



Minh Phu Seafood Joint Stock Company

Separate Interim Financial statements
for the six-month period
ended 30 June 2018



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
	Ms. Ho Thu Le	Member

Board of Directors	Mr. Le Van Quang	General Director
	Ms. Chu Thi Binh	Deputy General Director
	Mr. Chu Van An	Deputy General Director
	Mr. Thai Hoang Hung	Deputy General Director
	Mr. 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

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
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Auditor	KPMG Limited Vietnam
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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 interim financial statements of the Company for the six-month period ended 30 June 2018.

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

- (a) the separate interim financial statements set out on pages 5 to 51 give a true and fair view of the unconsolidated financial position of Minh Phu Seafood Joint Stock Company (“the Company”) as at 30 June 2018, and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim 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 interim financial statements for issue.

On behalf of the Board of Directors



Le Van Diep
Deputy General Director

Ca Mau Province, 12 August 2018



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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Minh Phu Seafood Joint Stock Company

We have reviewed the accompanying separate interim financial statements of Minh Phu Seafood Joint Stock Company ("the Company"), which comprise the unconsolidated balance sheet as at 30 June 2018, the unconsolidated statements of income and unconsolidated cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 12 August 2018, as set out on pages 5 to 51.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 - *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of Minh Phu Seafood Joint Stock Company as at 30 June 2018 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.



KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Review Report No.: 17-01-247/2018R1

Truong Vinh Phuc
Practicing Auditor Registration
Certificate No. 1901-2018-007-1
Deputy General Director

Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2018-007-1

Ho Chi Minh City, 12 August 2018

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Minh Phu Seafood Joint Stock Company
Separate balance sheet as at 30 June 2018

Form B 01a – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/6/2018 VND	1/1/2018 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		4,890,825,896,603	4,187,586,004,886
Cash and cash equivalents	110	6	564,343,616,756	1,023,604,779,985
Cash	111		20,843,616,756	92,004,779,985
Cash equivalents	112		543,500,000,000	931,600,000,000
Short-term financial investments	120		359,853,732,300	171,497,174,300
Trading securities	121	7(a)	8,807,389,411	14,811,109,411
Allowance for diminution in the value of trading securities	122	7(a)	(5,853,657,111)	(8,613,935,111)
Held-to-maturity investments	123	7(b)	356,900,000,000	165,300,000,000
Accounts receivable – short-term	130		1,812,060,279,740	1,813,976,117,788
Accounts receivable from customers	131	8	1,678,578,614,677	1,714,646,254,917
Prepayments to suppliers	132		30,271,675,437	23,572,485,465
Other short-term receivables	136	9(a)	103,209,989,626	75,757,377,406
Inventories	140	10	2,137,886,246,845	1,172,038,149,104
Inventories	141		2,147,185,258,239	1,183,480,719,131
Allowance for inventories	149		(9,299,011,394)	(11,442,570,027)
Other current assets	150		16,682,020,962	6,469,783,709
Short-term prepaid expenses	151	14(a)	2,547,214,403	1,406,216,430
Deductible value added tax	152		13,397,879,709	4,375,971,475
Taxes receivable from State Treasury	153	17(b)	736,926,850	687,595,804

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

Minh Phu Seafood Joint Stock Company
Separate balance sheet as at 30 June 2018 (continued)

Form B 01a – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/6/2018 VND	1/1/2018 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		1,657,555,474,080	1,599,147,313,593
Accounts receivable – long-term	210		7,306,508,578	7,306,508,578
Other long-term receivables	216	9(b)	7,306,508,578	7,306,508,578
Fixed assets	220		226,414,525,402	228,679,908,785
Tangible fixed assets	221	11	194,790,005,783	196,278,944,929
<i>Cost</i>	222		436,926,317,726	421,643,808,525
<i>Accumulated depreciation</i>	223		(242,136,311,943)	(225,364,863,596)
Intangible fixed assets	227	12	31,624,519,619	32,400,963,856
<i>Cost</i>	228		41,753,286,703	41,753,286,703
<i>Accumulated amortisation</i>	229		(10,128,767,084)	(9,352,322,847)
Long-term work in progress	240		14,698,614,364	14,698,614,364
Construction in progress	242	13	14,698,614,364	14,698,614,364
Long-term financial investments	250		1,393,508,348,722	1,337,250,747,578
Investments in subsidiaries	251	7(c)	1,696,455,001,144	1,640,197,400,000
Investments in associates	252	7(c)	3,900,000,000	3,900,000,000
Equity investments in other entities	253	7(c)	7,000,000,000	7,000,000,000
Allowance for diminution in the value of long-term investments	254	7(c)	(316,346,652,422)	(316,346,652,422)
Held-to-maturity investments	255	7(b)	2,500,000,000	2,500,000,000
Other long-term assets	260		15,627,477,014	11,211,534,288
Long-term prepaid expenses	261	14(b)	15,627,477,014	11,211,534,288
TOTAL ASSETS (270 = 100 + 200)	270		6,548,381,370,683	5,786,733,318,479

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

Minh Phu Seafood Joint Stock Company
Separate balance sheet as at 30 June 2018 (continued)

Form B 01a – DN

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

	Code	Note	30/6/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		4,159,251,676,650	3,684,863,987,086
Current liabilities	310		3,162,233,154,481	2,192,446,876,094
Accounts payable to suppliers	311	16	269,525,166,878	374,670,725,543
Advances from customers	312		34,879,124,511	14,619,191,387
Taxes payable to State Treasury	313	17(a)	16,268,657,624	27,391,610,477
Payables to employees	314		24,567,186,768	41,313,462,019
Other short-term payables	319	18	19,849,496,138	14,724,492,059
Short-term borrowings	320	19(a)	2,740,445,323,090	1,676,060,982,095
Bonus and welfare fund	322	20	56,698,199,472	43,666,412,514
Long-term liabilities	330		997,018,522,169	1,492,417,110,992
Other long-term payables	337		-	2,500,000,000
Bonds	338	19(b)	996,166,666,679	1,487,916,666,677
Deferred tax liabilities	341	15	851,855,490	2,000,444,315
EQUITY (400 = 410)	400		2,389,129,694,033	2,101,869,331,393
Owners' equity	410	21	2,389,129,694,033	2,101,869,331,393
Share capital	411	22	1,384,628,500,000	700,000,000,000
Capital surplus	412	21	-	177,876,869,236
Treasury shares	415	22	(80,162,090,861)	(80,162,090,861)
Investment and development fund	418	23	148,061,494,303	31,920,523,434
Retained profits	421		936,601,790,591	1,272,234,029,584
- Retained profits brought forward	421a		623,950,702,315	800,461,707,901
- Retained profit for the current period	421b		312,651,088,276	471,772,321,683
TOTAL RESOURCES (440 = 300 + 400)	440		6,548,381,370,683	5,786,733,318,479

