BV (100% held by Irish Seafood Investments Limited)	Importer and distributor of canned seafood	the Netherlands	100.00	100.00
TTV Limited (50% held by Etablissements Paul Paulet SAS)	Deep-sea fishing fleet operation	Ghana	50.00	50.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			Percent	Percent
Chaophraya Coldstorage Co., Ltd. (100% held by PPC)	Property rental	Thailand	77.06	-
Okeanos Food Co., Ltd. (100% held by PPC)	manufacturer & distributor of frozen foods & aquatic animal	Thailand	77.06	-
Okeanos Co., Ltd. (100% held by PPC)	Dormant	Thailand	77.06	-
Takzin Samut Co., Ltd. (100% held by PPC)	Dormant	Thailand	77.06	-

During the first quarter of the current year, the Company sold investment in PT Juifa International Foods (a subsidiary) to third party for 23,970 shares, totally 88.78% of share holding in the subsidiary at the price of Baht 3,315.84 per share or amounting to Baht 79 million, resulting in loss incurred from sale of investment in subsidiary of Baht 58 million presented in the consolidated profit or loss (separate profit or loss: loss of Baht 3 million). As a result of the transaction, PT Juifa International Foods was no longer the subsidiary of the Company. Up to the disposal date of such investments, the Company received the dividend amounting to Baht 164 million.

Details of the net asset value of PT Juifa International Foods as at the disposal date are as follows:

	(Unit: Million Baht)
Total assets	193
Total liabilities	(80)
Translation adjustment	45
Net asset value	158
Less: Non-controlling interests of subsidiary	(21)
Net asset value attributable to the Company's investment	137
Selling price	(79)
Loss from the disposal of investment in subsidiary	58

During the first quarter of the current year, Thai Union Manufacturing Co., Ltd. formed New Frontier Foods Co., Ltd. to engage in Manufacturer & exporter of canned tuna and pet food.

During the first quarter of the current year, the Company purchased 9.6 million ordinary shares of Pakfood Public Company Limited (PPC) (or 29.2% of the total 33 million issued and paid-up shares of PPC). As a result of the transaction, the investment proportion in PPC increased from 49.97% (of the total 30 million issued and paid-up shares of PPC) to 74.64%. Thus, PPC is a subsidiary of the Company. These consolidated financial statements included the statement of financial position of PPC as at 31 December 2013 and the comprehensive income for the period from the investment date to 31 December 2013. Such company has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price under the fair value of the net assets acquired has been recorded as other income in income statement. During the fourth quarter of the current year, the Company completed the purchase price allocation of PPC; however, the appraised price is not materially different from the book value, then the Company did not record good will allocation.

Details of the fair value of identifiable assets, liabilities and contingent liabilities of PPC and their net book value, are as follows:

	(Unit: Million Baht)	
	Fair value	Net book value
Assets		
Cash and cash equivalents	184	184
Trade and other receivables	351	351
Inventories	813	813
Property, plant and equipment	1,927	1,431
Other assets	65	65
Total assets	3,340	2,844
Liabilities		
Trade and other payables	215	215
Long-term loans	1,305	1,305
Other liabilities	70	62
Total liabilities	1,590	1,582
Net assets value	1,750	1,262
Equity of the Company (%)	74.64	

	(Unit: Million Baht)
	<u>Fair value</u>
Net asset value attributable to the company's investment	1,306
Negative goodwill	<u>(24)</u>
Purchase price	1,282
Less: Cash and cash equivalents of subsidiary	<u>(184)</u>
Cash paid for investment in PPC	1,098
Less: Cash paid for investment in associated PPC	<u>(773)</u>
Net cash paid for purchase of subsidiary PPC	<u>325</u>

During the second quarter of the current year, Thai Union Feedmill Co., Ltd. (TFM) restructured its investment in subsidiaries by selling its holdings in three subsidiaries namely Thai Union Hatchery Co., Ltd., TCM Fishery Co., Ltd., and TMK Farm Co., Ltd, to TMAC Co., Ltd., another joint venture of TFM. As a result of the transaction, these subsidiaries of TFM were no longer the subsidiaries of the Company. These consolidated financial statements included the statement of financial position of TFM and these subsidiaries as at the selling date and the comprehensive income for the period from the 1 January 2013 to the selling date of these investments.

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date that 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 subsidiaries 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 "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiaries 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 Group 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 and associates under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

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:

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

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014

		<u>Effective date</u>
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014

		<u>Effective date</u>
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The management of the Company has assessed the effect of the above accounting standard, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations and believes that they are not relevant to the business of the Company, except TFRIC 4, TFRIC 10 and TFRIC 13, for which the management is still evaluating the first-year impact to the financial statements 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 of goods supplied, excluding value added tax, of goods supplied after deducting discount and allowances.

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

Interest income

Interest income is recognised as interest accrues based on the effective rate method.

Dividends

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

Tax coupon received

Subsidies granted by the Ministry of Finance in the form of tax coupons are recognised as income when the Company obtains written notification of approval of the tax coupon.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials, ingredients and packaging are valued at cost (average method).

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investment, are stated at cost net of allowance for loss on diminution in value (if any).
- c) Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

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

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 Property, plant and equipment and Depreciation

Land is stated at cost or revalued amount. Land improvement, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

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

Land improvement, buildings and construction	-	5 - 40	years
Machinery and equipment	-	3 - 20	years
Furniture and fixtures	-	3 - 20	years
Motor vehicles	-	3 - 20	years

Depreciation of machinery and equipment, furniture and fixtures and motor vehicles of an overseas subsidiary is calculated on the declining balance basis over their estimated useful lives of 5 - 20 years. The effect of the difference in accounting policy is immaterial to profit or loss.

No depreciation is provided for land and construction in progress.

Equipment under a capital lease is stated at the present value of the minimum lease payments and amortised on a straight-line method over the lesser of the lease term or the estimated useful life of the equipment.

Depreciation is included in determining income.

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

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets

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

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

	<u>Useful lives</u>
Trademarks	- 5, 10 ,20, 40 years
Copyrights	- 3, 5, 10 years
Computer software	- 3, 5, 10 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Leasehold right and amortisation

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

4.11 Deferred financial fees

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

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

4.12 Related party transactions

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

They also include associates and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.13 Long-term leases

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

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.

4.14 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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.

4.15 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

The Company and its subsidiaries recognised an impairment loss in profit or loss.

4.16 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 (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

The defined benefits liability comprises 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 subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

The overseas subsidiary has a defined benefit plan covering all of its former production employees in American Samoa. The benefit are based on a percentage of contribution during each year of service. The overseas subsidiary makes annual contributions to the plan equal to the minimum required by applicable regulations.

4.17 Provisions

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

4.18 Income tax

Income tax represents the sum of corporate income tax currently payable and deferred tax.

Current tax

The Company and its subsidiaries record income tax at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation. Income tax of the overseas subsidiaries is provided for in the accounts based on the taxable profits determined in accordance with tax legislation of their countries.

Deferred tax

The Company and its subsidiaries record deferred income tax on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rate enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to share holders' equity.

4.19 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. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Interest rate swap contracts

The Company and its subsidiaries recognise the net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts as income or expenses on an accrual basis.

Foreign currency option agreements

The notional amounts of the foreign currency option agreements utilised by the Company and its subsidiaries are not recognised as assets or liabilities upon inception of the agreements. Gain and loss from the translation are included in determining income.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with 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 these estimates. Significant judgments and estimates are as follows:

Leases agreements

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

Allowance for doubtful accounts

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

Impairment of investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment 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 Company’s plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land. The valuation involves certain assumptions and estimates.

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

Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets on the acquisition date, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

The Company and its subsidiaries recognise deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefit under defined benefit plans

The obligation under the defined benefit plan 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.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management has used judgement 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. Cash and cash equivalents

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2013	2012	2013	2012
Cash	4,534	4,410	781	1,282
Bank deposits	1,616,200	1,387,110	68,409	61,053
Bill of exchange	-	8,525	-	-
Total	<u>1,620,734</u>	<u>1,400,045</u>	<u>69,190</u>	<u>62,335</u>

As at 31 December 2013, bank deposits in savings accounts, fixed accounts and bill of exchange carried interests between 0.10% and 2.50% per annum (2012: between 0.10% and 2.47% per annum).

7. Short-term investment

As at 31 December 2013, short-term investment represented a fixed deposit at foreign financial institution totaling CYN 300 million. The fixed deposit carries interest at a rate of 3.05% per annum and will be due in July 2014.

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	116,166	48,963	1,329,262	1,508,041
Past due				
1 - 30 days	41,258	6,149	595,317	712,228
31 - 60 days	-	-	125,788	33,971
61 - 90 days	-	-	-	-
91 - 120 days	65	-	65	-
181 - 365 days	1,071	-	-	-
Total trade receivables - related parties	158,560	55,112	2,050,432	2,254,240
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	10,651,694	9,322,154	883,504	1,448,326
Past due				
1 - 30 days	2,099,448	1,573,063	268,471	215,571
31 - 60 days	319,186	397,745	4,649	41,023
61 - 90 days	187,924	232,978	1,191	319
91 - 120 days	72,124	90,924	-	358
121 - 180 days	84,218	56,859	-	226
181 - 365 days	108,115	68,593	554	1,028
Over 365 days	208,821	174,903	26,477	24,719
Total trade receivables - unrelated parties	13,731,530	11,917,219	1,184,846	1,731,570
Total trade receivables	13,890,090	11,972,331	3,235,278	3,985,810
Less: Allowance for doubtful accounts	(344,789)	(251,190)	(27,145)	(25,616)
Total trade receivables - net	13,545,301	11,721,141	3,208,133	3,960,194
<u>Other receivables</u>				
Interest receivables - related parties	-	-	25,420	87,115
Interest receivables	5,393	156	4,996	27
Accrued income	132,632	150,041	122,024	137,035
Advance payment	265,015	46,820	7,022	12,022
Total other receivables	403,040	197,017	159,462	236,199
Total trade and other receivables - net	13,948,341	11,918,158	3,367,595	4,196,393

As at 31 December 2013, certain trade receivables of three overseas subsidiaries (2012: three overseas subsidiaries) have secured their credit facilities as mentioned in Note 18.

As at 31 December 2013, foreign currency trade receivables of two overseas subsidiaries amounting to Baht 1,776 million have been sold at a discount to financial institutions, with recourse.

In April 2013, Tri-Union Frozen Products, Inc. (TUFPI) entered into a receivable purchase agreement ("RPA") with a bank to sell certain receivables at a discount rate. The agreement requires lenders to release the lien on these receivables. The receivables are primarily related to the distribution services that TUFPI provides to the Company and Thai Union Seafoods Co., Ltd. (TUS).

Insurance claim receivable

On 11 February 2012, there was a fire incident in shrimp section of the Company's plant located in Samutsakorn province, which had no effect to other production lines. The Company assessed the damage caused by the fire incident and found damage to inventories with costs amounting to Baht 261 million and damage to building and machineries with total net book value of Baht 123 million. However, the Company has insurance coverage for direct asset damage and filed a claim with the insurance company. In February 2012, the insurer's surveyor conducted an assessment for the damage in order to quantify the indemnification. The Company received a compensation payment totaling of Baht 410 million. The Company recorded insurance recovery income by offsetting it with the loss from the fire incident in the income statement for the year ended 31 December 2012.

During the current period, the Company received an additional compensation payment of Baht 287 million. The Company recorded the insurance recovery income in the income statement for the year ended 31 December 2013.

9. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2013	2012	2013	2012	
Transactions with subsidiaries:					
(Eliminated from consolidated financial statements)					
Sales	-	-	9,504	10,061	Cost plus margin
Dividend income	-	-	806	1,404	As declared
Interest income	-	-	1,021	987	1.44 - 5.50% per annum (2012: 1.22 - 6.25% per annum)
Other income	-	-	56	62	Near market price

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2013	2012	2013	2012	
Transactions with subsidiaries:					
(Eliminated from consolidated financial statements)					
Purchases of goods	-	-	1,797	1,827	Cost plus margin
Management fee	-	-	55	54	Contract price
Other expenses	-	-	129	105	Near market price
Transactions with associates:					
Sales	320	37	34	15	Cost plus margin
Dividend income	64	18	29	18	As declared
Other income	18	20	-	-	Near market price
Purchases of goods	204	193	-	182	Cost plus margin
Transactions with related companies:					
Sales	765	1,099	343	244	Cost plus margin
Purchases of goods	3,302	3,794	2,221	2,802	Cost plus margin
Transportation expense	44	48	4	7	Near market price
Acquisition of assets and expenses relating to assets	112	133	12	25	Near market price

The Company and its subsidiaries have insured with Asia-Pacific Risk Consultants (Thailand) Co., Ltd. which is an insurance broker related by way of having common shareholders and directors. During the year 2013, insurance premiums paid through that company amounted to Baht 122 million (2012: Baht 84 million).

