



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

Consolidated Financial Statements for
the year ended 31 December 2017

**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 (1 st amendment)	15 October 2014
	2000393273 (2 nd amendment)	15 December 2015

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
	Mr. Le Van Diep	Member
	Mr. Le Ngoc Anh	Member
	Ms. Le Thi Diu Minh	Member
	Mr. Phan Thanh Loc	Member (from 9 March 2018)
	Ms. Ho Thu Le	Member (from 9 March 2018)

Board of Directors	Mr. Le Van Quang	General Director
	Ms. Chu Thi Binh	Deputy General Director
	Mr. Chu Van An	Deputy General Director
	Mr. Thai Hoang Hung	Deputy General Director
	Mr. Le Van Diep	Deputy General Director
	Mr. Bui Anh Dung	Deputy General Director
	Mr. Le Ngoc Anh	Deputy General Director
	Ms. Le Thi Diu Minh	Deputy General Director
	Ms. Nguyen Tan Anh	Deputy General Director (until 1 March 2017)

Supervisory Board	Mr. Tran Van Khanh	Head of Supervisory Board
	Ms. Nguyen Thi Hong Cuc	Member
	Ms. Do Thi Hanh	Member

Registered Office
Ward 8 Industrial Zone
Ca Mau City, Ca Mau Province
Vietnam

Auditor
KPMG Limited
Vietnam

Minh Phu Seafood Joint Stock Company
Statement of the Board of Directors

The Board of Directors of Minh Phu Seafood Joint Stock Company (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (together referred to as “the Group”) for the year ended 31 December 2017.

The Board of Directors is responsible for the preparation and fair 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 64 give a true and fair view of the consolidated financial position the Group as at 31 December 2017, and of its consolidated results of operation and its 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; 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 the accompanying consolidated financial statements for issue.

On behalf of the Board of Directors



Le Van Diep
Deputy General Director

Ca Mau Province, 12 March 2018



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INDEPENDENT AUDITOR'S 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 2017, 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 12 March 2017, as set out on pages 5 to 64.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and fair presentation of these consolidated 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 is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group's Board of Directors, as well as evaluating the overall presentation of the consolidated 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 2017 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

Audit Report No.: 17-01-247/01



Trương Vinh Phúc

Practicing Auditor Registration

Certificate No. 1901-2018-007-1

Deputy General Director

Ho Chi Minh City, 12 March 2018

Tran Dinh Vinh

Practicing Auditor Registration

Certificate No. 0339-2018-007-1

Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2017

Form B 01 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2017 VND	1/1/2017 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		8,031,892,276,387	6,633,288,235,809
Cash and cash equivalents	110	5	1,785,115,577,774	1,532,279,347,669
Cash	111		180,524,327,774	163,224,240,021
Cash equivalents	112		1,604,591,250,000	1,369,055,107,648
Short-term financial investments	120		231,236,106,650	493,109,144,438
Trading securities	121	6(a)	14,811,109,411	14,811,109,411
Allowance for diminution in the value of trading securities	122	6(a)	(8,613,935,111)	(10,045,101,535)
Held-to-maturity investments	123	6(b)	225,038,932,350	488,343,136,562
Accounts receivable – short-term	130		1,913,341,914,340	1,323,538,429,976
Accounts receivable from customers	131	7	1,797,225,655,844	1,133,057,069,435
Prepayments to suppliers	132		37,016,652,116	55,689,695,377
Loans receivable	135	8	44,000,000,000	54,000,000,000
Other short-term receivables	136	9(a)	37,063,145,917	82,755,204,701
Allowance for doubtful debts	137	10	(1,963,539,537)	(1,963,539,537)
Inventories	140	11	4,073,199,229,344	3,220,430,550,915
Inventories	141		4,101,475,749,558	3,248,000,296,472
Allowance for inventories	149		(28,276,520,214)	(27,569,745,557)
Other current assets	150		28,999,448,279	63,930,762,811
Short-term prepaid expenses	151		2,973,095,406	1,504,521,290
Deductible value added tax	152		16,782,851,990	38,226,993,880
Taxes receivable from State Treasury	153	18(b)	9,243,500,883	24,199,247,641

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 2017 (continued)

Form B 01 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		1,478,394,377,372	1,556,527,182,793
Accounts receivable – long-term	210		14,605,161,928	14,679,129,385
Other long-term receivables	216	9(b)	14,605,161,928	14,679,129,385
Fixed assets	220		978,811,612,445	1,155,868,294,915
Tangible fixed assets	221	12	919,358,028,497	1,012,399,861,022
Cost	222		2,087,248,831,678	2,023,290,962,863
Accumulated depreciation	223		(1,167,890,803,181)	(1,010,891,101,841)
Intangible fixed assets	227	13	59,453,583,948	143,468,433,893
Cost	228		71,253,107,385	160,022,278,537
Accumulated amortisation	229		(11,799,523,437)	(16,553,844,644)
Long-term work in progress	240		157,518,936,138	160,575,227,654
Construction in progress	242	14	157,518,936,138	160,575,227,654
Long-term financial investments	250		121,167,019,076	108,900,000,000
Investments in associates	252	6(c)	101,667,019,076	101,900,000,000
Equity investments in other entities	253	6(c)	7,000,000,000	7,000,000,000
Held-to-maturity investments	255	6(b)	12,500,000,000	-
Other long-term assets	260		206,291,647,785	116,504,530,839
Long-term prepaid expenses	261	15	174,659,711,634	83,453,964,843
Deferred tax assets	262	16	30,344,896,465	28,674,630,610
Goodwill	269	17	1,287,039,686	4,375,935,386
TOTAL ASSETS (270 = 100 + 200)	270		9,510,286,653,759	8,189,815,418,602

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 2017 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,518,661,625,096	5,896,844,057,892
Current liabilities	310		4,411,280,651,253	2,353,310,726,812
Accounts payable to suppliers	311		656,213,732,042	291,573,675,393
Advances from customers	312		20,156,483,977	8,632,646,619
Taxes payable to State Treasury	313	18(a)	33,539,904,002	2,849,276,515
Payables to employees	314		88,722,496,835	89,621,450,872
Accrued expenses	315		944,624,935	679,624,807
Other payables – short-term	319	20(a)	76,110,288,683	83,943,363,138
Short-term borrowings	320	21(a)	3,475,843,624,232	1,822,624,002,211
Bonus and welfare fund	322	23	59,749,496,547	53,386,687,257
Long-term liabilities	330		2,107,380,973,843	3,543,533,331,080
Long-term unearned revenue	336	19	37,736,977,305	39,038,252,385
Other payables – long-term	337	20(b)	6,836,856,000	6,776,856,000
Bonds	338	21(b)	2,042,916,666,687	3,475,916,666,679
Deferred tax liabilities	341	16	19,890,473,851	19,394,426,038
Provisions – long-term	342	22	-	2,407,129,978
EQUITY (400 = 410)	400		2,991,625,028,663	2,292,971,360,710
Owners' equity	410	24	2,991,625,028,663	2,292,971,360,710
Share capital	411	25	700,000,000,000	700,000,000,000
Capital surplus	412	24	177,876,869,236	177,876,869,236
Treasury shares	415	24	(80,162,090,861)	(80,162,090,861)
Foreign exchange differences	417	24	125,543,277,919	126,455,519,008
Investment and development fund	418	26	54,374,900,005	32,244,098,097
Retained profits	421		1,452,263,283,294	845,897,804,857
Non-controlling interest	429		561,728,789,070	490,659,160,373
TOTAL RESOURCES (440 = 300 + 400)	440		9,510,286,653,759	8,189,815,418,602

12 March 2018

Prepared by:

Luu Minh Trung
 Chief Accountant

Approved by:

