



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

Consolidated financial statements for
the year ended 31 December 2013



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
	Mr. Nguyen Xuan Toan	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 the 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 financial reporting. In the opinion of the Board of Directors:

- (a) the consolidated financial statements set out on pages 5 to 65 are prepared and presented so as to give a true and fair view of the consolidated financial position of Minh Phu Seafood Company (“the Company”) and its subsidiaries (together referred to as “the Group”) as at 31 December 2013, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting; 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 financial statements for issue.



On behalf of the Board of Directors

Le Van Quang
General Director

Ca Mau City, 7 March 2014



KPMG Limited Branch

10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

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INDEPENDENT AUDITORS' REPORT

To the Shareholders Minh Phu Seafood Joint Stock Company

We have audited the accompanying consolidated financial statements of Minh Phu Seafood Joint Stock Company ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2013, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 7 March 2014, as set out on pages 5 to 65.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Minh Phu Seafood Joint Stock Company and subsidiaries as at 31 December 2013 and of their consolidated results of operations and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting.

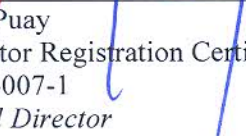
KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Operating registration certificate No.: 4114000230

Audit Report No: 13-01-120




Chong Kwang Puay
Practicing Auditor Registration Certificate
No. 0864-2013-007-1
Deputy General Director

Ho Chi Minh City, 7 March 2014

Nguyen Thanh Nghi
Practicing Auditor Registration Certificate
No. 0304-2013-007-1

MINH PHU SEAFOOD JOINT STOCK COMPANY

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2013

Form B 01 – DN/HN

	Code	Note	31/12/2013 VND	31/12/2012 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		5,871,492,742,171	4,388,614,632,763
Cash and cash equivalents	110	5	2,000,246,094,247	1,298,619,003,857
Cash	111		58,852,319,487	31,485,118,507
Cash equivalents	112		1,941,393,774,760	1,267,133,885,350
Short-term investments	120	6	150,798,172,049	128,384,747,714
Short-term investments	121		159,502,772,049	138,167,027,714
Allowance for diminution in the value of short-term investments	129		(8,704,600,000)	(9,782,280,000)
Accounts receivable – short-term	130	7	989,180,822,486	577,285,119,435
Accounts receivable – trade	131		918,956,697,117	534,722,242,679
Prepayments to suppliers	132		33,241,562,032	23,369,903,794
Other receivables	135		41,892,458,223	28,275,058,286
Allowance for doubtful debts	139		(4,909,894,886)	(9,082,085,324)
Inventories	140	8	2,464,315,121,644	2,228,389,598,540
Inventories	141		2,491,281,852,992	2,301,566,070,320
Allowance for inventories	149		(26,966,731,348)	(73,176,471,780)
Other current assets	150		266,952,531,745	155,936,163,217
Short-term prepayments	151		1,059,123,928	1,495,455,602
Deductible value added tax	152		206,639,654,930	92,657,134,536
Taxes receivable from State Treasury	154	9	4,372,613,224	8,942,525,760
Other current assets	158	10	54,881,139,663	52,841,047,319

The accompanying notes form an integral part of these consolidated financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2013 (continued)

Form B 01 – DN/HN

	Code	Note	31/12/2013 VND	31/12/2012 VND
Long-term assets (200 = 210 + 220 + 250 + 260)	200		1,766,050,328,721	1,881,317,171,189
Accounts receivable – long-term	210	11	75,821,969,160	112,489,382,844
Fixed assets	220		1,558,974,233,263	1,645,650,809,029
Tangible fixed assets	221	12	1,191,585,752,778	1,291,876,203,564
<i>Cost</i>	222		1,714,268,447,115	1,676,913,350,862
<i>Accumulated depreciation</i>	223		(522,682,694,337)	(385,037,147,298)
Intangible fixed assets	227	13	136,657,557,882	99,024,434,708
<i>Cost</i>	228		143,799,476,671	104,256,753,082
<i>Accumulated amortisation</i>	229		(7,141,918,789)	(5,232,318,374)
Construction in progress	230	14	230,730,922,603	254,750,170,757
Long-term investments	250	15	9,180,000,000	9,068,753,530
Investments in associates	252		2,180,000,000	2,180,000,000
Other long-term investments	258		7,000,000,000	7,000,000,000
Allowance for diminution in the value of long-term investments	259		-	(111,246,470)
Other long-term assets	260		122,074,126,298	114,108,225,786
Long-term prepayments	261	16	96,524,729,137	91,057,013,097
Deferred tax assets	262	33	11,906,774,675	6,319,694,503
Goodwill	269	17	13,642,622,486	16,731,518,186
TOTAL ASSETS (270 = 100 + 200)	270		7,637,543,070,892	6,269,931,803,952

The accompanying notes form an integral part of these consolidated financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2013 (continued)

Form B 01 – DN/HN

	Code	Note	31/12/2013 VND	31/12/2012 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		5,616,869,798,116	4,889,148,610,669
Current liabilities	310		5,591,441,153,241	4,056,858,838,496
Short-term borrowings	311	18	4,715,626,675,338	3,449,058,871,964
Accounts payable – trade	312	19	532,434,499,874	135,868,027,758
Advances from customers	313		16,797,187,237	8,525,302,719
Taxes payable to State Treasury	314	20	16,889,617,525	18,446,907,372
Payables to employees	315		108,358,151,736	38,688,257,921
Accrued expenses	316	21	103,767,152,783	105,484,633,458
Other payables	319	22	22,991,839,708	211,370,253,272
Bonus and welfare fund	323	23	74,576,029,040	89,416,584,032
Long-term liabilities	330		25,428,644,875	832,289,772,173
Long-term borrowings	334	24	-	828,632,880,684
Deferred tax liabilities	335	33	22,068,981,770	-
Provision for severance allowance	336	25	3,359,663,105	3,656,891,489
EQUITY (400 = 410)	400		1,584,345,602,431	1,310,050,470,480
Equity	410	26	1,584,345,602,431	1,310,050,470,480
Share capital	411	27	700,000,000,000	700,000,000,000
Capital surplus	412		177,876,869,236	177,876,869,236
Other reserves	413		79,806,684,935	-
Treasury shares	414	27	(18,537,405,861)	-
Foreign exchange differences	416		93,674,067,633	88,506,239,451
Investment and development fund	417		32,423,167,608	58,470,998,521
Financial reserve	418		13,769,908,805	13,769,908,805
Retained profits	420		505,332,310,075	271,426,454,467
MINORITY INTEREST	439	28	436,327,670,345	70,732,722,803
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		7,637,543,070,892	6,269,931,803,952

The accompanying notes form an integral part of these consolidated financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2013 (continued)

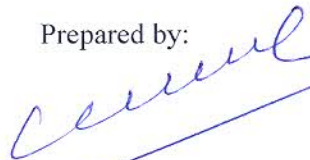
Form B 01 – DN/HN

OFF BALANCE SHEET ITEMS

	Note	31/12/2013	31/12/2012
Foreign currencies included in cash:			
USD		264,234	664,110
JPY		28,304,539	-