12 August 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 separate interim financial statements

Minh Phu Seafood Joint Stock Company
Separate statement of income for the six-month period ended 30 June 2018

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


	Code	Note	Six-month period ended	
			30/6/2018 VND	30/6/2017 VND
Revenue from sales of goods	01	25	4,480,294,967,877	4,082,682,435,678
Revenue deductions	02	25	30,463,002,516	18,873,553,800
Net revenue (10 = 01 - 02)	10	25	4,449,831,965,361	4,063,808,881,878
Cost of sales	11	26	3,994,814,857,908	3,746,587,780,718
Gross profit (20 = 10 - 11)	20		455,017,107,453	317,221,101,160
Financial income	21	27	125,149,842,544	58,066,169,023
Financial expenses	22	28	76,855,553,376	104,832,289,386
<i>In which: Interest expense</i>	23		54,049,706,966	58,779,091,522
Selling expenses	25	29	132,659,903,067	94,866,713,957
General and administration expenses	26	30	33,683,663,383	30,830,708,656
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		336,967,830,171	144,757,558,184
Other income	31		2,754,044,360	1,376,574,237
Other expenses	32		67,953,570	384,353,600
Results of other activities (40 = 31 - 32)	40		2,686,090,790	992,220,637
Accounting profit before tax (50 = 30 + 40)	50		339,653,920,961	145,749,778,821
Income tax expense – current	51	32	28,151,421,510	18,061,372,129
Income tax benefit – deferred	52	32	(1,148,588,825)	(130,647,004)
Net profit after tax (60 = 50 - 51 - 52)	60		312,651,088,276	127,819,053,696

12 August 2018

Prepared by:

Approved by:


Luu Minh Trung
Chief Accountant


Le Van Diep
Deputy General Director



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

Minh Phu Seafood Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2018
(Indirect method)

Form B 03a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Six-month period ended	
			30/6/2018 VND	30/6/2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		339,653,920,961	145,749,778,821
Adjustments for				
Depreciation and amortisation	02		18,204,074,402	16,886,953,906
Allowances and provisions	03		(2,133,258,633)	(5,093,448,062)
Exchange gains arising from revaluation of monetary items denominated in foreign currencies	04		8,409,370,975	1,067,658,521
Gains on disposals of tangible fixed assets	05		(100,000,000)	(216,041,681)
Dividend and interest income	05		(113,001,761,840)	(43,747,716,604)
Interest expense and bonds issuance costs	06		62,299,706,968	61,279,091,524
Operating profit before changes in working capital	08		313,332,052,833	175,926,276,425
Change in receivables	09		(17,385,185,458)	(395,874,730,051)
Change in inventories	10		(963,704,539,108)	(493,301,618,384)
Change in payables and other liabilities	11		(90,987,304,841)	132,077,915,053
Change in prepaid expenses	12		(5,556,940,699)	692,630,443
			(764,301,917,273)	(580,479,526,514)
Interest and bonds issuance costs paid	14		(56,760,849,456)	(63,088,270,915)
Income tax paid	15		(39,418,661,347)	-
Other payments for operating activities	17		(12,358,938,678)	(4,210,339,897)
Net cash flows from operating activities	20		(872,840,366,754)	(647,778,137,326)

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

Minh Phu Seafood Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2018
(Indirect method – continued)

Form B 03a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Six-month period ended	
			30/6/2018 VND	30/6/2017 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long term assets	21		(21,258,393,357)	(7,745,830,050)
Proceeds from disposals of tangible fixed assets	22		100,000,000	300,000,000
Placements of term deposits	23		(191,600,000,000)	(55,000,000,000)
Receipts from collecting loans	24		-	10,000,000,000
Payments for investments in subsidiaries	25		(33,289,285,827)	(560,000,000)
Receipts of interest and dividends	27		107,700,922,127	59,643,963,269
Proceeds from sales of trading securities	27		3,233,142,000	-
Net cash flows from investing activities	30		(135,113,615,057)	6,638,133,219
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		4,174,615,391,978	3,945,131,271,700
Payments to settle loan and repurchase bonds	34		(3,627,152,024,122)	(3,973,456,153,864)
Net cash flows from financing activities	40		547,463,367,856	(28,324,882,164)
Net cash flows during the period (50 = 20 + 30 + 40)	50		(460,490,613,955)	(669,464,886,271)
Cash and cash equivalents at the beginning of the period	60		1,023,604,779,985	1,106,270,875,699
Effect of exchange rate fluctuations on cash and cash equivalents	61		1,229,450,726	430,563,274
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	6	564,343,616,756	437,236,552,702

12 August 2018

Prepared by:

Luu Minh Trung
 Luu Minh Trung
 Chief Accountant

Approved by:

Le Van Diep
 Le Van Diep
 Deputy General Director



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

Minh Phu Seafood Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2018

Form B 09a – 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 interim 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 30 June 2018, the Company had 13 subsidiaries (1/1/2018: 13 subsidiaries) and one associate (1/1/2018: 1 associate) as listed in Note 7(c).

As at 30 June 2018, the Company had 7,019 employees (1/1/2018: 6,612 employees).

2. Basis of preparation

(a) Statement of compliance

The separate interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. The Company prepares and issues its consolidated interim 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 interim financial statements should be read in conjunction with the consolidated interim financial statements.

Minh Phu Seafood Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2018 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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(b) Basis of measurement

The separate interim 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 interim financial statements.