Le Van Diep
 Deputy 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 2017

Form B 02 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2017 VND	2016 VND
Revenue from sales of goods	01	28	15,767,101,730,018	12,064,285,911,553
Revenue deductions	02	28	101,816,730,781	90,872,371,891
Net revenue (10 = 01 - 02)	10	28	15,665,284,999,237	11,973,413,539,662
Cost of sales	11	29	13,801,135,627,286	10,990,617,465,233
Gross profit (20 = 10 - 11)	20		1,864,149,371,951	982,796,074,429
Financial income	21	30	142,113,369,593	141,658,188,222
Financial expenses	22	31	280,049,253,163	310,702,276,587
<i>In which: Interest expense</i>	23		<i>180,875,770,671</i>	<i>218,817,040,052</i>
Share of loss in associates	24		232,980,924	-
Selling expenses	25	32	772,186,424,083	638,209,772,205
General and administration expenses	26	33	161,850,564,772	150,800,562,576
Net operating profit {30 = 20 + 21 - 22 - 24 - (25 + 26)}	30		791,943,518,602	24,741,651,283
Other income	31	34	3,624,897,650	78,709,686,820
Other expenses	32	35	3,368,196,325	2,571,621,875
Results of other activities (40 = 31 - 32)	40		256,701,325	76,138,064,945
Accounting profit before tax (50 = 30 + 40)	50		792,200,219,927	100,879,716,228
Income tax expense – current	51	37	79,211,363,515	15,179,111,523
Income tax (benefit)/expense – deferred	52	37	(1,174,218,042)	3,809,503,851
Net profit after tax (carried forward to next page) (60 = 50 - 51 - 52)	60		714,163,074,454	81,891,100,854

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

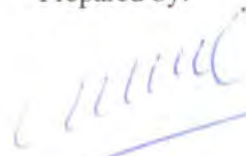
Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of income for the year ended 31 December 2017 (continued)

Form B 02 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2017 VND	2016 VND
Net profit after tax (brought forward from previous page) (60 = 50 - 51 - 52)	60		714,163,074,454	81,891,100,854
Attributable to:				
Equity holders of the Company	61		639,019,613,866	72,084,426,856
Non-controlling interest	62		75,143,460,588	9,806,673,998
Basic earnings per share	70	38	9,254	1,053

12 March 2018

Prepared by:



Luu Minh Trung
Chief Accountant

Approved by:



Le Van Diep
Deputy 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 2017
(Indirect method)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2017 VND	2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		792,200,219,927	100,879,716,228
Adjustments for				
Depreciation and amortisation	02		165,302,178,984	186,666,565,275
Allowances and provisions	03		(707,991,767)	(11,341,610,924)
Exchange gains arising from revaluation of monetary items denominated in foreign currencies	04		(2,915,618,988)	(6,189,174,677)
Gains on disposals of fixed assets	05		(87,814,406)	(302,901,481)
Gains on revaluation of assets transferred to an associate as capital contribution	05		(1,301,275,080)	(174,449,010)
Construction in progress written off	05		-	830,681,061
Dividend and interest income	05		(92,186,176,242)	(97,259,779,492)
Share of loss in associates	05		232,980,924	-
Interest expense and bonds issuance costs	06		187,875,770,679	225,817,940,960
Operating profit before changes in working capital	08		1,048,412,274,031	398,926,987,940
Change in receivables	09		(564,704,413,252)	66,166,131,696
Change in inventories	10		(856,766,130,859)	1,120,736,967,018
Change in payables and other liabilities	11		371,198,953,296	5,350,370,649
Change in prepaid expenses	12		5,832,079,947	4,392,697,952
			3,972,763,163	1,595,573,155,255
Interest paid	14		(189,420,314,330)	(217,522,188,108)
Corporate income tax paid	15		(36,756,729,716)	(33,168,442,631)
Other payments for operating activities	17		(6,567,654,209)	(77,417,992,369)
Net cash flows from operating activities	20		(228,771,935,092)	1,267,464,532,147

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 2017
(Indirect method – continued)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2017 VND	2016 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(82,122,386,776)	(22,939,730,803)
Proceeds from disposals of fixed assets	22		427,272,727	1,712,727,272
Payments for granting loans to an associate	23		-	(54,000,000,000)
Placements of term deposits	23		(209,805,066,560)	(819,704,996,315)
Collection from term deposits	24		465,600,000,000	1,219,000,000,000
Collection from loans to employees	24		1,643,478,552	1,538,400,000
Collection from loans	24		10,000,000,000	-
Payments for investments in bonds	25		(5,000,000,000)	-
Receipts of interest and dividends	27		89,622,331,949	98,585,523,054
Cash collection from disposals of subsidiaries	28		-	33,000,000,000
Net cash collection from disposals of an associate	28		-	7,009,600,000
Net cash flows from investing activities	30		270,365,629,892	464,201,523,208
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		15,336,837,302,041	9,811,194,654,378
Payments to settle loan principals and repurchase bonds	34		(15,121,605,870,913)	(10,887,460,095,024)
Payments of dividends	35		(5,020,368,405)	(2,518,284,673)
Net cash flows from financing activities	40		210,211,062,723	(1,078,783,725,319)

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

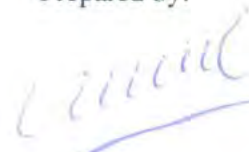
Minh Phu Seafood Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2017
(Indirect method – continued)

Form B 03 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2017 VND	2016 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50		251,804,757,523	652,882,330,036
Cash and cash equivalents at the beginning of the year	60		1,532,279,347,007	804,823,480,140
Effect of exchange rate fluctuations on cash and cash equivalents	61		1,031,472,582	14,573,531,493
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	1,785,115,577,774	1,532,279,347,669

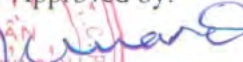
12 March 2017

Prepared by:



Luu Minh Trung
Chief Accountant

Approved by:

Le Van Diep
Deputy General Director

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

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017

Form B 09 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

1. Reporting entity

(a) Ownership structure

Minh Phu Seafood Joint Stock Company (“the Company”) is incorporated as a joint stock company under Business Registration Certificate No. 2000393273 issued by Department of Planning and Investment of Ca Mau Province on 23 June 2010.

According to Decision No. 813/QĐ-SGDHN dated 27 September 2017, the Company was approved to register its shares for trading on the Unlisted Public Company Market (“UPCoM”) with trading code as MPC.

The consolidated financial statements of the Company for the year ended 31 December 2017 comprise the Company and its subsidiaries, as listed in Note 1(d), (together referred to as “the Group”) and the Group’s interest in associates.

(b) Principal activities

The principal activities of the Group are to process and trade in aquatic products; to trade in aquatic breeds and aquatic foods; and to trade in machinery and equipment for aquaculture.

(c) Normal operating cycle

The normal operating cycle of the Group is generally within 12 months.

(d) Group structure

As at 31 December 2017, the Company had 13 subsidiaries (1/1/2017: 12 subsidiaries) as listed below:

Subsidiaries	Principal activity	% of economic interests	
		31/12/2017	1/1/2017
Mseafood Corporation	Trade in aquatic products.	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.	67.5%	67.5%

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Subsidiaries	Principal activity	% of economic interests	
		31/12/2017	1/1/2017
Minh Qui Seafood Co., Ltd.	Process and trade in aquatic products, import materials, machinery and equipment for aquaculture.	97.5%	97.5%
Minh Phat Seafood Co., Ltd.	Process and trade in aquatic products, import materials, machinery and equipment for aquaculture.	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.	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.	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.	100%	100%
Minh Phu Bio Co., Ltd.	Produce biological products and fertilizer for agriculture.	100%	100%
Minh Phu Seafood Supply Chain Co., Ltd.	Breed aquacultural products; process, preserve aquatic products; produce aquatic breeds; trade in machinery and equipment for aquaculture.	100%	100%
Ebisumo Logistic Co., Ltd.	Trade in aquatic products.	100%	100%
Minh Phu Food Co., Ltd. (*)	Trade in agricultural and forest products.	100%	100%
Minh Phu Hau Giang Port Corporation	Construct container terminal, petrol and gas terminal; trade in gas, petrol; trade in machinery and equipment for production	83.7%	83.7%
Minh Phu Mangrove Shrimp Social Enterprise (**)	Breed aquacultural products; produce and trade in aquatic foods, provide consulting service on breeding aquacultural products and processing aquatic products.	45.5%	-

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

The percentage of economic interest represents the effective percentage of economic interest of the Company both directly and indirectly in the subsidiaries.