7 March 2014

Prepared by:



Luu Minh Trung
Chief Accountant

Approved by:



Le Van Quang
General Director

The accompanying notes form an integral part of these consolidated financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of income for the year ended 31 December 2013

Form B 02 – DN/HN

	Code	Note	2013 VND	2012 VND
Total revenue	01	29	11,206,430,460,422	7,965,666,905,962
Less revenue deductions	02	29	(94,480,405,091)	(29,164,778,420)
Net revenue (10 = 01 + 02)	10	29	11,111,950,055,331	7,936,502,127,542
Cost of sales	11	30	(9,955,628,683,286)	(7,050,386,436,392)
Gross profit (20 = 10 + 11)	20		1,156,321,372,045	886,115,691,150
Financial income	21	31	113,758,468,639	62,860,638,501
Financial expenses	22	32	(305,521,702,030)	(419,351,062,292)
<i>In which: Interest expense</i>	23		<i>(249,916,093,514)</i>	<i>(412,791,349,076)</i>
Selling expenses	24		(478,047,143,198)	(403,716,071,737)
General and administration expenses	25		(110,604,902,548)	(89,631,724,753)
Net operating profit (30 = 20 + 21 + 22 + 24 + 25)	30		375,906,092,908	36,277,470,869
Other income	31		6,074,024,049	3,937,090,474
Other expenses	32		(16,224,376,412)	(5,763,525,895)
Results of other activities (40 = 31 + 32)	40		(10,150,352,363)	(1,826,435,421)
Profit before tax (50 = 30 + 40)	50		365,755,740,545	34,451,035,448
Income tax expense – current	51	33	(55,439,349,822)	(9,301,474,368)
Income tax expense – deferred	52	33	(16,481,901,598)	(9,271,494,216)
Net profit after tax (60 = 50 + 51 + 52)	60		293,834,489,125	15,878,066,864

The accompanying notes form an integral part of these consolidated financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of income for the year ended 31 December 2013 (continued)

Form B 02 – DN/HN

	Code	Note	2013 VND	2012 VND
Net profit after tax (60 = 50 + 51 + 52)	60		293,834,489,125	15,878,066,864
Attributable to:				
Minority interest	61	28	23,696,346,513	(961,777,658)
Equity holders of the Company	62		270,138,142,612	16,839,844,522
Basic earnings per share	70	34	3,882	241

7 March 2014

Prepared by:

Approved by:

Luu Minh Trung
Chief Accountant

Le Van Quang
General Director



The accompanying notes form an integral part of these consolidated financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2013
(Indirect method)

Form B 03 – DN/HN

	Code	Note	2013 VND	2012 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		365,755,740,545	34,451,035,448
Adjustments for				
Depreciation and amortisation	02		157,738,867,664	151,886,043,097
Allowances and provisions	03		(23,587,993,474)	12,265,076,498
Unrealised foreign exchange gains	04		(5,458,113,509)	(3,207,118,308)
Losses on disposal of fixed assets	05		12,333,545,050	-
Dividends and interest income	05		(91,564,719,319)	(50,353,321,356)
(Gains)/losses on disposal of an investment	05		(108,236,000)	3,758,527,264
Interest expense	06		249,916,093,514	412,791,349,076
Operating profit before changes in working capital	08		665,025,184,471	561,591,591,719
Change in receivables and other current assets	09		(476,614,155,557)	(71,968,071,650)
Change in inventories	10		(209,197,233,446)	160,996,257,751
Change in payables and other liabilities	11		463,256,369,028	(209,668,096,453)
Change in prepayments	12		9,810,344,892	16,710,816,154
			452,280,509,388	457,662,497,521
Interest paid	13		(266,510,226,233)	(412,872,391,686)
Corporate income tax paid	14		(51,919,229,520)	(6,551,600,129)
Other payments for operating activities	16		(41,209,237,064)	(46,740,849,401)
Net cash flows from operating activities	20		92,641,816,571	(8,502,343,695)

The accompanying notes form an integral part of these consolidated financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2013
(Indirect method - continued)

Form B 03 – DN/HN

	Code	Note	2013 VND	2012 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(94,831,661,712)	(147,230,298,915)
Proceeds from disposals of fixed assets	22		-	919,594,405
Payments for term deposits	23		(148,269,213,184)	(114,575,988,828)
Collection from term deposits	24		130,330,000,000	66,170,267,484
Proceeds from sales of equity instruments of other entities	25		371,824,000	-
Collections on investments in other entities	26		-	144,235,294,118
Receipts of interest and dividends	27		82,192,249,076	52,356,193,433
Receipts of long-term deposits	28		-	4,556,157,655
Net cash flows from investing activities	30		(30,206,801,820)	6,431,219,352
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contribution by minority interest	31		384,898,795,830	-
Payments for shares repurchases	32		(18,537,405,861)	-
Proceeds from borrowings	33		12,588,471,492,808	9,939,364,492,628
Payments to settle debts	34		(12,146,718,807,114)	(9,724,216,257,626)
Payments of dividends	35		(168,272,812,250)	(6,094,297,579)
Net cash flows from financing activities	40		639,841,263,413	209,053,937,423
Net cash flows during the year (50 = 20 + 30 + 40)	50		702,276,278,164	206,982,813,080
Cash and cash equivalents at the beginning of the year	60		1,298,619,003,857	1,092,050,143,361
Impact of exchange rate fluctuation	61		(649,187,774)	(413,952,584)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	2,000,246,094,247	1,298,619,003,857

The accompanying notes form an integral part of these consolidated financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2013
(Indirect method - continued)

Form B 03 – DN/HN

NON-CASH INVESTING ACTIVITIES

	2013 VND	2012 VND
Net-off refunded value added tax with corporation income tax payable	806,998,977	-
Reclassify from other receivables to short-term investments	3,807,117,411	-
Collection of loan receivable by raw materials	439,768,200	-
Cost of construction in progress that has not been paid	-	4,794,769,163
Proceeds from sale of investment not received	-	5,786,178,618

7 March 2014

Prepared by:

Luu Minh Trung
 Chief Accountant



Approved by:

Le Van Quang
 General Director

The accompanying notes form an integral part of these consolidated financial statements

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2013

Form B 09 – DN/HN

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

1. Reporting Entity

Minh Phu Seafood Joint Stock Company (“the Company”) is 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 City Stock Exchange. On 16 May 2013, the Company’s shareholders resolved, in their Annual General Meeting, that the Company be delisted. This resolution is subject to the final approval by the Ho Chi Minh City 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	
			31/12/2013	31/12/2012
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 Joint Stock Company (*)	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 18 November 2013	67.5%	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 financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN/HN

Name	Principal activity	Business Registration Certificate	% of ownership	
			31/12/2013	31/12/2012
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 aquacultural 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%

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN/HN

Name	Principal activity	Business Registration Certificate	% of ownership	
			31/12/2013	31/12/2012
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%	100%

(*) According to the most recent investment certificate No. 642041000003 issued by the Management Board of Hau Giang Industrial Zone on 18 November 2013, Minh Phu - Hau Giang Seafood Processing Co., Ltd. has been changed to Minh Phu Hau Giang Seafood Joint Stock Company and increased share capital from VND600 billion to VND867 billion. The new issued shares were purchased by a foreign shareholder. The percentage of ownership of the Company over Minh Phu Hau Giang Seafood Joint Stock Company decreased accordingly.

