

Minh Phu Seafood Joint Stock Company

Report of the Board of Management
and
Audited consolidated financial statements

31 December 2008

Minh Phu Seafood Joint Stock Company

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Minh Phu Seafood Joint Stock Company

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Minh Phu Seafood Joint Stock Company (“the Company”) presents its report and the consolidated financial statements of the Company and its subsidiaries (“the Group”) as at 31 December 2008 and for the year then ended.

THE COMPANY

The Company is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration No. 6103000072 issued on 12 May 2006 by the Department of Planning and Investment of Ca Mau Province (“DPICMP”), and the following Amended Business Registration Certificates.

<i>Amended Business Registration Certificates No.6103000072</i>	<i>Date</i>
The first admenment	25 May 2007
The second admenment	12 November 2007

The first amendment dated 25 May 2007 issued by DPICMP approved the increase of charter capital from VND'000 600,000,000 to VND'000 700,000,000. This amendment also approved the decrease in collective ownership of Mr. Le Van Quang - Chairman of the Board of Management and General Director, and Ms.Chu Thi Binh – Member of the Board of Management and Deputy General Director, and Wife of the Chairman in the Company from 98.34% to 45.57%, and ownership of Mr. Chu Van An - Member of the Board of Management and Deputy General Director from 1.66% to 1.57%.

The second amendment dated 12 November 2007 issued by DPICMP extended the scope of activities of the Company to growing aquatic products, trading aquatic larvae, aquatic feeds as well as supplies, machines and equipments served for aquaculture industry, trading high-rise buildings and office rental.

The Company is listed on the Ho Chi Minh City Stock Exchange in accordance with License No.87/GPPH issued by the State Securities Commission on 14 December 2006.

As at 31 December 2008, the Company has seven subsidiaries and 1 associate with details as follows:

<i>Name</i>	<i>Relationship</i>	<i>Location</i>	<i>Business</i>	<i>% Shareholding</i>
Minh Qui Seafood Company Limited	Subsidiary	Ca Mau- Vietnam	Manufacturing and exporting	97.50
Minh Phat Seafood Company Limited	Subsidiary	Ca Mau- Vietnam	Manufacturing and exporting	95.00
Minh Phu - Kien Giang Seafood Company Limited	Subsidiary	Kien Giang- Vietnam	Fisheries	99.10
Minh Phu Aquatic larvae Company Limited	Subsidiary	Ninh Thuan- Vietnam	Fisheries	98.50
Minh Phu Seafood Company Limited	Subsidiary	Hau Giang- Vietnam	Manufacturing	100.00
Minh Phu Bio Company Limited	Subsidiary	Ca Mau- Vietnam	Manufacturing	100.00
Mseafood Corporation	Subsidiary	California- the United States of America	Trading	90.00
Vung Tau Oil and Gas Joint Stock Company	Associate	Vung Tau- Vietnam	Trading	35.56

Except for Mseafood corporation which was incorporated in the United States of America, other subsidiaries were established in Vietnam.

Minh Phu Seafood Joint Stock Company

REPORT OF THE BOARD OF MANAGEMENT (continued)

THE COMPANY (continued)

The Group, through the parent Company and its subsidiaries, is primarily engaged in the seafood processing and export; import of materials, ancillary materials, machinery and equipment for exported goods production, trade in real estate, investments and trade in infrastructure of civil and industrial works; aquatic culture, trade in aquatic larvae, feed for aquatic animals, materials, machinery and equipment for aquatic culture; trade in buildings and offices for rent.

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The Company's head office is located at Industrial Park at Ward 8, Ca Mau City, Ca Mau Province.

RESULTS AND DIVIDENDS

	<i>Current year</i> VND'000	<i>Previous year</i> VND'000
Net (loss) profit for the year	(38,096,877)	193,234,034
Share and cash dividends declared and paid during the year	104,983,350	60,000,000
(Accumulated losses) retained earnings at the end of the year	(29,534,169)	194,236,330

SIGNIFICANT EVENTS

On 31 May 2008, the Company contributed US\$ 20,000,000 and obtained ninety percent (90%) of the voting shares in Mseafood Corporation, a joint stock company established in the United States of America in 2004 by Mr Le Van Quang, the chairman of the Company. As at the date of the acquisition, total net assets of Mseafood amounted to US\$ 20,200,601.

EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date which would require adjustments or disclosures in the financial statements other than the matter described below and those already disclosed in relevant Notes to the consolidated financial statements.

On 18 February 2009, the Company entered into a Share Transfer Contract No. 01/HD/CPVTP.09 to sell its investment in Vung Tau Oil and Gas Joint Stock Company at the price of VND'000 66,665,600. As at 31 December 2008, the Company's cost of investment in Vung Tau Oil and Gas Joint Stock Company amounted to VND'000 32,000,000.

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THE BOARD OF MANAGEMENT AND BOARD OF DIRECTORS

The members of the Board of Management and Board of Directors during the year and at the date of this report are:

Board of Management

Mr Le Van Quang	Chairman
Ms Chu Thi Binh	Member
Mr Chu Van An	Member
Mr Nguyen Quoc Toan	Member
Ms Dinh Thi Anh Tuyet	Member

Board of Directors

Mr Le Van Quang	General Director
Ms Chu Thi Binh	Deputy General Director
Mr Chu Van An	Deputy General Director
Mr Thai Hoang Hung	Deputy General Director
Mr Le Van Diep	Deputy General Director
Mr Nguyen Tuan Anh	Deputy General Director

Minh Phu Seafood Joint Stock Company

REPORT OF THE BOARD OF MANAGEMENT (continued)

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to accept reappointment.

STATEMENT OF THE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's management is responsible for the consolidated financial statements of the Company and its subsidiaries which give a true and fair view of the state of affairs of the Company and its subsidiaries and of its results and cash flows for the fiscal year ended 31 December 2008. In preparing those consolidated financial statements, the Company's management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Company's management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and its subsidiaries and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company's management confirms to the Board of Management that the Group has complied with the above requirements in preparing the accompanying consolidated financial statements.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements which give a true and fair view of the financial position of the Group as at 31 December 2008 and of the results of its operations and cash flows of the Group for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

On behalf of the Board of Management:

Chu Thi Binh
Member

10 March 2009

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Minh Phu Seafood Joint Stock Company

We have audited the consolidated balance sheet of of Minh Phu Seafood Joint Stock Company ("the Company") and its subsidiaries ("the Group") as at 31 December 2008, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto as set out on pages 5 to 36 (collectively referred to as "the consolidated financial statements"). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The Company's consolidated financial statements as at and for the year ended 31 December 2007 were audited by another auditor whose report dated 26 March 2008 expressed an unqualified opinion on those statements.

