



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

Consolidated financial statements for
the year ended 31 December 2014



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
	2000393273 (2 nd amendment)	15 October 2014

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
	Ms. Le Thi Diu Minh	Deputy General Director (from 4 March 2015)

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 consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises 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 give a true and fair view of the consolidated financial position of Minh Phu Seafood Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”) as at 31 December 2014, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises 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, 20 March 2015



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 2014, 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 20 March 2015, as set out on pages 5 to 65.

Management’s Responsibility

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 for enterprises 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 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.



Auditor's 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 its subsidiaries as at 31 December 2014 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises 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



Lam Thi Ngoc Hao
Practicing Auditor Registration
Certificate No. 0866-2013-007-1
Deputy General Director

Ho Chi Minh City, 20 March 2015

Ha Vu Dinh
Practicing Auditor Registration
Certificate No. 0414-2013-007-1

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Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2014

Form B 01 – DN/HN

	Code	Note	31/12/2014 VND	31/12/2013 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		7,592,303,033,585	5,871,492,742,171
Cash and cash equivalents	110	5	82,925,910,682	2,000,246,094,247
Cash	111		39,925,910,682	58,852,319,487
Cash equivalents	112		43,000,000,000	1,941,393,774,760
Short-term investments	120	6	1,702,410,149,436	150,798,172,049
Short-term investments	121		1,710,788,609,436	159,502,772,049
Allowance for diminution in the value of short-term investments	129		(8,378,460,000)	(8,704,600,000)
Accounts receivable – short-term	130	7	1,269,645,220,566	989,180,822,486
Accounts receivable – trade	131		1,157,189,525,329	918,956,697,117
Prepayments to suppliers	132		40,563,587,942	33,241,562,032
Other receivables	135		73,855,646,832	41,892,458,223
Allowance for doubtful debts	139		(1,963,539,537)	(4,909,894,886)
Inventories	140	8	4,451,447,537,775	2,464,315,121,644
Inventories	141		4,484,572,057,212	2,491,281,852,992
Allowance for inventories	149		(33,124,519,437)	(26,966,731,348)
Other current assets	150		85,874,215,126	266,952,531,745
Short-term prepayments	151		2,495,482,582	1,059,123,928
Deductible value added tax	152		60,977,287,270	206,639,654,930
Taxes receivable from State Treasury	154	9	17,173,205,504	4,372,613,224
Other current assets	158	10	5,228,239,770	54,881,139,663

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 2014 (continued)

Form B 01 – DN/HN

	Code	Note	31/12/2014 VND	31/12/2013 VND
Long-term assets (200 = 210 + 220 + 250 + 260 + 269)	200		1,693,185,926,493	1,766,050,328,721
Accounts receivable – long-term	210	11	-	75,821,969,160
Fixed assets	220		1,550,127,897,392	1,558,974,233,263
Tangible fixed assets	221	12	1,165,597,485,579	1,191,585,752,778
Cost	222		1,835,169,365,722	1,714,268,447,115
Accumulated depreciation	223		(669,571,880,143)	(522,682,694,337)
Intangible fixed assets	227	13	134,504,478,143	136,657,557,882
Cost	228		144,429,647,061	143,799,476,671
Accumulated amortisation	229		(9,925,168,918)	(7,141,918,789)
Construction in progress	230	14	250,025,933,670	230,730,922,603
Long-term investments	250	15	13,080,000,000	9,180,000,000
Investments in associates	252		6,080,000,000	2,180,000,000
Other long-term investments	258		7,000,000,000	7,000,000,000
Other long-term assets	260		119,424,302,315	108,431,503,812
Long-term prepayments	261	16	98,226,128,809	96,524,729,137
Deferred tax assets	262	33	21,198,173,506	11,906,774,675
Goodwill	269	17	10,553,726,786	13,642,622,486
TOTAL ASSETS (270 = 100 + 200)	270		9,285,488,960,078	7,637,543,070,892

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 2014 (continued)

Form B 01 – DN/HN

	Code	Note	31/12/2014 VND	31/12/2013 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		7,010,269,474,196	5,616,869,798,116
Current liabilities	310		6,461,609,164,464	5,591,441,153,241
Short-term borrowings	311	18	5,929,425,299,941	4,715,626,675,338
Accounts payable – trade	312	19	132,370,318,344	532,434,499,874
Advances from customers	313		10,324,243,728	16,797,187,237
Taxes payable to State Treasury	314	20	25,404,502,169	16,889,617,525
Payables to employees	315		122,082,636,088	108,358,151,736
Accrued expenses	316	21	148,866,371,362	103,767,152,783
Other payables	319	22	23,840,648,743	22,991,839,708
Bonus and welfare fund	323	23	69,295,144,089	74,576,029,040
Long-term liabilities	330		548,660,309,732	25,428,644,875
Long-term borrowings	334	24	500,000,000,000	-
Deferred tax liabilities	335	33	45,606,014,928	22,068,981,770
Provision for severance allowance	336	25	3,054,294,804	3,359,663,105
EQUITY (400 = 410)	400		1,787,021,481,661	1,584,345,602,431
Owners' equity	410	26	1,787,021,481,661	1,584,345,602,431
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	79,806,684,935
Treasury shares	414	27	(80,162,090,861)	(18,537,405,861)
Foreign exchange differences	416		98,893,770,789	93,674,067,633
Investment and development fund	417		24,382,564,541	32,423,167,608
Financial reserve	418		22,755,983,553	13,769,908,805
Retained profits	420		763,467,699,468	505,332,310,075
MINORITY INTEREST	439	28	488,198,004,221	436,327,670,345
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		9,285,488,960,078	7,637,543,070,892

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 2014 (continued)**

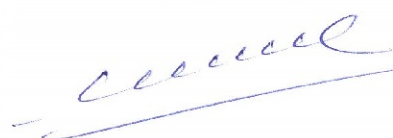
Form B 01 – DN/HN

OFF BALANCE SHEET ITEMS

	Note	31/12/2014	31/12/2013
Foreign currencies included in cash:			
USD	36 (d)	160,497	264,234
JPY	36 (d)	463,109	28,304,539

20 March 2015

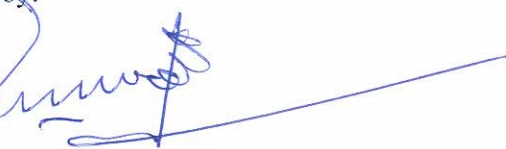
Prepared by:



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 2014

Form B 02 – DN/HN

	Code	Note	2014 VND	2013 VND
Total revenue	01	29	15,224,802,761,482	11,206,430,460,422
Less revenue deductions	02	29	(130,061,808,523)	(94,480,405,091)
Net revenue (10 = 01 + 02)	10	29	15,094,740,952,959	11,111,950,055,331
Cost of sales	11	30	(13,078,415,992,602)	(9,955,628,683,286)
Gross profit (20 = 10 + 11)	20		2,016,324,960,357	1,156,321,372,045
Financial income	21	31	146,635,796,390	113,758,468,639
Financial expenses	22	32	(257,698,717,542)	(305,521,702,030)
<i>In which: Interest expense</i>	23		(167,134,344,566)	(249,916,093,514)
Selling expenses	24		(694,714,723,573)	(478,047,143,198)
General and administration expenses	25		(157,837,686,476)	(110,604,902,548)
Net operating profit (30 = 20 + 21 + 22 + 24 + 25)	30		1,052,709,629,156	375,906,092,908
Other income	31		9,762,705,782	6,074,024,049
Other expenses	32		(14,934,290,801)	(16,224,376,412)
Results of other activities (40 = 31 + 32)	40		(5,171,585,019)	(10,150,352,363)
Profit before tax (50 = 30 + 40)	50		1,047,538,044,137	365,755,740,545
Income tax expense – current	51	33	(112,244,074,336)	(55,439,349,822)
Income tax expense – deferred	52	33	(14,245,634,327)	(16,481,901,598)
Net profit after tax (60 = 50 + 51 + 52)	60		921,048,335,474	293,834,489,125

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 2014 (continued)

Form B 02 – DN/HN

	Code	Note	2014 VND	2013 VND
Net profit after tax (60 = 50 + 51 + 52)	60		921,048,335,474	293,834,489,125
Attributable to:				
Minority interest	61	28	165,971,664,904	23,696,346,513
Equity holders of the Company	62		755,076,670,570	270,138,142,612
Basic earnings per share	70	34	10,930	3,882

20 March 2015

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 cash flows for the year ended 31 December 2014
(Indirect method)

Form B 03 – DN/HN

	Code	Note	2014 VND	2013 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		1,047,538,044,137	365,755,740,545
Adjustments for				
Depreciation and amortisation	02		154,693,123,098	157,738,867,664
Allowances and provisions	03		3,600,739,283	(23,587,993,474)
Unrealised foreign exchange gains	04		(8,622,178,524)	(5,458,113,509)
Losses on written off fixed assets	05		6,719,080,167	12,333,545,050
Dividends and interest income	05		(86,895,987,151)	(91,564,719,319)
Gains on disposal of an investment	05		-	(108,236,000)
Interest expense	06		167,134,344,566	249,916,093,514
Operating profit before changes in working capital	08		1,284,167,165,576	665,025,184,471
Change in receivables and other current assets	09		(152,286,584,556)	(476,614,155,557)
Change in inventories	10		(1,977,942,198,267)	(209,197,233,446)
Change in payables and other liabilities	11		(287,036,581,136)	463,256,369,028
Change in prepayments	12		2,282,615,538	9,810,344,892
			(1,130,815,582,845)	452,280,509,388
Interest paid	13		(161,027,571,892)	(266,510,226,233)
Corporate income tax paid	14		(52,851,382,432)	(51,919,229,520)
Other payments for operating activities	16		(30,964,920,593)	(41,209,237,064)
Net cash flows from operating activities	20		(1,375,659,457,762)	92,641,816,571

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 2014
(Indirect method - continued)

Form B 03 – DN/HN

	Code	Note	2014 VND	2013 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(105,346,176,588)	(94,831,661,712)
Payments for term deposits	23		(1,760,700,000,000)	(148,269,213,184)
Collection from term deposits	24		202,427,130,255	130,330,000,000
Proceeds from sales of equity instruments of other entities	25		-	371,824,000
Payments investments in an associate	26		(3,900,000,000)	-
Receipts of interest and dividends	27		47,640,622,002	82,192,249,076
Net cash flows from investing activities	30		(1,619,878,424,331)	(30,206,801,820)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contribution by minority interest	31		-	384,898,795,830
Payments for shares repurchases	32		(61,624,685,000)	(18,537,405,861)
Proceeds from borrowings	33		18,199,610,889,605	12,588,471,492,808
Payments to settle debts	34		(16,491,849,230,470)	(12,146,718,807,114)
Payments of dividends	35		(566,414,210,057)	(168,272,812,250)
Net cash flows from financing activities	40		1,079,722,764,078	639,841,263,413
Net cash flows during the year (50 = 20 + 30 + 40)	50		(1,915,815,118,015)	702,276,278,164
Cash and cash equivalents at the beginning of the year	60		2,000,246,094,247	1,298,619,003,857
Impact of exchange rate fluctuation	61		(1,505,065,550)	(649,187,774)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	82,925,910,682	2,000,246,094,247

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 2014
(Indirect method - continued)

Form B 03 – DN/HN

NON-CASH ACTIVITIES

	2014 VND	2013 VND
Net off long-term receivables with accruals for antidumping tax	75,821,969,160	-
Net-off refunded value added tax with corporation income tax payable	48,386,624,564	806,998,977
Reclassify short-term investments to other receivables	7,306,508,578	-
Reclassify from other receivables to short-term investments	-	3,807,117,411
Collection of loan receivable by raw materials	-	439,768,200

20 March 2015

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 year ended 31 December 2014

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 produce and 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 was approved by the Ho Chi Minh City Stock Exchange and the Company will officially be delisted on 31 March 2015.

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

The details of the subsidiaries are as follows:

Name	Principal activity	Business Registration Certificate	% of ownership	
			31/12/2014	31/12/2013
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%	67.5%
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 year ended 31 December 2014
(continued)

Form B 09 – DN/HN

Name	Principal activity	Business Registration Certificate	% of ownership	
			31/12/2014	31/12/2013
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 food 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 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%

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
(continued)

Form B 09 – DN/HN

Name	Principal activity	Business Registration Certificate	% of ownership	
			31/12/2014	31/12/2013
Minh Phu Seafood Supply Chain Co., Ltd (**)	Breed aquacultural products; process, preserve aquatic products; produce aquatic breeds; trade in machinery and equipment for aquaculture.	6300249616 issued by the Planning and Investment Department of Hau Giang Province on 26 June 2014.	100%	-

(*) On 1 November 2014, under Minutes No. 06/BB.HDQT.2014, the Board of Management resolved to liquidate Minh Phu Hoa Dien Aquaculture One Member Company. Minh Phu Hoa Dien Aquaculture One Member Company is in the process of liquidation.