(a) Foreign currency transactions

Transactions in currencies other than VND during the period 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 rate and selling rate 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 interim financial statements for the six-month period ended
30 June 2018 (continued)

Form B 09a – 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 banks and bank bonds. These investments are stated at costs less allowance for doubtful debts.

(iii) Investments in subsidiaries and associates

For the purpose of these separate interim 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 interim financial statements for the six-month period ended
30 June 2018 (continued)

Form B 09a – 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 interim financial statements for the six-month period ended
30 June 2018 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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(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.

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 incurred related to acquiring land use rights of which land titles have not been obtained. No depreciation is provided for construction in progress during the period of obtaining the land use rights certificates.

(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 interim financial statements for the six-month period ended
30 June 2018 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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(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 period 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 period, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.



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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 reporting 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 period in which they are incurred.

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(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 shareholders and their subsidiaries and associates.

4. Seasonality of operations

The business of processing and aquaculture of the Company depends on seasonal fluctuations as a result of weather conditions and consumers' habits. In particular, the aquaculture in the significant geographic areas is negatively affected due to the hot weather condition, which usually lasts from January to May. The Company has made efforts to minimize these seasonal effects by managing inventories to keep the meet during the period. Revenues and profits of the Company's business activities are usually lower than the first half of the year due to customers' demands of consuming products in the first half of the year are usually lower than the year-end period when there are more major festivals in the world.

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5. Segment reporting

(a) Business segments

The Company comprises the following main business segments:

- Aquatic products processing
- Aquatic products trading

<i>For the six-month period ended</i> <i>30 June 2018</i>	Aquatic products processing VND	Aquatic products trading VND	Total VND
Segment revenue	3,913,021,565,309	536,810,400,052	4,449,831,965,361
Segment result	253,849,089,150	34,824,451,853	288,673,541,003
Financial income			125,149,842,544
Financial expenses			(76,855,553,376)
Result from operating activities			336,967,830,171
Other income			2,754,044,360
Other expenses			(67,953,570)
Income tax			(27,002,832,685)
Net profit after tax			312,651,088,276
<i>For the six-month period ended</i> <i>30 June 2017</i>	Aquatic products processing VND	Aquatic products trading VND	Total VND
Segment revenue	3,717,909,175,172	345,899,706,706	4,063,808,881,878
Segment result	175,221,734,691	16,301,943,856	191,523,678,547
Financial income			58,066,169,023
Financial expenses			(104,832,289,386)
Result from operating activities			144,757,558,184
Other income			1,376,574,237
Other expenses			(384,353,600)
Income tax			(17,930,725,125)
Net profit after tax			127,819,053,696

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(b) Geographical segments

(i) Segment revenue

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Vietnam	72,741,736,386	24,384,661,563
North America	2,745,434,434,767	2,759,707,998,260
Europe	135,770,893,319	91,517,402,575
Japan	991,183,146,994	711,076,261,303
Korea	3,476,735,781	158,297,629,403
Others	501,225,018,114	318,824,928,774
	<hr/>	<hr/>
	4,449,831,965,361	4,063,808,881,878
	<hr/>	<hr/>

(ii) Segment assets

	Total assets	
	30/6/2018	1/1/2018
	VND	VND
Vietnam	5,652,199,514,700	4,994,787,169,977
North America	394,220,398,744	348,368,274,097
Japan	221,603,251,319	195,828,380,374
Others	280,358,205,920	247,749,494,031
	<hr/>	<hr/>
	6,548,381,370,683	5,786,733,318,479
	<hr/>	<hr/>

6. Cash and cash equivalents

	30/6/2018	1/1/2018
	VND	VND
Cash on hand	3,029,040,723	488,626,106
Cash in banks	17,814,576,033	91,516,153,879
Cash equivalents	543,500,000,000	931,600,000,000
	<hr/>	<hr/>
	564,343,616,756	1,023,604,779,985
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7. Investments

(a) Trading securities

	30/6/2018				1/1/2018			
	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 Transportation Corporation	78	780,000	1,189,500	-	171,578	6,004,500,000	3,337,192,100	(3,439,408,900)
▪ 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	1,120,000,000	(4,143,000,000)
▪ REE Corporation	19	80,000	606,100	-	19	80,000	810,350	-
▪ Vietnam Pyramid New Technology Corporation	18,823	272,941,176	188,230,000	(84,711,176)	18,823	272,941,176	188,230,000	(84,711,176)
▪ Van Dien Fused Magnesium Phosphate Fertilizer Joint Stock Company	163,646	3,270,588,235	1,644,642,300	(1,625,945,935)	163,646	3,270,588,235	1,832,835,200	(946,815,035)
		8,807,389,411	2,954,667,900	(5,853,657,111)		14,811,109,411	6,479,067,650	(8,613,935,111)

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

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Opening balance	8,613,935,111	10,045,101,535
Increase during the period	679,130,900	84,711,176
Written back during the period	(668,830,900)	(1,515,877,600)
Utilised during the period	(2,770,578,000)	-
	<hr/>	<hr/>
Closing balance	5,853,657,111	8,613,935,111
	<hr/>	<hr/>

(b) Held-to-maturity investments

	30/6/2018	1/1/2018
	VND	VND
Held-to-maturity investments – short-term		
Term deposits	356,900,000,000	165,300,000,000
Held-to-maturity investments – long-term		
Bank bonds	2,500,000,000	2,500,000,000
	<hr/>	<hr/>

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 4.2% to 5.5% per annum during the period (2017: from 6.5% to 6.8% per annum).

At 30 June 2018, VND183,500 million term deposits (1/1/2018: VND92,000 million) were pledged with banks as security for short-term loans granted to the Company (Note 19(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 period (2017: from 7.7% to 7.8%).