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

List of related companies	Relationship
Songkla Canning Pcl.	Subsidiary
Thai Union Manufacturing Co., Ltd.	Subsidiary
Thai Union Seafood Co., Ltd.	Subsidiary
T-Holding Co., Ltd.	Subsidiary
Thai Union Feedmill Co., Ltd.	Subsidiary
Thai Union Graphic Co., Ltd.	Subsidiary
Thai Union International, Inc. (TUI)	Subsidiary
Thai Union Investment Holding Co., Ltd. (TUIH)	Subsidiary
Pakfood Pcl (PPC)	Subsidiary
Tri-Union Seafoods, LLC (Tri-U)	Subsidiary (Held by subsidiary)
Tri-Union Frozen products, Inc. (TUFP)	Subsidiary (Held by subsidiary)
US Pet Nutrition, LLC (USPN)	Subsidiary (Held by subsidiary)
Canadian Pet Nutrition, ULC	Subsidiary (Held by subsidiary)
Asian-Pacific Can Co., Ltd.	Subsidiary (Held by subsidiary)

List of related companies	Relationship
Yueh Chyang Canned Food Co., Ltd.	Subsidiary (Held by subsidiary)
New Frontier Food Co., Ltd.	Subsidiary (Held by subsidiary)
Thai Quality Shrimp Co., Ltd.	Subsidiary (Held by subsidiary)
TMAC Co., Ltd.*	Subsidiary (Held by subsidiary)
TCM Fishery Co., Ltd. *	Subsidiary (Held by subsidiary)
TMK Farm Co., Ltd. *	Subsidiary (Held by subsidiary)
Thai Union Hatchery Co., Ltd.*	Subsidiary (Held by subsidiary)
Thai Union European Seafood 1 S.A.	Subsidiary (Held by subsidiary)
Thai Union France Holding 2 SAS	Subsidiary (Held by subsidiary)
MW Brands SAS	Subsidiary (Held by subsidiary)
European Seafood Investment Portugal	Subsidiary (Held by subsidiary)
UK Seafood Investment Limited	Subsidiary (Held by subsidiary)
John West Food Limited	Subsidiary (Held by subsidiary)
Mareblu SRL	Subsidiary (Held by subsidiary)
MW Brands Seychelles Limited	Subsidiary (Held by subsidiary)
Indian Ocean Tuna Limited	Subsidiary (Held by subsidiary)
Pioneer Food Cannery Limited	Subsidiary (Held by subsidiary)
TTV Limited	Subsidiary (Held by subsidiary)
Etablissements Paul Paulet SAS	Subsidiary (Held by subsidiary)
Irish Seafood Investments Limited	Subsidiary (Held by subsidiary)
John West Holland BV	Subsidiary (Held by subsidiary)
Chaophraya Coldstorage Co., Ltd.	Subsidiary (Held by subsidiary)
Takzin Samut Co., Ltd.**	Subsidiary (Held by subsidiary)
Okeanos Co., Ltd.**	Subsidiary (Held by subsidiary)
Okeanos Food Co., Ltd.	Subsidiary (Held by subsidiary)
Lucky Union Foods Co., Ltd.	Associated company
Biz Dimension Co., Ltd.	Associated company
Avanti Feeds Limited	Associated company
Century Trading (Shanghai) Co., Ltd.	Associated company (Held by subsidiary)
TN Fine Chemicals Co., Ltd.	Associated company (Held by subsidiary)
Moresby International Holdings Inc.	Associated company (Held by subsidiary)
LDH (La Doria) Limited	Associated company (Held by subsidiary)
Majestic Seafood Corporation Ltd.	Associated company (Held by associated company)
Lucky Union Foods Euro Sp.Z.o.o.	Associated company (Held by associated company)
Ekawat Products Co., Ltd.	Common major shareholders/ Director related to director
Geminai & Associate Co., Ltd.	Shareholders/ Director related to director
Geminai Watercrafts Co., Ltd.	Shareholders/ Director related to director
Factory Storage Service Co., Ltd.	Director related to director

List of related companies	Relationship
Chansiri Real Estate Co., Ltd.	Common major shareholders/Common directors
Thai Union Securities Co., Ltd.	Common major shareholders/Common directors
Asian Pacific Thai Tuna Co., Ltd.	Common major shareholders/Common directors
T.C. Union Global Pcl.	Common major shareholders/Common directors
Jana Fish Industries Limited	Common major shareholders/Common directors
T.C. Union Agrotech Co., Ltd.	Common major shareholders/Common directors
Waithai Co., Ltd.	Common major shareholders/Common directors
Thaipatana Stainless Steel Co., Ltd.	Common major shareholders/Common directors
Phil-Union Frozen Foods, Inc.	Common major shareholders/Common directors
Thai Union Properties Co., Ltd.	Common major shareholders
Hanhong Kanchang Registered Ordinary Partnership	Common major shareholders
Ahead Way International Co., Ltd.	Common major shareholders
Merchant Partners Securities Co., Ltd.	Common shareholders/Common directors
Lucky Surimi Products Co., Ltd.	Common shareholders/Common directors
Asia-Pacific Risk Consultants (Thailand) Co., Ltd.	Common shareholders/Common directors
Asia-Pacific Risk Insurance Broker Co., Ltd.	Common shareholders/Common directors
Minor International Pcl.	Common director
Darford International Inc.	Common director
Miss Rungtiwa Boonmechote	Relative of director
Pae Parichart Boonmechote	Relative of director

* Transferred to investment in joint venture during the year

** Ceased operation

The balances of the accounts as at 31 December 2013 and 2012 between the Company and those related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<u>Trade and other receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	2,003,380	2,326,986
Associated companies	73,095	22,496	6,846	1,051
Related companies	85,465	32,616	65,626	13,318
Total trade and other receivables - related parties	158,560	55,112	2,075,852	2,341,355
<u>Trade and other payables - related parties (Note 19)</u>				
Subsidiaries	-	-	378,660	337,790
Associated companies	6,148	12,305	1,575	11,367
Related companies	137,470	177,071	68,651	84,067
Total trade and other payables - related parties	143,618	189,376	448,886	433,224

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<u>Short-term loans to subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union Graphic Co., Ltd.	-	-	80,000	80,000
Thai Union International, Inc.	-	-	-	1,337,041
Total	-	-	80,000	1,417,041
<u>Long-term loans to subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Thai Union Investment Holding Co., Ltd.	-	-	22,560,467	20,453,595
Thai Union International, Inc.	-	-	2,028,074	676,118
Total	-	-	24,588,541	21,129,713
Less: Current portion				
Thai Union International, Inc.	-	-	(724,894)	-
Net	-	-	23,863,647	21,129,713

During 2013, movements of loans to/from related parties were as follows:

	(Unit: Thousand Baht)				
	Separate financial statements				
	Balance as at	During the year			Balance as at
	1 January 2013	Increase	Decrease	Revaluation	31 December 2013
<u>Short-term loans to subsidiaries</u>					
Thai Union Manufacturing Co., Ltd.	-	7,710	(7,710)	-	-
Songkla Canning Pcl.	-	7,850	(7,850)	-	-
Thai Union Graphic Co., Ltd.	80,000	80,000	(80,000)	-	80,000
Thai Union International, Inc.	1,337,041	124,600	(1,544,150)	82,509	-
	1,417,041	220,160	(1,639,710)	82,509	80,000
<u>Long-term loans to subsidiaries</u>					
Thai Union Investment Holding Co., Ltd.	20,453,595	841,106	(1,017,159)	2,282,925	22,560,467
Thai Union International, Inc.	676,118	1,228,000	-	123,956	2,028,074
	21,129,713	2,069,106	(1,017,159)	2,406,881	24,588,541
<u>Short-term loans from subsidiaries</u>					
Thai Union Manufacturing Co., Ltd.	-	16,450	(16,450)	-	-
Songkla Canning Pcl.	-	11,500	(11,500)	-	-
	-	27,950	(27,950)	-	-

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefits expenses payable to their directors and management as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term employee benefits	521	725	75	73
Post-employment benefits	34	33	7	4
Other long-term benefits	4	4	-	-
Termination benefits	19	18	-	-
Total	578	780	82	77

10. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
Finished goods	19,770,390	16,449,282	(928,825)	(473,601)	18,841,565	15,975,681
Work in process	247,355	137,864	-	(328)	247,355	137,536
Raw materials	10,290,450	10,752,836	(293,362)	(172,720)	9,997,088	10,580,116
Ingredients and packaging	1,813,344	1,638,343	(133,254)	(90,815)	1,680,090	1,547,528
Goods in transit	5,338,134	4,445,837	-	(12,995)	5,338,134	4,444,834
Spare parts	820,271	617,779	(7,157)	(1,003)	813,114	604,784
Total	38,279,944	34,041,941	(1,362,598)	(751,462)	36,916,346	33,290,479

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
Finished goods	2,107,943	1,690,448	(127,027)	(58,080)	1,980,916	1,632,368
Work in process	12,651	18,553	-	-	12,651	18,553
Raw materials	2,287,250	2,525,137	(25,859)	(4,051)	2,261,391	2,521,086
Ingredients and packaging	226,070	309,401	(18,724)	(10,866)	207,346	298,535
Goods in transit	536,356	377,517	-	(1,003)	536,356	376,514
Spare parts	21,311	23,974	-	-	21,311	23,974
Total	5,191,581	4,945,030	(171,610)	(74,000)	5,019,971	4,871,030

As at 31 December 2013, three overseas subsidiaries (2012: three overseas subsidiaries) mortgaged certain inventories of those companies to financial institutions to secure their credit facilities as mentioned in Note 18.

During the year 2012, the Company has written off damaged inventories for the net book value amounting to Baht 261 million from a fire incident in one section of the Company's plant located in Samutsakorn province, as mentioned in Note 8.

11. Restricted bank deposits

These represent fixed deposits pledged with financial institution to secure credit facilities.

12. Investments in associates

12.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2013	2012	2013	2012	2013	2012
			(%)	(%)				
<u>Investments in associates, directly held by the Company</u>								
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500	37,500	381,161	329,523
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010	1,010	23,248	21,934
Avanti Feeds Limited	Manufacturer & exporter of animal feeds and shrimp products	India	25.12	25.12	117,064	117,064	197,654	120,816
Pakfood Pcl.	Manufacturer & distributor of frozen foods and aquatic animals	Thailand	-	49.97	-	773,460	-	734,987
<u>Investments in associates, directly held by subsidiaries</u>								
Century Trading (Shanghai) Co., Ltd. (50% held by Thai Union Manufacturing Co., Ltd.)	Importer & exporter of food products	The People's Republic of China	45.04	45.04	75,900	75,900	41,502	34,916
TN Fine Chemical Co., Ltd. (49% held by Thai Union Manufacturing Co., Ltd.)	Manufacturer & exporter of by-products from seafoods	Thailand	44.14	44.14	44,070	44,070	52,240	51,256
Moresby International Holdings Inc. (33% held by Thai Union Manufacturing Co., Ltd.)	Holding in fishing company	British Virgin Island	30.03	30.03	136,535	96,981	141,855	96,981
LDH (La Doria) Limited (20% held by MW Brands)	Distributor of food products	United Kingdom	20.00	20.00	95,940	95,940	451,941	415,860
					508,019	1,241,925	1,289,601	1,806,273

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2013	2012	2013	2012
			(%)	(%)		
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500	37,500
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010	1,010
Avanti Feeds Limited	Manufacturer & exporter of animal feeds and shrimp products	India	25.12	25.12	117,064	117,064
Pakfood Pcl.	Manufacturer & distributor of frozen foods and aquatic animals	Thailand	-	49.97	-	773,460
					155,574	929,034

12.2 Share of profit/loss and dividend received

During the years, the Company and its subsidiaries have recognised their share of profit (loss) from investments in associates in the consolidated financial statements, and dividend received in the separate financial statements as follows:

Company's name	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	Share of profit (loss) from investments in associates during the year		Dividend received during the year	
	2013	2012	2013	2012
Lucky Union Foods Co., Ltd.	69,137	38,637	17,500	7,500
Biz Dimension Co., Ltd.	5,714	4,623	4,400	2,400
Century Trading (Shanghai) Co., Ltd.	6,586	9,651	-	-
TN Fine Chemicals Co., Ltd.	5,394	6,362	-	-
LDH (La Doria) Limited	40,240	37,185	-	-
Avanti Feeds Limited	84,292	11,844	7,454	8,092
Pakfood Pcl.	(20,233)	(38,473)	-	-
Moresby International Holding Ltd.	5,321	-	-	-
Total	196,451	69,830	29,354	17,992

12.3 Fair value of investments in listed associated company

In respect of investment in associated company that is a listed company on the Stock Exchange of Thailand, its fair value is as follows:

(Unit: Million Baht)

Company's name	Fair value as at 31 December 2012
Pakfood Pcl.	749.5

12.4 Financial information of associates

Financial information of associates are summarised below.

