



Since 1977

# 2012

Annual Report  
รายงานประจำปี 2555



## YOUR TOTAL QUALITY

ทุกขั้นตอนคุณภาพเพื่อคุณ



บริษัท สุรพลฟู้ดส์ จำกัด (มหาชน)  
Surapon Foods Public Company Limited

[www.surapon.com](http://www.surapon.com)



Your Total Quality

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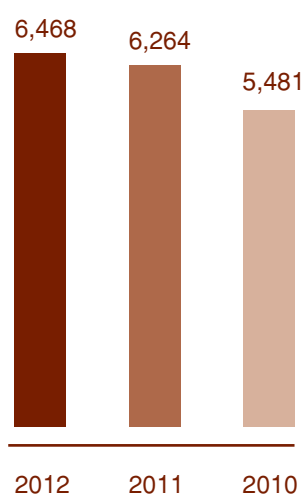
# Financial Highlight

Unit: Million Baht

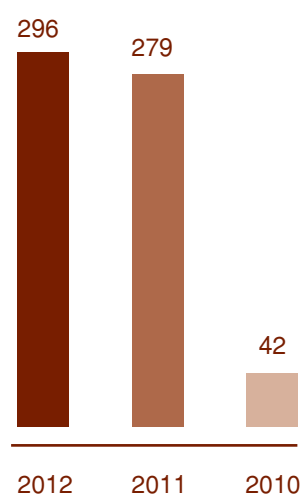
	2012	2011	2010
Total Assets	3,103.64	3,047.37	2,903.65
Total Liabilities	806.74	1,029.31	1,112.20
Total Equity	2,296.91	2,018.06	1,791.45
Revenue from Sales	6,468.28	6,264.09	5,481.26
Total Revenue	6,648.15	6,354.42	5,592.07
Gross Profit	838.71	910.26	493.68
Net Profit	295.78	279.29	42.11
<b>Financial Ratio</b>			
Net Profit Margin (%)	4.45	4.40	0.75
Return on Equity (%)	13.71	14.66	2.22
Return on Asset (%)	9.62	9.39	1.58
Net Profit per Share (Baht)	1.10	1.03	0.16
Book Value per Share (Baht)	8.51	7.47	6.64

Remark: The above figure are as shown in the Consolidated Financial Statements

Revenue from Sales (Million Baht)



Net Profit (Million Baht)



## Message from Chairman and Chief Executive Officer

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In 2012, the overall frozen seafood industry faces many challenges. The most important impact is the disease hit raw materials supply of shrimps, which drastically reduces Thailand's production output. Due to the scarcity of supply, the prices of shrimps have been rising up constantly as the average price in 2012 is much higher than the previous year. Many companies in the industry are adversely impacted by this situation, causing the overall industry's export revenue to drop when compared to 2011.

Surapon Foods Public Company Limited's revenue grew moderately from 2011. Even though there were many external factors that the Company had to overcome, the overall net profit turns out to be at a satisfactory level. Because these external challenges and industry risks will always be increasing, the Company has always been working very hard in making changes to adapt to these tough business conditions. In addition, the Company tries to constantly innovate production and selling methods, along with the other links in the supply chain in order to achieve sustainable growth in the midst of the ever changing global economic, financial, and social structures. Other than pursuing continuous improvement with sales channels and production techniques in order to maintain sustainable business, the Company also emphasizes greatly on operating the business with good corporate governance principles so that the Company will be able to control and monitor to steer the right decisions into the best interests of all the stakeholders.

The 2013 year will still yet prove to be another challenging year ahead for the industry. The major themes will revolve around the global economic situation as well as the highly volatile shrimp raw material situation which all the industry players will have to monitor and adapt quickly to the changing trends. However, the Company will try our best to manage all aspects efficiently through our mission of "Your Total Quality" to deliver the results that are in the best interests of all the stakeholders throughout the whole value chain.

Lastly, as the representatives of the Company's Board of Directors, Management Team, and Employees, we would like to thank you for your kind support and we hope that we will always continuously receive this strong support in the future.

Bangkok on February 28, 2013



(Mr. Kosol Chantikul )

Chairman



(Mr. Surapon Vongvadhanaroj)

Chief Executive Officer



## General Information

(Information as of December 31, 2012)

Name	Surapon Foods Public Company Limited
Address	247 Moo 1 Theparak Road, Theparak Sub-district, Muang District, Samutprakarn 10270, Thailand
Telephone	Head Office +662-385-3038-54 Fax +66-2-385-3179 Company Secretary +662-385-3038-54 ext. 561 e-mail : patt@surapon.com Investor Relation +66-2-3853038-54 ext. 215 e-mail : investor@surapon.com
Website	www.surapon.com
Company Registration Number	0107537000661
Type of Business	Manufacturer and Distributor of Frozen Foods
Stock Quote	SSF
Registered Capital	270,000,000 Baht
Paid up Capital	269,999,000 Baht
Par Value	1.00 Baht per share
Ending period	December 31

### Subsidiary Company (SSF has shareholding more than 50% of paid up capital)

#### 1. Surat Seafoods Co., Ltd. (SS)

Address	247 Moo 1 Theparak Road, Theparak Sub-district, Muang District, Samutprakarn 10270, Thailand
Type of Business	Processor and Exporter of Frozen Seafoods
Contact	Tel : +662-385-3038-54 Fax : +662-385-3176
Registered Capital	40,000,000 Baht (Shareholding by SSF = 94.28%)

#### 2. Surapon Aquaculture Co., Ltd. (SAC)

Address	247 Moo1 Theparak Road, Theparak Sub-district, Muang District, Samutprakarn 10270, Thailand
Type of Business	Shrimp Farm
Contact	Tel : +662-385-3038-54 Fax : +662-385-3176
Registered Capital	85,000,000 Baht (Shareholding by SSF = 95.00%)

#### 3. Chantaburi Marine Farm Co., Ltd. (CHAMF)

Address	247 Moo1 Theparak Road, Theparak Sub-district, Muang District, Samutprakarn 10270, Thailand
Type of Business	Shrimp Farm
Contact	Tel : +662-385-3038-54 Fax : +662-385-3176
Registered Capital	92,750,000 Baht (Shareholding by SSF = 98.17%)

**4. Punpin Co., Ltd. (PP)**

<b>Address</b>	247 Moo 1 Theparak Road, Theparak Sub-district, Muang District, Samutprakarn 10270, Thailand	
<b>Type of Business</b>	Manufacturer and Distributor of Food Products	
<b>Contact</b>	Tel: +662-385-3038-54	Fax: +662-385-3176
<b>Registered Capital</b>	60,000,000 Baht (Shareholding by SSF = 100%)	

**5. Champion Foods Co., Ltd. (CHAMPION)**

<b>Address</b>	589/131 Bangna-Trad Road, Bangna Sub-district, Bangna District, Bangkok 10260, Thailand	
<b>Type of Business</b>	Restaurant	
<b>Contact</b>	Tel : +662-7456270	Fax : +662-7456272
<b>Registered Capital</b>	50,000,000 Baht (Shareholding by PP = 51%)	

**Related Company (SSF has shareholding between 20% to 50% of paid up capital)****1. Surapon Nichirei Foods Co., Ltd. (SUNIF)**

<b>Address</b>	22/5 Moo 4 Theparak Road, Bangpleeyai Sub-district, Bangplee District, Samutprakarn 10540, Thailand	
<b>Type of Business</b>	Processor and Distributor of Frozen Foods	
<b>Contact</b>	Tel : +662385-5021-4	Fax : +662-385-5119
<b>Registered Capital</b>	100,000,000 Baht (Shareholding by SSF = 49%)	

**2. BJC Marine Resources Development Co., Ltd. (BMRD)**

<b>Address</b>	247 Moo 1 Theparak Road, Theparak Sub-district, Muang District, Samutprakarn 10270, Thailand	
<b>Type of Business</b>	Shrimp Farm	
<b>Contact</b>	Tel : +662-385-3038-54	Fax : +662-385-3176
<b>Registered Capital</b>	100,000,000 Baht (Shareholding by SSF = 50%)	

**3. Independent Consultant Co., Ltd. (ICC)**

<b>Address</b>	1168/75 Lumpini Tower 26th Floor, Rama 4 Road, Bangkok 10120, Thailand	
<b>Type of Business</b>	Insurance Broker	
<b>Contact</b>	Tel : +662-679-8184	Fax : +662-285-6428
<b>Registered Capital</b>	2,000,000 Baht (Shareholding by SSF = 20%)	

**References**

- |                              |   |
|------------------------------|---|
| <b>1. Security Registrar</b> | Thailand Securities Depository Company Limited<br>Tel: +662-2292800 Fax: +662-6545599                                   |
| <b>2. Auditor</b>            | Ms. Bongkot Amsageam, CPA License No. 3684<br>KPMG Phoomchai Audit Co., Ltd.<br>Tel : +662-677-2000 Fax : +662-677-2222 |
| <b>3. Bankers</b>            | Kasikorn Bank Public Company Limited<br>Siam Commercial Bank Public Company Limited                                     |

# Board of Directors and Executives

(Information as of January 15, 2013)

## 1. Mr. Kosol Chantikul

Age

66 Years

Position in the Company

Independent Director and Chairman



Education

- Master Degree in Law, University of Sydney, Australia
- Master Degree in Law, Chulalongkorn University
- Bachelor Degree in Law, Thammasat University
- DCP class 18/2002 Thai Institute of Directors Association (IOD)
- The Role of Chairman Program class 13/2006 Thai Institute of Directors Association (IOD)

Training on Directorship

Position in Subsidiaries

No

Other Positions

- Independent Director, United Securities PLC.
- Legal Advisor, Team Group of Companies Co., Ltd.
- Director, Unipalm Industry Co., Ltd.
- Legal Advisor, HNP Counsellors Limited

Amount of Shareholding

0 Share

Amount of Shareholding by spouse

0 Share

Qualification for Independent Directors

Qualifications are conformed with the qualification of Independent Directors as announced by the Stock Exchange of Thailand, The Securities and Exchange Commission and The Company's policy on nomination of Directors

Dispute

No



**2. Mr. Surapon Vongvadhanaroj**

Age 67 Years

Position in the Company Director, Executive Committee, Nomination and Remuneration Committee and Chief Executive Officer



Education	<ul style="list-style-type: none"> <li>• Master Degree in Political Economics, Chulalongkorn University</li> <li>• Bachelor Degree in Political Science, Ramkhamhaeng University</li> </ul>
Training on Directorship	<ul style="list-style-type: none"> <li>• Role of the Chairman Program (RCP) class 7/2002 Thai Institute of Directors Association (IOD)</li> <li>• DCP class 41/2004 Thai Institute of Directors Association (IOD)</li> </ul>
Position in Subsidiaries	<ul style="list-style-type: none"> <li>• Chairman, Surat Seafoods Co., Ltd.</li> <li>• Chairman, Surapon Nichirei Foods Co., Ltd.</li> <li>• Chairman, Surapon Aquaculture Co., Ltd.</li> <li>• Director, Chantaburi Marine Farm Co., Ltd.</li> </ul>
Amount of Shareholding	105,441,750 Shares (39.05%)
Share increasing/decreasing last year	0 Share
Amount of Shareholding by spouse	6,977,000 Shares
Dispute	No

**3. Mr. Sithichai Kraisithisrin**

Age 68 Years

Position in the Company Director



Education	<ul style="list-style-type: none"> <li>• Master Degree in Business Administration, Chulalongkorn University</li> <li>• Bachelor Degree in Law, Chulalongkorn University</li> </ul>
Training on Directorship	<ul style="list-style-type: none"> <li>• DCP class 5/2001 Thai Institute of Directors Association (IOD)</li> </ul>
Position in Subsidiaries	<ul style="list-style-type: none"> <li>• Director and Advisor, Surapon Nichirei Foods Co., Ltd.</li> <li>• Director, Surat Seafoods Co., Ltd.</li> <li>• Director, Surapon Aquaculture Co., Ltd.</li> <li>• Director, Chantaburi Marine Farm Co., Ltd.</li> </ul>
Other Positions	<ul style="list-style-type: none"> <li>• Director, Lighting and Equipment Public Company Limited</li> </ul>
Amount of Shareholding	32,436,000 Shares (12.01%)
Share increasing/decreasing last year	0 Share
Amount of Shareholding by spouse	0 Shares
Dispute	No

**4. Mr. Chokchai Jiengwareewong**

Age	68 Years
Position in the Company	Director, Executive Committee, Chairman of Nomination and Remuneration Committee, Chairman of Risk Management Committee



Education	<ul style="list-style-type: none"> <li>• High School, Amnuaysilpa School</li> </ul>
Training on Directorship	<ul style="list-style-type: none"> <li>• DAP class 6/2003 Thai Institute of Directors Association (IOD)</li> </ul>
Position in Subsidiaries	<ul style="list-style-type: none"> <li>• Director, Surat Seafoods Co., Ltd.</li> <li>• Director, Surapon Aquaculture Co., Ltd.</li> <li>• Director, Chantaburi Marine Farm Co., Ltd.</li> <li>• Director, BJC Marine Resources Development Co., Ltd.</li> </ul>
Amount of Shareholding	30,615,000 Shares (11.34%)
Share increasing/decreasing last year	0 Share
Amount of Shareholding by spouse	174,390 Shares
Dispute	No

**5. Mrs. Boonperm Jiamtiranat**

Age	64 Years
Position in the Company	Independent Director, Chairman of Corporate Governance Committee and Audit Committee



Education	<ul style="list-style-type: none"> <li>• Bachelor Degree in Accounting, Chulalongkorn University</li> </ul>
Training on Directorship	<ul style="list-style-type: none"> <li>• DCP class 81/2006 Thai Institute of Directors Association (IOD)</li> </ul>
Position in Subsidiaries	No
Other Positions	<ul style="list-style-type: none"> <li>• Independent Director and Chairman of Audit Committee, Noble Development Public Company Limited</li> <li>• Director, Noble Estate Co., Ltd.</li> <li>• Independent Director and Chairman of Audit Committee Rian Thai Interplas Co., Ltd.</li> </ul>
Amount of Shareholding	0 Share
Amount of Shareholding by spouse	0 Shares
Qualification for Independent Directors	<ul style="list-style-type: none"> <li>• Qualifications are conformed with the qualification of Independent Directors as announced by the Stock Exchange of Thailand, The Securities and Exchange Commission and The Company's policy on nomination of Directors.</li> <li>• Has adequate expertise and experience to review creditability of the financial reports</li> </ul>
Dispute	No

**6. Mr. Adul Amatavivadhana**

Age 74 Years

Position in the Company Independent Director, Corporate Governance Committee, Nomination and Remuneration Committee



Education

- Ph.D. in Chemical Engineering, London University, United Kingdom
- Bachelor Degree in Chemical Engineering, London University, United Kingdom

Training on Directorship

- DAP class 30/2004 Thai Institute of Directors Association (IOD)

Position in Subsidiaries

No

Other Positions

- Director and Chairman of Audit Committee, DRACO PCB Public Co., Ltd.
- Director and Chairman of Audit Committee, Thai O.P.P. Public Co., Ltd.

Amount of Shareholding

0 Share

Amount of Shareholding by spouse

0 Share

Qualification for Independent Directors

Qualifications are conformed with the qualification of Independent Directors as announced by the Stock Exchange of Thailand, The Securities and Exchange Commission and The Company's policy on nomination of Directors

Dispute

No

**7. Mr. Pisanu Rienmahasarn**

Age 64 Years

Position in the Company Independent Director and Audit Committee



Education

- Master Degree in Economics, Duke University, USA.
- Bachelor Degree in Economics, Thammasat University

Training on Directorship

- DAP class 80/2009 Thai Institute of Directors Association (IOD)

Position in Subsidiaries

No

Amount of Shareholding

0 Share

Amount of Shareholding by spouse

0 Share

Qualification for Independent Directors

Qualifications are conformed with the qualification of Independent Directors as announced by the Stock Exchange of Thailand, The Securities and Exchange Commission and The Company's policy on nomination of Directors

Dispute

No

**8. Mr. Sathaporn Kotheeranurak**

Age 56 Years

Position in the Company Independent Director and Chairman of Audit Committee



Education	<ul style="list-style-type: none"> <li>• Master Degree in Business Administration, Chulalongkorn University</li> <li>• Advanced Certificate in Accounting, Thammasat University</li> <li>• Bachelor Degree in Accounting, Rajamangala University of Technology</li> </ul>
Training on Directorship	• DAP class 35/2005 Thai Institute of Directors Association (IOD)
Position in Subsidiaries	No
Other Positions	<ul style="list-style-type: none"> <li>• Independent Director and Audit Committee, Kunkul Engineering PLC.</li> <li>• Independent Director and Audit Committee, Star Sanitaryware PLC.</li> <li>• Independent Director and Audit Committee, Kaset Thai Industry Sugar Co., Ltd.</li> <li>• Managing Director, DBMT Co., Ltd</li> </ul>
Amount of Shareholding	0 Share
Amount of Shareholding by spouse	0 Share
Qualification for Independent Directors	<ul style="list-style-type: none"> <li>• Qualifications are conformed with the qualification of Independent Directors as announced by the Stock Exchange of Thailand, The Securities and Exchange Commission and The Company's policy on nomination of Directors</li> <li>• Has adequate expertise and experience to review creditability of the financial reports</li> </ul>
Dispute	No

**9. Mr. Paiboon Kangvonkit**

Age 45 Years

Position in the Company Director, Executive Committee, Risk Management Committee



Education	<ul style="list-style-type: none"> <li>• Master Degree in International Trade, Texas A&amp;M International University, USA.</li> <li>• Bachelor Degree in Accounting, The University of Thai Chamber of Commerce</li> </ul>
Training on Directorship	<ul style="list-style-type: none"> <li>• DAP class 75/2010 Thai Institute of Directors Association (IOD)</li> <li>• DCP class 148/2011 Thai Institute of Directors Association (IOD)</li> </ul>
Position in Subsidiaries	Director and President, Surapon Nichirei Foods Co., Ltd.
Amount of Shareholding	0 Share
Amount of Shareholding by spouse	0 Share
Dispute	No

**10. Miss Malai Wongwatroj**

Age 57 Years

Position in the Company Director, Executive Committee,  
Risk Management Committee



Education	• Bachelor Degree in International Marketing, Baruch College, USA.
Training on Directorship	• DCP class 135/2010 Thai Institute of Directors Association (IOD)
Position in Subsidiaries	• Director, Surat Seafoods Co., Ltd. • Director, BJC Marine Resources Development Co., Ltd.
Amount of Shareholding	12,000 Shares (0.01%)
Share increasing/decreasing last year	0 Share
Amount of Shareholding by spouse	0 Share
Dispute	No

**11. Mr. Sorapon Vongvadhanaroj**

Age 31 Years

Position in the Company General Manager-Finance and Corporate  
Services Group, Coporate Governance Committee,  
Risk Management Committee



Education	• Master Degree in Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor Degree in Business Administration, Babson College, USA.
Training on Directorship	• DCP 163/2012 Thai Institute of Directors Association (IOD)
Position in Subsidiaries	• Director, Surat Seafoods Co., Ltd. • Director, Surapon Aquaculture Co., Ltd.
Amount of Shareholding	1,582,000 Shares (0.59%)
Share increasing/decreasing last year	0 Share
Amount of Shareholding by spouse	0 Share
Dispute	No

# Executives

(Information as of January 15, 2013)

## 1. Mr. Surapon Vongvadhanaroj

Age	67 Years
Education	<ul style="list-style-type: none"> <li>• Master Degree in Political Economics, Chulalongkorn University</li> <li>• Bachelor Degree in Political Science, Ramkamhaeng University</li> </ul>
Position in the Company	Chief Executive Officer
Position in Subsidiaries	<ul style="list-style-type: none"> <li>• Chairman, Surat Seafoods Co., Ltd.</li> <li>• Chairman, Surapon Nichirei Foods Co., Ltd.</li> <li>• Chairman, Surapon Aquaculture Co., Ltd.</li> <li>• Director, Chantaburi Marine Farm Co., Ltd.</li> </ul>
Amount of Shareholding	105,441,750 Shares (39.05%)
Share increasing/decreasing last year	0 Share
Amount of Shareholding by spouse	6,977,000 Shares

## 2. Mrs. Soranee Ung

Age	38 Years
Education	<ul style="list-style-type: none"> <li>• Master Degree in Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>• Bachelor Degree in Finance, Boston College, USA.</li> </ul>
Training on Directorship	DCP 118/2009 Thai Institute of Directors Association (IOD)
Position in the Company	General Manager-Business Development Group
Position in Subsidiaries	<ul style="list-style-type: none"> <li>• Director, Surapon Nichirei Foods Co., Ltd.</li> <li>• Director, Punpin Co., Ltd.</li> <li>• Director and Chairman, Champion Foods Co., Ltd.</li> </ul>
Amount of Shareholding	1,350,000 Shares (0.50%)
Share increasing/decreasing last year	0 Share
Amount of Shareholding by spouse	0 Share

