



Minh Phu Seafood Joint Stock Company

Separate 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 |
| Mr. 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 separate financial statements of the Company for the year ended 31 December 2017.

The Board of Directors is responsible for the preparation and fair presentation of the separate 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 separate financial statements set out on pages 5 to 50 give a true and fair view of the unconsolidated financial position of Minh Phu Seafood Joint Stock Company (“the Company”) as at 31 December 2017, and of its unconsolidated results of operations and its unconsolidated 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 Company 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 separate financial statements for issue.



On behalf of the Board of Directors

Le Van Diep

Deputy General Director

Ca Mau Province, 12 March 2017



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84 (28) 3821 9266 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Minh Phu Seafood Joint Stock Company

We have audited the accompanying separate financial statements of Minh Phu Seafood Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 31 December 2017, the separate 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 50.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and fair presentation of these separate 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 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 separate 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 separate financial statements are free of material misstatement.

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

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



Auditor's Opinion


In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Minh Phu Seafood Joint Stock Company as at 31 December 2017 and of its unconsolidated results of operations and its unconsolidated 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




Trương Vinh Phúc
Practicing Auditor Registration
Certificate No. 1901-2018-007-1
Deputy General Director



Trần Đình Vinh
Practicing Auditor Registration
Certificate No. 0339-2018-007-1

Ho Chi Minh City, 12 March 2017

Minh Phu Seafood Joint Stock Company
Separate balance sheet as at 31 December 2017

Form B 01 – DN

*(Issued under Circular No. 200/2014/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 | | 4,187,586,004,886 | 3,762,593,165,369 |
| Cash and cash equivalents | 110 | 5 | 1,023,604,779,985 | 1,106,270,875,699 |
| Cash | 111 | | 92,004,779,985 | 25,670,875,699 |
| Cash equivalents | 112 | | 931,600,000,000 | 1,080,600,000,000 |
| Short-term financial investments | 120 | | 171,497,174,300 | 406,366,007,876 |
| 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) | 165,300,000,000 | 401,600,000,000 |
| Accounts receivable – short-term | 130 | | 1,813,976,117,788 | 1,322,884,482,370 |
| Accounts receivable from customers | 131 | 7 | 1,714,646,254,917 | 1,152,719,308,951 |
| Prepayments to suppliers | 132 | | 23,572,485,465 | 58,739,666,605 |
| Loans receivable | 135 | | - | 10,000,000,000 |
| Other short-term receivables | 136 | 8(a) | 75,757,377,406 | 101,425,506,814 |
| Inventories | 140 | 9 | 1,172,038,149,104 | 896,738,401,151 |
| Inventories | 141 | | 1,183,480,719,131 | 910,349,191,287 |
| Allowance for inventories | 149 | | (11,442,570,027) | (13,610,790,136) |
| Other current assets | 150 | | 6,469,783,709 | 30,333,398,273 |
| Short-term prepaid expenses | 151 | | 1,406,216,430 | 400,442,358 |
| Deductible value added tax | 152 | | 4,375,971,475 | 21,708,251,713 |
| Taxes receivable from State Treasury | 153 | 15(b) | 687,595,804 | 8,224,704,202 |

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

Minh Phu Seafood Joint Stock Company
Separate balance sheet as at 31 December 2017 (continued)

Form B 01 – DN
*(Issued under Circular No. 200/2014/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 | | 1,599,147,313,593 | 1,581,569,711,037 |
| Accounts receivable – long-term | 210 | | 7,306,508,578 | 7,306,508,578 |
| Other long-term receivables | 216 | 8(b) | 7,306,508,578 | 7,306,508,578 |
| Fixed assets | 220 | | 228,679,908,785 | 228,261,353,461 |
| Tangible fixed assets | 221 | 10 | 196,278,944,929 | 194,297,721,132 |
| Cost | 222 | | 421,643,808,525 | 387,766,515,890 |
| Accumulated depreciation | 223 | | (225,364,863,596) | (193,468,794,758) |
| Intangible fixed assets | 227 | 11 | 32,400,963,856 | 33,963,632,329 |
| Cost | 228 | | 41,753,286,703 | 41,753,286,703 |
| Accumulated amortisation | 229 | | (9,352,322,847) | (7,789,654,374) |
| Long-term work in progress | 240 | | 14,698,614,364 | 6,660,994,364 |
| Construction in progress | 242 | 12 | 14,698,614,364 | 6,660,994,364 |
| Long-term financial investments | 250 | | 1,337,250,747,578 | 1,328,370,747,578 |
| Investments in subsidiaries | 251 | 6(c) | 1,640,197,400,000 | 1,633,817,400,000 |
| Investments in associates | 252 | 6(c) | 3,900,000,000 | 3,900,000,000 |
| Equity investments in other entities | 253 | 6(c) | 7,000,000,000 | 7,000,000,000 |
| Allowance for diminution in the value of long-term investments | 254 | 6(c) | (316,346,652,422) | (316,346,652,422) |
| Held-to-maturity investments | 255 | 6(b) | 2,500,000,000 | - |
| Other long-term assets | 260 | | 11,211,534,288 | 10,970,107,056 |
| Long-term prepaid expenses | 261 | | 11,211,534,288 | 10,970,107,056 |
| TOTAL ASSETS (270 = 100 + 200) | 270 | | 5,786,733,318,479 | 5,344,162,876,406 |

Minh Phu Seafood Joint Stock Company
Separate balance sheet as at 31 December 2017 (continued)

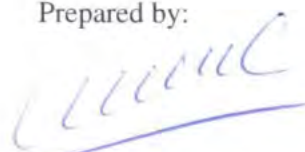
Form B 01 – DN

(Issued under Circular No. 200/2014/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 | | 3,684,863,987,086 | 3,703,542,533,175 |
| Current liabilities | 310 | | 2,192,446,876,094 | 1,215,737,634,624 |
| Accounts payable to suppliers | 311 | 14 | 374,670,725,543 | 109,032,269,612 |
| Advances from customers | 312 | | 14,619,191,387 | 4,179,970,561 |
| Taxes payable to State Treasury | 313 | 15(a) | 27,391,610,477 | 308,399,638 |
| Payables to employees | 314 | | 41,313,462,019 | 42,830,880,902 |
| Other short-term payables | 319 | 16(a) | 14,724,492,059 | 18,382,003,386 |
| Short-term borrowings | 320 | 17(a) | 1,676,060,982,095 | 1,002,200,700,199 |
| Bonus and welfare fund | 322 | 18 | 43,666,412,514 | 38,803,410,326 |
| Long-term liabilities | 330 | | 1,492,417,110,992 | 2,487,804,898,551 |
| Other long-term payables | 337 | 16(b) | 2,500,000,000 | 2,500,000,000 |
| Bonds | 338 | 17(b) | 1,487,916,666,677 | 2,482,916,666,673 |
| Deferred tax liabilities | 341 | 13 | 2,000,444,315 | 1,504,396,502 |
| Provisions – long-term | 342 | | - | 883,835,376 |
| EQUITY (400 = 410) | 400 | | 2,101,869,331,393 | 1,640,620,343,231 |
| Owners' equity | 410 | 19 | 2,101,869,331,393 | 1,640,620,343,231 |
| Share capital | 411 | 20 | 700,000,000,000 | 700,000,000,000 |
| Capital surplus | 412 | | 177,876,869,236 | 177,876,869,236 |
| Treasury shares | 415 | 20 | (80,162,090,861) | (80,162,090,861) |
| Investment and development fund | 418 | 21 | 31,920,523,434 | 9,789,721,526 |
| Retained profits | 421 | | 1,272,234,029,584 | 833,115,843,330 |
| - Retained profits brought forward | 421a | | 800,461,707,901 | 724,268,725,236 |
| - Retained profit for the current year | 421b | | 471,772,321,683 | 108,847,118,094 |
| TOTAL RESOURCES (440 = 300 + 400) | 440 | | 5,786,733,318,479 | 5,344,162,876,406 |