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the years ended		Profit (loss) for the years ended	
	31 December		31 December		31 December		31 December		31 December	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Lucky Union Foods Co., Ltd.	Baht 150 million	Baht 150 million	2,064	2,619	648	1,002	1,667	1,822	276	155
Biz Dimension Co., Ltd.	Baht 25 million	Baht 25 million	67	61	11	11	116	103	29	23
Avanti Feeds Limited	Rupee 90.8 million	Rupee 90.8 million	1,450	1,242	814	470	5,298	3,280	336	158
Pakfood Pcl.	-	Baht 300 million	-	3,550	-	1,905	-	6,642	-	(77)
Century Trading (Shanghai) Co., Ltd.	USD 4 million	USD 4 million	103	94	13	25	314	217	13	19
TN Fine Chemicals Co., Ltd.	Baht 90 million	Baht 90 million	98	110	5	6	77	91	11	13
Moresby International Holdings Inc.	USD 13.3 million	USD 9.4 million	458	295	131	-	16	-	16	-
LDH (La Doria) Limited	GBP 1 million	GBP 1 million	5,681	3,949	3,985	2,857	17,318	12,422	630	450

During the year 2012, the Company sold all of its investment in Avanti Thai Aqua Feeds Private Limited by swapping ordinary shares of Avanti Feeds Limited, and thus the investment proportion in Avanti Feeds Limited increased from 14.99% to 25.12%. The Company changed the recording of the investment in Avanti Feeds Limited from other long-term investment to investment in associated company. Gain on ordinary share swap, totaling Baht 54.8 million, is included in the income statement for the year ended 31 December 2012.

On 20 April 2012, the Company purchased 12 million ordinary shares of Pakfood Public Company Limited (PPC) (or 40% of the total 30 million issued and paid up shares of PPC) at a purchase price of Baht 51 per share, or a total of Baht 612 million. On 18 December 2012, the Company purchased 3 million ordinary shares of Pakfood Public Company Limited (PPC) at a purchase price of Baht 54 per share, or a total of Baht 161 million. As at 31 December 2012, the Company hold 15 million ordinary shares of PPC or 49.97% of the total issued and paid up shares of PPC. As at 31 December 2012, the Company had no control in PPC; therefore, the Company did not included the financial statements of PPC in the Company's consolidated financial statements.

During the first quarter of the current year, the Company purchased 9.6 million ordinary shares of Pakfood Public Company Limited (PPC) (or 29.2% of the total 33 million issued and paid up shares of Pakfood), a total of Baht 509 million. Thus, the investment proportion in PPC increased from 49.97% (of the total 30 million issued and paid up shares of Pakfood) to 74.64% of the total issued and paid up shares of PPC and during the fourth quarter of the current year, the Company purchased 0.8 million ordinary shares of PPC at a purchase price of Baht 53.14 per share, or a total of Baht 42.3 million. As at 31 December 2013, the Company holds 25.4 million ordinary shares of PPC or 77.06% of the total issued and paid up shares of PPC. The Company changed the recording of the investment in PPC from investment in associated company to investment in subsidiary. These consolidated financial statements included the statement of financial position of PPC as at 31 December 2013 and the comprehensive income for the period from the investment date to 31 December 2013.

During the first quarter of the current year, Thai Union Manufacturing additionally invested USD 1.3 million or Baht 39.6 million in Moresby International Holding Inc.

Investments in some associates were determined on the basis of financial information provided by those companies' managements. These were unaudited by their external auditors due to time constraints. However, the values of the investments in associates are immaterial.

13. 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		Dividend received during the year	
	2013	2012	2013	2012	2013	2012	2013	2012
			%	%				
Songkla Canning Pcl.	Baht 360 million	Baht 360 million	90.44	90.44	1,379,791	1,379,791	325,568	219,759
Thai Union Manufacturing Co., Ltd.	Baht 300 million	Baht 300 million	90.08	90.08	1,212,172	1,212,172	405,380	837,786
Thai Union Seafood Co., Ltd.	Baht 300 million	Baht 300 million	51.00	51.00	189,316	189,316	15,300	140,760
T-Holding Co., Ltd.	Baht 70 million	Baht 70 million	90.00	90.00	20,699	20,699	5,670	19,530
Thai Union Feedmill Co., Ltd.	Baht 500 million	Baht 500 million	51.00	51.00	255,000	255,000	49,725	137,700
Thai Union Graphic Co., Ltd.	Baht 40 million	Baht 40 million	74.00	74.00	45,331	45,331	4,440	7,400
Thai Union International, Inc. (TUI)	USD 98.6 million	USD 61.6 million	100.00	100.00	3,115,350	1,977,465	-	-
PT Juifa International Foods	-	USD 2.7 million	-	88.78	-	82,972	-	40,817
Thai Union Investment Holding Co., Ltd. (TUIH)	EUR 222 million	EUR 222 million	100.00	100.00	8,900,256	8,900,256	-	-
Pakfood Pcl.	Baht 330 million	-	77.06	-	1,324,515	-	-	-
Total					16,442,430	14,063,002	806,083	1,403,752

The Company

During the year 2012, the Company additionally invested EUR 200 million or Baht 7,975 million in Thai Union Investment Holding Co., Ltd. (TUIH).

During the year 2012, the Company additionally had invested USD 48.5 million or Baht 1,495.3 million in Thai Union International, Inc. (TUI).

During the first quarter of the current year, the Company increased investment in Pakfood Pcl (PPC), and thus the investment proportion in PPC increased from 49.97% to 74.64%. The Company changed the recording of the investment in PPC from investment in associated company to investment in subsidiary, as mentioned in Note 12. During the fourth quarter of the current year, the Company purchased 0.8 million ordinary shares of PPC at a purchase price of Baht 53.14 per share, or a total of Baht 42.3 million. As at 31 December 2013, the Company held 25.4 million ordinary shares of PPC or 77.06% of the total issued and paid up shares of PPC.

During the first quarter of the current year, the Company sold all of its investment in PT Juifa International Foods to third party for 23,970 shares, totally 88.78% of shareholding in the subsidiary at price of Baht 3,315.84 per share or amounting to Baht 79 million, resulting in loss incurred from sale of investment in subsidiary of Baht 58 million presented in the consolidated profit or loss (separate profit or loss: loss of Baht 3 million). As a result of the transaction, PT Juifa International Foods was no longer the subsidiary of the Company.

During the first quarter of the current year the Company additionally invested USD 14 million or Baht 415.3 million in Thai Union International, Inc. (TUI).

During the second quarter of the current year, the Company additionally invested USD 7.5 million or Baht 220.4 million in TUI.

During the fourth quarter of the current year, the Company additionally increased USD 15.5 million or Baht 502.2 million in TUI.

Thai Union Manufacturing Co., Ltd. and its subsidiary

On 20 February 2012, Siam Fishing Pte Ltd., a subsidiary of Thai Union Manufacturing Co., Ltd. was liquidated.

On 28 December 2012, Board of Directors meeting No. 1/2013 of Thai Union Manufacturing Co., Ltd. passed resolution on forming New Frontier Foods Co., Ltd., in which it holds 1 million ordinary shares (100% of the 1 million issued and paid-up shares of such company) with a par value of Baht 10 per share, 25% paid up, for a total payment of Baht 2.5 million. The said company registered the incorporation with the Ministry of Commerce on 21 January 2013.

During the first quarter of the current year, Thai Union Manufacturing Co., Ltd. formed New Frontier Foods Co., Ltd., in which it holds 1 million ordinary shares (or 100% of the issued and paid-up shares of such company) with a par value of Baht 10 per share, fully paid up, for a total payment of Baht 10 million.

During the second quarter of the current year, New Frontier Foods Co., Ltd., a subsidiary of Thai Union Manufacturing Co., Ltd., registered the increase of its registered share capital with the Ministry of Commerce from Baht 10 million (1 million ordinary shares of Baht 10 each) to Baht 200 million (20 million ordinary shares of Baht 10 each), 25% paid-up, for a total payment of Baht 47.5 million.

Thai Union Feedmill Co., Ltd. and its subsidiaries

During the year 2012, Thai Union Feedmill Co., Ltd. (TFM) formed TCM Fishery Co., Ltd., in which it holds 5.25 million ordinary shares (or 75% of the 7 million issued and paid-up shares of such company) with a par value of Baht 10 per share, fully paid-up, for a total payment of Baht 52.5 million.

During the year 2012, TFM formed TMK Farm Co., Ltd., in which it holds 12 million ordinary shares (or 80% of the 15 million issued and paid-up shares of such company) with a par value of Baht 10 per share, fully paid-up, for a total payment of Baht 120 million.

During the year 2012, TFM formed TMAC Co., Ltd. (TMAC), in which it holds 28.56 million ordinary shares (or 51% of the 56 million issued and paid-up shares of such company) with a par value of Baht 10 per share, 25% paid up, for a total payment of Baht 71.4 million.

On 9 January 2013, Thai Union Hatchery Co., Ltd., a subsidiary of TFM, registered the increase of its registered share capital with the Ministry of Commerce from Baht 300 million (30 million ordinary shares of Baht 10 each) to Baht 420 million (42 million ordinary shares of Baht 10 each) which was fully paid up.

On 1 April 2013, an extraordinary meeting of the shareholders of Thai Union Hatchery Co., Ltd. passed a resolution to approve a decrease of Baht 420 million in the Company's registered and fully paid-up capital, to Baht 200 million, by reducing the shares from 42 million shares (Baht 10 each) to 20 million shares (Baht 10 each) to offset the said Company's unappropriated deficit.

During the first quarter of the current year, TMAC a joint venture of TFM called the remaining 75% paid up of the 56 million issued and paid-up shares of such company with a par value of Baht 10 per share for a total payment of Baht 214.2 million and TMAC registered the increase of its registered share capital with the Ministry of Commerce from Baht 560 million (56 million ordinary shares of Baht 10 each) to Baht 860 million (86 million ordinary shares of Baht 10 each), fully paid-up of Baht 153 million. Therefore, a total payment was Baht 367.2 million.

During the second quarter of the current year, TFM restructured its investments in subsidiaries by selling its holdings in three subsidiaries to TMAC, another joint venture of TFM. The investments in the subsidiaries, namely Thai Union Hatchery Co., Ltd., TMK Farm Co., Ltd. and TCM Fishery Co., Ltd., were sold at prices of Baht 340 million, Baht 127 million and Baht 56 million, respectively. As a result of these transaction, all of these subsidiaries of TFM were no longer the subsidiaries of the Company.

During the current year, TFM has entered into the joint venture agreement with a Japanese company for the jointly investment in TMAC. As a result, an investment in TMAC had been reclassified from an investment in subsidiary by a subsidiary to investment in joint venture; 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 amounting to Baht 161 million are recorded in the profit and loss statement for the year ended 31 December 2013.

Thai Union Investment Holding Co., Ltd. and subsidiaries

During the year 2012, Thai Union Investment Holding Co., Ltd. additionally invested EUR 210 million in Thai Union European Seafood 1 S.A. through the conversion of a part of the inter-company loan.

During the year 2012, Thai Union France Holding 2 SAS additionally invested EUR 61 million or Baht 2,363 million in MW Brands SAS (par value of Baht 473 million and share premium of Baht 1,890 million).

On 24 December 2012, Thai Union European Seafood 2 S.A., a subsidiary of Thai Union European Seafood 1 S.A. was liquidated and merged with Thai Union European Seafood 1 S.A., also the subsidiary of Thai Union Investment Holding Co., Ltd.