## 3. Mr. Supakorn Ruangsri

Age	40 Years
Education	Bachelor Degree in Food Science and Technology, Suan Dusit Rajabhat University
Position in the Company	General Manager-Operations Group
Position in Subsidiaries	Director, Surat Seafoods Co., Ltd.
Amount of Shareholding	0 Share
Amount of Shareholding by spouse	0 Share



**4. Mr. Thomas Ung**

Age	42 Years
Education	Bachelor Degree in Sociology, Polhems Skolan College, Sweden
Position in the Company	General Manager-Export Sales Group
Position in Subsidiaries	No
Amount of Shareholding	0 Share
Amount of Shareholding by spouse	1,350,000 Shares

**5. Mr. Sorapon Vongvadhanaroj**

Age	31 Years
Education	<ul style="list-style-type: none"> <li>• Master Degree in Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>• Bachelor Degree in Business Administration, Babson College, USA.</li> </ul>
Training on Directorship	DCP 163/2012 Thai Institute of Directors Association (IOD)
Position in the Company	General Manager-Finance and Corporate Services Group
Position in Subsidiaries	<ul style="list-style-type: none"> <li>• Director, Surat Seafoods Co., Ltd.</li> <li>• Director, Surapon Aquaculture Co., Ltd.</li> </ul>
Amount of Shareholding	1,582,000 Shares (0.59%)
Amount of Shareholding by spouse	0 Shares
Share increasing/decreasing last year	0 Share

**6. Miss Silawan Kraiithsirin**

Age	34 Years
Education	<ul style="list-style-type: none"> <li>• Master Degree in Accounting, University of Virginia, USA.</li> <li>• Bachelor Degree in Business Administration, Babson College, USA.</li> </ul>
Position in the Company	Corporate Finance, Accounting, IT Manager
Position in Subsidiaries	<ul style="list-style-type: none"> <li>• Director, Punpin Co., Ltd.</li> <li>• Director, Champion Foods Co., Ltd.</li> </ul>
Amount of Shareholding	1,000,000 Shares (0.34%)
Share increasing/ decreasing last year	0 Shares
Amount of Shareholding by spouse	0 Share

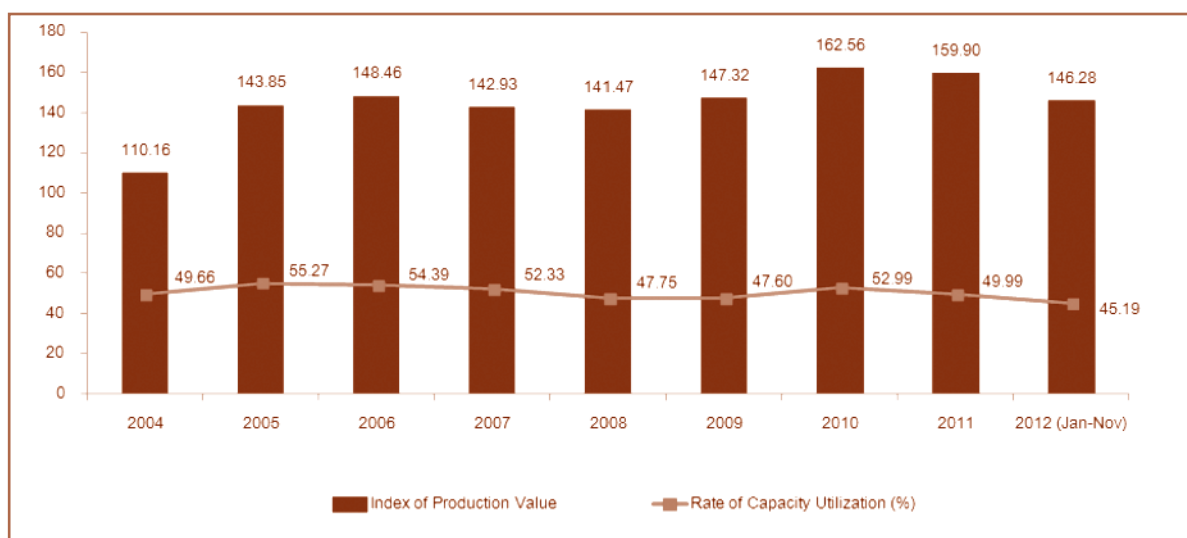
**Company Secretary****Mr. Patt Somchaikulsup**

Education	<ul style="list-style-type: none"> <li>• Master Degree in Economics, Thammasat University</li> <li>• Bachelor Degree in Economics, Thammasat University</li> </ul>
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# Overall Industry and Competition

## Production Situation

Overall processed seafood production in the year 2012 decreased from 2011. Data from the Ministry of Industry indicated that index of production value of processed seafood product for the first 11 months of 2012 was 146.28, while the year 2011 was at 159.90. The capacity utilization rate for the first 11 months of 2012 marked at 45.19% while year 2011 was at 49.99%



Remarks : 1. The based year is year 2000 which index is equal to 100  
2. Data for the year 2012 is preliminary data for the period of Jan.-Nov.

Source : Ministry of Industry

## Sales Situation

The Company's products were mainly produced from shrimp. The shrimp products can be categorized in 2 main product groups-fresh chilled/frozen shrimp and processed frozen shrimp.

Export value of Thai fresh chilled/frozen shrimp for the first 11 months of 2012 was 41,864 million Baht, 12.31% decrease from the year 2011. USA is the Thai's largest export market, accounted for 34.18%. Other Thai main export markets are Japan and Europe, accounted for 25.43% and 13.10% respectively.

Export market of Thai Fresh/Chilled/Frozen Shrimp

Countries	Value (Million Baht)			Growth (%)	Proportion (%)
	2010	2011	2012 (Jan-Nov)	2012 (Jan-Nov)	2012 (Jan-Nov)
USA	23,976	21,805	14,311	-28.24	34.18
Japan	10,377	11,353	10,644	2.19	25.43
EU	7,612	7,835	5,483	-25.01	13.10
ASEAN	1,318	1,672	2,908	96.08	6.95
Others	9,740	9,423	8,518	-0.82	15.98
<b>Total</b>	<b>53,023</b>	<b>52,088</b>	<b>41,864</b>	<b>-12.31</b>	<b>100.00</b>

Source : The Office of Permanent Secretary, Ministry of Commerce in cooperation with Department of Customs

Export value of Thai processed shrimp products for the first 11 months of year 2012 was 41,729 million Baht, 16.52% decrease from the year 2011. USA is the Thai's largest export market, accounted for 39.99% of total export value of processed frozen shrimp. Other Thai main export markets are Japan and Europe, accounted for 28.86% and 16.73% respectively.

Export market of Thai Processed Shrimp Products

Countries	Value (Million Baht)			Growth (%)	Proportion (%)
	2010	2011	2012 (Jan-Nov)	2012 (Jan-Nov)	2012 (Jan-Nov)
USA	21,722	27,785	16,688	-34.92	39.99
Japan	9,460	12,510	12,043	6.23	28.86
EU	6,996	7,829	6,983	-2.66	16.73
ASEAN	90	92	75	-7.27	0.18
Others	5,195	6,390	5,940	3.2	14.23
<b>Total</b>	<b>43,463</b>	<b>54,606</b>	<b>41,729</b>	<b>-16.52</b>	<b>100.00</b>

Source : The Office of Permanent Secretary, Ministry of Commerce in cooperation with Department of Customs

In summary, Shrimp business in 2012 was affected by higher price of shrimp raw materials as well as slowdown of economy in partner countries. Consequently, value of production and export sale were decreased from 2011. Export to U.S. market which is the Thai largest export market significantly decreased. However, USA is not the Company's main export market.

## Structure of Revenue

Revenue from Sales by Sale Channels and Companies for the past 3 years

Sales Channels	Company	% Shareholding	2012		2011		2010	
			Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Value of Export Sale	SSF		1,424,037	20.43	1,477,607	22.36	1,293,308	22.34
	SS	94.28%	1,103,841	15.84	942,805	14.27	943,260	16.29
	SUNIF	49%	3,326,310	47.72	3,290,530	49.79	2,762,096	47.71
Value of Domestic Sale	SSF		784,532	11.26	603,455	9.13	556,672	9.61
	SS	94.28%	318,176	4.56	287,807	4.36	224,428	3.88
	SUNIF	49%	13,350	0.19	6,404	0.10	9,926	0.17
<b>Total</b>			<b>6,970,246</b>	<b>100.00</b>	<b>6,608,608</b>	<b>100.00</b>	<b>5,789,690</b>	<b>100.00</b>

Note : (1) The Sale figure is shown only in the Company's Separate Financial Statement

(2) SSF = Surapon Foods PLC.

SS = Surat Seafoods Co., Ltd.

SUNIF = Surapon Nichirei Foods Co., Ltd.

## Overall Business and Important Changes

Surapon Foods Public Company Limited was established in 1977 under the name of Surapon Seafoods Co., Ltd. The Company was the first frozen food manufacturer listed in the Stock Exchange of Thailand. In the first stage, the main products were frozen seafood. In 1996, the Company has renamed from Surapon Seafoods Public Co., Ltd. to Surapon Foods Public Co., Ltd. in order to reflect business diversification into both frozen seafood and frozen non-seafood products.

We are manufacturer and distributor of various frozen foods which include frozen Ready to Cook and Ready to Eat Products. Our production processes have been internationally accredited by GMP, BRC, HACCP and etc. These international standards demonstrate high level of trustworthy in safety quality and traceability in our food products.

The Company has invested and established the other subsidiaries company in various businesses such as frozen foods business under the name of Surat Seafoods Co., Ltd and Surapon Nichirei Foods Co., Ltd. Independent Consultant Co., Ltd as insurance business and Champion Foods Co., Ltd. as restaurant business.

In year 2012, the Company and Subsidiaries have important changes as follow:

1. The Minimum wages measure for 300 baht per day that cause all the factories has taken measures for reduce the production cost along with raise the productivities for competitive cost level and invested in more machineries for cost and quality control, and waste reduction. Furthermore the Company has on projects for decrease working process and resource utilization as well as increase efficiency.
2. Disease Epidemic in shrimp (EMS), resulted supply of shrimp raw material are not sufficient to the demand, raw materials price rose continuously, Sometimes the Company need to postpone purchase of raw materials and production to manage the production cost to be in line with selling price.
3. To move the business forward. The Company has been pushing forward sale to Asian Market also the neighboring countries. In 2012 The Company can increase value of sales in these target countries.
4. Surapon Aquaculture Co., Ltd. has been studying the shrimp cultivation. The result of the study would be supporting data for our future business plan to utilize the existing assets and contribute for production process of Surapon Food Public Company Limited.
5. Champion Foods Co., Ltd. has expanded its business to the third branch at Mega Bangna. The first branch is located at K-Village, Sukhumvit 26. The second branch is located at Central Bangna.
6. The office of Insurance Commission (OIC) and the regulatory institute of the Insurance Industry in Japan approved Sompo Japan Inc. to buy all share of Sompo Japan Insurance (Thailand) Co., Ltd., which was held by Surapon Foods Public Company Limited in total of 57 Million Baht and has been get fully paid on March 26, 2012, the Company submitted the important information to SET in order to circulate to all shareholders for their acknowledgment.

# Risk Management

The Company is aware of business risk both internal and external. The Company has implemented and specified the measure to manage the business risk as follows:-

## 1. Risk from Fluctuation of Foreign Exchange

Since the Company's revenue mainly derives from export, fluctuation in foreign exchange has inevitably affected the Company's performance.

### Risk Management

Closer monitoring of the exchange rate is exercised. A clear policy fits to take care and protect against the risk arisen in any interval via various financial instruments such as forwarding, direct hedge, and foreign exchange option are also in place. Furthermore, the Company tries to diversify sales in several currencies fit for each customer group in every country. These implementations are done through the zero speculation policy.

## 2. Risk from Trade Laws and Regulations

Stringent quality standards and regulations are imposed more and more. One by one; non-trade regulations such as food safety, sanitation, labor protection and welfare are being introduced. Unable to cope with these trade obstacles could reduce the competitiveness as well as lose of market.

### Risk Management

Constantly monitor and update trade regulations and laws on the imported countries, the Company assigns the working team to follow up, analyze impacts and propose preventive and collective actions. In addition, the working team monitors, communicates and exchanges information with relevant organizations both public and private as well as overseas business alliances, which helps the Company to access information and then the Company can quickly develop as well as control the business processes to meet the regulations.

## 3. Risk from Fluctuation of Raw Materials Situation

The raw materials required are from agriculture and fisheries, and largely depended on natural conditions-weather, disaster, and plague in both domestic and other countries. Fluctuation in both price and quantity is common and could affect to business.

### Risk Management

Enhance competency of procurement function to keep raw material information updated, as well as analyze data in order to consider the keeping of raw material stock for production during the shortage of raw material. The Company joins forces with business alliances-shrimp suppliers, contract farming as well as communicates essential information and exchanges up-to-date situations with suppliers to manage raw materials shortage problem. Besides, The Company is sourcing from more diversified sources of supply.



#### **4. Risk from Labor Shortage and Higher Labor Cost**

Labor shortage including higher labor cost according to the Government's policy on minimum wage of 300 baht per day are affecting to current overall cost of production.

##### **Risk Management**

The Company has developed the staff skill and productivity. The Company more invested in machinery for cost controlling and waste reduction. Besides, the Company hired the foreign workers who registered with the Ministry of Labor.

#### **5. Risk from Natural Disaster**

The weather and environment are more fluctuated and unexpected. The always changing of weather and environment may bring to the plague in shrimp raw materials, which will affect the Company's performance.

##### **Risk Management**

The Company prepared the preventive and collective actions in order to reduce the effect. The responsible person will closely monitor and update the situation. The Company also developed the staff's potential in term of crisis management skill. Beside, the business recovery plan is also determined.

## Structure of Shareholders and Management

### Structure of Shareholders

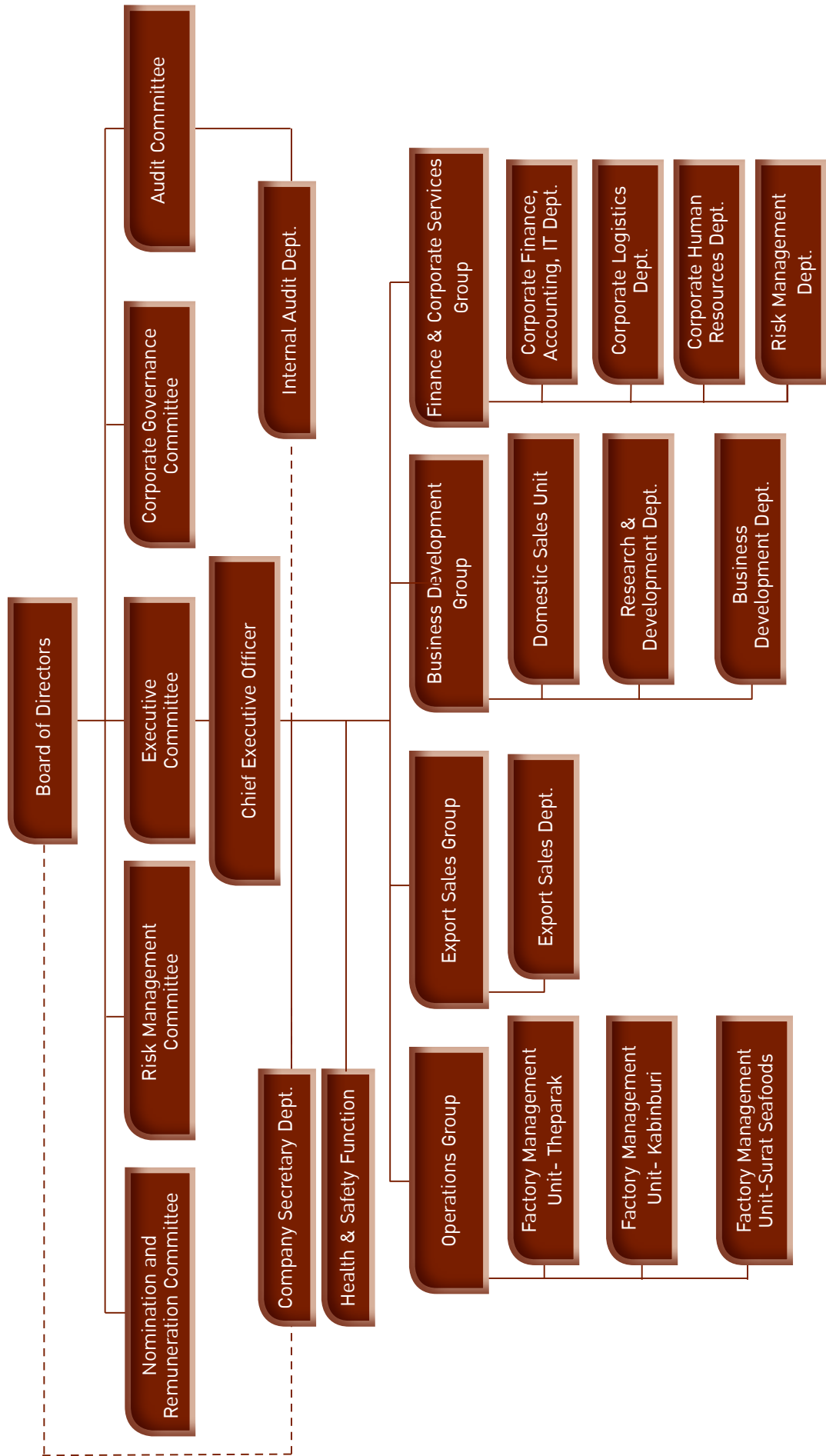
Common Stock = 269,999,000 shares (Par value = 1 Baht)

	Name of Shareholders		No. of Share	Proportion of Shareholding (%)
1.	Mr.Surapon	Vongvadhanaroj	105,441,750	39.05
2..	Mr.Sithichai	Kraisithisirin	32,436,000	12.01
3.	Mr.Chokchai	Jiengwareewong	30,615,000	11.34
4.	Mr.Aryuth	Chansestikul	12,458,400	4.61
5.	Mrs.Sukanya	Vongvadhanaroj	6,977,000	2.58
6.	Mr.Thanatip	Pichetvanichchok	6,968,800	2.58
7.	Miss Woraran	Taepaisitpong	5,000,000	1.85
8.	CREDIT SUISSE AG SINGAPORE BRANCH		5,000,000	1.85
9.	HSBC PRIVATE BANK (SUISSE) SA, HONG KONG BRANCH		3,950,720	1.46
10.	Mrs.Areewan	Petchworakul	3,295,700	1.22

Source : Thailand Securities Depository Co., Ltd. (Information as of January 25, 2013)

## Structure of Management

(Information as of December 31, 2012)



## Structure of Board of Directors

The Board of Directors assigns 5 Sub-committees for specific matters. The Sub-committees comprise of Audit Committee, Corporate Governance Committee, Nomination and Remuneration Committee, Executive Committee and Risk Management Committee.

### 1. Board of Directors

The Board has responsibilities to supervise the Company's operation to meet the Company's target and the Company's best benefit in accordance with good corporate governance framework.

As of December 31, 2012, Board of Directors consists of the following persons:

Name - Surname			Position	No. of the meeting attended in 2012
1.	Mr.Kosol	Chantikul	Independent Director and Chairman	6/6
2.	Mr.Surapon	Vongvadhanaroj	Director	6/6
3.	Mr.Sithichai	Kraisithisirin	Director	5/6
4.	Mr.Chokchai	Jiengwareewong	Director	6/6
5.	Mrs.Boonperm	Jiamtiranat	Independent Director	6/6
6.	Mr.Adul	Amatavivadhana	Independent Director	5/6
7.	Mr.Pisanu	Rienmahasarn	Independent Director	6/6
8.	Mr.Sathaporn	Kotheeranurak	Independent Director	6/6
9.	Mr.Paiboon	Kangvonkit	Director	6/6
10.	Miss Malai	Wongwatroj	Director	5/6
11.	Mr.Sorapon	Vongvadhanaroj <sup>1/</sup>	Director	5/5

Thereby, Mr.Patt Somchaikulsup carries out duties as Secretary of Board of Directors

Remark : <sup>1/</sup> Mr.Sorapon Vongvadhanaroj was appointed to be the Director according to AGM no.35/2012 on April 4, 2012

## 2. Audit Committee

Audit Committee's responsibilities are to review the Company's operations to be in line with the Company's policy, laws, and regulations. In addition, Audit Committee is responsible for reviewing the Company's internal control system, internal audit system, and the risk management system that they are appropriate and efficient.