12 March 2017

Prepared by:



Luu Minh Trung
Chief Accountant

Approved by:



Le Van Diep
Deputy General Director

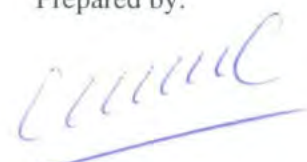
Minh Phu Seafood Joint Stock Company
Separate statement of income for the year ended 31 December 2017

Form B 02 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

| | Code | Note | 2017 VND | 2016 VND |
|---|-----------|-----------|---------------------------|--------------------------|
| Revenue from sales of goods | 01 | 23 | 10,270,359,565,000 | 8,183,582,881,040 |
| Revenue deductions | 02 | 23 | 34,414,121,962 | 46,775,708,292 |
| Net revenue (10 = 01 - 02) | 10 | 23 | 10,235,945,443,038 | 8,136,807,172,748 |
| Cost of sales | 11 | 24 | 9,308,086,985,420 | 7,601,735,013,714 |
| Gross profit (20 = 10 - 11) | 20 | | 927,858,457,618 | 535,072,159,034 |
| Financial income | 21 | 25 | 106,376,595,282 | 147,113,453,788 |
| Financial expenses | 22 | 26 | 189,282,163,975 | 279,209,466,041 |
| <i>In which: Interest expense</i> | 23 | | 120,046,458,484 | 147,510,699,614 |
| Selling expenses | 25 | 27 | 249,929,145,343 | 235,707,047,164 |
| General and administration expenses | 26 | 28 | 60,211,337,933 | 53,468,933,094 |
| Net operating profit {30 = 20 + (21 - 22) - (25 + 26)} | 30 | | 534,812,405,649 | 113,800,166,523 |
| Other income | 31 | | 2,969,662,059 | 3,399,648,558 |
| Other expenses | 32 | | 1,661,054,318 | 726,553,489 |
| Results of other activities (40 = 31 - 32) | 40 | | 1,308,607,741 | 2,673,095,069 |
| Accounting profit before tax (50 = 30 + 40) | 50 | | 536,121,013,390 | 116,473,261,592 |
| Income tax expense – current | 51 | 30 | 63,852,643,894 | 6,318,026,109 |
| Income tax expense – deferred | 52 | 30 | 496,047,813 | 1,308,117,389 |
| Net profit after tax (60 = 50 - 51 - 52) | 60 | | 471,772,321,683 | 108,847,118,094 |

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 separate financial statements

Minh Phu Seafood Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2017
(Indirect method)

Form B 03 – DN

*(Issued under Circular No. 200/2014/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 | 536,121,013,390 | 116,473,261,592 |
| Adjustments for | | | |
| Depreciation and amortisation | 02 | 34,063,688,083 | 33,345,867,607 |
| Allowances and provisions | 03 | (3,599,386,533) | 67,687,253,838 |
| Exchange gains arising from revaluation of monetary items denominated in foreign currencies | 04 | (1,413,580,620) | (3,989,616,283) |
| Gains on disposals of tangible fixed assets | 05 | (216,041,681) | (163,592,304) |
| Dividend and interest income | 05 | (72,745,609,431) | (125,296,864,664) |
| Interest expense and bonds issuance costs | 06 | 125,046,458,488 | 152,510,699,618 |
| Operating profit before changes in working capital | 08 | 617,256,541,696 | 240,567,009,404 |
| Change in receivables | 09 | (511,770,703,740) | 11,418,551,342 |
| Change in inventories | 10 | (273,131,527,844) | 1,092,714,039,838 |
| Change in payables and other liabilities | 11 | 272,665,410,125 | (37,617,295,092) |
| Change in prepaid expenses | 12 | (1,247,201,304) | 188,155,260 |
| | | 103,772,518,924 | 1,307,270,460,752 |
| Interest paid | 14 | (122,977,090,421) | (150,800,823,831) |
| Income tax paid | 15 | (28,843,572,311) | (1,000,000,000) |
| Other payments for operating activities | 17 | (5,660,331,333) | (77,351,825,369) |
| Net cash flows from operating activities | 20 | (53,708,475,141) | 1,078,117,811,552 |

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

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

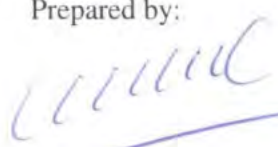
Form B 03 – DN

*(Issued under Circular No. 200/2014/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 | | (42,405,806,344) | (9,356,220,580) |
| Proceeds from disposals of tangible fixed assets | 22 | | 300,000,000 | 1,539,999,999 |
| Payments for granting loans to a related party | 23 | | - | (10,000,000,000) |
| Payments for investments in bonds | 23 | | (2,500,000,000) | - |
| Placements of term deposits | 23 | | (165,300,000,000) | (682,700,000,000) |
| Collections from loans | 23 | | 401,600,000,000 | 872,100,000,000 |
| Receipts from collecting loans | 24 | | 10,000,000,000 | - |
| Payments for investments in subsidiaries | 25 | | (6,380,000,000) | (955,000,000) |
| Receipts of interest and dividends | 27 | | 100,038,206,376 | 114,868,132,168 |
| Net cash flows from investing activities | 30 | | 295,352,400,032 | 285,496,911,587 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from borrowings | 33 | | 8,047,239,915,258 | 5,826,187,799,921 |
| Payments to settle loan and repurchase bonds | 34 | | (8,372,785,150,781) | (6,727,505,606,311) |
| Net cash flows from financing activities | 40 | | (325,545,235,523) | (901,317,806,390) |
| Net cash flows during the year (50 = 20 + 30 + 40) | 50 | | (83,901,310,632) | 462,296,916,749 |
| Cash and cash equivalents at the beginning of the year | 60 | | 1,106,270,875,699 | 631,784,693,548 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 61 | | 1,235,214,918 | 12,189,265,402 |
| Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) | 70 | 5 | 1,023,604,779,985 | 1,106,270,875,699 |

12 March 2017

Prepared by:


Lưu Minh Trung
Chief Accountant

Approved by:



Lê Văn Diệp
Deputy General Director

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

Form B 09 – DN
(Issued under Circular No. 200/2014/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 separate 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.

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Company structure

As at 31 December 2017, the Company had 13 subsidiaries (1/1/2017: 12 subsidiaries) and one associate (1/1/2017: 1 associate) as listed in Note 6(c).

As at 31 December 2017, the Company had 6,612 employees (1/1/2017: 6,218 employees).

2. Basis of preparation

(a) Statement of compliance

The separate 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. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

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

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Company 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 financial statement presentation purpose.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these separate financial statements.

(a) 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 most frequently conducts transactions.

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

(b) 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.

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

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(c) Investments

(i) Trading securities

Trading securities are those held by the Company 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 Company's management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank and bonds. These investments are stated at costs less allowance for doubtful debts.

(iii) Investments in subsidiaries and associates

For the purpose of these separate financial statements, investments in subsidiaries and associates are initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Company'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.

(iv) Investments in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments 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 Company'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.