Thai Union Seafood Co., Ltd.

On 8 May 2012, Thai Union Seafood Co., Ltd. registered the decrease of its registered share capital from Baht 400 million (40 million ordinary shares of Baht 10 each) to Baht 300 million (30 million ordinary shares of Baht 10 each) with the Ministry of Commerce, by canceling 10 million registered shares that had yet to be allocated.

Pakfood Pcl (PPC)

On 25 January 2013, an Extraordinary General Meeting of PPC approved the increase of the Company's registered share capital from Baht 300 million (30 million ordinary shares of Baht 10 each) to Baht 330 million (33 million ordinary shares of Baht 10 each), through the issuance of 3 million additional ordinary shares with a par value of Baht 10 each, for the offer to existing shareholders of the Company at Baht 50 per share.

During the third quarter of the current year, an Extraordinary General Meeting of PPC's shareholders considered and approved the delisting of PPC's securities from the Stock Exchange of Thailand ("the SET"), whereby the Company, the major shareholder of PPC, was to conduct a tender offer for the securities of PPC for the purpose of delisting, with an offer price of Baht 53.14 per share during 29 August 2013 to 31 October 2013. The SET approved the delisting of PPC's securities on 15 November 2013.

14. Investments in joint venture

14.1 Details of investment in joint venture:

Investment in joint venture represent investment in entity which is jointly controlled by Thai Union Feedmill Company Limited (a subsidiary) and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding		Cost		Carrying amounts based on equity	
		percentage				method	
		2013	2012	2013	2012	2013	2012
		(%)	(%)				
TMAC Company Limited	distribution of shrimp feed and supplies for breeding and rearing of shrimp and the investment in companies which engaged in the breeding, rearing and distribution of shrimp	51	-	438,600	-	578,940	-
Total				438,600	-	578,940	-

14.2 Share of loss

During the years, the Company recognised its share of loss from investments in joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Consolidated financial statements	
	Share of loss from investments in joint venture during the year	
	2013	2012
TMAC Company Limited	20,655	-
Total	20,655	-

14.3 Summarised financial information of jointly controlled entities

a) TMAC Company Limited

The Company's proportionate shares of the assets, liabilities, revenues and expenses of a joint venture, according to proportion under joint venture agreement, are as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2013	2012
Current assets	50	-
Non-current assets	182	-
	232	-
Current liabilities	(7)	-
Non-current liabilities	(1)	-
	(8)	-
Net assets	224	-

	(Unit: Million Baht)	
	For the year ended 31 December	
	2013	2012
Revenue	33	-
Cost of sales	(35)	-
Selling and administrative expenses	(13)	-
Loss before income tax income	(15)	-
Income tax income	4	-
Loss for the year	(11)	-

During the current year, TMAC called the remaining paid up of shares capital as mentioned in Note 13.

15. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2013		2012	
	Cost	Fair value	Cost	Fair value
Other long-term investments				
Available-for-sale securities - Unit trusts	41,563	33,181	46,104	31,653
Unrealised loss on changes in the value of investments	(8,382)		(14,451)	
Total available-for-sale securities	33,181		31,653	
Other investments				
- Ordinary shares	738		664	
Total other long-term investments	33,919		32,317	

During the year 2012, the Company swapped ordinary shares of Avanti Thai Aqua Feeds Private Limited with those of Avanti Feeds Limited, and thus the investment proportion in Avanti Feeds Limited increased from 14.99% to 25.12%. The Company also changed the recording of the investment in Avanti Feeds Limited from other long-term investment to investment in associated company, as mentioned in Note 12.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis	Cost basis					
	Land and land improvements	Buildings and building improvements	Machineries and equipments	Furnitures and fixtures	Motor vehicles	Assets under installation and under construction	Total
Cost/Revalued amount							
As at 1 January 2012	1,671,300	7,196,963	16,516,413	726,834	714,727	1,915,305	28,741,542
Additions	180,895	16,807	457,234	70,393	55,859	2,927,354	3,708,542
Disposals/write off	(29)	(326,196)	(246,835)	(32,213)	(123,452)	(60,502)	(789,227)
Transfer to other assets	-	-	-	-	-	(251,817)	(251,817)
Revaluation	907,217	-	-	-	-	-	907,217
Transfer in (out)	35,385	896,941	1,419,151	16,902	74,667	(2,443,046)	-
Translation adjustment	(2,956)	(38,582)	(161,528)	(5,565)	(4,579)	(15,575)	(228,785)
As at 31 December 2012	2,791,812	7,745,933	17,984,435	776,351	717,222	2,071,719	32,087,472
Increase from investment							
in subsidiaries	348,900	1,177,782	1,430,069	66,670	67,030	6,879	3,097,330
Additions	120,998	17,513	454,152	44,481	14,867	3,530,784	4,182,795
Sales of investment in subsidiaries	(258,826)	(327,954)	(158,884)	(14,595)	(9,943)	(34,889)	(805,091)
Disposals/write off	(3,987)	(58,655)	(907,547)	(24,500)	(105,902)	(16,189)	(1,116,780)

(Unit: Thousand Baht)

Consolidated financial statements						
	Revaluation basis	Cost basis				
	Land and land improvements	Buildings and building improvements	Machineries and equipments	Furnitures and fixtures	Motor vehicles	Assets under installation and under construction
						Total
Transfer of investments from subsidiaries to joint ventures	-	-	-	(273)	-	(273)
Transfer to other assets	-	-	-	-	-	(184,567)
Transfer in (out)	48,151	750,538	1,697,292	(102,426)	55,680	(2,449,235)
Translation adjustment	9,345	250,438	701,097	27,518	14,828	35,960
As at 31 December 2013	3,056,393	9,555,595	21,200,614	773,226	753,782	2,960,462
Accumulated depreciation						
As at 1 January 2012	27,518	2,811,495	9,210,191	481,725	485,013	-
Depreciation for the year	4,964	310,046	1,334,920	35,735	60,833	-
Depreciation for disposals/ write off	-	(182,419)	(213,269)	(31,383)	(117,972)	-
Translation adjustment	(74)	(15,741)	(69,786)	(3,920)	(3,676)	-
As at 31 December 2012	32,408	2,923,381	10,262,056	482,157	424,198	-
Increase from investment in subsidiaries	-	357,413	707,948	52,422	46,410	-
Depreciation for the year	7,972	378,974	1,547,291	16,231	72,681	-
Sales of investment in subsidiaries	(17,925)	(115,501)	(93,654)	(9,669)	(3,989)	-
Depreciation for disposals/ write off	-	(47,788)	(646,673)	(22,640)	(95,032)	-
Transfer of investments from subsidiaries to joint ventures	-	-	-	(16)	-	-
Translation adjustment	372	107,773	390,158	19,950	9,265	-
As at 31 December 2013	22,827	3,604,252	12,167,126	538,435	453,533	-
Allowance for loss on impairment of assets						
As at 1 January 2012	-	65,626	5,014	-	-	-
Decrease during the year	-	(28,703)	-	-	-	-
Translation adjustment	-	-	(1,934)	-	-	-
As at 31 December 2012	-	36,923	3,080	-	-	-
Increase from acquisitions of subsidiaries	4,535	-	-	-	-	-
Decrease during the year	-	(662)	(2,855)	-	-	-
Translation adjustment	-	-	45	-	-	-
As at 31 December 2013	4,535	36,261	270	-	-	-
Net book value						
As at 31 December 2012	2,759,404	4,785,629	7,719,299	294,194	293,024	2,071,719
As at 31 December 2013	3,029,031	5,915,082	9,033,218	234,791	300,249	2,960,462
Depreciation for the years						
2012 (Baht 1,671 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses)						1,746,498
2013 (Baht 1,982 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses)						2,023,149

(Unit: Thousand Baht)

	Separate financial statements						
	Revaluation	Cost basis					
	basis						
	Land and land improvements	Buildings and building improvements	Machineries and equipment	Furnitures and fixtures	Motor vehicles	Assets under installation and under construction	Total
Cost /Revalued amount							
As at 1 January 2012	742,370	2,013,994	2,105,704	63,141	145,262	440,850	5,511,321
Additions	-	-	289,024	5,681	26,647	586,240	907,592
Disposals/write off	-	(302,120)	(48,371)	(13)	(29,242)	(37,577)	(417,323)
Revaluation	224,487	-	-	-	-	-	224,487
Transfer in (out)	13,470	309,553	128,842	25,827	17,359	(495,051)	-
As at 31 December 2012	980,327	2,021,427	2,475,199	94,636	160,026	494,462	6,226,077
Additions	28,320	-	237,351	4,387	2,198	479,470	751,726
Disposals/write off	-	-	(7,451)	(182)	(17,620)	(8,425)	(33,678)
Transfer in (out)	7,085	306,327	162,084	989	8,172	(484,657)	-
As at 31 December 2013	1,015,732	2,327,754	2,867,183	99,830	152,776	480,850	6,944,125
Accumulated depreciation							
As at 1 January 2012	-	705,513	1,393,301	42,126	100,062	-	2,241,002
Depreciation for the year	-	85,317	228,450	11,667	9,830	-	335,264
Depreciation for disposals/ write off	-	(166,403)	(41,717)	(12)	(27,899)	-	(236,031)
As at 31 December 2012	-	624,427	1,580,034	53,781	81,993	-	2,340,235
Depreciation for the year	-	114,255	259,080	16,752	12,203	-	402,290
Depreciation for disposals/ write off	-	-	(6,106)	(177)	(16,427)	-	(22,710)
As at 31 December 2013	-	738,682	1,833,008	70,356	77,769	-	2,719,815
Allowance for loss on impairment of assets							
As at 1 January 2012	-	65,626	-	-	-	-	65,626
Decrease during the year	-	(29,365)	-	-	-	-	(29,365)
As at 31 December 2012	-	36,261	-	-	-	-	36,261
Decrease during the year	-	-	-	-	-	-	-
As at 31 December 2013	-	36,261	-	-	-	-	36,261
Net book value							
As at 31 December 2012	980,327	1,360,739	895,165	40,855	78,033	494,462	3,849,581
As at 31 December 2013	1,015,732	1,552,811	1,034,175	29,474	75,007	480,850	4,188,049
Depreciation for the years							
2012 (Baht 302 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses)							335,264
2013 (Baht 376 million is included in manufacturing cost; the remaining balance is included in selling and administrative expenses)							402,290

During the year 2012, the Company and its subsidiaries hired an independent appraiser to evaluate their land price using market approach.

Breakdown of the land carried on the revaluation basis as at 31 December 2013 and 2012 is as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statement	Separate financial statement
Historical cost	1,509,815	742,370
Surplus from revaluation	907,217	224,487
Revalued amount	2,417,032	966,857

As at 31 December 2013, the Company and its subsidiaries had equipment under finance lease agreements with net book values amounting to Baht 505 million (2012: Baht 520 million).

As at 31 December 2013, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 6,830 million (2012: Baht 5,767 million).

During the year 2012, the Company has written off damaged assets by Baht 123 million for the net book values of damaged assets from a fire incident in the Company's plant located in Samutsakorn province, as mentioned in Note 8.

As at 31 December 2012, an overseas subsidiary mortgaged some of its buildings and equipments to secure its credit facility, as mentioned in Note 18.

As at 31 December 2013, a local subsidiary is subject to restriction on the creation of lien or encumbrance over its property, plant and equipment due to long-term loans from financial institution, as mentioned in Note 20.

