



**Minh Phu Seafood Joint Stock Company
and its subsidiaries**

Consolidated interim financial
statements for the six-month period
ended 30 June 2012



Minh Phu Seafood Joint Stock Company
Corporate information

Business Registration Certificate	6103000072	12 May 2006
	6103000072 (1 st amendment)	25 May 2007
	6103000072 (2 nd amendment)	12 November 2007
	2000393273	23 June 2010

The Business Registration Certificate and its updates were issued by the Planning and Investment Department of Ca Mau Province.

Board of Management	Mr. Le Van Quang	Chairman
	Ms. Chu Thi Binh	Vice chairwoman
	Mr. Chu Van An	Member
	Ms. Dinh Anh Tuyet	Member
	Mr. Jean-Eric Jacquemin	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. Nguyen Tan Anh	Deputy General Director
	Mr. Le Van Diep	Deputy General Director
	Mr. Bui Anh Dung	Deputy General Director
	Mr. Le Ngoc Anh	Deputy General Director

Supervisory Board	Mr. Phan Van Dung	Head of Board
	Ms. Nguyen Viet Hong	Member
	Ms. Mai Thi Hoang Minh	Member

Registered Office	Ward 8 Industrial Zone Ca Mau City, Ca Mau Province Vietnam
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Auditors	KPMG Limited Vietnam
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Minh Phu Seafood Joint Stock Company
Statement of Board of Directors

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements. In the opinion of the Board of Directors:

- (a) the consolidated interim financial statements set out on pages 4 to 61 are prepared and presented so as to give a true and fair view of the consolidated financial position of Minh Phu Seafood Joint Stock Company and its subsidiaries (together referred to as “the Group”) as at 30 June 2012, and of the consolidated results of operations and the consolidated cash flows of the Group for the six-month period then ended in accordance with the Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these consolidated interim financial statements for issue.

On behalf of the Board of Directors



Le Van Quang
General Director

Ca Mau City, 17 August 2012



KPMG Limited
10th Floor, Sun Wah Tower
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The Socialist Republic of Vietnam

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

**To the Shareholders
Minh Phu Seafood Joint Stock Company**

Scope

We have reviewed the accompanying consolidated balance sheet of Minh Phu Seafood Joint Stock Company ("the Company") and its subsidiaries (together referred to as "the Group") as of 30 June 2012, the related consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto ("the consolidated interim financial statements"), as set out on pages 4 to 61, which were authorised for issue by the Company's management on 17 August 2012. These consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the consolidated financial position of Minh Phu Seafood Joint Stock Company and its subsidiaries as of 30 June 2012 and their consolidated results of operations and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements.

KPMG Limited
Vietnam

Investment Certificate No: 011043000345

Review Report No: 11-01-174



Nguyễn Thanh Nghi
CPA No. 0304/KTV
Deputy General Director

Le Duc Phong
CPA No. 0465/KTV

Ho Chi Minh City, 17 August 2012

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 June 2012

Form B 01a – DN/HN

	Code	Note	30/6/2012 VND	31/12/2011 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 +140 + 150)	100		3,756,446,205,667	4,269,271,984,792
Cash and cash equivalents	110	5	150,284,100,324	1,092,050,143,361
Cash	111		50,795,006,684	107,660,976,207
Cash equivalents	112		99,489,093,640	984,389,167,154
Short-term investments	120	6	178,713,196,778	79,837,226,370
Short-term investments	121		234,887,856,778	89,761,306,370
Allowance for diminution in the value of short-term investments	129		(56,174,660,000)	(9,924,080,000)
Accounts receivable – short-term	130	7	466,696,455,033	472,712,160,466
Accounts receivable - trade	131		423,311,814,292	440,462,646,656
Prepayments to suppliers	132		31,847,366,089	26,649,799,035
Other receivables	135		23,133,224,813	19,018,384,867
Allowance for doubtful debts	139		(11,595,950,161)	(13,418,670,092)
Inventories	140	8	2,781,679,689,891	2,408,809,317,557
Inventories	141		2,794,147,271,651	2,462,562,328,071
Allowance for inventories	149		(12,467,581,760)	(53,753,010,514)
Other current assets	150		179,072,763,641	215,863,137,038
Short-term prepayments	151		3,577,563,044	3,358,294,400
Deductible value added tax	152		113,291,628,118	155,420,150,276
Taxes receivable from State Treasury	154	9	7,798,940,001	8,763,287,256
Other current assets	158	10	54,404,632,478	48,321,405,106

The accompanying notes are an integral part of these consolidated interim financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 June 2012 (continued)

Form B 01a – DN/HN

	Code	Note	30/6/2012 VND	31/12/2011 VND
Long-term assets (200 = 210 + 220 + 250 + 260)	200		1,893,496,466,607	2,056,194,027,466
Accounts receivable - long-term	210	11	102,531,953,432	92,225,592,536
Fixed assets	220		1,649,715,158,340	1,648,678,615,293
Tangible fixed assets	221	12	1,307,410,578,779	1,323,306,403,936
<i>Cost</i>	222		1,618,538,345,673	1,561,336,531,019
<i>Accumulated depreciation</i>	223		(311,127,766,894)	(238,030,127,083)
Intangible fixed assets	227	13	56,552,468,566	57,062,190,693
<i>Cost</i>	228		60,896,179,479	60,896,179,479
<i>Accumulated amortisation</i>	229		(4,343,710,913)	(3,833,988,786)
Construction in progress	230	14	285,752,110,995	268,310,020,664
Long-term investments	250	15	9,068,753,530	160,168,753,530
Investments in associates	252		2,180,000,000	2,180,000,000
Other long-term investments	258		7,000,000,000	207,000,000,000
Allowance for diminution in the value of long-term investments	259		(111,246,470)	(49,011,246,470)
Other long-term assets	260		132,180,601,305	155,121,066,107
Long-term prepayments	261	16	102,785,618,964	105,904,990,453
Deferred tax assets	262	34	6,562,858,650	24,839,504,113
Other long-term assets	268	17	4,556,157,655	4,556,157,655
Goodwill	269	18	18,275,966,036	19,820,413,886
TOTAL ASSETS (270 = 100 + 200)	270		5,649,942,672,274	6,325,466,012,258

The accompanying notes are an integral part of these consolidated interim financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 June 2012 (continued)

Form B 01a – DN/HN

	Code	Note	30/6/2012 VND	31/12/2011 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		4,009,770,418,635	4,707,852,603,427
Current liabilities	310		2,926,582,507,192	3,565,128,372,484
Short-term borrowings	311	19	2,499,749,795,977	2,936,239,690,612
Accounts payable – trade	312	20	170,289,989,696	313,623,931,737
Advances from customers	313		5,741,029,178	7,607,282,515
Taxes payable to State Treasury	314	21	16,505,184,197	64,218,324,764
Payables to employees	315		45,191,486,286	52,666,140,501
Accrued expenses	316	22	70,603,233,444	91,187,673,067
Other payables	319	23	56,236,353,392	35,041,880,688
Bonus and welfare fund	323	24	62,265,435,022	64,543,448,600
Long-term liabilities	330		1,083,187,911,443	1,142,724,230,943
Long-term borrowings	334	25	1,079,412,411,861	1,129,764,991,861
Deferred tax liabilities	335	34	-	9,248,315,394
Provision for severance allowance	336	26	3,775,499,582	3,710,923,688
EQUITY (400 = 410)	400		1,569,430,477,838	1,538,891,403,059
Owners' equity	410	27	1,569,430,477,838	1,538,891,403,059
Share capital	411	28	700,000,000,000	700,000,000,000
Capital surplus	412		177,876,869,236	177,876,869,236
Foreign exchange differences	416		89,025,294,040	88,506,239,451
Investment and development fund	417		42,108,675,944	41,298,066,764
Retained profits	420		560,419,638,618	531,210,227,608
MINORITY INTEREST	439	29	70,741,775,801	78,722,005,772
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		5,649,942,672,274	6,325,466,012,258

The accompanying notes are an integral part of these consolidated interim financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 June 2012 (continued)

Form B 01a – DN/HN

OFF BALANCE SHEET ITEMS

	Note	30/6/2012	31/12/2011
Foreign currencies included in cash: USD		4,009,152	1,657,292

Prepared by:


Luu Minh Trung
Chief Accountant

Approved by:


Le Van Quang
General Director

17 August 2012

The accompanying notes are an integral part of these consolidated interim financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of income for the six-month period ended 30 June 2012