Basis of opinion

We conducted our audit in accordance with Vietnamese and International Standards on Auditing applicable in Vietnam. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2008, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

Ernst & Young Vietnam Limited

Maria Cristina M. Calimbas
Deputy General Director
Registered Auditor
Certificate No. N.1073/KTV

Doan Thi Thu Thuy
Auditor-in-charge
Registered Auditor
Certificate No. N.1070/KTV

Ho Chi Minh City, Vietnam

10 March 2009

Minh Phu Seafood Joint Stock Company

B01-DN/HN

 CONSOLIDATED BALANCE SHEET
 as at 31 December 2008

VND'000

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,640,546,731	1,395,608,893
110	I. Cash and cash equivalents	4	99,678,801	16,252,990
111	1. Cash		24,678,801	16,252,990
112	2. Cash equivalents		75,000,000	-
120	II. Short-term investments	15.3	222,463,033	192,823,080
121	1. Short-term investments		378,249,814	217,785,937
129	2. Provision for diminution in value of investments		(155,786,781)	(24,962,857)
130	III. Accounts receivable		583,189,094	899,500,069
131	1. Trade receivables	5	448,521,329	875,090,640
132	2. Advances to suppliers		11,194,727	24,021,964
135	3. Other receivables	6	123,473,038	387,465
140	IV. Inventories	7	717,559,228	260,182,634
141	1. Inventories		728,838,688	260,182,634
149	2. Provision for inventory obsolescence		(11,279,460)	-
150	V. Other current assets		17,656,575	26,850,120
151	1. Short-term prepaid expenses		584,935	1,438,031
152	2. Value added tax deductibles		8,127,659	22,314,493
154	3. Tax receivables from the State	8	3,959,384	-
158	4. Other current assets	9	4,984,597	3,097,596
200	B. NON-CURRENT ASSETS		626,358,660	725,164,184
210	I. Long term receivable		21,620,650	9,964,860
	1. Other long term receivables	10	21,620,650	9,964,860
220	II. Fixed assets		294,179,061	424,874,835
221	1. Tangible fixed assets	11	247,947,782	185,680,671
222	Cost		349,195,666	262,251,561
223	Accumulated depreciation		(101,247,884)	(76,570,890)
227	2. Intangible fixed assets	12	9,996,848	9,205,311
228	Cost		12,439,103	11,136,244
229	Accumulated amortisation		(2,442,255)	(1,930,933)
230	3. Construction in progress	13	36,234,431	229,988,853
240	III. Investment properties	14	9,697,976	-
241	1. Cost		9,998,044	-
242	2. Accumulated depreciation		(300,068)	-
250	IV. Long-term investments		251,313,875	275,407,875
252	1. Investments in an associate	15.2	32,000,000	32,000,000
258	2. Other long-term investments	15.3	231,033,875	243,407,875
259	3. Provision for long-term investments	15.3	(11,720,000)	-
260	V. Other long-term assets		20,459,997	14,916,614
261	1. Long-term prepaid expenses	18	5,717,614	3,359,399
262	2. Deferred tax assets		-	1,125,762
268	3. Other long-term assets	17	14,742,383	10,431,453
269	VI. Goodwill	16	29,087,101	-
	TOTAL ASSETS		2,266,905,391	2,120,773,077

Minh Phu Seafood Joint Stock Company

B01-DN/HN

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2008

VND'000

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		1,278,740,372	1,017,474,986
310	I. Current liabilities		1,064,563,207	801,825,186
311	1. Short-term loans	19	916,793,936	749,097,190
312	2. Trade payables		61,225,035	39,369,449
313	3. Advances from customers		2,025,179	-
314	4. Statutory obligations	20	3,192,277	2,200,653
315	5. Payables to employees		6,475,052	6,118,990
316	6. Accrued expenses		287,742	-
319	7. Other payables	21	74,563,986	5,038,904
330	II. Non-current liabilities		214,177,165	215,649,800
334	3. Long-term loan and borrowings	22	210,249,800	215,649,800
336	5. Provision for severance allowance		3,927,365	-
400	B. OWNERS' EQUITY	23	940,233,628	1,089,960,766
410	I. Capital		918,332,850	1,079,928,024
411	1. Issued share capital		700,000,000	700,000,000
412	2. Share premium		177,876,869	177,876,869
416	3. Foreign exchange differences		16,381,559	-
417	4. Investment and development funds		48,864,390	7,814,825
419	5. Other fund		4,744,201	-
420	6. (Accumulated loss) undistributed earnings		(29,534,169)	194,236,330
430	II. Other funds		21,900,778	10,032,742
431	1. Bonus and welfare funds		21,900,778	10,032,742
439	C. MINORITY INTEREST		47,931,391	13,337,325
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,266,905,391	2,120,773,077

OFF BALANCE SHEET ITEM

ITEM	Ending balance	Beginning balance
Foreign currency (US\$)	1,365,947	92,601

Le Ngoc Van
Preparer

Luu Minh Trung
Chief Accountant

Chu Thi Binh
Deputy General Director

10 March 2009

Minh Phu Seafood Joint Stock Company

B02-DN/HN

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2008

VND'000

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenues from sale of goods	24.1	2,903,420,960	2,360,644,653
02	2. Deductions	24.1	(27,037,308)	(3,174,246)
10	3. Net revenues from sale of goods	24.1	2,876,383,652	2,357,470,407
11	4. Costs of goods sold		(2,421,613,156)	(2,040,128,341)
20	5. Gross profit from sale of goods		454,770,496	317,342,066
21	6. Finance income	24.2	64,038,299	60,364,867
22	7. Finance expenses	25	(406,522,391)	(77,247,277)
23	- In which: Interest expense		(176,748,810)	(47,474,230)
24	8. Selling expenses		(157,152,146)	(75,556,243)
25	9. General and administrative expenses		(35,127,989)	(17,300,917)
30	10. Operating (loss) profit		(79,993,731)	207,602,496
31	11. Other incomes	26	259,667,848	3,570,599
32	12. Other expenses	26	(211,460,026)	(155,698)
40	13. Other profit	26	48,207,822	3,414,901
50	14. (Loss) profit before tax		(31,785,909)	211,017,397
51	15. Current corporate income tax expense	27.1	(5,185,207)	(18,909,124)
52	16. Deferred income tax (expense) benefit	27.1	(1,125,761)	1,125,761
60	17. Net (loss) profit after tax		(38,096,877)	193,234,034
	Attributable to:			
	17.1 Minority interests		3,618,942	3,465,980
	17.2 The Company's shareholders		(41,715,819)	189,768,054
70	18. Basic earnings (loss) per share (VND)	23.3	(596)	3,033