17. Other intangible assets

(Unit: Million Baht)

Consolidated financial statements								
	Licences	Trademarks	Customer relationships	Covenant not to complete	Computer software	Distributor relationships	Others	Total
Cost								
As at 1 January 2012	264	13,214	134	13	289	232	3	14,149
Additions	-	1	-	-	233	-	-	234
Disposal/write off	-	-	-	-	(5)	-	-	(5)
Translation adjustment	3	(164)	(5)	-	(4)	(3)	-	(173)
As at 31 December 2012	267	13,051	129	13	513	229	3	14,205
Additions	-	1	-	-	196	-	-	197
Disposal/write off	-	-	-	-	(5)	-	-	(5)
Translation adjustment	19	1,400	10	1	53	25	-	1,508
As at 31 December 2013	286	14,452	139	14	757	254	3	15,905
Amortisation								
As at 1 January 2012	27	281	113	13	177	9	-	620
Amortisation	12	2	13	-	101	16	-	144
Translation adjustment	-	(9)	(4)	-	(1)	-	-	(14)
As at 31 December 2012	39	274	122	13	277	25	-	750
Amortisation	10	1	8	-	162	12	-	193
Translation adjustment	1	19	9	1	32	4	-	66
As at 31 December 2013	50	294	139	14	471	41	-	1,009
Impairment								
As at 1 January 2012	-	179	-	-	-	-	-	179
Translation adjustment	-	(2)	-	-	-	-	-	(2)
As at 31 December 2012	-	177	-	-	-	-	-	177
Increase during the year	-	3	-	-	-	-	-	3
Translation adjustment	-	20	-	-	-	-	-	20
As at 31 December 2013	-	200	-	-	-	-	-	200
Net book value								
As at 31 December 2012	228	12,600	7	-	236	204	3	13,278
As at 31 December 2013	236	13,958	-	-	286	213	3	14,696

	(Unit: Million Baht)
	Separate financial statements
	Computer software
Cost	
At 1 January 2012	9.7
Additions	1.5
At 31 December 2012	11.2
Additions	2.0
At 31 December 2013	13.2
Amortisation	
At 1 January 2012	8.0
Amortisation	0.3
At 31 December 2012	8.3
Amortisation	0.5
At 31 December 2013	8.8
Net book value	
At 31 December 2012	2.9
At 31 December 2013	4.4

As at 31 December 2013 and 2012, an overseas subsidiary's trademark "Chicken of the sea" was used as collateral of credit facilities of an overseas subsidiary as mentioned in Note 18.

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

The Company entered into interest rate swap agreements for short-term loans from financial institution to hedge interest rate risk, as mentioned in Note 35.1.

Tri-Union Frozen Products, Inc. (TUFP)

TUFP entered into an amended and restated credit agreement (TUFP Credit Agreement) with Bank of America N.A. (BOA). The TUFP Credit Agreement was initially made for USD 85 million revolving facility through 15 October 2013. The second through seventh amendments included the extended terms and increased credit line to USD 140 million

In April 2013, TUFP entered into a seventh amendment (TUFP Amendment No. 7) with BOA to modify the definition of eligible receivables to exclude certain receivables from the borrowing base as a result of the receivables purchase agreement as discussed in Note 8.

On 5 August 2013, an eighth amendment (TUFPP Amendment No. 8) with BOA was executed and maintains of USD 140 million revolving credit, including a feature to expand credit line to USD 160 million, as needed. TUFPP Amendment No. 8 extends the TUFPP Credit Agreement until 5 August 2016, which was formerly ended on 15 October 2013.

On 11 December 2013, TUFPP entered into the TUFPP Amendment No. 9 with existing lenders to exercise its right to temporarily increase its USD 140 million revolving credit by USD 15 million to USD 155 million commencing on 11 December 2013 and ending on 11 June 2014. Term and conditions of the additional loans remain the same as previously established in the TUFPP Credit Agreement plus additional interest bearing of 0.25%.

Borrowings under the TUFPP Credit Agreement bear interest, at TUFPP's option, at LIBOR plus a margin of 1.25% to 2.25% per annum, or the bank's prime rate plus 0.25% to 1.25% per annum, subject to excess availability evaluated on a quarterly basis. An unused line fee is charged at 0.25% per annum, subject to adjustment, on the average daily unused portion of the TUFPP Credit Agreement. The TUFPP Credit Agreement is secured by accounts receivable and inventories of TUFPP. This revolving credit agreement includes a requirement that all borrowers maintain a lockbox arrangement whereby cash receipts are used directly to repay the amounts outstanding under the TUFPP Credit Agreement. Therefore, all borrowings made under the TUFPP credit agreement will be classified as short-term.

As at 31 December 2013, the balance under the credit facility was USD 132 million (2012: USD 100 million) at interest rate between 1.42% to 3.50% per annum (2012: between 2.21% to 4.25% per annum) and actual unused availability, which is based upon substantially all of the collateralized assets, was approximately USD 20 million (2012: USD 36 million). TUFPP is subject to certain financial covenants including interest coverage ratio and leverage coverage ratio and others. As at 31 December 2013, TUFPP determined it was in compliance with these covenants.

On 10 January 2014, TUFPP entered into the TUFPP Amendment No. 10 with existing lenders to exercise its right to temporarily increase its USD 155 million revolving credit by USD 5 million to USD 160 million commencing on 10 January 2014 and ending on 11 June 2014. Term and conditions of the additional loans remain the same as previously established in the TUFPP Credit Agreement plus additional interest bearing of 0.25%.

Tri-Union Seafoods, LLC (Tri-U)

On 11 March 2011, Tri-Union Seafoods, LLC (Tri-U) entered into an amended revolving credit facility agreement with BOA. The credit facility, which expires on 11 March 2014, provides for borrowings and the issuance of letters of credit up to USD 95 million subject to limitations based on eligible accounts receivable and inventory. The issuance of letters of credit reduces the amount of borrowing capacity. Borrowings under the credit facility bear interest, at Tri-U's option, at LIBOR plus a margin of 2.00% or 2.25% per annum, the bank's prime rate, or the bank's prime rate plus 1.00% or 1.25% per annum, depending upon the ratio of amounts outstanding to secured accounts receivable and inventory, subject to quarterly adjustment. An unused line fee is charged at 0.375% per annum, subject to adjustment, on the average daily unused portion of the credit facility. The credit facility is secured by accounts receivable and inventory of Tri-U.

On 6 June 2011, Tri-U amended its credit facility with BOA to incorporate the "Chicken of the Sea" trademark as eligible collateral with USD 10 million additional availability component loan at LIBOR plus a margin of 3.75% or 4.00% per annum or the bank's prime rate plus 2.75% or 3.00% per annum within the USD 95 million credit line. Until repayment in full of the additional component loan, borrowing under Tri-U credit facility bears interest at LIBOR plus 2.25% or 2.50% per annum, or the bank's prime rate plus 1.25% or 1.50% per annum at Tri-U option.

On 23 March 2012, Tri-U entered into the second amendment revolving credit facility agreement to increase the credit line to USD 110 million through 11 March 2014.

On 22 August 2012, Tri-U entered into the third amendment of its credit facility with BOA, which has a "Keep-well" provision allowing Tri-U to utilise equity contributions from its member funded within a 45-day grace period when calculating the leverage ratio for purposes of assessing compliance with covenants. Tri-U agreed to a 0.25% increase in the annual interest rate in consideration of this provision.

As at 31 December 2013, the balance under the credit facility was USD 90 million (2012: USD 96 million), with interest rate at 3.00% to 6.50% per annum (2012: interest rate at 3.00% to 6.50% per annum) and actual unused availability was approximately USD 8 million (2012: USD 10 million). Tri-U is subject to certain financial covenants including an interest coverage ratio and leverage ratio and other covenants, including limitations on indebtedness, capital leases, and capital expenditures, transactions with affiliates, distributions, and dividends. As at 31 December 2013, Tri-U determined it was in compliance with these covenants.

Yueh Chyang Canned Food Co., Ltd. (YCC)

As at 31 December 2013, Yueh Chyang Canned Food Co., Ltd. (YCC) obtained credit facilities from four financial institutions amounting to USD 26 million (2012: USD 14 million). The credit facilities bears interest rate at 1.86% to 2.50% per annum (2012: cost of fund plus 1% and 2.25% per annum). As at 31 December 2013, the balance under the credit facilities was USD 11 million (2012: USD 7 million). The unused availability was approximately USD 15 million (2012: USD 7 million). The credit facilities were secured by accounts receivable and inventories of YCC (2012: secured by accounts receivable, inventories, plant and equipment of YCC).

19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables - related parties	57,897	85,302	410,578	381,475
Trade payables - unrelated parties	7,770,338	8,940,811	897,161	1,179,377
Accrued interest expenses to related parties	-	-	-	1
Accrued expenses - related parties	78,094	92,465	34,216	41,763
Accrued expenses	1,730,898	1,237,340	241,380	253,817
Other payables - construction and equipment purchase - related party	7,627	11,609	4,092	9,985
Other payables - construction and equipment purchase - unrelated parties	157,550	177,201	6,485	62,294
Total trade and other payables	<u>9,802,404</u>	<u>10,544,728</u>	<u>1,593,912</u>	<u>1,928,712</u>

20. Long-term loans

Long-term loans as at 31 December 2013 and 2012 consist of:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
USD loans	1,623	9	1,614	-
Baht loans	2,603	2,815	2,138	2,250
Less: Deferred financial fees	(4)	-	(4)	-
Total	4,222	2,824	3,748	2,250
Less: Current portion	(779)	(399)	(450)	(112)
Net	<u>3,443</u>	<u>2,425</u>	<u>3,298</u>	<u>2,138</u>

During the second quarter of 2007, a local subsidiary drew Baht 380 million of two loan agreements from a local financial institution. The loans carry interest at 4.85% per annum, and THBFIX plus 0.5% per annum. The principles were repaid during the current year.

During the third quarter of 2007, a local subsidiary entered into a 7-year loan agreement amounting to Baht 1,190 million with a local financial institution. The loan carries interest at THBFIX plus 0.39% per annum and is to be repaid in semi-annually installments, the first of which will be due in January 2011. The loan contains covenants relating to various matters stipulated in the agreement. As at 31 December 2013, the balance of this loan was Baht 273 million (2012: Baht 545 million).

During the third quarter of 2011, the Company has entered into a 7-year loan agreement amounting to Baht 2,250 million with a local financial institution. The loan carries interest at THBFIX per annum and is to be repaid in quarterly installments, the first of which will be due in October 2013. The loan contains covenants relating to various matters stipulated in the agreement. As at 31 December 2013, the balance of this loan was Baht 2,138 million (2012: Baht 2,250 million).

During the fourth quarter of 2011, a local subsidiary entered into a long-term loan agreement amounting to Baht 350 million with a local financial institution. The loan was carried interest at 4.75% since October 2011, and FDR plus 2.5% since October 2012 and is to be repaid in monthly installments, the first of which will be due in April 2012. The subsidiary is subject to restriction on the creation of lien or encumbrance over its property, plant and equipment. As at 31 December 2013, the balance of this loan was Baht 192 million (2012: Baht 237 million). The loan agreement contains covenants as specified in the agreement that, among other things, require the subsidiary to maintain certain debt to equity and debt service coverage ratio according to the agreement. As at 31 December 2013, the subsidiary was unable to maintain the debt service coverage ratio. However, the subsidiary received the relaxation for not complying with such covenant from the bank in November 2013. The subsidiary therefore reclassified the loan as at 31 December 2013 as long-term loans with the original basis of the term payment.

During the fourth quarter of 2012, a local subsidiary entered into a 2-year loan agreement amounting to Baht 20 million with a local financial institution. The loan carries interest at MLR less 3% per annum. This loan was repaid in full amount during the first quarter of the current year.

During the fourth quarter of the current year, the Company has entered into loan agreement amounting to USD 49 million or Baht 1,614 million with a local financial institution. The loan carries interest at LIBOR plus 0.92% per annum which will be due on 27 July 2016, 27 July 2017 and 27 July 2018. The loan contains covenants relating to various matters stipulated in the agreement. As at 31 December 2013, the balance of this loan was USD 49 million or Baht 1,614 million.

21. Debentures

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

On 25 April 2011, the Annual General Meeting of Shareholders approved the increase of credit limit for issuance of debentures of the Company and/or its subsidiaries in an amount of up to Baht 15,000 million or the equivalent in other currencies, for the purpose of refinancing debt and future expansion. Such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.

The Company's debentures which are unsecured debentures with no trustee, issued with a registered certificate and unsubordinated are summarised below:

				(Unit: Million Baht)	
				Consolidated/ Separate financial statements	
Debentures	Interest rate (% p.a.)	Terms	Due date	2013	2012
*Debentures # 1/2008 (2)	5.50	5 years	12 November 2013	-	500
**Debentures # 1/2011 (1)	4.51	3 years	27 July 2014	3,300	3,300
**Debentures # 1/2011 (2)	4.70	5 years	27 July 2016	1,950	1,950
**Debentures # 1/2011 (3)	5.02	10 years	27 July 2021	1,500	1,500
Total debentures - face value				6,750	7,250
Less: Unamortised portion of deferred transaction costs				(10)	(16)
Total debentures				6,740	7,234
Less: Debentures due within one year				(3,298)	(500)
Debentures - due over one year				3,442	6,734

- * Debentures # 1/2008, the Company issued the debentures on 12 November 2008 of Baht 1,500 million (1,500,000 units of debentures of Baht 1,000 each). Debentures # 1/2008 (1), 2-year debentures carry interest rate at 4.7% per annum of Baht 1,000 million, which redeemed on the maturity date in 2010. Debentures # 1/2008 (2), the 5-year debentures carry interest rate at 5.5% per annum of Baht 500 million, redemption was due on 12 November 2013. During the year, the Company has already redeemed these debentures.
- ** Debentures # 1/2011 the Company issued three debentures on 27 July 2011 of Baht 6,750 million (6,750,000 units of debentures of Baht 1,000 each), with interest rate at 4.51% to 5.02% per annum and the redemption is due in 2014, 2016 and 2021.