Form B 02a – DN/HN

	Code	Note	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Total revenue	01	30	3,824,751,066,087	2,899,011,993,560
Less sales deductions	02	30	(32,313,588,533)	(18,764,930,836)
Net revenues (10 = 01 + 02)	10	30	3,792,437,477,554	2,880,247,062,724
Cost of sales	11	31	(3,271,597,017,954)	(2,468,886,517,068)
Gross profit (20 = 10 + 11)	20		520,840,459,600	411,360,545,656
Financial income	21	32	43,954,004,724	59,509,179,318
Financial expenses	22	33	(255,456,589,461)	(175,936,581,574)
<i>In which: Interest expense</i>	23		<i>(255,703,647,811)</i>	<i>(121,209,942,826)</i>
Selling expenses	24		(176,142,385,574)	(139,364,215,798)
General and administration expenses	25		(56,830,099,456)	(46,486,808,577)
Net operating profit (30 = 20 + 21 + 22 + 24 + 25)	30		76,365,389,833	109,082,119,025
Other income	31		1,989,456,260	1,866,202,233
Other expenses	32		(228,408,720)	(193,103,396)
Results of other activities (40 = 31 + 32)	40		1,761,047,540	1,673,098,837
Profit before tax (50 = 30 + 40)	50		78,126,437,373	110,755,217,862
Income tax expense – current	51	34	(8,125,020,047)	(21,476,875,696)
Income tax expense – deferred	52	34	(9,028,330,069)	-
Net profit after tax (60 = 50 + 51 + 52)	60		60,973,087,257	89,278,342,166

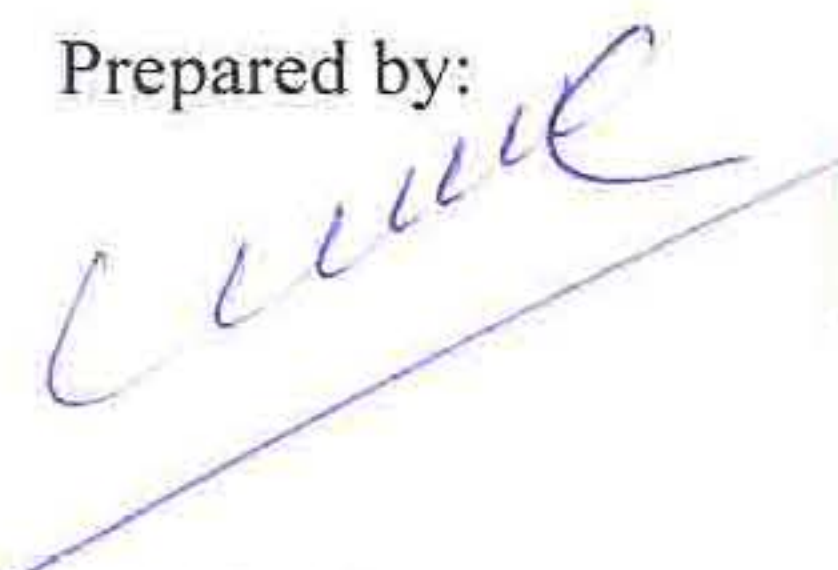
The accompanying notes are an integral part of these consolidated interim financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of income for the six-month period ended 30 June 2012
(continued)

Form B 02a – DN/HN

	Code	Note	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Net profit after tax (60 = 50 + 51 + 52)	60		60,973,087,257	89,278,342,166
Attributable to:				
Minority interest	61	29	(1,010,397,390)	2,498,626,786
Equity holders of the Company	62		61,983,484,647	86,779,715,380
Basic earnings per share	70	35	885	1,240

Prepared by:


Luu Minh Trung
Chief Accountant

Approved by:


Le Van Quang
General Director



17 August 2012

The accompanying notes are an integral part of these consolidated interim financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2012
(Indirect method)

Form B 03a – DN/HN

	Code	Note	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		78,126,437,373	110,755,217,862
Adjustments for				
Depreciation and amortisation	02		85,584,347,911	26,353,155,302
Allowances and provisions	03		(45,757,568,685)	68,198,799,775
Unrealised foreign exchange (gains)/losses	04		(833,715,986)	803,703,762
Dividends and interest income	05		(38,099,123,302)	(16,708,346,952)
Interest expense	06		255,703,647,811	121,209,942,826
Operating profit before changes in working capital	08		334,724,025,122	310,612,472,575
Change in receivables and other current assets	09		27,951,043,662	(45,471,736,742)
Change in inventories	10		(331,584,943,580)	(268,922,296,493)
Change in payables and other liabilities	11		(214,956,381,505)	61,928,072,848
			(183,866,256,301)	58,146,512,188
Interest paid	13		(241,671,758,923)	(88,896,365,661)
Corporate income tax paid	14		(6,276,170,323)	(30,146,358,937)
Other payments for operating activities	16		(35,174,685,768)	(36,337,966,002)
Net cash used in operating activities	20		(466,988,871,315)	(97,234,178,412)

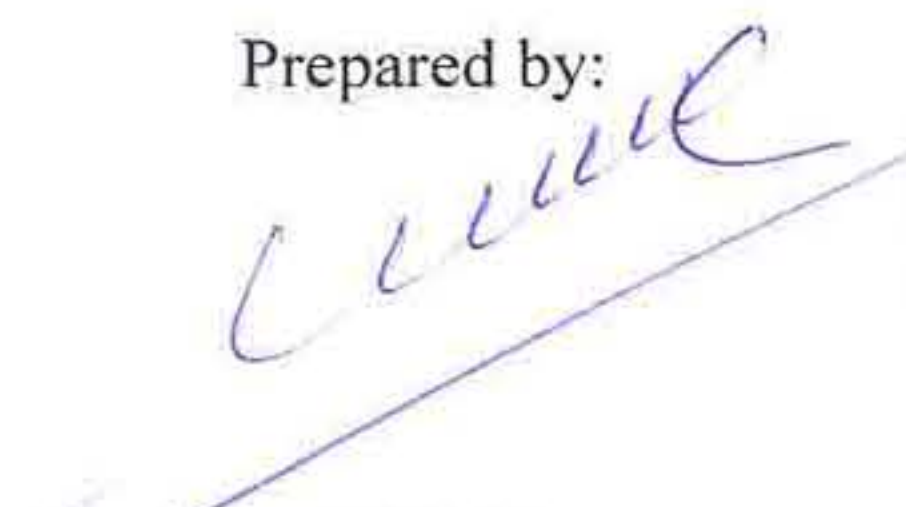
The accompanying notes are an integral part of these consolidated interim financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2011
(Indirect method - continued)

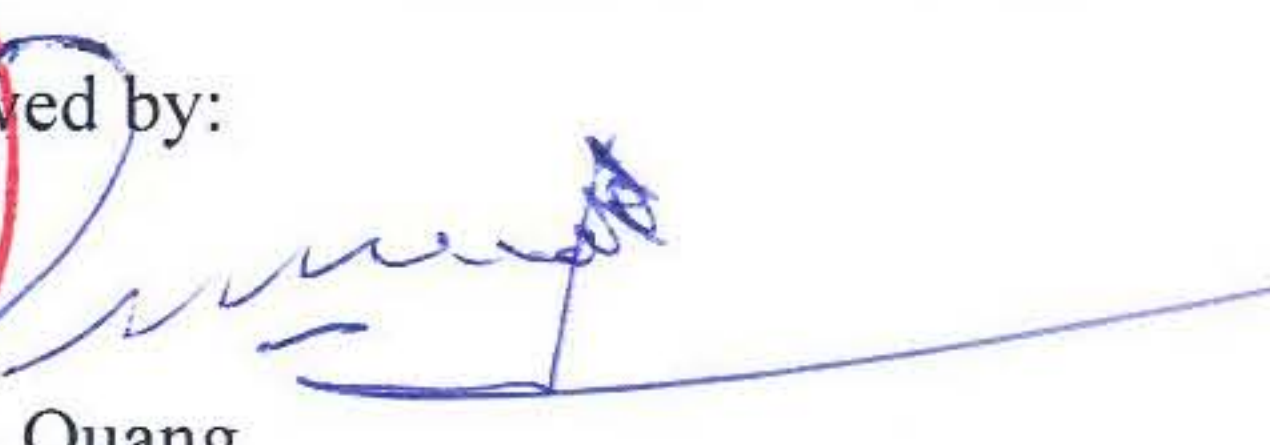
Form B 03a – DN/HN

	Code	Note	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(77,397,160,560)	(432,528,672,989)
Term deposit and loan given to other parties	23		(94,538,292)	-
Term deposit received and loan collected from other parties	24		54,967,987,884	-
Payments for investments in other entities	26		-	(600,000,000)
Receipts of interest and dividends	28		39,720,020,563	17,213,493,400
Receipts of long-term deposits	29		-	18,460,766,743
Net cash generated from/(used in) investing activities	30		17,196,309,595	(397,454,412,846)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contribution by minority interest	31		-	748,822,809
Proceeds from borrowings	33		4,828,685,667,449	4,027,766,121,496
Payments to settle debts	34		(5,314,477,540,332)	(3,956,615,678,917)
Payments of dividends to minority interest	35		(6,094,297,579)	(4,942,438,160)
Net cash (used in)/generated from financing activities	40		(491,886,170,462)	66,956,827,228
Net cash flows during the period (50 = 20 + 30 + 40)	50		(941,678,732,182)	(427,731,764,030)
Cash and cash equivalents at the beginning of the period	60		1,092,050,143,361	741,370,744,436
Impact of exchange rate fluctuation	61		(87,310,855)	563,362,974
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70		150,284,100,324	314,202,343,380

Prepared by:


Luu Minh Trung
Chief Accountant

Approved by:


Le Van Quang
General Director



17 August 2012

The accompanying notes are an integral part of these consolidated interim financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2012

Form B 09a – DN/HN

These notes form an integral part of and should be read in conjunction with the accompanying consolidated interim financial statements.