As of December 31, 2012, Audit Committee consists of three Independent Directors as follow:

Name - Surname		Position	No. of the meeting attended in 2012
1.	Mr.Sathaporn Kotheeranurak	Chairman	5/5
2.	Mrs.Boonperm Jiamtiranat	Director	5/5
3.	Mr.Pisanu Rienmahasarn	Director	5/5

Thereby, Mrs.Suree Nuntatikul carries out duties as Secretary of Audit Committee

*Remarks : The Committee no.1 and 2 have adequate expertise and experience to review creditability of financial report*

## 3. Corporate Governance Committee

Corporate Governance Committee is responsible for monitoring an implementation of the Corporate Governance Policy

As of December 31, 2012, Corporate Governance Committee consists of the following persons:

Name - Surname		Position	No. of the meeting attended in 2012
1.	Mrs.Boonperm Jiamtiranat	Chairman	3/3
2.	Mr.Adul Amatavivadhana	Director	3/3
3.	Mr.Sorapon Vongvadhanaroj <sup>1/</sup>	Director	1/1
4.	Mr.Sithichai Kraithisirin <sup>1/</sup>	Director	2/2

Thereby, Mr.Patt Somchaikulsup carries out duties as Secretary of Corporate Governance Committee

*Remark : <sup>1/</sup> Mr.Sorapon Vongvadhanaroj, in place of Mr.Sithichai Kraithisirin according to the resolution of Board of Directors' meeting no. 5/2012 on November 8, 2012*

#### 4. Nomination and Remuneration Committee

Nomination and Remuneration Committee is responsible for recruitment and selection of qualified candidate as Director and Chief Executive Officer. The Committee's responsibilities are also to propose the compensation of the Directors and Chief Executive Officer.

As of December 31, 2012, Nomination and Remuneration Committee consists of the following persons:

Name - Surname			Position	No. of the meeting attended in 2012
1.	Mr.Chokchai	Jiengwareewong	Chairman	3/3
2.	Mr.Surapon	Vongvadhanaroj	Director	2/3
3.	Mr.Adul	Amatavivadhana	Director	3/3

Thereby, Mr.Patt Somchaikulsup carries out duties as Secretary of Nomination and Remuneration Committee

#### 5. Executive Committee

Executive Committee is responsible for supervising the Company's operations to achieve the Company's vision, target, and policy.

As of December 31, 2012, Executive Committee consists of the following persons:

Name - Surname			Position
1.	Mr.Surapon	Vongvadhanaroj	Chairman
2.	Mr.Chokchai	Jiengwareewong	Director
3.	Miss Malai	Wongwatroj	Director
4.	Mr.Paiboon	Kangvonkit	Director
5.	Mr.Supakorn	Ruangsin	Director
6.	Mr.Thomas	Ung	Director
7.	Mr.Cherdsak	Charoenmongkonsuk	Director
8.	Mr.Montai	Chulatitta	Director
9.	Mrs.Soranee	Ung	Director
10.	Miss Silawan	Kraisithsirin	Director
11.	Mr.Sorapon	Vongvadhanaroj	Director
12.	Mr.Jittakorn	Chairach	Director

Thereby, Mr.Patt Somchaikulsup carries out duties as Secretary of Executive Committee

*Remark : There are 21 times meeting throughout the year 2012*



## 6. Risk Management Committee

Risk Management Committee is responsible for setting and reviewing the effective and efficient risk management system.

As of December 31, 2012, Risk Management Committee consists of the following persons:

Name - Surname		Position
1.	Mr.Chokchai Jiengwareewong	Chairman
2.	Miss Malai Wongwatroj	Director
3.	Mr.Paiboon Kangvonkit	Director
4.	Mr.Supakorn Ruangsin	Director
5.	Mr.Cherdsak Charoenmongkonsuk	Director
6.	Mr.Thomas Ung	Director
7.	Mr.Montai Chulatitta	Director
8.	Mrs.Soranee Ung	Director
9.	Miss Silawan Kraisithsirin	Director
10.	Mr.Sorapon Vongvadhanaroj	Director
11.	Mr.Jittakorn Chairach	Director
12.	Mr.Kittikorn Chongchere	Director

Thereby, Mrs.Ajaree Phaireepairit carries out duties as Secretary of Risk Management Committee

*Remark : There are 4 times meeting throughout the year 2012*

## Details of Directors and Authorized Persons

Name		SSF	Subsidiaries					
			SS	SUNIF	PP	SAC	CHAMF	CHAMPION
Mr. Kosol	Chantikul	///						
Mr. Surapon	Vongvadhanaroj	/, //, X	/, //, ///	/, //, ///		/, //	/, //	
Mr. Sithichai	Kraisithisirin	/, //	/, //	/, //		/, //	/, //	
Mr. Chokchai	Jiengwareewong	/, //	/, //			/, //	/, //	
Mrs. Boonperm	Jiamtiranat	/						
Mr. Adul	Amatavivadhana	/						
Mr. Pisanu	Rienmahasarn	/						
Mr. Sathaporn	Kotheeranurak	/						
Miss Malai	Wongwatroj	/, //	/, //					
Mr. Paiboon	Kangvonkit	/		/, //, X				
Mr. Sorapon	Vongvadhanaroj	/, //	/, //			/, //	/, //	
Mr. Chatuporn	Watcharanat		/, //, X				/, //	
Mr. Supakorn	Ruangsin		/, //					
Mrs. Soranee	Ung			/, //	/, //			/, //, ///
Miss Silawan	Kraisithsirin				/, //			/, //
Mrs. Soraya	Sorakraikitikul				/, //	/, //	/, //	
Mr. Patt	Somchaikulsup				/, //			/, //

Note : / = Board of Directors

X = Chief Executive Officer, President

// = Authorized Director

/// = Chairman of the Board of Directors

### Explanations of the Abbreviation

<b>SSF</b>	Surapon Foods Public Company Limited
<b>SS</b>	Surat Seafoods Company Limited
<b>SUNIF</b>	Surapon Nichirei Foods Company Limited
<b>PP</b>	Punpin Company Limited
<b>SAC</b>	Surapon Aquaculture Company Limited
<b>CHAMF</b>	Chantaburi Marine Farm Company Limited
<b>CHAMPION</b>	Champion Foods Company Limited

## Remuneration of Directors and Executives

### 1. Directors' Remuneration

The Annual General Meeting of Shareholders No.35/2012 dated April 4, 2012 had passed the resolution to approve the Directors' remuneration totally not exceed than 4,490,000 baht. The actual amount of payment is 4,240,000 baht.

	Name of Directors	Board of Directors			Audit Committee		Corporate Governance		Nomination		Total (Baht)
		Retaining Fee	Meeting Allowance		Retaining Fee	Meeting Allowance	Meeting Allowance	Meeting Allowance	Meeting Allowance		
1	Mr.Kosol Chantikul	960,000	120,000	-	-	-	-	-	-	-	1,080,000
2	Mr.Surapon Vongvadhanaroj	180,000	90,000	-	-	-	-	-	-	-	270,000
3	Mr.Sithichai Kraithisirin	180,000	75,000	-	-	-	5,000	-	-	-	260,000
4	Mr.Chokchai Jiengwareewong	180,000	90,000	-	-	-	-	-	10,000	-	280,000
5	Mr.Adul Amatavivadhana	180,000	75,000	-	-	-	10,000	-	5,000	-	270,000
6	Mr.Sathaporn Kotheeranurak	180,000	90,000	180,000	-	50,000	-	-	-	-	500,000
7	Mrs.Boonperm Jiamteeranat	180,000	90,000	120,000	-	25,000	20,000	-	-	-	435,000
8	Mr.Pisanu Rienmahasarn	180,000	90,000	120,000	-	25,000	-	-	-	-	415,000
9	Mr.Palboon Kangvonkit	180,000	90,000	-	-	-	-	-	-	-	270,000
10	Miss Malai Wongwatroj	180,000	75,000	-	-	-	-	-	-	-	255,000
11	Mr.Surapon Vongvadhanaroj	120,000	75,000	-	-	-	10,000	-	-	-	205,000
<b>Total</b>		<b>2,700,000</b>	<b>960,000</b>	<b>420,000</b>	<b>100,000</b>	<b>45,000</b>	<b>15,000</b>	<b>4,240,000</b>			<b>4,240,000</b>

### 2. Executives' Remuneration

Remuneration	2012		2011	
	No. of Person	Total (Baht)	No. of Person	Total (Baht)
Salary	5	27,924,000	6	27,007,320
Bonus	5	4,482,281	0	-
Other	5	313,968	6	3,251,400
<b>Total</b>	<b>5</b>	<b>32,720,249</b>	<b>6</b>	<b>30,258,720</b>

Remarks : 1) Annual bonus payment will be paid in January of next year

2) Other remunerations such as gasoline, telephone, per-dium and etc.

# Corporate Governance

Surapon Foods Public Company Limited has always put a strong emphasis on the good corporate governance in taking care of all Stakeholders' interest. The Board of Directors has brought the principle of good corporate governance for listed companies as well as the regulations of Securities and Exchange Commission and all related regulatory institution to be the guideline for the Company's Corporate Governance Policy.

The Company issued the 1<sup>st</sup> version of Corporate Governance Policy on August 2005 then the Board of Directors improved the Policy substituting the former policy for 7 times in total. The latest version of the Policy is approved according to the Board meeting no.6/2011 on December 15, 2011. Currently Corporate Governance Policy consists of 7 sections. The Company publicizes the Policy through the Company's website ([www.surapon.com](http://www.surapon.com)). An implementation according to the Policy in the year 2012 can be summarized as the followings:

## 1. The Board of Directors

1.1 The Board of Directors consists of experts with knowledge, skills and experience to operate in total of 11 persons, 3 persons are Executive Directors, 3 persons are non Executive Directors, 5 persons are Independent Directors. Number of Independent Director is in line with the regulations specified that "The Board shall consist of Independent Director not less than one-third and not less than 3 persons".

1.2 Nomination of Directors will follow the Nomination of Director Policy and will be considered by the Nomination and Remuneration Committee before proposing to Board of Directors and Shareholders. The Company publicizes the Nomination Policy on [www.surapon.com](http://www.surapon.com). Nominating the Directors, who replace the vacant position before expiring the term in office, will follow the resolution of the Board of Directors. Whereas nominating the Directors, who replace the Director retired by rotation, will follow the resolution of Shareholders. In 2012, there was no nomination of Directors to replace the vacant position before expiring term in office.

1.3 The Company's definition of Independent Directors is the Director who shall not hold the Company's share more than 1%. Independent Directors must follow the qualification of Independent Director as specified in the notification of all relevant regulatory institutions. Currently, there was no Independent Director hold any share of the Company and no Independent Directors have any related business transactions or provide any services to the Company, Subsidiaries, Major shareholders or Controlling Person. There are no Independent Directors has any conflict of interest in the position.

1.4 The Directors shall not post in the other listed companies more than 5 companies except the Board of Directors considers that the nominated director possesses knowledge, capability, working experience that would help the Company. Term of the Board of Directors, at every annual general meeting of shareholders, one-thirds of the Directors shall retire by rotation. If the member of directors is not a multiple of three then the number nearest to one-third shall retire. Whenever the director is retired by rotation, the director might be reappointed. The Sub-Committee has two year tenure from either the appointed date or the Board's resolution which can be re-appointed after the tenure is completed. In 2012, there was no Director post in the other listed companies more than 5 companies and the Board meeting no. 5/2011 on November 8, 2012 has reappointed 5 sub-committees.

1.5 The Board of Directors' meeting must be held with the specific agenda distributed in advance and related documents to allow enough time for due consideration. In 2012 the Board Committees had meeting in total of 6 times. Every Board member has attended the Board meeting more than 80% of total times of the Board meeting held which follow the criteria of IOD. Company Secretary will send the agenda and meeting documents to every director 7 days prior to the meeting date except any urgent and/or confidential documents and submitted the minutes of meeting to the Boards for consideration within 7 days after meeting. Evaluation of the meeting has set up in every meeting which follows 10 issues of the criteria of IOD. Average score of the Board meeting evaluation in 2012 is 91.83 out of 100.

1.6 The Board has established the specific committees with responsibility for specific matters for 5 sub committees. The Board has also set up the sub-committee charter as a guideline to convene the meeting effectively. In 2012, The Audit Committee held the meeting 5 times, The Nomination and Remuneration Committee 3 times, The Corporate Governance Committee 3 times and The Risk Management Committee 4 times and the Executive committee 21 times. The quarterly report of all sub-committees will be submitted to the Board of Directors.

1.7 The Board considered the conflict of interest issue with care, fair, and transparent. Disclosure of information with completeness. In case that the Director may have possible conflict with the Company's interest in any matter considered by the Board at any point of time, the said Director must leave the meeting during which the matter is considered or must not be entitled to vote on such matter and the Board will ask for an opinion from the Independent Director. The Directors and Executives including their related person have to report their possible related transaction according to the form of reporting.

1.8 The Board has formulated Code of Ethics in writing to be the guideline of practice for all staffs. The Board has arranged and invited Director and Executives to attend the ceremony of signing the Code of Ethics.

1.9 The Board participated in consideration of annual business plan. The Board gives opinions and suggestions to the Management. In addition, the Management shall submit the summary of monthly performance to the Board. In 2012, the Management presented the annual business plan of year 2013 and the Board approved the plan at the Board meeting no. 6/2012 on December 14, 2012.

## 2. Shareholders Rights and Equal Treatment

2.1 The Board respects the right of all shareholders equally and responsible for taking care of shareholder's interest. Shareholder has rights to make decision on important policies and has rights to access information accurately and adequately. Shareholder has an equal right on profit sharing. The Company has a policy to pay the dividend approximately 60% of net profit after tax of separate financial statement, except when investment or cash flow is needed - the Board could present the shareholder's meeting to pay the dividend as it fits. In 2012, The Company paid dividend to shareholder at 0.57 baht per share or 60.92% of net profit after tax of separate financial statement.

2.2 The Board emphasizes on decision making of significant matters and disclosure information for shareholders, investors and public. In 2012, The Company has managed to support the rights of shareholder as follows :

- 1) To disclose the resolution of the Board's meeting no.1/2012 on February 23, 2012 Re: Convening the AGM on April 4, 2012 at Novotel Bangna Hotel. The disclosure of information includes agenda and important details through SET website.
- 2) To preserve the rights of shareholders, The Company has a great emphasis on organizing the AGM by complying with the laws and regulations. The Company supports shareholders to give recommendation to the Company.
- 3) *Before the AGM date* : the Company sent out the notice of AGM to all shareholders and all regulatory institutions. Details as specified in the notice are in accordance with the laws and regulations as well as AGM checklist that defined by SET, the Company's Articles of Association, and AGM Checklist. The Company posted the AGM document through the Company's website 30 days prior to the AGM date as well as notified the shareholders through SET website. The notice of AGM was also publicized through daily local newspapers for consecutive 3 days. Shareholder, thus, would have enough time for due consideration.
- 4) *On AGM date* : The Company opened 2 hours in advance for registration as well as arranged proper facilities and receptions. The IT system for the meeting registration was used. In AGM 2012, chairman of the Board presided Chairman of AGM meeting. All Board members, Executives, CEO, and legal advisor attended the meeting.
- 5) *Before starting the meeting* : Chairman informed the number of attendant and introduced the Board, the Management, Auditor, Legal Advisor, Company Secretary. To make shareholders understand the process of the meeting, Company Secretary explained the process of voting, counting and voting result. The Company used the IT system for counting the vote for cursoriness and correctness. Furthermore, The Company had invited legal advisor to be the witness for counting process for trustworthiness and transparency.



- 6) *During the meeting* : The Chairman allowed Shareholders inquire and express their opinions and recommendations on an equal basis. The Company Secretary would record all important questions and answers in the Minutes.
- 7) *After finished the meeting* : The Company disclosed the essence of the meeting resolutions through SET website on the same date of the AGM. The completed Minute was submitted to the regulatory institutions within 14 days after the meeting date and posted on the Company's website ([www.surapon.com](http://www.surapon.com)).
- 8) The Company has a policy to disclose significant information/events to shareholders through SET website which are accurate and adequate due to the schedule follow the requirement of regulators.

2.3 The Company has supported the basic rights of shareholders to attend AGM. Number of shareholders attended the meeting has increased every year. Number of the attendant increased from 162 persons in 2011 to 231 persons in 2012. The Company created an evaluation form to seek opinions and recommendations from Shareholders.

In 2012, the Company got score of 90 out of 100 from the AGM organizing assessment, evaluated by Thai Investors' Association.

### 3. Stakeholders Right

3.1 The Board is aware of the rights of all stakeholders. The Board monitors and supervises the management system to ensure the Company has responsibility for all stakeholders as written in Code of Ethics and CSR policy to be the guidelines for the Directors, Executives and staffs.

3.2 The CSR policy which are altogether 12 topics; 1) Safety and Sanitation in the workplace 2) Remuneration and Welfare 3) Knowledge development and potential of employee 4) Human rights violations 5) Customer 6) Competitor 7) Partner 8) Creditor 9) Intellectual property 10) Anti-Corruption and Bribe 11) Social support to the community and 12) Social and Environment Conservation.

The Company's Code of Ethic consists of ethical guidelines for all staffs which are relating to shareholder, customer, partner, creditor, competitor, staff and society. That had been prepare to be handout and gave to the staffs and communicated to all understand correctly.

In 2012, there were flood occurred in some area, even the Company did not impact from this flood, The Company donated the useful stuff such as rice, dry-foods, drinking water in area of Prachinburi province.

3.3 The Board set up the channel which shareholders and all stakeholders can suggest their concerns/ suggestions to the Company by sending to Chairman of the Audit Committee.

3.4 The Company had driven to development for all internal processes under the policy of “Your Total Quality” To deliver the best products and best services to customers. In 2012, Kabinburi plant had got the award of Lean Manufacturing Excellent 2012 that organized by Department of Industry Promotion and Thai-Japanese Association on September 10, 2012. The Surat Sefoods plant had got award of Lean Standard that was organized by Department Industry Promotion and Thai-Japanese Association on September 12, 2012. The Theparak plant had got award of the outstanding manufacturer in Samutprakarn province in term of Safety, Health and Workplace environment from Ministry of Labor and Social Welfare on September 13, 2012. The Theparak plant also had got certification award as the factory which had the good waste management facility under 3Rs principles that are certified by Department of Industrial Works on October 17, 2012.

3.5 The Company continues to develop the personnel which is implementing continuously after getting the award of high driven competency organization from Ministry of Labour in 2011.

3.6 The Company recognizes the importance of transparency in business operations. In 2012, Chairman and CEO had been a representative of the Company attends the seminar of “First 100 Companies: Collective Power in Anti-Corruption” organized by IOD on September, 21 2012. Moreover, The Company also participated in “2012 The National Anti-Corruption” on September 6, 2012 at Queen Sirikit National Convention Center organized by Board of Trade of Thailand and The Thai Chamber of Commerce.

## 4. Information Disclosure and Transparency

4.1 The Board has a policy to disclose information both finance and non-finance concerning business and operation which is accurate, complete and timely. This management of information covers channels which the company uses in various communication channels such as Information Report (56-1), Annual Report (56-2), the Company’s website, and SET website.

4.2 The Board has the policy to treat information both positive and negative equally. The Board shall concern the equal accession of information as well as keeping confidentiality of important information. The disclosure of information will comply with requirements of the regulators. The Company has assigned Investor Relation function to publicize the information to shareholders and investors.

4.3 The Board monitor closely to internal information usage to encourage Good Corporate Governance. The Board approved the Internal Information Usage Controlling Policy. The main objective is to prevent the use of internal information for private interest. The Company also informed to the Directors, Executives and stakeholders and also publicizes the policy on company website. In 2012, there is no case of usage of non-disclosed internal information for private interest.

## 5. Internal Control and Risk Management

5.1 The Board supports and encourages all staffs to be aware of an importance of internal control and audit system. The Company assigned Internal Audit Department to be responsible for auditing all important activities to be in line with the Company's policy and Power of Authority. Internal Audit Department directly report to Audit Committee. The Audit Committee has the authority to approve the nomination or dismissal of the head of Internal Audit Department.

5.2 The Board set up the Internal Audit and Control Policy to be the guideline for operations. The Company employs the follow up process to make sure the important activities have set the effective internal control system. The Board arranged an evaluation program for adequacy and suitability of the Internal Control system followed the SEC notification. The Company disclosed an opinion of the Board about adequacy and suitability of Internal Control system in the information report (56-1) and annual report (56-2).