(**) On 26 June 2014, under Minutes No. 03/HDQT.MPC.14, the Board of Management resolved to establish Minh Phu Seafood Supply Chain Co., Ltd with the authorised legal capital of VND2 billion. The Company fully contributed the capital at the reporting date.

As at 31 December 2014, the Group had 14,860 employees (31 December 2013: 13,547 employees).

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 for enterprises and the relevant statutory requirements applicable to financial statements.

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting currency

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

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
(continued)

Form B 09 – DN/HN

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.

(ii) Associates

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

(iii) 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 associate are eliminated against the investment to the extent of the Group's interest in the associate.

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
(continued)

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(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.

(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.

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(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.

(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.

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(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.

(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 year of construction and installation.

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Notes to the consolidated financial statements for year ended 31 December 2014
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(j) Long-term prepayments

(i) *Pre-operating expenses*

Pre-operating expenses are recorded in the consolidated 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 5 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.

(iii) *Foreign exchange differences*

All foreign exchange differences are recorded in the consolidated 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.

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Notes to the consolidated financial statements for year ended 31 December 2014
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(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 2014 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.

(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.

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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.

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.

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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.

(m) 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.

(n) 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.

(o) Revenue and other income

(i) Goods sold

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.

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Notes to the consolidated financial statements for year ended 31 December 2014
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(ii) Interest income

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

(iii) Dividend income

Dividend income is recognized when the right to receive dividend is established.

(p) 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.

(q) 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 year of construction are capitalised as part of the cost of the assets concerned.

(r) 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.

(s) 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.

(t) Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company and its subsidiaries that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and its subsidiaries and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014 (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 2014</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
External revenue	179,722,305	9,466,876,819,579	5,573,262,223,831	54,422,187,244	-	15,094,740,952,959
Inter-segment revenue	43,867,537,283	11,045,350,743,242	45,819,920,161	57,470,262,556	(11,192,508,463,242)	-
Total segment revenue	44,047,259,588	20,512,227,562,821	5,619,082,143,992	111,892,449,800	(11,192,508,463,242)	15,094,740,952,959
Segment result	(30,095,941,235)	1,138,083,193,299	43,964,969,544	21,247,705,385	(9,427,376,685)	1,163,772,550,308
Financial income						146,635,796,390
Financial expenses						(257,698,717,542)
Other income						1,052,709,629,156
Other expenses						9,762,705,782
Income tax						(14,934,290,801)
						(126,489,708,663)
Net profit after tax						921,048,335,474

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Notes to the consolidated financial statements for year ended 31 December 2014 (continued)

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<i>For the year ended</i> 31 December 2013	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
In ter-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 year ended 31 December 2014 (continued)

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<i>As of 31 December 2014</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
Segment assets	315,931,041,217	7,613,627,174,103	1,957,965,667,031	66,195,865,754	(2,468,531,203,310)	7,485,188,544,795
Investment in equity accounted associates						6,080,000,000
Unallocated assets						1,794,220,415,283
Total assets						9,285,488,960,078
Segment liabilities	165,641,460,460	7,630,232,911,355	1,580,440,980,172	7,797,638,604	(2,425,556,303,997)	6,958,556,686,594
Unallocated liabilities						51,712,787,602
Total liabilities						7,010,269,474,196
<i>For the year ended 31 December 2014</i>						
Capital expenditure	8,138,164,351	88,514,898,565	-	8,693,113,672	-	105,346,176,588
Depreciation and amortisation	15,506,241,760	131,512,160,783	320,356,424	4,265,468,431	3,088,895,700	154,693,123,098

Minh Phu Seafood Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements for year ended 31 December 2014 (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 associates						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
<i>For the year ended 31 December 2013</i>						
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

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Notes to the consolidated financial statements for year ended 31 December 2014
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(b) Geographical segments

(i) Segment revenues

	External revenue	
	2014 VND	2013 VND
Vietnam	87,668,533,661	50,060,966,225
North America	7,531,971,761,748	5,041,985,831,276
Europe	1,623,703,459,571	2,750,376,809,270
Japan	3,271,168,741,917	1,083,821,501,305
Korea	1,164,887,885,387	898,098,047,923
Others	1,415,340,570,675	1,287,606,899,332
	<hr/>	<hr/>
	15,094,740,952,959	11,111,950,055,331
	<hr/>	<hr/>

(ii) Segment assets

	Total assets	
	31/12/2014 VND	31/12/2013 VND
Vietnam	7,348,164,799,186	6,523,405,605,690
North America	1,937,324,160,892	1,114,137,465,202
	<hr/>	<hr/>
	9,285,488,960,078	7,637,543,070,892
	<hr/>	<hr/>

5. Cash and cash equivalents

	31/12/2014 VND	31/12/2013 VND
Cash on hand	2,358,070,841	28,095,352,945
Cash in banks	37,567,839,841	30,756,966,542
Cash equivalents	43,000,000,000	1,941,393,774,760
	<hr/>	<hr/>
	82,925,910,682	2,000,246,094,247
	<hr/>	<hr/>

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Notes to the consolidated financial statements for year ended 31 December 2014
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6. Short-term investments

	31/12/2014		31/12/2013	
	Quantity	VND	Quantity	VND
Short-term investments in shares				
▪ Petrol Vietnam 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	18,823	272,941,176
▪ Van Dien Fused Magnesium Phosphate Fertilizer JSC	125,882	3,270,588,235	125,882	3,270,588,235
		14,811,109,411		14,811,109,411
Other short-term investments				
▪ Loan receivables		-		7,306,508,578
▪ Term deposits (*)		1,695,977,500,025		137,385,154,060
		1,710,788,609,436		159,502,772,049
Allowance for diminution in the value of short-term investments		(8,378,460,000)		(8,704,600,000)
		1,702,410,149,436		150,798,172,049

(*) This represented term deposits with the maturity of less than a year and earned interest at rates ranging from 6.0% to 8.1% per annum during the year (2013: 9.0% to 11.0% per annum).

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

	2014 VND	2013 VND
Opening balance	8,704,600,000	9,782,280,000
Written back	(326,140,000)	(1,077,680,000)
Closing balance	<u>8,378,460,000</u>	<u>8,704,600,000</u>

Term deposits at 31 December 2014 included VND1,073,200 million (31 December 2013: nil) pledged with banks as security for loans granted to the Company (Note 18).