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

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(d) Accounts receivable

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

(e) 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 Company applies the perpetual method of accounting for inventory.

(f) 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 for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the separate statement of income in the period in which the cost is 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 – 25 years |
| ▪ machinery and equipment | 4 – 10 years |
| ▪ motor vehicles | 5 – 10 years |
| ▪ office equipment | 3 – 10 years |

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

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(g) 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 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.

(ii) Software

Cost of acquiring 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.

(h) Construction in progress

Construction in progress represents the cost of acquiring land use rights which have not been fully. No depreciation is provided for construction in progress during the period of obtaining the land use rights.

(i) Long-term prepaid expenses

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 prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(j) Trade and other payables

Trade and other payables are stated at their cost.

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

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(k) Provisions

A provision is recognised if, as a result of a past event, the Company 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.

(l) Bonds issues

Straight bonds

At initial recognition, straight bonds issued are measured at cost which comprises proceed 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.

(m) 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 share premium.

(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 share premium.

(n) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate 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 at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is recognised in the separate 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.

(p) Operating lease payments

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

(q) Borrowing costs

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

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

(r) Segment reporting

A segment is a distinguishable component of the Company 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 Company's primary format for segment reporting is based on business segments.

(s) Related parties

Parties are considered to be related to the Company 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.

4. Segment reporting

(a) Business segments

The Company comprises the following main business segments:

- Aquatic products processing
- Aquatic products trading

| <i>For the year ended 31 December 2017</i> | Aquatic products processing VND | Aquatic products trading VND | Total VND |
|--|--|---|----------------------|
| Segment revenue | 9,059,610,618,174 | 1,176,334,824,864 | 10,235,945,443,038 |
| Segment result | 546,728,619,308 | 70,989,355,034 | 617,717,974,342 |
| Financial income | | | 106,376,595,282 |
| Financial expenses | | | (189,282,163,975) |
| Result from operating activities | | | 534,812,405,649 |
| Other income | | | 2,969,662,059 |
| Other expenses | | | (1,661,054,318) |
| Income tax | | | (64,348,691,707) |
| Net profit after tax | | | 471,772,321,683 |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

| <i>For the year ended 31 December 2016</i> | Aquatic products processing VND | Aquatic products trading VND | Total VND |
|--|--|---|----------------------|
| Segment revenue | 7,388,412,994,909 | 748,394,177,839 | 8,136,807,172,748 |
| Segment result | 223,279,535,093 | 22,616,643,683 | 245,896,178,776 |
| Financial income | | | 147,113,453,788 |
| Financial expenses | | | (279,209,466,041) |
| Result from operating activities | | | 113,800,166,523 |
| Other income | | | 3,399,648,558 |
| Other expenses | | | (726,553,489) |
| Income tax | | | (7,626,143,498) |
| Net profit after tax | | | 108,847,118,094 |

(b) Geographical segments

(i) Segment revenue

| | 2017 VND | 2016 VND |
|---------------|---------------------|---------------------|
| Vietnam | 2,764,379,844,800 | 1,058,513,424,005 |
| North America | 4,515,544,743,560 | 4,731,370,441,273 |
| Europe | 277,817,907,573 | 512,031,031,307 |
| Japan | 1,783,883,341,131 | 1,118,666,163,480 |
| Korea | 27,459,529,430 | 43,161,206,943 |
| Others | 866,860,076,544 | 673,064,905,740 |
| | 10,235,945,443,038 | 8,136,807,172,748 |

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

Form B 09 – DN

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

(ii) Segment assets

| | Tổng tài sản | |
|---------------|---------------------|-------------------|
| | 31/12/2017 | 1/1/2017 |
| | VND | VND |
| Vietnam | 4,994,787,169,977 | 4,299,833,817,141 |
| North America | 348,368,274,097 | 969,255,194,685 |
| Europe | 195,828,380,374 | 21,292,951,678 |
| Others | 247,749,494,031 | 53,780,912,902 |
| | 5,786,733,318,479 | 5,344,162,876,406 |

5. Cash and cash equivalents

| | 31/12/2017 | 1/1/2017 |
|------------------|-------------------|-------------------|
| | VND | VND |
| Cash on hand | 488,626,106 | 3,128,373,750 |
| Cash in banks | 91,516,153,879 | 22,542,501,949 |
| Cash equivalents | 931,600,000,000 | 1,080,600,000,000 |
| | 1,023,604,779,985 | 1,106,270,875,699 |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

| | 31/12/2017 | | | 1/1/2017 | | | |
|---|------------|----------------|----------------------|----------|----------------|----------------------|--|
| | Quantity | Cost VND | Fair value VND | Quantity | Cost VND | Fair value VND | Allowance for diminution in value VND |
| 6. Investments | | | | | | | |
| (a) Trading securities | | | | | | | |
| Short-term investments in shares of: | | | | | | | |
| ▪ Petrol Vietnam Transportation Corporation | 171,578 | 6,004,500,000 | 3,337,192,100 | 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 | 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 | 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 | 163,646 | 3,270,588,235 | 2,070,121,900 | (1,578,106,335) |
| | | 14,811,109,411 | 6,479,067,650 | | 14,811,109,411 | 5,462,576,520 | (10,045,101,535) |

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

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

Movements in the allowance for diminution in the value 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 | <u>8,613,935,111</u> | <u>10,045,101,535</u> |

(b) Held-to-maturity investments

| | 31/12/2017 VND | 1/1/2017 VND |
|--|---------------------------------|-------------------------------|
| Held-to-maturity investments – short-term | | |
| Term deposits | 165,300,000,000 | 401,600,000,000 |
| Held-to-maturity investments – long-term | | |
| Bank bonds | 2,500,000,000 | - |

Held-to-maturity investments – short-term represented term deposits at banks 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 5.0% to 7.6% per annum).

At 31 December 2017, VND92,000 million term deposits was pledged with banks as security for loans granted to the Company (1/1/2017: nil) (Note 17(a)).

Held-to-maturity investments – long-term 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).

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(c) Long-term equity investments in other entities