- (*) On 8 August 2017, according to meeting minutes No. 81/HDQT.MPC.17, the Company's Board of Management resolved to reduce the authorised legal capital of Minh Phu Food Co., Ltd. from VND40.8 billion to VND2 billion, to increase the authorised legal capital of Minh Phu – Kien Giang Seafood Co., Ltd. and Minh Phu – Loc An Aquaculture Co., Ltd. from VND153.9 billion to VND220 billion and from VND151 billion to VND180 billion, respectively. At the reporting date, the Company has not fully contributed capital to these subsidiaries.
- (**) On 12 January 2017, the Company's Board of Management resolved to establish Minh Phu Mangrove Shrimp Social Enterprise ("Minh Phu Mangrove") in Ca Mau Province, with the authorised legal capital of VND18 billion. Accordingly, the Company directly held 25.00% interest of Minh Phu Mangrove and indirectly held through its subsidiaries 25.00% interest of this entity. The principal activities of Minh Phu Mangrove are to breed aquacultural products, to produce and trade in aquatic foods and to provide consultancy service on aquacultural products breeding and aquatic products processing.

On 9 August 2017, according to the agreement between investors of Minh Phu Mangrove, the authorised legal capital of Minh Phu Mangrove was reduced from VND18 billion to VND9.9 billion which led to changes to its capital structure. As the result, the Company directly held 25.25% interest of Minh Phu Mangrove and indirectly held through its subsidiaries 20.20% interest of this entity. Other shareholders of Minh Phu Mangrove, Mr. Le Van Quang and Ms. Le Thi Diu Minh held 39.40% and 15.15%, respectively, ownership of this entity.

The Company classified its investment in Minh Phu Mangrove as investment in a subsidiary because the other shareholders, Mr. Le Van Quang and Ms. Le Thi Diu Minh, do not have voting power of this entity.

At the reporting date, the Company and other shareholders have not fully contributed capital to this subsidiary.

Mseafood Corporation is incorporated in the State of California, USA. Ebisumo Logistic Co., Ltd. is incorporated in Japan. All other subsidiaries are incorporated in Vietnam.

As at 31 December 2017, the Company had 2 associates (1/1/2017: 2 associates) as described in Note 6(c).

As at 31 December 2017, the Group had 12,745 employees (1/1/2017: 12,477 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 reporting.

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(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 and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for consolidated financial statement presentation purpose.

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) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary when

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control is lost is stated at the carrying amount of the retained investment in the separate financial statements of the Company adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

(iv) 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.

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the annual accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conducts transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to VND at exchange rates at the end of the annual accounting period. The income and expenses of foreign operations are translated to VND at exchange rates at the dates of transactions.

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Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated balance sheet under the caption “Foreign exchange differences” in equity.

(c) Cash and cash equivalents

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

(d) Investments

(i) Trading securities

Trading securities are those held by the Group for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities’ carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(ii) Held-to-maturity investments

Held-to-maturity investments are those that the Group’s management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank, bonds, and loans receivable held to maturity. These investments are stated at costs less allowance for diminution in value of investments.

(iii) Investments in equity instruments of other entities

Investments in equity instruments of other entities, which the Group has no control or significant influence, are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Group’s management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment’s carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

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(e) Accounts receivable

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

(f) Inventories

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

The Group applies the perpetual method of accounting for inventory.

(g) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

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

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(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use rights certificate issued by competent authority.

Land use rights with definite period of use 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 43 to 50 years.

Land use rights with indefinite period of use are stated at cost and not amortised.

(ii) 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, machinery and the related cost of acquiring land use rights which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction, installation and obtaining the land use rights.

(j) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC (“Circular 45”) dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease of 6 to 20 years.

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(ii) Tools and instruments

Tools and instruments include assets held for use by the Company 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. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(k) Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

In respect of acquiring associates, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

(l) Trade and other payables

Trade and other payables are stated at their cost.

(m) 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.

(n) Bonds issued

Straight bonds

At initial recognition, straight bonds are measured at cost which comprises proceeds from issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the term of the bond.

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(o) Share capital

(i) Ordinary shares

Ordinary shares are stated at par value. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from capital surplus.

(ii) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within capital surplus.

(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 end of annual accounting period, 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 end of annual accounting period.

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.

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(p) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is recognised in the consolidated statement of income when 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. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(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 recognised when the right to receive dividend is established.

(q) 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.

(r) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

(s) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare funds for the annual accounting period) of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options. For the the year ended 31 December 2017, the Company did not have any potential dilutive shares.

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(t) 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.

(u) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the investors and their subsidiaries and associates.

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4. Segment reporting

(a) Business segments

The Group comprises the following main business segments:

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

<i>For the year ended</i> <i>31 December 2017</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
External revenue	10,080,000	8,803,643,437,741	6,790,355,279,813	71,276,201,683	-	15,665,284,999,237
Inter-segment revenue	921,883,711,359	7,190,920,831,575	5,217,810,431,353	165,578,005,495	(13,496,192,979,782)	-
Total segment revenue	921,893,791,359	15,994,564,269,316	12,008,165,711,166	236,854,207,178	(13,496,192,979,782)	15,665,284,999,237
Segment result	(36,845,866,788)	734,660,514,828	214,114,863,993	28,694,337,196	(10,511,466,133)	930,112,383,096
Financial income						142,113,369,593
Financial expenses						(280,049,253,163)
Share of loss from associates						(232,980,924)
Result from operating activities						791,943,518,602
Other income						3,624,897,650
Other expenses						(3,368,196,325)
Income tax						(78,037,145,473)
Net profit after tax						714,163,074,454

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<i>For the year ended</i> 31 December 2016	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
External revenue	3,184,655,500	6,704,217,677,988	5,201,974,245,143	64,036,961,051	-	11,973,413,539,662
Inter-segment revenue	87,002,428,525	5,244,106,656,219	2,556,249,464,028	82,098,953,380	(7,969,457,502,152)	-
Total segment revenue	90,187,084,025	11,948,324,334,187	7,758,223,709,171	146,135,914,431	(7,969,457,502,152)	11,973,413,539,662
Segment result	(84,190,945,350)	290,717,272,192	817,593,283	(318,548,121)	(13,239,632,356)	193,785,739,648
Financial income						141,658,188,222
Financial expenses						(310,702,276,587)
Result from operating activities						24,741,651,283
Other income						78,709,686,820
Other expenses						(2,571,621,875)
Income tax						(18,988,615,374)
Net profit after tax						81,891,100,854

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<i>As of 31 December 2017</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
Segment assets	199,032,512,122	8,145,006,569,740	5,601,107,124,927	239,994,757,316	(4,776,611,329,422)	9,408,619,634,683
Investment in equity accounted associates						101,667,019,076
Total assets						9,510,286,653,759
Segment liabilities	256,761,652,338	5,360,208,721,739	4,28,888,941,941	30,786,970,634	(3,368,044,670,556)	6,518,661,625,096
Total liabilities						6,518,661,625,096
For year ended 31 December 2017						
Capital expenditure	49,016,000	63,883,848,759	15,347,024,272	1,691,517,627	-	80,931,406,658
Depreciation and amortisation	15,493,872,743	93,415,171,275	48,827,925,274	4,476,313,992	3,088,895,700	165,302,178,984

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<i>As of 31 December 2016</i>	Aquaculture products breeding VND	Aquatic products processing VND	Aquatic products trading VND	Others VND	Elimination VND	Consolidated VND
Segment assets	224,960,483,892	7,369,873,187,575	3,328,332,158,127	200,748,998,296	(3,042,999,409,288)	8,080,915,418,602
Investment in equity accounted associates						108,900,000,000
Total assets						8,189,815,418,602
Segment liabilities	250,722,326,348	5,060,772,160,989	2,209,477,500,974	25,938,703,140	(1,649,566,633,559)	5,896,844,057,892
Total liabilities						5,896,844,057,892
For year ended 31 December 2016						
Capital expenditure	581,023,267	17,109,669,954	4,941,294,323	307,743,259	-	22,939,730,803
Depreciation and amortisation	20,759,798,994	129,754,916,767	28,089,134,501	4,973,819,313	3,088,895,700	186,666,565,275

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(b) Geographical segments

(i) Segment revenue

	External revenue	
	2017 VND	2016 VND
Vietnam	103,719,797,779	69,768,129,691
North America	7,443,990,655,443	5,924,015,256,229
Europe	1,080,549,186,084	1,027,955,917,877
Japan	3,624,793,042,248	2,484,827,426,704
Korea	1,247,584,725,209	890,885,706,045
Others	2,164,647,592,474	1,575,961,103,116
	15,665,284,999,237	11,973,413,539,662