(**) The Company's shareholders, in their Annual General Meeting on 16 May 2013, resolved to liquidate Minh Phu Organic Shrimp Farming Co., Ltd. On 18 September 2013, the liquidation process was fully completed.

As at 31 December 2013 the Group had 11,261 employees (31 December 2012: 10,421 employees).

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN/HN

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the 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 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 financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2013
(continued)

Form B 09 – DN/HN

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, 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 investee.

(iii) Minority interests

For changes in the Group's ownership interest in a subsidiary that do not result in change in control, the difference between the cost of acquisition or proceeds on disposal of the interest and the proportionate carrying amount of net assets acquired or disposed at the date of exchange is recorded directly in equity.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

(v) 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.

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Notes to the consolidated financial statements for the year ended 31 December 2013
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(b) Foreign currency

(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 year 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 recoverable amount is subsequently increased 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 has been determined if no allowance had been recognised.

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Notes to the consolidated financial statements for the year ended 31 December 2013
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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, maintenance and overhaul costs, is charged to the consolidated statement of income in the year 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

(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.

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Notes to the consolidated financial statements for the year ended 31 December 2013
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(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 cost 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 3 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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Notes to the consolidated financial statements for the year ended 31 December 2013
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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 instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets ("Circular 45"). Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 to 3 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. 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 2013 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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Notes to the consolidated financial statements for the year ended 31 December 2013
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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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Notes to the consolidated financial statements for the year ended 31 December 2013
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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.

(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.

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.

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2013
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(n) Taxation

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated 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 year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2013
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(s) Borrowing costs

Borrowing costs are recognised as an expense in the year 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 year. 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.

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

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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 the year ended 31 December 2013</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
External revenue	-	6,821,749,046,188	4,278,675,726,356	11,525,282,787	-	11,111,950,055,331
Inter-segment revenue	115,092,906,728	7,964,742,026,348	87,366,528,872	22,298,633,116	(8,189,500,095,064)	-
Total segment revenue	115,092,906,728	14,786,491,072,536	4,366,042,255,228	33,823,915,903	(8,189,500,095,064)	11,111,950,055,331
Segment result	(78,524,567,996)	606,321,641,082	52,651,512,451	(6,372,538,040)	(6,406,721,198)	567,669,326,299
Financial income						113,758,468,639
Financial expenses						(305,521,702,030)
Result from operating activities						375,906,092,908
Other income						6,074,024,049
Other expenses						(16,224,376,412)
Income tax						(71,921,251,420)
Net profit after tax						293,834,489,125

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

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<i>For the year ended</i> <i>31 December 2012</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
External revenue	345,225,300	5,157,878,098,880	2,763,024,739,644	15,254,063,718	-	7,936,502,127,542
Inter-segment revenue	53,308,315,942	2,585,613,978,695	60,924,276,305	44,167,359,071	(2,744,013,930,013)	-
Total segment revenue	53,653,541,242	7,743,492,077,575	2,823,949,015,949	59,421,422,789	(2,744,013,930,013)	7,936,502,127,542
Segment result	(92,299,594,826)	416,410,713,937	15,045,342,692	5,145,389,452	48,466,043,405	392,767,894,660
Financial income						62,860,638,501
Financial expenses						(419,351,062,292)
Result from operating activities						36,277,470,869
Other income						3,937,090,474
Other expenses						(5,763,525,895)
Income tax						(18,572,968,584)
Net profit after tax						15,878,066,864

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

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<i>As of 31 December 2013</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
Segment assets	305,385,998,331	5,025,933,609,176	1,299,019,150,537	38,892,383,474	(1,174,592,415,002)	5,494,638,726,516
Investment in equity accounted associate						2,180,000,000
Unallocated assets						2,140,724,344,376
Total assets						7,637,543,070,892
Segment liabilities	118,361,349,856	5,580,869,123,408	1,032,226,391,633	3,835,005,123	(1,140,491,053,674)	5,594,800,816,346
Unallocated liabilities						22,068,981,770
Total liabilities						5,616,869,798,116
For the year ended 31 December 2013						
Capital expenditure	16,209,833,965	77,386,537,705	-	1,235,290,042	-	94,831,661,712
Depreciation and amortisation	24,443,099,988	125,834,415,635	317,807,990	4,054,648,351	3,088,895,700	157,738,867,664

Minh Phu Seafood Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

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<i>As of 31 December 2012</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
Segment assets	360,502,063,988	4,040,775,106,219	1,419,765,335,805	46,165,625,227	(999,079,901,596)	4,868,128,229,643
Investment in equity accounted associate						2,180,000,000
Unallocated assets						1,399,623,574,309
Total assets						6,269,931,803,952
Segment liabilities	109,847,125,596	4,214,227,702,558	831,488,418,343	4,706,447,933	(987,715,216,480)	4,172,554,477,950
Unallocated liabilities						716,594,132,719
Total liabilities						4,889,148,610,669
<i>For the year ended 31 December 2012</i>						
Capital expenditure	34,392,454,878	107,053,797,479	-	5,784,046,558	-	147,230,298,915
Depreciation and amortisation	22,647,727,312	125,554,320,898	314,815,220	3,369,179,667	-	151,886,043,097

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Notes to the consolidated financial statements for the year ended 31 December 2013
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(b) Geographical segments

(i) Segment revenues

	External revenue	
	2013	2012
	VND	VND
Vietnam	50,060,966,225	53,004,428,258
North America	5,041,985,831,276	3,325,212,673,520
Europe	2,750,376,809,270	715,849,045,093
Japan	1,083,821,501,305	1,991,492,964,961
Korea	898,098,047,923	1,191,117,393,991
Others	1,287,606,899,332	659,825,621,719
	<hr/>	<hr/>
	11,111,950,055,331	7,936,502,127,542
	<hr/>	<hr/>

(ii) Segment assets

	Total assets	
	31/12/2013	31/12/2012
	VND	VND
Vietnam	6,549,060,394,665	5,322,249,785,172
North America	1,114,137,465,202	947,682,018,780
	<hr/>	<hr/>
	7,663,197,859,867	6,269,931,803,952
	<hr/>	<hr/>

5. Cash and cash equivalents

	31/12/2013	31/12/2012
	VND	VND
Cash on hand	28,095,352,945	14,508,151,434
Cash in bank	30,756,966,542	16,976,967,073
Cash equivalents	1,941,393,774,760	1,267,133,885,350
	<hr/>	<hr/>
	2,000,246,094,247	1,298,619,003,857
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Notes to the consolidated financial statements for the year ended 31 December 2013
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6. Short-term investments