5.3 The Company pays attention to efficiency of risk management system. The Company established the Risk Management Committee in the order to evaluate and monitor the risk management system. The Risk Management policy is based on The Committee of Sponsoring Organization of the Tread way Commission (COSO). Moreover, the Risk Management Committee created a handbook for risk management to be guidelines for all departments.

## 6. Development of the Directors and Executives

6.1 The Board encourages and facilitates training for the Directors by providing the Board's handbook, organizing the training and site visit to the Company and Subsidiaries, open opportunity to exchange and share opinion with the Executives. In 2012, the Directors visited Surapon-Nichirei Foods Co., Ltd., Surapon Aquaculture Co., Ltd., Chantaburi Marine Farm Co., Ltd. and Champion Foods Co., Ltd. to share the opinion with the Management.

6.2 The Board encourages the Board's development by support the Directors to attend the training program. In 2012, the Directors attended the trainings/seminars as follow:-

- 1) Mr.Kosol Chantikul participated in training course on "IOD Anti-Corruption Training Program for Corporate Directors and Executive", and attended the seminar of "First 100 Companies: Collective Power in Anti-Corruption" which were held by IOD. Mr.Kosol also attended the seminar of "New Change in Board Responsibility Practices: A Step Forward to Value and Sustainability" held by SET.
- 2) Mr.Surapon Vongvadhanaroj participated seminar of "First 100 Companies: Collective Power in Anti-Corruption" held by IOD.
- 3) Mr.Pisanu Rienmahasarn participated in the seminar of "Internal Control and Internal Audit in the Era of Changing Business Environment" which was organized by SET.
- 4) Miss Malai Wongwatroj participated in training course on "Financial Instruments for Directors" which was organized by SET.

- 5) Mr.Paiboon Kangvonkit participated in training course on “Financial Instruments for Directors” which was organized by SET.
- 6) Mr.Sorapon Vongvadhanaroj participated in training course on “Director Certification Program” which was organized by IOD and attended the seminar of “Executive Roundtable#1 : Risk and Control for Executives ” which was held by SET.

6.3 The Board conducts Board Self Assessment by annually both in overall group and individual.

6.4 The Board has emphasis on well preparation of human resources development especially, top management positions which will be an important person who drive the business. The successor will be considered from the business operation, knowledge, performance, experience and potential. The Board had assigned the Nomination and Remuneration Committee considers and plan for succession of CEO.

6.5 The Company assigned Corporate Human Resources Department and Human Resources Department of every business unit to take responsibility to manage human resources development and management to serve the business goal. The Company supports staffs for knowledge development, potential, and career development.

## 7. The Policy to Support Good Corporate Governance

The Board had established policies to be guidelines and in order to strengthen good corporate governance. The Board will review the policies in regularly. The Board approved and agreed to implement the policies as follow :

- 1) Policy of Nomination of Directors and Chief Executive Officer
- 2) Policy of Remuneration of Directors and Chief Executive Officer
- 3) Policy of Internal Audit and Internal Control
- 4) Policy of Risk Management
- 5) Code of Business Ethics
- 6) Policy of Internal Information Usage Control
- 7) Policy of Corporate Social Responsibility

All the above policies are already provided on the Directors handbook and publicized on the Company’s website ([www.surapon.com](http://www.surapon.com)).

The Company’s Corporate Governance Development Score in 2012 is equal to 88 out of 100 which is equivalent to “very good” level.

# Internal Control

The Company pays attention to the efficiency of Internal Control system. Board of Directors has arranged the annual assessment program to evaluate the adequacy and suitability of Internal Control system by employing the proposed evaluation form of Securities and Exchange Commission.

The Board of Directors viewed that the Company's internal control system fits with today's operation and the external auditor did not find any significant weakness. In addition, the management has provided best support to develop and improve the internal control system continuously.

## 1. Organizational Control and Environment

The Company puts great emphasis on the sound organization structure and environment since both element is the essential foundation of the effective internal control system. Thus, in the order to move forward into the goal, the Company has implemented the followings:

- To establish clear business policies, objectives and directions in order to monitor and constantly review.
- To set the suitable organization structure to facilitate the operation such as separating the CEO from the Chairman in order to check and balance each other, number of independent director will be not less than one-third of total number of Directors and not less than three persons. In addition, the Board also appointed sub-committees to help on and operate some assignments.
- To communicate corporate governance policy and business ethics to employee, The Company puts great emphasis on building up employee awareness on integrity and ethics.
- To establish the clear policy and working procedure in writing as well as set up clear job description, working manual, announcement, and power of authority in each level.

## 2. Risk Management

The Company aware the risk factors both internal and external that can affect the business. The Board assigns the Risk Management Committee to consider and monitor business risks. The Company creates a risk management handbook as well as assigns the Risk Management Department to support and build up all employee awareness on risk factors. Besides, the Company arranges and monitors event risk.

### 3. Management Control Activities

The Company puts a strong emphasis on following up the Management performance.

- To determine the scope of work and the right power of authority limits assigned in writing. Finance and Accounting Department is responsible for auditing and supervising in term of the documents needed.
- To disintegrate possible authorities from loopholes that favor the possibility of fraud, for example (1) personal with the authority (2) recorder of accounting and information, and (3) personnel in charge of asset monitor in order to ensure good governance and transparency in all transactions.
- The Company will consider carefully in case of approval of related transaction. The person who has conflict of interest will not be able to vote for this. In case of significant level transaction, the Audit Committee will review first then will be sent to the Board for approval and disclose the transaction in the annual report.
- To support every department to write their own operating manual for work.
- To establish working groups to follow laws, regulations and accepted impact study. The impact study report shall submit to Risk Management Committee.

### 4. Information and Communication

The Company values carefulness, decision based on care and adequate information. The communication to all involve parties are essential that will ensure the effectiveness of Internal Control system, The Company had implement as following:

- To arrange the adequacy of data to support the management for decision making. In the Board's meeting, the Company will send invitation letter along with full set of meeting documents to the Board of Director for consideration before meeting.
- To employ the suitable accounting policy that suits the business and in accordance with Generally-accepted Accounting Standard.
- To keep accounting document as required by laws and regulations.
- To manage ICT system to comply with the regulations. The Company announced legal punishment by informing the penalty risk. Besides, the Company created a document keeping system in corresponding to the announcement of Ministry of ICT.
- To provide back-up data system and set up DRP (Disaster Recovery Plan). To prepare in case of business interruption, the Company plan to test DRP system at least once in a year.
- To disclose information through the Company's website.

## 5. Monitoring

The Company emphasizes in the monitoring system to ensure operations are efficient and effective as well as to achieve the business target.

- Board of Directors shall convene the meeting to update and monitor the Company's performance. The Boards shall also give suggestion to the management.
- The Audit Committee convene the quarterly meeting together with Certified Public Accountant, Finance and Accounting Department, and Internal Audit Department to review financial statement, internal control system, monitor the improvement action including the reporting of the significant issue to the Board of Directors.
- The Corporate Governance Committee convenes the meeting to supervise and monitor the overall operation to comply with the Corporate Governance Policy.
- The Risk Management Committee convenes the quarterly meeting to supervise and monitor the overall operation to comply with the Risk Management policy.
- The Nomination and Remuneration Committee convenes the meeting to consider the nomination of the Director and CEO including determination of Directors' remuneration for Shareholder's approval. The committee is also responsible for assessing CEO's performance and remuneration.
- The Board assigns the Internal Audit Department can audit and give opinion independently. The report of internal audit system will be submitted to the Audit Committee directly.
- The Audit Committee will consider and approve the annual internal audit action plan which is planned according to risk-based evaluation. This is to ensure that the high-risk activities shall be taken into account in first priority. The internal auditor shall report the result of auditing to the Management of each function immediately in case there is significant weakness. The internal auditor also reports the Audit Committee and the Board of Directors to acknowledge or to ask for suggestions. This is to ensure that the Company shall achieve the objectives of internal audit and control effectively and efficiently-financial audit, compliance audit, and operation audit.

## Dividend Payment Policy

July 14 2006, the Board of Directors meeting no. 4/2006 had passed the resolution to add a sub-section 2.1.6 regarding the policy of dividend payment in the Corporate Governance Policy in Section 2 (Shareholders' rights and the equal treatment). The Board of Directors' meeting no. 8/2009 has passed the resolution to adjust some wordings to make it clearer.

The Company's dividend policy as mentioned in the Corporate Governance policy sub-section 2.1.6 is "The Company's policy is to pay the dividend approximately 60% of annual net profit after tax of Separate Financial Statement, except when investment or cash flow is needed-the Board of Directors could present the shareholders' meeting to pay the dividend as it fits"

## Related Transaction

In business operation, the Company may have related transaction with related person and/or juristic person. The Company, however, carefully makes decision of the related transaction by concerning the Company' benefits and to be in line with the laws and regulations. In addition, the Audit Committee has reviewed and given the opinion to the Board of Directors. In case the Company enters into related transaction with the Directors and/or Executives, the involved Directors will not vote for this transaction.

Disclosure of related transaction shall comply with the laws and regulations as well as Generally-accepted Accounting Standard. The related transaction has been disclosed in note of the financial statement as specified in the annual report.

In 2012, the Company reported the related transaction to the Stock Exchange of Thailand according to the Board of Directors' meeting has passed the resolution to approve the related transaction in rental contract with Mrs.Soraya Sorakraikitikul. The Company extended the room rental at the Central City Bangna Tower 1, no. 589/131 Bangna-Trad road, Bangna district, Bangkok, around 333 square meters. The rental is 2 years from November 1, 2012 to October 31, 2014. As the Company need the workplace for the staffs in sales, marketing and business development functions. Moreover, it helps the transportation-convenient and flexible to conduct business with our customers.

Mrs.Soraya Sorakraikitikul is the daughter of one of the major shareholder; Mr. Surapon Vongvadhanaroj. Mrs. Soraya Sorakraikitikul is also the Company's shareholder and executives.

The Company had extended the rental contract with the same monthly rental rate at 100,000 Baht for the total of 2,400,000 Baht.

Value of this transaction in comparison with the net tangible asset (NTA) as of March 31, 2012 showed that its size was 0.16%, which was considered to be a medium-size connected transaction as specified in the Notification of SET on the disclosure of information and operations of the company listed in SET in the connected transactions (year 2002).



# Performance and Financial Analysis

## Overall Performance

In 2012, Surapon Foods Public Company Limited and its subsidiaries' consolidated annual revenues increased by 3.3% from the previous year. Proportion of cost of goods sold to total sales was 87.0% higher than the rate of 85.5% in 2011. The performance in the second half of 2012 was affected by EMS (Early Mortality Syndrome) disease, resulting in a drastic increase in shrimp raw material prices together with the fluctuation of foreign exchange rate. However, the Company and its subsidiaries can expand sales to both the domestic and international markets. In addition, the Company was able to cost-effectively manage production to sales orders. In 2012, the Company and its subsidiaries' net profit was 516 Million Baht, an increase of 15.5% from 2011. Profit attributable to owners of the Company was 296 Million baht.

### Revenue

The Company and its subsidiaries posted total revenue of 6,648 Million Baht, an increase of 4.6% from 2011. The major transactions were revenue from sale of goods was 6,468 Million Baht and net foreign exchange gain was 98 Million Baht.

### Expenses

Total expenses were 6,071 Million Baht, an increase of 3.8% from the previous year, due to the following important factors:

- Cost of goods sold was 5,630 Million Baht, an increase of 5.1% but an increase of cost of goods sold still be in line with an increase of production quantity. Proportion of cost of goods sold to sales was 87.0% increase from the rate of 85.5% in 2011. The main reason was an increase of raw material prices. The selling and administrative expenses increased by 1.7%.
- Interest expense decreased by 27.5% due to re-payment of long-term loans.

### Profitability

The Company and its subsidiaries' gross profit margin rate was 13, compared from the rate of 15 in 2011. The rate of return on equity (ROE) was 13.7, compared to the rate of 14.7 in 2011 due to an increase of raw material prices.

## Financial Status

### *Assets*

The Company and its subsidiaries' total assets as of 31 December 2012 were 3,104 Million Baht, an increase of 1.8% from the previous year. These important changes are as follows:

- Cash and cash equivalents increased by 42 Million Baht.
- Inventory increased by 61 Million baht.
- Net property, plant and equipment increased by 46 Million Baht.
- Other long-term investments decreased by 56 Million Baht.
- Investment properties decreased by 31 Million Baht.

### *Liabilities*

The Company and its subsidiaries' total liabilities as of 31 December 2012 were 807 Million Baht, a decrease of 22% from the previous year. The major cause of this decrease is due to the 52 Million Baht decrease in short-term loan from financial institutions, the 157 Million Baht decrease in long-term loan due to re-payment of loans, and the 29 Million Baht decrease in employee benefit obligations.

### *Shareholders' Equity*

The total shareholders' equity for the Company and its subsidiaries as of 31 December 2012 was 2,297 Million Baht, an increase of 14%, which was largely due to the increase in net profit.

### *Liquidity*

Total cash and cash equivalents for the Company and its subsidiaries increased by 42 Million Baht. Net cash flows from operating activities was 756 Million baht. Net cash flows from investing activities was 52 Million Baht. 147 Million Baht was invested in acquisition of property, plant, and equipment and renovation of existing facilities; 40 Million Baht came from the proceed of the sales of assets. Proceed from other long-term investment was 57 Million Baht. Net cashflow from financing activities was 662 Million Baht: 341 Million Baht from short-term and long-term re-payment, and a dividend payout of 321 Million Baht.

The current ratio increased from 1.58 in 2011 to 2.10 in 2012. The debt to equity ratio decreased from 0.51 in 2011 to 0.35 in 2012.

### *Conclusion*

In 2012, The Company and its subsidiaries posted annual net profit of 516 Million Baht; the 296 Million Baht in profit attributable to owners of the Company. All companies in this business sector were affected from a drastic increase in raw material prices. However, the Company was able to cost-effectively manage production to sales orders. Consequently, the profit was increased and the well liquidity status.

# Report of Audit Committee to the Shareholders

Board of Directors has appointed 3 Independent Directors to be the Audit Committee. Mr.Sathaporn Kotheeranurak presides as the Chairman, Mrs.Boonperm Jiamtiranat and Mr.Pisanu Rienmahasarn as the members. Every director is well qualified according to notification of SET, the qualification enlisted in charter of the Audit Committee as well as the procedure and practice guideline of the Audit Committee which recommended by SET. Mrs.Suree Nuntatikul, Internal Audit Manager, acts as the secretary of the Audit Committee.

The Audit Committee has performed the duties under scope of work, duties and responsibilities independently without limitation of information access including good cooperation with the management and staffs.

In 2012, there were 6 meetings of the Audit Committee, 4 times joint meeting with the external auditor, internal audit unit, and the management team including 1 time annual meeting. In addition, 1 time meeting with external auditor by without the management. The Audit Committee attended all 3 persons for all the meeting. Summary of the performance can be summarized as follow:

## 1. Financial Statement Review

There were meetings with the external auditor, the management, and internal auditor to consider financial statement, accounting policy, changes in an important accounting policy, discuss with the management before presented to the Board of Directors for approval. Besides, there was 1 time meeting without the management to consult and seek advices from the external auditor. The Audit committee considered and viewed that financial statement as at December 31, 2012 is correct and adequate according to the Generally-accepted Accounting Principles. Certified Auditor has operated and shown independent opinion on the Financial Statement.

## 2. Internal Control System Review

To consider efficiency and effectiveness of internal control system through quarterly internal audit report. The report covered important activities. The report from external auditor was also taken into account. The result of internal control system report was not found any significant weakness. The Audit committee viewed that the Company's internal control system is adequate, appropriate, and efficient according to the composition of internal control system.

## 3. Operation Review to be in accordance with the laws and regulations

Operation review to ensure compliance with relevant business laws through the quarterly report from laws and regulations monitoring working committee, submitted to the Risk Management Committee. Besides, Internal Audit Department had regularly done the audit sampling. The Audit Committee had opinion that the Company has the adequate and proper monitoring system.

#### 4. Related and Conflict of Interest Transactions Review

The Audit Committee had opinion that relate and conflict of interest transactions review have a process as transparency, equitable and for overall benefit of the Company. The disclosure of information was accurate and adequate.

#### 5. Internal Audit System Review

The Audit Committee considered independence, scope of work, duty and responsibility of Internal Audit Department to be consistent with international Standards for the Professional Practice of Internal Auditing. The Audit Committee also considered and approved the annual risk-based audit plan, performance evaluation of Internal Auditor Department and Internal Auditor Manager. The Audit Committee viewed that the Company's Internal Audit System is independent, sufficient, and efficient. The Company's Internal Audit was set to be in line with the business target as well as international professional standard.

#### 6. Risk Management System Review

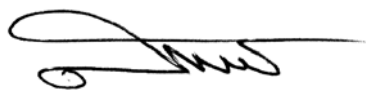
To follow up an efficiency of risk management system by consider the Risk Management Committee's minutes of meeting. The Audit Committee viewed that risk management system is appropriate and suitable.

#### 7. Selection of Certified Public Accountant and the auditing fee for the year 2012

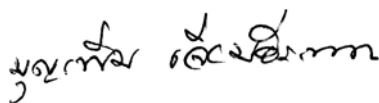
To select the certified public accountant, The Audit Committee considered the reliability, working standard, independence, quality of works and services, The Audit Committee also considered the suitable auditing fee before submit to the Board of Directors' meeting and Shareholders' meeting. The Audit committee recommended to appoint KPMG Phoomchai Audit Ltd. to be the Company's auditor for the year 2012.

#### 8. Performance Assessment of the Audit Committee for the year 2012

To ensure that performance is completely done as specified in the charter of the Audit Committee and complied with guideline from SET. Overall assessment result is "very good" and also submitted the result to the Board of Directors.



Mr.Sathaporn Kotheeranurak  
Chairman of the Audit Committee



Mrs.Boonperm Jiamtiranat  
Member of the Audit Committee



Mr.Pisanu Rienmahasarn  
Member of the Audit Committee

## Report of the Board of Directors' Responsibilities for Financial Reporting

The Board of Directors of Surapon Foods Public Company Limited is responsible for the Company's financial statement which has been prepared in accordance with the Generally-accepted Accounting Standards in Thailand. The policies pursued are deemed appropriate and applied consistently with adequate disclosure of important information in the notes to the financial statements.

The Board has appointed the Audit Committee to provide effective oversight of finances and the internal control system to ensure that accounting records are accurate, complete and timely. The views of the Audit Committee are reported in the Audit Committee's report in the Company's annual report.

The Board assessed sufficiency of internal control system and believes that the internal control system of the Company presenting the financial status, operational results and cash flow accurately in significant matter and satisfactory level as well as transparency. The Board creates confidence on financial statements as of December 31, 2012.



(Mr. Kosol Chantikul )

Chairman



(Mr. Surapon Vongvadhanaroj)

Chief Executive Officer

## Audit Fee

The Company's Certified Auditor in 2012 named Miss Bongkot Amsageam CPA No. 3684 of KPMG Phoomchai Audit Ltd.