| 31 December 2017 | Address | % of equity owned | % of economic interest (i) | Cost VND | Allowance for diminution in value VND | Fair value VND |
|--|--|-------------------------|----------------------------------|-------------------|---|----------------------|
| Equity investments in: | | | | | | |
| Subsidiaries | | | | | | |
| ▪ Mseafood Corporation | State of California, the United States of America | 90.0% | 90.0% | 323,162,400,000 | - | (***) |
| ▪ Minh Phu Hau Giang Seafood Joint Stock Company | Hau Giang Province, Vietnam | 67.5% | 67.5% | 585,000,000,000 | - | (***) |
| ▪ Minh Qui Seafood Co., Ltd. | Ca Mau Province, Vietnam | 97.5% | 97.5% | 195,000,000,000 | - | (***) |
| ▪ Minh Phat Seafood Co., Ltd. | Ca Mau Province, Vietnam | 95.0% | 95.0% | 95,000,000,000 | - | (***) |
| ▪ Minh Phu – Kien Giang Seafood Co., Ltd. (*) | Kien Giang Province, Vietnam | 99.1% | 99.1% | 152,520,000,000 | (148,650,000,000) | (***) |
| ▪ Minh Phu Aquatic Larvae Co., Ltd. | Ninh Thuan Province, Vietnam | 98.5% | 98.5% | 29,550,000,000 | (16,869,553,925) | (***) |
| ▪ Minh Phu – Loc An Aquaculture Co., Ltd. (*) | Ba Ria – Vung Tau Province, Vietnam | 100.0% | 100.0% | 151,000,000,000 | (150,000,000,000) | (***) |
| ▪ Minh Phu Bio Co., Ltd. | Ca Mau Province, Vietnam | 100.0% | 100.0% | 4,500,000,000 | (715,852,027) | (***) |
| ▪ Minh Phu Seafood Supply Chain Co., Ltd. | Hau Giang Province, Vietnam | 100.0% | 100.0% | 2,000,000,000 | - | (***) |
| ▪ Minh Phu Hau Giang Port Corporation | Hau Giang Province, Vietnam | 50.0% | 83.7% | 100,000,000,000 | - | (***) |
| ▪ Ebisumo Logistic Co., Ltd. | Tokyo City, Japan | 100.0% | 100.0% | 935,000,000 | - | (***) |
| ▪ Minh Phu Food Co., Ltd. (*) | Hau Giang Province, Vietnam | 100.0% | 100.0% | 20,000,000 | - | (***) |
| ▪ Minh Phu Mangrove Shrimp Social Enterprise (**) | Ca Mau Province, Vietnam | 25.25% | 45.45% | 1,510,000,000 | - | (***) |
| | | | | 1,640,197,400,000 | (316,235,405,952) | |
| Associate | | | | | | |
| ▪ Minh Phu Aquamekong Aquaculture Technique Service Co., Ltd. | Ho Chi Minh City, Vietnam | 49.0% | 49.0% | 3,900,000,000 | - | |
| Other | | | | | | |
| ▪ Saigon – Camau Infrastructure Corporation | Ca Mau Province, Vietnam | 10.0% | 10.0% | 7,000,000,000 | (11,1246,470) | |
| | | | | 1,651,097,400,000 | (316,346,652,422) | |

Minh Phu Seafood Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2017 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

| 1 January 2017 | Address | % of equity owned | % of economic interest (i) | Cost VND | Allowance for diminution in value VND | Fair value VND |
|---|---|-------------------|----------------------------|-------------------|---------------------------------------|----------------|
| Equity investments in: | | | | | | |
| Subsidiaries | | | | | | |
| ▪ Mseafood Corporation | | | | | | |
| ▪ Minh Phu Hau Giang Seafood Joint Stock Company | State of California, the United States of America | 90.0% | 90.0% | 323,162,400,000 | - | (***) |
| ▪ Minh Qui Seafood Co., Ltd. | Hau Giang Province, Vietnam | 67.5% | 67.5% | 585,000,000,000 | - | (***) |
| ▪ Minh Phat Seafood Co., Ltd. | Ca Mau Province, Vietnam | 97.5% | 97.5% | 195,000,000,000 | - | (***) |
| ▪ Minh Phu – Kien Giang Seafood Co., Ltd. | Ca Mau Province, Vietnam | 95.0% | 95.0% | 95,000,000,000 | - | (***) |
| ▪ Minh Phu Aquatic Larvae Co., Ltd. | Kien Giang Province, Vietnam | 99.1% | 99.1% | 148,650,000,000 | (148,650,000,000) | (***) |
| ▪ Minh Phu – Loc An Aquaculture Co., Ltd. | Ninh Thuan Province, Vietnam | 98.5% | 98.5% | 29,550,000,000 | (16,869,553,925) | (***) |
| ▪ Minh Phu Bio Co., Ltd. | Ba Ria – Vung Tau Province, Vietnam | 100.0% | 100.0% | 150,000,000,000 | (150,000,000,000) | (***) |
| ▪ Minh Phu Seafood Supply Chain Co., Ltd. | Ca Mau Province, Vietnam | 100.0% | 100.0% | 4,500,000,000 | (715,852,027) | (***) |
| ▪ Minh Phu Hau Giang Port Corporation | Hau Giang Province, Vietnam | 100.0% | 100.0% | 2,000,000,000 | - | (***) |
| ▪ Ebisumo Logistic Co., Ltd. | Hau Giang Province, Vietnam | 50.0% | 50.0% | 100,000,000,000 | - | (***) |
| ▪ Minh Phu Food Co., Ltd. | Tokyo City, Japan | 100.0% | 100.0% | 935,000,000 | - | (***) |
| | Hau Giang Province, Vietnam | 100.0% | 100.0% | 20,000,000 | - | (***) |
| | | | | 1,633,817,400,000 | (316,235,405,952) | |
| Associates | | | | | | |
| ▪ Minh Phu Aquamekong Aquaculture Technique Service Co., Ltd. | Ho Chi Minh City, Vietnam | 49.0% | 49.0% | 3,900,000,000 | - | |
| Other | | | | | | |
| ▪ Saigon – Camau Infrastructure Corporation | Ca Mau Province, Vietnam | 10.0% | 10.0% | 7,000,000,000 | (111,246,470) | |
| | | | | 1,644,717,400,000 | (316,346,652,422) | |

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

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

- (i) The percentage of economic interest represents the effective percentage of economic interest of the Company both directly and indirectly in 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.

- (***) The Company has not determined fair values of these financial instruments for disclosure in the separate 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.

At 31 December 2017, long-term investments with carrying value of VND450,397 million (1/1/2017: VND482,895 million) were pledged with banks as security for long-term bonds issued by the Company (Note 17(b)).

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

| | 2017 | 2016 |
|--------------------------|--------------------------|--------------------------|
| | VND | VND |
| Opening balance | 1,633,817,400,000 | 1,632,862,400,000 |
| Increase during the year | 6,380,000,000 | 955,000,000 |
| Closing balance | <u>1,640,197,400,000</u> | <u>1,633,817,400,000</u> |

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

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

| | 2017 | 2016 |
|---------------------------------------|------------------------|------------------------|
| | VND | VND |
| Opening balance | 316,346,652,422 | 247,623,473,895 |
| Increase in allowance during the year | - | 68,723,178,527 |
| Closing balance | <u>316,346,652,422</u> | <u>316,346,652,422</u> |

7. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

| | 31/12/2017 | 1/1/2017 |
|--|--------------------------|--------------------------|
| | VND | VND |
| Minh Phat Seafood Co., Ltd. | 620,300,335,438 | 39,864,423,697 |
| Minh Qui Seafood Co., Ltd. | 266,016,302,808 | 17,347,821,966 |
| Minh Phu Hau Giang Seafood Joint Stock Company | 252,124,511,486 | 217,087,487,412 |
| Mseafood Corporation | 25,205,874,097 | 646,092,794,685 |
| Other customers | 550,999,231,088 | 232,326,781,191 |
| | <u>1,714,646,254,917</u> | <u>1,152,719,308,951</u> |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Accounts receivable from customers who are related parties

| | 31/12/2017 VND | 1/1/2017 VND |
|--|-------------------|-------------------|
| Subsidiaries | | |
| Minh Phat Seafood Co., Ltd. | 620,300,335,438 | 39,864,423,697 |
| Minh Qui Seafood Co., Ltd. | 266,016,302,808 | 17,347,821,966 |
| Minh Phu Hau Giang Seafood Joint Stock Company | 252,124,511,486 | 217,087,487,412 |
| Ebisumo Logistic Co., Ltd. | 162,345,640,799 | - |
| Minh Phu – Kien Giang Seafood Co., Ltd. | 58,595,622,188 | 58,595,622,188 |
| Mseafood Corporation | 25,205,874,097 | 646,092,794,685 |
| Minh Phu – Loc An Aquaculture Co., Ltd. | 22,968,315,317 | 22,968,315,317 |
| Minh Phu Seafood Supply Chain Co., Ltd. | 8,926,714,278 | - |
| Other related party | | |
| Saigon – Camau Infrastructure Corporation | 2,058,898,500 | 2,058,898,500 |
| | 1,418,542,214,911 | 1,004,015,363,765 |

The trade related amounts due from the related parties were unsecured, interest free and are due in 15 – 90 days from invoice date.