	Quantity	VND	Quantity	VND
Short-term investments in shares				
▪ PetrolVietnam Transportation Corporation	141,800	6,004,500,000	141,800	6,004,500,000
▪ No.8 Investment & Construction JSC	112,000	5,263,000,000	112,000	5,263,000,000
▪ REE Corporation	8	80,000	8	80,000
▪ Vietnam Pyramid New Technology Corporation	18,823	272,941,176	-	-
▪ Van Dien Fused Magnesium Phosphate Fertilizer JSC	125,882	3,270,588,235	-	-
Other short-term investments				
▪ Loan receivables (*)		7,306,508,578		7,746,276,778
▪ Term deposits (**)		137,385,154,060		119,153,170,936
		<u>159,502,772,049</u>		<u>138,167,027,714</u>
Allowance for diminution in the value of short-term investments		(8,704,600,000)		(9,782,280,000)
		<u>150,798,172,049</u>		<u>128,384,747,714</u>

(*) This 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 the maturity of less than a year and earn interest at rates ranging from 9.0% to 11.0% per annum during the year (2012: from 9.0% to 13.2% per annum).

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

	2013 VND	2012 VND
Opening balance	9,782,280,000	9,924,080,000
Transfers from allowance for diminution in the value of long-term investments (Note 15)	-	48,900,000,000
Allowance utilised during the year	-	(46,220,000,000)
Written back	(1,077,680,000)	(2,821,800,000)
	<hr/>	<hr/>
Closing balance	8,704,600,000	9,782,280,000
	<hr/>	<hr/>

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 at 31 December 2013 included VND424,451 million (31 December 2012: Account receivable – trade and prepayments to suppliers included VND318,573 million and VND651 million respectively) pledged with banks as security for loans granted to the Group (Note 18 and Note 24).

Other receivables comprised:

	31/12/2013 VND	31/12/2012 VND
Interest receivable	13,803,000,406	4,430,530,163
Loans to employees (*)	7,377,161,909	8,580,952,385
Social and health insurance receivable from employees	1,001,639,549	5,786,178,618
Others	19,710,656,359	9,477,397,120
	<hr/>	<hr/>
	41,892,458,223	28,275,058,286
	<hr/>	<hr/>

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

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8. Inventories

	31/12/2013	31/12/2012
	VND	VND
Goods in transit	367,078,280,830	200,454,463,851
Raw materials	104,484,305,999	88,350,011,869
Tools and materials	6,874,348,577	11,273,071,227
Work in progress	13,218,401,826	86,939,795,679
Finished goods	1,999,626,515,760	1,914,548,727,694
	<hr/>	<hr/>
	2,491,281,852,992	2,301,566,070,320
Allowance for inventories	(26,966,731,348)	(73,176,471,780)
	<hr/>	<hr/>
	2,464,315,121,644	2,228,389,598,540

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

	2013	2012
	VND	VND
Opening balance	73,176,471,780	53,753,010,514
Increase in allowance during the year	26,933,131,264	28,644,508,821
Allowance utilised during the year	(28,057,563,602)	-
Written back	(45,160,007,830)	(9,221,047,555)
Translation differences	74,699,736	-
	<hr/>	<hr/>
Closing balance	26,966,731,348	73,176,471,780

At 31 December 2013 inventories with a carrying value of VND899,571 million (31 December 2012: VND1,643,581 million) were pledged with banks as security for loans granted to the Group (Note 18 and Note 24).

Included in finished goods at 31 December 2013 was VND339,647 million (31 December 2012: VND325,961 million) of inventories carried at net realisable value.

9. Taxes receivable from State Treasury

	31/12/2013	31/12/2012
	VND	VND
Corporate income tax	4,032,490,638	8,728,722,749
Personal income tax	273,500	213,803,011
Other tax	339,849,086	-
	<hr/>	<hr/>
	4,372,613,224	8,942,525,760

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Notes to the consolidated financial statements for the year ended 31 December 2013
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10. Other current assets

	31/12/2013	31/12/2012
	VND	VND
Advances (*)	53,778,375,794	51,808,029,928
Short-term deposits	1,102,763,869	1,033,017,391
	<hr/>	<hr/>
	54,881,139,663	52,841,047,319
	<hr/>	<hr/>

(*) This represented advances to an employee to purchase of land use rights on behalf of the Group.

11. Accounts receivable – long-term

Pursuant to the United States of America’s Antidumping Law, Mseafod Corporation (“Mseafod”), 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, Mseafod 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 Mseafod represented the prepayments of antidumping tax. Details of this receivable were as follows:

	31/12/2013	31/12/2012
	VND	VND
Period from 1 February 2008 to 30 September 2008	24,892,980,849	41,136,174,776
Period from 1 October 2010 to 30 September 2011	24,886,161,414	45,704,942,372
Period from 1 October 2011 to 30 September 2012	13,626,616,883	21,898,246,780
Period from 1 October 2012 to 30 September 2013	12,416,210,014	3,750,018,916
	<hr/>	<hr/>
	75,821,969,160	112,489,382,844
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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	585,742,501,892	954,196,241,173	119,412,621,682	17,561,986,115	1,676,913,350,862
Additions	3,565,299,964	12,709,843,552	7,133,674,000	86,353,000	23,495,170,516
Transfers from construction in progress	52,536,514,233	1,106,781,402	106,100,000	1,596,136,800	55,345,532,435
Written off	(10,270,720,549)	(947,553,450)	(5,430,978,562)	(55,935,000)	(16,705,187,561)
Reclassification(*)	(1,372,325,723)	(19,160,585,036)	(26,996,746)	(4,384,732,076)	(24,944,639,581)
Translation differences	156,116,610	-	-	8,103,834	164,220,444
Closing balance	630,357,386,427	947,904,727,641	121,194,420,374	14,811,912,673	1,714,268,447,115
Accumulated depreciation					
Opening balance	87,317,754,389	260,599,829,790	30,151,176,922	6,968,386,197	385,037,147,298
Charge for the year	43,069,211,121	91,622,379,914	16,003,771,718	1,845,407,121	152,540,769,874
Written off	(2,567,884,278)	(415,739,404)	(1,359,119,079)	(28,899,750)	(4,371,642,511)
Reclassification(*)	(813,052,715)	(7,080,852,068)	(245,040,643)	(2,416,488,022)	(10,555,433,448)
Translation differences	24,320,739	-	-	7,532,385	31,853,124
Closing balance	127,030,349,256	344,725,618,232	44,550,788,918	6,375,937,931	522,682,694,337
Net book value					
Opening balance	498,424,747,503	693,596,411,383	89,261,444,760	10,593,599,918	1,291,876,203,564
Closing balance	503,327,037,171	603,179,109,409	76,643,631,456	8,435,974,742	1,191,585,752,778

(*) The reclassification represented net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets are reclassified to long-term prepayments (Note 16).

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Included in the cost of tangible fixed assets were assets costing VND93,313 million which were fully depreciated as of 31 December 2013 (31 December 2012: VND73,055 million), but which are still in active use.