(ii) Segment assets

	Total assets	
	31/12/2017 VND	1/1/2017 VND
Vietnam	7,035,314,593,750	6,456,274,478,810
North America	2,296,142,331,840	1,730,334,403,312
Japan	178,829,728,169	3,206,536,480
	9,510,286,653,759	8,189,815,418,602

5. Cash and cash equivalents

	31/12/2017 VND	1/1/2017 VND
Cash on hand	2,398,594,984	5,272,364,100
Cash in banks	178,125,732,790	157,951,875,921
Cash equivalents	1,604,591,250,000	1,369,055,107,648
	1,785,115,577,774	1,532,279,347,669

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6. Investments

(a) Trading securities

	31/12/2017			1/1/2017				
	Quantity	Cost VND	Fair value VND	Allowance for diminution in value VND	Quantity	Cost VND	Fair value VND	Allowance for diminution in value VND
Short-term investments in shares of:								
▪ Petrol Vietnam	171,578	6,004,500,000	3,337,192,100	(3,439,408,900)	171,578	6,004,500,000	1,990,304,800	(4,155,995,200)
▪ No.8 Investment & Construction Joint Stock Company	112,000	5,263,000,000	1,120,000,000	(4,143,000,000)	112,000	5,263,000,000	952,000,000	(4,311,000,000)
▪ REE Corporation	19	80,000	810,350	-	19	80,000	468,350	-
▪ Vietnam Pyramid New Technology Corporation	18,823	272,941,176	188,230,000	(84,711,176)	18,823	272,941,176	449,681,470	-
▪ Van Dien Fused Magnesium Phosphate Fertilizer Joint Stock Company	163,646	3,270,588,235	1,832,835,200	(946,815,035)	163,646	3,270,588,235	2,070,121,900	(1,578,106,335)
	14,811,109,411	6,479,067,650	(8,613,935,111)		14,811,109,411	5,462,576,520	(10,045,101,535)	

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Movements in the allowance for diminution of trading securities during the year were as follows:

	2017 VND	2016 VND
Opening balance	10,045,101,535	8,378,460,000
Increase in allowance during the year	84,711,176	1,666,641,535
Written back during the year	(1,515,877,600)	-
Closing balance	8,613,935,111	10,045,101,535

(b) Held-to-maturity investments

	31/12/2017 VND	1/1/2017 VND
Held-to-maturity investments – short-term		
Term deposits	225,038,932,350	488,343,136,562
Held-to-maturity investments – long-term		
Term deposits	7,500,000,000	-
Bank bonds	5,000,000,000	-
	12,500,000,000	-

Term deposits represented term deposits with the maturity of less than a year and earned interest at rates ranging from 6.5% to 6.8% per annum during the year (2016: from 4.5% to 7.6% per annum).

At 31 December 2017, VND92,000 million term deposit was pledged with banks as security for loans granted to the Company (1/1/2017: nil) (Note 21(a)).

Bank bonds represented non-convertible bonds issued by Vietnam Joint Stock Commercial Bank for Industry and Trade on 14 November 2017. These bonds are due for settlement on 14 November 2036. These bonds earned interest at rates ranging from 7.7% to 7.8% per annum during the year (2016: nil).

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(c) Equity investments in other entities

31 December 2017

Equity investments in:

Associates

- Minh Phu Aquamekong Aquaculture Technique Service Co., Ltd
- Mekong Logistics Company Limited

Ho Chi Minh City, Vietnam
Hau Giang Province, Vietnam

49.0% 49.0%
49.0% 49.0%

5,366,085,249 (*)
96,300,933,827 (*)

101,667,019,076

Other

- Saigon – Camau Infrastructure Corporation

Ca Mau Province, Vietnam

10.0% 10.0%

7,000,000,000 (*)

108,667,019,076

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	Address	% of equity owned	% of economic interest	Carrying amount VND	Fair value VND
1 January 2017					
Equity investments in:					
Associates					
▪ Minh Phu Aquamekong Aquaculture Technique Service Co., Ltd.	Ho Chi Minh City, Vietnam	49.0%	49.0%	3,900,000,000	(*)
▪ Mekong Logistics Company Limited	Hau Giang Province, Vietnam	41.0%	49.0%	98,000,000,000	(*)
				101,900,000,000	
Other					
▪ Saigon – Camau Infrastructure Corporation	Ca Mau Province, Vietnam	10.0%	10.0%	7,000,000,000	(*)
				108,900,000,000	

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

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Movements in the long-term equity investments in associates during the year were as follows:

	VND
Opening balance	101,900,000,000
Share of loss in associates	(232,980,924)
	101,667,019,076
Closing balance	101,667,019,076

There was no movement in long-term equity investments in other entities during the year.

7. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	31/12/2017 VND	1/1/2017 VND
Aqua Star	278,466,886,020	114,641,990,962
Censea Inc.	182,859,648,240	182,288,366,943
Kailis Bros PTY Ltd.	160,023,489,936	81,337,335,851
H.T.Foods Pvt Ltd.	17,315,584,011	127,870,426,591
Other customers	1,158,560,047,637	626,918,949,088
	1,797,225,655,844	1,133,057,069,435
	1,797,225,655,844	1,133,057,069,435

(b) Accounts receivable from customers who are related parties

	31/12/2017 VND	1/1/2017 VND
Saigon – Camau Infrastructure Corporation	2,058,898,500	2,058,898,500
Minh Phu Aquamekong Aquaculture Technique Service Co., Ltd.	24,000,000	-
	2,082,898,500	2,058,898,500
	2,082,898,500	2,058,898,500

The trade related amounts due from the related parties were unsecured, interest free and are receivable upon demand.

Accounts receivable from customers at 31 December 2017 included VND992,884 million (1/1/2017: VND495,811 million) pledged with banks as security for loans granted to the Group (Note 21(a)). These accounts receivable were also pledged with banks as supplemental security for long-term bonds issued by the Group (Note 21(b)).

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8. Loans receivable

Loans receivable represented loans to Mekong Logistics Company Limited, an associate. The loan is unsecured and earned interest at 7% per annum (year ended 31 December 2016: 7%) and is receivable within 12 months from the date of disbursement.

Movement of loans receivable during the year were as follows:

	2017 VND	2016 VND
Opening balance	54,000,000,000	-
Additions during the year	-	54,000,000,000
Collection during the year	(10,000,000,000)	-
Closing balance	44,000,000,000	54,000,000,000

9. Other receivables

(a) Other short-term receivables

	31/12/2017 VND	1/1/2017 VND
Interest receivable from deposits	15,293,961,649	12,730,117,356
Short-term deposits (*)	5,065,897,971	53,711,852,950
Advance to employees	4,681,634,510	2,776,993,012
Social and health insurance receivable from employees	3,505,044,890	3,644,866,628
Loans to employees (**)	1,118,483,357	2,761,961,909
Others	7,398,123,540	7,129,412,840
	37,063,145,917	82,755,204,701

(*) This amount included VND4,542 million of short-term deposit at bank for opening letter of credit to purchase merchandise. The short-term deposit is interest free and receivable within one year.

(**) This represented loans to employees which were unsecured, interest free and are receivable on demand.

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(b) Other long-term receivables

	31/12/2017	1/1/2017
	VND	VND
Antidumping tax (*)	7,298,653,350	7,372,620,807
Advance to a shrimp farmer (**)	7,306,508,578	7,306,508,578
	14,605,161,928	14,679,129,385

(*) The amount represented the prepayments of antidumping tax. Prior to 18 July 2016, pursuant to the United States of America’s Antidumping Law, Mseafood Corporation, a subsidiary whose principal activities are to import the Group companies’ products to the United States, 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, the Company is required to make a provisional payment of antidumping tax based on the specific tax rate stipulated by DOC. On 18 July 2016, pursuant to the agreement between DOC and Vietnam, DOC revisited prior administrative determinations to bring those decisions into compliance with the World Trade Organisation dispute findings. As a result, the Company will no longer be subject to the antidumping tax order from 18 July 2016. In addition, the related litigation of antidumping tax was resolved and duty payments will be refunded to the Group.

(**) This amount represented the advance to a shrimp farmer to support for the shrimp hatching, which were secured by the farmer’s land use rights. The advance is interest free and receivable within 4 years.