1. Reporting Entity

Minh Phu Seafood Joint Stock Company (“the Company”) was incorporated as a joint-stock company under Business Registration Certificate No. 2000393273 issued by Ca Mau Province’s Department of Planning and Investment on 23 June 2010. The principal activities of the Company are to process and trade in aquatic products; to trade in aquatic breeds and aquatic foods; and to trade in machinery and equipment for aquaculture.

The Company’s shares are listed on the Ho Chi Minh Stock Exchange.

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associate.

The details of the subsidiaries are as follows:

Name	Principal activity	Business Registration Certificate	% of ownership	
			30/6/2012	31/12/2011
Mseafood Corporation	Trade in aquatic products.	2370515 issued by the State of California, the United States of America on 27 December 2001.	90.0%	90.0%
Minh Phu - Hau Giang Seafood Processing Co., Ltd	Process and trade in fish powder, aquatic products, bio-diesel fuel from fish oil, aquatic products; trade in goods, materials, machinery and equipment for aquaculture; invest and trade in infrastructure; conduct construction of civil and industrial works.	642041000003 issued by the Management Board of Hau Giang Industrial Zone on 29 December 2006.	97.5%	97.5%
Minh Qui Seafood Co., Ltd	Process and trade in aquatic products, import materials, machinery and equipment for aquaculture.	6102000008 issued by the Planning and Investment Department of Ca Mau Province on 19 September 2000.	97.5%	97.5%

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2012 (continued)

Name	Principal activity	Business Registration Certificate	Form B 09a – DN/HN	
			% of ownership 30/6/2012	31/12/2011
Minh Phat Seafood Co., Ltd	Process and trade in aquatic products, import materials, machinery and equipment for aquaculture.	6102000035 issued by the Planning and Investment Department of Ca Mau Province on 30 October 2001.	95.0%	95.0%
Minh Phu – Kien Giang Seafood Co., Ltd	Breed aquaculture products; process, preserve aquatic products; produce aquatic breeds; trade in machinery and equipment for aquaculture.	56-02-000417 issued by the Planning and Investment Department of Kien Giang Province on 16 January 2006.	99.1%	99.1%
Minh Phu Aquatic Larvae Co., Ltd	Produce, supply and trade in aquatic breeds; process, preserve aquatic products; trade in foods and materials for livestock, poultry and aquaculture.	4302000139 issued by the Planning and Investment Department of Ninh Thuan Province on 9 February 2006.	98.5%	98.5%
Minh Phu – Loc An Aquaculture Co., Ltd	Breed aqua cultural products; produce and trade in aquatic foods, trade in machinery and equipment for aquaculture.	2000393273 issued by the Planning and Investment Department of Ba Ria - Vung Tau Province on 11 November 2010.	100%	100%
Minh Phu Bio Co., Ltd	Produce biological products and fertilizer for agriculture.	6104000049 issued by the Planning and Investment Department of Ca Mau Province on 8 July 2008.	100%	100%
Minh Phu Organic Shrimp Farming Co., Ltd	Breed and process aquatic products; produce and trade in aquatic breeds, aquatic foods; trade in machinery and equipment for aquaculture.	2000971566 issued by the Planning and Investment Department of Ca Mau Province on 26 May 2010.	100%	100%

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2012 (continued)

Form B 09a – DN/HN

Name	Principal activity	Business Registration Certificate	% of ownership	
			30/6/2012	31/12/2011
Minh Phu Hoa Dien Aquaculture One Member Company	Produce aquatic breed; breed, process, and preserve aquatic products; produce and trade in aquatic food, trade in machinery and equipment for aquaculture; trade in food and materials for livestock, poultry and aquaculture.	1701635962 issued by the Planning and Investment Department of Kien Giang Province on 22 December 2011.	100%	-

As at 30 June 2012 the Group had 12,150 employees (31 December 2011: 12,068 employees).

2. Basis of preparation

(a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements. These consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2011.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

(d) Accounting currency

The consolidated interim financial statements are prepared and presented in Vietnam Dong (“VND”).

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated interim financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those 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. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of associates, 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 associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(iii) Transactions eliminated on consolidation

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

(iv) Goodwill

Goodwill represents the excess of the cost of a third party acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries and associates at the date of acquisition. Goodwill is amortised over 10 years.

If the fair value of the Group's share of the net assets of the acquired subsidiaries and associates exceeds the cost of its acquisition, the excess is recognised in the statement of income immediately.

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2012 (continued)

Form B 09a – DN/HN

(b) Foreign currency transactions

(i) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the period have been translated into VND at rates approximating those ruling at the transaction dates.

All foreign exchange differences are recorded in the statement of income, except when they relate to the construction of tangible fixed assets or the translation of foreign currency monetary items during entity's pre-operating stage, in which case they are recorded in the foreign exchange difference account in equity until the subsidiary commences operations and the tangible fixed assets are put into use. Once the entity commences operations and the tangible fixed assets are put into use, the related foreign exchange gains are transferred to the unearned revenue account and foreign exchange losses are transferred to the long-term prepayments account. The gains and losses are then amortised on a straight line basis over 5 years.

(ii) Foreign operations

The assets and liabilities of the foreign operation are translated into VND rates of exchange ruling at the balance sheet date. The income and expenses of the foreign operation are translated into VND at rates approximating those ruling at the transaction dates.

Foreign currency differences are recognised directly in the foreign exchange differences in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange differences is transferred to profit or loss.

(c) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Investments

Investments in term deposits and debt instruments; investments in equity instruments of entities over which the Group has no control or significant influence are stated at cost. Allowance is made for reduction in investment values if the market value of the investment falls below cost or if the investee has suffered a loss. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

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(e) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventory.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- | | |
|---------------------------|--------------|
| ▪ buildings | 5 – 39 years |
| ▪ machinery and equipment | 4 – 15 years |
| ▪ motor vehicles | 5 – 15 years |
| ▪ office equipment | 3 – 15 years |

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(h) Intangible fixed assets

(i) Indefinite land use rights

Indefinite land use rights are stated at cost and are not amortised. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights.

(ii) Definite land use rights

Definite land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 50 years.

(iii) Software

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over a period of 5 to 10 years.

(i) Construction in progress

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(j) Long-term prepayments

(i) Pre-operating expenses

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditure on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepayments, initially stated at cost, and are amortised on a straight line basis over 2 years starting from the date of commercial operation.

(ii) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of 6 - 20 years.

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(iii) Foreign exchange differences

All foreign exchange differences are recorded in the statement of income, except when they relate to the construction of tangible fixed assets or the translation of foreign currency monetary items during entity's pre-operating stage, in which case they are recorded in the foreign exchange difference account in equity until the subsidiary commences operations and the tangible fixed assets are put into use. Once the entity commences operations and the tangible fixed assets are put into use, the related foreign exchange losses are transferred to the long-term prepayment account. The losses are then amortised on a straight line basis over 5 years.

(iv) Tools and supplies

Tools and supplies which do not qualify for recognition of tangible fixed assets under Vietnamese regulation as their cost is less than VND10 million are classified as long-term prepayments and are amortised on a straight line basis over 2 years.

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) 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.

Severance allowance

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more ("eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employees' compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 2008 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

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(m) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's consolidated financial position and consolidated results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Group upon initial recognition designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

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Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

Cash equivalents and term deposits are under the category of held to maturity investments and short-term equity investments are under the category of available-for-sale. All other financial assets are under the category of loans and receivables.

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

All financial liabilities on the balance sheet are under the category of financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

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(n) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Investment and development fund

The fund is established through appropriation from retained profits at the discretion of shareholders at annual general meeting of shareholders. The fund is used for activities related to research and development of aquatic breeds.