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(c) Long-term equity investments in other entities

30 June 2018

Equity investments in:

Subsidiaries

	Address	% of equity owned	% of economic interest (i)	Cost VND	Allowance for diminution in value VND	Fair value VND
▪ Mseafood Corporation	State of California, the United States of America	90.00%	90.00%	323,162,400,000	-	(***)
▪ Minh Phu Hau Giang Seafood Joint Stock Company	Hau Giang Province, Vietnam	67.50%	67.50%	585,000,000,000	-	(***)
▪ Minh Qui Seafood Co., Ltd.	Ca Mau Province, Vietnam	97.50%	97.50%	195,000,000,000	-	(***)
▪ Minh Phat Seafood Co., Ltd.	Ca Mau Province, Vietnam	95.00%	95.00%	95,000,000,000	-	(***)
▪ Minh Phu – Kien Giang Seafood Co., Ltd. (*)	Kien Giang Province, Vietnam	99.10%	99.10%	182,520,000,000	(148,650,000,000)	(***)
▪ Minh Phu Aquatic Larvae Co., Ltd.	Ninh Thuan Province, Vietnam	98.50%	98.50%	29,550,000,000	(16,869,553,925)	(***)
▪ Minh Phu – Loc An Aquaculture Co., Ltd. (*)	Ba Ria – Vung Tau Province, Vietnam	100.00%	100.00%	176,737,601,144	(150,000,000,000)	(***)
▪ Minh Phu Bio Co., Ltd.	Ca Mau Province, Vietnam	100.00%	100.00%	4,500,000,000	(715,852,027)	(***)
▪ Minh Phu Seafood Supply Chain Co., Ltd.	Hau Giang Province, Vietnam	100.00%	100.00%	2,000,000,000	-	(***)
▪ Minh Phu Hau Giang Port Corporation	Hau Giang Province, Vietnam	50.00%	83.72%	100,000,000,000	-	(***)
▪ Ebisumo Logistic Co., Ltd.	Tokyo City, Japan	100.00%	100.00%	935,000,000	-	(***)
▪ Minh Phu Food Co., Ltd. (*)	Hau Giang Province, Vietnam	100.00%	100.00%	20,000,000	-	(***)
▪ Minh Phu Mangrove Shrimp Social Enterprise (**)	Ca Mau Province, Vietnam	25.25%	45.45%	2,030,000,000	-	(***)
				1,696,455,001,144	(316,235,405,952)	

Associate

▪ Minh Phu Aquamekong Aquaculture Technique Service Co., Ltd.	Ho Chi Minh City, Vietnam	49.00%	49.00%	3,900,000,000	-	
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Other

▪ Saigon – Camau Infrastructure Corporation	Ca Mau Province, Vietnam	10.00%	10.00%	7,000,000,000	(111,246,470)	
				1,707,355,001,144	(316,346,652,422)	

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1 January 2018		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	90.00%	90.00%	323,162,400,000	-	(***)
▪	Minh Qui Seafood Co., Ltd.	Hau Giang Province, Vietnam	67.50%	67.50%	585,000,000,000	-	(***)
▪	Minh Phat Seafood Co., Ltd.	Ca Mau Province, Vietnam	97.50%	97.50%	195,000,000,000	-	(***)
▪	Minh Phu – Kien Giang Seafood Co., Ltd.	Ca Mau Province, Vietnam	95.00%	95.00%	95,000,000,000	-	(***)
▪	Minh Phu Aquatic Larvae Co., Ltd.	Kien Giang Province, Vietnam	99.10%	99.10%	152,520,000,000	(148,650,000,000)	(***)
▪	Minh Phu – Loc An Aquaculture Co., Ltd.	Ninh Thuan Province, Vietnam	98.50%	98.50%	29,550,000,000	(16,869,553,925)	(***)
▪	Minh Phu Bio Co., Ltd.	Ba Ria – Vung Tau Province, Vietnam	100.00%	100.00%	151,000,000,000	(150,000,000,000)	(***)
▪	Minh Phu Seafood Supply Chain Co., Ltd.	Ca Mau Province, Vietnam	100.00%	100.00%	4,500,000,000	(715,852,027)	(***)
▪	Minh Phu Seafood Port Corporation	Hau Giang Province, Vietnam	50.00%	83.70%	2,000,000,000	-	(***)
▪	Ebisumo Logistic Co., Ltd.	Tokyo City, Japan	100.00%	100.00%	935,000,000	-	(***)
▪	Minh Phu Food Co., Ltd.	Hau Giang Province, Vietnam	100.00%	100.00%	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)	
Associates							
▪	Minh Phu Aquamekong Aquaculture Technique Service Co., Ltd.	Ho Chi Minh City, Vietnam	49.00%	49.00%	3,900,000,000	-	
Other							
▪	Saigon – Camau Infrastructure Corporation	Ca Mau Province, Vietnam	10.00%	10.00%	7,000,000,000	(111,246,470)	
					1,651,097,400,000	(316,346,652,422)	

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- (i) The percentage of economic interest represents the effective economic interest of the Company both directly and indirectly in subsidiaries.
- (*) At the reporting date, the Company has not fully contributed capital to these subsidiaries.
- (**) The Company directly held 25.25% interest of Minh Phu Mangrove Shrimp Social Enterprise 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, capital 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, has delegate their voting powers to the Company.

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

- (***) The Company has not determined fair values of these financial instruments for disclosure in the separate interim 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 30 June 2018, long-term investments in subsidiaries and associates with carrying value of VND506,135 million (1/1/2018: VND450,397 million) were pledged with banks as security for long-term bonds issued by the Company (Note 19(b)).

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

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Opening balance	1,640,197,400,000	1,633,817,400,000
Increase during the period	56,257,601,144	560,000,000
Closing balance	1,696,455,001,144	1,634,377,400,000

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

There was no movement in the allowance for diminution in the value of long-term investments during the period.