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10. Bad and doubtful debts

	31/12/2017		1/1/2017	
	Overdue days	Recoverable amount VND	Overdue days	Recoverable amount VND
Overdue debts				
Viet Hai Export Frozen Seafood Processing Company Limited	4 – 5 years	982,302,147	3 – 4 years	982,302,147
Mo O Soc Trang Seafood Joint Stock Company	4 – 5 years	771,913,390	3 – 4 years	771,913,390
Thanh Binh Company Limited	4 – 5 years	209,324,000	3 – 4 years	209,324,000
		1,963,539,537		1,963,539,537

Of which:

Allowance for doubtful debts – short-term

1,963,539,537

1,963,539,537

There was no movement in allowance for doubtful debts during the year.

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11. Inventories

	31/12/2017		1/1/2017	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	560,345,768,301	-	78,104,217,404	-
Raw materials	123,769,644,705	-	98,875,014,292	-
Tools and supplies	5,319,462,912	-	5,662,179,015	-
Work in progress	44,083,693,782	-	35,175,086,812	-
Finished goods	3,367,957,179,858	(28,276,520,214)	3,030,183,798,949	(27,569,745,557)
	<u>4,101,475,749,558</u>	<u>(28,276,520,214)</u>	<u>3,248,000,296,472</u>	<u>(27,569,745,557)</u>

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

	2017 VND	2016 VND
Opening balance	27,569,745,557	40,307,098,016
Increase during the year	14,238,101,185	1,401,557,628
Written back	(13,514,926,528)	(14,409,810,087)
Translation differences	(16,400,000)	270,900,000
Closing balance	<u>28,276,520,214</u>	<u>27,569,745,557</u>

At 31 December 2017 inventories with carrying value of VND2,397,536 million (1/1/2017: VND2,094,521 million) were pledged with banks as security for loans granted to the Group (Note 21(a)). These inventories were also pledged with banks as supplemental security for long-term bonds issued by the Group (Note 21(b)).

Included in inventories at 31 December 2017 was VND237,360 million (1/1/2017: VND384,603 million) of finished goods carried at net realisable value.

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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	732,678,258,354	1,117,627,877,672	152,427,792,484	20,557,034,353	2,023,290,962,863
Additions	916,728,727	55,374,988,291	4,798,196,910	239,649,091	61,329,563,019
Transfers from construction in progress	-	-	4,456,000,000	-	4,456,000,000
Disposals	-	-	(1,803,818,182)	-	(1,803,818,182)
Translation differences	(22,697,805)	-	-	(1,178,217)	(23,876,022)
Closing balance	733,572,289,276	1,173,002,865,963	159,878,171,212	20,795,505,227	2,087,248,831,678
Accumulated depreciation					
Opening balance	268,158,707,798	643,496,768,225	86,522,239,809	12,713,386,009	1,010,891,101,841
Charge for the year	29,060,573,665	111,842,635,361	15,504,449,070	2,063,413,908	158,471,072,004
Disposals	-	-	(1,464,359,861)	-	(1,464,359,861)
Translation differences	(5,832,586)	-	-	(1,178,217)	(7,010,803)
Closing balance	297,213,448,877	755,339,403,586	100,562,329,018	14,775,621,700	1,167,890,803,181
Net book value					
Opening balance	464,519,550,556	474,131,109,447	65,905,552,675	7,843,648,344	1,012,399,861,022
Closing balance	436,358,840,399	417,663,462,377	59,315,842,194	6,019,883,527	919,358,028,497

Included in the cost of tangible fixed assets were assets costing VND258,509 million which were fully depreciated as of 31 December 2017 (1/1/2017: VND171,070 million), but which are still in active use.

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At 31 December 2017, tangible fixed assets with carrying value of VND391,465 million (1/1/2017: VND260,550 million) were pledged with banks as security for loans granted to the Group (Note 21(a)). These tangible fixed assets were also pledged with banks as supplemental security for long-term bonds issued by the Group (Note 21(b)).

13. Intangible fixed assets

	Indefinite land use rights VND	Definite land use rights VND	Software VND	Total VND
Cost				
Opening balance	18,948,576,507	110,923,425,700	30,150,276,330	160,022,278,537
Transfers to long-term prepaid expenses	-	(88,742,326,115)	-	(88,742,326,115)
Translation differences	(26,845,037)	-	-	(26,845,037)
Closing balance	18,921,731,470	22,181,099,585	30,150,276,330	71,253,107,385
Accumulated amortisation				
Opening balance	-	11,941,905,291	4,611,939,353	16,553,844,644
Charge for the year	-	1,300,967,027	2,441,244,253	3,742,211,280
Transfers to long-term prepaid expenses	-	(8,496,532,487)	-	(8,496,532,487)
Closing balance	-	4,746,339,831	7,053,183,606	11,799,523,437
Net book value				
Opening balance	18,948,576,507	98,981,520,409	25,538,336,977	143,468,433,893
Closing balance	18,921,731,470	17,434,759,754	23,097,092,724	59,453,583,948

Included in the cost of intangible fixed assets were assets costing VND3,061 million which were fully amortised as of 31 December 2017 (1/1/2017: VND3,016 million), but which are still in use.

At 31 December 2017 intangible fixed assets with carrying value of VND2,050 million (1/1/2017: VND49,885 million) were pledged with banks as security for loans granted to the Group (Note 21(a)). These intangible fixed assets were also pledged with banks as supplemental security for long-term bonds issued by the Group (Note 21(b)).

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14. Construction in progress

	2017 VND	2016 VND
Opening balance	160,575,227,654	145,000,706,037
Additions during the year	19,671,843,638	5,849,660,909
Transfers to tangible fixed assets	(4,456,000,000)	(952,785,455)
Transfers (to)/from long-term prepaid expenses	(18,272,135,154)	11,508,327,224
Written off	-	(830,681,061)
Closing balance	157,518,936,138	160,575,227,654

Major constructions in progress were as follows:

	31/12/2017 VND	1/1/2017 VND
Buildings	35,183,516,705	46,277,428,222
Land use rights	122,180,992,565	96,921,187,244
Machinery	-	6,660,994,364
Others	154,426,868	10,715,617,824
Closing balance	157,518,936,138	160,575,227,654

15. Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Total VND
Opening balance	45,641,645,219	37,812,319,624	83,453,964,843
Additions	1,154,364,779	33,029,833,828	34,184,198,607
Transfers from construction in progress	18,272,135,154	-	18,272,135,154
Transfers from intangible fixed assets	80,245,793,628	-	80,245,793,628
Amortisation for the year	(3,169,480,152)	(38,326,900,446)	(41,496,380,598)
Closing balance	142,144,458,628	32,515,253,006	174,659,711,634

At 31 December 2017, long-term prepaid expenses with carrying value of VND46,650 million (1/1/2017: VND54 million) were pledged with banks as security for loans granted to the Group (Note 21(a)). These long-term prepaid expenses were also pledged with banks as supplemental security for long-term bonds issued by the Group (Note 21(b)).

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16. Deferred tax assets and liabilities

	31/12/2017	1/1/2017
	VND	VND
Deferred tax assets:		
Unrealised profits arising from intra-group transactions	13,309,334,353	10,615,753,450
Provisions and allowances	29,439,883	29,439,883
Unrealised gains on revaluation of assets transferred to an associate as capital contribution	7,565,100,477	8,588,415,525
Tax losses carry-forwards	9,441,021,752	9,441,021,752
	<hr/>	<hr/>
Total deferred tax assets	30,344,896,465	28,674,630,610
	<hr/>	<hr/>
Deferred tax liabilities:		
Allowance for diminution in the value of investments in subsidiaries	(17,890,029,536)	(17,801,645,998)
Unrealised foreign exchange gains	(2,000,444,315)	(1,592,780,040)
	<hr/>	<hr/>
Total deferred tax liabilities	(19,890,473,851)	(19,394,426,038)
	<hr/>	<hr/>
Net deferred tax assets	10,454,422,614	9,280,204,572

17. Goodwill

	VND
Cost	
Opening and closing balance	30,888,957,000
	<hr/>
Accumulated amortisation	
Opening balance	26,513,021,614
Charge for the year	3,088,895,700
	<hr/>
Closing balance	29,601,917,314
	<hr/>
Net book value	
Opening balance	4,375,935,386
Closing balance	1,287,039,686
	<hr/>

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18. Taxes payable to and receivable from State Treasury