The actual payment of audit fee in 2012 as follows:-

### Audit Fee

Company		Audit Fee (Baht)
1	Surapon Foods Public Company Limited	1,097,000
2	Surat Seafoods Co., Ltd.	495,000
3	Surapon Aquaculture Co., Ltd	55,000
4	Chantaburi Marine Farm Co., Ltd.	55,000
5	Punpin Co., Ltd.	70,000
6	Surapon Nichirei Foods Co., Ltd.	763,000
7	Champion Foods Co., Ltd.	80,000
Total Audit Fee		2,615,000

### Non Audit Fee

Company	Non-Audit Service	Name of Company Service	Non-Audit Fee	
			Interim Payment	Future Payment
- None -	- None -	- None -	- 0 -	- 0 -
Total Non-Audit Fee			- 0 -	- 0 -

# Audit Report of Certified Public Accountant

## To the Shareholders of Surapon Foods Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Surapon Foods Public Company Limited and its subsidiaries, and of Surapon Foods Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of Surapon Foods Public Company Limited and its subsidiaries, and of Surapon Foods Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

บงกช อ่ำรังษิณ

(Bongkot Amsageam)  
Certified Public Accountant  
Registration No. 3684

KPMG Phoomchai Audit Ltd.  
Bangkok  
22 February 2013



Surapon Foods Public Company Limited and its Subsidiaries

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Assets	Note	2012	2011	2012	2011
		(in Baht)			
<b>Current assets</b>					
Cash and cash equivalents	5	420,953,535	379,414,460	185,221,382	88,954,252
Trade accounts receivable	4, 6	370,496,094	388,180,472	210,937,345	190,659,669
Other receivables	4, 7	54,178,470	38,757,934	39,798,231	12,910,997
Inventories	8	553,092,655	492,152,418	238,570,475	241,168,275
<b>Total current assets</b>		<b>1,398,720,754</b>	<b>1,298,505,284</b>	<b>674,527,433</b>	<b>533,693,193</b>
<b>Non-current assets</b>					
Investments in subsidiaries	9	-	-	244,090,735	276,549,585
Investments in associates	10	23,367,974	26,762,550	17,550,000	17,550,000
Other long-term investments	11	-	56,417,657	-	56,417,657
Investment properties	12	93,070,641	123,760,732	5,000,000	5,000,000
Property, plant and equipment	13	1,555,451,732	1,509,919,223	523,555,616	531,166,913
Intangible assets	14	17,738,072	15,279,136	11,232,881	11,250,431
Other non-current assets	15	15,295,292	16,726,197	4,662,121	7,916,137
<b>Total non-current assets</b>		<b>1,704,923,711</b>	<b>1,748,865,495</b>	<b>806,091,353</b>	<b>905,850,723</b>
<b>Total assets</b>		<b>3,103,644,465</b>	<b>3,047,370,779</b>	<b>1,480,618,786</b>	<b>1,439,543,916</b>

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

# Statements of financial position

Surapon Foods Public Company Limited and its Subsidiaries

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2012	2011	2012	2011
		<i>(in Baht)</i>			
<b>Current liabilities</b>					
Bank overdrafts and short-term					
loans from financial institutions	16	185,163,651	236,823,300	-	-
Trade accounts payable	4, 17	202,649,020	208,636,669	110,197,455	105,357,739
Other payables	4, 18	184,715,320	189,020,159	86,057,276	78,466,905
Current portion of long-term loans					
from financial institutions	16	54,538,800	137,537,560	6,000,000	30,312,000
Current portion of finance lease liabilities	16	10,987,176	4,310,975	1,331,474	2,004,929
Income tax payable		36,467,674	42,951,118	11,551,359	8,635,366
<b>Total current liabilities</b>		<b>674,521,641</b>	<b>819,279,781</b>	<b>215,137,564</b>	<b>224,776,939</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	16	22,996,000	96,521,780	15,000,000	42,909,000
Finance lease liabilities	16	32,688,239	8,434,002	1,049,399	2,593,050
Employee benefit obligations	19	76,529,845	105,070,418	38,615,078	57,371,147
<b>Total non-current liabilities</b>		<b>132,214,084</b>	<b>210,026,200</b>	<b>54,664,477</b>	<b>102,873,197</b>
<b>Total liabilities</b>		<b>806,735,725</b>	<b>1,029,305,981</b>	<b>269,802,041</b>	<b>327,650,136</b>
<b>Equity</b>					
Share capital	20				
Authorised share capital		270,000,000	270,000,000	270,000,000	270,000,000
Issued and paid-up share capital		269,999,000	269,999,000	269,999,000	269,999,000
Additional paid-in capital	20				
Premium on ordinary shares		270,000,000	270,000,000	270,000,000	270,000,000
Retained earnings					
Appropriated					
Legal reserve	21	27,000,000	27,000,000	27,000,000	27,000,000
Unappropriated		859,157,660	717,277,896	411,352,703	335,454,400
Other components of equity		344,245,507	288,309,092	232,465,042	209,440,380
<b>Equity attributable to owners</b>					
<b>of the Company</b>		<b>1,770,402,167</b>	<b>1,572,585,988</b>	<b>1,210,816,745</b>	<b>1,111,893,780</b>
Non-controlling interests		526,506,573	445,478,810	-	-
<b>Total equity</b>		<b>2,296,908,740</b>	<b>2,018,064,798</b>	<b>1,210,816,745</b>	<b>1,111,893,780</b>
<b>Total liabilities and equity</b>		<b>3,103,644,465</b>	<b>3,047,370,779</b>	<b>1,480,618,786</b>	<b>1,439,543,916</b>

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

# Statements of comprehensive income

Surapon Foods Public Company Limited and its Subsidiaries

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2012	2011	2012	2011
(in Baht)					
<b>Revenues</b>					
Revenue from sale of goods	4, 22, 31	6,468,284,585	6,264,087,914	2,208,568,768	2,081,061,558
Net foreign exchange gain		98,409,666	-	28,908,546	3,010,220
Investment income	4, 23	14,371,799	11,911,074	197,818,267	201,539,408
Other income	4, 24	67,088,207	78,424,527	53,059,371	46,001,777
<b>Total revenues</b>		<b>6,648,154,257</b>	<b>6,354,423,515</b>	<b>2,488,354,952</b>	<b>2,331,612,963</b>
<b>Expenses</b>					
Cost of sale of goods	4	5,629,570,708	5,353,831,548	1,987,692,468	1,839,469,068
Selling expenses	4, 25	272,570,227	265,631,872	136,954,817	130,351,294
Administrative expenses	4, 26	159,117,385	158,865,119	120,284,566	92,104,570
Net foreign exchange loss		-	57,062,064	-	-
Finance costs	4, 29	9,850,224	13,583,001	3,381,179	7,105,341
<b>Total expenses</b>		<b>6,071,108,544</b>	<b>5,848,973,604</b>	<b>2,248,313,030</b>	<b>2,069,030,273</b>
Share of profit (loss) of associates	4, 10	(2,394,576)	4,307,767	-	-
<b>Profit before income tax expense</b>		<b>574,651,137</b>	<b>509,757,678</b>	<b>240,041,922</b>	<b>262,582,690</b>
Income tax expense	30	(58,465,682)	(62,687,502)	(10,244,189)	(9,947,493)
<b>Profit for the year</b>		<b>516,185,455</b>	<b>447,070,176</b>	<b>229,797,733</b>	<b>252,635,197</b>
<b>Other comprehensive income</b>					
Revaluation of property		44,854,956	958,000	-	958,000
Defined benefit plan actuarial gains	19	37,900,437	-	23,024,662	-
<b>Other comprehensive income for the year</b>		<b>82,755,393</b>	<b>958,000</b>	<b>23,024,662</b>	<b>958,000</b>
<b>Total comprehensive income for the year</b>		<b>598,940,848</b>	<b>448,028,176</b>	<b>252,822,395</b>	<b>253,593,197</b>
<b>Profit attributable to:</b>					
Owners of the Company		295,779,194	279,291,924	229,797,733	252,635,197
Non-controlling interests		220,406,261	167,778,252	-	-
<b>Profit for the year</b>		<b>516,185,455</b>	<b>447,070,176</b>	<b>229,797,733</b>	<b>252,635,197</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		351,715,609	280,249,924	252,822,395	253,593,197
Non-controlling interests		247,225,239	167,778,252	-	-
<b>Total comprehensive income for the year</b>		<b>598,940,848</b>	<b>448,028,176</b>	<b>252,822,395</b>	<b>253,593,197</b>
<b>Basic earnings per share</b>	32	<b>1.10</b>	<b>1.03</b>	<b>0.85</b>	<b>0.94</b>

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

# Statements of changes in equity

Surapon Foods Public Company Limited and its Subsidiaries

Consolidated financial statements											
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity			Equity attributable to owners of the Company	Non-controlling interests	Total equity
				Legal reserve	Unappropriated	Revaluation surplus	Defined benefit plan actuarial gains	Total other components of equity			
<i>(in Baht)</i>											
Year ended 31 December 2011		269,999,000	270,000,000	27,000,000	491,985,772	287,351,092	-	287,351,092	1,346,335,864	445,111,658	1,791,447,522
Balance at 1 January 2011											
Transactions with owners, recorded directly in equity											
<i>Distributions to owners of the Company</i>											
Dividends to owners of the Company	33	-	-	-	(53,999,800)	-	-	-	(53,999,800)	-	(53,999,800)
<i>Total distributions to owners of the Company</i>		-	-	-	(53,999,800)	-	-	-	(53,999,800)	-	(53,999,800)
<i>Changes in ownership interests in subsidiaries</i>											
Issue of ordinary shares in subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	12,250,300	12,250,300
Dividends of subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	(179,661,400)	(179,661,400)
<i>Total changes in ownership interests in subsidiaries</i>		-	-	-	-	-	-	-	-	(167,411,100)	(167,411,100)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(53,999,800)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(53,999,800)</b>	<b>(167,411,100)</b>	<b>(221,410,900)</b>
Comprehensive income for the year											
Profit		-	-	-	279,291,924	-	-	-	279,291,924	167,778,252	447,070,176
Other comprehensive income		-	-	-	-	958,000	-	958,000	958,000	-	958,000
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>279,291,924</b>	<b>958,000</b>	<b>-</b>	<b>958,000</b>	<b>280,249,924</b>	<b>167,778,252</b>	<b>448,028,176</b>
Balance at 31 December 2011		269,999,000	270,000,000	27,000,000	717,277,896	288,309,092	-	288,309,092	1,572,585,988	445,478,810	2,018,064,798

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

Surapon Foods Public Company Limited and its Subsidiaries

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

# Statements of changes in equity

Surapon Foods Public Company Limited and its Subsidiaries

Separate financial statements								
	Note	Retained earnings		Other components of equity			Equity attributable to owners of the Company	
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Revaluation surplus		Defined benefit plan actuarial gains
<i>(in Baht)</i>								
Year ended 31 December 2011								
Balance at 1 January 2011		269,999,000	270,000,000	27,000,000	136,819,003	208,482,380	-	208,482,380
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	33	-	-	-	(53,999,800)	-	-	-
<i>Total distributions to owners of the Company</i>		-	-	-	(53,999,800)	-	-	-
Total transactions with owners, recorded directly in equity		-	-	-	(53,999,800)	-	-	-
Comprehensive income for the year								
Profit		-	-	-	252,635,197	-	-	-
Other comprehensive income		-	-	-	-	958,000	-	958,000
Total comprehensive income for the year		-	-	-	252,635,197	958,000	-	253,593,197
Balance at 31 December 2011		269,999,000	270,000,000	27,000,000	335,454,400	209,440,380	-	209,440,380
								912,300,383
								(53,999,800)
								(53,999,800)
								(53,999,800)
								252,635,197
								958,000
								253,593,197
								1,111,893,780

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

# Statements of changes in equity

Surapon Foods Public Company Limited and its Subsidiaries

		Separate financial statements						Equity attributable to owners of the Company
Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity			
			Legal reserve	Unappropriated	Revaluation surplus	Defined benefit plan actuarial gains	Total other components of equity	
		(in Baht)						
Year ended 31 December 2012	269,999,000	270,000,000	27,000,000	335,454,400	209,440,380	-	209,440,380	1,111,893,780
Balance at 1 January 2012								
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	33	-	-	(153,899,430)	-	-	-	(153,899,430)
<i>Total distributions to owners of the Company</i>		-	-	(153,899,430)	-	-	-	(153,899,430)
Total transactions with owners, recorded directly in equity		-	-	(153,899,430)	-	-	-	(153,899,430)
Comprehensive income for the year								
Profit		-	-	229,797,733	-	-	-	229,797,733
Other comprehensive income		-	-	-	-	23,024,662	23,024,662	23,024,662
Total comprehensive income for the year		-	-	229,797,733	-	23,024,662	23,024,662	252,822,395
Balance at 31 December 2012	269,999,000	270,000,000	27,000,000	411,352,703	209,440,380	23,024,662	232,465,042	1,210,816,745

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

# Statements of cash flows

Surapon Foods Public Company Limited and its Subsidiaries

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
Note	2012	2011	2012	2011
	(in Baht)			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	516,185,455	447,070,176	229,797,733	252,635,197
<i>Adjustments for</i>				
Depreciation	203,578,544	200,662,347	56,343,227	55,589,204
Amortisation of intangible assets	4,135,065	3,703,536	3,075,992	2,865,784
Dividend income	-	(2,280,000)	(184,783,775)	(194,218,600)
Employee benefits	10,325,357	12,369,718	4,268,593	6,517,164
Finance costs	9,850,224	13,583,001	3,381,179	7,105,341
Reversal of doubtful debt expense	(100,360)	(2,983,500)	(100,360)	(2,983,500)
Allowance for impairment losses of investments (reversal)	(2,000)	-	30,438,100	-
Allowance for decline in value of inventories (reversal)	3,289,866	(678,909)	(117,963)	(2,279,335)
Unrealised loss (gain) on exchange	103,514,214	48,730,949	(6,227,644)	1,085,432
Loss (gain) on disposal and written-off property, plant and and equipment	(1,276,154)	(912,683)	715,111	1,444,616
Loss on disposal of intangible assets	-	1,047	-	-
Written-off withholding tax	-	192,700	-	-
Gain on disposal of investments in subsidiary and other long-term investments	(841,593)	-	(841,593)	-
Share of loss (profit) of associates	2,394,576	(4,307,767)	-	-
Income tax expense	58,465,682	62,687,502	10,244,189	9,947,493
	909,518,876	777,838,117	146,192,789	137,708,796
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	12,675,228	(6,560,864)	(22,067,010)	(39,876,008)
Inventories	(64,230,103)	(73,843,087)	2,715,763	2,848,900
Other receivables	(2,298,223)	2,531,501	4,800,228	3,097,202
Other non-current assets	(6,088,474)	(1,847,529)	272,904	(130,934)
Trade accounts payable	(5,480,836)	34,619,095	4,839,716	51,934,116
Other payables	(24,420,070)	21,088,289	1,157,560	18,617,487
Employee benefit obligations paid	(965,492)	(1,172,833)	-	-
Cash generated from operating activities	818,710,906	752,652,689	137,911,950	174,199,559
Income taxes paid	(62,627,589)	(35,033,474)	(5,006,658)	(1,312,128)
<b>Net cash provided by operating activities</b>	<b>756,083,317</b>	<b>717,619,215</b>	<b>132,905,292</b>	<b>172,887,431</b>

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



# Statements of cash flows

Surapon Foods Public Company Limited and its Subsidiaries

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2012	2011	2012	2011
		(in Baht)			
<b>Cash flows from investing activities</b>					
Dividends received		1,000,000	3,880,000	161,213,650	194,218,600
Purchase of property, plant and equipment		(146,650,030)	(111,905,229)	(43,822,348)	(45,697,286)
Sales of property, plant and equipment		40,007,515	9,428,226	820,248	789,873
Increase in investment properties		-	(1,345,707)	-	-
Net cash outflow on acquisition of subsidiaries		-	-	-	(14,999,850)
Sales of investment in subsidiary		2,278,000	-	2,278,000	-
Sales of other long-term investments		57,002,000	-	57,002,000	-
Purchase of intangible assets		(5,785,304)	(1,022,278)	(2,611,046)	(377,500)
Sales of intangible assets		-	3,208	-	-
<b>Net cash provided by (used in) investing activities</b>		<b>(52,147,819)</b>	<b>(100,961,780)</b>	<b>174,880,504</b>	<b>133,933,837</b>
<b>Cash flows from financing activities</b>					
Finance costs paid		(10,805,920)	(12,608,986)	(3,393,307)	(7,429,179)
Dividends paid to owners of the Company		(153,899,430)	(53,999,800)	(153,899,430)	(53,999,800)
Dividends paid to non-controlling interests		(166,786,350)	(179,661,400)	-	-
Decrease in bank overdrafts and short-term loans from financial institutions		(176,949,285)	(177,394,935)	-	(148,370,691)
Finance lease payments		(10,097,575)	(3,226,705)	(2,004,929)	(1,793,925)
Proceed from long-term loan from financial institution		10,000,000	-	-	-
Repayment of long-term loans from financial institutions		(153,857,863)	(80,381,890)	(52,221,000)	(27,912,000)
Proceeds from issuance of ordinary shares to non-controlling interests		-	12,250,300	-	-
<b>Net cash used in financing activities</b>		<b>(662,396,423)</b>	<b>(495,023,416)</b>	<b>(211,518,666)</b>	<b>(239,505,595)</b>
<b>Net increase in cash and cash equivalents</b>		<b>41,539,075</b>	<b>121,634,019</b>	<b>96,267,130</b>	<b>67,315,673</b>
Cash and cash equivalents at 1 January	5	379,414,460	257,780,441	88,954,252	21,638,579
<b>Cash and cash equivalents at 31 December</b>	<b>5</b>	<b>420,953,535</b>	<b>379,414,460</b>	<b>185,221,382</b>	<b>88,954,252</b>

## Non-cash transactions:

During the year 2012, the Group acquired property, plant and equipment at a total cost of Baht 212.3 million (2011: Baht 141.2 million) of which Baht 146.7 million was made by cash payment (2011: Baht 112.0 million), Baht 45.4 million was made by finance lease agreements (2011: Baht 9.3 million), and Baht 20.2 million was outstanding as payable for purchases of machinery and equipment as at 31 December 2012 (2011: Baht 19.9 million).

During the year 2012, the Company acquired plant and equipment at a total cost of Baht 50.2 million (2011: Baht 53.6 million) of which Baht 43.8 million was made by cash payment (2011: Baht 45.7 million), Baht 0 million was made by finance lease agreements (2011: Baht 2.1 million), and Baht 6.4 million was outstanding as payable for purchases of machinery and equipment as at 31 December 2012 (2011: Baht 5.8 million).

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

# Notes to the financial statements

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 22 February 2013.

## 1 General information

Surapon Foods Public Company Limited, the “Company”, is incorporated in Thailand.

Presently, the Company has registered offices located at the following addresses:

- (a) Head Office : 247 Moo 1, Theparak Road, Amphur Muang, Samutprakarn Province
- (b) Factory 1 : 247 Moo 1, Theparak Road, Amphur Muang, Samutprakarn Province
- (c) Factory 2 : 509 Moo 9, Nongki, Amphur Kabinburi, Prachinburi Province

The Company was listed on the Stock Exchange of Thailand in September 1989.

The Company’s major shareholders during the financial year were the groups of Vongvadhanaroj, Kraisithisirin, and Jiengwareewong who hold an approximate total 65 % shareholding in the Company.

The principal businesses of the Company and its subsidiaries are the manufacturing and distribution of seafood, finished and semi-finished frozen foods. The Company has also jointly invested with the other Company (Indirect subsidiaries) through Punpin Co., Ltd.. Details of the Company’s direct subsidiaries as at 31 December 2012 and 2011 are given in notes 9.

Details of the Company’s indirect subsidiary as at 31 December 2012 and 2011 are as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			31 December 2012	31 December 2011
<i>Indirect subsidiaries</i>				
Champion Foods Company Limited	Japanese restaurant	Thailand	51	51

## 2 Basis of preparation of the financial statements

### (a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

As at 31 December 2012, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 37

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material item in the statements of financial position:

- Land is measured at fair value

**(c) Presentation currency**

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand.

**(d) Use of estimates and judgements**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 12	Fair value of investment properties
Note 13	Measurement of land
Note 19	Measurement of defined benefit obligations
Note 34	Valuation of financial instruments

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

*Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

*Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount of the interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

**(c) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from operational activities. Derivative financial instruments are not used for trading purposes. However, derivatives do not qualify for hedge accounting are accounted for as trading instruments.

**(d) Hedging**

*Hedge of foreign currency*

The Group has a policy to mitigate the foreign exchange risk by entering into forward exchange contracts covering foreign currency monetary transactions. In this regard, all monetary transactions are translated to Thai Baht at the rates prevailing at the reporting date, adjusted by net receivables/payables arising from the related forward exchange contracts and the remaining deferred forward premium/discount. The related forward premium/discount is recorded as income/expense over the forward contract term. The amortised forward premium/discount and gains/losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange losses or gains on the foreign currency monetary transactions being hedged.

**(e) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Deposits at financial institutions that have a restriction of use are presented separately as “Restricted fixed deposits at financial institutions” under “Other non-current assets” in the statement of financial position.

**(f) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(g) Inventories**

Inventories are stated at the lower of cost and net realisable value.

Raw materials, packing materials and supplies are calculated using first-in, first-out method. Work in progress and finished goods are calculated using weighted average cost principle. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(h) Investments**

*Investments in subsidiaries and associates*

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

*Investments in other equity securities*

Equity securities which are not marketable are stated at cost less any impairment losses.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(i) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Investment property	5 to 20 years
---------------------	---------------

*Reclassification to property, plant and equipment*

When the use of a property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

**(j) Property, plant and equipment**

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land which is stated at their revalued amount. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment, considering as property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Machinery and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

*Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in “the revaluation reserve” in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset’s original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its book value.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	20 years
Buildings and improvements	5 to 20 years
Freezing buildings and equipment	5 to 20 years
Prawn pond and improvements	5 and 20 years
Machinery and equipment	5 to 20 years
Electrical and water systems	5 to 20 years
Transportation equipment	5 years
Furniture, fixtures and office equipment	3 and 5 years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(k) Intangible assets**

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.