(p) Revenue

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(q) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(r) Operating lease payments

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

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(s) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(t) Earnings per share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The Company does not have any potentially dilutive ordinary shares.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

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4. Segment reporting

(a) Business segments

The Group comprise the following main business segments:

- Aquaculture products breeding
- Aquatic products processing
- Aquatic products trading
- Others

<i>For six-month period ended 30 June 2012</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
External revenue	179,280,000	2,632,785,361,339	1,148,813,536,317	10,659,299,898	-	3,792,437,477,554
Inter-segment revenue	20,265,721,568	1,118,081,181,519	39,410,848,852	34,019,211,691	(1,211,776,963,630)	-
Total segment revenue	20,445,001,568	3,750,866,542,858	1,188,224,385,169	44,678,511,589	(1,211,776,963,630)	3,792,437,477,554
Segment result	(3,407,564,039)	216,040,167,249	15,560,092,380	13,867,938,229	45,807,340,751	287,867,974,570
Financial income						43,954,004,724
Financial expenses						(255,456,589,461)
Result from operating activities						76,365,389,833
Other income						1,989,456,260
Other expenses						(228,408,720)
Income tax						(17,153,350,116)
Net profit after tax						60,973,087,257

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<i>For six-month period ended 30 June 2011</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
External revenue	-	2,029,063,374,389	845,084,239,138	6,099,449,197	-	2,880,247,062,724
Inter-segment revenue	123,582,197,573	736,402,552,416	-	18,683,035,698	(878,667,785,687)	-
Total segment revenue	123,582,197,573	2,765,465,926,805	845,084,239,138	24,782,484,895	(878,667,785,687)	2,880,247,062,724
Segment result	52,454,616,390	166,188,494,530	17,635,386,114	7,889,339,001	(18,658,314,754)	225,509,521,281
Financial income						59,509,179,318
Financial expenses						(175,936,581,574)
Result from operating activities						109,082,119,025
Other income						1,866,202,233
Other expenses						(193,103,396)
Income tax						(21,476,875,696)
Net profit after tax						89,278,342,166

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<i>As of 30 June 2012</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
Segment assets	462,206,016,496	4,449,918,306,644	1,442,849,238,438	56,170,596,173	(1,044,208,080,605)	5,366,936,077,146
Investment in equity accounted associate	-	-	-	-	-	2,180,000,000
Unallocated assets	-	-	-	-	-	280,826,595,128
Total assets						5,649,942,672,274
Segment liabilities	128,836,301,598	3,333,987,388,716	859,781,075,283	5,983,569,455	(1,047,848,938,021)	3,280,739,397,031
Unallocated liabilities	-	-	-	-	-	729,031,021,604
Total liabilities						4,009,770,418,635
<i>For six-month period ended 30 June 2012</i>	VND	VND	VND	VND	VND	VND
Capital expenditure	27,152,545,443	48,167,962,097	-	2,076,653,020	-	77,397,160,560
Depreciation and amortisation	10,771,465,537	61,050,378,696	157,626,304	1,627,891,401	-	73,607,361,938

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<i>As of 31 December 2011</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
Segment assets	451,033,557,164	5,535,732,286,410	829,024,308,810	54,196,867,157	(1,762,791,270,119)	5,107,195,749,422
Investment in equity accounted associate	-	-	-	-	-	2,180,000,000
Unallocated assets	-	-	-	-	-	1,216,090,262,836
Total assets						6,325,466,012,258
Segment liabilities	59,649,088,055	5,238,526,311,741	425,247,088,036	8,600,249,053	(1,748,417,581,568)	3,983,605,155,317
Unallocated liabilities	-	-	-	-	-	724,247,448,110
Total liabilities						4,707,852,603,427
<i>For six-month period ended 30 June 2011</i>	VND	VND	VND	VND	VND	VND
Capital expenditure	107,786,563,014	324,136,088,607	-	606,021,368	-	432,528,672,989
Depreciation and amortisation	2,385,910,791	19,287,761,380	180,132,350	1,493,203,667	-	23,347,008,188

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(b) Geographical segments

(i) Segment revenues

	External revenue	
	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Vietnam	63,385,695,387	132,736,088,980
North America	1,460,045,079,833	1,464,917,510,489
Europe	323,281,634,334	331,947,479,404
Japan	996,839,667,450	398,605,790,018
Korea	636,760,621,290	319,896,427,440
Others	312,124,779,260	232,143,766,393
	<hr/> 3,792,437,477,554	<hr/> 2,880,247,062,724 <hr/>

(ii) Segment assets

	Total assets	
	30/6/2012 VND	31/12/2011 VND
Vietnam	4,706,434,126,478	5,476,968,264,178
North America	943,508,545,796	848,497,748,080
	<hr/> 5,649,942,672,274	<hr/> 6,325,466,012,258 <hr/>

5. Cash and cash equivalents

	30/6/2012 VND	31/12/2011 VND
Cash on hand	6,768,798,669	8,768,451,368
Cash in bank	44,026,208,015	98,892,524,839
Cash equivalents	99,489,093,640	984,389,167,154
	<hr/> 150,284,100,324	<hr/> 1,092,050,143,361 <hr/>

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Cash on hand and cash in bank at 30 June 2012 included VND537 million and VND26,043 million respectively (31 December 2011: VND434 million and VND82,279 million respectively) pledged with banks as security for loans granted to the Group.

Cash equivalents at 30 June 2012 included VND41,000 million (31 December 2011: VND41,000 million) which is subject to restriction in use according to payment guarantee agreement with Vietnam Joint Stock Commercial Bank for Industry and Trade – Ca Mau Branch.

6. Short-term investments

	30/6/2012 VND	31/12/2011 VND
Short-term investments in shares		
▪ SSI Vision Fund (*)	200,000,000,000	-
▪ No.8 Investment & Construction JSC	5,263,000,000	5,263,000,000
▪ PetrolVietnam Transportation Corporation	6,004,500,000	6,004,500,000
▪ REE Corporation	80,000	80,000
Other short-term investments		
▪ Loan receivables (**)	7,746,276,778	7,746,276,778
▪ Term deposits (***)	15,874,000,000	70,747,449,592
	234,887,856,778	89,761,306,370

(*) As at 30 June 2012, investment in SSI Vision Fund (“the Fund”), and the related allowance, were reclassified from long-term to short-term investments since the Fund will liquidate on 14 November 2012 in accordance with the Fund’s Board of Member meeting minute dated 15 May 2012.

(**) These loans represented loans to a shrimp farmer for operational support and were unsecured, interest free and payable on demand. According to loan agreements, the shrimp farmer has the commitment to sell all shrimps to the Group.

(***) This represented term deposits with maturity of less than a year and bore interest at rate from 12.0% to 14.0% per annum during the period.

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Movements in the allowance for diminution in the value of short-term investments during the period were as follows:

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Opening balance	9,924,080,000	8,241,940,000
Increase in allowance during the period	-	1,455,260,000
Written back	(269,420,000)	-
Transfers from allowance for diminution in the value of long-term investments (Note 15)	46,520,000,000	-
Closing balance	<u>56,174,660,000</u>	<u>9,697,200,000</u>

7. Accounts receivable – short-term

Accounts receivable - trade represented the amounts due from third parties which were unsecured, interest free and are receivable within 15 - 60 days from invoice date.

Accounts receivable – trade and prepayments to suppliers at 30 June 2012 included VND264,676 million and VND2,368 million respectively (31 December 2011: VND322,091 million and VND1,869 million respectively) pledged with banks as security for loans granted to the Group.

Included in the prepayments to suppliers at 30 June 2012 were VND20,651 million (31 December 2011: VND25,211 million) of prepayments for acquisition of machinery and construction services.

Other short-term receivables comprised:

	30/6/2012 VND	31/12/2011 VND
Interest receivable	4,812,504,979	6,433,402,240
Loans to employees (*)	9,313,275,243	10,095,418,099
Social and health insurance receivable from employees	1,038,677,404	-
Others	7,968,767,187	2,489,564,528
	<u>23,133,224,813</u>	<u>19,018,384,867</u>

(*) This represented loan receivables from employees which were unsecured, interest free and payable on demand.

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8. Inventories

	30/6/2012	31/12/2011
	VND	VND
Raw materials	101,090,399,339	86,401,393,236
Tools and materials	17,120,856,938	17,349,253,304
Work in progress	103,694,721,996	19,757,428,416
Finished goods	2,572,241,293,378	2,254,850,912,465
Merchandise inventory	-	84,203,340,650
	<hr/>	<hr/>
	2,794,147,271,651	2,462,562,328,071
Allowance for inventories	(12,467,581,760)	(53,753,010,514)
	<hr/>	<hr/>
	2,781,679,689,891	2,408,809,317,557
	<hr/>	<hr/>

Movements in the allowance for inventories during the period were as follows:

	1/1/2012 to	1/1/2011 to
	30/6/2012	30/6/2011
	VND	VND
Opening balance	53,753,010,514	17,529,048,781
Increase in allowance during the period	9,225,301,606	14,087,885,018
Written back	(50,510,730,360)	(3,471,642,376)
Translation differences	-	83,701,908
	<hr/>	<hr/>
Closing balance	12,467,581,760	28,228,993,331
	<hr/>	<hr/>

At 30 June 2012 inventories with a carrying value of VND2,118,191 million (31 December 2011: VND1,777,883 million) were pledged with banks as security for loans granted to the Group.

Included in finished goods at 30 June 2012 was VND253,874 million (31 December 2011: VND920,028 million) of inventories carried at net realisable value.

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9. Taxes receivable from State Treasury

	30/6/2012	31/12/2011
	VND	VND
Corporate income tax	7,798,940,001	8,745,385,149
Personal income tax	-	17,902,107
	<hr/>	<hr/>
	7,798,940,001	8,763,287,256
	<hr/>	<hr/>

10. Other current assets

Included in other current assets at 30 June 2012 was advance to an employee of VND50,153 million (31 December 2011: VND42,472 million) to purchase land use right on behalf of the Group.

Other current assets at 30 June 2012 included VND50,750 million (31 December 2011: VND44,205 million) pledged with banks as security for loans granted to the Group.

11. Accounts receivable – long-term

Pursuant to the United States of America's Antidumping Law, Mseafood Corporation ("Mseafood"), a subsidiary is required to pay antidumping tax based on the annual decision of the United States of America's Department of Commerce ("DOC"). For each annual period, Mseafood is required to make a provisional payment based on the specific tax rate stipulated by DOC. Subsequently the antidumping tax will be finalized and settled based on the final annual decision.