Accounts receivable at 31 December 2017 included VND1,714,646 million (1/1/2017: VND1,152,719 million) pledged with banks as security for loans granted to the Company (Note 17(a)). These accounts receivable were also pledged with banks as supplemental security for long-term bonds issued by the Company (Note 17(b)).

8. Other receivables

(a) Other short-term receivables

| | 31/12/2017 VND | 1/1/2017 VND |
|-----------------------------------|-------------------|-----------------|
| Receivables from subsidiaries (*) | 57,249,299,909 | 57,856,799,909 |
| Interest receivable from deposits | 9,651,342,498 | 7,943,939,443 |
| Advance | 2,952,114,280 | 2,097,037,960 |
| Dividends receivable | - | 29,000,000,000 |
| Others | 5,904,620,719 | 4,527,729,502 |
| | 75,757,377,406 | 101,425,506,814 |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

- (*) Receivables from subsidiaries represented loans to subsidiaries to support for working capital. The loans were unsecured, interest free and are receivable upon demand.

(b) Other long-term receivables

Other long-term receivables represented 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.

9. Inventories

| | 31/12/2017 | | 1/1/2017 | |
|--------------------|--------------------------|-------------------------|------------------------|-------------------------|
| | Cost VND | Allowance VND | Cost VND | Allowance VND |
| Goods in transit | 258,452,443,626 | - | - | - |
| Raw materials | 44,538,809,368 | - | 35,610,985,319 | - |
| Tools and supplies | 1,326,851,410 | - | 1,256,226,668 | - |
| Finished goods | 879,162,614,727 | (11,442,570,027) | 873,481,979,300 | (13,610,790,136) |
| | <u>1,183,480,719,131</u> | <u>(11,442,570,027)</u> | <u>910,349,191,287</u> | <u>(13,610,790,136)</u> |

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

| | 2017 VND | 2016 VND |
|-----------------|-----------------------|-----------------------|
| Opening balance | 13,610,790,136 | 16,313,356,360 |
| Written back | (2,168,220,109) | (2,702,566,224) |
| Closing balance | <u>11,442,570,027</u> | <u>13,610,790,136</u> |

At 31 December 2017, inventories with carrying value of VND1,172,038 million (1/1/2017: VND896,738 million) were pledged with banks as security for loans granted to the Company (Note 17(a)). These inventories were also pledged with banks as supplemental security for long-term bonds issued by the Company (Note 17(b)).

Included in finished goods at 31 December 2017 was VND174,365 million (1/1/2017: VND139,737 million) of inventories carried at net realisable value.

Minh Phu Seafood Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2017 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

10. Tangible fixed assets

| | Buildings VND | Machinery and equipment VND | Motor vehicles VND | Office equipment VND | Total VND |
|---|------------------|-----------------------------------|--------------------------|----------------------------|-----------------|
| Cost | | | | | |
| Opening balance | 117,741,227,718 | 212,402,727,988 | 44,619,373,413 | 13,003,186,771 | 387,766,515,890 |
| Additions | 729,112,727 | 27,015,661,181 | 2,195,778,727 | 169,649,091 | 30,110,201,726 |
| Transfers from construction in progress | - | - | 4,456,000,000 | - | 4,456,000,000 |
| Disposals | - | - | (688,909,091) | - | (688,909,091) |
| Closing balance | 118,470,340,445 | 239,418,389,169 | 50,582,243,049 | 13,172,835,862 | 421,643,808,525 |
| Accumulated depreciation | | | | | |
| Opening balance | 50,898,430,293 | 113,159,472,489 | 22,516,456,488 | 6,894,435,488 | 193,468,794,758 |
| Charge for the year | 7,729,561,869 | 19,169,774,309 | 4,403,012,786 | 1,198,670,646 | 32,501,019,610 |
| Disposals | - | - | (604,950,772) | - | (604,950,772) |
| Closing balance | 58,627,992,162 | 132,329,246,798 | 26,314,518,502 | 8,093,106,134 | 225,364,863,596 |
| Net book value | | | | | |
| Opening balance | 66,842,797,425 | 99,243,255,499 | 22,102,916,925 | 6,108,751,283 | 194,297,721,132 |
| Closing balance | 59,842,348,283 | 107,089,142,371 | 24,267,724,547 | 5,079,729,728 | 196,278,944,929 |

Included in tangible fixed assets were assets costing VND70,674 million which were fully depreciated as of 31 December 2017 (1/1/2017: VND57,180 million), but which are still in active use.

At 31 December 2017, tangible fixed assets with net book value of VND91,690 million (1/1/2017: VND 92,956 million) were pledged with banks as security for loans granted to the Company (Note 17(a)). These tangible fixed assets were also pledged with banks as supplemental security for long-term bonds issued by the Company (Note 17(b)).

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

11. Intangible fixed assets

| | Land use rights VND | Software VND | Total VND |
|---------------------------------|------------------------------------|-------------------------|----------------------|
| Cost | | | |
| Opening and closing balance | 22,181,099,585 | 19,572,187,118 | 41,753,286,703 |
| Accumulated amortisation | | | |
| Opening balance | 4,526,065,940 | 3,263,588,434 | 7,789,654,374 |
| Charge for the year | 220,273,891 | 1,342,394,582 | 1,562,668,473 |
| Closing balance | 4,746,339,831 | 4,605,983,016 | 9,352,322,847 |
| Net book value | | | |
| Opening balance | 17,655,033,645 | 16,308,598,684 | 33,963,632,329 |
| Closing balance | 17,434,759,754 | 14,966,204,102 | 32,400,963,856 |

Included in intangible fixed assets were assets costing VND2,899 million which were fully amortised as of 31 December 2017 (1/1/2017: VND2,899 million), but which are still in use.

At 31 December 2017, intangible fixed assets with net book value of VND2,050 million (1/1/2017: VND2,113 million) were pledged with banks as security for loans granted to the Company (Note 17(a)). These intangible fixed assets were also pledged with banks as supplemental security for long-term bonds issued by the Company (Note 17(b)).