7. Accounts receivable – short-term

Accounts receivable – trade represented the amounts due from third parties which were unsecured, interest free and receivable within 15 - 90 days from invoice date.

Accounts receivable – trade at 31 December 2014 included VND560,607 million (31 December 2013: VND424,451 million) pledged with banks as security for loans granted to the Group (Note 18).

Other receivables comprised:

	31/12/2014 VND	31/12/2013 VND
Interest receivable	53,058,365,555	13,803,000,406
Loans to employees (*)	5,838,761,909	7,377,161,909
Social and health insurance receivable from employees	3,008,306,749	1,001,639,549
Others	11,950,212,619	19,710,656,359
	<u>73,855,646,832</u>	<u>41,892,458,223</u>

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

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8. Inventories

	31/12/2014	31/12/2013
	VND	VND
Goods in transit	801,717,688	367,078,280,830
Raw materials	142,899,967,589	104,484,305,999
Tools and supplies	6,723,830,143	6,874,348,577
Work in progress	48,945,047,113	13,218,401,826
Finished goods	4,285,201,494,679	1,999,626,515,760
	<hr/>	<hr/>
	4,484,572,057,212	2,491,281,852,992
Allowance for inventories	(33,124,519,437)	(26,966,731,348)
	<hr/>	<hr/>
	4,451,447,537,775	2,464,315,121,644
	<hr/>	<hr/>

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

	2014	2013
	VND	VND
Opening balance	26,966,731,348	73,176,471,780
Increase in allowance during the year	24,535,298,066	26,933,131,264
Allowance utilised during the year	-	(28,057,563,602)
Written back	(18,522,710,238)	(45,160,007,830)
Translation differences	145,200,261	74,699,736
	<hr/>	<hr/>
Closing balance	33,124,519,437	26,966,731,348
	<hr/>	<hr/>

At 31 December 2014 inventories with carrying value of VND3,006,719 million (31 December 2013: VND899,571 million) were pledged with banks as security for loans granted to the Group (Note 18).

Included in finished goods at 31 December 2014 was VND676,591 million (31 December 2013: VND339,647 million) of inventories carried at net realisable value.

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Notes to the consolidated financial statements for year ended 31 December 2014
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9. Taxes receivable from State Treasury

	31/12/2014	31/12/2013
	VND	VND
Import tax	16,839,024,763	339,849,086
Corporate income tax	273,715,276	4,032,490,638
Personal income tax	60,465,465	273,500
	<hr/>	<hr/>
	17,173,205,504	4,372,613,224
	<hr/>	<hr/>

10. Other current assets

	31/12/2014	31/12/2013
	VND	VND
Advances	4,093,053,605	53,778,375,794
Short-term deposits	1,135,186,165	1,102,763,869
	<hr/>	<hr/>
	5,228,239,770	54,881,139,663
	<hr/>	<hr/>

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.

During the year, management of Mseafod, with the best estimation based on available information, reviewed the provisional antidumping tax payment which was recorded in long-term receivables and cleared them against the accrued antidumping tax which was recorded in accruals for each period. Accordingly, the outstanding balance of accruals for antidumping tax at the year-end was recorded based on final tax rates stipulated by DOC for each period which have not been finalised (see Note 21). From October 2014 onward, Mseafod makes payments for antidumping tax based on tax rate announced by DOC and records directly as expenses when incurred.

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014 (continued)

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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	630,357,386,427	947,904,727,641	121,194,420,374	14,811,912,673	1,714,268,447,115
Additions	11,819,262,818	33,220,761,289	13,301,314,303	4,894,253,539	63,235,591,949
Transfers from construction in progress	51,981,687,005	-	14,213,453,503	-	66,195,140,508
Written off	(8,687,046,189)	-	-	-	(8,687,046,189)
Translation differences	149,473,349	-	-	7,758,990	157,232,339
Closing balance	685,620,763,410	981,125,488,930	148,709,188,180	19,713,925,202	1,835,169,365,722
Accumulated depreciation					
Opening balance	127,030,349,256	344,725,618,232	44,550,788,918	6,375,937,931	522,682,694,337
Charge for the year	46,114,306,411	89,365,213,301	11,481,635,478	1,859,822,079	148,820,977,269
Written off	(1,967,966,022)	-	-	-	(1,967,966,022)
Translation differences	28,645,833	-	-	7,528,726	36,174,559
Closing balance	171,205,335,478	434,090,831,533	56,032,424,396	8,243,288,736	669,571,880,143
Net book value					
Opening balance	503,327,037,171	603,179,109,409	76,643,631,456	8,435,974,742	1,191,585,752,778
Closing balance	514,415,427,932	547,034,657,397	92,676,763,784	11,470,636,466	1,165,597,485,579

Included in the cost of tangible fixed assets were assets costing VND91,575 million which were fully depreciated as of 31 December 2014 (31 December 2013: VND93,313 million), but which are still in active use.

At 31 December 2014 tangible fixed assets with carrying value of VND783,098 million (31 December 2013: VND784,816 million) were pledged with banks as security for loans granted to the Group (Note 18).

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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13. Intangible fixed assets

	Indefinite land use rights VND	Definite land use rights VND	Software VND	Total VND
Cost				
Opening balance	17,874,120,270	123,627,822,571	2,297,533,830	143,799,476,671
Additions	-	-	337,386,000	337,386,000
Transfers from construction in progress	-	-	116,000,000	116,000,000
Translation differences	176,784,390	-	-	176,784,390
Closing balance	18,050,904,660	123,627,822,571	2,750,919,830	144,429,647,061
Accumulated amortisation				
Opening balance	-	5,998,289,254	1,143,629,535	7,141,918,789
Charge for the year	-	2,437,271,316	345,978,813	2,783,250,129
Closing balance	-	8,435,560,570	1,489,608,348	9,925,168,918
Net book value				
Opening balance	17,874,120,270	117,629,533,317	1,153,904,295	136,657,557,882
Closing balance	18,050,904,660	115,192,262,001	1,261,311,482	134,504,478,143

Included in the cost of intangible fixed assets were assets costing VND2,177 million which were fully amortised as of 31 December 2014 (31 December 2013: VND2,177 million), but which are still in use.

At 31 December 2014 intangible fixed assets with carrying value of VND64,070 million (31 December 2013: VND64,219 million) were pledged with banks as security for loans granted to the Group (Note 18).