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8. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	30/6/2018	1/1/2018
	VND	VND
Minh Phat Seafood Co., Ltd.	521,599,156,774	620,300,335,438
Minh Qui Seafood Co., Ltd.	455,232,729,819	266,016,302,808
Minh Phu Hau Giang Seafood Joint Stock Company	193,275,383,445	252,124,511,486
Mseafood Corporation	-	25,205,874,097
Other customers	508,471,344,639	550,999,231,088
	<hr/>	<hr/>
	1,678,578,614,677	1,714,646,254,917
	<hr/>	<hr/>

(b) Accounts receivable from customers who are related parties

	30/6/2018	1/1/2018
	VND	VND
Subsidiaries		
Minh Phat Seafood Co., Ltd.	521,599,156,774	620,300,335,438
Minh Qui Seafood Co., Ltd.	455,232,729,819	266,016,302,808
Minh Phu Hau Giang Seafood Joint Stock Company	193,275,383,445	252,124,511,486
Ebisumo Logistic Co., Ltd.	128,078,230,288	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
Minh Phu – Loc An Aquaculture Co., Ltd.	-	22,968,315,317
Minh Phu Seafood Supply Chain Co., Ltd.	19,551,839,881	8,926,714,278
Other related party		
Saigon – Camau Infrastructure Corporation	2,058,898,500	2,058,898,500
	<hr/>	<hr/>

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 30 June 2018 included VND1,678,579 million (1/1/2018: VND1,714,646 million) pledged with banks as security for short-term loans granted to the Company (Note 19(a)). These accounts receivable were also pledged with banks as supplemental security for long-term bonds issued by the Company (Note 19(b)).

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9. Other receivables

(a) Other short-term receivables

	30/6/2018	1/1/2018
	VND	VND
Receivables from subsidiaries (*)	57,249,299,909	57,249,299,909
Interest receivable	14,952,182,211	9,651,342,498
Advances	5,060,291,650	2,952,114,280
Others	25,948,215,856	5,904,620,719
	103,209,989,626	75,757,377,406

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

(b) Other long-term receivables

Other long-term receivables represented advances to a shrimp farmer to support the shrimp hatching, which were secured by the farmer's land use rights. These advances are interest free and receivable within 4 years.

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10. Inventories

	30/6/2018		1/1/2018	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	174,650,065,564	-	258,452,443,626	-
Raw materials	65,116,632,189	-	44,538,809,368	-
Tools and supplies	1,190,490,258	-	1,326,851,410	-
Finished goods	1,906,228,070,228	(9,299,011,394)	879,162,614,727	(11,442,570,027)
	<u>2,147,185,258,239</u>	<u>(9,299,011,394)</u>	<u>1,183,480,719,131</u>	<u>(11,442,570,027)</u>

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

	Six-month period ended	
	30/6/2018 VND	30/6/2017 VND
Opening balance	11,442,570,027	13,610,790,136
Written back	(2,143,558,633)	(3,662,281,638)
Closing balance	<u>9,299,011,394</u>	<u>9,948,508,498</u>

At 30 June 2018, inventories with carrying value of VND2,137,886 million (1/1/2018: VND1,172,038 million) were pledged with banks as security for short-term loans granted to the Company (Note 19(a)). These inventories were also pledged with banks as supplemental security for long-term bonds issued by the Company (Note 19(b)).

Included in finished goods at 30 June 2018 was VND748,077 million (1/1/2018: VND174,365 million) of inventories carried at net realisable value.

Minh Phu Seafood Joint Stock Company**Notes to the separate interim financial statements for the six-month period ended 30 June 2018 (continued)**

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Cost	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Opening balance	118,470,340,445	239,418,389,169	50,582,243,049	13,172,835,862	421,643,808,525
Additions	683,637,182	15,043,879,292	102,500,000	108,674,545	15,938,691,019
Disposals	-	-	(656,181,818)	-	(656,181,818)
Closing balance	119,153,977,627	254,462,268,461	50,028,561,231	13,281,510,407	436,926,317,726
Accumulated depreciation					
Opening balance	58,627,992,162	132,329,246,798	26,314,518,502	8,093,106,134	225,364,863,596
Charge for the period	3,678,640,409	10,824,966,573	2,320,502,206	603,520,977	17,427,630,165
Disposals	-	-	(656,181,818)	-	(656,181,818)
Closing balance	62,306,632,571	143,154,213,371	27,978,838,890	8,696,627,111	242,136,311,943
Net book value					
Opening balance	59,842,348,283	107,089,142,371	24,267,724,547	5,079,729,728	196,278,944,929
Closing balance	56,847,345,056	111,308,055,090	22,049,722,341	4,584,883,296	194,790,005,783

Included in tangible fixed assets were assets costing VND75,717 million which were fully depreciated as of 30 June 2018 (1/1/2018: VND70,674 million), but which are still in active use.

At 30 June 2018, tangible fixed assets with net book value of VND84,176 million (1/1/2018: VND 91,690 million) were pledged with banks as security for short-term loans granted to the Company (Note 19(a)). These tangible fixed assets were also pledged with banks as supplemental security for long-term bonds issued by the Company (Note 19(b)).

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Notes to the separate interim financial statements for the six-month period ended
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12. 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	4,746,339,831	4,605,983,016	9,352,322,847
Charge for the period	110,136,946	666,307,291	776,444,237
Closing balance	4,856,476,777	5,272,290,307	10,128,767,084
Net book value			
Opening balance	17,434,759,754	14,966,204,102	32,400,963,856
Closing balance	17,324,622,808	14,299,896,811	31,624,519,619

Included in intangible fixed assets were assets costing VND2,958 million which were fully amortised as of 30 June 2018 (1/1/2018: VND2,899 million), but which are still in use.

At 30 June 2018, intangible fixed assets with net book value of VND2,019 million (1/1/2018: VND2,050 million) were pledged with banks as security for short-term loans granted to the Company (Note 19(a)). These intangible fixed assets were also pledged with banks as supplemental security for long-term bonds issued by the Company (Note 19(b)).