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

12. Construction in progress

| | 2017 VND | 2016 VND |
|------------------------------------|---------------------------|---------------------------|
| Opening balance | 6,660,994,364 | 3,560,994,364 |
| Additions | 12,493,620,000 | 4,052,785,455 |
| Transfers to tangible fixed assets | (4,456,000,000) | (952,785,455) |
| | <hr/> | <hr/> |
| Closing balance | 14,698,614,364 | 6,660,994,364 |
| | <hr/> | <hr/> |

Major constructions in progress were as follows:

| | 31/12/2017 VND | 1/1/2017 VND |
|-----------------|---------------------------------|-------------------------------|
| Land use rights | 14,698,614,364 | 6,660,994,364 |
| | <hr/> | <hr/> |

13. Deferred tax assets and liabilities

| | 31/12/2017 VND | 1/1/2017 VND |
|-----------------------------------|---------------------------------|-------------------------------|
| Deferred tax assets: | | |
| Provision for severance allowance | - | 88,383,538 |
| | <hr/> | <hr/> |
| Deferred tax liabilities: | | |
| Unrealised foreign exchange gains | (2,000,444,315) | (1,592,780,040) |
| | <hr/> | <hr/> |
| Net deferred tax liabilities | (2,000,444,315) | (1,504,396,502) |
| | <hr/> | <hr/> |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

14. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

| | 31/12/2017 Cost/Amount within payment capacity VND | 1/1/2017 Cost/Amount within payment capacity VND |
|-----------------------------------|---|---|
| Magnum Export | 51,279,247,933 | - |
| Sreeragam Exports Private Limited | 47,224,214,914 | - |
| Minh Hy Private Enterprise | 5,582,350,041 | 16,088,232,201 |
| Other suppliers | 270,584,912,655 | 92,944,037,411 |
| | 374,670,725,543 | 109,032,269,612 |

(b) Accounts payable to suppliers who are related parties

| | 31/12/2017 Cost/Amount within payment capacity VND | 1/1/2017 Cost/Amount within payment capacity VND |
|---|---|---|
| Subsidiaries | | |
| Minh Phat Seafood Co., Ltd. | 21,711,557,868 | - |
| Minh Phu Seafood Supply Chain Co., Ltd. | 3,553,196,900 | 3,085,123,859 |
| Minh Phu Loc An Aquaculture Co., Ltd. | 2,525,483,677 | - |
| Minh Qui Seafood Co., Ltd. | 1,675,106,976 | - |
| | 29,465,345,421 | 3,085,123,859 |

The trade related amounts due to the subsidiaries were unsecured, interest free and are payable on demand.

The accounts payable to suppliers as at 31 December 2017 and 1 January 2017 were not overdue.

Minh Phu Seafood Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2017 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

15. Taxes receivable from and payable to State Treasury

(a) Taxes payable to State Treasury

| | 1/1/2017 VND | Incurred VND | Paid VND | Net-off VND | 31/12/2017 VND |
|----------------------|-----------------|-----------------|------------------|-------------------|-------------------|
| Value added tax | - | 149,377,743,214 | (35,313,979,917) | (114,063,763,297) | - |
| Corporate income tax | - | 63,852,643,894 | (28,843,572,311) | (7,837,616,753) | 27,171,454,830 |
| Personal income tax | 308,399,638 | 3,369,255,860 | (3,457,499,851) | - | 220,155,647 |
| | 308,399,638 | 216,599,642,968 | (67,615,052,079) | (121,901,380,050) | 27,391,610,477 |

(b) Taxes receivable from State Treasury

| | 1/1/2017 VND | Paid VND | Net-off VND | 31/12/2017 VND |
|----------------------|-----------------|-------------|-----------------|-------------------|
| Corporate income tax | 7,837,616,753 | - | (7,837,616,753) | - |
| Import-export tax | 292,022,919 | 263,341,045 | - | 555,363,964 |
| Other taxes | 95,064,530 | 37,167,310 | - | 132,231,840 |
| | 8,224,704,202 | 300,508,355 | (7,837,616,753) | 687,595,804 |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

16. Other payables

(a) Other short-term payables

| | 31/12/2017 | 1/1/2017 |
|--|-------------------|-----------------|
| | VND | VND |
| Interest payable | 6,037,378,393 | 8,968,010,330 |
| Social insurance, health insurance and union fee | 3,436,500,788 | 4,365,121,815 |
| Dividends payable | 2,619,368,300 | 2,619,368,300 |
| Others | 2,631,244,578 | 2,429,502,941 |
| | <hr/> | <hr/> |
| | 14,724,492,059 | 18,382,003,386 |
| | <hr/> | <hr/> |

(b) Other long-term payables

This represented deposit received from Vietnam Organics Joint Stock Company for buying goods. The amount is interest free and payable within 15 years.

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

Minh Phu Seafood Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2017 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

17. Borrowings and bonds

(a) Short-term borrowings

| | 1/1/2017 | | Movements during the year | | 31/12/2017 | | |
|-----------------------|------------------------|---|---------------------------|---------------------|--------------------|------------------------|---|
| | Carrying amount VND | Amount within repayment capacity VND | Increase VND | Decrease VND | Revaluation VND | Carrying amount VND | Amount within repayment capacity VND |
| Short-term borrowings | 1,002,200,700,199 | 1,002,200,700,199 | 8,047,239,915,258 | (7,372,785,150,781) | (594,482,581) | 1,676,060,982,095 | 1,676,060,982,095 |

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

| | Currency | Annual interest rate 2017 | Annual interest rate 2016 | 31/12/2017 VND | 1/1/2017 VND |
|---|----------|------------------------------|------------------------------|--------------------------|--------------------------|
| Vietnam Joint Stock Commercial Bank for Industry and Trade – Ca Mau Branch | USD | 2.0% – 2.2% | 1.5% | 974,028,399,706 | 599,337,540,834 |
| Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ca Mau Branch | USD | 2.0% – 3.0% | 1.5% – 1.8% | 407,618,902,877 | 320,099,032,139 |
| Bank for Investment and Development of Vietnam Joint Stock Company – Ca Mau Branch | USD | 2.0% – 2.4% | - | 294,413,679,512 | - |
| Viet Nam International Bank – Ca Mau Branch | USD | - | 1.5% | - | 82,764,127,226 |
| | | | | 1,676,060,982,095 | 1,002,200,700,199 |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

| | Carrying amount as at | |
|---|------------------------------|-------------------|
| | 31/12/2017 | 1/1/2017 |
| | VND | VND |
| Term deposits (Note 6(b)) | 92,000,000,000 | - |
| Accounts receivable from customers (Note 7) | 1,714,646,254,917 | 1,152,719,308,951 |
| Inventories (Note 9) | 1,172,038,149,104 | 896,738,401,151 |
| Tangible fixed assets (Note 10) | 91,689,756,338 | 92,956,051,780 |
| Intangible fixed assets (Note 11) | 2,050,211,480 | 2,113,042,836 |
| | <hr/> | <hr/> |
| | 3,072,424,371,839 | 2,144,526,804,718 |
| | <hr/> | <hr/> |

These accounts receivable from customers, inventories, tangible fixed assets and intangible fixed assets were also pledged with banks as supplemental security for long-term bonds issued by the Company (Note 17(b)).

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Bonds

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

| Bond code | Currency | Interest rate (per annum) | | Quantity | Maturity date | 31/12/2017 | |
|---------------------------------|-----------------|----------------------------------|-------------|-----------------|----------------------|--------------------------|--------------------------|
| | | 2017 | 2016 | | | VND | VND |
| Non-convertible corporate bonds | | | | | | | |
| MPC_BOND2015 | VND | 7.50% | 7.50% | 500 | 11/6/2020 | 492,750,000,005 | 1,489,750,000,003 |
| MPC_BOND2015 | VND | 7.50% | 7.50% | 1,000 | 20/5/2020 | 995,166,666,672 | 993,166,666,670 |
| | | | | | | <u>1,487,916,666,677</u> | <u>2,482,916,666,673</u> |

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
Notes to the separate financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Non-convertible 5-year corporate bonds with VND1 billion face value were secured over long-term investments in eight (8) subsidiaries and an associate of the Company with carrying value of VND450,397 million (1/1/2017: VND482,895 million) (Note 6(c)) and other assets of the Company with carrying amounts as follows:

| | Carrying amount | |
|---|-------------------|-------------------|
| | 31/12/2017 VND | 1/1/2017 VND |
| Accounts receivable from customers (Note 7) | 1,714,646,254,917 | 1,152,719,308,951 |
| Inventories (Note 9) | 1,172,038,149,104 | 896,738,401,151 |
| Tangible fixed assets (Note 10) | 91,689,756,338 | 92,956,051,780 |
| Intangible fixed assets (Note 11) | 2,050,211,480 | 2,113,042,836 |
| | 2,980,424,371,839 | 2,144,526,804,718 |

These accounts receivable from customers, inventories, tangible fixed assets and intangible fixed assets were also pledged with banks as supplemental security for short-term loans granted to the Company (Note 17(a)).