On 11 November 2013, the meeting of the Company's Board of Directors approved the issued four debentures 1/2014 amounting to Baht 8,250 million (8,250,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with no trustee, with interest rate at 3.58% to 5.18% per annum and the redemption is due in 2017, 2019, 2021 and 2024.

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

22. Convertible bond

On 2 September 2010, the Extraordinary General Meeting of Shareholders approved the issuance non-secured convertible bond to specific investors (Private Placement) of EUR 60 million. The bond has a tenor of 4 years and an annual coupon of 5% p.a. and an overall yield of 8% p.a. unless converted into common shares. The bond can be converted into common shares at any time after the first year at a conversion price of Baht 56 per share. On 27 October 2010, the Company issued this convertible bond. The convertible bond contains covenants relating to various matters. On 6 March 2012, the meeting of the Company's Board of Directors approved the change of conversion price to Baht 52.91 per share.

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

23. Provision for long-term employee benefits

The amount related to long-term employee benefits recognised in profit or loss and the statements of financial position are summarised below.

	Consolidated financial		Separate financial	
	statements		statements	
	2013	2012	2013	2012
Current service cost	133,742	80,338	30,708	17,175
Interest cost	77,035	57,465	10,958	8,580
Long-term employee benefit expenses for the year	210,777	137,803	41,666	25,755
Line items under which such expenses are included in profit or loss				
Cost of sales	158,034	90,437	25,342	19,473
Selling and administrative expenses	52,743	47,366	16,324	6,282

The changes in the present value of the defined benefit obligation are as follows:

	Consolidated financial		Separate financial	
	statements		statements	
	2013	2012	2013	2012
Defined benefit obligation at beginning of year	1,474,661	966,024	341,674	190,433
Increase from buying subsidiary	46,523	-	-	-
Sale of investment in subsidiaries	(3,663)	-	-	-
Current service cost	133,742	80,338	30,708	17,175

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2013	2012	2013	2012
Interest cost	77,035	57,465	10,958	8,580
Benefits paid during the year	(56,271)	(29,756)	(5,954)	(5,919)
Actuarial losses	23,385	407,786	-	131,405
Translation adjustment	28,426	(7,196)	-	-
Defined benefit obligation				
at end of year	1,723,838	1,474,661	377,386	341,674

Principal actuarial assumptions as at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.1 - 17.0	2.8 - 20.0	3.7	3.7
Future salary increase rate (depending on age of employee)	3.0 - 15.0	3.0 - 15.0	3.5 - 10.0	3.5 - 10.0
Staff turnover rate	1.0 - 30.0	1.0 - 30.0	2.5 - 30.0	2.5 - 30.0

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

	(Unit: Thousand Baht)			
	Defined benefit obligation		Obligated amount adjusted	
	as a result of experience			
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	1,723,838	377,386	-	-
Year 2012	1,474,661	341,674	323,133	112,228
Year 2011	966,024	190,433	6,459	-
Year 2010	540,345	-	(3,064)	-

The overseas subsidiary has a defined benefit plan as mentioned in Note 4.16. The amounts related to such defined benefit plan recognised in profit or loss and the statement of financial position are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2013	2012
Interest cost	926	2,265
Expected return on plan asset	1,357	(1,334)
Amortisation of net loss	339	745
Expenses recognition due to settlements	-	50,762
Long-term employee benefit expenses for the year	2,622	52,438

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2013	2012
Defined benefit obligation	21,100	29,421
Fair value of plan assets	(26,932)	(27,188)
Provisions for long-term employee benefits	(5,832)	2,233

The changes in the present value of the defined benefit obligation are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2013	2012
Defined benefit obligation at beginning of year	29,421	110,146
Interest cost	925	2,265
Benefits paid during the year	(1,512)	(1,427)
Actuarial losses	(9,225)	8,874
Translation adjustment	1,491	(2,565)
Settlement gain	-	(9,960)
Curtailments and settlements	-	(77,912)
Defined benefit obligation at end of year	21,100	29,421

The change in the fair value of plan assets is as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2013	2012
Fair value of plan assets at beginning of year	27,188	70,467
Expected return on plan assets	(555)	124
Contributions	-	35,031
Benefits paid during the year	(1,512)	(1,241)
Settlements	-	(75,430)
Translation adjustments	1,811	(1,763)
Fair value of plan assets at end of year	26,932	27,188

The major categories of plan assets as a percentage of total plan assets are as follows:

	Consolidated financial statements	
	2013	2012
	%	%
Debt securities	100	100

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements	
	2013	2012
	(% per annum)	(% per annum)
Discount rate	4.9	4.1
Expected long-term rate of return on plan assets	8.0	8.0

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

	(Unit: Thousand Baht)	
	Defined benefit obligation	Obligated amount adjusted as a result of experience
	Consolidated financial statements	Consolidated financial statements
Year 2013	(5,832)	(6,675)
Year 2012	2,233	4,951
Year 2011	39,679	998
Year 2010	44,304	(3,342)

24. Income tax

Income tax expenses of the Company and subsidiaries for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current income tax:				
Corporate income tax for the year	530	350	189	38
Translation adjustment	3	(1)	-	-
Expense (income) in deferred income tax	(38)	(229)	17	(8)
Income tax expense (income) reported in profit or loss	495	120	206	30

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Accounting profit before income tax	3,974	5,592	2,006	2,966
Applicable tax rate	10-35%	10-35%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	779	984	401	682
Tax adjust for prior year	12	(12)	-	(16)
Tax effect of intercompany transactions	(9)	1	-	-
Tax effect for:				
investment promotion (Note 28)	(248)	(713)	(56)	(264)
tax-exempt incomes and non-deductible expenses	(34)	(88)	(156)	(380)
Decrease in deferred tax assets	42	87	19	12
Decrease in deferred tax liabilities	(47)	(139)	(2)	(4)
Income tax expenses in income statements	495	120	206	30

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred tax assets				
Tax losses brought forward	465	503	-	-
Tax effect of non-deductible expenses				
Allowance for diminution in value of				
Accounts receivable	25	20	5	5
Inventories	189	135	2	1
Assets value	7	7	7	7
Others	77	12	-	-
Provision for long-term employee benefits	54	51	5	10
Accrued liabilities	191	168	-	-
Inventory cost capitalisation	268	212	-	-
Others	53	56	12	27
Total	1,329	1,164	31	50
Deferred tax liabilities				
Depreciation and amortisation	684	603	3	2
Intangible assets	4,197	3,784	-	-
Prepaid expense	15	16	-	-
Others reserves	227	213	-	-
Surplus on revaluation of land	321	181	45	45
Others	91	128	-	3
Total	5,535	4,925	48	50

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

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

25. Share capital

On 10 April 2012, the Extraordinary General Meeting of the Company's Shareholders no. 1/2012 passed resolutions on the following matters.

- Approval was given to decrease the Company's registered share capital from Baht 1,000 million (1,000 million ordinary shares of Baht 1 each) to Baht 999 million (999 million ordinary shares of Baht 1 each), by canceling 813,450 registered shares that had yet to be allocated. The Company registered the decrease of its share capital with the Ministry of Commerce on 23 April 2012.
- Approval was given to increase the Company's registered share capital from Baht 999 million (999 million ordinary shares of Baht 1 each) to Baht 1,202 million (1,202 million ordinary shares of Baht 1 each) for the support of the issuance of new shares to existing shareholders (Rights Offering) according to Pro rata basis of shares and/or to the private placement and for the support of the conversion of debentures which were allocated to the private placement on 27 October 2010. The Company registered the increase of its share capital with the Ministry of Commerce on 24 April 2012.

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

(Unit: Share)

	Consolidated financial statements/ Separate financial statements	
	31 December	
	2013	2012
Number of ordinary shares at the beginning of year	1,147,593,829	956,329,407
Increase in the number of ordinary shares due to share capital increase*	-	191,264,422
Number of ordinary shares at the end of year	<u>1,147,593,829</u>	<u>1,147,593,829</u>

* The Company allocated the new 191,264,422 shares to the existing shareholders at the ratio of 5 existing common shares to 1 newly issued shares at the subscription price of Baht 50 per share. The Company registered its additional shares with the Ministry of Commerce on 28 May 2012 and the shares were first traded on the Stock Exchange of Thailand on 30 May 2012.

26. Statutory reserve

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

27. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salaries and wages and other employee benefits	11,551,506	9,978,011	2,315,994	2,343,165
Depreciation	2,023,149	1,746,498	402,290	335,264
Amortisation	210,242	155,897	464	317
Reversal of loss on impairment	-	(28,703)	-	(29,365)
Rental expenses under operating lease agreements	1,357,979	1,184,108	400,604	357,570
Raw materials, consumables used and finished goods purchased	65,581,917	66,383,009	17,319,639	18,322,331
Changes in of finished goods and work in progress	(2,682,394)	(2,587,955)	(411,593)	(438,734)

28. Promotional privileges

The Company has been granted promotional privileges by the Board of Investment to carry on the activity of producing frozen seafood, processed and semi-processed food and others. In addition, five subsidiaries were granted promotional privileges by the Board of Investment to produce frozen seafood, processed and semi-processed food, processed animal foods and others. Subject to certain imposed conditions, the tax privileges of the Company and these subsidiaries include the following:

- Exemption from corporate income tax on income from the promoted activities for a period of 8 years, to the extent that the amount of tax exempted does not exceed 100% of investment capital exclusive of land and working capital for manufacturing frozen seafood and canned pet food, and for a period of 8 years for processed canned food or semi-canned food and frozen ready-meal commencing as from the date of first earning operating income.

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

- Exemption from income tax on dividend paid to the shareholders from the income of the promoted operation during the corporate income tax exemption period.
- Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year and/or 5 years as from the date of first import.
- Exemption from import duty on items which the promoted person imports for re-export for a period of 1 year and/or 5 years as from the date of first import.
- Five percent of any increment in export income over that of the preceding year is deductible from taxable income for a period of 10 years commencing as from the date of first earning operating income, provided that the export sales of that year are not lower than the average export sales of the past three years, except for the first two years.
- Exemption from import duty on machinery as approved by the Board.

In addition, subsidiaries have been accorded the following additional privileges:

- A fifty percent reduction of corporate income tax on their net income, for a period of five years after the corporate income tax exemption expired.
- Permission to double deduct the costs of transportation, electricity and water supply for corporate income tax purpose, for a period of ten years, commencing as from the date of first earning operating income.
- Permission to deduct 25 percent of the cost of public utilities, in addition to normal depreciation charges.

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

(Unit: Thousand Baht)						
	Promoted operations		Non-promoted operations		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Revenue from domestic sales	2,233,880	2,412,520	1,563,181	1,623,981	3,797,061	4,036,501
Revenue from export sales	19,173,849	19,843,900	486,238	1,191,541	19,660,087	21,035,441
Total revenues	21,407,729	22,256,420	2,049,419	2,815,522	23,457,148	25,071,942

29. 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.

	For the year ended 31 December 2013		
	Profit for the year		Earnings per share
	Consolidated financial statements	Weighted average number of ordinary shares	Consolidated financial statements
	Million Baht	Million share	Baht
Basic earnings per share			
Profit attributable to equity holders of the parent	2,853	1,147.6	2.49
Add: Interest expense from convertible bond recognised during the year	99	-	
Effect of dilutive potential ordinary shares	-	45.4	
Diluted earning per share			
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	2,952	1,193.0	2.47

There was no disclosure of diluted earnings per share in the separate financial statements for the year ended 31 December 2013 since the effect of diluted earnings per share was antidilutive.