Accounts receivable – long-term which belonged to Mseafood represented the prepayments of antidumping tax. Details of this receivable were as follows:

	30/6/2012	31/12/2011
	VND	VND
Period from 1 February 2008 to 30 September 2008	41,136,174,776	41,136,174,776
Period from 1 October 2010 to 30 September 2011	45,704,942,372	45,704,942,372
Period from 1 October 2011 to 31 December 2011	5,384,475,388	5,384,475,388
Period from 1 January 2012 to 30 June 2012	10,306,360,896	-
	<hr/>	<hr/>
	102,531,953,432	92,225,592,536
	<hr/>	<hr/>

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12. Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	509,701,738,120	941,327,392,968	97,925,735,016	12,381,664,915	1,561,336,531,019
Additions	4,918,858,039	10,069,841,168	3,579,371,442	717,985,424	19,286,056,073
Transfers from construction in progress	25,179,088,118	959,192,463	11,777,478,000	-	37,915,758,581
Closing balance	539,799,684,277	952,356,426,599	113,282,584,458	13,099,650,339	1,618,538,345,673
Accumulated depreciation					
Opening balance	49,919,534,589	167,644,522,149	15,065,302,238	5,400,768,107	238,030,127,083
Charge for the period	17,834,626,342	47,168,742,297	7,353,882,886	740,388,286	73,097,639,811
Closing balance	67,754,160,931	214,813,264,446	22,419,185,124	6,141,156,393	311,127,766,894
Net book value					
Opening balance	459,782,203,531	773,682,870,819	82,860,432,778	6,980,896,808	1,323,306,403,936
Closing balance	472,045,523,346	737,543,162,153	90,863,399,334	6,958,493,946	1,307,410,578,779

Included in the cost of tangible fixed assets were assets costing VND84,992 million which were fully depreciated as of 30 June 2012 (31 December 2011: VND68,078 million), but which are still in active use.

At 30 June 2012 tangible fixed assets with a carrying value of VND944,845 million (31 December 2011: VND1,004,648 million) were pledged with banks as security for loans granted to the Group.

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13. Intangible fixed assets

	Indefinite land use rights VND	Definite land use rights VND	Software VND	Total VND
Cost				
Opening and closing balance	17,689,478,796	40,850,153,392	2,356,547,291	60,896,179,479
Accumulated amortisation				
Opening balance	-	3,138,077,044	695,911,742	3,833,988,786
Charge for the period	-	361,553,159	148,168,968	509,722,127
Closing balance	-	3,499,630,203	844,080,710	4,343,710,913
Net book value				
Opening balance	17,689,478,796	37,712,076,348	1,660,635,549	57,062,190,693
Closing balance	17,689,478,796	37,350,523,189	1,512,466,581	56,552,468,566

Included in the cost of intangible fixed assets were assets costing VND2,256 million which were fully amortised as of 30 June 2012 (31 December 2011: VND2,048 million), but which are still in use.

At 30 June 2012 intangible fixed assets with a carrying value of VND25,941 million (31 December 2011: VND27,656 million) were pledged with banks as security for loans granted to the Group.

14. Construction in progress

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Opening balance	268,310,020,664	595,195,981,730
Additions during the period	55,357,848,912	259,635,384,005
Transfers to tangible fixed assets	(37,915,758,581)	(9,975,688,446)
Closing balance	285,752,110,995	844,855,677,289

At 30 June 2012 construction in progress with a carrying value of VND272,647 million (31 December 2011: VND250,189 million) were pledged with banks as security for loans granted to the Group.

During the period, borrowing costs capitalised into construction in progress is nil (six-month period ended 30 June 2011: VND21,268 million).

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15. Long-term investments

	30/6/2012	31/12/2011
	VND	VND
Investment in an associate		
▪ Minh Phu Hau Giang Port Corporation	2,180,000,000	2,180,000,000
<hr/>		
Other long-term investments		
▪ SSI Vision Fund	-	200,000,000,000
▪ Saigon – Camau Infrastructure Corporation	7,000,000,000	7,000,000,000
<hr/>		
	7,000,000,000	207,000,000,000
<hr/>		

Movements in the allowance for diminution in the value of long-term investments during the period were as follows:

	1/1/2012 to	1/1/2011 to
	30/6/2012	30/6/2011
	VND	VND
Opening balance	49,011,246,470	12,131,246,470
Increase in allowance during the period	-	39,180,000,000
Written back	(2,380,000,000)	-
Transfers to allowance for diminution in the value of short-term investments (Note 6)	(46,520,000,000)	-
<hr/>		
Closing balance	111,246,470	51,311,246,470
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Notes to the consolidated interim financial statements for the six-month period ended
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Details of the investments in associate were as follows:

Name	Principal activity	Business Registration Certificate	% of ownership	
			30/6/2012	31/12/2011
Associate				
Minh Phu Hau Giang Port Corporation	Construct seaport for container and goods transportation, warehouses, seaport for petrol, gas and oil transportation; trade in petrol, oil, gas, materials and machineries for manufacturing.	6300108975 issued by the Planning and Investment Department of Hau Giang Province on 24 February 2010.	40%	40%

16. Long-term prepayments

	Pre-operating expenses VND	Prepaid land costs VND	Foreign exchange differences VND	Tools and supplies VND	Total VND
Opening balance	1,939,881,949	62,474,153,689	18,362,365,671	23,128,589,144	105,904,990,453
Additions during the period	-	-	-	7,313,166,634	7,313,166,634
Amortisation for the period	-	(1,688,060,580)	(2,040,262,852)	(6,704,214,691)	(10,432,538,123)
Closing balance	1,939,881,949	60,786,093,109	16,322,102,819	23,737,541,087	102,785,618,964

At 30 June 2012 long-term prepayments with a carrying value of VND68,151 million (31 December 2011: VND66,778 million) were pledged with banks as security for loans granted to the Group.

17. Other long-term assets

This represented 10% cash deposits for payment guarantee agreement of USD2,200,000 at Vietnam Joint Stock Commercial Bank for Industry and Trade, Ca Mau Branch and bore interest at 0.1% per annum. According to the agreement, the Group has to maintain term deposit account of USD1,980,000 at Vietnam Joint Stock Commercial Bank for Industry and Trade, Ca Mau Branch as security and the Bank has obligation to guarantee payments for taxes and legal fees relating to the antidumping lawsuit for Mseafood.

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18. Goodwill

	VND
Cost	
Opening and closing balance	30,888,957,000
Accumulated amortisation	
Opening balance	11,068,543,114
Charge for the period	1,544,447,850
Closing balance	12,612,990,964
Net book value	
Opening balance	19,820,413,886
Closing balance	18,275,966,036

19. Short-term borrowings

	30/6/2012	31/12/2011
	VND	VND
Short-term borrowings	2,198,895,135,977	2,626,418,137,945
Current portion of long-term borrowings (Note 25)	100,854,660,000	109,821,552,667
Bonds repayable within twelve months (Note 25)	200,000,000,000	200,000,000,000
	<u>2,499,749,795,977</u>	<u>2,936,239,690,612</u>

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Terms and conditions of short-term borrowings were as follows:

	Currency	Interest rate (per annum)	30/6/2012 VND	31/12/2011 VND
Bank for Investment and Development of Vietnam – Ca Mau Branch				
Loan 1	VND	-	-	291,675,753,237
Loan 2	VND	12.0%	30,000,000,000	90,399,220,806
Loan 3	USD	5.0%-6.0%	298,307,967,772	-
Loan 4	USD	5.0%-6.0%	8,644,598,916	-
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ca Mau Branch				
Loan 5	VND	12.0%-14.5%	146,581,986,536	1,107,596,010,539
Loan 6	VND	12.0%	1,156,679,010	98,417,700,976
Loan 7	VND	12.0%	9,005,489,340	96,516,876,276
Loan 8	VND	12.0%-14.5%	128,702,995,158	695,796,340,372
Loan 9	USD	5.0%-6.0%	1,028,632,660,317	108,004,514,598
Loan 10	USD	7.0%	683,137,572	-
Loan 11	USD	6.0%-7.0%	34,471,964,584	-
Loan 12	USD	5.0%-7.5%	381,599,921,238	-
The Vietnam Development Bank – Minh Hai Branch				
Loan 13	VND	-	-	107,227,118,389
Sai Gon Thuong Tin Commercial Joint Stock Bank – Ca Mau Branch				
Loan 14	USD	6.0%	65,210,913,190	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ca Mau Branch				
Loan 15	VND	-	-	30,784,602,752
HSBC Bank (Vietnam) Ltd				
Loan 16	USD	4.5%	65,896,822,344	-
			2,198,895,135,977	2,626,418,137,945

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The bank loans are secured by the following assets of the Group:

	Carrying amount as at	
	30/6/2012	31/12/2011
	VND	VND
Cash	25,191,280,860	79,105,488,777
Term deposits	-	22,874,000,000
Accounts receivable - trade	264,675,953,371	322,090,597,392
Inventories	1,990,760,273,098	1,719,248,332,059
Tangible fixed assets	41,801,734,616	30,554,578,797
Intangible fixed assets	-	1,057,378,618
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	2,322,429,241,945	2,174,930,375,643
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20. Accounts payable - trade

Accounts payable - trade represented the amounts due to third parties which were unsecured, interest free and payable on demand.