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Le Ngoc Van
Preparer

Luu Minh Trung
Chief Accountant

Chu Thi Binh
Deputy General Director

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10 March 2009

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2008

VND'000

Code	ITEMS	Notes	Current year	Previous year	
	I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Net (loss) profit before tax		(31,785,909)	211,017,397	
	<i>Adjustments for:</i>				
02	Depreciation and amortisation	11,12, 16	27,811,003	17,639,035	Deleted: ,14 Formatted: Not Highlight
03	Provisions		153,823,384	24,962,857	
04	Unrealised exchange loss			1,047,229	Deleted: -
05	Gain from disposal of fixed assets		(44,037,989)	-	
06	Realised gains from other investments		<u>(84,803,510)</u>	(57,838,433)	Deleted: (98,247,723)
07	Interest expense	25	176,604,791	47,474,229	
08	Operating income before changes in working capital		<u>197,611,770</u>	<u>244,302,314</u>	Deleted: 184,167,557
09	(Increase) decrease in receivables		572,772,790	(245,285,468)	
10	(Increase) decrease in inventories		57,706,528	(120,051,948)	
11	Decrease in payables		(514,617,333)	(22,921,654)	
12	Decrease (increase) in prepaid expenses		225,358,440	(4,014,086)	
13	Interest paid		(176,604,791)	(47,474,229)	
14	Corporate income tax paid	27.2	(8,901,151)	(13,987,404)	
15	Other receivables from operation activities		17,144,541	16,778	
16	Other cash outflows from operating activities		(19,409,528)	(3,845,082)	
20	Net cash flows from/(used in) operating activities		<u>351,061,266</u>	<u>(213,260,779)</u>	Deleted: 337,617,053
	II. Cash flows from investing activities				
21	Purchase and construction of fixed assets		(86,221,663)	(308,409,282)	
22	Proceeds from disposals of fixed assets		25,515,091	-	
23	Acquisition of a subsidiary, net of cash		(197,653,909)	-	
25	Payments for purchase of shares in other entities and investment in banks		<u>(296,620,987)</u>	(471,211,812)	Deleted: (298,987,067)
26	Proceeds from divestment in other entities		225,191,231	53,899,621	
27	Interest and dividends received		<u>8,143,389</u>	3,938,812	Deleted: 23,953,682
30	Net cash flows used in investing activities		<u>(321,646,848)</u>	<u>(721,782,661)</u>	Deleted: (308,202,635)
	III. Cash flows from financing activities				
31	Issuance of shares		-	217,876,869	
33	Drawdown of borrowings		5,098,510,591	3,927,459,294	
34	Repayment of borrowings		(4,950,437,345)	(3,224,147,409)	
36	Dividends paid to the owners of the parent		(104,983,350)	(1,028,656)	
37	Dividends paid to minorities interests		(3,302,003)		
40	Net cash flows from financing activities		39,787,893	920,160,098	

Minh Phu Seafood Joint Stock Company

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CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2008

VND'000

Code	ITEMS	Notes	Current year	Previous year
50	Net increase (decrease) in cash and cash equivalents		69,202,311	(14,883,342)
60	Cash and cash equivalents at beginning of year		16,252,990	31,125,766
61	Impact of exchange rate fluctuation		-	10,566
70	Cash and cash equivalents at end of year		85,455,301	16,252,990
	<i>In which</i>			
	<i>Cash as at year-end</i>	4	99,678,801	16,252,990
	<i>Bank overdraft</i>	19	(14,223,500)	-

Le Ngoc Van
Preparer

Luu Minh Trung
Chief Accountant

Chu Thi Binh
Deputy General Director

10 March 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended

1. CORPORATE INFORMATION

The Company is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration No. 6103000072 issued on 12 May 2006 by the Department of Planning and Investment of Ca Mau Province, ("DPICMP"), and the following Amended Business Registration Certificates.

<i>Amended Business Registration Certificates No.6103000072</i>	<i>Date</i>
---	-------------

The first amendment	25 May 2007
The second amendment	12 November 2007

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The second amendment dated 12 November 2007 issued by DPICMP extended the scope of activities of the Company to growing aquatic products, trading aquatic larvae, aquatic feeds as well as supplies, machines and equipments served for aquaculture industry, trading high-rise buildings and office rental.

The Company is listed on the Ho Chi Minh City Stock Exchange in accordance with License No.87/GPPH issued by the State Securities Commission on 14 December 2006.

As at 31 December 2008, the Company has seven subsidiaries and 1 associate with details are as follows:

	<i>Relationship</i>	<i>Location</i>	<i>Business</i>	<i>Shareholding</i>	<i>%</i>
Minh Qui Seafood Company Limited	Subsidiary	Ca Mau-Vietnam	Manufacturing and exporting	97.5	
Minh Phat Seafood Company Limited	Subsidiary	Ca Mau-Vietnam	Manufacturing and exporting	95	
Minh Phu- Kien Giang Seafood Company Limited	Subsidiary	Kien Giang-Vietnam	Fisheries	99.1	
Minh Phu Aquatic larvae Company Limited	Subsidiary	Ninh Thuan-Vietnam	Fisheries	98.5	
Minh Phu Seafood Company Limited	Subsidiary	Hau Giang-Vietnam	Manufacturing	100	
Minh Phu Bio Company Limited	Subsidiary	Ca Mau-Vietnam	Manufacturing	100	
Mseafood Corporation	Subsidiary	California – the United States of America	Trading	90	
Vung Tau Oil and Gas Joint Stock Company	Associate	Vung Tau-Vietnam	Trading	35.56	

Except for Mseafood corporation which was incorporated in the United States of America, other subsidiaries were established in Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended

1. CORPORATE INFORMATION (continued)

The Group, through the parent Company and its subsidiaries, is primarily engaged in the seafood processing and export; import of materials, ~~ancillary materials, machinery and~~ equipment for exported goods production, trade in real estate, investments and trade in infrastructure of civil and industrial works; aquatic culture, trade in aquatic larvae, feed for aquatic animals, materials, machinery and equipment for aquatic culture; trade in buildings and offices for rent.

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The Company's head office is located at Industrial Park at Ward 8, Ca Mau City, Ca Mau Province.

The number of Company's employees as at 31 December 2008 was 4,179 (2007: 3,225).

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Company, which are expressed in thousands of Vietnam dong ("VND'000"), are prepared in accordance with the Vietnamese Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying consolidated balance sheet, consolidated income statement, consolidated cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows of the Group in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Registered accounting documentation system

The registered accounting documentation system is the journal ledger system.

2.3 Fiscal year

The Group's fiscal year starts on 1 January and ends on 31 December.

2.4 Accounting currency

The Company and its subsidiaries, except Mseafood Corporation, maintain their accounting records in VND. Mseafood Corporation maintains its accounting records in US\$ as its ~~operations are based in the United States of America and the majority of its transactions are~~ in US\$.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****3.1 Changes in accounting policies and disclosures**

The accounting policies and disclosures adopted by the Company are consistent with those of the previous financial year.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group") as at 31 December each period. The financial statements of the subsidiaries are prepared for the same period as the Company, using accounting policies consistent with the Company's accounting policies. Adjustments are made for any difference in accounting policies that may exist to ensure consistency between the subsidiaries and the Company.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Minority interests represent the portion of profit or loss and net assets not held by the Company's shareholders and are presented separately in the consolidated income statement and in the consolidated balance sheet.

The subsidiaries are consolidated from the date on which the Company obtains control and cease to be consolidated from the date on which the Company ceases to control. Where there is a loss of control over the subsidiaries, the consolidated financial statements still include results for the period of the reporting year during which the Company has control.

Subsidiaries have been included in the consolidated financial statements using the purchase method of accounting that measures the subsidiaries' assets and liabilities at their fair value at the acquisition date.