*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software	3 and 10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(l) Leasehold right**

Leasehold right is stated at cost less accumulated amortisation.

*Amortisation*

Leasehold right is charged to the statement of income on a straight-line basis over the term of lease period of 30 years.

**(m) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

**(n) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

**(o) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(p) Employee benefits***Defined benefit plans*

A defined benefit plan is a post-employment benefit plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on Government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on the Government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(q) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(r) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

*Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

*Investments*

Revenue from investments comprises rental income from investment properties and dividend and interest income from investments and bank deposits.

*Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

*Dividend income*

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

*Interest income*

Interest income is recognised in profit or loss as it accrues.

*Compensation income on exported goods*

Compensation income on exported goods is recognised as income when sales are recognised, delivery has taken place and transfer of risks and rewards has been completed.

**(s) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, fair value losses on financial assets at fair value through profit or loss and loss on impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**(t) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

**(u) Income tax**

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

**(v) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

**4 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associates are described in notes 1, 9 and 10. Relationship with key management and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation / nationality</b>	<b>Nature of relationships</b>
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
Nichirei Foods Inc.	Japan	Shareholder of a subsidiary
Nichirei Australia Pty, Ltd.	Australia	Shareholding by Nichirei Foods Inc.
Nichirei Foods U.S.A. Inc.	U.S.A.	Shareholding by Nichirei Foods Inc.
Nichirei Fresh Inc.	Japan	Shareholding by Nichirei Foods Inc.
Nichirei Europe S.A.	Netherlands	Shareholding by Nichirei Foods Inc.
GFPT Nichirei (Thailand) Company Limited	Thailand	Shareholding by Nichirei Foods Inc.
Ringer Hut Co., Ltd.	Japan	Shareholding in indirect subsidiary

The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sales of goods	Cost plus margin
Purchases of raw materials and goods	Prices are determined based on the terms and conditions in normal business comparable to those of non-related parties
Dividend income	The declared amount
Management, selling and marketing assistance income	Contractually agreed prices
Technical assistance fee	Contractually agreed prices
Management assistance fee	Contractually agreed prices
Marketing support fee	Contractually agreed prices
Key management personnel compensation	As defined by the Nomination and Remuneration Committee and the Company's policy

Significant transactions for the years ended 31 December with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i>Year ended 31 December</i>	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods	-	-	208,604	92,928
Dividend income	-	-	183,784	190,339
Management, selling and marketing assistance income	-	-	40,974	35,246
Purchases of raw materials and goods	-	-	357,903	310,810
<b>Associates</b>				
Dividend income	1,000	1,600	1,000	1,600
Shares of profits (loss) of associates	(2,395)	4,308	-	-
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	38,935	37,564	36,960	33,774
Post-employment benefits	125	308	125	308
Total key management personnel compensation	39,060	37,872	37,085	34,082
<b>Other related parties</b>				
Sale of goods	3,566,333	3,520,464	227,088	229,884
Dividend income	-	2,280	-	2,280
Purchase of raw materials and goods	175,221	127,943	-	-
Technical assistance fee	16,632	16,550	-	-
Management assistance fee	5,885	5,839	-	-
Marketing support fee	1,057	715	-	-

In March 2012, a subsidiary (Surapon Nichirei Foods Company Limited) declared the payment of dividends. Such dividend was paid to the Company of Baht 160.2 million (2011: Baht 171.5 million) and non-controlling interests of Baht 166.8 million (2011: Baht 178.5 million) in March and July 2012, respectively.

In December 2012, a subsidiary (Surat Seafoods Company Limited) declared the payment of dividends. Such dividend will be paid to the Company of Baht 23.6 million (2011: Baht 18.8 million) and non-controlling interests of Baht 1.4 million (2011: Baht 1.2 million) in March 2013.

As at 31 December 2012, the Company had commitments for the purchase of investments of three subsidiaries (Surapon Aquaculture Company Limited, Chantaburi Marine Farm Company Limited and Punpin Company Limited) which have not yet been called-up totaling Baht 38.9 million (2011: Baht 38.9 million).

Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Surat Seafoods Company Limited	-	-	10,824	2,404
Punpin Company Limited	-	-	551	6,754
Champion Foods Company Limited	-	-	198	228
<b>Other related parties</b>				
Nichirei Foods Inc.	100,063	134,391	5,089	5,610
Nichirei Australia Pty, Ltd.	8,691	5,407	8,691	5,407
Nichirei Food America Inc.	2,709	3,361	2,709	3,361
<b>Total</b>	<b>111,463</b>	<b>143,159</b>	<b>28,062</b>	<b>23,764</b>

<i>Other receivables from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Surat Seafoods Company Limited	-	-	24,414	1,305
Surapon Nichirei Foods Company Limited	-	-	638	735
Punpin Company Limited	-	-	16	128
Champion Foods Company Limited	-	-	163	176
<b>Other related party</b>				
Ringer Hut Co., Ltd.	500	-	-	-
<b>Total</b>	<b>500</b>	<b>-</b>	<b>25,231</b>	<b>2,344</b>

<i>Trade accounts payable to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Surat Seafoods Company Limited	-	-	22,661	19,159
Surapon Nichirei Foods Company Limited	-	-	540	779
<b>Other related parties</b>				
Nichirei Foods Inc.	8,510	24,845	-	-
GFPT Nichirei (Thailand) Company Limited	1,583	5,260	-	-
Ringer Hut Co., Ltd.	60	-	60	-
<b>Total</b>	<b>10,153</b>	<b>30,105</b>	<b>23,261</b>	<b>19,938</b>

<i>Other payables to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Surapon Nichirei Foods Company Limited	-	-	-	646
Surat Seafoods Company Limited	-	-	22	-
Punpin Company Limited	-	-	53	-
<b>Other related party</b>				
Nichirei Foods Inc.	22,195	22,889	-	-
<b>Total</b>	<b>22,195</b>	<b>22,889</b>	<b>75</b>	<b>646</b>

### *Significant agreements with related parties*

On 7 October 1988, the Company entered into a sales agreement for main raw materials with a subsidiary (Surapon Nichirei Foods Company Limited) whereby the Company is the exclusive supplier of the main raw materials to such subsidiary at the agreed price which is close to the market price.

The Company has entered into management, selling and marketing assistance agreements with several subsidiaries for a period of one year, whereby the Company agreed to provide management assistance services to those subsidiaries. These agreements may be notified to terminate by either party giving 30 days advance written notices. Otherwise, these agreements shall be automatically renewed for successive periods of one year each. In consideration thereof, these subsidiaries agreed to pay management fees at the amounts prescribed in the agreements.

A subsidiary (Surapon Nichirei Foods Company Limited) has a technical support agreement with Nichirei Foods Inc. of Japan, whereby the latter provides technical know-how, and assistance including consultations in relation to the manufacture of certain products. Under this agreement, the subsidiary agrees to pay service fee at certain percentage of F.O.B. Bangkok port value for the export products to Japan except frozen breaded, fritter and tempura shrimp. The agreement expired on 31 December 2002 and is automatically renewable for successive period of one year each unless either party notifies to terminate or amend the agreement one month prior to the due date.

On 10 July 1995, a subsidiary (Surapon Nichirei Foods Company Limited) entered into a management assistance agreement with Nichirei Foods Inc. of Japan, whereby the latter provides management and administration assistances to the subsidiary. Under this agreement, the subsidiary agrees to pay service fee as specified in the agreement. This agreement is effective until terminated by either party by giving advance written notice.

A subsidiary (Surapon Nichirei Foods Company Limited) has a marketing support agreement with Nichirei Foods Inc. of Japan. Under this agreement, the subsidiary agrees to pay service fee at certain percentage of F.O.B. Bangkok value for products sold to North America.

On 7 January 2010, a subsidiary (Champion Foods Company Limited) entered into a master license agreement with Ringer Hut Co., Ltd., whereby the latter provides technical know-how of the restaurant business operation. Under this agreement, the subsidiary agrees to pay service fee at certain percentage of the sales value. This agreement is effective until terminated by either party by giving advance written notice.

## **5 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
		<i>(in thousand Baht)</i>		
Cash on hand	325	294	100	100
Cash at banks - current accounts	43,831	58,246	1,245	4,160
Cash at banks - savings accounts	246,105	140,296	183,876	84,694
Highly liquid short-term investments	130,693	180,578	-	-
<b>Total</b>	<b>420,954</b>	<b>379,414</b>	<b>185,221</b>	<b>88,954</b>



The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		<i>(in thousand Baht)</i>		
Thai Baht (THB)	420,776	374,026	185,050	83,577
United States Dollars (USD)	146	5,303	141	5,294
Japanese Yen (JPY)	32	85	30	83
<b>Total</b>	<b>420,954</b>	<b>379,414</b>	<b>185,221</b>	<b>88,954</b>

## 6 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
			<i>(in thousand Baht)</i>		
Related parties	4	111,463	143,159	28,062	23,764
Other parties		259,333	245,321	183,175	167,196
		<b>370,796</b>	<b>388,480</b>	<b>211,237</b>	<b>190,960</b>
Less allowance for doubtful accounts		(300)	(300)	(300)	(300)
<b>Net</b>		<b>370,496</b>	<b>388,180</b>	<b>210,937</b>	<b>190,660</b>
Reversal of doubtful debts expenses for the year		-	-	-	-

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
			<i>(in thousand Baht)</i>		
<b>Related parties</b>					
Within credit terms		53,583	141,423	27,604	20,381
Overdue:					
Less than 30 days		57,880	-	446	3,378
Over 30 days to 60 days		-	-	12	5
Over 60 days to 90 days		-	-	-	-
Over 90 days		-	1,736	-	-
		111,463	143,159	28,062	23,764
Less allowance for doubtful accounts		-	-	-	-
<b>Net</b>		<b>111,463</b>	<b>143,159</b>	<b>28,062</b>	<b>23,764</b>
<b>Other parties</b>					
Within credit terms		220,572	209,986	157,340	145,885
Overdue:					
Less than 30 days		34,480	33,068	25,205	19,550
Over 30 days to 60 days		4,049	1,456	398	1,451
Over 60 days to 90 days		123	72	123	72
Over 90 days		109	739	109	238
		259,333	245,321	183,175	167,196
Less allowance for doubtful accounts		(300)	(300)	(300)	(300)
<b>Net</b>		<b>259,033</b>	<b>245,021</b>	<b>182,875</b>	<b>166,896</b>
<b>Total</b>		<b>370,496</b>	<b>388,180</b>	<b>210,937</b>	<b>190,660</b>

The normal credit term granted by the Group ranges from 30 days to 65 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	78,554	75,420	89,060	79,362
Japanese Yen (JPY)	159,216	194,484	68,289	65,704
United States Dollars (USD)	87,491	73,704	34,172	28,668
Australian Dollars	25,819	31,345	-	3,699
Euro	19,416	13,227	19,416	13,227
<b>Total</b>	<b>370,496</b>	<b>388,180</b>	<b>210,937</b>	<b>190,660</b>

## 7 Other receivables

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Dividend receivable	4	-	-	23,570	-
Value added tax receivable		23,545	22,897	833	3,401
Other accounts receivable, net	4	9,159	2,917	878	3,313
Prepaid expenses		3,164	2,921	2,442	2,568
Accrued income		2,480	2,022	752	693
Others		15,830	8,001	11,323	2,936
<b>Total</b>		<b>54,178</b>	<b>38,758</b>	<b>39,798</b>	<b>12,911</b>
Reversal of doubtful debts expense for the year		<b>(100)</b>	<b>(2,984)</b>	<b>(100)</b>	<b>(2,984)</b>

## 8 Inventories

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Finished goods	244,727	208,992	111,863	104,164
Work in progress	104,619	100,257	43,111	53,698
Raw materials	124,545	140,436	72,218	71,332
Packing materials and supplies	47,167	49,726	14,975	15,755
Goods in transit	42,584	-	66	-
<b>Total</b>	<b>563,642</b>	<b>499,411</b>	<b>242,233</b>	<b>244,949</b>
Less allowance for decline in value of inventories	(10,549)	(7,259)	(3,663)	(3,781)
<b>Net</b>	<b>553,093</b>	<b>492,152</b>	<b>238,570</b>	<b>241,168</b>

## 9 Investments in subsidiaries

	Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
At 1 January	276,550	261,550
Acquisitions	-	15,000
Allowance for impairment	(21,662)	-
Disposals	(10,797)	-
<b>At 31 December</b>	<b>244,091</b>	<b>276,550</b>

On 16 January 2012, the Company entered into the sale of shares agreement for Surapon Aquaculture Company Limited, the Company's subsidiary, total of 170,000 shares at the percentage of shareholding of 5% of the registered authorized capital, amounting to Baht 2.28 million.

In December 2011, a subsidiary called for the remaining unpaid share capital of 25% amounting to Baht 15 million.

Investments in subsidiaries as at 31 December 2012 and 2011, and dividend income from those investments for the years then ended were as follows:

Separate financial statements												
Type of business	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(in thousand Baht)											
<b>Subsidiaries</b>												
Punpin Company Limited	100	100	30,150	30,150	30,150	30,150	(15,025)	-	15,125	30,150	-	-
Surapon Aquaculture Company Limited	95	100	82,786	82,786	199,526	210,323	(177,637)	(171,000)	21,889	39,323	-	-
Chantaburi Marine Farm Company Limited	100	100	79,590	79,590	281,807	281,807	(203,000)	(203,000)	78,807	78,807	-	-
Surat Seafoods Company Limited	94	94	40,000	40,000	79,205	79,205	-	-	79,205	79,205	23,570	18,856
Surapon Nichirei Foods Company Limited	49	49	100,000	100,000	49,065	49,065	-	-	49,065	49,065	160,214	171,483
<b>Total</b>					<b>639,753</b>	<b>650,550</b>	<b>(395,662)</b>	<b>(374,000)</b>	<b>244,091</b>	<b>276,550</b>	<b>183,784</b>	<b>190,339</b>

All subsidiaries are incorporated in Thailand.

**10 Investments in associates**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2012	2011	2012	2011
			<i>(in thousand Baht)</i>		
At 1 January		26,763	24,055	17,550	17,550
Share of net profit (loss) of investments					
- equity method	4	(2,395)	4,308	-	-
Dividend income	4	(1,000)	(1,600)	-	-
<b>At 31 December</b>		<b>23,368</b>	<b>26,763</b>	<b>17,550</b>	<b>17,550</b>



Separate financial statements											
Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At equity - net		Dividend income
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
	(%)										
<b>Associates</b>											
BJC Marine Resources Development Company Limited	50	50	94,400	94,400	50,950	50,950	(33,800)	(33,800)	17,150	17,150	-
Independent Consultant Company Limited	20	20	2,000	2,000	400	400	-	-	400	400	1,600
<b>Total</b>					<b>51,350</b>	<b>51,350</b>	<b>(33,800)</b>	<b>(33,800)</b>	<b>17,550</b>	<b>17,550</b>	<b>1,600</b>

The following summarised financial information on associated companies which have been accounted for using the equity method is not adjusted for the percentage of ownership held by the Group:

	Reporting date	Ownership interest	Total assets	Total liabilities	Total revenues	Net profit
		(%)		(in thousand Baht)		
<b>2012</b>						
BJC Marine Resources Development Company Limited	31 December	50	22,697	635	1,377	1,143
Independent Consultant Company Limited	31 December	20	136,961	113,000	30,460	4,546
<b>Total</b>			<b>159,658</b>	<b>113,635</b>	<b>31,837</b>	<b>5,689</b>
<b>2011</b>						
BJC Marine Resources Development Company Limited	31 December	50	21,697	778	1,114	866
Independent Consultant Company Limited	31 December	20	132,983	105,316	33,337	3,875
<b>Total</b>			<b>154,680</b>	<b>106,094</b>	<b>34,451</b>	<b>4,741</b>



## 11 Other long-term investments

Other long-term investments as at 31 December 2012 and 2011, and dividend income from those investments for the years then ended were as follows:

Consolidated and separate financial statements												
Type of business	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(in thousand Baht)											
Sompo Japan Insurance Company Limited	19.0	19.0	300,000	300,000	-	57,000	-	(582)	-	56,418	-	2,280
Pure Refined Oil Company Limited	6.0	6.0	250,000	250,000	15,000	15,000	(15,000)	(15,000)	-	-	-	-
	10.0	10.0	10,000	10,000	1,000	1,000	(1,000)	(1,000)	-	-	-	-
In Arm Group Company Limited												
Shrimp Culture Research and Development Company Limited	0.4	0.4	30,000	30,000	98	100	(98)	(100)	-	-	-	-
Total					16,098	73,100	(16,098)	(16,682)	-	56,418	-	2,280

On 15 December 2011, the Board of Directors approved the sale of other long-term investment in Sompo Japan Insurance (Thailand) Company Limited to a foreign company, comprising 570,000 shares, Baht 100 per share, amounting to Baht 57.0 million.

## 12 Investment properties

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Cost</b>				
At 1 January	322,061	320,716	5,000	5,000
Additions	-	1,345	-	-
Transfer to property, plant and equipment	(101,117)	-	-	-
<b>At 31 December</b>	<b>220,944</b>	<b>322,061</b>	<b>5,000</b>	<b>5,000</b>
<b>Depreciation and impairment losses</b>				
At 1 January	198,300	195,872	-	-
Depreciation charge for the period	48	2,428	-	-
Transfer to property, plant and equipment	(70,475)	-	-	-
<b>At 31 December</b>	<b>127,873</b>	<b>198,300</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>				
<b>At 1 January 2011</b>		<b>124,844</b>		<b>5,000</b>
<b>At 31 December 2011 and at 1 January 2012</b>	<b>123,761</b>	<b>123,761</b>	<b>5,000</b>	<b>5,000</b>
<b>At 31 December 2012</b>	<b>93,071</b>		<b>5,000</b>	

Investment properties were revalued as at 31 December 2012 by General Valuation and Constant Company Limited, a firm of independent professional valuers, at open market values on an existing use basis. The appraised value was Baht 110.6 million (2011: Baht 157.7 million) for the consolidated financial statements and Baht 5.3 million (2011: Baht 5.3 million) for the separate financial statements.

Investment properties comprise a number of commercial properties that are leased to third parties and land held for future project. Each of the leases contains an initial period of 2 years. These agreements are effective until terminated by either party by giving advance written notice as prescribed in the agreement.

During 2012, agreement for the leasing of commercial properties of a subsidiary expired. This subsidiary transferred the investment properties which had cost amounting to Baht 101.1 million and accumulated depreciation amounting to Baht 70.5 million to property, plant and equipment since the Group intends to use such assets for its own operation.