21. Taxes payable to State Treasury

	30/6/2012	31/12/2011
	VND	VND
Value added tax	9,321,409	49,009,056,360
Corporate income tax	15,487,645,197	14,585,240,621
Personal income tax	1,008,217,591	624,027,783
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	16,505,184,197	64,218,324,764
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22. Accrued expenses

	30/6/2012	31/12/2011
	VND	VND
External service payable	-	20,584,439,623
Anti-dumping tax payable for the period from 1 February 2008 to 31 January 2009	54,676,624,200	54,676,624,200
Anti-dumping tax payable for the period from 1 February 2009 to 31 January 2010	15,926,609,244	15,926,609,244
	<hr/>	<hr/>
	70,603,233,444	91,187,673,067
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Anti-dumping tax payable as of and for the year ended 31 December 2011 and the six-month period ended 30 June 2012 has not been finalised. The Group has estimated the final tax payable which may change according to the final amount payable imposed by the foreign authority.

23. Other payables

	30/6/2012	31/12/2011
	VND	VND
Social insurance, health insurance and trade union	254,299,044	876,979,684
Short-term deposits received	11,000,000,000	11,040,682,989
Interest payable	29,031,021,604	14,999,132,716
Commission payable	408,850,347	392,099,083
Land rental payable	5,670,000,000	5,670,000,000
Others	9,872,182,397	2,062,986,216
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	56,236,353,392	35,041,880,688
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24. Bonus and welfare fund

The fund is established through appropriation from retained profits at the discretion of shareholders at the annual general meeting of shareholders. The fund is used to pay bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies and Board of Management fee in accordance with the resolution of the shareholders in the annual general meeting.

Movements of bonus and welfare fund during the period were as follows:

	VND
Opening balance	64,543,448,600
Allocation to the fund	25,155,027,024
Utilisation of the fund	(27,433,040,602)
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Closing balance	62,265,435,022
	<hr/> <hr/>

25. Long-term borrowings

	30/6/2012	31/12/2011
	VND	VND
Long-term borrowings	480,267,071,861	539,586,544,528
Long-term non-convertible corporate bonds	900,000,000,000	900,000,000,000
	<hr/>	<hr/>
	1,380,267,071,861	1,439,586,544,528
Repayable within twelve months (Note 19)	(300,854,660,000)	(309,821,552,667)
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Repayable after twelve months	1,079,412,411,861	1,129,764,991,861
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Notes to the consolidated interim financial statements for the six-month period ended
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Terms and conditions of long-term borrowings and long-term non-convertible corporate bonds were as follows:

	Currency	Interest rate (per annum)	Year of maturity	30/6/2012 VND	31/12/2011 VND
Long-term borrowings					
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ca Mau Branch					
Loan 1	VND	16.0%-21.0%	2017	260,385,592,184	287,802,592,184
Loan 2	USD	7.0%-8.0%	2017	219,881,479,677	243,000,559,677
Saigon Thuong Tin Commercial Joint Stock Bank – Ca Mau Branch					
Loan 4	VND	-	2012	-	2,128,791,124
Loan 5	VND	-	2012	-	1,200,925,083
Loan 6	VND	-	2012	-	852,358,060
Loan 7	VND	-	2012	-	2,458,082,700
Loan 8	VND	-	2012	-	2,143,235,700
Long-term non-convertible corporate bonds					
Lot 1	VND	9.98%	2012	200,000,000,000	200,000,000,000
Lot 2	VND	15.0%-18.0%	2013	200,000,000,000	200,000,000,000
Lot 3	VND	15.0%-18.0%	2014	500,000,000,000	500,000,000,000
				1,380,267,071,861	1,439,586,544,528

The bank loans and long-term non-convertible corporate bonds were secured by the following assets of the Group:

	Carrying amount as at	
	30/6/2012 VND	31/12/2011 VND
Cash	1,388,372,077	3,607,142,559
Prepayments to suppliers	2,367,600,020	1,869,400,010
Inventories	127,430,569,509	58,634,584,041
Other current assets	50,750,455,104	44,204,986,671
Tangible fixed assets	903,043,168,275	974,093,022,418
Intangible fixed assets	25,940,800,977	26,598,440,535
Construction in progress	272,647,251,848	250,188,788,748
Long-term prepayments	68,150,503,356	66,778,429,577
		1,451,718,721,166
		1,425,974,794,559

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26. Provision for severance allowance

Movements of provision for severance allowance during the period were as follows:

	VND
Opening balance	3,710,923,688
Additions during the period	134,763,100
Utilised during the period	(70,187,206)
	<hr/>
Closing balance	3,775,499,582
	<hr/>

For the six-month period ended 30 June 2012, the Group contributed VND1,039 million (six-month period ended 30 June 2011: VND508 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statement of income.

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27. Changes in owners' equity

	Share capital VND	Capital surplus VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Total VND
Balance at 1 January 2011	700,000,000,000	177,876,869,236	54,301,347,051	19,700,529,953	386,088,364,453	1,337,967,110,693
Net profit for the period	-	-	-	-	86,779,715,380	86,779,715,380
Appropriation to equity fund	-	-	-	37,979,312,473	(37,979,312,473)	-
Transfer to bonus and welfare fund	-	-	-	-	(81,577,741,362)	(81,577,741,362)
Unrealised exchange differences	-	-	(16,455,289,829)	-	(16,455,289,829)	(16,455,289,829)
Currency translation differences	-	-	27,119,804,217	-	-	27,119,804,217
Utilisation of fund	-	-	-	(9,552,089,744)	-	(9,552,089,744)
Other increase	-	-	-	-	(70,000,000)	(70,000,000)
Balance at 30 June 2011	700,000,000,000	177,876,869,236	64,965,861,439	48,127,752,682	353,241,025,998	1,344,211,509,355
Net profit for the period	-	-	-	-	188,618,460,721	188,618,460,721
Unrealised exchange differences	-	-	(612,078,856)	-	-	(612,078,856)
Currency translation differences	-	-	3,749,828,345	-	-	3,749,828,345
Utilisation of fund	-	-	-	(6,829,685,918)	-	(6,829,685,918)
Transfers to long-term prepayments	-	-	20,402,628,523	-	-	20,402,628,523
Withholding tax on dividends remitted from foreign operations	-	-	-	-	(10,649,259,111)	(10,649,259,111)
Balance at 31 December 2011	700,000,000,000	177,876,869,236	88,506,239,451	41,298,066,764	531,210,227,608	1,538,891,403,059
Net profit for the period	-	-	-	-	61,983,484,647	61,983,484,647
Appropriation to equity fund	-	-	-	8,552,254,346	(8,552,254,346)	-
Transfer to bonus and welfare fund	-	-	-	-	(24,221,819,291)	(24,221,819,291)
Currency translation differences	-	-	519,054,589	-	-	519,054,589
Utilisation of fund	-	-	-	(7,741,645,166)	-	(7,741,645,166)
Balance at 30 June 2012	700,000,000,000	177,876,869,236	89,025,294,040	42,108,675,944	560,419,638,618	1,569,430,477,838

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28. Share capital

The Company's authorised and issued share capital is:

	30/6/2012 and 31/12/2011	
	Number of shares	VND
Authorised and issued share capital	70,000,000	700,000,000,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

29. Minority interest

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Balance at the beginning of the period	78,722,005,772	67,310,550,351
Additional investments during the period	-	748,822,809
Net earnings attributable to minority interest during the period	(1,010,397,390)	2,498,626,786
Translation differences borne by minority interest	57,672,731	8,785,440,490
Bonus and welfare fund borne by minority interest	(933,207,733)	(922,256,673)
Dividends	(6,094,297,579)	(4,942,438,160)
Balance at the end of the period	70,741,775,801	73,478,745,603

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30. Total revenue

Total revenue represented the gross invoiced value of goods sold exclusive of value added tax.