Business combination

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

After initial recognition, goodwill is measured at cost less amortisation. Amortisation of goodwill is calculated on a straight-line basis over ten years during which sources embodying economic benefits are covered by the Company.

Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or segments within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)***Investment in associate***

Investment in associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, investment in associate is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is amortized over ten years. The consolidated income statement reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in its equity. Unrealised profits and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same accounting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

An investment in an associate should be accounted for in consolidated financial statements under the equity method except when the investment is acquired and held exclusively with a view to its disposal in the near future (under 12 months).

Investment in securities and other investments

Investment in securities and other investments are stated at their acquisition cost less provision where appropriate. Provision is made for any diminution in value of the marketable investments at the balance sheet date representing the excess of the acquisition cost over the market value at that date.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.4 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, along with the provision for doubtful debts.

The provision for doubtful debts represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

3.5 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Inventories (continued)

The perpetual method is used to record inventories, which are valued as follows.

Raw materials, consumables and goods for resale	- cost of purchase on a first-in, first-out basis.
Finished goods and work-in-process	- cost of direct materials and labour plus attributable overheads based on the normal level of activities on a first-in, first-out basis.

Provision for obsolete inventories

An inventories provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

3.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises of its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible assets are sold or retired, their costs and accumulated amortisation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

Land use right

The land use right represents the cost to acquire the right to use land.

3.8 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	5 - 20 years
Machinery and equipment	5 - 10 years
Motor vehicles	4 - 8 years
Office equipment	3 - 10 years
Land use rights	43 - 45 years
Computer software	3 - 8 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Investment properties

Investment properties are buildings or part of a building or both and infrastructure held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services; administration purposes or sale in the ordinary course of business.

Investment properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that are directly attributable to the acquisition or construction of the properties.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net carrying amount of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Company.

Depreciation of investment properties are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	27 years
Ancillary machinery and equipment	5 - 7 years

3.10 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.11 Payable and accrual

Payable and accrual are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.12 Accrual for severance pay

The termination payment to employee is accrued at the end of each reporting year for all employees who have more than one year in service at the rate equal to one half of the monthly salary for each working year upto 31 December 2008 in accordance with the Labour Code and related implementing guidance.

3.13 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency of VND are recorded at the inter-bank exchange rates ruling at the date of the transaction. At year-end, monetary assets and liabilities denominated in foreign currencies are revalued at exchange rates ruling at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the consolidated income statement.

The assets and liabilities of a foreign entity are translated into VND at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

3.14 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval by the shareholders at the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**3.14 Appropriation of net profit** (continued)*Investment and development fund*

Investment and development fund is appropriated from the Company's net profit as proposed by the Board of Management and subject to approval by shareholders at the Annual General Meeting. This fund is set aside for use in the Company's expansion of its operation or in-depth investments.

Bonus and welfare fund

Bonus and welfare fund is appropriated from the Company's net profit as proposed by the Board of Management and subject to shareholders' approval at the Annual General Meeting. This fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' material and spiritual benefits.

Training fund

Training fund is appropriated from the Company's net profit as proposed by the Board of Management and subject to approval by shareholders at the Annual General Meeting. This fund is set aside for use in the Company's in-depth training on technical expertise for the employees .

3.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised in the consolidated income statement when the significant risks and rewards of ownership have passed to the buyer, usually upon the delivery of the goods.

Investment gains

Gains from investments are recognised as income when the investment is sold. Gains from investments also include dividends from investments and such income is recognised when the shareholder's right to receive the payment is established.

Interest income

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

3.16 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders, before any appropriation to bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Company and its subsidiaries and held as treasury shares.

3.17 Taxation*Current tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation (continued)

Current tax (continued)

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purpose.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the taxable entity intends to settle its current tax assets and liabilities on a net basis.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended

4. CASH AND CASH EQUIVALENTS

	VND'000	
	Ending balance	Beginning balance
Cash on hand	2,182,721	4,920,295
Cash in banks	22,496,080	11,332,695
Cash equivalents	75,000,000	-
Total	99,678,801	16,252,990

Cash equivalents represent time deposits in banks with terms of under 3 months at average interest rate of 1,20% per month.

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5. TRADE ACCOUNTS RECEIVABLE

	VND'000	
	Ending balance	Beginning balance
Receivable from <u>sale of property</u> (See Note 26)	250,560,000	-
Receivable from sale of goods	197,961,329	875,090,640
Total	448,521,329	875,090,640

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<#>Interest receivables from 1-year deposits at Vietnam Development Bank - Ca Mau Branch at interest rate of 14% per annum which is used as guarantee for short-term bank loans from Vietnam Development Bank. ¶

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6. OTHER RECEIVABLES

	VND'000	
	Ending balance	Beginning balance
<u>Other receivables</u>	123,473,038	387,465

Included in other receivables as at 31 December 2008 is the anti-dumping tax on the exporting of fisheries products to the United States of America amounting to VND'000 109,762,587.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended**7. INVENTORIES**

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Raw materials	19,586,029	11,633,995
Tools and supplies	3,813,161	3,351,852
Work in process	2,274,003	26,181,823
Spare parts	1,972,707	-
Packagings	145,475	-
Finished goods	700,197,972	215,961,177
Merchandise	849,341	3,053,787
	728,838,688	260,182,634
Provision for inventory obsolescence	(11,279,460)	-
Net	717,559,228	260,182,634

8. TAX RECEIVABLES FROM THE STATE

The balance represents corporate income tax overpaid to the State Budget.

9. OTHER CURRENT ASSETS

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advance to employees	4,976,170	2,571,496
Others	8,427	526,100
Total	4,984,597	3,097,596

10. OTHER LONG TERM RECEIVABLES

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Employee receivables (i)	18,512,650	1,856,860
Other receivables	3,108,000	8,108,000
Total	21,620,650	9,964,860

(i) This represents short-term loans to the Group's employees. These loans are interest free, and are used to support its employees for house purchases with no collateral attached.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended

11. TANGIBLE FIXED ASSETS

	VND'000				
	Buildings & structures	Plant and machinery	Motor vehicles	Office equipment	Total
Cost:					
Beginning balance	69,828,607	168,245,792	19,751,817	4,425,345	262,251,561
Additions	34,349,688	51,169,781	3,923,306	332,359	89,775,1354
<i>In which</i>					
<i>Increase due to business combination</i>	20,514,362	338,920	-	70,835	20,924,117
<i>Newly purchased</i>	3,805,883	40,648,287	3,417,458	197,082	48,068,710
<i>Reclassification</i>	-	22,000	-	-	22,000
<i>Transferred from CIP</i>	10,029,443	10,160,574	505,848	64,442	20,760,307
Decreases	(998,836)	(1,810,193)	-	(22,000)	(2,831,029)
<i>In which</i>					
<i>Disposals</i>	(998,836)	(1,810,193)	-	-	(2,809,029)
<i>Reclassification</i>	-	-	-	(22,000)	(22,000)
Ending balance	<u>103,179,459</u>	<u>217,605,380</u>	<u>23,675,123</u>	<u>4,735,704</u>	<u>349,195,666</u>
<i>In which:</i>					
<i>Fully depreciated</i>	1,407,292	16,644,648	-	-	18,051,940
Accumulated depreciation:					
Beginning balance	13,029,975	60,352,632	1,302,206	1,886,077	76,570,890
Charges for the year	6,150,177	16,464,666	2,212,319	670,663	25,497,825
Increase due to business combination	428,424	227,271	-	63,792	719,487
Disposals	-	(1,540,318)	-	-	(1,540,318)
Ending balance	<u>19,608,576</u>	<u>75,504,251</u>	<u>3,514,525</u>	<u>2,620,532</u>	<u>101,247,884</u>
Net carrying amount:					
Beginning balance	<u>56,798,632</u>	<u>107,893,160</u>	<u>18,449,611</u>	<u>2,539,268</u>	<u>185,680,671</u>
Ending balance	<u>83,570,883</u>	<u>142,101,129</u>	<u>20,160,598</u>	<u>2,115,172</u>	<u>247,947,782</u>