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13. Construction in progress

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Opening balance	14,698,614,364	6,660,994,364
Additions	-	19,700,000
Closing balance	14,698,614,364	6,680,694,364

Major constructions in progress were as follows:

	30/6/2018	1/1/2018
	VND	VND
Land use rights	14,698,614,364	14,698,614,364

14. Prepaid expenses

(a) Short-term prepaid expenses

	30/6/2018	1/1/2018
	VND	VND
Tools and instruments	2,547,214,403	1,406,216,430

(b) Long-term prepaid expenses

	Tools and instruments
	VND
Opening balance	11,211,534,288
Additions	8,700,560,625
Amortisation for the period	(4,284,617,899)
Closing balance	15,627,477,014

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15. Deferred tax assets and liabilities

	30/6/2018 VND	1/1/2018 VND
Deferred tax liabilities:		
Unrealised foreign exchange gains	851,855,490	2,000,444,315

16. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	30/6/2018 Cost/Amount within payment capacity VND	1/1/2018 Cost/Amount within payment capacity VND
Magnum Export Private Limited	36,301,248,144	51,279,247,933
Sreeragam Exports Private Limited	19,228,338,900	47,224,214,914
Minh Hy Private Enterprise	11,164,985,023	5,582,350,041
Other suppliers	202,830,594,811	270,584,912,655
	269,525,166,878	374,670,725,543

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(b) Accounts payable to suppliers who are related parties

	30/6/2018	1/1/2018
	Cost/Amount	Cost/Amount
	within payment	within payment
	capacity	capacity
	VND	VND
Subsidiaries		
Minh Phat Seafood Co., Ltd.	-	21,711,557,868
Minh Phu Seafood Supply Chain Co., Ltd.	2,718,445,400	3,553,196,900
Minh Phu Loc An Aquaculture Co., Ltd.	3,022,907,600	2,525,483,677
Minh Qui Seafood Co., Ltd.	-	1,675,106,976
Minh Phu Mangrove Shrimp Social Enterprise	1,077,697,108	-

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

The accounts payable to suppliers as at 30 June 2018 and 1 January 2018 were not overdue.

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17. Taxes receivable from and payable to State Treasury

(a) Taxes payable to State Treasury

	1/1/2018 VND	Incurred VND	Paid VND	Net-off VND	30/6/2018 VND
Corporate income tax	27,171,454,830	28,151,421,510	(39,418,661,347)	-	15,904,214,993
Personal income tax	220,155,647	2,076,920,206	(1,932,633,222)	-	364,442,631
Value added tax	-	50,533,497,225	(941,321,353)	(49,592,175,872)	-
	27,391,610,477	80,761,838,941	(42,292,615,922)	(49,592,175,872)	16,268,657,624

(b) Taxes receivable from State Treasury

	1/1/2018 VND	Incurred VND	Net-off VND	30/6/2018 VND
Import and export tax	555,363,964	30,747,391	-	586,111,355
Other taxes	132,231,840	18,583,655	-	150,815,495
	687,595,804	49,331,046	-	736,926,850

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18. Other short-term payables

	30/6/2018	1/1/2018
	VND	VND
Social insurance, health insurance and union fee	9,654,646,307	3,436,500,788
Interest payable	3,326,235,903	6,037,378,393
Dividends payable	2,619,368,300	2,619,368,300
Others	4,249,245,628	2,631,244,578
	<hr/>	<hr/>
	19,849,496,138	14,724,492,059
	<hr/>	<hr/>

Other short-term payables as at 30 June 2018 and 1 January 2018 were not overdue.

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19. Borrowings and bonds

(a) Short-term borrowings

	1/1/2018		Movements during the period			30/6/2018	
	Carrying amount VND	Amount within repayment capacity VND	Increases VND	Decreases VND	Foreign exchange revaluation VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	1,676,060,982,095	1,676,060,982,095	4,174,615,391,978	(3,127,152,024,122)	16,920,973,139	2,740,445,323,090	2,740,445,323,090

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

	Currency	Annual interest rate		30/6/2018 VND	1/1/2018 VND
		2018	2017		
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ca Mau Branch	USD	2% - 2.2%	2% - 2.2%	2,144,145,780,171	974,028,399,706
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ca Mau Branch	USD	2% - 3%	2% - 3%	573,170,451,912	407,618,902,877
Bank for Investment and Development of Vietnam Joint Stock Company – Ca Mau Branch	USD	2%	2% - 2.4%	23,129,091,007	294,413,679,512
				2,740,445,323,090	1,676,060,982,095

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

	Carrying amount as at	
	30/6/2018	1/1/2018
	VND	VND
Term deposits (Note 7(b))	183,500,000,000	92,000,000,000
Accounts receivable from customers (Note 8)	1,678,578,614,677	1,714,646,254,917
Inventories (Note 10)	2,137,886,246,845	1,172,038,149,104
Tangible fixed assets (Note 11)	84,175,916,856	91,689,756,338
Intangible fixed assets (Note 12)	2,018,795,802	2,050,211,480
	4,086,159,574,180	3,072,424,371,839

The 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 19(b)).

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(b) Bonds

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

Bond code	Currency	Interest rate (per annum)		Quantity	Maturity date	30/6/2018 VND	1/1/2018 VND
		2018	2017				
Non-convertible corporate bonds							
MPC_BOND2015	VND	7.50%	7.50%	-	11/6/2020	-	492,750,000,005
MPC_BOND2015	VND	7.50%	7.50%	1,000	20/5/2020	996,166,666,679	995,166,666,672
						996,166,666,679	1,487,916,666,677

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.

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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 VND506,135 million (1/1/2018: VND450,397 million) (Note 7(c)) and other assets of the Company with carrying amounts as follows:

	Carrying amount	
	30/6/2018	1/1/2018
	VND	VND
Accounts receivable from customers (Note 8)	1,678,578,614,677	1,714,646,254,917
Inventories (Note 10)	2,137,886,246,845	1,172,038,149,104
Tangible fixed assets (Note 11)	84,175,916,856	91,689,756,338
Intangible fixed assets (Note 12)	2,018,795,802	2,050,211,480
	3,902,659,574,180	2,980,424,371,839

The 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 19(a)).

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

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Opening balance	1,487,916,666,677	2,482,916,666,673
Amortisation of bonds issuance costs	8,250,000,002	2,500,000,002
Repurchases (**)	(500,000,000,000)	(1,000,000,000,000)
	996,166,666,679	1,485,416,666,675

(**) During the period, the Company repurchased 5-year bonds with total face value of VND500 billion before their maturity date. No transaction cost incurred as a result of the repurchase.