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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14. Construction in progress

	2014 VND	2013 VND
Opening balance	230,730,922,603	254,750,170,757
Additions during the year	41,773,198,639	70,894,700,064
Reclassification from other current assets	49,253,326,800	-
Transfers to tangible fixed assets	(66,195,140,508)	(55,345,532,435)
Transfers to intangible fixed assets	(116,000,000)	(39,470,565,783)
Transfers to long-term prepayments	(5,420,373,864)	(97,850,000)
	<hr/>	<hr/>
Closing balance	250,025,933,670	230,730,922,603
	<hr/>	<hr/>

Major constructions in progress were as follows:

	31/12/2014 VND	31/12/2013 VND
Buildings	147,963,627,095	159,986,271,076
Land use rights	49,407,753,668	-
Accounting software	20,959,234,000	12,786,834,000
Machinery	3,497,358,000	23,256,841,673
Others	28,197,960,907	34,700,975,854
	<hr/>	<hr/>
	250,025,933,670	230,730,922,603
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Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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15. Long-term investments

	31/12/2014 VND	31/12/2013 VND
Investments in associates		
▪ Minh Phu Hau Giang Port Corporation	2,180,000,000	2,180,000,000
▪ Minh Phu Aquamekong Aquaculture Technique Services Company Limited	3,900,000,000	-
	6,080,000,000	2,180,000,000
Other long-term investments		
▪ Saigon - Ca mau Infrastructure Corporation	7,000,000,000	7,000,000,000
	13,080,000,000	9,180,000,000

Details of the investments in associates were as follows:

Name	Principal activity	Business Registration Certificate	% of ownership	
			31/12/2014	31/12/2013
Associates				
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%
Minh Phu Aquamekong Aquaculture Technique Service Co., Ltd	Consult technology of breeding aquaculture; explore aquatic, process and preserve aquatic products; produce food for cattle, poultry and aquatic; construction building and other civil engineering; install other construction system; trade in aquatic foods and leasing machinery, equipment and other tangible assets.	0312398643 issued by the Planning and Investment Department of Ho Chi Minh City on 27 May 2014.	49%	-

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014 (continued)

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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	1,077,712,192	55,393,407,452	10,201,314,258	29,852,295,235	96,524,729,137
Additions	-	-	-	23,209,751,226	23,209,751,226
Reclassification from construction in progress	-	-	-	5,420,373,864	5,420,373,864
Amortisation for the year	(431,084,880)	(3,305,676,635)	(4,080,525,708)	(19,111,438,195)	(26,928,725,418)
Closing balance	646,627,312	52,087,730,817	6,120,788,550	39,370,982,130	98,226,128,809

At 31 December 2014, long-term prepayments with carrying value of VND4,517 million (31 December 2013: VND7,277 million) were pledged with banks as security for loans granted to the Group (Note 18).

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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17. Goodwill

	VND
Cost	
Opening and closing balance	30,888,957,000
Accumulated amortisation	
Opening balance	17,246,334,514
Charge for the year	3,088,895,700
Closing balance	20,335,230,214
Net book value	
Opening balance	13,642,622,486
Closing balance	10,553,726,786

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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18. Short-term borrowings

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

	Currency	Interest rate (per annum)	31/12/2014 VND	31/12/2013 VND
Bank for Investment and Development of Vietnam – Ca Mau Branch				
Loan 1	USD	2.4% - 2.6%	892,613,384,527	105,742,923,868
Loan 2	VND	6.5%	-	350,295,288,267
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ca Mau Branch				
Loan 3	USD	2.4%	57,548,674,280	61,565,789,783
Loan 4	USD	2.4% - 2.6%	1,814,507,930,212	857,580,903,298
Loan 5	USD	2.4% - 2.6%	2,351,540,412,592	903,886,548,531
Loan 6	USD	2.4% - 2.6%	24,686,844,600	-
Loan 7	JPY	2.8% - 3.0%	28,829,670,190	-
Loan 8	VND	6.5% - 7.0%	-	1,316,490,920,363
Loan 9	VND	6.5%	-	573,210,536,543
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ca Mau Branch				
Loan 10	USD	2.4% - 2.6%	569,967,688,220	48,850,334,350
Loan 11	VND	6.5%	-	251,303,572,295
Loan 12	USD	2.4%	189,730,695,320	-
HSBC Bank (Vietnam) Ltd				
Loan 13	USD	2.5%	-	111,533,287,940
Loan 14	VND	6.0%	-	57,186,434,252
Vietnam International Bank				
Loan 15	VND	6.5%	-	77,980,135,848
			5,929,425,299,941	4,715,626,675,338

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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The bank borrowings are secured by the following assets of the Group:

	Carrying amount as at	
	31/12/2014	31/12/2013
	VND	VND
Term deposits (Note 6)	1,073,200,000,000	-
Accounts receivable – trade (Note 7)	560,606,997,260	424,450,633,770
Inventories (Note 8)	3,006,718,546,100	899,571,113,388
Tangible fixed assets (Note 12)	783,097,604,776	784,815,617,349
Intangible fixed assets (Note 13)	64,069,869,789	64,218,635,307
Construction in progress (Note 14)	-	21,037,811,050
Long-term prepayments (Note 16)	4,517,028,663	7,277,435,066
	5,492,210,046,588	2,201,371,245,930

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

	31/12/2014	31/12/2013
	VND	VND
Value added tax	1,467,679,371	78,557,528
Corporate income tax	22,516,001,966	15,252,558,072
Personal income tax	1,409,601,232	1,558,501,925
Other taxes	11,219,600	-
	25,404,502,169	16,889,617,525

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Notes to the consolidated financial statements for year ended 31 December 2014
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21. Accrued expenses

	31/2/2014	31/12/2013
	VND	VND
Anti-dumping tax payable for the period from 1 February 2008 to 31 January 2009	7,480,880,092	40,748,421,900
Anti-dumping tax payable for the period from 1 February 2009 to 31 January 2010	16,097,997,474	7,429,558,950
Anti-dumping tax payable for the period from 1 February 2010 to 31 January 2011	4,262,376,251	7,606,925,170
Anti-dumping tax payable for the period from 1 February 2012 to 31 January 2013	54,754,580,589	38,812,259,923
Anti-dumping tax payable for the period from 1 February 2013 to 31 January 2014	23,399,650,272	7,838,921,178
External service payable	1,678,291,000	1,331,065,662
Salary and bonus	41,192,595,684	-
	<hr/>	<hr/>
	148,866,371,362	103,767,152,783
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Anti-dumping tax payable as of and for the year ended 31 December 2014 and 31 December 2013 has not been finalised. Management expected that the anti-dumping tax for the year ended 31 December 2013 would be consistent with the finalised rate for the period from 1 February 2009 to 31 January 2010, which is 1% as advised by the lawyers. Anti-dumping tax as of and for the year ended 31 December 2014 was paid and charged directly to the consolidated statement of income.