For the year ended 31 December 2012					
		Weighted			
Profit for the year		average	Earnings per share		
Consolidated	Separate	number of	Consolidated	Separate	
financial	financial	ordinary	financial	financial	
statements	statements	shares	statements	statements	
Million Baht	Million Baht	Million share	Baht	Baht	
Basic earnings per share					
Profit attributable to equity holders of					
the parent	4,694	2,935	1,070.3	4.39	2.74
Add: Interest expense from convertible bond					
recognised during the year	93	93			
Effect of dilutive potential ordinary shares	-	-	45.3		
Diluted earning per share					
Profit of ordinary shareholders assuming					
the conversion of warrants to ordinary shares	4,787	3,028	1,115.6	4.29	2.71

30. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have two reportable segments as follows:

- Production and distribution of processed frozen and canned food products segment and
- Operation support and other business segment

The Company and its subsidiaries have no operating segments that have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. The Company measures segment performance based on operating profit or loss and total assets which on a same basis consistent with that used to measure operating profit or loss and total asset in the financial statements.

Transactions between operating segments on an arm's length basis are recorded in a manner similar to transactions with third parties.

Information regarding of the Company and its subsidiaries' operation segments presented revenue profit and total assets for the years ended 31 December 2013 and 2012 is as follows:

	(Unit: Thousand Baht)				
	For the year ended 31 December 2013				
	Production and distribution of processed frozen and canned food products segment	Operation support and other business segment	Total reportable segments	Eliminations	Consolidated financial statements
Revenue from external customers	122,631,876	5,536,837	128,168,713	(15,356,119)	112,812,594
Inter-segment revenue	4,194,038	3,194,827	7,388,865	(7,388,865)	-
Interest revenue	1,107,837	3,555	1,111,392	(1,096,687)	14,705
Interest expense	2,640,751	39,265	2,680,016	(1,125,293)	1,554,723
Depreciation and amortisation	1,936,161	297,230	2,233,391	-	2,233,391
Share of profits from associates	40,240	-	40,240	135,556	175,796
Income tax expenses	424,602	82,751	507,353	(12,737)	494,616
Segment profit	3,585,633	407,631	3,993,264	(1,140,436)	2,852,828
Segment total assets					
Investment in associates and joint ventures accounted for by the equity method	17,595,364	442,600	18,037,964	(16,169,423)	1,868,541
Additions to non-current assets other than financial instruments, deferred tax assets and net defined benefit assets	5,954,693	23,832	5,978,525	-	5,978,525

(Unit: Thousand Baht)

For the year ended 31 December 2012

	Production and distribution of processed frozen and canned food products segment	Operation support and other business segment	Total reportable segments	Eliminations	Consolidated financial statements
Revenue from external customers	113,465,439	7,826,081	121,291,520	(14,593,898)	106,697,622
Inter-segment revenue	4,987,183	3,265,748	8,252,931	(8,252,931)	-
Interest revenue	1,053,966	3,290	1,057,256	(1,045,460)	11,796
Interest expense	3,304,299	38,670	3,342,969	(1,095,374)	2,247,595
Depreciation and amortisation	1,596,436	293,233	1,889,669	12,726	1,902,395
Share of profits from associates	37,185	-	37,185	32,645	69,830
Income tax expenses or income	(18,057)	140,912	122,855	(2,696)	120,159
Segment profit	5,559,299	778,893	6,338,192	(1,644,456)	4,693,736
Segment total assets					
Investment in associates and joint ventures accounted for by the equity method	1,561,845	-	1,561,845	244,428	1,806,273
Additions to non-current assets other than financial instruments, deferred tax assets and net defined benefit assets	3,350,989	600,525	3,951,514	-	3,951,514

Geographic information

The Company and its subsidiaries are operated in Thailand only. As a result, all of the Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2013	2012
Revenue from external customers		
Thailand	8,445	10,530
United States	45,506	38,159
Japan	8,159	9,776
European countries	34,145	32,154
Others	16,558	16,079
Total	112,813	106,698
Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets)		
Thailand	16,469	13,352
United States	2,692	2,350
European countries	32,169	29,371
Others	120	172
Total	51,450	45,245

Major customers information

For the year 2013 and 2012, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

31. Provident fund

The Company, its local subsidiaries and their employees have jointly established provident funds under the Provident Fund Act B.E. 2530. The funds are contributed to on a monthly basis, by the employees at rates ranging from 2 to 5 percent of the basic salaries, and by the Company and its local subsidiaries at rates ranging from 2 to 10 percent, based on the length of employment. The Company's fund is managed by MFC Asset Management Pcl. and the local subsidiaries' funds are managed by Kasikorn Asset Management Co., Ltd. and TISCO Asset Management Co., Ltd.

During the year 2013, the Company and its local subsidiaries contributed approximately Baht 67 million (2012: Baht 52 million) to the funds.

32. Provision for changes in the value of pension fund

An overseas subsidiary has established a pension fund under which it matches participants' contributions under these plans at a rate of 50 percent of an employee's contribution up to a maximum of 6 percent of eligible compensation. The overseas subsidiary contributed USD 0.4 million to the fund in the year 2013 (2012: USD 0.5 million).

33. Dividends

Dividends declared in 2013 and 2012 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividends on income for the period 1 July 2012 to 31 December 2012	Annual General Meeting of the shareholders on 10 April 2013	1,148	1.00
Dividends on income for the interim period 2013	Board of Director's Meeting on 13 August 2013	688	0.60
Total for 2013		1,836	
Dividends on income for the period 1 July 2011 to 31 December 2011	Annual General Meeting of the shareholders on 26 March 2012	622	0.65
Dividends on income for the interim period 2012	Board of Director's Meeting on 8 August 2012	1,262	1.10
Total for 2012		1,884	

34. Commitments and contingent liabilities

34.1 Commitments

The Company and its subsidiaries have the following commitments:

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

As at 31 December 2013												
Payable within												
Less than 1 year												
1 to 5 years												
More than 5 years												
Total												
Office rental and service agreements	Baht	94	million	Baht	120	million	Baht	42	million	Baht	256	million
	EUR	1	million	EUR	5	million	EUR	2	million	EUR	8	million
Land lease agreements	Baht	1	million	Baht	1	million	Baht	2	million	Baht	4	million
	USD	4	million	USD	11	million		-		USD	15.	million
	EUR	1	million	EUR	2	million	EUR	1	million	EUR	4	million
Vehicle lease agreements	Baht	34	million	Baht	14	million		-		Baht	48	million
	EUR	1	million		-			-		EUR	1.	million
Machine lease agreements	Baht	2	million		-			-		Baht	2	million
	USD	1	million	USD	1	million		-		USD	2	million
Computer & copy machine lease agreements	Baht	10	million	Baht	7	million		-		Baht	17	million
Warehouse and factory construction agreements	Baht	130	million		-			-		Baht	130	million
Purchase of machinery, equipment and vehicle agreements	Baht	22	million		-			-		Baht	22	million
	USD	2	million		-			-		USD	2	million
	EUR	1	million		-			-		EUR	1	million
	Franc	3	million		-			-		Franc	3	million
Advisory agreements	Baht	42	million		-			-		Baht	42	million
Internet network service agreements	Baht	1	million		-			-		Baht	1	million
Security service agreements	Baht	1	million		-			-		Baht	1	million
Marketing and management service agreements	Baht	6	million		-			-		Baht	6	million

As at 31 December 2012												
Payable within												
Less than 1 year												
1 to 5 years												
More than 5 years												
Total												
Office rental and service agreements	Baht	119	million	Baht	53	million	Baht	6	million	Baht	178	million
	EUR	2	million	EUR	3	million		-		EUR	5	million
Land lease agreements	Baht	2	million	Baht	2	million	Baht	2	million	Baht	6	million
	USD	3	million	USD	12	million	USD	2	million	USD	17	million
		-		EUR	2	million	EUR	1	million	EUR	3	million
Vehicle lease agreements	Baht	33	million	Baht	42	million		-		Baht	75	million
	EUR	1	million	EUR	1	million		-		EUR	2	million
Machine lease agreements	Baht	2	million	Baht	2	million		-		Baht	4	million
		-		USD	1	million		-		USD	1	million
Computer and copy machine lease Agreements	Baht	17	million	Baht	8	million		-		Baht	25	million
Warehouse and factory construction agreements	Baht	388	million		-			-		Baht	388	million
Purchase of machinery, equipment and vehicle agreements	Baht	54	million		-			-		Baht	54	million
Advertising agreements	USD	3	million		-			-		USD	3	million
Communication agreements	Baht	1	million		-			-		Baht	1	million
Advisory agreements	Baht	11	million		-			-		Baht	11	million
Marketing and management service agreements	Baht	4	million	Baht	2	million		-		Baht	6	million
Internet network service agreements	Baht	3	million		-			-		Baht	3	million

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

	As at 31 December					
	2013			2012		
The local subsidiary	Baht	128.4	million	Baht	214.2	million
The overseas subsidiary	USD	1.9	million	USD	1.9	million
The overseas associates	USD	-	million	USD	0.3	million

- c) The overseas subsidiary has agreed to make payments under royalty agreements for the use of certain production machinery and equipment. The agreements require fixed payments plus an additional sum based on output. Total payments made under these arrangement for the year ended 2013 amounted to USD 1 million (2012: USD 1 million).
- d) The Office of the Attorney General of a US state filed a lawsuit against the three largest canned tuna companies in the US, including TUI, for failure to warn consumers that certain tuna contains mercury. Such case was dismissed on 8 January 2007. However, the plaintiff filed a notice of appeal and the appeal was granted on 19 August 2008. TUI filed a petition for an en banc appeal, which was denied. On 13 January 2009, TUI filed a petition with the Supreme Court, but the Court declined to hear. Each party has subsequently filed motions and are currently awaiting the Judge's rulings. TUI is unable to predict the probable outcome of this matter. As such, TUI has no accrual related to this matter as of 31 December 2013 and 2012.

34.2 Guarantees

- a) As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 32 million (2012: Baht 61 million and USD 2 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.
- b) As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 95 million and USD 9 million (2012: Baht 156 million) issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of business.

- c) A local subsidiary' board of directors approved the issuance of letter of Shareholder Undertaking of its overseas associate, stating that it shall be liable to pay the amount not exceeding USD 10 million if its two joint ventures are called for repayment to a financial institution in accordance with the credit facility guarantee agreement.

35. Financial instruments

35.1 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, short-term investments, restricted bank deposits, trade accounts receivable, loans, investments, accounts payable, short-term loans, long-term loans, debentures and convertible bond. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its deposits at financial institutions, bank overdrafts, short-term borrowings, long-term borrowings, debentures and convertible bond. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, including the Company and its subsidiaries had entered into interest rate swap agreements.

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.