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

| | 2017 VND | 2016 VND |
|--------------------------------------|---------------------|-------------------|
| Opening balance | 2,482,916,666,673 | 2,477,916,666,669 |
| Amortisation of bonds issuance costs | 5,000,000,004 | 5,000,000,004 |
| Repurchases (**) | (1,000,000,000,000) | - |
| | 1,487,916,666,677 | 2,482,916,666,673 |

(**) During the year, the Company repurchased 5-year bonds with total face value of VND1,000 billion before their maturity date. No transaction cost incurred as a result of the repurchase.

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

18. 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 the Company in accordance with the Company's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

| | 2017 | 2016 |
|-------------------------------------|-----------------------|-----------------------|
| | VND | VND |
| Opening balance | 38,803,410,326 | 73,721,625,985 |
| Appropriation from retained profits | 5,442,355,905 | - |
| Utilisation of the fund | (579,353,717) | (34,918,215,659) |
| Closing balance | <u>43,666,412,514</u> | <u>38,803,410,326</u> |

Minh Phu Seafood Joint Stock Company

Notes to the separate financial statements for the year ended 31 December 2017 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

19. Changes in owners' equity

| | Share capital VND | Capital surplus VND | Treasury shares VND | Investment and development fund VND | Retained profits VND | Total VND |
|---|-------------------------|---------------------------|---------------------------|---|----------------------------|-------------------|
| Balance at 1 January 2016 | 700,000,000,000 | 177,876,869,236 | (80,162,090,861) | 52,223,331,236 | 724,268,725,236 | 1,574,206,834,847 |
| Net profit for the year | - | - | - | - | 108,847,118,094 | 108,847,118,094 |
| Utilisation of fund | - | - | - | (42,433,609,710) | - | (42,433,609,710) |
| Balance at 1 January 2017 | 700,000,000,000 | 177,876,869,236 | (80,162,090,861) | 9,789,721,526 | 833,115,843,330 | 1,640,620,343,231 |
| Net profit for the year | - | - | - | - | 471,772,321,683 | 471,772,321,683 |
| Appropriation to equity fund | - | - | - | 27,211,779,524 | (27,211,779,524) | - |
| Appropriation to bonus and welfare fund | - | - | - | - | (5,442,355,905) | (5,442,355,905) |
| Utilisation of fund | - | - | - | (5,080,977,616) | - | (5,080,977,616) |
| Balance at 31 December 2017 | 700,000,000,000 | 177,876,869,236 | (80,162,090,861) | 31,920,523,434 | 1,272,234,029,584 | 2,101,869,331,393 |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BT dated 22 December 2014 of the Ministry of Finance)

20. 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 share 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.

There was no movement in share capital during the year.

21. 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.

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BT
dated 22 December 2014 of the Ministry of Finance)

22. Off balance sheet items

(a) Lease

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

| | 31/12/2017 | 1/1/2017 |
|--------------------------|-------------------|-----------------|
| | VND | VND |
| Within one year | 42,906,481,920 | 42,906,481,920 |
| Within two to five years | 2,528,185,000 | 45,664,501,920 |
| | 45,434,666,920 | 88,570,983,840 |

(b) Foreign currencies

| | 31/12/2017 | | 1/1/2017 | |
|-----|------------------------------|---------------------------|------------------------------|---------------------------|
| | Original currency | VND equivalent | Original currency | VND equivalent |
| USD | 1,776,156 | 40,335,665,848 | 79,088 | 1,799,320,622 |
| JPY | 228,527,895 | 45,934,106,895 | 90,627,318 | 17,762,954,328 |
| | | 86,269,772,743 | | 19,562,274,950 |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BT dated 22 December 2014 of the Ministry of Finance)

23. Revenue from sales of goods

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

Net revenue comprised:

| | 2017 VND | 2016 VND |
|-------------------------|---------------------------|---------------------------|
| Total revenue | | |
| ▪ Finished goods sold | 10,228,248,226,196 | 8,164,308,603,420 |
| ▪ Raw materials sold | 28,469,627,120 | 5,756,278,620 |
| ▪ Scraps sold | 13,641,711,684 | 13,517,999,000 |
| | <hr/> | <hr/> |
| | 10,270,359,565,000 | 8,183,582,881,040 |
| Less revenue deductions | | |
| ▪ Sales allowances | (357,477,570) | (1,076,570,343) |
| ▪ Sales returns | (34,056,644,392) | (45,699,137,949) |
| | <hr/> | <hr/> |
| | (34,414,121,962) | (46,775,708,292) |
| Net revenue | <hr/> <hr/> | <hr/> <hr/> |
| | 10,235,945,443,038 | 8,136,807,172,748 |

24. Cost of sales

| | 2017 VND | 2016 VND |
|---------------------------------------|---------------------------|---------------------------|
| Finished goods sold | 9,282,316,590,860 | 7,599,712,382,943 |
| Raw materials sold | 27,938,614,669 | 4,725,196,995 |
| Reversal of allowance for inventories | (2,168,220,109) | (2,702,566,224) |
| | <hr/> | <hr/> |
| | 9,308,086,985,420 | 7,601,735,013,714 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BT dated 22 December 2014 of the Ministry of Finance)

25. Financial income

| | 2017 VND | 2016 VND |
|---|---------------------------|-----------------------------|
| Interest income | 64,143,436,036 | 67,500,952,723 |
| Dividends distributed from subsidiaries | 8,266,918,995 | 57,795,911,941 |
| Dividends from trading securities | 335,254,400 | - |
| Realised foreign exchange gains | 31,549,417,152 | 17,826,972,841 |
| Unrealised foreign exchange gains | 1,413,580,620 | 3,989,616,283 |
| Others | 667,988,079 | - |
| | <hr/> 106,376,595,282 | <hr/> 147,113,453,788 <hr/> |

26. Financial expenses

| | 2017 VND | 2016 VND |
|--|---------------------------|-----------------------------|
| Interest expense | 120,046,458,484 | 147,510,699,614 |
| Realised foreign exchange losses | 65,646,099,782 | 56,288,599,884 |
| Bonds issuance costs | 5,000,000,004 | 5,000,000,004 |
| Allowance for diminution in the value of investments | - | 68,723,178,527 |
| Additions to/(reversal of) allowance for diminution in the value of trading securities | (1,431,166,424) | 1,666,641,535 |
| Others | 20,772,129 | 20,346,477 |
| | <hr/> 189,282,163,975 | <hr/> 279,209,466,041 <hr/> |

27. Selling expenses

| | 2017 VND | 2016 VND |
|---------------------------|---------------------------|-----------------------------|
| Transportation expenses | 125,127,331,379 | 125,515,700,885 |
| Warehouse rental expenses | 51,088,824,595 | 51,364,133,618 |
| Commission fees | 18,509,133,731 | 19,634,491,907 |
| Staff costs | 12,977,398,724 | 13,535,479,276 |
| Others | 42,226,456,914 | 25,657,241,478 |
| | <hr/> 249,929,145,343 | <hr/> 235,707,047,164 <hr/> |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BT
dated 22 December 2014 of the Ministry of Finance)