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Notes to the consolidated financial statements for year ended 31 December 2014
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22. Other payables

	31/12/2014	31/12/2013
	VND	VND
Interest payable	6,106,772,674	-
Dividends payable	2,619,368,300	6,727,187,750
Short-term deposits received	6,698,010,222	8,000,000,000
Social insurance, health insurance and trade union	1,678,478,386	1,919,265,435
Land rental payable	4,324,025,452	4,513,839,116
Commission payable	392,099,083	392,098,154
Others	2,021,894,626	1,439,449,253
	<hr/>	<hr/>
	23,840,648,743	22,991,839,708
	<hr/>	<hr/>

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:

	2014	2013
	VND	VND
Opening balance	74,576,029,040	89,416,584,032
Appropriation from retained earnings	32,091,405,133	-
Reclassification to other receivables	(23,852,696,398)	-
Utilisation of the fund	(13,519,593,686)	(14,840,554,992)
	<hr/>	<hr/>
Closing balance	69,295,144,089	74,576,029,040
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Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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24. Long-term borrowings

	31/12/2014 VND	31/12/2013 VND
Long-term corporate bonds issued	500,000,000,000	-

Terms and conditions of long-term corporate bond were as follows:

	Currency	Interest rate (per annum)	Year of maturity	31/12/2014 VND	31/12/2013 VND
Long-term non-convertible corporate bonds					
Lot	VND	9.65%	2017	500,000,000,000	-

Corporate bonds with VND1 billion face value were issued on 17 September 2014 which were unsecured and non-convertible. The bonds bore interest at 9.65% per annum in the first year; from the second year, interest rate is calculated at the weighted average of one year deposit rates of four banks (Bank for Investment and Development of Vietnam JSC, Vietnam Joint Stock Commercial Bank for Industry and Trade, Joint Stock Commercial Bank for Foreign Trade of Vietnam and Vietnam International Commercial Joint Stock Bank) plus 2.65%. The bonds will be redeemed fully on 25 September 2017.

25. Provision for severance allowance

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

	31/12/2014 VND	31/12/2013 VND
Opening balance	3,359,663,105	3,656,891,489
Provision made during the year	860,646,804	23,622,775
Provision utilised during the year	(1,166,015,105)	(320,851,159)
Closing balance	3,054,294,804	3,359,663,105

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Notes to the consolidated financial statements for year ended 31 December 2014 (continued)

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26. Changes in owners' 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 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 1 January 2014	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

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014 (continued)

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	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 2014	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
Net profit for the year	-	-	-	-	-	-	-	755,076,670,570	755,076,670,570
Repurchases of treasury shares	-	-	-	(61,624,685,000)	-	-	-	-	(61,624,685,000)
Appropriate to equity funds	-	-	-	-	-	8,238,708,735	11,329,310,487	(19,568,019,222)	-
Appropriate to bonus and welfare fund	-	-	-	-	-	-	-	(32,091,405,133)	(32,091,405,133)
Dividends (Note 35)	-	-	-	-	-	-	-	(448,288,090,000)	(448,288,090,000)
Utilisation of fund	-	-	-	-	-	(16,279,311,802)	-	-	(16,279,311,802)
Currency translation differences	-	-	-	-	5,219,703,156	-	-	-	5,219,703,156
Appropriation to minority shareholders	-	-	-	-	-	-	(2,343,235,739)	3,006,233,178	662,997,439
Balance at 31 December 2014	700,000,000,000	177,876,869,236	79,806,684,935	(80,162,090,861)	98,893,770,789	24,382,564,541	22,755,983,553	763,467,699,468	1,787,021,481,661

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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27. Share capital

The Company's authorised and issued share capital is:

	31/12/2014		31/12/2013	
	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	(1,537,150)	(80,162,090,861)	(630,560)	(18,537,405,861)
Shares currently in circulation				
Ordinary shares	68,462,850	619,837,909,139	69,369,440	681,462,594,139

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:

	2014		2013	
	Number of shares	Number of shares	Number of shares	VND
Balance at the beginning of the year	69,369,440	681,462,594,139	70,000,000	700,000,000,000
Treasury shares purchased during the year	(906,590)	(61,624,685,000)	(630,560)	(18,537,405,861)
Balance at the end of the year	68,462,850	619,837,909,139	69,369,440	681,462,594,139

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Notes to the consolidated financial statements for year ended 31 December 2014
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28. Minority interest

	2014 VND	2013 VND
Balance at the beginning of the year	436,327,670,345	70,732,722,803
Additional investments during the year	-	305,092,110,895
Net earnings attributable to minority interest during the year	165,971,664,904	23,696,346,513
Dividends	(114,018,300,607)	-
Allocation of retained profits due to change in percentage of economic ownership	-	36,232,287,004
Translation differences borne by minority interest	579,967,018	574,203,130
Bonus and welfare fund borne by minority interest	(3,006,233,178)	-
Financial reserve borne by minority interest	2,343,235,739	-
	<hr/>	<hr/>
Balance at the end of the year	488,198,004,221	436,327,670,345

29. Total revenue

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

Net revenue comprised:

	2014 VND	2013 VND
Total revenue		
▪ Finished goods sold	14,116,022,303,440	10,381,139,096,606
▪ Merchandise goods sold	1,074,298,858,179	804,478,773,505
▪ Scraps sold	32,205,594,081	18,584,133,640
▪ Others	2,276,005,782	2,228,456,671
	<hr/>	<hr/>
	15,224,802,761,482	11,206,430,460,422
Less revenue deductions		
▪ Sales allowances	(4,620,478,680)	(584,201,733)
▪ Sales returns	(125,441,329,843)	(93,896,203,358)
	<hr/>	<hr/>
	(130,061,808,523)	(94,480,405,091)
	<hr/>	<hr/>
Net revenue	15,094,740,952,959	11,111,950,055,331