(a) Taxes payable to State Treasury

	1/1/2017 VND	Incurred VND	Paid VND	Net-off VND	Translation differences VND	31/12/2017 VND
Value added tax	887,066,076	159,884,288,513	(44,824,768,932)	(114,711,026,892)	-	1,235,558,765
Import-export tax	7,837,060	182,683,354	(204,915,711)	14,115,402	279,895	-
Corporate income tax	1,161,687,924	79,211,363,515	(36,756,729,716)	(12,208,353,422)	-	31,407,968,301
Personal income tax	791,245,455	7,576,225,704	(7,650,972,242)	145,182,299	-	861,681,216
Other taxes	1,440,000	469,716,966	(436,362,446)	-	(98,800)	34,695,720
	2,849,276,515	247,324,278,052	(89,873,749,047)	(126,760,082,613)	181,095	33,539,904,002

(b) Taxes receivable from State Treasury

	1/1/2017 VND	Paid VND	Refunded VND	Net-off VND	Translation differences VND	31/12/2017 VND
Corporate income tax	18,393,762,239	-	-	(12,208,353,422)	(17,047,446)	6,168,361,371
Import-export tax	5,211,890,866	285,483,955	(2,597,524,199)	14,115,402	(139,068)	2,913,826,956
Personal income tax	593,594,536	37,167,310	(614,631,589)	145,182,299	-	161,312,556
	24,199,247,641	322,651,265	(3,212,155,788)	(12,049,055,721)	(17,186,514)	9,243,500,883

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19. Long-term unearned revenue

Long-term unearned revenue represented the unrealised gains on revaluation of assets transferred to an associate as capital contribution. Movements of long-term unearned revenue were allocated to other income during the year (Note 34).

20. Other payables

(a) Other payables – short-term

	31/12/2017	1/1/2017
	VND	VND
Interest payable	20,548,736,976	29,093,280,635
Dividends payable	2,619,368,300	3,659,368,300
Social insurance, health insurance and trade union	5,154,010,250	6,446,980,635
Land rental payable	3,451,759,324	3,717,279,272
Advance from a third party (*)	31,459,084,500	31,514,421,500
Others	12,877,329,333	9,512,032,796
	76,110,288,683	83,943,363,138
	76,110,288,683	83,943,363,138

(*) This amount represented cash advance received from a third party under a business cooperation agreement for breeding and trading aquacultural products.

(b) Other payables – long-term

	31/12/2017	1/1/2017
	VND	VND
Long-term deposits received	6,836,856,000	6,776,856,000
	6,836,856,000	6,776,856,000
	6,836,856,000	6,776,856,000

Other payables as at 31 December 2017 and 1 January 2017 were not overdue.

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21. Borrowings and bonds

(a) Short-term borrowings

	1/1/2017 Carrying amount/Amount within repayment capacity VND	Movements during the year		31/12/2017 Carrying amount/Amount within repayment capacity VND
		Increase VND	Decrease VND	Translation difference VND
Short-term borrowings	1,822,624,002,211	15,336,837,302,041	(13,681,605,870,913)	(2,011,809,107)
				3,475,843,624,232

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

	Currency	Annual interest rate	31/12/2017	1/1/2017
		2017	VND	VND
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ca Mau Branch				
Loan 1	USD	1,5% - 2,0%	1,469,201,913,706	509,452,670,714
Loan 2	USD	2,0% - 2,2%	974,028,399,706	599,337,540,834
Loan 3	USD	2,0%	55,661,639,210	-
Loan 4	USD	1,5%	-	10,505,069,491
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ca Mau Branch				
Loan 1	USD	2,0% - 3,0%	407,618,902,877	320,099,032,139
Loan 2	VND	4,7% - 5,0%	270,377,089,221	198,929,054,610
Bank for Investment and Development of Vietnam Joint Stock Company – Ca Mau Branch				
Loan 1	USD	2,0% - 2,4%	294,413,679,512	-
Vietnam International Commercial Joint Stock Bank				
Loan 1	USD	2,0%	-	48,071,657,197
Loan 2	USD	1,5%	-	82,764,127,226
Citibank – North America				
Loan 1 (*)	USD	0%	4,542,000,000	53,464,850,000
			3,475,843,624,232	1,822,624,002,211

(*) This loan represented trade financing of Mseafood Corporation – a subsidiary, unsecured, interest free and bears commercial LC charge.

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

	Carrying amount as at	
	31/12/2017 VND	1/1/2017 VND
Term deposits (Note 6(b))	92,000,000,000	-
Accounts receivable from customers (Note 7)	992,884,331,847	495,810,528,720
Inventories (Note 11)	2,397,535,959,251	2,094,520,965,407
Tangible fixed assets (Note 12)	391,462,563,220	260,550,385,772
Intangible fixed assets (Note 13)	2,050,211,480	49,885,042,836
Long-term prepaid expenses (Note 15)	46,650,281,381	54,353,333
	3,922,583,347,179	2,900,821,276,068

- (i) These accounts receivable from customers, inventories, tangible fixed assets, intangible fixed assets, and long-term prepaid expenses were also pledged with banks as supplemental security for long-term bonds issued by the Company (Note 21(b)).

(b) Bonds

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

	Currency	Annual interest rate		Quantity		Maturity date	31/12/2017	1/1/2017
		2017	2016	2017	2016		VND	VND
Lot 1 (*)	VND	7.50%	7.50%	500	1,500	20/5/2020	492,750,000,005	1,489,750,000,003
Lot 2 (*)	VND	7.50%	7.50%	1,000	1,000	11/6/2020	995,166,666,672	993,166,666,670
Lot 3 (**)	VND	7.50%	7.50%	560	1,000	30/7/2020	555,000,000,010	993,000,000,006
							2,042,916,666,687	3,475,916,666,679

The bonds are presented at total face value less issuance costs. The issuance costs are amortised on a straight-line basis over the term of the bonds.

Minh Phu Seafood Joint Stock Company and its subsidiaries**Notes to the consolidated financial statements for the year ended 31 December 2017****(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

- (*) Non-convertible 5-year corporate bonds MPC_BOND2015 with VND1 billion face value were secured over long-term investments in eight (8) subsidiaries and an associate of the Group with carrying value of VND450,397 million (1/1/2017: VND482,895 million) and other assets of the Group with carrying amounts as follows:

	Carrying amount	
	31/12/2017 VND	1/1/2017 VND
Accounts receivable from customers (Note 7)	298,162,938,506	157,472,420,002
Inventories (Note 11)	1,160,595,579,077	896,738,000,000
Tangible fixed assets (Note 12)	91,689,756,338	92,956,051,780
Intangible fixed assets (Note 13)	2,050,211,480	2,113,042,836
Long-term prepaid expenses (Note 15)	-	54,353,333
	<u>1,552,498,485,401</u>	<u>1,149,333,867,951</u>

These accounts receivable from customers, inventories, tangible fixed assets, intangible fixed assets, and long-term prepaid expenses were also pledged with banks as supplemental security for short-term loans granted to the Company (Note 21(a)).

- (**) Non-convertible 5-year corporate bonds MPHG_BOND2015 with VND1 billion face value were secured over long-term investments in a subsidiary of the Group with carrying value of VND99,000 million (1/1/2017: VND99,000 million) and other assets of the Group with the carrying amount as follows:

	Carrying amount	
	31/12/2017 VND	1/1/2017 VND
Accounts receivable from customers (Note 7)	694,721,393,341	338,338,108,718
Inventories (Note 11)	1,236,940,380,174	1,197,782,965,407
Tangible fixed assets (Note 12)	299,772,806,882	167,594,333,992
Intangible fixed assets (Note 13)	-	47,772,000,000
Long-term prepaid expenses (Note 15)	46,650,281,381	-
	<u>2,278,084,861,778</u>	<u>1,751,487,408,117</u>

These accounts receivable from customers, inventories, tangible fixed assets, intangible fixed assets and long-term prepaid expenses were also pledged with banks as supplemental security for short-term loans granted to the Company (Note 21(a)).

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(***) Movements in the long-term bonds during the year were as follows:

	2017	2016
	VND	VND
Opening balance	3,475,916,666,679	3,968,916,666,671
Amortisation of bonds issuance costs	7,000,000,008	7,000,000,008
Repurchases (****)	(1,440,000,000,000)	(500,000,000,000)
Closing balance	<u>2,042,916,666,687</u>	<u>3,475,916,666,679</u>

(****) During the year, the Group repurchased 5-year bonds with total face value of VND1.440 billion before their maturity date. No transaction cost incurred as a result of the repurchases.