Consolidated financial statement as at 31 December 2013

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	1-5 years	Over	Floating	Non- interest		
	1 year		5 years	interest rate	bearing		
	(Million Baht)						
Financial assets							
Cash and cash equivalents	23	-	-	1,593	5	1,621	0.10 - 2.50
Short-term investment	1,594	-	-	-	-	1,594	3.05
Trade and other receivables	-	-	-	-	13,948	13,948	-
Restricted bank deposits	-	-	-	11	-	11	1.22
Short-term loans to other companies	3	-	-	-	-	3	2.62
Long-term loans to other companies	4	11	-	-	-	15	3.75 - 5.00
	1,624	11	-	1,604	13,953	17,192	
Financial liabilities							
Bank overdrafts and short-term loans							
from financial institutions	20	-	-	9	-	29	1.13 - 3.50
Trade and other payables	-	-	-	-	9,802	9,802	-
Long-term loans	-	9	-	4,213	-	4,222	4.68
Debentures	3,298	1,946	1,496	-	-	6,740	4.68
Convertible bond	-	2,714	-	-	-	2,714	5.00
	3,318	4,669	1,496	4,222	9,802	23,507	

Consolidated financial statement as at 31 December 2012

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	1-5 years	Over	Floating	Non- interest		
	1 year		5 years	interest rate	bearing		
	(Million Baht)						
Financial assets							
Cash and cash equivalents	9	-	-	1,310	81	1,400	0.10 - 2.47
Trade and other receivables	-	-	-	-	11,918	11,918	-
Restricted bank deposits	2	-	-	12	-	14	1.20 - 3.00
Short-term loans to other companies	12	-	-	-	-	12	3.05 - 7.50
Long-term loans to other companies	7	21	-	-	3	31	3.00 - 7.50
	30	21	-	1,322	12,002	13,375	
Financial liabilities							
Bank overdrafts and short-term loans							
from financial institutions	16	-	-	7	-	23	1.11 - 4.01
Trade and other payables	-	-	-	-	10,545	10,545	-
Long-term loans	-	9	-	2,815	-	2,824	3.05 - 3.39
Debentures	500	5,239	1,495	-	-	7,234	4.68
Convertible bond	-	2,440	-	-	-	2,440	5.00
	516	7,688	1,495	2,822	10,545	23,066	

Separate financial statement as at 31 December 2013

	Fixed interest rates						
	Within		Over	Floating	Non- interest		
	1 year	1-5 years	5 years	interest rate	bearing	Total	Interest rate
	(Million Baht)						(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	68	1	69	0.10 - 2.50
Short-term investment	1,594	-	-	-	-	1,594	3.05
Trade and other receivables	-	-	-	-	3,368	3,368	-
Short-term loans to subsidiaries	80	-	-	-	-	80	3.00 - 3.40
Long-term loans to subsidiaries	-	652	18,101	5,836	-	24,589	1.44 - 5.50
	1,674	652	18,101	5,904	3,369	29,700	
Financial liabilities							
Bank overdrafts and short-term loans							
from financial institutions	3,682	7,791	-	-	-	11,473	2.42
Trade and other payables	-	-	-	-	1,594	1,594	-
Long-term loans	-	-	-	3,748	-	3,748	1.10 - 3.48
Debentures	3,298	1,946	1,496	-	-	6,740	4.68
Convertible bond	-	2,714	-	-	-	2,714	5.00
	6,980	12,451	1,496	3,748	1,594	26,269	

Separate financial statement as at 31 December 2012

	Fixed interest rates						
	Within		Over	Floating	Non- interest		
	1 year	1-5 years	5 years	interest rate	bearing	Total	Interest rate
	(Million Baht)						(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	14	48	62	0.10 - 2.50
Trade and other receivables	-	-	-	-	4,197	4,197	-
Short-term loans to subsidiaries	80	-	-	1,337	-	1,417	3.10 - 3.40
Short-term loans to other companies	5	-	-	-	-	5	7.50
Long-term loans to subsidiaries	-	-	15,798	5,332	-	21,130	1.11 - 5.50
Long-term loans to other companies	2	1	-	-	-	3	7.50
	87	1	15,798	6,683	4,245	26,814	
Financial liabilities							
Bank overdrafts and short-term loans							
from financial institutions	9,788	-	-	-	-	9,788	1.28
Trade and other payables	-	-	-	-	1,929	1,929	-
Long-term loans	-	-	-	2,250	-	2,250	2.60
Debentures	500	5,239	1,495	-	-	7,234	4.68
Convertible bond	-	2,440	-	-	-	2,440	5.00
	10,288	7,679	1,495	2,250	1,929	23,641	

Interest rate swap transaction agreements

The Company and its subsidiaries entered into interest rate swap agreements to manage risk associated with the financial liabilities carrying floating interest. The details of short-term loans from financial institutions and long-term loans are set out in Notes 18 and 20. The details of the interest rate swap agreements outstanding as at 31 December 2013 and 2012 are as follows:

The Company

As at 31 December 2013				
	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Termination date
1	Baht 2,040 million (first 2 years) Baht 170 - 1,700 million (remaining 4 years)	Floating rate 3-month THBFIX plus 1.50% (first 2 years) Floating rate 3-month THBFIX plus 1.75% (remaining 4 years)	Fixed rate 4.522%	October 2016
2	Baht 510 million (first 2 years) Baht 42.5 - 425 million (remaining 4 years)	Floating rate 3-month THBFIX plus 1.50% (first 2 years) Floating rate 3-month THBFIX plus 1.75% (remaining 4 years)	Fixed rate 4.48%	October 2016
3	Baht 500 million	Floating rate 6-month THBFIX	Fixed rate 3.50%	August 2015
4	Baht 1,000 million	Fixed rate 1.25%	Floating rate 6-month THBFIX minus 1.75%	June 2017
5	Baht 997 million	Fixed rate 1.32%	Floating rate 6-month THBFIX minus 1.75%	June 2017
As at 31 December 2012				
	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Termination date
1	Baht 2,040 million (first 2 years) Baht 170 - 1,700 million (remaining 4 years)	Floating rate 3-month THBFIX plus 1.50% (first 2 years) Floating rate 3-month THBFIX plus 1.75% (remaining 4 years)	Fixed rate 4.522%	October 2016
2	Baht 510 million (first 2 years) Baht 42.5 - 425 million (remaining 4 years)	Floating rate 3-month THBFIX plus 1.50% (first 2 years) Floating rate 3-month THBFIX plus 1.75% (remaining 4 years)	Fixed rate 4.48%	October 2016
3	Baht 500 million	Floating rate 6-month THBFIX	Fixed rate 3.50%	August 2015

Subsidiaries

As at 31 December 2013 and 2012				
	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Termination date
1	EUR 88 million	Floating rate 3-month EURIBOR	Fixed rate 2.70 %	October 2017
2	EUR 123 million	Floating rate 3-month EURIBOR	Fixed rate 2.73 %	October 2017
3	USD 80 million	Floating rate 3-month LIBOR	Fixed rate 1.85 - 2.55%	February 2016

Cross currency and interest rate swap agreements

The Company

As at 31 December 2013					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination date
	Principal amount	Interest rate	Principal amount	Interest rate	
1	Baht 674 million	Floating rate 3-month THBFIX plus 2.31%	USD 22 million	Floating rate 3-month LIBOR plus 3.00%	June 2014
2	Baht 2,000 million	Fixed rate 1.78%	EUR 50 million	-	June 2015
3	Baht 1,997 million	Floating rate 6-month THBFIX minus 1.75%	EUR 50 million	-	June 2017
4	Baht 614 million	Floating rate 3-month THBFIX	USD 20 million	Floating rate 3-month LIBOR plus 0.20%	June 2016
5	Baht 614 million	Floating rate 3-month THBFIX	USD 20 million	Fixed rate 1.54%	June 2016
6	Baht 442 million	Fixed rate 4.00%	USD 14 million	Floating rate 3-month LIBOR plus 0.92%	July 2018
7	Baht 1,106 million	Fixed rate 3.62%	USD 35 million	Floating rate 3-month LIBOR plus 0.92%	July 2017
As at 31 December 2012					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination date
	Principal amount	Interest rate	Principal amount	Interest rate	
1	Baht 1,134 million	Floating rate 3-month THBFIX	USD 35 million	Floating rate 3-month LIBOR-BBA plus 0.665%	July 2013
2	Baht 674 million	Floating rate 3-month THBFIX plus 2.31%	USD 22 million	Floating rate 3-month LIBOR plus 3.00%	June 2014
3	Baht 2,640 million	Fixed rate 1.78%	EUR 66 million	-	June 2015
4	Baht 1,997 million	Floating rate 6-month THBFIX minus 1.75%	EUR 50 million	-	June 2017
5	Baht 285 million	Floating rate 3-month THBFIX	USD 9 million	Floating rate LIBOR plus 0.42%	July 2013

Subsidiary

As at 31 December 2013 and 2012					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination date
	Principal amount	Interest rate	Principal amount	Interest rate	
1	Baht 976 million	Floating rate 3-month THBFIX plus 2.94%	USD 32 million	Fixed rate 5.65%	March 2015

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when it considers appropriate.

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

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	634	311	74	31	32.76	30.58
JPY	276	149	576	239	0.31	0.35
EUR	506	513	61	61	44.96	40.50
VND	2,395	6,515	-	2,062	0.0016	0.0015

The Company and its subsidiaries have forward exchange contracts outstanding as summarised below.

As at 31 December 2013						
Foreign currency	Bought amount	Sold Amount	Contractual exchange rate		Contractual maturity date	
	(Million)	(Million)	Bought	Sold		
<u>The Company</u>						
USD	-	182	-	29.80 - 33.25 Baht against USD	January 2014 - July 2018	
JPY	-	190	-	0.31 - 0.32 Baht against JPY	March 2014 - July 2014	
EUR	-	436	-	38.46 - 45.70 Baht against EUR	January 2014 - June 2017	
China Yuan	-	306	-	5.22 Baht against CYN	July 2014	
<u>Subsidiaries</u>						
USD	-	243	-	30.27 - 33.07 Baht against USD	January 2014 - December 2014	
JPY	-	97	-	0.30 - 0.33 Baht against JPY	January 2014 - May 2014	
USD	32	-	1.36 EUR against USD	-	December 2014	
EUR	84	-	0.84 GBP against EUR	-	December 2014	
GBP	37	-	1.62 GBP against USD	-	December 2014	

As at 31 December 2012						
Foreign	Bought	Sold	Contractual exchange rate			
currency	amount	Amount	Bought	Sold		Contractual maturity date
	(Million)	(Million)				
<u>The Company</u>						
USD	-	198	-	30.30 - 32.40 Baht against USD		January 2013 - June 2014
JPY	-	143	-	0.36 - 0.41 Baht against JPY		January 2013 - June 2013
EUR	-	448	-	39.10 - 42.96 Baht against EUR		March 2013 - June 2017
<u>Subsidiaries</u>						
USD	-	209	-	30.73 - 32.48 Baht against USD		May 2013 - December 2014
USD	16	-	1.61 GBP against USD	-		May 2013
EUR	3	-	0.81 GBP against EUR	-		June 2013

As at 31 December 2013, the Company and its local subsidiaries had outstanding option agreements with special conditions with financial institutions under which they had obligations to sell amounts of between USD 34 million up to USD 55 million (2012: between USD 28 million up to USD 67 million), depending on conditions stipulated in the agreements, at rates of Baht 29.80 to Baht 32.32 per USD 1 (2012: at rates of Baht 30.85 to Baht 32.30 per USD 1). These agreements will terminate within August 2014 (2012: December 2013) and the Company has outstanding option agreements with two local banks under which the Company has obligations to sell a total of EUR 200 million at rates of Baht 42.00 and Baht 42.50 per EUR 1. These agreements will terminate within May 2017. At the same time, the two local banks have obligations to buy a total of EUR 200 million at rates of Baht 42.00 and Baht 42.50 per EUR 1. These agreements will terminate within May 2017.

Moreover the overseas subsidiaries have outstanding option agreements as follow.

As at 31 December 2013					
Foreign	Bought	Sold	Contractual exchange rate		Contractual
currency	amount	amount	Bought	Sold	maturity date
	(Million)	(Million)			
EUR	47.6	66.4	1.33 - 1.38 USD against EUR	1.33 - 1.38 USD against EUR	February 2014 - December 2014
GBP	75.0	50.0	1.62 - 1.63 USD against GBP	1.62 USD against GBP	July 2014 - December 2014

As at 31 December 2012					
Foreign	Bought	Sold	Contractual exchange rate		Contractual
currency	amount	amount	Bought	Sold	maturity date
	(Million)	(Million)			
EUR	42.0	69.0	1.33 - 1.38 USD against EUR	1.33 - 1.38 USD against EUR	December 2013
GBP	23.0	34.5	1.64 USD against GBP	1.64 USD against GBP	December 2013
EUR	38.1	57.1	0.79 GBP against EUR	0.79 GBP against EUR	June 2013 - December 2013

35.2 Fair values of financial instruments

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

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length 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.

36. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure in order to support its business and maximise shareholder value. As at 31 December 2013, the Group's debt to equity ratio was 0.99:1 (2012: 1.35:1) and the Company's was 1.11:1 (2012: 0.93:1).

37. Events after the reporting period

On 24 February 2014, the meeting of the Company's Board of Directors No. 1/2014 passed the following solutions.

- Approve dividend payment of Baht 1.49 per share from its net operating profit of the year 2013, to the Company's shareholders. However, by the resolution of the meeting of the Company's Board of Directors No. 5/2013 held on 13 August 2013, the Company had paid out the interim dividend payment of Baht 0.60 per share from the six-month operating profit ended 30 June 2013, to the Company's shareholders totaling Baht 688 million on 9 September 2013. The remaining dividend is Baht 0.89 per share or totaling Baht 1,021 million. The dividend will be paid on 18 April 2014.
- Approved the increase of credit limit for issuance of debentures of the Company and/or its subsidiaries in an amounting of Baht 15,000 million, referred to Section 9 of the Annual General Meeting of Shareholders of 2011, up to Baht 25,000 million or the equivalent in other currencies, such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.

38. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's management on 24 February 2014.

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