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30. Cost of sales

	2014 VND	2013 VND
Finished goods sold	12,027,084,721,363	9,225,544,219,856
Merchandise goods sold	1,043,335,905,707	774,741,018,832
Allowance for inventories	6,012,587,828	(46,209,740,432)
Others	1,982,777,704	1,553,185,030
	<hr/> 13,078,415,992,602	<hr/> 9,955,628,683,286 <hr/>

31. Financial income

	2014 VND	2013 VND
Interest income	82,559,627,833	91,564,719,319
Dividend income	4,336,359,318	-
Realised foreign exchange gains	44,044,219,409	16,242,050,121
Unrealised foreign exchange gains	15,695,589,830	5,482,194,356
Proceeds from sales of investments	-	371,824,000
Others	-	97,680,843
	<hr/> 146,635,796,390	<hr/> 113,758,468,639 <hr/>

32. Financial expenses

	2014 VND	2013 VND
Interest expense	167,134,344,566	249,916,093,514
Realised foreign exchange losses	70,996,208,852	46,789,797,832
Unrealised foreign exchange losses	7,073,411,306	24,080,847
Losses from trading of securities	-	263,588,000
Others	12,494,752,818	8,528,141,837
	<hr/> 257,698,717,542	<hr/> 305,521,702,030 <hr/>

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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33. Income tax

(a) Deferred tax assets/(liabilities)

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

	31/12/2014	31/12/2013
	VND	VND
Deferred tax assets		
Unrealised profits arising from intra-group transactions	19,768,453,684	10,190,585,630
Provision and allowances	1,429,719,822	1,506,628,278
Unrealised foreign exchange losses	-	209,560,767
	<hr/>	<hr/>
	21,198,173,506	11,906,774,675
	<hr/>	<hr/>
Deferred tax liabilities		
Allowance for diminution in the value of investments in subsidiaries	(43,451,918,275)	(22,068,981,770)
Unrealised foreign exchange gains	(2,154,096,653)	-
	<hr/>	<hr/>
	(45,606,014,928)	(22,068,981,770)
	<hr/>	<hr/>
Net deferred tax liabilities	(24,407,841,422)	(10,162,207,095)

(b) Recognised in the statement of income

	2014	2013
	VND	VND
Current tax expense		
Current year	109,669,788,405	47,355,566,123
Under provision in prior years	2,574,285,931	8,083,783,699
	<hr/>	<hr/>
	112,244,074,336	55,439,349,822
Deferred tax expenses		
Origination and reversal of temporary differences	14,245,634,327	16,481,901,598
	<hr/>	<hr/>
	126,489,708,663	71,921,251,420

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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(c) Reconciliation of effective tax rate

	2014 VND	2013 VND
Profit before tax	1,047,538,044,137	365,755,740,545
Tax at the Company's tax rate	230,458,369,710	91,438,935,136
Non-deductible expenses	1,860,558,352	157,773,310
Tax incentives	(101,747,449,929)	(41,392,769,591)
Difference tax assets not recognised	615,458,327	16,931,234,823
Effect of different tax rates in subsidiaries	(7,271,513,728)	(3,297,705,957)
Under provision in prior years	2,574,285,931	8,083,783,699
Income tax expense	126,489,708,663	71,921,251,420

Deferred tax assets have not been recognised in respect of tax losses of the Company's subsidiaries because it is not probable that future taxable profits will be available against which these subsidiaries can utilise the benefits therefrom.

(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 22% of taxable profits.

The Subsidiaries

Mseafood Corporation ("Mseafood")

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

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

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Minh Phu - Hau Giang Seafood 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 20% 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 22%.

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 22% 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. 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 20% 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 20% 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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Notes to the consolidated financial statements for year ended 31 December 2014
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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 22% 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 22%.

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 20% 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 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 20% 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.

Minh Phu Seafood Supply Chain Co., Ltd (“Minh Phu Supply Chain”)

Under the terms of its Business Registration Certificate, Minh Phu Supply Chain has an obligation to pay the government corporate income tax at the rate of 22% of taxable profit.

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.

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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34. Basic earnings per share

The calculation of basic earnings per share at 31 December 2014 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

	2014 VND	2013 VND
Net profit attributable to ordinary shareholders	755,076,670,570	270,138,142,612

(ii) Weighted average number of ordinary shares

	2014	2013
Issued ordinary shares at the beginning of the year	69,369,440	70,000,000
Effect of treasury shares repurchased during the year	(289,234)	(405,963)
Weighted average number of ordinary shares at the beginning and the end of the year	69,080,206	69,594,037

35. Dividends

The General Meeting of Shareholders of the Company on 19 April 2014 and 30 August 2014 resolved to distribute dividends amounting to 6,500 per share (2013: nil), equivalent to VND448,228 million.

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2014
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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	31/12/2014 VND	31/12/2013 VND
Cash in banks and cash equivalents	(ii)	80,567,839,841	1,972,150,741,302
Term deposits	(ii)	1,695,977,500,025	137,385,154,060
Loan receivables		-	7,306,508,578
Trade and other receivables	(iii)	1,229,081,632,624	955,939,260,454
		3,005,626,972,490	3,072,781,664,394

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

The cash in banks, 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) 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 90 days from the date of billing. Debtors with balances that are more than 90 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:

	31/12/2014	31/12/2013
	VND	VND
Not past due	1,099,114,929,580	944,481,536,204
Past due 0 – 30 days	107,672,876,476	7,050,777,613
Past due 31 – 180 days	19,532,019,946	1,868,804,970
Past due more than 180 days	4,725,346,159	7,448,036,553
	<hr/>	<hr/>
	1,231,045,172,161	960,849,155,340
	<hr/>	<hr/>

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

	2014	2013
	VND	VND
Opening balance	4,909,894,886	9,082,085,324
Increase in allowance during the year	982,302,147	-
Written back	(3,928,657,496)	(4,172,190,438)
	<hr/>	<hr/>
Closing balance	1,963,539,537	4,909,894,886
	<hr/>	<hr/>

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(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.