Net sales comprised:

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Total revenue		
▪ Finished goods sold	3,807,006,578,847	1,323,617,326,771
▪ Merchandise goods sold	-	1,557,275,097,114
▪ Scraps sold	17,426,962,740	18,119,569,675
▪ Others	317,524,500	-
	<hr/>	<hr/>
	3,824,751,066,087	2,899,011,993,560
Less sales deductions		
▪ Sales returns	(32,313,588,533)	(18,764,930,836)
	<hr/>	<hr/>
Net sales	3,792,437,477,554	2,880,247,062,724
	<hr/>	<hr/>

31. Cost of sales

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Finished goods sold	3,312,638,749,683	965,261,057,860
Merchandise goods sold	-	1,493,009,216,566
Allowance for inventories	(41,285,428,754)	10,616,242,642
Others	243,697,025	-
	<hr/>	<hr/>
	3,271,597,017,954	2,468,886,517,068
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32. Financial income

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Interest income	38,088,143,302	16,708,346,952
Dividend income	10,980,000	-
Realised foreign exchange gains	4,949,171,248	36,510,978,802
Unrealised foreign exchange gains	905,710,174	6,289,853,564
	<hr/>	<hr/>
	43,954,004,724	59,509,179,318
	<hr/>	<hr/>

33. Financial expenses

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Interest expense	255,703,647,811	121,209,942,826
Realised foreign exchange losses	2,330,367,462	96,621,422
Unrealised foreign exchange losses	71,994,188	7,093,557,326
Allowance for investments	(2,649,420,000)	40,635,260,000
Others	-	6,901,200,000
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	255,456,589,461	175,936,581,574
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34. Income tax

(a) Deferred tax assets

Deferred tax assets were attributable to the following:

	30/6/2012	31/12/2011
	VND	VND
Deferred tax assets		
Unrealised foreign exchange differences	156,469,833	-
Unrealised profits arising from intra-group transactions	5,313,489,039	23,746,604,335
Tax losses carry-forwards	1,092,899,778	1,092,899,778
	<hr/>	<hr/>
	6,562,858,650	24,839,504,113
	<hr/>	<hr/>
Deferred tax liabilities		
Unrealised foreign exchange differences	-	(1,376,499,148)
Allowance for inventories	-	(7,871,816,246)
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	-	(9,248,315,394)
	<hr/>	<hr/>
Net deferred tax assets	6,562,858,650	15,591,188,719
	<hr/>	<hr/>

(b) Recognised in the statement of income

	1/1/2012 to	1/1/2011 to
	30/6/2012	30/6/2011
	VND	VND
Current tax expense		
Current period	13,447,515,227	21,476,875,696
Over provision in prior years	(5,322,495,180)	-
	<hr/>	<hr/>
	8,125,020,047	21,476,875,696
	<hr/>	<hr/>
Deferred tax expense		
Reversal of temporary differences	9,028,330,069	-
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	17,153,350,116	21,476,875,696
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(c) Reconciliation of effective tax rate

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Profit before tax	78,126,437,373	110,755,217,862
Tax at the Company's tax rate	19,531,609,343	27,688,804,466
Non-deductible expenses	204,026,285	-
Tax incentives	(4,232,153,711)	(8,878,288,180)
Tax exempt income	(2,745,000)	-
Deferred tax assets not recognised	6,415,345,465	-
Effect of different tax rates in subsidiaries	559,762,914	2,666,359,410
Over provision in prior years	(5,322,495,180)	-
Income tax expense	17,153,350,116	21,476,875,696

Pursuant to Decree No.60/2012/ND-CP ("Decree 60") issued by the government on 30 July 2012, the Company's operations meet the definition of labour intensive enterprises and co-operatives operating in seafood processing and the Company is therefore entitled to a 30% reduction of current income tax expense for the whole year of 2012.

(d) Applicable tax rates

The Company

Under the terms of its Business Registration Certificate, the Company has an obligation to pay the government corporate income tax at the rate of 25% of taxable profits.

The Subsidiaries

Mseafood Corporation ("Mseafood")

Under the regulations of United States of America, Mseafood has the obligation to pay two types of corporate income taxes:

- State corporate income tax: at the rate of 8.84% on the taxable income. In case of losses, Mseafood still has to pay the minimum tax of USD800.
- Federal corporate income tax: at the higher rate of assessable income multiplying the progressive tax rate or 20% on taxable income.

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Minh Phu - Hau Giang Seafood Processing Co., Ltd (“Minh Phu – Hau Giang”)

Under the terms of its Business Registration Certificate, Minh Phu – Hau Giang has an obligation to pay the government corporate income tax at the rate of 10% of taxable profits for fifteen years starting from the first year of operation and 25% thereafter. The provisions of Minh Phu – Hau Giang’s Business Registration Certificate allow it to be exempted from income tax for four years starting from the first year it generates a taxable profit and receive a 50% reduction in income tax for nine succeeding years. The income tax regulations also specify that if Minh Phu – Hau Giang does not generate any taxable profit in three consecutive years from the first year it generate revenue, the above tax exemption period will start in the fourth year despite the fact that no taxable profit has been made.

Minh Qui Seafood Co., Ltd (“Minh Qui”)

Under the terms of its Business Registration Certificate, Minh Qui has an obligation to pay the government corporate income tax at the rate of 20% of taxable profit from 2003 to 2012 and 25% thereafter. The provisions of Minh Qui’s Business Registration Certificate allow it to be exempted from income tax from 2003 to 2004 and receive a 50% reduction in income tax from 2005 to 2009.

Minh Phat Seafood Co., Ltd (“Minh Phat”)

Under the terms of its Investment Certificate, Minh Phat has an obligation to pay the government corporate income tax at the rate of 20% of taxable profits from 2006 to 2015 and 25% thereafter. The provisions of Minh Phat’s Investment Certificate allow it to be exempted from income tax from 2006 to 2007 and receive a 50% reduction in income tax from 2008 to 2012.

Minh Phu – Kien Giang Seafood Co., Ltd (“Minh Phu – Kien Giang”)

Under the terms of its Business Registration Certificate, Minh Phu – Kien Giang has an obligation to pay the government corporate income tax at the rate of 10% of taxable profits from 2006 to 2020 and 25% thereafter. The provisions of Minh Phu – Kien Giang’s Business Registration Certificate allow it to be exempted from income tax from 2007 to 2009 and receive a 50% reduction in income tax from 2010 to 2018.

Minh Phu Aquatic Larvae Co., Ltd (“Minh Phu Larvae”)

Under the terms of its Investment Certificate, Minh Phu Larvae has an obligation to pay the government corporate income tax at the rate of 10% of taxable profits from 2006 to 2020 and 25% thereafter. The provisions of Minh Phu Larvae’s Investment Certificate allow it to be exempted from income tax from 2009 to 2012 and receive a 50% reduction in income tax from 2013 to 2019.

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Minh Phu – Loc An Aquaculture Co., Ltd (“Minh Phu - Loc An”)

Under the terms of its Investment Certificate, Minh Phu – Loc An has an obligation to pay the government corporate income tax at the rate of 20% of taxable profits for ten years starting from the first year of operation and 25% thereafter. The provisions of Minh Phu – Loc An’s Investment Certificate allow it to be exempted from income tax for two years starting from the first year it generates a taxable profit and receive a 50% reduction in income tax for three succeeding years. The income tax regulations also specify that if Minh Phu – Loc An does not generate any taxable profit in three consecutive years from the first year it generate revenue, the above tax exemption period will start in the fourth year despite the fact that no taxable profit has been made.

Minh Phu Bio Co., Ltd (“Minh Phu Bio”)

Under the terms of its Investment Certificate, Minh Phu Bio has an obligation to pay the government corporate income tax at the rate of 10% of taxable profits from 2009 to 2023 and 25% thereafter. The provisions of Minh Phu Bio’s Investment Certificate allow it to be exempted from income tax from 2009 to 2012 and receive a 50% reduction in income tax from 2013 to 2021.

Minh Phu Organic Shrimp Farming Co., Ltd (“Minh Phu Organic Shrimp”)

Under the terms of its Business Registration Certificate, Minh Phu Organic Shrimp has an obligation to pay the government corporate income tax at the rate of 10% of taxable profits from 2010 to 2024 and 25% thereafter. The provisions of Minh Phu Organic Shrimp’s Business Registration Certificate allow it to be exempted from income tax from 2012 to 2015 and receive a 50% reduction in income tax from 2016 to 2024.

Minh Phu Hoa Dien Aquaculture One Member Company (“Minh Phu Hoa Dien”)

Minh Phu Hoa Dien was established on 22 December 2011, and was waiting for tax incentive and tax rate approval from the local tax authority. As at 30 June 2012, Minh Phu Hoa Dien has not been received final decision from tax authority. Under the terms of income tax law, the entity has an obligation to pay the government income tax at the rate of 25% of taxable profits.

All the above tax incentives are not applicable to other income which is taxed at rate of 25%.

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35. Basic earnings per share

The calculation of basic earnings per share at 30 June 2012 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Net profit attributable to ordinary shareholders	61,983,484,647	86,779,715,380

(ii) Weighted average number of ordinary shares

	1/1/2012 to 30/6/2012	1/1/2011 to 30/6/2011
Weighted average number of ordinary shares at the beginning and the end of the period	70,000,000	70,000,000

36. Financial instruments

(a) Financial risk management

(i) Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

(ii) Risk management of framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

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(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, term deposits, loans receivables, and trade and other receivables.

(i) Exposure to credit risk

The total of carrying amounts of financial assets represented the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Notes	30/6/2012 VND	31/12/2011 VND
Cash in bank and cash equivalents	(ii)	143,515,301,655	1,083,281,691,993
Term deposits	(ii)	15,874,000,000	70,747,449,592
Other long-term assets	(ii)	4,556,157,655	4,556,157,655
Loan receivables	(iii)	7,746,276,778	7,746,276,778
Trade and other receivables	(iv)	434,849,088,944	446,062,361,431
		606,540,825,032	1,612,393,937,449

(ii) Cash in bank, cash equivalents, term deposits and other long-term assets

The Group's cash in bank, cash equivalents, term deposits and other long-term assets were held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

(iii) Loan receivables from shrimp farmer

Loans to shrimp farmer were for operational support and were unsecured, interest free and payable on demand. According to loan agreements, the shrimp farmer has the commitment to sell all shrimps to the Group. Management assessed that the Group can recover the loans through future shrimp purchase.