At 31 December 2013 tangible fixed assets with a carrying value of VND784,816 million (31 December 2012: VND882,552 million) were pledged with banks as security for loans granted to the Group (Note 18 and Note 24).

13. Intangible fixed assets

	Indefinite land use rights VND	Definite land use rights VND	Software VND	Total VND
Cost				
Opening balance	17,689,478,796	84,195,741,995	2,371,532,291	104,256,753,082
Additions	-	-	441,791,132	441,791,132
Transfers from construction in progress	-	39,470,565,783	-	39,470,565,783
Written off	-	(38,485,207)	(74,204,593)	(112,689,800)
Reclassification ^(*)	-	-	(441,585,000)	(441,585,000)
Translation differences	184,641,474	-	-	184,641,474
Closing balance	17,874,120,270	123,627,822,571	2,297,533,830	143,799,476,671
Accumulated amortisation				
Opening balance	-	4,243,103,946	989,214,428	5,232,318,374
Charge for the year	-	1,793,670,515	315,531,575	2,109,202,090
Written off	-	(38,485,207)	(74,204,593)	(112,689,800)
Reclassification ^(*)	-	-	(86,911,875)	(86,911,875)
Closing balance	-	5,998,289,254	1,143,629,535	7,141,918,789
Net book value				
Opening balance	17,689,478,796	79,952,638,049	1,382,317,863	99,024,434,708
Closing balance	17,874,120,270	117,629,533,317	1,153,904,295	136,657,557,882

(*) The reclassification represented net book values of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets are reclassified to long-term prepayments (Note 16).

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Included in the cost of intangible fixed assets were assets costing VND2,177 million which were fully amortised as of 31 December 2013 (31 December 2012: VND2,205 million), but which are still in use.

At 31 December 2013 intangible fixed assets with a carrying value of VND64,219 million (31 December 2012: VND72,261 million) were pledged with banks as security for loans granted to the Group (Note 18 and Note 24).

14. Construction in progress

	2013 VND	2012 VND
Opening balance	254,750,170,757	268,310,020,664
Additions during the year	70,894,700,064	111,771,269,232
Transfers to tangible fixed assets	(55,345,532,435)	(81,985,530,536)
Transfers to intangible fixed assets	(39,470,565,783)	(43,345,588,603)
Transfers to long-term prepayments	(97,850,000)	-
	<hr/>	<hr/>
Closing balance	230,730,922,603	254,750,170,757
	<hr/>	<hr/>

At 31 December 2013 construction in progress with a carrying value of VND21,038 million (31 December 2012: VND245,996 million) were pledged with banks as security for loans granted to the Group (Note 18 and Note 24).

15. Long-term investments

	31/12/2013 VND	31/12/2012 VND
Investments in an associate		
▪ Minh Phu Hau Giang Port Corporation	2,180,000,000	2,180,000,000
Other long-term investments		
▪ Saigon - Camau Infrastructure Corporation	7,000,000,000	7,000,000,000
	<hr/>	<hr/>
	9,180,000,000	9,180,000,000
Allowance for diminution in value of the long-term investments	-	(111,246,470)
	<hr/>	<hr/>
	9,180,000,000	9,068,753,530
	<hr/>	<hr/>

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

	2013	2012
	VND	VND
Opening balance	111,246,470	49,011,246,470
Written back	(111,246,470)	-
Transfers to allowance for diminution in the value of short-term investments (Note 6)	-	(48,900,000,000)
Closing balance	-	111,246,470

Details of the investments in associate were as follows:

Name	Principal activity	Business Registration Certificate	% of ownership	
			31/12/2013	31/12/2012
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%

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16. Long-term prepayments

	Pre-operating expenses VND	Prepaid land costs VND	Foreign exchange differences VND	Tools and instruments VND	Total VND
Opening balance	1,508,797,072	58,746,352,214	14,281,839,966	16,520,023,845	91,057,013,097
Additions	-	-	-	14,741,402,198	14,741,402,198
Reclassification from fixed assets(*)	-	-	-	14,743,879,258	14,743,879,258
Reclassification from construction in progress	-	-	-	97,850,000	97,850,000
Reclassification to other current assets	-	-	-	(480,328,526)	(480,328,526)
Amortisation for the year	(431,084,880)	(3,352,944,762)	(4,080,525,708)	(15,770,531,540)	(23,635,086,890)
Closing balance	1,077,712,192	55,393,407,452	10,201,314,258	29,852,295,235	96,524,729,137

(*) Reclassification from fixed assets represented the net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets, i.e. costing VND30 million or more, as regulated in Article 3 of Circular 45. These assets were reclassified from tangible and intangible fixed assets during the year (Note 12 and Note 13). The remaining net book values of these assets are amortised on a straight line basis over their remaining estimated useful lives, but not exceeding three years.

At 31 December 2013 long-term prepayments with a carrying value of VND7,277 million (31 December 2012: nil) were pledged with banks as security for loans granted to the Group (Note 18).

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17. Goodwill

	VND
Cost	
Opening and closing balance	30,888,957,000
Accumulated amortisation	
Opening balance	14,157,438,814
Charge for the year	3,088,895,700
Closing balance	17,246,334,514
Net book value	
Opening balance	16,731,518,186
Closing balance	13,642,622,486

18. Short-term borrowings

	31/12/2013 VND	31/12/2012 VND
Short-term borrowings	4,715,626,675,338	3,148,072,571,964
Current portion of long-term borrowings (Note 24)	-	100,986,300,000
Bonds repayable within twelve months (Note 24)	-	200,000,000,000
	4,715,626,675,338	3,449,058,871,964

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

	Currency	Interest rate (per annum)	31/12/2013 VND	31/12/2012 VND
Bank for Investment and Development of Vietnam – Ca Mau Branch				
Loan 1	VND	6.5%	350,295,288,267	-
Loan 2	USD	2.8%	105,742,923,868	-
Loan 3	USD	3.5%	-	85,435,800,000
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ca Mau Branch				
Loan 4	VND	6.5% - 7.0%	1,316,490,920,363	279,402,989,338
Loan 5	VND	6.5%	573,210,536,543	13,236,370,767
Loan 6	VND	6.5%	61,565,789,783	-
Loan 7	USD	2.8%	857,580,903,298	1,499,401,930,600
Loan 8	USD	3.5%	-	100,522,762,056
Loan 9	USD	3.5% - 4.0%	-	44,499,507,324
Loan 10	USD	2.8%	903,886,548,531	729,172,943,474
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ca Mau Branch				
Loan 11	VND	6.5%	251,303,572,295	-
Loan 12	USD	2.7%	48,850,334,350	213,856,890,180
HSBC Bank (Vietnam) Ltd				
Loan 13	VND	6.0%	57,186,434,252	-
Loan 14	USD	2.5%	111,533,287,940	99,231,378,225
Vietnam International Bank				
Loan 15	VND	6.5%	77,980,135,848	-
Comerica Bank (U.S.A.)				
Loan 16	USD	3.3%	-	83,312,000,000
			<hr/>	
			4,715,626,675,338	3,148,072,571,964
			<hr/>	