### 13 Property, plant and equipment

Consolidated financial statements										
	Land and improvements	Buildings and improvements	Freezing buildings and equipment	Prawn pond and improvements	Machinery and equipment	Electrical and water systems <i>(in thousand Baht)</i>	Transportation equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Total
<b>Revaluation</b>										
At 1 January 2011	408,878	-	-	-	-	-	-	-	-	408,878
Additions	958									958
<b>At 31 December 2011</b>										
and 1 January 2012	<b>409,836</b>	-	-	-	-	-	-	-	-	<b>409,836</b>
Additions	40,738	-	-	-	-	-	-	-	-	40,738
Transfer from property, plant and equipment	33,608	-	-	-	-	-	-	-	-	33,608
<b>At 31 December 2012</b>	<b>484,182</b>	-	-	-	-	-	-	-	-	<b>484,182</b>
<b>Cost</b>										
At 1 January 2011	58,594	556,788	211,154	-	1,590,841	210,108	51,046	188,491	15,781	2,882,803
Additions	-	9,015	1,416	-	33,767	2,250	3,318	12,545	78,893	141,204
Transfers	-	10,764	2,091	-	67,643	2,248	238	1,004	(83,988)	-
Disposals	-	(10,200)	(4,011)	-	(46,366)	(325)	(6,802)	(8,071)	-	(75,775)
<b>At 31 December 2011</b>										
and 1 January 2012	<b>58,594</b>	<b>556,367</b>	<b>210,650</b>	-	<b>1,645,885</b>	<b>214,281</b>	<b>47,800</b>	<b>193,969</b>	<b>10,686</b>	<b>2,948,232</b>
Additions	-	2,346	1,533	400	71,710	4,268	3,199	6,951	121,846	212,253
Transfers	-	17,771	1,026	-	84,753	7,615	1,285	10,083	(122,533)	-
Transfers from Investment Properties	238	11,717	-	23,458	13,557	21,830	443	378	5	71,626
Disposals	-	(2,437)	(1,710)	-	(87,560)	(941)	(4,986)	(7,431)	(583)	(105,648)
<b>At 31 December 2012</b>	<b>58,832</b>	<b>595,764</b>	<b>211,499</b>	<b>23,858</b>	<b>1,728,345</b>	<b>247,053</b>	<b>47,741</b>	<b>203,950</b>	<b>9,421</b>	<b>3,126,463</b>

## Consolidated financial statements

*Accumulated depreciation*

<i>Cost</i>	Land and improvements	Buildings and improvements	Freezing buildings and equipment	Prawn pond and improvements	Machinery and equipment	Electrical and water systems	Transportation equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Total
<i>(in thousand Baht)</i>										
<b>At 1 January 2011</b>	22,563	291,563	134,597	-	993,768	112,292	27,671	134,599	-	1,717,053
Depreciation charge for the year	2,459	27,784	7,520	-	125,006	10,676	7,554	17,496	-	198,495
Transfers	-	-	-	-	91	324	(1)	(414)	-	-
Disposals	-	(7,472)	(3,948)	-	(44,000)	(227)	(6,596)	(5,156)	-	(67,399)
<b>At 31 December 2011</b>										
<b>and 1 January 2012</b>	<b>25,022</b>	<b>311,875</b>	<b>138,169</b>	-	<b>1,074,865</b>	<b>123,065</b>	<b>28,628</b>	<b>146,525</b>	-	<b>1,848,149</b>
Depreciation charge for the year	2,381	28,170	7,601	71	129,092	10,843	7,029	18,345	-	203,532
Transfers	-	-	-	-	-	-	-	-	-	-
Transfers from investment properties	-	11,717	-	23,454	12,916	21,681	351	356	-	70,475
Disposals	-	(2,436)	(1,709)	-	(50,446)	(920)	(4,934)	(6,518)	-	(66,953)
<b>At 31 December 2012</b>	<b>27,403</b>	<b>349,326</b>	<b>144,061</b>	<b>23,525</b>	<b>1,166,427</b>	<b>154,669</b>	<b>31,074</b>	<b>158,708</b>	-	<b>2,055,193</b>
<i>Net book value</i>										
<b>At 1 January 2011</b>										
Owned assets	444,909	265,225	76,557	-	597,073	97,816	17,572	53,223	15,781	1,568,156
Assets under finance leases	-	-	-	-	-	-	5,803	669	-	6,472
	<b>444,909</b>	<b>265,225</b>	<b>76,557</b>	-	<b>597,073</b>	<b>97,816</b>	<b>23,375</b>	<b>53,892</b>	<b>15,781</b>	<b>1,574,628</b>
<b>At 31 December 2011 and 1 January 2012</b>										
Owned assets	443,408	254,492	72,481	-	570,125	91,216	14,012	42,205	10,686	1,498,625
Assets under finance leases	-	-	-	-	895	-	5,160	5,239	-	11,294
	<b>443,408</b>	<b>254,492</b>	<b>72,481</b>	-	<b>571,020</b>	<b>91,216</b>	<b>19,172</b>	<b>47,444</b>	<b>10,686</b>	<b>1,509,919</b>
<b>At 31 December 2012</b>										
Owned assets	515,611	244,289	67,438	333	528,238	92,384	11,924	42,509	9,421	1,512,147
Assets under finance leases	-	2,149	-	-	33,680	-	4,743	2,733	-	43,305
	<b>515,611</b>	<b>246,438</b>	<b>67,438</b>	<b>333</b>	<b>561,918</b>	<b>92,384</b>	<b>16,667</b>	<b>45,242</b>	<b>9,421</b>	<b>1,555,452</b>

Separate financial statements									
	Land and improvements	Buildings and improvements	Freezing buildings and equipment	Machinery and Equipment	Electrical and water systems (in thousand Baht)	Transportation equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Total
<b>Revaluation</b>									
At 1 January 2011	249,402	-	-	-	-	-	-	-	249,402
Additions	958	-	-	-	-	-	-	-	958
<b>At 31 December 2011 and 1 January 2012</b>	<b>250,360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,360</b>
Additions	-	-	-	-	-	-	-	-	-
<b>At 31 December 2012</b>	<b>250,360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,360</b>
<b>Cost</b>									
At 1 January 2011	11,400	207,848	109,649	442,821	64,770	12,988	55,392	10,670	915,538
Additions	-	2,420	578	11,375	179	170	1,535	37,337	53,594
Transfers	-	6,241	50	35,867	1,256	239	151	(43,804)	-
Disposals	-	(5,084)	(1,131)	(18,524)	(634)	(1,402)	(2,358)	-	(29,133)
<b>At 31 December 2011 and 1 January 2012</b>	<b>11,400</b>	<b>211,425</b>	<b>109,146</b>	<b>471,539</b>	<b>65,571</b>	<b>11,995</b>	<b>54,720</b>	<b>4,203</b>	<b>939,999</b>
Additions	-	829	578	14,308	466	51	2,762	31,227	50,221
Transfers	-	5,196	114	21,913	1,898	1,286	2,518	(32,925)	-
Disposals	-	(2,193)	(495)	(15,057)	(62)	(976)	(4,228)	-	(23,011)
<b>At 31 December 2012</b>	<b>11,400</b>	<b>215,257</b>	<b>109,343</b>	<b>492,703</b>	<b>67,873</b>	<b>12,356</b>	<b>55,772</b>	<b>2,505</b>	<b>967,209</b>

Separate financial statements									
	Land and improvements	Buildings and improvements	Freezing buildings and equipment	Machinery and Equipment	Electrical and water systems (in thousand Baht)	Transportation equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Total
<i>Accumulated depreciation Cost</i>									
At 1 January 2011	7,049	133,180	74,652	322,181	41,839	7,324	44,277	-	630,502
Depreciation charge for the year	592	11,558	3,303	31,271	3,466	1,563	3,836	-	55,589
Transfer	-	-	-	(322)	324	(1)	(1)	-	-
Disposals	-	(4,859)	(1,102)	(17,127)	(575)	(916)	(2,320)	-	(26,899)
At 31 December 2011 and 1 January 2012	7,641	139,879	76,853	336,003	45,054	7,970	45,792	-	659,192
Depreciation charge for the year	516	11,119	3,292	32,257	3,478	1,420	4,261	-	56,343
Transfer	-	-	-	-	-	-	-	-	-
Disposals	-	(2,192)	(495)	(13,635)	(60)	(976)	(4,164)	-	(21,522)
At 31 December 2012	8,157	148,806	79,650	354,625	48,472	8,414	45,889	-	694,013
<i>Net book value</i>									
At 1 January 2011									
Owned assets	253,753	74,668	34,997	120,640	22,931	2,351	10,446	10,670	530,456
Assets under finance leases	-	-	-	-	-	3,313	669	-	3,982
	253,753	74,668	34,997	120,640	22,931	5,664	11,115	10,670	534,438
At 31 December 2011 and 1 January 2012									
Owned assets	254,119	71,546	32,293	135,536	20,517	4,025	8,591	4,203	530,830
Assets under finance leases	-	-	-	-	-	-	337	-	337
	254,119	71,546	32,293	135,536	20,517	4,025	8,928	4,203	531,167
At 31 December 2012									
Owned assets	253,603	66,451	29,693	136,521	19,401	2,533	9,883	2,505	520,590
Assets under finance leases	-	-	-	1,557	-	1,409	-	-	2,966
	253,603	66,451	29,693	138,078	19,401	3,942	9,883	2,505	523,556

The land stated at appraised value is detailed as follows:

			Consolidated financial statements		Separate financial statements	
Company	Latest appraised year	Revaluation method	Appraised value	Cost model	Appraised value	Cost model
(in thousand Baht)						
Surapon Foods Public Company Limited	2011	Market value method	250,360	40,920	250,360	40,920
Surat Seafood Company Limited	2011	Market value method	12,000	1,546	-	-
Surapon Nichirei Foods Company Limited	2012	Market value method	188,214	43,765	-	-
Surapon Aquaculture Company Limited	2011	Market value method	33,608	29,491		
			484,182	115,722	250,360	40,920

The Group recorded their land used in operations at reappraised values as shown in the reports of an independent professional valuer.

The gross carrying amount of fully depreciated plant and equipment that was still in use as at 31 December 2012 amounted to Baht 1,335.1 million for the Group and Baht 436.4 million for the Company (2011: Baht 1,256.7 million for the Group and Baht 394.5 million for the Company).

The Company and subsidiaries are committed to comply with certain conditions and restrictions prescribed in the long-term agreements, such as additional mortgages of land and buildings are not allowed (See Note 16).

## 14 Intangible assets

	Consolidated financial statements		
	Computer software	Computer software under installation	Total
<i>(in thousand Baht)</i>			
<b>Cost</b>			
At 1 January 2011	28,242	-	28,242
Additions	1,022	-	1,022
Transfers	(5)	-	(5)
<b>At 31 December 2011 and 1 January 2012</b>	<b>29,259</b>	<b>-</b>	<b>29,259</b>
Additions	5,785	-	5,785
Transfers	-	-	-
<b>At 31 December 2012</b>	<b>35,044</b>	<b>-</b>	<b>35,044</b>
<b>Accumulated amortization</b>			
At 1 January 2011	11,086	-	11,086
Amortization charge for the year	2,895	-	2,895
Transfers	(1)	-	(1)
<b>At 31 December 2011 and 1 January 2012</b>	<b>13,980</b>	<b>-</b>	<b>13,980</b>
Amortization charge for the year	3,326	-	3,326
Transfers	-	-	-
<b>At 31 December 2012</b>	<b>17,306</b>	<b>-</b>	<b>17,306</b>
<b>Net book value</b>			
At 1 January 2011	17,156	-	17,156
At 31 December 2011 and 1 January 2012	15,279	-	15,279
At 31 December 2012	17,738	-	17,738

	Separate financial statements Computer software (in thousand Baht)
<b>Cost</b>	
At 1 January 2011	23,758
Additions	378
Transfer	-
<b>At 31 December 2011 and 1 January 2012</b>	<b>24,136</b>
Additions	2,611
<b>At 31 December 2012</b>	<b>26,747</b>
<b>Accumulated amortization</b>	
At 1 January 2011	10,467
Amortization charge for the year	2,419
Transfer	-
<b>At 31 December 2011 and 1 January 2012</b>	<b>12,886</b>
Amortization charge for the year	2,628
<b>At 31 December 2012</b>	<b>15,514</b>
<b>Net book value</b>	
<b>At 1 January 2011</b>	<b>13,291</b>
<b>At 31 December 2011 and 1 January 2012</b>	<b>11,250</b>
<b>At 31 December 2012</b>	<b>11,233</b>

## 15 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht)			
Leasehold rights, net	2,479	2,708	2,479	2,708
Deferred charges	5,312	1,004	516	759
Restricted fixed deposits at financial institution	2,000	2,000	-	-
Refundable deposits and others	5,504	11,014	1,667	4,449
<b>Total</b>	<b>15,295</b>	<b>16,726</b>	<b>4,662</b>	<b>7,916</b>

### (a) Leasehold right

This represented payment of leasehold right to the lessor. The Company has a lease agreement for building area with a local company. The lease agreement is for a period of 30 years, expiring in 2023.

### (b) Restricted fixed deposits at financial institution

This represented fixed deposits at financial institution of a subsidiary with a local financial institution of Baht 2.0 million (2011: Baht 2.0 million), which has been pledged as collateral for bank guarantees issued by the said financial institution.



**16 Interest-bearing liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Current</b>				
Bank overdrafts unsecured	-	-	-	-
Promissory notes unsecured	185,164	236,823	-	-
Bank overdrafts and short-term loans from financial institutions	<b>185,164</b>	<b>236,823</b>	-	-
Current portion of long-term loans from financial institutions unsecured	54,539	137,538	6,000	30,312
	<b>54,539</b>	<b>137,538</b>	<b>6,000</b>	<b>30,312</b>
Current portion of finance lease liabilities	10,987	4,311	1,331	2,005
	<b>250,690</b>	<b>378,672</b>	<b>7,331</b>	<b>32,317</b>
<b>Non-current</b>				
Long-term loans from financial institutions unsecured	22,996	96,522	15,000	42,909
	<b>22,996</b>	<b>96,522</b>	<b>15,000</b>	<b>42,909</b>
Finance lease liabilities	32,688	8,434	1,049	2,593
	<b>55,684</b>	<b>104,956</b>	<b>16,049</b>	<b>45,502</b>
<b>Total</b>	<b>306,374</b>	<b>483,628</b>	<b>23,380</b>	<b>77,819</b>

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Within one year	239,703	374,361	6,000	30,312
After one year but within five years	22,996	96,522	15,000	42,909
<b>Total</b>	<b>262,699</b>	<b>470,883</b>	<b>21,000</b>	<b>73,221</b>

As at 31 December 2012, promissory notes bore interest at rates ranging from 0.83% to 3.89% per annum. (2011: bank overdrafts and promissory notes bore interest at rates ranging from 6.6% to 7.6% per annum and ranging from 0.5% to 3.6% per annum, respectively).

*Long-term loans from financial institutions*

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		<i>(in thousand Baht)</i>		
Local financial institution	31,000	73,221	21,000	73,221
Foreign financial institution	46,535	160,839	-	-
	<b>77,535</b>	<b>234,060</b>	<b>21,000</b>	<b>73,221</b>
Less Current portion	(54,539)	(137,538)	(6,000)	(30,312)
<b>Net</b>	<b>22,996</b>	<b>96,522</b>	<b>15,000</b>	<b>42,909</b>

*Long-term loans from financial institutions*

## Local financial institution

The Company entered into loan agreements with a local financial institution for periods of from five to seven years. The loans mainly bear interest rates ranging from MLR to MLR minus 1% per annum and are repayable in monthly installments until 2016. The outstanding loan balances as at 31 December 2012 amounted to Baht 21 million (2011: Baht 73.2 million).

A subsidiary entered into loan agreement with a local financial institution for Baht 10 million for a period of five years. The interest rate is MLR minus 1.5% per annum for the first year, MLR minus 1.25% per annum for the second year and MLR minus 1.0% per annum thereafter. The loan is repayable monthly at Baht 0.17 million for each installment, commencing from January 2013 up to December 2017. The outstanding loan balance as at 31 December 2012 amounted to Baht 10 million.

## Foreign financial institution

A subsidiary entered into loan agreements with a foreign financial institution for JPY 250 million and JPY 270 million and for a period of three years. The interest rates are fixed at 1.5% per annum for the first year and six months and at 1.6% per annum thereafter. The loans are repayable every six months at JPY 62.5 million for each installment, commencing from September 2011 up to March 2013 for the first loan and JPY 67.5 million for each installment, commencing from October 2011 up to April 2013 for the second loan. The outstanding loan balances as at 31 December 2012 amounted to Baht 46.5 million (2011: Baht 160.8 million).

As at 31 December 2012, unutilised credit facilities totalled Baht 1,771.2 million and U.S. Dollars 12.7 million for the Group and Baht 1,155.2 million for the Company (2011: Baht 1,862.8 million, and U.S. Dollars 12.3 million for the Group and Baht 1,301.3 million for the Company).

The Company and subsidiaries are committed to comply with certain conditions and restrictions prescribed in the loan agreements such as maintaining the debt to equity and the debt service coverage ratio, no additional mortgages of land and buildings (See Note 13), etc.

These credit facilities of subsidiaries are principally collateralised by the Company and/or a related company.

**Finance lease liabilities**

Finance lease liabilities as at 31 December were payable as follows:

Consolidated financial statements						
	2012			2011		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	12,829	(1,842)	10,987	4,480	(169)	4,311
After one year but within five years	35,235	(2,547)	32,688	8,513	(79)	8,434
<b>Total</b>	<b>48,064</b>	<b>(4,389)</b>	<b>43,675</b>	<b>12,993</b>	<b>(248)</b>	<b>12,745</b>

Separate financial statements						
	2012			2011		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,500	(169)	1,331	2,041	(36)	2,005
After one year but within five years	1,092	(43)	1,049	2,596	(3)	2,593
<b>Total</b>	<b>2,592</b>	<b>(212)</b>	<b>2,380</b>	<b>4,637</b>	<b>(39)</b>	<b>4,598</b>

As at 31 December 2012 and 2011, the Company and a subsidiary had entered into finance lease agreements with several local leasing companies to purchase vehicles, forklifts, machinery and equipment. Such lease agreements have terms expiring up to 2017, and bear interest at rates ranging from 2.29% to 13.38% per annum in 2012 (2011: ranging from 4.20% to 13.38% per annum). Most of the agreements are repayable in 36 installments and 60 installments starting from April 2009.

The ownership of the vehicles, forklifts, machinery and equipment purchased under finance lease agreements will be transferred to the Company and its subsidiary when the last installments are made.

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	(in thousand Baht)			
Thai Baht (THB)	133,675	95,966	22,380	77,819
United States Dollars (USD)	878	-	-	-
Japanese Yen (JPY)	171,821	387,662	-	-
<b>Total</b>	<b>306,374</b>	<b>483,628</b>	<b>22,380</b>	<b>77,819</b>

**17 Trade accounts payable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2012	2011	2012	2011
			<i>(in thousand Baht)</i>		
Related parties	4	10,153	30,105	23,261	19,938
Other parties		192,496	178,532	86,936	85,420
<b>Total</b>		<b>202,649</b>	<b>208,637</b>	<b>110,197</b>	<b>105,358</b>

The currency denomination of trade accounts payable as at 31 December was as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2012	2011	2012	2011
			<i>(in thousand Baht)</i>		
Thai Baht (THB)		192,482	183,734	110,197	105,300
Japanese Yen (JPY)		8,510	24,903	-	58
United States Dollars (USD)		1,657	-	-	-
<b>Total</b>		<b>202,649</b>	<b>208,637</b>	<b>110,197</b>	<b>105,358</b>

**18 Other payables**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2012	2011	2012	2011
			<i>(in thousand Baht)</i>		
Accrued operating expenses		35,474	36,304	11,409	18,257
Other payables		48,177	42,559	30,473	24,613
Accrued wage and bonus expenses		64,646	61,822	34,863	29,411
Other payables to related parties	4	22,195	22,889	75	646
Others		14,223	25,446	9,237	5,540
<b>Total</b>		<b>184,715</b>	<b>189,020</b>	<b>86,057</b>	<b>78,467</b>

The currency denomination of other current liabilities as at 31 December was as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2012	2011	2012	2011
			<i>(in thousand Baht)</i>		
Thai Baht (THB)		178,101	166,131	86,057	78,467
Japanese Yen (JPY)		6,614	22,889	-	-
<b>Total</b>		<b>184,715</b>	<b>189,020</b>	<b>86,057</b>	<b>78,467</b>

## 19 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Statement of financial position</b>				
<b>Statement of financial position obligations for:</b>				
Employee benefit				
Post-employment	73,470	85,396	36,903	53,697
Other long-term	3,060	19,674	1,712	3,674
<b>Total</b>	<b>76,530</b>	<b>105,070</b>	<b>38,615</b>	<b>57,371</b>

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>For the year ended 31 December</b>				
<b>Statement of comprehensive income</b>				
<b>Recognised in profit or loss:</b>				
Employee benefits	10,325	12,370	4,269	6,517
<b>Recognised in other comprehensive income:</b>				
Actuarial gains recognised in the year	37,900	-	23,025	-

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011. The Group opted to apply the new standard retrospectively and adjust the prior year's financial statements accordingly.

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration, length of service and long service award based on the Company's policy.

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Defined benefit obligation at 1 January	105,070	93,874	57,371	50,854
Benefits paid	(965)	(1,174)	-	-
Current service cost and interest	10,325	12,370	4,269	6,517
Actuarial gains in other Comprehensive income	(37,900)	-	(23,025)	-
<b>Defined benefit obligation at 31 December</b>	<b>76,530</b>	<b>105,070</b>	<b>38,615</b>	<b>57,371</b>

Expense recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Transitional obligation recognised	1,357	-	-	-
Current service costs	6,148	8,380	2,850	4,371
Interest on obligation	2,820	3,990	1,419	2,146
<b>Total</b>	<b>10,325</b>	<b>12,370</b>	<b>4,269</b>	<b>6,517</b>

The expenses are recognised in the following line items in the statement of comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Cost of sales	7,737	9,691	3,220	4,553
Selling expenses	249	404	159	269
Administrative expenses	2,339	2,275	890	1,695
<b>Total</b>	<b>10,325</b>	<b>12,370</b>	<b>4,269</b>	<b>6,517</b>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in percentage)</i>			
Discount rate	4.13 - 4.47	4.5	4.13 - 4.18	4.5
Salary increment rate	3.38 - 7.06	3.0 - 6.0	4.26 - 7.06	3.0 - 6.0

Assumptions regarding future mortality are based on published statistics and Thai Mortality tables 2008 (TMO08).