Tangible fixed assets are pledged as security for the short-term and long-term loans obtained from banks, as discussed in Note 19 and Note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended**12. INTANGIBLE ASSETS**

	<i>Land use rights</i>	<i>Software</i>	<i>VND'000</i> <i>Total</i>
Cost:			
Beginning balance	10,419,597	716,647	11,136,244
Additions	<u>1,248,667</u>	<u>54,192</u>	<u>1,302,859</u>
Ending balance	<u>11,668,264</u>	<u>770,839</u>	<u>12,439,103</u>
Accumulated amortisation:			
Beginning balance	1,877,323	53,610	1,930,933
Charges for the year	<u>386,317</u>	<u>125,005</u>	<u>511,322</u>
Ending balance	<u>2,263,640</u>	<u>178,615</u>	<u>2,442,255</u>
Net carrying amount:			
Beginning balance	<u>8,542,274</u>	<u>663,037</u>	<u>9,205,311</u>
Ending balance	<u>9,404,624</u>	<u>592,224</u>	<u>9,996,848</u>

Intangible assets are pledged as security for the short-term and long-term loans obtained from banks, as discussed at Note 19 and Note 22.

13. CONSTRUCTION IN PROGRESS

	<i>Ending balance</i>	<i>VND'000</i> <i>Beginning balance</i>
Construction in progress (i)	31,762,667	229,972,253
Purchase of fixed assets	<u>4,471,764</u>	<u>16,600</u>
Total	<u>36,234,431</u>	<u>229,988,853</u>

(i) The balance represents the land compensation and ground clearance cost relating to the construction of Minh Phu Seafood Company - Hau Giang's factory.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended**14. INVESTMENT PROPERTY**

	<i>VND'000</i>
	<i>Buildings & improvements</i>
Cost:	
Beginning balance	-
Additions	<u>9,998,044</u>
Ending balance	<u>9,998,044</u>
Accumulated depreciation:	
Beginning balance	-
Charges for the year	<u>300,068</u>
Ending balance	<u>300,068</u>
Net carrying amount:	
Beginning balance	-
Ending balance	<u>9,697,976</u>

Investment property represents the residential house owned by Mseafood Corporation for lease which is located in the United States of America.

As at 31 December 2008, the Company's management has assessed the fair value of the building amounting to US\$ 841,000 or equivalent to VND'000 14,277,776, which exceed its net carrying amount as at that date.

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15. INVESTMENTS**15.1 Investments in subsidiaries**

<i>Name of subsidiaries</i>	<i>% Interest</i>	<i>Location</i>	<i>Business</i>
Acquired from a related party			
Mseafood Corporation (*)	90.00	California – the United States of America	Trading
Newly established			
Minh Qui Seafood Processing Co., Ltd. (*)	97.50	Ca Mau Province – Vietnam	Manufacturing and exporting
Minh Phat Seafood Processing Co., Ltd. (*)	95.00	Ca Mau Province – Vietnam	Manufacturing and exporting
Minh Phu – Kien Giang Seafood Co., Ltd. (*)	99.10	Ca Mau Province – Vietnam	Fisheries
Minh Phu Aquatic Larae Production Co., Ltd. (*)	98.50	Ca Mau Province – Vietnam	Fisheries
Minh Phu Bio Co., Ltd. (**)	100.00	Ca Mau Province – Vietnam	Manufacturing
Minh Phu (Hau Giang) Seafood Processing Co., Ltd. (**)	100.00	Hau Giang Province – Vietnam	Manufacturing

(*) *operating subsidiaries*

(**) *pre-operating subsidiaries*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended**15. INVESTMENTS** (continued)**15.2 Investment in an associate**

Name	% Interest	Ending balance	Beginning balance	Business
		Carrying value of investment VND'000	Carrying value of investment VND'000	
Vung Tau Oil and Gas Joint Stock Company	35.56	<u>32,000,000</u>	<u>32,000,000</u>	Petrol

As at 31 December 2008, the Company intended to dispose its investment in Vung Tau Oil and Gas Joint Stock Company and therefore recognized its investment at cost. On 18 February 2009, the Company entered into a Share Transfer Contract No. 01/HD/CPVTP.09 to withdraw its investment in Vung Tau Oil and Gas Joint Stock Company at the price of VND'000 66,665,600.

15.3 Other investments

	Ending balance	Beginning balance
	VND'000	
Short-term investments		
Marketable equity securities	209,566,154	217,785,937
Provision for diminution in value of equity securities	(155,786,781)	(24,962,857)
Deposit in banks with maturity over three months	168,298,172	-
Others	385,488	-
Net value of short-term investments	<u>222,463,033</u>	<u>192,823,080</u>
Long-term investments		
Other long-term investments		
Investments in an associate (See Note 15.2)	32,000,000	32,000,000
Long-term securities (i)	200,000,000	200,000,000
Long-term bond (ii)	26,033,875	26,033,875
Other long-term investments (iii)	5,000,000	17,374,000
	263,033,875	275,407,875
Provision for long-term investments	(11,720,000)	-
Net value of long-term investments	<u>251,313,875</u>	<u>243,407,875</u>

- (i) Long-term securities represent the investment in SSI Vision Fund.
- (ii) Long-term bond represents the investment in SSI Bond.
- (iii) Other investment of VND'000 5,000,000 as at 31 December 2008 represents the investment of 10% in capital of Sai Gon- Ca Mau Infrastructures Joint-stock Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended**16. BUSINESS COMBINATION**

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On 31 May 2008, the Group acquired 90% of the voting shares of Mseafod Corporation, a company incorporated in the United States of America, specialising in trading of fisheries products imported from the Group's entities in Vietnam to the United States market.