22. Provisions – long-term

Provisions – long-term represented provision for severance allowance. Movements of provision for severance allowance during the year were as follows:

	2017	2016
	VND	VND
Opening balance	2,407,129,978	2,737,632,692
Transfer to bonus and welfare fund	(2,019,253,112)	-
Allowance utilised during the year	(387,876,866)	(330,502,714)
Closing balance	<u>-</u>	<u>2,407,129,978</u>

23. Bonus and welfare fund

This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to the employees of Company and its subsidiaries in accordance with the Group's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	2017	2016
	VND	VND
Opening balance	53,386,687,257	88,371,069,916
Appropriation from retained profits	5,442,355,905	-
Utilisation during the year	(1,098,799,727)	(34,984,382,659)
Transfers from provision for severance allowance	2,019,253,112	-
Closing balance	<u>59,749,496,547</u>	<u>53,386,687,257</u>

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24. Changes in owners' equity

	Share capital VND	Capital surplus VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2016	700,000,000,000	177,876,869,236	(80,162,090,861)	115,856,340,820	74,079,253,264	774,411,832,544	481,497,772,329	2,243,559,977,332
Net profit for the year	-	-	-	-	-	72,084,426,856	9,806,673,998	81,891,100,854
Appropriation to equity funds	-	-	-	-	598,454,543	(598,454,543)	-	-
Dividends	-	-	-	-	-	-	(1,797,913,682)	(1,797,913,682)
Utilisation of funds	-	-	-	-	(42,433,609,710)	-	-	(42,433,609,710)
Translation differences	-	-	-	1,059,178,188	-	-	11,526,277,728	11,751,805,916
Balance at 1 January 2017	700,000,000,000	177,876,869,236	(80,162,090,861)	126,455,519,008	32,244,098,097	845,897,804,857	490,659,160,373	2,292,971,360,710
Net profit for the year	-	-	-	-	-	639,019,613,866	75,143,460,588	714,163,074,454
Appropriation to equity funds	-	-	-	-	27,211,779,524	(27,211,779,524)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(5,442,355,905)	-	(5,442,355,905)
Dividends	-	-	-	-	-	-	(3,980,368,405)	(3,980,368,405)
Utilisation of funds	-	-	-	-	(5,080,977,616)	-	-	(5,080,977,616)
Translation differences	-	-	-	(912,241,089)	-	-	(93,463,486)	(1,005,704,575)
Balance at 31 December 2017	700,000,000,000	177,876,869,236	(80,162,090,861)	125,543,277,919	54,374,900,005	1,452,263,283,294	561,728,789,070	2,991,625,028,663

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25. Share capital

The Company's authorised and issued share capital is:

	31/12/2017		1/1/2017	
	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)	(1,537,150)	(80,162,090,861)
Shares currently in circulation				
Ordinary shares	68,462,850	619,837,909,139	68,462,850	619,837,909,139

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.

26. Investment and development fund

Investment and development fund was appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. This fund was established for the purpose of future business expansion.

27. Off balance sheet items

(a) Lease

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

	31/12/2017 VND	1/1/2017 VND
Within 1 year	7,390,354,705	7,852,338,114
From 2 to 5 years	3,568,185,000	9,773,894,066
More than 5 years	4,564,986,301	-
	15,523,526,006	17,626,232,180

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(b) Foreign currencies

	31/12/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	3,497,394	79,555,626,089	4,255,908	96,825,836,897
JPY	371,493,573	74,695,478,094	243,756,401	47,776,254,596
		154,251,104,183		144,602,091,493

(c) Capital expenditure commitments

As the reporting date, the Group had the following outstanding capital expenditure commitments approved but not provided for in the consolidated balance sheet:

	31/12/2017 VND	1/1/2017 VND
Approved but not contracted	51,838,190,406	-
Approved and contracted	25,151,381,920	82,654,668,761
	76,989,572,326	82,654,668,761

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28. Revenue from sales of goods

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

Net revenue comprised:

	2017	2016
	VND	VND
Total revenue		
▪ Finished goods sold	13,656,892,624,518	10,667,162,038,506
▪ Merchandise goods sold	2,066,074,968,370	1,369,679,644,247
▪ Scraps sold	24,054,173,926	22,919,432,379
▪ Others	20,079,963,204	4,524,796,421
	<hr/>	<hr/>
	15,767,101,730,018	12,064,285,911,553
	<hr/>	<hr/>
Less revenue deductions		
▪ Sales allowances	2,723,688,776	1,439,810,080
▪ Sales returns	99,093,042,005	89,432,561,811
	<hr/>	<hr/>
	101,816,730,781	90,872,371,891
	<hr/>	<hr/>
Net revenue	15,665,284,999,237	11,973,413,539,662
	<hr/> <hr/>	<hr/> <hr/>

29. Cost of sales

	2017	2016
	VND	VND
Cost of goods sold	13,800,412,452,629	11,003,354,817,692
Additions to/(reversal of) allowance for inventories	723,174,657	(12,737,352,459)
	<hr/>	<hr/>
	13,801,135,627,286	10,990,617,465,233
	<hr/> <hr/>	<hr/> <hr/>

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30. Financial income

	2017 VND	2016 VND
Interest income	91,850,921,842	96,990,226,492
Dividends	335,254,400	269,553,000
Realised foreign exchange gains	44,937,560,547	37,354,509,507
Unrealised foreign exchange gains	2,944,735,222	7,043,899,223
Others	2,044,897,582	-
	<hr/> <hr/>	<hr/> <hr/>
	142,113,369,593	141,658,188,222

31. Financial expenses

	2017 VND	2016 VND
Interest expense	180,875,770,671	218,817,940,952
Realised foreign exchange losses	93,554,635,690	82,342,623,069
Unrealised foreign exchange losses	29,116,234	854,724,546
Bonds issuance costs	7,000,000,008	7,000,000,008
Additions to/(reversal of) allowance for diminution in the value of trading securities	(1,431,166,424)	1,666,641,535
Others	20,896,984	20,346,477
	<hr/> <hr/>	<hr/> <hr/>
	280,049,253,163	310,702,276,587

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32. Selling expenses

	2017	2016
	VND	VND
Transportation expenses	344,609,224,078	254,174,972,822
Warehouse rental expenses	158,459,401,685	121,885,335,079
Commission fees	171,184,546,294	147,332,938,248
Staff costs	42,043,351,429	42,937,773,237
Tools and supplies expenses	2,765,183,586	2,368,500,799
Materials expenses	2,391,612,734	1,325,985,144
Depreciation expenses	806,439,116	785,187,457
Outside service expenses	22,815,788,582	38,859,249,203
Others	27,110,876,579	28,539,830,216
	<hr/>	<hr/>
	772,186,424,083	638,209,772,205
	<hr/>	<hr/>

33. General and administration expenses

	2017	2016
	VND	VND
Staff costs	81,232,248,942	65,849,580,759
Bank charges	10,250,498,512	6,311,973,129
Office supplies	4,251,660,230	4,943,915,969
Depreciation expenses	9,166,825,239	18,098,682,062
Fees and duties	454,378,391	1,134,712,225
Outside service expenses	27,248,919,626	28,151,771,506
Others	29,246,033,832	26,309,926,926
	<hr/>	<hr/>
	161,850,564,772	150,800,562,576
	<hr/>	<hr/>

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34. Other income

	2017 VND	2016 VND
Gains from disposals of fixed assets	343,314,408	336,319,577
Antidumping tax reductions	-	67,923,647,745
Compensation received	189,159,675	10,275,270,488
Amortisation of gains on revaluation of assets transferred to an associate as capital contribution (Note 19)	1,301,275,080	174,449,010
Others	1,791,148,487	-
	<hr/> 3,624,897,650	<hr/> 78,709,686,820 <hr/>

35. Other expenses

	2017 VND	2016 VND
Loss on disposals of fixed assets	255,500,002	33,418,096
Loss on construction in progress written off	-	830,681,061
Penalties	1,220,918,433	1,000,000
Others	1,891,777,890	1,706,522,718
	<hr/> 3,368,196,325	<hr/> 2,571,621,875 <hr/>

36. Production and business costs by element

	2017 VND	2016 VND
Raw material costs	10,926,645,307,020	8,025,391,373,945
Labour costs and staff costs	1,296,454,066,175	1,023,846,612,164
Depreciation and amortisation	165,302,178,984	186,666,565,275
Outside services	786,332,604,572	964,919,552,569
Other expenses	320,728,170,522	278,754,655,321
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37. Income tax