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(iv) Trade and other receivables

The Group's exposure to credit risk in relation with receivables is mainly influenced by the individual characteristics of each customer. In response to the risk, management of the Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. In addition, the Group always asks for collateral from customers for each sale order, normally in the form of letter of credit. Receivables are due within 15 days to 60 days from the date of billing. Debtors with balances that are more than 60 days outstanding are requested to settle the balances before further credit is granted.

Based on historic default rates, the Group believes that, apart from the allowance provided, no further allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 30 June 2012 and 31 December 2011. The ageing analysis of the receivables was as follows:

	Gross 30/6/2012 VND	Allowance for doubtful debts 30/6/2012 VND
Not past due	383,811,367,552	-
Past due 0 - 30 days	42,187,291,141	-
Past due 31 -180 days	8,320,017,183	-
Over 180 days	12,126,363,229	(11,595,950,161)
	<hr/> 446,445,039,105	<hr/> (11,595,950,161)
	Gross 31/12/2011 VND	Allowance for doubtful debts 31/12/2011 VND
Not past due	402,857,585,168	-
Past due 0 - 30 days	23,383,918,841	-
Past due 31 -180 days	19,820,857,422	-
Over 180 days	13,418,670,092	(13,418,670,092)
	<hr/> 459,481,031,523	<hr/> (13,418,670,092)

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Movements in the allowance for doubtful debts during the period were as follows:

	1/1/2012 to 30/6/2012 VND	1/1/2011 30/6/2011 VND
Opening balance	13,418,670,092	385,956,695
Increase in allowance during the period	-	16,947,297,133
Written back	(1,822,719,931)	-
	<hr/>	<hr/>
Closing balance	11,595,950,161	17,333,253,828
	<hr/>	<hr/>

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As at 30 June 2012 and 31 December 2011, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

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	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	More than 5 years VND
As at 30 June 2011						
Short-term borrowings	2,198,895,135,977	2,238,384,003,176	2,238,384,003,176	-	-	-
Accounts payable - trade	170,289,989,696	170,289,989,696	170,289,989,696	-	-	-
Payables to employees	45,191,486,286	45,191,486,286	45,191,486,286	-	-	-
Accrued expenses	70,603,233,444	70,603,233,444	70,603,233,444	-	-	-
Other payables	56,236,353,392	56,236,353,392	56,236,353,392	-	-	-
Long-term borrowings	480,267,071,861	628,497,178,391	129,933,005,590	143,326,133,779	355,238,039,022	-
Long-term non-convertible corporate bonds	900,000,000,000	1,086,230,000,000	314,980,000,000	271,250,000,000	500,000,000,000	-
	3,921,483,270,656	4,295,432,244,385	3,025,618,071,584	414,576,133,779	855,238,039,022	-
As at 31 December 2012						
Short-term borrowings	2,626,418,137,945	2,737,466,331,233	2,737,466,331,233	-	-	-
Accounts payable - trade	313,623,931,737	313,623,931,737	313,623,931,737	-	-	-
Payables to employees	52,666,140,501	52,666,140,501	52,666,140,501	-	-	-
Accrued expenses	91,187,673,067	91,187,673,067	91,187,673,067	-	-	-
Other payables	35,041,880,688	35,041,880,688	35,041,880,688	-	-	-
Long-term borrowings	539,586,544,528	746,959,685,987	154,334,926,812	156,764,482,740	410,247,924,574	25,612,351,861
Long-term non-convertible corporate bonds	900,000,000,000	1,225,070,888,889	360,070,888,889	340,000,000,000	525,000,000,000	-
	4,558,524,308,466	5,202,016,532,102	3,744,391,772,927	496,764,482,740	935,247,924,574	25,612,351,861

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(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group is exposed to currency risk on sales and borrowings that are denominated in a currency other than the VND.

Exposure to currency risk

At 30 June 2012 and 31 December 2011, the Group had the following net monetary liability position exposed to currency risk:

	USD	
	30/6/2012	31/12/2011
Cash and cash equivalents	1,137,236	1,292,170
Accounts receivable – trade	14,984,470	17,578,319
Other monetary assets	252,535	333,861
Accounts payable – trade	(51,724)	(5,180,642)
Short-term borrowings	(90,428,653)	(5,185,544)
Long-term borrowings	(10,557,014)	(11,667,014)
	<u>(84,663,150)</u>	<u>(2,828,850)</u>

The followings are the significant exchange rates applied by the Group:

	Exchange rate as at	
	30/6/2012	31/12/2011
	VND	VND
USD 1	20,828	20,828

A 1% weakening of the VND against the USD at the end of the period (2011: 10% weakening) would have affected the net profit by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect to net profit as at	
	30/6/2012	31/12/2011
	VND	VND
Decrease of net profit	(14,636,225,555)	(10,154,884,413)

A 1% strengthening of the VND against the above currency would have had the equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remain constant.

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(ii) Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	30/6/2012	31/12/2011
	VND	VND
Fixed rate instruments		
Cash equivalents	99,489,093,640	984,389,167,154
Term deposits	15,874,000,000	70,747,449,592
Other long-term assets	4,556,157,655	4,556,157,655
Long-term non-convertible corporate bond	(200,000,000,000)	(200,000,000,000)
	<hr/>	<hr/>
	(80,080,748,705)	859,692,774,401
	<hr/>	<hr/>
Variable rate instruments		
Cash in bank	44,026,208,015	98,892,524,839
Short-term borrowings	(2,299,749,795,977)	(2,736,239,690,612)
Long-term borrowings	(379,412,411,861)	(429,764,991,861)
Long-term non-convertible corporate bond	(700,000,000,000)	(700,000,000,000)
	<hr/>	<hr/>
	(3,335,135,999,823)	(3,767,112,157,634)
	<hr/>	<hr/>

Variable rate instruments expose the Group to risk of changes in interest rate. No policy was in place pertaining to the mitigation of any potential volatility of the interest rate.

A change of 100 basis points in interest rate at the reporting date would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant:

	Profit or loss		Equity	
	100bp Increase VND	100bp Decrease VND	100bp Increase VND	100bp Decrease VND
30 June 2012				
Variable rate financial liabilities	(6,683,136,218)	6,683,136,218	(6,683,136,218)	6,683,136,218
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2011				
Variable rate financial liabilities	(14,122,546,849)	14,122,546,849	(14,122,546,849)	14,122,546,849
	<hr/>	<hr/>	<hr/>	<hr/>

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(e) Fair value

The Group has not determined fair values of all financial instruments, except for short-term investments as shown in table below, for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market is not available for these financial liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market is not available. Fair values of these financial instruments may be different from their carrying values.

	30/6/2012	
	Fair value VND	Carrying value VND
Available-for-sale category - short-term investments in:		
▪ SSI Vision Fund	153,480,000,000	200,000,000,000
▪ No.8 Investment & Construction JSC	903,840,000	5,263,000,000
▪ PetrolVietnam Transportation Corporation	709,000,000	6,004,500,000
▪ REE Corporation	126,400	80,000
	155,092,966,400	211,267,580,000

37. Significant transactions with related parties

Identity of related parties

The Group has related party relationship with associates, shareholders, directors and executive officers and the entity owned by its major shareholders.

Significant transactions with related companies

In additions to balances with related companies disclosed in other notes to the financial statements, there were the following significant transactions with related companies during the period:

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Minh Phu Hau Giang Port Corporation		
Capital contribution	-	600,000,000
Long Phung Investment Corporation		
Office rental	1,024,601,700	1,490,838,750

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Transactions with key management personnel

Total remuneration and business allowances to key management personnel were as follows:

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Remuneration and business allowances	6,707,529,600	2,665,758,295

38. Commitments

(a) Capital expenditure

At 30 June 2012, the Group had the following outstanding capital commitments approved but not provided for in the balance sheet:

	30/6/2012 VND	31/12/2011 VND
Approved but not contracted	-	9,717,542,656
Approved and contracted	129,444,145,270	222,168,758,738
	<u>129,444,145,270</u>	<u>231,886,301,394</u>

(b) Leases

The future minimum lease payments under non-cancellable operating leases were:

	30/6/2012 VND	31/12/2011 VND
Within one year	2,036,978,400	3,046,978,400
From two to five years	2,546,223,000	6,532,086,300
More than 5 years	-	845,000,000
	<u>4,583,201,400</u>	<u>10,424,064,700</u>

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39. Production and business costs by element

	1/1/2012 to 30/6/2012 VND	1/1/2011 to 30/6/2011 VND
Raw material costs included in production costs	3,462,413,902,602	2,526,417,450,459
Labour costs and staff costs	241,347,718,372	154,503,548,789
Depreciation and amortisation	85,584,347,911	26,353,155,302
Outside services	208,326,870,878	143,615,074,678
Other expenses	118,062,832,838	52,494,725,850

Prepared by:

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Approved by:

Le Van Quang
 Le Van Quang
 General Director



17 August 2012