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20. 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 period were as follows:

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Opening balance	43,666,412,514	38,803,410,326
Appropriation from retained profits	23,588,616,084	5,442,355,905
Utilisation of the fund	(10,556,829,126)	(79,975,771)
Closing balance	<u>56,698,199,472</u>	<u>44,165,790,460</u>

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21. 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 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 period	-	-	-	-	127,819,053,696	127,819,053,696
Appropriation to investment and development 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	-	-	-	(4,130,364,126)	-	(4,130,364,126)
Balance at 1 July 2017	700,000,000,000	177,876,869,236	(80,162,090,861)	32,871,136,924	928,280,761,597	1,758,866,676,896
Net profit for the period	-	-	-	-	343,953,267,987	343,953,267,987
Utilisation of fund	-	-	-	(950,613,490)	-	(950,613,490)
Balance at 1 January 2018	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
Net profit for the year	-	-	-	-	312,651,088,276	312,651,088,276
Issuance of shares (*)	684,628,500,000	(177,876,869,236)	-	-	(506,751,630,764)	-
Appropriation to investment and development fund	-	-	-	117,943,080,421	(117,943,080,421)	-
Appropriation to bonus and welfare fund	-	-	-	-	(23,588,616,084)	(23,588,616,084)
Utilisation of fund	-	-	-	(1,802,109,552)	-	(1,802,109,552)
Balance at 30 June 2018	1,384,628,500,000	-	(80,162,090,861)	148,061,494,303	936,601,790,591	2,389,129,694,033

(*) On 9 March 2018, the General Meeting of Shareholders approved the share issuance to existing shareholders of the Company at the ratio of 1:1 by appropriation from capital surplus and retained profits. Subsequently, the Company issued 68,462,850 new shares in June 2018.

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22. Share capital

The Company's authorised and issued share capital is:

	30/6/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	138,462,850	1,384,628,500,000	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	136,925,700	1,304,466,409,139	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.

Movements in share capital during the period were as follows:

	Six-month period ended			
	30/6/2018		30/6/2017	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the period	70,000,000	700,000,000,000	70,000,000	700,000,000,000
Issuance of shares from retained profits and capital surplus	68,462,850	684,628,500,000	-	-
Balance at the end of the period	138,462,850	1,384,628,500,000	70,000,000	700,000,000,000

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23. 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.

24. Off balance sheet items

(a) Lease

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

	30/6/2018	1/1/2018
	VND	VND
Within one year	22,832,250,960	42,906,481,920
Within two to five years	1,149,175,000	2,528,185,000
	<hr/>	<hr/>
	23,981,425,960	45,434,666,920
	<hr/>	<hr/>

(b) Foreign currencies

	30/6/2018		1/1/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	79,388	1,821,943,126	1,776,156	40,335,665,848
JPY	67,959,765	14,067,671,355	228,527,895	45,934,106,895
		<hr/>		<hr/>
		15,889,614,481		86,269,772,743
		<hr/>		<hr/>

(c) Capital expenditure commitments

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

	30/6/2018	1/1/2018
	VND	VND
Approved but not contracted	1,000,000,000,000	-
	<hr/>	<hr/>

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25. Revenue from sales of goods

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

Net revenue comprised:

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Total revenue		
▪ Finished goods sold	4,473,229,069,274	4,052,637,888,955
▪ Raw materials sold	2,478,547,699	22,070,829,051
▪ Scraps sold	4,587,350,904	7,973,717,672
	<hr/> 4,480,294,967,877	<hr/> 4,082,682,435,678
Less revenue deductions		
▪ Sales allowances	(14,432,762,497)	-
▪ Sales returns	(16,030,240,019)	(18,873,553,800)
	<hr/> (30,463,002,516)	<hr/> (18,873,553,800)
Net revenue	<hr/> <hr/> 4,449,831,965,361	<hr/> <hr/> 4,063,808,881,878

26. Cost of sales

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Finished goods sold	3,994,577,190,691	3,728,331,787,472
Raw materials sold	2,381,225,850	21,918,274,884
Reversal of allowance for inventories	(2,143,558,633)	(3,662,281,638)
	<hr/> 3,994,814,857,908	<hr/> 3,746,587,780,718

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27. Financial income

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Interest income	21,357,179,240	35,309,189,209
Dividends	91,644,582,600	8,438,527,395
Realised foreign exchange gains	10,269,877,753	14,318,452,419
Others	1,878,202,951	-
	125,149,842,544	58,066,169,023

28. Financial expenses

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Interest expense	54,049,706,966	58,779,091,522
Realised foreign exchange losses	6,101,656,897	43,902,162,090
Bonds issuance costs	8,250,000,002	2,500,000,002
Unrealised foreign exchange losses	8,409,370,975	1,067,658,521
Additions to/(reversal of) allowance for diminution in the value of trading securities	10,300,000	(1,431,166,424)
Others	34,518,536	14,543,675
	76,855,553,376	104,832,289,386

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29. Selling expenses

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Transportation expenses	32,165,811,747	39,557,825,212
Export entrusting expenses	34,641,046,344	-
Depreciation expenses	22,727,273	-
Warehouse rental expenses	32,148,380,119	24,137,669,677
Commission expenses	4,015,052,588	7,523,154,027
Staff costs	6,885,602,990	6,660,711,369
Others	22,781,282,006	16,987,353,672
	<hr/>	<hr/>
	132,659,903,067	94,866,713,957
	<hr/>	<hr/>

30. General and administration expenses

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Staff costs	17,130,764,258	15,886,607,438
Office supplies	4,280,586,997	3,331,941,363
Outside service expenses	6,333,355,319	5,795,193,089
Depreciation expenses	2,765,565,955	2,619,230,945
Bank charges	888,148,916	1,024,602,187
Others	2,285,241,938	2,173,133,634
	<hr/>	<hr/>
	33,683,663,383	30,830,708,656
	<hr/>	<hr/>

31. Production and business costs by element

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Raw material costs	4,610,081,500,293	3,853,956,587,057
Labour costs and staff costs	355,472,417,407	318,155,155,991
Depreciation and amortisation	18,204,074,402	16,886,953,906
Outside services	175,740,484,346	146,522,376,047
Other expenses	30,756,058,143	17,107,535,285
	<hr/>	<hr/>

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32. Income tax

(a) Recognised in the separate statement of income

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Current tax expense		
Current period	27,930,828,280	18,061,372,129
Under provision in prior years	220,593,230	-
	28,151,421,510	18,061,372,129
Deferred tax benefit		
Reversal and origination of temporary differences	(1,148,588,825)	(130,647,004)
	27,002,832,685	17,930,725,125

(b) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Accounting profit before tax	339,653,920,961	145,749,778,821
Tax at the Company's tax rate	33,965,392,096	14,574,977,882
Effect of different tax rate applied to trading and other income	1,775,132,627	4,078,218,562
Non-deductible expenses	206,172,992	121,381,421
Non-taxable income	(9,164,458,260)	(843,852,740)
Under provision in prior years	220,593,230	-
Income tax expense	27,002,832,685	17,930,725,125

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(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.