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2013
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The bank loans are secured by the following assets of the Group:

	Carrying amount as at	
	31/12/2013	31/12/2012
	VND	VND
Cash in bank and cash equivalents (Note 5)	-	4,138,969,282
Accounts receivable – trade (Note 7)	424,450,633,770	318,572,661,364
Inventories (Note 8)	899,571,113,388	1,555,685,951,209
Tangible fixed assets (Note 12)	784,815,617,349	5,807,736,260
Intangible fixed assets (Note 13)	64,218,635,307	3,205,264,572
Construction in progress (Note 14)	21,037,811,050	-
Long-term prepayments (Note 15)	7,277,435,066	-
	2,201,371,245,930	1,887,410,582,687

19. Accounts payable – trade

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

20. Taxes payable to State Treasury

	31/12/2013	31/12/2012
	VND	VND
Value added tax	78,557,528	47,273,000
Corporate income tax	15,252,558,072	17,318,452,460
Personal income tax	1,558,501,925	1,061,148,212
Other	-	20,033,700
	16,889,617,525	18,446,907,372

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21. Accrued expenses

	31/12/2013	31/12/2012
	VND	VND
External service payable	1,331,065,662	27,395,296,114
Anti-dumping tax payable for the period from 1 February 2008 to 31 January 2009	40,748,421,900	54,676,624,200
Anti-dumping tax payable for the period from 1 February 2009 to 31 January 2010	7,429,558,950	15,926,609,244
Anti-dumping tax payable for the period from 1 February 2010 to 31 January 2011	7,606,925,170	7,486,103,900
Anti-dumping tax payable for the period from 1 February 2012 to 31 January 2013	38,812,259,923	-
Anti-dumping tax payable for the period from 1 February 2013 to 31 December 2013	7,838,921,178	-
	<hr/>	<hr/>
	103,767,152,783	105,484,633,458
	<hr/>	<hr/>

Anti-dumping tax payable as of and for the year ended 31 December 2013 and 31 December 2012 has not been finalised. Management expected that the anti-dumping tax for the year ended 31 December 2013 and 31 December 2012 would be consistent with the finalised rate for the period from 1 February 2011 to 31 January 2012, which is 0%. The Group has estimated the final tax payable which may change according to the final amount payable imposed by the foreign authority.

22. Other payables

	31/12/2013	31/12/2012
	VND	VND
Short-term deposits received	8,000,000,000	11,000,000,000
Dividends payable	6,727,187,750	175,000,000,000
Land rental payable	4,513,839,116	4,779,359,064
Social insurance, health insurance and trade union	1,919,265,435	921,651,909
Commission payable	392,098,154	392,099,083
Interest payable	-	16,594,132,719
Others	1,439,449,253	2,683,010,497
	<hr/>	<hr/>
	22,991,839,708	211,370,253,272
	<hr/>	<hr/>

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23. 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 year were as follows:

	2013 VND
Opening balance	89,416,584,032
Utilisation of the fund	(14,840,554,992)
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Closing balance	74,576,029,040
	<hr/> <hr/>

24. Long-term borrowings

	31/12/2013 VND	31/12/2012 VND
Long-term borrowings	-	429,619,180,684
Long-term corporate bonds	-	700,000,000,000
	<hr/>	<hr/>
Repayable within twelve months (Note 18)	-	1,129,619,180,684
	<hr/>	<hr/>
Repayable after twelve months	-	(300,986,300,000)
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The bank loans were secured by the following assets of the Group:

	Carrying amount as at	
	31/12/2013 VND	31/12/2012 VND
Cash in bank and cash equivalents (Note 5)	-	433,075,880
Prepayments to suppliers (Note 7)	-	651,006,121
Inventories (Note 8)	-	87,894,595,781
Other current assets (Note 10)	-	51,037,496,700
Tangible fixed assets (Note 12)	-	876,743,968,576
Intangible fixed assets (Note 13)	-	69,055,991,092
Construction in progress (Note 14)	-	245,996,061,173
		<hr/>
	-	1,331,812,195,323
		<hr/> <hr/>

25. Provision for severance allowance

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

	2013 VND
Opening balance	3,656,891,489
Additions during the year	23,622,775
Utilised during the year	(320,851,159)
	<hr/>
Closing balance	3,359,663,105
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26. Changes in equity

	Share capital VND	Capital surplus VND	Other reserves VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
Balance at 1 January 2012	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 year	-	-	-	-	-	-	-	16,839,844,522	16,839,844,522
Appropriation to equity fund	-	-	-	-	-	36,092,071,956	13,769,908,805	(49,861,980,761)	-
Dividends (Note 35)	-	-	-	-	-	-	-	(175,000,000,000)	(175,000,000,000)
Transfer to bonus and welfare fund	-	-	-	-	-	-	-	(51,761,636,902)	(51,761,636,902)
Utilisation of fund	-	-	-	-	-	(18,919,140,199)	-	-	(18,919,140,199)
Balance at 1 January 2013	700,000,000,000	177,876,869,236	-	-	88,506,239,451	58,470,998,521	13,769,908,805	271,426,454,467	1,310,050,470,480
Net profit for the year	-	-	-	-	-	-	-	270,138,142,612	270,138,142,612
Repurchases of treasury shares	-	-	-	(18,537,405,861)	-	-	-	-	(18,537,405,861)
Utilisation of fund	-	-	-	-	-	(26,047,830,913)	-	-	(26,047,830,913)
Currency translation differences	-	-	-	-	5,167,828,182	-	-	-	5,167,828,182
Capital surplus arising from shares issued to minority interest	-	-	79,806,684,935	-	-	-	-	-	79,806,684,935
Appropriation to minority shareholders	-	-	-	-	-	-	-	(36,232,287,004)	(36,232,287,004)
Balance at 31 December 2013	700,000,000,000	177,876,869,236	79,806,684,935	(18,537,405,861)	93,674,067,633	32,423,167,608	13,769,908,805	505,332,310,075	1,584,345,602,431

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27. Share capital

The Company's authorised and issued share capital is:

	31/12/2013		31/12/2012	
	Number of shares	VND	Number of shares	VND
Authorised and issued shares capital				
Ordinary shares	70,000,000	700,000,000,000	70,000,000	700,000,000,000
Treasury shares				
Ordinary shares	(630,560)	(18,537,405,861)	-	-
Shares currently in circulation				
Ordinary shares	69,369,440	681,462,594,139	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. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the year were as follows:

	2013		2012	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the year	70,000,000	700,000,000,000	70,000,000	700,000,000,000
Treasury shares purchased during the year	(630,560)	(18,537,405,861)	-	-
Balance at the end of the year	69,369,440	681,462,594,139	70,000,000	700,000,000,000

On 27 December 2012, under Minutes No. 12/HDQT.MPC.12, the Board of Management resolved the purchase of 1,000,000 treasury shares from stock exchange market at market price. The treasury shares were purchased from 10 April 2013 to 9 May 2013.