28. General and administration expenses

| | 2017 | 2016 |
|--------------------------|----------------|----------------|
| | VND | VND |
| Staff costs | 28,785,038,084 | 25,273,060,889 |
| Office supplies | 6,615,316,598 | 6,371,675,629 |
| Outside service expenses | 6,458,448,246 | 8,017,748,589 |
| Depreciation expenses | 5,227,581,463 | 5,413,938,983 |
| Bank charges | 1,024,602,187 | 1,190,519,833 |
| Others | 12,100,351,355 | 7,201,989,171 |
| | <hr/> | <hr/> |
| | 60,211,337,933 | 53,468,933,094 |
| | <hr/> | <hr/> |

29. Production and business costs by element

| | 2017 | 2016 |
|-------------------------------|-------------------|-------------------|
| | VND | VND |
| Raw material costs | 8,635,491,080,383 | 5,903,016,767,458 |
| Labour costs and staff costs | 637,452,150,128 | 502,381,380,113 |
| Depreciation and amortisation | 34,063,688,083 | 33,345,867,607 |
| Outside services | 342,360,139,903 | 325,128,108,682 |
| Other expenses | 68,705,091,050 | 43,242,467,693 |
| | <hr/> | <hr/> |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BT
dated 22 December 2014 of the Ministry of Finance)

30. Income tax

(a) Recognised in the separate statement of income

| | 2017 VND | 2016 VND |
|---|---------------------------|---------------------------|
| Current tax expense | | |
| Current year | 63,509,071,583 | 6,318,026,109 |
| Under provision in prior years | 343,572,311 | - |
| | <hr/> 63,852,643,894 | <hr/> 6,318,026,109 |
| Deferred tax expense | | |
| Reversal and origination of temporary differences | 496,047,813 | 1,308,117,389 |
| | <hr/> 64,348,691,707 | <hr/> 7,626,143,498 |

(b) Reconciliation of effective tax rate

| | 2017 VND | 2016 VND |
|--|---------------------------|---------------------------|
| Accounting profit before tax | 536,121,013,390 | 116,473,261,592 |
| Tax at the Company's tax rate | 53,612,101,339 | 11,647,326,159 |
| Effect of different tax rate applied to trading and other income | 10,849,835,245 | 1,568,726,330 |
| Non-deductible expenses | 403,400,152 | 189,682,203 |
| Non-taxable income | (860,217,340) | (5,779,591,194) |
| Under provision in prior years | 343,572,311 | - |
| | <hr/> 64,348,691,707 | <hr/> 7,626,143,498 |

(c) Applicable tax rates

Under the prevailing Corporate 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 production of aquatic products and 20% on trading and other activities (2016: 20%).

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BT
dated 22 December 2014 of the Ministry of Finance)

31. Significant transactions with related parties

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

| | 2017 | 2016 |
|---|-------------------|-------------------|
| | VND | VND |
| Minh Qui Seafood Co., Ltd. | | |
| Sales of finished goods | 194,721,215,205 | 239,303,216,243 |
| Office rental | 330,000,000 | 330,000,000 |
| Factory rental | 10,800,000,000 | 16,200,000,000 |
| Purchase of raw materials | 1,757,418,748 | - |
| Purchase of services | 6,196,095,463 | - |
| Dividends | - | 45,563,698,023 |
| Minh Phat Seafood Co., Ltd. | | |
| Sales of finished goods | 1,026,397,126,800 | 65,527,406,838 |
| Office rental | 80,000,000 | 80,000,000 |
| Factory rental fees | 15,600,000,000 | 18,750,000,000 |
| Purchase of services | 25,173,894,906 | - |
| Dividends | - | 11,962,660,918 |
| Minh Phu Hau Giang Seafood Joint Stock Company | | |
| Purchase of raw materials | 6,090,947,389 | 7,208,809,844 |
| Purchase of finished goods | 1,411,364,608,289 | 740,924,405,370 |
| Sales of raw materials | 28,410,711,847 | 4,880,838,690 |
| Sales of finished goods | 2,803,126,940,401 | 1,528,974,113,245 |
| Rental income | 803,957,939 | 100,000,000 |
| Warehouse rental | 37,298,148 | 728,045,803 |
| Dividends | 8,266,918,995 | - |
| Minh Phu Kien Giang Seafood Co., Ltd. | | |
| Purchase of raw materials | 278,397,486,758 | 7,753,658,200 |
| Minh Phu Aquatic Larvae Co., Ltd. | | |
| Purchase of finished goods | 607,500,000 | - |
| Minh Phu Loc An Aquaculture Co., Ltd. | | |
| Purchase of finished goods | 234,677,571,921 | - |
| Mseafood Corporation | | |
| Sales of finished goods | 2,328,018,786,459 | 3,432,364,864,491 |
| Return goods | 16,346,372,060 | 12,226,949,072 |
| Minh Phu Seafood Supply Chain Co., Ltd. | | |
| Purchase of services | 22,896,021,000 | 12,756,050,204 |
| Rental income | - | 150,000,000 |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BT dated 22 December 2014 of the Ministry of Finance)

| | 2017 | 2016 |
|--|-----------------|----------------|
| | VND | VND |
| Ebisumo Logistic Co., Ltd. | | |
| Sales of finished goods | 515,335,125,279 | 971,069,381 |
| Capital contribution | - | 935,000,000 |
| Minh Phu Food Co., Ltd. | | |
| Sales of finished goods | 12,586,810,609 | - |
| Purchase of services | 7,801,687,033 | - |
| Capital contribution | - | 20,000,000 |
| Minh Phu Mangrove Shrimp Special Enterprise | | |
| Purchase of services | 2,782,800,000 | - |
| Capital contribution | 1,510,000,000 | - |
| Mekong Logistic Co., Ltd. | | |
| Loan provided by the Company | - | 10,000,000,000 |
| Interest income | 711,666,667 | - |
| Purchase of services | 29,832,620,490 | 2,590,410,240 |
| Long Phung Investment Corporation | | |
| Office rental | 2,371,041,223 | 1,829,200,255 |

Transactions with key management personnel

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

| | 2017 | 2016 |
|--------------------------------------|---------------|---------------|
| | VND | VND |
| Remuneration and business allowances | 7,487,360,038 | 7,883,473,542 |

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

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BT
dated 22 December 2014 of the Ministry of Finance)

32. Non-cash investing activities

| | 2017 | 2016 |
|---|---------------|---------------|
| | VND | VND |
| Cost of fixed assets acquired through occurrence of liabilities | 6,264,390,840 | 6,066,375,458 |

33. 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. 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.

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

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BT
dated 22 December 2014 of the Ministry of Finance)*

(e) Expansion of Minh Phu Ca Mau factory

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

(f) Nomination of Board of Management members

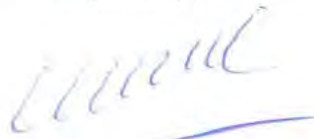
The General Meeting of Shareholders approved to appoint Ms. Ho Thu Le and Mr. Phan Thanh Loc to be independent members of the Board of Management and authorised the Board of Management to appoint additional independent members to the Board of Management to meet the requirement of independent Board of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

34. Corresponding figures

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

12 March 2017

Prepared by:



Luu Minh Trung
Chief Accountant

Approved by:



Le Van Diep
Deputy General Director