The provisional fair value of the identifiable assets and liabilities of Mseafod Corporation as at the date of acquisition were:

	<i>Provisional fair value recognized on acquisition US\$</i>	<i>Provisional fair value recognized on acquisition in VND'000</i>
Property, plant and equipment	1,806,657	29,061,890
Cash and cash equivalents	7,802,343	125,508,491
Inventories	32,721,782	526,362,582
Trade receivables	2,392,253	38,481,787
Other current assets	13,852,670	222,834,040
Intangible assets	-	-
Payables	<u>(38,375,104)</u>	<u>(617,301,917)</u>
Net assets	20,200,601	324,946,873
Minority interests	<u>(2,020,060)</u>	<u>(32,494,687)</u>
Total assets acquired	18,180,541	292,452,186
Goodwill arising on acquisition	1,819,460	30,888,957
Foreign exchange difference		(178,743)
Consideration, satisfied in cash	20,000,000	323,162,400

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The accounting recognized in the 31 December 2008 financial statements was based on provisional assessment of fair value as the Company has sought an independent valuation of the intangibles relations to the distribution network. The results of this valuation had not been received at the date the 2008 accounts were approved for issue by Management.

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The excess consideration over fair value, was considered as goodwill. Goodwill arising on acquisition amounting to US\$ 1,819,459 (equivalent to VND'000 30,888,957) was amortised on a straight line basis over ten years from acquisition date. The amortization expense of goodwill during the period amounted to VND'000 1,801,856.

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17. OTHER LONG TERM ASSETS

Other long-term assets represent deposits at Vietin Bank - Ca Mau Branch to guarantee the payments for anti-dumping taxes and related legal fees by Mseafod Corporation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended

18. LONG-TERM PREPAID EXPENSES

	<i>VND'000</i>	<i>VND'000</i>
Beginning balance	3,359,399	779,533
Additions	3,929,607	3,855,724
Amortization	<u>(1,571,392)</u>	<u>(1,275,858)</u>
Ending balance	<u>5,717,614</u>	<u>3,359,399</u>

Long-term prepaid expenses primarily include office equipment, tools and supplies of small values to be allocated into profit and loss statement over a period of 3 years.

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19. SHORT TERM LOANS AND BORROWINGS

	<i>VND'000</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loans	<u>902,570,436</u>	749,097,190
Bank overdraft	<u>14,223,500</u>	-
Total	<u>916,793,936</u>	<u>749,097,190</u>

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19.1 Bank overdraft

The bank overdraft (at Manufacturers Bank in United States of America) is secured by the Mseafood Corporation's assets and bears average effective interest of 5.25% per annum.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended

19. SHORT TERM LOANS AND BORROWINGS (continued)

19.2 Short-term loans from banks

Name of bank	Ending balance VND'000	Term and maturity date	Interest rate	Description of collateral
Bank for Investment and Development of Vietnam - Ca Mau Branch	236,591,000	from 19 December 2008 to 19 April 2009	from 10% to 10.8% per annum	Revenues
Bank for Investment and Development of Vietnam - Ca Mau Branch	18,055,040	Revolving loan, starting from 30 December 2008	7% per annum	Export documents discount
Saigon Thuong Tin Commercial Joint-stock Bank - Ca Mau Branch	85,000,000	from 23 December 2008 to 23 April 2009	11% per annum	No collateral
Bank for Foreign Trade of Vietnam - Ca Mau Branch	50,000,000	from 29 December 2008 to 29 April 2009	from 10% to 10.9% per annum	No collateral
Vietnam Bank for Industry and Trade - Ca Mau Branch	321,541,482	from 30 December 2008 to 30 April 2009	from 10.8% to 12% per annum	Fixed assets, receivables
Vietnam Bank for Industry and Trade - Ca Mau Branch	1,982,914	Revolving loan, starting from 28 November 2008	7.5% per annum	Discounting of export documents
Vietnam Development Bank - Ca Mau Branch	184,000,000	from 23 December 2008 to 23 April 2009	from 10.2% to 10.8% per annum	Deposits
	897,170,436			
Current portion of long-term loan (See Note 22)	5,400,000		5.4% per annum	Assets funded by the loan
TOTAL	902,570,436			

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20. STATUTORY OBLIGATIONS

	VND'000	
	Ending balance	Beginning balance
Corporate income tax (see Note 27.2)	640,492	1,760,136
Personal income tax	1,554	440,517
Value-added tax	2,162,407	-
Other fees and obligations	387,824	-
Total	3,192,277	2,200,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2008 and for the year then ended

21. OTHER PAYABLES

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Borrowings from related parties (see Note 28)	70,388,951	886,696
Deposits received	4,000,000	4,000,000
Trade union payables	168,040	120,000
Social insurance	-	19,391
Others	6,995	12,817
Total	<u>74,563,986</u>	<u>5,038,904</u>

22. LONG-TERM LOAN AND BORROWINGS

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Bonds (i)	200,000,000	200,000,000
Long-term bank loan (ii)	10,249,800	15,649,800
Total	<u>210,249,800</u>	<u>215,649,800</u>

(i) These issued bonds are non redeemable for a period of 5 years issued on 31 December 2007, and have interest rate of 9.98% per annum. The interest will be paid yearly on 31 December. The principal will be repaid on 31 December 2012.

(ii) Details of long-term bank loan are as follows:

<i>Name of bank</i>	<i>Ending balance VND'000</i>	<i>Term and maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
Vietnam Development Bank - Ca Mau Branch (QHT)	15,649,800	84 months from 26 Apr 2004 to 26 Apr 2011	5.4% per annum	Assets funded by the loan

In which:

<i>Current portion</i>	<u>5,400,000</u>
<i>Long-term portion</i>	<u>10,249,800</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2008

23. OWNERS' EQUITY**23.1 Increase and decrease in owners' equity**

VND'000

	<i>Share capital</i>	<i>Share premium</i>	<i>Investment and development funds</i>	<i>Bonus and welfare funds</i>	<i>Other fund</i>	<i>Translation reserves</i>	<i>Undistributed earnings</i>	<i>Total</i>
Previous year:								
Beginning balance	600,000,000	-	-	7,597,112	-	-	77,857,939	685,455,051
New shares issued	100,000,000	177,876,869	-	-	-	-	-	277,876,869
Profit for the year	-	-	-	-	-	-	189,768,052	189,768,052
Profit appropriation	-	-	7,814,825	6,034,440	-	-	(13,832,487)	16,778
Fund utilization	-	-	-	(3,598,810)	-	-	-	(3,598,810)
Equity dividends	-	-	-	-	-	-	(60,000,000)	(60,000,000)
Other increase	-	-	-	-	-	-	1,091,478	1,091,478
Other decrease	-	-	-	-	-	-	(648,652)	(648,652)
Ending balance	<u>700,000,000</u>	<u>177,876,869</u>	<u>7,814,825</u>	<u>10,032,742</u>	<u>-</u>	<u>-</u>	<u>194,236,330</u>	<u>1,089,960,766</u>
Current year:								
Beginning balance	700,000,000	177,876,869	7,814,825	10,032,742	-	-	194,236,330	1,089,960,766
Loss for the year	-	-	-	-	-	-	(41,715,819)	(41,715,819)
Foreign exchange differences	-	-	-	-	-	16,381,559	-	16,381,559
Cash dividends paid	-	-	-	-	-	-	(104,983,350)	(104,983,350)
Profit appropriation	-	-	47,751,124	24,576,005	4,744,201	-	(77,071,330)	-
Utilizations of funds	-	-	(6,701,559)	(12,707,969)	-	-	-	(19,409,528)
Ending balance	<u>700,000,000</u>	<u>177,876,869</u>	<u>48,864,390</u>	<u>21,900,778</u>	<u>4,744,201</u>	<u>16,381,559</u>	<u>(29,534,169)</u>	<u>940,233,628</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2008 and for the year then ended