33. Significant transactions with related parties

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

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Minh Qui Seafood Co., Ltd.		
Sales of finished goods	59,793,530,109	98,807,981,563
Office rental expenses	-	867,611,480
Factory rental expenses	5,400,000,000	5,400,000,000
Export entrusting expenses	15,446,024,794	-
Minh Phat Seafood Co., Ltd.		
Sales of finished goods	31,099,506,571	431,170,622,956
Factory rental expenses	7,800,000,000	7,800,000,000
Purchase of services	-	3,852,972,747
Purchase of finished goods	8,954,428,762	-
Export entrusting expenses	19,195,021,550	-
Minh Phu Hau Giang Seafood Joint Stock Company		
Purchase of raw materials	4,142,774,023	2,190,533,186
Purchase of finished goods	872,172,048,159	358,901,491,595
Sales of raw materials	2,453,475,599	22,063,329,051
Sales of finished goods	1,120,680,806,218	1,298,276,706,546
Rental income	1,214,242,000	189,395,160
Warehouse rental expenses	32,850,899	16,970,429
Rental expenses	207,464,500	-
Dividend income	91,530,000,000	8,266,918,995

Minh Phu Seafood Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
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	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Minh Phu Kien Giang Seafood Co., Ltd.		
Purchase of raw materials	-	23,252,757,589
Purchase of finished goods	251,551,279,996	-
Capital contribution	30,000,000,000	-
Minh Phu Aquatic Larvae Co., Ltd.		
Support costs	-	607,500,000
Minh Phu Loc An Aquaculture Co., Ltd.		
Purchase of raw materials	-	19,595,953,184
Purchase of finished goods	233,878,882,242	-
Capital contribution	23,828,601,144	-
Mseafood Corporation		
Sales of finished goods	1,289,162,230,975	597,553,382,669
Return of goods	-	11,189,908,093
Minh Phu Seafood Supply Chain Co., Ltd.		
Purchase of services	10,319,147,000	8,265,572,000
Ebisumo Logistic Co., Ltd.		
Sales of finished goods	259,204,926,479	77,673,112,511
Minh Phu Food Co., Ltd.		
Sales of finished goods	28,687,500,673	728,898,914
Purchase of services	3,976,286,710	3,247,561,144
Minh Phu Mangrove Shrimp Special Enterprise		
Purchase of services	527,029,000	18,773,000
Capital contribution	520,000,000	560,000,000
Mekong Logistic Co., Ltd.		
Purchase of services	21,094,918,550	11,624,188,968
Long Phung Investment Corporation		
Office rental expenses	1,168,820,454	1,183,259,782

Minh Phu Seafood Joint Stock Company
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Transactions with key management personnel

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

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Remuneration and business allowances	3,334,943,322	2,747,494,380

34. Non-cash investing activities

	30/6/2018	1/1/2018
	VND	VND
Cost of fixed assets acquired through occurrence of liabilities	944,688,502	6,264,390,840
Increase in capital contribution in subsidiaries by netting-off with receivables	22,968,315,317	-
Issuance of shares from retained profits and capital surplus	684,628,500,000	-

35. Post balance sheet events

(a) Issuance of share bonus to employees of the Company and its subsidiaries

On 9 March 2018, the General Meeting of Shareholders approved the issuance of share bonus to key management personnel of the Company and its subsidiaries with the total number of shares in issuance of 1,537,150 shares, equivalent to total par value of VND15,271,500,000. Subsequently, according to Decision No. 03 TC QĐ.HDQT.MPC18 dated 30 May 2018, the Company's Board of Management approved the policy and plan to issue share bonus to employees of the Company and its subsidiaries with an estimated number of shares in issuance of 1,537,150 from the Company's bonus and welfare fund.

On 24 July 2018, the Company reported the result of share bonus issuance to the State Securities of Vietnam. As a result, the total shares in issuance is 1,537,150 shares.

(b) Plan on construction of Minh Qui shrimp processing factory

On 13 July 2018, according to the meeting minutes No. 03.NQ.TV.MPC18, the Company's Board of Management resolved to increase the authorised legal capital of Minh Qui Seafood Co., Ltd – a subsidiary of the Company. from VND200 billion to VND1,000 billion and approved the investment budget of VND1,500 billion for construction of Minh Qui factory in Khanh An Industrial Zone, U Minh District, Ca Mau.

Minh Phu Seafood Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2018 (continued)

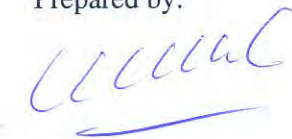
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36. Corresponding figures

Corresponding figures as at 30 June 2018 were carried forward from the figures presented in the audited separate financial statements of the Company as at 31 December 2017 and the reviewed separate interim financial statements of the Company for the six-month period ended 30 June 2017.

12 August 2018

Prepared by:



Luu Minh Trung
Chief Accountant

Approved by:



The stamp is circular and red, containing the following text: 'S.Đ.K.K.D: 2000393273-C.T', 'CÔNG TY CỔ PHẦN TẬP ĐOÀN THỦY SẢN', 'MINH PHU', and 'TP. CÁ MAU - T. CÁ MAU'. A blue handwritten signature is written across the stamp.

Le Van Diep
Deputy General Director