## 20 Share capital

	Par value per share (in Baht)	2012		2011	
		Number	Amount	Number	Amount
		<i>(thousand shares / thousand Baht)</i>			
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	270,000	270,000	270,000	270,000
<b>At 31 December</b>					
- ordinary shares	1	<b>270,000</b>	<b>270,000</b>	<b>270,000</b>	<b>270,000</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	269,999	269,999	269,999	269,999
<b>At 31 December</b>					
- ordinary shares	1	<b>269,999</b>	<b>269,999</b>	<b>269,999</b>	<b>269,999</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

**Share premium**

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

**21 Reserves**

Reserves comprise:

**Appropriations of profit and/or retained earnings****Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

**Other component of equity****Revaluation surplus**

The revaluation surplus account within equity comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

**Defined benefit plan actuarial gain/losses**

Defined benefit plan actuarial gain/losses presented in equity arise from changes in the present value of defined benefit obligations affected from the unexpected changes or impacts of change in actuarial discount rate.

**22 Segment information**

The Group operates in a single line of business, namely the manufacturing and trading of frozen foods products, finished and semi-finished frozen foods, which is an integrated line of product. The Company’s operations are carried on entirely in Thailand. Revenue and gross profit for the years ended 31 December were derived from the following markets:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Revenue</b>				
Oversea				
Japan	4,849,689	4,852,163	965,931	1,035,830
Others	1,004,499	858,829	458,106	441,777
	5,854,188	5,710,992	1,424,037	1,477,607
Domestic	1,158,159	935,354	784,532	603,455
Eliminations	(544,062)	(382,258)	-	-
<b>Total</b>	<b>6,468,285</b>	<b>6,264,088</b>	<b>2,208,569</b>	<b>2,081,062</b>

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Gross profit</b>				
Oversea				
Japan	641,354	686,232	96,845	119,147
Others	83,185	97,372	45,552	51,221
	<u>724,539</u>	<u>783,604</u>	<u>142,397</u>	<u>170,368</u>
Domestic	83,169	98,970	78,479	71,224
Eliminations	31,006	27,683	-	-
<b>Total</b>	<b><u>838,714</u></b>	<b><u>910,257</u></b>	<b><u>220,876</u></b>	<b><u>241,592</u></b>

## 23 Investment income

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Dividend income	4	-	2,280	184,784	194,219
Rental income		9,367	9,097	11,200	7,089
Others		5,005	534	1,834	231
<b>Total</b>		<b><u>14,372</u></b>	<b><u>11,911</u></b>	<b><u>197,818</u></b>	<b><u>201,539</u></b>

## 24 Other income

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Income from sales of raw material scraps		46,287	53,073	1,891	2,657
Management, selling and marketing assistance income	4	-	-	40,974	35,246
Compensation income on exported goods		3,276	3,225	1,786	1,923
Others		17,525	22,127	8,408	6,176
<b>Total</b>		<b><u>67,088</u></b>	<b><u>78,425</u></b>	<b><u>53,059</u></b>	<b><u>46,002</u></b>



**25 Selling expenses**

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
			<i>(in thousand Baht)</i>		
Freight charges		90,095	93,631	24,074	26,164
Employee benefit expenses		53,148	47,863	46,956	41,091
Advertising and sales promotion expenses		28,074	35,835	23,110	26,944
Export expenses		35,696	32,044	4,515	4,992
Technical assistance fees	4	17,690	17,265	-	-
Others	4	47,867	38,994	38,300	31,160
<b>Total</b>		<b>272,570</b>	<b>265,632</b>	<b>136,955</b>	<b>130,351</b>

**26 Administrative expenses**

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
			<i>(in thousand Baht)</i>		
Employee benefit expenses		107,396	107,925	64,916	70,932
Impairment losses on investments		-	-	30,440	-
Depreciation and amortisation		11,983	14,300	7,105	6,774
Management assistance fees	4	5,922	5,839	-	-
Others		33,816	30,801	17,824	14,399
<b>Total</b>		<b>159,117</b>	<b>158,865</b>	<b>120,285</b>	<b>92,105</b>

**27 Employee benefit expenses**

		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
			<i>(in thousand Baht)</i>		
<b>Management</b>					
Salaries		27,924	27,008	27,924	27,008
Others		11,136	10,864	9,161	7,074
		<b>39,060</b>	<b>37,872</b>	<b>37,085</b>	<b>34,082</b>
<b>Other employees</b>					
Salaries and wages		522,354	461,909	274,974	247,731
Others		361,017	348,411	154,502	179,021
		<b>883,371</b>	<b>810,320</b>	<b>429,476</b>	<b>426,752</b>
<b>Total</b>		<b>922,431</b>	<b>848,192</b>	<b>466,561</b>	<b>460,834</b>

## 28 Expenses by nature

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress		40,097	(50,592)	(2,888)	(16,945)
Raw materials and consumables used		4,269,533	4,113,676	1,050,078	983,069
Employee benefit expenses	27	922,431	848,192	466,561	460,834
Depreciation		203,579	200,662	56,343	55,589
Amortisation		4,135	3,704	3,076	2,866
Others		621,483	662,687	671,762	576,512
<b>Total cost of sale of goods, selling expenses and administrative expenses</b>		<b>6,061,258</b>	<b>5,778,329</b>	<b>2,244,932</b>	<b>2,061,925</b>

## 29 Finance costs

		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Finance costs:					
Financial institutions		9,127	12,734	3,064	6,709
Others		723	849	317	396
<b>Total</b>		<b>9,850</b>	<b>13,583</b>	<b>3,381</b>	<b>7,105</b>

## 30 Income tax expense

		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
<b>Current tax expense</b>					
Current year		63,887	62,688	15,665	9,947
Adjustment for prior years		(5,421)	-	(5,421)	-
		<b>58,466</b>	<b>62,688</b>	<b>10,244</b>	<b>9,947</b>

### *Income tax reduction*

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

The income tax expenses in the consolidated and separate statements of comprehensive income are less than the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

- (a) the different treatment for accounting and taxation purposes of certain items of income and expenses, in particular, dividend income.
- (b) a portion of the Company's profit was derived from promoted activities which are not subject to tax.

### 31 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company and a subsidiary (Surapon Nichirei Foods Company Limited) were granted certain privileges by the Board of Investment relating to the manufacturing of ready-to-eat frozen foods, finished and semi-finished frozen foods. The privileges granted include:

- (a) the Company and subsidiary have exemption from payment of income tax for certain operations for a period of 8 years from the date on which the income is first derived from such operation.
- (b) the subsidiary has been granted 50% reduction in the normal income tax on the net profit derived from certain operations for a period of 5 years commencing from the expiry date in (a) above.
- (c) the subsidiary has exemption from the import duty on machinery approved by the Board.
- (d) the subsidiary is allowed to deduct for double amount of transportation and utility expenses for a period of 10 years from the date on which the income is first derived from such operations.

As promoted companies, the Company and the subsidiary must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenues from promoted and non-promoted businesses were as follows:

Consolidated financial statements						
	2012			2011		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	1,922,980	3,931,208	5,854,188	2,034,643	3,676,349	5,710,992
Local sales	418	613,679	614,097	57,619	495,477	553,096
<b>Total revenue</b>	<b>1,923,398</b>	<b>4,544,887</b>	<b>6,468,285</b>	<b>2,092,262</b>	<b>4,171,826</b>	<b>6,264,088</b>

Separate financial statements						
	2012			2011		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	51,647	1,372,390	1,424,037	86,084	1,391,522	1,477,606
Local sales	144	784,388	784,532	71,764	531,692	603,456
<b>Total revenue</b>	<b>51,791</b>	<b>2,156,778</b>	<b>2,208,569</b>	<b>157,848</b>	<b>1,923,214</b>	<b>2,081,062</b>

## 32 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate Financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (Basic)</b>	<b>295,779</b>	<b>279,292</b>	<b>229,798</b>	<b>252,635</b>
<b>Number of ordinary shares outstanding</b>	<b>269,999</b>	<b>269,999</b>	<b>269,999</b>	<b>269,999</b>
<b>Basic earnings per share (in Baht)</b>	<b>1.10</b>	<b>1.03</b>	<b>0.85</b>	<b>0.94</b>

## 34 Dividends

At the annual general meeting of the shareholders of the Company held on 4 April 2012, the shareholders approved the appropriation of dividends of Baht 0.57 per share, amounting to Baht 153.9 million. The dividend was paid to shareholders in April 2012.

At the annual general meeting of the shareholders of the Company held on 5 April 2011, the shareholders approved the appropriation of dividends of Baht 0.20 per share, amounting to Baht 54.0 million. The dividend was paid to shareholders in May 2011.

## 35 Financial instruments

### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

### *Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result for operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings (See Note 16). Management, however, consider that the interest rate risk is not material, hence, the Group has no hedging agreements to protect against such risk.

### Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated sales, denominated in foreign currencies, for the current and subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		(in thousand Baht)			
<b>Japanese Yen</b>					
Cash and cash equivalents	5	32	85	30	83
Trade accounts receivable	6	159,216	194,484	68,289	65,704
Trade accounts payable	17	(8,510)	(24,903)	-	(58)
Other current liabilities	18	(6,614)	(22,889)	-	-
Loans from financial situations	16	(171,821)	(387,662)	-	-
<b>Gross financial position exposure</b>		(27,697)	(240,885)	68,319	65,729
Estimated forecast sales		161,283	486,774	26,028	49,432
<b>Gross exposure</b>		133,586	245,889	94,347	115,161
Currency forwards		(271,236)	(685,347)	(94,525)	(120,960)
<b>Net exposure</b>		<b>(137,650)</b>	<b>(439,458)</b>	<b>(178)</b>	<b>(5,799)</b>
<b>United States Dollars</b>					
Cash and cash equivalents	5	146	5,303	141	5,294
Trade accounts receivable	6	87,491	73,704	34,172	28,668
Trade accounts payable	17	(1,657)			
Loans from financial situations	16	(878)	-	-	-
<b>Gross financial position exposure</b>		85,102	79,007	34,313	33,962
Estimated forecast sales		59,672	199,315	59,672	115,450
<b>Gross exposure</b>		144,774	278,322	93,985	149,412
Currency forwards		(128,126)	(309,760)	(93,955)	(150,129)
<b>Net exposure</b>		<b>16,648</b>	<b>(31,438)</b>	<b>30</b>	<b>(717)</b>
<b>Euro</b>					
Trade accounts receivable	6	19,416	13,227	19,416	13,227
<b>Gross financial position exposure</b>		19,416	13,227	19,416	13,227
Estimated forecast sales		27,890	52,540	27,890	52,540
<b>Gross exposure</b>		47,306	65,767	47,306	65,767
Currency forwards		(47,363)	(67,424)	(47,363)	(67,424)
<b>Net exposure</b>		<b>(57)</b>	<b>(1,657)</b>	<b>(57)</b>	<b>(1,657)</b>
<b>Australian Dollars</b>					
Trade accounts receivable	6	25,819	31,345	-	3,699
<b>Gross financial position exposure</b>		25,819	31,345	-	3,699
Estimated forecast sales		-	10,655	-	-
<b>Gross exposure</b>		25,819	42,000	-	3,699
Currency forwards		(13,127)	(13,285)	-	-
<b>Net exposure</b>		<b>12,692</b>	<b>28,715</b>	<b>-</b>	<b>3,699</b>

***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

***Determination of fair values***

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transactions. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other short-term accounts receivable - the carrying amounts of these financial assets approximate to their fair values due to the relative short-term maturity of these financial instruments.

Investment in shares for which there are no quoted market prices - the fair value has been estimated based on the underlying net asset value of such investments.

Bank overdrafts, short-term loans from financial institutions and trade and other short-term accounts payable - the carrying amounts of these financial liabilities approximate to their fair values due to the relative short-term maturity of these financial instruments.

Finance lease liabilities with fixed interest rates approximate their fair values estimated from the current market interest rates available for similar lease agreements.

Long-term loans at floating rate, which are considered to be market rate - the carrying values approximate to their fair values.

The fair value of forward exchange contracts is based on their market price quoted by counterparty at the reporting date amounting to Baht 468.5 million for the Group and Baht 240.8 million for the Company in 2012. (2011: Baht 1,091.0 million for the Group and Baht 345.1 million for the Company)

### 35 Commitments with non-related parties

As at 31 December 2012, the Group had outstanding forward exchange contracts covering periods less than one year as follows:

Currencies	Consolidated financial statements		Separate Financial statements	
	Amount in foreign currencies (in million)	Equivalent to Baht (in million Baht)	Amount in foreign currencies (in million)	Equivalent to Baht (in million Baht)
Japanese Yen	772.5	271.2	269.2	94.5
United State Dollars	4.2	128.1	3.1	94.0
Euro	1.2	47.4	1.2	47.4
Australian Dollars	0.4	13.1	-	-
<b>Total</b>		<b>459.8</b>		<b>235.9</b>

As at 31 December 2011, the Group had outstanding forward exchange contracts as follows:

Currencies	Consolidated financial statements		Separate Financial statements	
	Amount in foreign currencies (in million)	Equivalent to Baht (in million Baht)	Amount in foreign currencies (in million)	Equivalent to Baht (in million Baht)
Japanese Yen	1,694.6	685.3	299.1	121.0
United State Dollars	9.8	309.8	4.8	150.1
Euro	1.7	67.4	1.7	67.4
Australian Dollars	0.4	13.3	-	-
<b>Total</b>		<b>1,075.8</b>		<b>338.5</b>

### 36 Contingent liabilities

As at 31 December 2012, the Group had contingent liabilities for:

- letters of guarantee issued by banks to certain government agencies and private sector for the Company and subsidiaries totalling approximately Baht 5.5 million for the Group and Baht 1.8 million for the Company.
- joint guarantee for credit facilities which financial institutions extended to certain subsidiaries totalling approximately Baht 385.3 million.

### 37 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

<b>.TFRS</b>	<b>Topic</b>	<b>Year effective</b>
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

#### ***TAS 12 - Income taxes***

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Group does not recognise deferred tax in the financial statements.

The Group will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 will be adjusted accordingly. Management estimates that the impact on the statements of financial position as at 31 December 2012 will be as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b><i>Statement of financial position</i></b>				
Estimated changes as a result of the adoption retrospectively of TAS 12 – Income taxes:				
Increase in deferred tax assets	30,565	32,542	13,402	14,608
Increase in deferred tax liabilities	(77,309)	(68,594)	(42,261)	(41,888)
Decrease in revaluation surplus	76,822	67,851	41,888	41,888
Increase in retained earnings	(30,078)	(31,799)	(13,029)	(14,608)
Decrease in shareholders' equity	34,086	27,335	28,859	27,280
Decrease in non-controlling interests	12,658	8,717	-	-
Decrease in total equity	<b>46,744</b>	<b>36,052</b>	<b>28,859</b>	<b>27,280</b>

The impact on the statements of comprehensive income for 2013 and subsequent periods is not presently determinable.



***TAS 21 (revised 2009) – The effects of changes in foreign exchange rates***

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Company's reported assets, liabilities or retained earnings.

***TFRS 8 – Operating segments***

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group's financial statements.



บริษัท สุรพลฟู้ดส์ จำกัด (มหาชน) มุ่งมั่นในการผลิตสินค้าที่มีคุณภาพ และปลอดภัย ที่ได้รับความไว้วางใจ และความน่าเชื่อถือจากผู้บริโภคทั้งภายในประเทศ และต่างประเทศมากกว่า 30 ปี พร้อมทั้งได้ดำเนินงานภายใต้ปรัชญาที่ว่า **“Your Total Quality”** ได้แก่ การบูรณาการคุณภาพในทุกขั้นตอน เพื่อมอบสินค้าและบริการที่ดีที่สุดให้กับลูกค้าโดยทางบริษัทมีขั้นตอนการบริหารงานที่เป็นระบบและใส่ใจในทุกๆ เรื่องโดยเริ่มต้นจาก

## 1. การวิจัย และพัฒนาสินค้า R&D

บริษัทฯ มุ่งมั่นใส่ใจในการลงทุนด้านงานวิจัยเพื่อพัฒนาผลิตภัณฑ์อย่างต่อเนื่อง เพื่อให้ผลิตภัณฑ์ที่มีความทันสมัย ปลอดภัย และ พัฒนาสินค้าให้เป็นไปตามความต้องการของผู้บริโภค โดยสอดคล้องกับกฎระเบียบ และมาตรฐานการผลิตที่มีความแตกต่างสำหรับลูกค้าแต่ละรายทั่วโลก รวมถึงมีการดำเนินธุรกิจอย่างเป็นมิตรกับสิ่งแวดล้อม

## 2. การคัดสรรวัตถุดิบ

ทางบริษัทได้ให้ความสำคัญกับกระบวนการคัดเลือกวัตถุดิบเป็นอย่างมาก เพราะเราใส่ใจและตระหนักในเรื่องของความปลอดภัยของอาหาร ตั้งแต่กระบวนการคัดเลือกวัตถุดิบจากแหล่งที่มีมาตรฐานรับรอง โดยหน่วยงานราชการที่น่าเชื่อถือและมีคุณภาพ โดยผ่านขั้นตอนการตรวจสอบอย่างเข้มงวดภายใต้มาตรฐานการผลิตอาหารอีกทั้งกระบวนการตรวจรับวัตถุดิบ ณ โรงงานก่อนรับเข้าสู่สายการผลิตของโรงงาน

## 3. การผลิตสินค้า

ผลิตภัณฑ์ของเราจะถูกผลิตโดยขั้นตอนการผลิตที่มีประสิทธิภาพ และมีความทันสมัย ภายใต้การควบคุมคุณภาพ และระบบการผลิตอาหารให้ปลอดภัยที่มีการตรวจสอบอย่างเข้มงวดตามมาตรฐาน Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practice (GMP) และมาตรฐาน ISO 22000 และระบบการทวนสอบผลิตภัณฑ์ที่สามารถทวนสอบกลับได้ถึงแหล่งที่มาของวัตถุดิบ ส่วนผสม บรรจุภัณฑ์ ซึ่งเราเน้นเรื่องความปลอดภัย และคุณภาพที่สม่ำเสมอของอาหาร



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## 4. ระบบ Logistics

เพื่อที่จะส่งมอบสินค้าคุณภาพถึงมือผู้บริโภค เราจึงใช้ระบบการจัดเก็บสินค้า และการขนส่งที่ทันสมัย ซึ่งสามารถควบคุมอุณหภูมิสำหรับผลิตภัณฑ์อาหารแช่เยือกแข็งให้อยู่ในระดับที่ต่ำกว่า - 18 องศาเซลเซียส โดยเราเน้นการส่งมอบสินค้าอย่างรวดเร็ว ปลอดภัย และมีคุณภาพ แก่ผู้บริโภค เพื่อสร้างความพึงพอใจสูงสุด

## 5. ทีมงานที่มีความเชี่ยวชาญ

มีทีมงานที่มีความเชี่ยวชาญในด้านต่างๆ ไม่ว่าจะเป็นทีมงานบริการลูกค้า และทีมฝ่ายขายที่สามารถให้คำปรึกษาเกี่ยวกับสินค้าที่เหมาะสมกับความต้องการของลูกค้าแต่ละราย ประกอบกับผู้บริหารที่มีวิสัยทัศน์ที่กว้างไกลและทันสมัยของบริษัท จึงให้ความสำคัญกับการพัฒนาบุคลากรเป็นอย่างมาก เพื่อสร้างทีมงานที่สามารถให้บริการที่ประทับใจอย่างยั่งยืน

## 6. CSR

เพื่อเป็นการแสดงเจตนารมณ์ในการเป็นผู้ประกอบการที่ตระหนักถึงความสำคัญของการอยู่ร่วมกันได้ของการดำเนินธุรกิจ และการเป็นอยู่ที่ดีของสิ่งแวดล้อมทั้งในด้านสังคม และสิ่งแวดล้อมตามธรรมชาติ บริษัทมีการจัดโครงการต่างๆ มากมาย เพื่อส่งเสริมสังคม ความเป็นอยู่ของชุมชน และการอนุรักษ์สิ่งแวดล้อมตามธรรมชาติ เพื่อให้องค์กรได้เติบโตไปพร้อมกับสังคม และธรรมชาติอย่างยั่งยืน หรือที่เรียกว่า Corporate Social Responsibility (CSR)





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