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28. Minority interest

	2013 VND	2012 VND
Balance at the beginning of the year	70,732,722,803	78,722,005,772
Additional investments during the year	305,092,110,895	-
Net earnings attributable to minority interest during the year	23,696,346,513	(961,777,658)
Allocation of retained profits due to change in percentage of economic ownership	36,232,287,004	-
Translation differences borne by minority interest	574,203,130	-
Bonus and welfare fund borne by minority interest	-	(933,207,732)
Dividends	-	(6,094,297,579)
	<hr/>	<hr/>
Balance at the end of the year	436,327,670,345	70,732,722,803

29. Total revenue

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

Net revenue comprised:

	2013 VND	2012 VND
Total revenue		
▪ Finished goods sold	10,381,139,096,606	7,931,607,515,820
▪ Merchandise goods sold	804,478,773,505	-
▪ Scraps sold	18,584,133,640	32,665,364,042
▪ Others	2,228,456,671	1,394,026,100
	<hr/>	<hr/>
	11,206,430,460,422	7,965,666,905,962
Less revenue deductions		
▪ Sales allowances	(584,201,733)	-
▪ Sales returns	(93,896,203,358)	(29,164,778,420)
	<hr/>	<hr/>
	(94,480,405,091)	(29,164,778,420)
	<hr/>	<hr/>
Net revenue	11,111,950,055,331	7,936,502,127,542

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30. Cost of sales

	2013 VND	2012 VND
Finished goods sold	9,225,544,219,856	7,030,855,092,577
Merchandise goods sold	774,741,018,832	-
Allowance for inventories	(46,209,740,432)	19,423,461,266
Others	1,553,185,030	107,882,549
	<hr/> 9,955,628,683,286	<hr/> 7,050,386,436,392 <hr/>

31. Financial income

	2013 VND	2012 VND
Interest income	91,564,719,319	50,333,601,356
Dividend income	-	19,720,000
Realised foreign exchange gains	16,242,050,121	9,160,578,818
Unrealised foreign exchange gains	5,482,194,356	3,346,738,327
Proceeds from sales of investments	371,824,000	-
Others	97,680,843	-
	<hr/> 113,758,468,639	<hr/> 62,860,638,501 <hr/>

32. Financial expenses

	2013 VND	2012 VND
Interest expense	249,916,093,514	412,791,349,076
Realised foreign exchange losses	46,789,797,832	5,483,365,933
Unrealised foreign exchange losses	24,080,847	139,620,019
Losses from trading of securities	263,588,000	3,758,527,264
Allowance for investments	-	(2,821,800,000)
Others	8,528,141,837	-
	<hr/> 305,521,702,030	<hr/> 419,351,062,292 <hr/>

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33. Income tax

(a) Deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) were attributable to the following:

	31/12/2013	31/12/2012
	VND	VND
Deferred tax assets		
Unrealised profits arising from intra-group transactions	10,190,585,630	2,841,171,279
Provision and allowances	1,506,628,278	515,257,341
Unrealised foreign exchange gains	209,560,767	-
Tax losses carry-forwards	-	2,963,265,883
	<hr/>	<hr/>
	11,906,774,675	6,319,694,503
	<hr/>	<hr/>
Deferred tax liabilities		
Allowance for diminution in the value of investments in subsidiaries	(22,068,981,770)	-
	<hr/>	<hr/>
Net deferred tax (liabilities)/assets	(10,162,207,095)	6,319,694,503
	<hr/>	<hr/>

(b) Recognised in the statement of income

	2013	2012
	VND	VND
Current tax expense		
Current year	47,355,566,123	14,418,626,296
Under/(over) provision in prior years	8,083,783,699	(5,117,151,928)
	<hr/>	<hr/>
	55,439,349,822	9,301,474,368
Deferred tax expenses		
Reversal of temporary differences	16,481,901,598	9,271,494,216
	<hr/>	<hr/>
	71,921,251,420	18,572,968,584
	<hr/>	<hr/>

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(c) Reconciliation of effective tax rate

	2013 VND	2012 VND
Profit before tax	365,755,740,545	34,451,035,448
Tax at the Company's tax rate	91,438,935,136	8,612,758,862
Non-deductible expenses	157,773,310	4,054,694
Non-taxable income	-	(4,930,000)
Tax incentives	(41,392,769,591)	(9,877,996,025)
Difference tax rates applied on deferred tax assets	-	19,049,054,031
Deferred tax assets not recognised	16,931,234,823	7,889,492,181
Effect of different tax rates in subsidiaries	(3,297,705,957)	(1,982,313,231)
Under/(over) provision in prior years	8,083,783,699	(5,117,151,928)
Income tax expense	71,921,251,420	18,572,968,584

(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.

On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

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 Joint Stock Company (“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 from 2011 to 2026 and 25% thereafter. The provisions of Minh Phu - Hau Giang’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. All the above tax incentives are not applicable to other income which is taxed at rate of 25%.

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 25% of taxable profits. The provisions of Minh Phu - Loc An’s Investment Certificate allow it to be exempted from income tax for one year starting from the first year it generates a taxable profit and receive a 50% reduction in income tax for four 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. All the above tax incentives are not applicable to other income which is taxed at rate of 25%.

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 Organic Shrimp was liquidated during the year.

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

Under the terms of its Business Registration Certificate, Minh Phu Hoa Dien has an obligation to pay the government income tax at the rate of 10% of taxable profits from 2012 to 2026 and 25% thereafter. The provisions of Minh Phu Hoa Dien’s Business Registration Certificate allow it to be exempted from income tax for 4 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 9 succeeding years. The income tax regulations also specify that if Minh Phu Hoa Dien 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.

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

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34. Basic earnings per share

The calculation of basic earnings per share at 31 December 2013 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

	2013 VND	2012 VND
Net profit attributable to ordinary shareholders	270,138,142,612	16,839,844,522

(ii) Weighted average number of ordinary shares

	2013	2012
Issued ordinary shares at the beginning of the year	70,000,000	70,000,000
Effect of treasury shares repurchased in April 2013	(305,087)	-
Effect of treasury shares repurchased in May 2013	(100,876)	-
Weighted average number of ordinary shares at the beginning and the end of the year	69,594,037	70,000,000

35. Dividends

During the year, the Company did not declare dividends (2012: VND175,000 per share).

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36. Financial instruments

(a) Financial risk management

(i) Overview

The Group has exposure to the following risks from its 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 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.

(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 and term deposits, loans receivables, and trade and other receivables.

(i) Exposure to credit risk

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

	Notes	31/12/2013 VND	31/12/2012 VND
Cash in bank and cash equivalents	(ii)	1,972,150,741,302	1,284,110,852,423
Term deposits	(ii)	137,385,154,060	119,153,170,936
Loan receivables	(iii)	7,306,508,578	7,746,276,778
Trade and other receivables	(iv)	955,939,260,454	553,915,215,641
		3,072,781,664,394	1,964,925,515,778

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(ii) Cash in bank, cash equivalents and term deposits

The cash in bank, cash equivalents and term deposits of the Group are mainly 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.