(a) Recognised in the consolidated statement of income

	2017	2016
	VND	VND
Current tax expense		
Current year	75,827,886,534	14,904,703,403
Under provision in prior years	3,383,476,981	274,408,120
	<hr/>	<hr/>
	79,211,363,515	15,179,111,523
Deferred tax (benefit)/expenses		
Origination and reversal of temporary differences	(1,174,218,042)	3,809,503,851
	<hr/>	<hr/>
	78,037,145,473	18,988,615,374
	<hr/>	<hr/>

(b) Reconciliation of effective tax rate

	2017	2016
	VND	VND
Accounting profit before tax	792,200,219,927	100,879,716,228
	<hr/>	<hr/>
Tax at the Company's tax rate	79,220,021,993	10,087,971,623
Non-deductible expenses	1,227,726,857	648,727,603
Tax incentives	(22,831,670,337)	(8,535,656,155)
Deferred tax assets not recognised	4,254,758,044	9,519,807,464
Effect of different tax rates in subsidiaries	10,860,860,365	6,993,356,719
Effect of different tax rates applied to other income	8,484,390,410	-
Under provision in prior years	3,383,476,981	274,408,120
Non-taxable income	(971,688,460)	-
Tax losses utilised	(5,590,730,380)	-
	<hr/>	<hr/>
Income tax expense	78,037,145,473	18,988,615,374
	<hr/>	<hr/>

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(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31/12/2017		1/1/2017	
	Temporary difference VND	Tax value VND	Temporary difference VND	Tax value VND
Deductible temporary differences	2,395,919,217	119,795,960	1,401,557,628	70,077,881
Tax losses	321,110,898,464	38,429,059,711	414,976,395,076	49,418,008,841
	323,506,817,681	38,548,855,671	416,377,952,704	49,488,086,722

Tax losses comprised tax losses of the Company's subsidiaries. Tax losses will expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND
2018	Outstanding	85,660,992,373
2019	Outstanding	19,305,217,302
2020	Outstanding	84,342,398,435
2021	Outstanding	93,604,643,919
2022	Outstanding	38,197,646,435
		321,110,898,464

During the year, VND76,224,015,118 tax loss has been expired.

The deductible temporary differences do not expire under current tax legislation. **Deferred tax assets** have not been recognised in respect of deductible temporary differences and tax losses 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 Income Tax Law, the Company has an obligation to pay the government corporate income tax at the rate of 10% of taxable profits on processing and producing of aquatic products and the usual income tax rate on other trading activities.

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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.

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. According to Circular 96/2015/TT-BTC, income of seafood processing activities are exempted from corporate income tax. All the above tax incentives are not applicable to other income which is taxed at the usual income tax rate.

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

Under the terms of Income Tax Law, Minh Qui has an obligation to pay the government corporate income tax at the usual income tax rate of taxable profit.

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

Under the terms of Income Tax Law, Minh Phat has an obligation to pay the government corporate income tax at the usual income tax rate of taxable profit.

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

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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. The income tax regulations also specify that if the Company does not generate any taxable profit in three consecutive years from the first year it generates 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 exemption and reduction are not applicable to other income which is taxed at usual income tax rate.

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 usual income tax rate 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 the usual income tax rate.

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

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

Under the terms of its Business Registration Certificate, the Company is 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 the Company 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 the usual income tax rate.

Minh Phu Hau Giang Port Corporation

Under the terms of its Business Registration Certificate, Minh Phu Hau Giang Port Corporation has an obligation to pay the government corporate income tax at the usual income tax rate of taxable profit.

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Ebisumo Logistic Co., Ltd. (“Ebisumo”)

Under the regulations of Japan, Ebisumo has the obligation to pay two types of corporate income tax:

- Corporate income tax: at the rate of 15% on the first JPY8 million of taxable income and 23.4% on the over JPY8 million of taxable income.
- National local corporate tax: at the fixed rate of 4.4% of its corporate tax liabilities.

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

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

Minh Phu Mangrove Shrimp Social Enterprise (“Minh Phu Mangrove”)

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

38. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2017 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to Bonus and welfare fund for the annual accounting period and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2017	2016
	VND	VND
Net profit attributable to ordinary shareholders	639,019,613,866	72,084,426,856
Appropriation to bonus and welfare funds	(5,442,355,905)	-
	633,577,257,961	72,084,426,856
	633,577,257,961	72,084,426,856

(ii) Weighted average number of ordinary shares

	2017	2016
Issued ordinary shares at the beginning of the year	68,462,850	68,462,850
Weighted average number of ordinary shares the end of the year	68,462,850	68,462,850
	68,462,850	68,462,850

Minh Phu Seafood Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017
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(iii) Basic earnings per share

	2017	2016
Basic earnings per share	9,254	1,053

39. Significant transactions with related parties

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

	2017 VND	2016 VND
Associates		
Mekong Logistics Company Limited		
Loan to an associate		54,000,000,000
Purchase of service from an associate	29,832,620,490	2,590,410,240
Interest income	711,666,667	
Shareholder		
Long Phung Investment Corporation		
Office rental	2,371,041,223	1,829,200,255

Transactions with key management personnel

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

	2017 VND	2016 VND
Remunerations and business allowances	18,261,212,393	16,724,398,094

Minh Phu Seafood Joint Stock Company and its subsidiaries
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40. Non-cash investing activities

	2017	2016
	VND	VND
Cost of fixed assets acquired through occurrence of liabilities	7,035,867,739	8,156,847,858

41. Post balance sheet events

On 9 March 2018, the Company's Annual General Meeting of Shareholders approved the following events:

(a) Listing of the Company's shares on Ho Chi Minh Stock Exchange

The Company's shares were registered for trading on UpCom with the trading code as MPC. On 9 March 2018, the General Meeting of Shareholders approved the plan to delist the Company's shares on UpCom and to register the Company's shares for listing on Ho Chi Minh Stock Exchange in 2018.

(b) Shares issuance to existing shareholders

The General Meeting of Shareholders approved the share issuance to existing shareholders of the Company at the ratio of 1:1 by appropriation from audited capital surplus and audited retained profits of the Company for the year ended 31 December 2017. The charter capital of the Company is projected to be VND1,384,628,500,000 after the shares issuance.

(c) Issuance of share bonus to key management personnel of the Company

The General Meeting of Shareholders approved the issuance of share bonus to key management personnel of the Company with the total number of shares in issuance of 1,537,150 shares, equivalent to total par value of VND15,271,500,000. As a result, the charter capital of the Company is projected to be VND1,400 billion after the share bonus issuance.

(d) Shares issuance to individual investors

The General Meeting of Shareholders approved to issue 60,000 additional shares, equivalent to total par value of VND600 billion for individual investors. The charter capital of the Company is projected to be VND2,000 billion after the shares issuance.

(e) Expansion in Minh Phu Ca Mau factory

The General Meeting of Shareholders approved the expansion of Minh Phu Ca Mau factory with the total investment budget of VND1,000 billion, of which the construction commence in third quarter of 2018.

Minh Phu Seafood Joint Stock Company and its subsidiaries
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(f) Nomination of Board of Management members

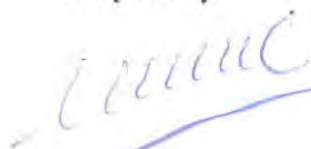
The General Meeting of Shareholders approved to appoint Ms. Ho Thu Le and Mr. Phan Thanh Loc to be independent members of the Board of Management and authorised the Board of Management to appoint additional independent members to the Board of Management to meet the requirement of independent Board of Management in accordance with the current regulations.

42. Corresponding figures

Corresponding figures as at 1 January 2017 were carried forward from the figures presented in the audited consolidated financial statements of the Group as at and for the year ended 31 December 2016.

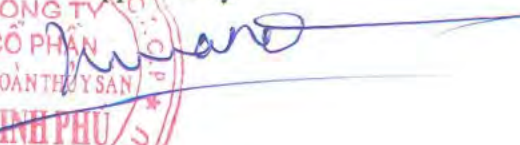
12 March 2018

Prepared by:



Luu Minh Trung
Chief Accountant

Approved by:



Le Van Diep
Deputy General Director