23. OWNERS' EQUITY (continued)

23.2 Share capital

	<i>Number of shares</i>	<i>Par value VND'000</i>
At 1 January 2007	60,000,000	600,000,000
New shares issued	<u>10,000,000</u>	<u>100,000,000</u>
At 31 December 2007	70,000,000	700,000,000
New shares issued	<u>-</u>	<u>-</u>
At 31 December 2008	<u>70,000,000</u>	<u>700,000,000</u>

23.3 Basic earnings (loss) per share

	<i>Current year</i>	<i>Prior year</i>
Net (loss) profit attributable to ordinary equity holders of the parent (VND'000)	(41,715,819)	189,768,054
Weighted average number of ordinary shares during the year	70,000,000	62,575,342
Earnings (loss) per share (VND) (par value of VND 10,000 per share)	(596)	3,033

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24. REVENUES

24.1 Revenues from sales of goods

	<i>Current year</i>	<i>VND'000 Previous year</i>
Gross revenues	2,903,420,960	2,360,644,653
<i>Of which:</i>		
<i>Sale of goods</i>	2,903,420,960	2,360,644,653
Less:		
Sales returns	<u>(27,037,308)</u>	<u>(3,174,246)</u>
Net revenues	<u>2,876,383,652</u>	<u>2,357,470,407</u>
<i>Of which:</i>		
<i>Sale of good</i>	2,876,383,652	2,357,470,407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2008 and for the year then ended

24. REVENUES (continued)

24.2 Finance income

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	VND'000	
	Current year	Previous year
Foreign exchange gains	40,084,617	2,526,434
Bank interest income	17,680,127	1,846,012
Dividend income received	6,273,555	2,092,800
Gain on trading of securities	-	53,899,621
Total	64,038,299	60,364,867

25. FINANCE EXPENSES

	VND'000	
	Current year	Previous year
Interest expense	176,604,791	47,474,230
Provision for the diminution in value of investments	142,103,384	24,962,857
Loss on trading of securities	74,294,041	-
Foreign exchange losses	11,115,164	2,310,190
Others	2,405,011	2,500,000
Total	406,522,391	77,247,277

26. OTHER INCOME AND EXPENSES

	VND'000	
	Current year	Previous year
Other income	259,667,848	3,570,599
Proceeds from disposal of fixed asset (*)	255,150,909	-
Others	4,516,939	3,570,599
Other expenses	(211,460,026)	(155,698)
Expense on disposal of fixed asset (*)	(210,125,209)	(155,698)
Others	(1,334,817))	-
Net	48,207,822	3,414,901

(*) On 20 December 2008, the Company disposed a building under construction located in District 3, Ho Chi Minh City to Minh Phu Investment Corporation, a related company where Mr Le Van Quang - Chairman of the Board of Management and General Director, his wife, Ms Chu Thi Binh – Member of the Board of Management and Deputy General Director own (90) ninety percent ownership.

The building was acquired by Minh Phu Investment Corporation in accordance with the contract dated 20 December 2008 at the acquired price of US\$ 16,000,000 equivalent to VND'000 278,400,000 value-added tax included. The total contract comprises the land value of VND'000 22,660,000 and building of VND'000 232,490,909 value-added tax excluded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2008 and for the year then ended

27. CORPORATE INCOME TAX (“CIT”)

Minh Phu Seafood Joint Stock Company is responsible to pay CIT at the rate of 20% on the annual taxable income. The Company has a reduction of 50% of CIT for two years 2007 and 2008 in accordance with the official letter No. 11924/TC-CST dated 20 October 2004 issued by the Ministry of Finance, as applied to companies listed in the stock exchange market.

Minh Qui Seafood Company Ltd. is responsible to pay CIT at the rate of 20% on the annual taxable income. The Company is exempted from CIT for two (2) years commencing from the first profit-making year and is subject to 50% tax reduction for the following five (5) years. The fiscal year 2002 is the first profit-making year of the Company.

Minh Phat Seafood Company Ltd. is responsible to pay CIT at the rate of 28% on the annual taxable income. For the Project of Minh Phat Seafood Processing Factory, the Company is allowed to apply the tax rate of 20% in ten (10) years from the date of the Project's commencement of operation. The Company is also exempted from CIT for two (2) years commencing from the first profit-making year and is subject to 50% tax reduction for the following five (5) years. The fiscal year 2007 is the first operating year of the Project.

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Minh Phu - Kien Giang Seafood Company Ltd. is responsible to pay CIT at the rate of 15% on the annual taxable income. The Company is exempted from CIT for three (3) years commencing from the first profit-making year and is subject to 50% tax reduction for the following eight (8) years. The fiscal year ended 2006 is the first profit-making year of the Company.

Minh Phu Aquatic Larvae Company Ltd. is responsible to pay CIT at the rate of 10% on the annual taxable income for fifteen (15) years. The Company is exempted from CIT for four (4) years commencing from the first profit-making year and is subject to 50% tax reduction for the following seven (7) years.

Minh Phu - Hau Giang Company Ltd. is responsible to pay CIT at the rate of 15% on the annual taxable income. The Company is exempted from CIT for two (2) years commencing from the first profit-making year and is subject to 50% tax reduction for the following eight (8) years. The Company is also exempted from tax on equipment and machines imported to form fixed assets and from land rentals in 11 years from the date it comes into business operations.

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Mseafood Corporation is responsible to pay California state franchise tax and federal income tax as regulated by the law and regulations in the United States of America.

The Group's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

27.1 CIT expense (benefit)

	<i>VND'000</i>	
	<i>Current year</i>	<i>Previous year</i>
Current CIT	5,185,207	18,909,124
Deferred CIT	1,125,761	(1,125,761)
Total	6,310,968	17,783,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2008 and for the year then ended

27. CORPORATE INCOME TAX ("CIT") (continued)

27.2 Current CIT

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

A reconciliation between the tax expense and the product of accounting profit/loss multiplied by the applicable tax rate for the year is presented below:

	VND'000	
	Current year	Previous year
Profit (loss) before tax	(31,785,909)	211,017,397
Adjustments to increase (decrease) accounting profit		
Dividend income	(6,273,555)	(2,092,800)
Unused tax loss of Minh Phu Seafood Joint Stock Company, Minh Phu Aquatic Larvae Company Ltd. and Mseafood Corporation	137,327,040	665,417
Unrealized profit	159,046	-
Adjusted net profit (loss)	99,426,622	209,590,014
Estimated current CIT expense	5,185,207	18,909,124
CIT payable (receivable) at beginning of the year	1,760,136	(3,161,584)
CIT receivable arising from business combination	(1,363,084)	-
CIT paid during the year	(8,901,151)	(13,987,404)
Net CIT balance payable (receivable)	(3,318,892)	1,760,136
<i>In which:</i>		
CIT receivable at the end of the year	(3,959,384)	-
CIT payable at the end of the year	640,492	1,760,136

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27.3 Deferred income tax

The following are the major deferred tax assets and liabilities recognized by the Group, and the movements thereon, during the current and prior reporting years.