(iv) Trade and other receivables

The Group's exposure to credit risk is influenced mainly 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 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 amount provided for below, no further allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables. The aging analysis of the receivables was as follows:

	Gross 31/12/2013 VND	Allowance for doubtful debts 31/12/2013 VND
Not past due	944,481,536,204	-
Past due 0 – 30 days	7,050,777,613	-
Past due 31 – 180 days	1,868,804,970	-
Past due more than 180 days	7,448,036,553	(4,909,894,886)
	960,849,155,340	(4,909,894,886)

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	Gross 31/12/2012 VND	Allowance for doubtful debts 31/12/2012 VND
Not past due	520,745,574,895	-
Past due 0 – 30 days	28,807,221,113	-
Past due 31 – 180 days	1,963,911,085	-
Past due more than 180 days	11,480,593,872	(9,082,085,324)
	<hr/> 562,997,300,965	<hr/> (9,082,085,324)

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

	31/12/2013 VND	31/12/2012 VND
Opening balance	9,082,085,324	13,418,670,092
Allowance reversed during the year	(4,172,190,438)	(4,336,584,768)
	<hr/> 4,909,894,886	<hr/> 9,082,085,324

(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 is 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.

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The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

As at 31 December 2013

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND
Short-term borrowings	4,715,626,675,338	4,785,722,092,944	4,785,722,092,944	-	-
Accounts payable - trade	532,434,499,874	532,434,499,874	532,434,499,874	-	-
Payables to employees	108,358,151,736	108,358,151,736	108,358,151,736	-	-
Accrued expenses	103,767,152,783	103,767,152,783	103,767,152,783	-	-
Other payables	22,991,839,708	22,991,839,708	22,991,839,708	-	-
	5,483,178,319,439	5,553,273,737,045	5,553,273,737,045	-	-

As at 31 December 2012

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND
Short-term borrowings	3,148,072,571,964	3,182,138,435,132	3,182,138,435,132	-	-
Accounts payable - trade	135,868,027,758	135,868,027,758	135,868,027,758	-	-
Payables to employees	38,688,257,921	38,688,257,921	38,688,257,921	-	-
Accrued expenses	105,484,633,458	105,484,633,458	105,484,633,458	-	-
Other payables	211,370,253,272	211,370,253,272	211,370,253,272	-	-
Long-term borrowings	429,619,180,684	538,124,155,764	119,364,208,967	133,861,744,909	284,898,201,888
Long-term non-convertible corporate bonds	700,000,000,000	815,188,888,889	297,688,888,889	517,500,000,000	-
	4,769,102,925,057	5,026,862,652,194	4,090,602,705,397	651,361,744,909	284,898,201,888

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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

The Group had the following net monetary (liability)/asset position exposed to currency risk:

	31 December 2013		31 December 2012	
	USD	JPY	USD	JPY
Cash and cash equivalents	264,234	28,304,539	664,110	-
Accounts receivable – trade	46,433,421	46,873,726	15,856,451	-
Other monetary assets	-	-	525,195	-
Accounts payable – trade	(10,708,114)	-	(235,657)	-
Short-term borrowings	(96,048,981)	-	(133,166,795)	-
Long-term borrowings	-	-	(9,447,014)	-
Other monetary liabilities	-	-	(1,135,862)	-
	(60,059,440)	75,178,265	(126,939,572)	-

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

	Exchange rate as at	
	31/12/2013 VND	31/12/2012 VND
USD1	21,110	20,815
JPY1	200	247

Below is an analysis of the possible impact on the net profit of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 December 2013. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases:

	Effect to net profit for the year ended	
	31/12/2013 VND	31/12/2012 VND
USD (1% strengthening)	(11,186,631,754)	(22,112,702,630)
JPY (19% weakening)	(2,142,580,553)	-

The opposite movement of the currencies would have the equal but opposite effect to the net profit of the Group.

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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:

	31/12/2013	31/12/2012
	VND	VND
Fixed rate instruments		
Cash equivalents	1,941,393,774,760	1,267,133,885,350
Term deposits	137,385,154,060	119,153,170,936
	<hr/>	<hr/>
	2,078,778,928,820	1,386,287,056,286
<hr/>		
Variable rate instruments		
Cash in bank	30,756,966,542	16,976,967,073
Short-term borrowings	(4,715,626,675,338)	(3,148,072,571,964)
Long-term borrowings	-	(429,619,180,684)
Long-term non-convertible corporate bond	-	(700,000,000,000)
	<hr/>	<hr/>
	(4,684,869,708,796)	(4,260,714,785,575)
	<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. An increased of 100 basic points in interest rate would have decreased the Group's net profit by VND35,137 million (31 December 2012: VND13,444 million).

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(e) Fair values

(i) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31/12/2013		31/12/2012	
	Carrying value VND	Fair value VND	Carrying value VND	Fair value VND
Categorised as loans and receivables:				
• Cash and cash equivalents	1,972,150,741,302	1,972,150,741,302	1,284,110,852,423	1,284,110,852,423
• Trade and other receivables	955,939,260,454	(*)	553,915,215,641	(*)
• Other financial assets	144,691,662,638	(*)	126,899,447,714	(*)
Categorised as available-for-sale:				
• Short-term investments	14,811,109,411	6,167,888,170	11,267,580,000	945,876,000
• Long-term investments	9,180,000,000	(*)	9,068,753,530	(*)
Categorised as liabilities at amortised cost:				
• Trade and other payables	(555,426,339,582)	(*)	(347,238,281,030)	(*)
• Borrowings	(4,715,626,675,338)	(*)	(4,277,691,752,648)	(*)
	(2,174,280,241,115)		(2,639,668,184,370)	

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(ii) *Basis for determining fair values*

Investments in equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the balance sheet date. The fair value of the instruments is determined for disclosure purposes only.

(*) The Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System. There fair values of these financial instruments may differ from their carrying amounts.

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 year:

	2013	2012
	VND	VND
Long Phung Investment Corporation		
Office rental	2,736,438,921	1,024,601,700

Transactions with key management personnel

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

	2013	2012
	VND	VND
Remunerations and business allowances	12,404,200,342	11,644,096,372

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38. Commitments

(a) Capital expenditure

At 31 December 2013, the Group had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2013 VND	31/12/2012 VND
Approved and contracted	110,669,424,766	111,279,648,241

(b) Leases

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

	31/12/2013 VND	31/12/2012 VND
Within one year	3,654,900,511	2,035,707,000
From two to five years	7,993,190,322	1,577,672,925
	11,648,090,833	3,613,379,925

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39. Production and business costs by element

	2013 VND	2012 VND
Raw material costs included in production costs	8,827,450,058,960	6,247,223,637,445
Labour costs and staff costs	700,883,681,756	540,586,407,933
Depreciation and amortisation	157,738,867,664	151,886,043,097
Outside services	462,063,370,689	346,503,691,558
Other expenses	409,421,067,805	243,511,071,165

7 March 2014

Prepared by:

Luu Minh Trung
Chief Accountant

Approved by:



Le Van Quang
General Director