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

As at 31 December 2014

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND
Short-term borrowings	5,929,425,299,941	6,005,131,123,345	6,005,131,123,345	-	-
Accounts payable – trade	132,370,318,344	132,370,318,344	132,370,318,344	-	-
Payable to employees	122,082,636,088	122,082,636,088	122,082,636,088	-	-
Accrued expenses	148,866,371,362	148,866,371,362	148,866,371,362	-	-
Other payables	23,840,648,743	23,840,648,743	23,840,648,743	-	-
Long-term bonds	500,000,000,000	566,544,817,417	22,979,093,050	23,042,049,469	520,523,674,898
	6,856,585,274,478	6,998,835,915,299	6,455,270,190,932	23,042,049,469	520,523,674,898

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	-	-
Payable 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	-	-

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Notes to the consolidated financial statements for year ended 31 December 2014
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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, purchases 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 2014		31 December 2013	
	USD	JPY	USD	JPY
Cash and cash equivalents	160,497	463,109	264,234	28,304,539
Accounts receivable – trade	60,522,149	38,012,360	46,433,421	46,873,726
Accounts payable – trade	(326,249)	-	(10,708,114)	-
Short-term borrowings	(275,986,699)	(161,059,610)	(96,048,981)	-
	(215,630,302)	(122,584,141)	(60,059,440)	75,178,265

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

	Exchange rate as at	
	31/12/2014 VND	31/12/2013 VND
USD1	21,380	21,110
JPY1	179	200



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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. 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 VND
31 December 2014	
USD (1% strengthening)	(34,197,990,626)
JPY (11% weakening)	1,882,671,754
<hr/>	
31 December 2013	
USD (1% strengthening)	(11,186,631,754)
JPY (19% weakening)	(2,142,580,553)
<hr/>	

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

(ii) Interest rate risk

As at 31 December 2014, VND500,000 million (31/12/2013: nil) of the borrowings obtained by the Group was at variable interest rate. The Group used interest rates swap instruments to limit the magnitude of interest rate fluctuation, thus reducing impact of interest rate risk.

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

	31/12/2014 VND	31/12/2013 VND
Fixed rate instruments		
Cash equivalents	43,000,000,000	1,941,393,774,760
Term deposits	1,695,977,500,025	137,385,154,060
Short-term borrowings	(5,929,425,299,941)	(4,715,626,675,338)
	<hr/>	<hr/>
	(4,190,447,799,916)	(2,636,847,746,518)
<hr/>		
Variable rate instruments		
Cash in banks	37,567,839,841	30,756,966,542
Long-term bonds	(500,000,000,000)	-
	<hr/>	<hr/>
	(462,432,160,159)	30,756,966,542
<hr/>		

Minh Phu Seafood Joint Stock Company and its subsidiaries
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A change of 100 basis points in interest rates would have decreased or increased the net profit of the Group by VND3,607 million (31 December 2013: VND231 million). This analysis has considered the effects of interest rate swaps and assumes that all other variables, in particular foreign currency rates, remain constant.

As of 31 December 2014, the Group has the following interest rate swap commitments:

Contract	Long-term bonds VND	Notional Principal USD	Pay USD interest rate	Receive VND interest rate
Interest Rate Swap	500,000,000,000	23,557,126	4.5% in the first year. From the second year, interest rate is calculated at the weighted average of one year deposit rate of four banks plus 4.25%.	9.65% in the first year. From the second year, interest rate is calculated at the weighted average of one year deposit rate of four banks plus 2.65%.

(iii) Price risk

The Group invests in equity investments of listed companies and is exposed to risks of price fluctuation of these investments. The risk factors affecting the performance of these investments include financial performance and position of invested companies and market conditions. The Board of Directors manage the former factor by selecting industries and entities to invest in. The latter factor is itself affected by general economic condition of Vietnam and behaviours of investors, which are all out of the Board of Directors' control. These factors have caused conditions to be volatile in the past 2 years.

If the share prices had increased/decreased by 10% with all other variables including tax rate being held constant, the Group's net profit after tax would have been VND1,155,266,534 higher/lower (31 December 2013: VND1,110,833,206).

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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:

	31/12/2014		31/12/2013	
	Carrying value VND	Fair value VND	Carrying value VND	Fair value VND
Categorised as loans and receivables:				
• Cash and cash equivalents	80,567,839,841	80,567,839,841	1,972,150,741,302	1,972,150,741,302
• Trade and other receivables	1,229,081,632,624	(*)	955,939,260,454	(*)
• Short-term deposits	1,695,977,500,025	1,695,977,500,025	144,691,662,638	144,691,662,638
Categorised as available-for-sale:				
• Short-term investments	14,811,109,411	8,479,755,935	14,811,109,411	6,167,888,170
• Long-term investments	13,080,000,000	(*)	9,180,000,000	(*)
Categorised as liabilities at amortised cost:				
• Trade and other payables	(156,210,967,087)	(*)	(555,426,339,582)	(*)
• Borrowings	(6,429,425,299,941)	(*)	(4,715,626,675,338)	(*)

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37. Basis for determining fair values

Cash and cash equivalents and short-term deposits

The carrying amounts of these financial assets approximate their respective fair values due to the short-term maturity of these instruments.

Short-term equity investments

The fair value of equity 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 requirements of the Vietnamese Accounting System for enterprises. Their fair values of these financial instruments may differ from their carrying amounts.

38. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the separate financial statements, the Company had the following transactions with related parties during the year:

	2014 VND	2013 VND
Associate		
Minh Phu Aquamekong Aquaculture Technique Service Co., Ltd		
Capital contribution	3,900,000,000	-
Shareholder		
Long Phung Investment Corporation		
Office rental	2,232,550,049	2,736,438,921

Transactions with key management personnel

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

	2014 VND	2013 VND
Remunerations and business allowances	18,029,482,581	12,404,200,342

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39. Commitments

(a) Capital expenditure

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

	31/12/2014	31/12/2013
	VND	VND
Approved and contracted	88,966,170,870	110,669,424,766

(b) Leases

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

	31/12/2014	31/12/2013
	VND	VND
Within one year	3,221,966,000	3,654,900,511
From two to five years	11,032,080,000	7,993,190,322
	14,254,046,000	11,648,090,833

Minh Phu Seafood Joint Stock Company and its subsidiaries
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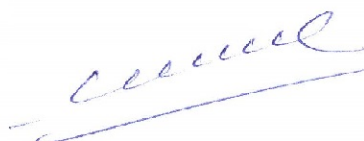
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40. Production and business costs by element

	2014 VND	2013 VND
Raw material costs included in production costs	13,252,761,976,200	8,827,450,058,960
Labour costs and staff costs	1,098,176,369,461	700,883,681,756
Depreciation and amortisation	154,693,123,098	157,738,867,664
Outside services	646,257,235,361	462,063,370,689
Other expenses	646,752,220,677	409,421,067,805

20 March 2015

Prepared by:



Luu Minh Trung
Chief Accountant

Approved by:




Le Van Quang
General Director