	VND'000			
	<u>Balance sheet</u>		<u>Credit (charge) to income statement</u>	
	Current year	Previous year	Current year	Previous year
Deferred tax asset				
Arising from the Group's unrealized profit eliminated for consolidation	-	1,125,761	(1,125,761)	1,125,761
Net deferred income tax credited (charged) to income statement			(1,125,761)	1,125,761

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2008 and for the year then ended

27. CORPORATE INCOME TAX (“CIT”) (continued)

27.4 Unrecognized deferred income tax

Deferred tax assets have not been recognized in respect of the following items due to uncertain availability of future taxable profits:

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	<i>VND'000</i>
	<i>Amount</i>
Arising from the Group's unrealized profit eliminated for consolidation	11,098,573
Tax losses carried forward	<u>137,327,040</u>
Total	<u>148,425,613</u>

The Company is eligible to carry tax losses forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. At 31 December 2008, the Company has estimated accumulated tax losses of VND'000 137,327,040 available for offset against future taxable profits.

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Details of tax losses carried forward by entities are as below:

	<i>Tax loss amount</i>		
	<i>Originating year 2007</i>	<i>Originating year 2008</i>	<i>Total</i>
Minh Phu Seafood Corporation	-	126,144,170	126,144,170
Minh Phu Aquatic Larae Production Co., Ltd.	-	3,434,602	3,434,602
Mseafood Corporation	-	<u>7,748,268</u>	<u>7,748,268</u>
Total	<u>-</u>	<u>137,327,040</u>	<u>137,327,040</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2008 and for the year then ended

28. TRANSACTIONS WITH RELATED PARTIES

Related company transactions include all transactions undertaken with other companies to which the Company is related, either through the investor/investee relationship or because they share a common investor and thus are considered to be a part of the same corporate group.

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Significant transactions with related parties during the year were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Amounts</i> VND'000
Minh Phu Investment Corporation	Related party	Disposal of the building located in District 3, Ho Chi Minh City	278,400,000
Mr Le Van Quang	Chairman and General Director	Non-interest bearing lending	80,561,466
		Repayments	81,115,316
Mrs Chu Thi Binh	Chairman's wife and Deputy General Director	Non-interest bearing lending	169,148,055
		Repayments	99,091,952

Amounts due to and due from related parties at the balance sheet date were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Amounts</i>
Other receivable			
Minh Phu Investment Corporation	Related party	Disposal proceeds of the building located in District 3, Ho Chi Minh City	<u>250,560,000</u>
Other Payables			
Mrs Chu Thi Binh	Chairman's wife and Deputy General Director	Non-interest bearing lending	70,281,843
Mr Le Van Quang	Chairman and General Director	Non-interest bearing lending	107,108
			<u>70,388,951</u>

Borrowings from Mr Le Van Quang and Mrs Chu Thi Binh are interest free, non secured and repayable upon request.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2008 and for the year then ended

29. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical locations, and has two reportable operating segments in 2008 as follows:

- United States of America
- Vietnam

Management monitors the operating results of its business units separately for purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing, including finance costs and finance revenue, and income taxes are managed on a Group basis and are not allocated to operating segments.

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The segment results for the year ended 31 December 2008 are as follows:

	VND'000			
	<i>Vietnam</i>	<i>United States of America</i>	<i>Eliminations</i>	<i>Total</i>
<i>Sales</i>				
External customers	1,638,451,601	1,237,932,051	-	2,876,383,652
Inter-segment	<u>4,652,081,197</u>	-	<u>(4,652,081,197)</u>	-
Total	<u>6,290,532,798</u>	<u>1,237,932,051</u>	<u>(4,652,081,197)</u>	<u>2,876,383,652</u>
<i>Results</i>				
Segment results	271,158,264	(9,491,774)	(1,642,810)	260,023,680
Income from financial activities	152,270,966	-	(103,082,794)	49,188,172
Expenses from financial activities	(230,998,354)	(1,749,247)	-	(232,747,601)
Other income	259,372,827	705,021	-	260,077,848
Other expenses	(210,963,463)	(68,132)	-	(211,031,595)
Corporate income tax	(5,183,833)	(1,374)	-	(5,185,207)
Minority interest	4,393,906	(774,964)	-	3,618,942
Unallocated	-	-	-	<u>(165,660,058)</u>
Net loss after tax	240,050,313	(11,380,470)	(104,725,604)	<u>(41,715,819)</u>

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditures are allocated based on where the assets are located.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2008 and for the year then ended

29. SEGMENT INFORMATION (continued)

The segment assets and liabilities for the year ended 31 December 2008 are as follows:

	VND'000			
	Vietnam	United States of America	Eliminations	Consolidated
Segment assets	1,968,429,561	771,139,909	(851,184,700)	1,888,384,770
Investments	1,083,837,852	-	(726,028,466)	357,809,386
Unallocated assets	-	-	-	20,711,235
Total assets	3,052,267,413	771,139,909	(1,577,213,166)	2,266,905,391
Segment liabilities	585,088,761	436,123,087	(869,515,212)	151,696,636
Unallocated liabilities				1,127,043,736
Total liabilities				1,278,740,372

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30. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date which would require adjustments or disclosures in the financial statements other than the matter described below and those already disclosed in relevant notes to the consolidated financial statements.

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On 18 February 2009, the Company entered into a Share Transfer Contract No. 01/HD/CPVTP.09 to sell its investment in Vung Tau Oil and Gas Joint Stock Company at the price of VND'000 66,665,600. As at 31 December 2008, the Company's cost of investment in Vung Tau Oil and Gas Joint Stock Company amounted to VND'000 32,000,000.

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31. CORRESPONDING FIGURES

Certain amounts in the financial statements as at 31 December 2007 and for the year then ended, which are presented as corresponding figures, have been reclassified to the current period's presentation.

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¶ The consolidated financial statements as at 31 December 2008 and for the year then ended were authorised for issue by the Company's General Director on 10 March 2009.¶

Le Ngoc Van
Preparer

Luu Minh Trung
Chief Accountant

Chu Thi Binh
Deputy General Director

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10 March 2009

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Other receivables (i)		110,028,825	387,465
Interest receivables from time deposits at Vietnam Bank for Industry and Trade - Ca Mau Branch (ii)		12,434,484	-
Interest receivables from time deposits at Vietnam Development Bank - Ca Mau Branch (iii)		1,009,729	-
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Discounted loans		18,055,040	-
Loan from letters of credit		1,982,914	-
Current portion of long-term bank loans		5,400,000	-
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		902,570,436	749,097,190