



BIG PLANS



VINH HOAN CORPORATION
ANNUAL REPORT 2015

GENERAL INFORMATION

Name: **VINH HOAN CORPORATION**

Abbreviation: **VINH HOAN CORP.**

Business Registration No.: **1400112623**

Charter Capital: VND **924,039,430,000**

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Ticker: **VHC**



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PART**2****FINANCIAL
INFORMATION AND
REPORT**



FOCUS



THE FARM BILL



DEVELOPMENT STRATEGY



PLAN FOR 2016 AND THE NEXT 3 YEARS



THE FARM BILL

What is The Farm Bill?

Challenges caused by The Farm Bill

Opportunities from The Farm Bill

Vinh Hoan's perspective

WHAT IS THE FARM BILL?

The Farm Bill is an Act of the U.S Government which has been enforced for many years and is renewed every 5 years. The Act guides and authorizes the usage of the US government's budget to manage the agriculture sector and provide subsidies to specific industries within the sector. In order to protect the domestic catfish industry from the competition of imported catfish, the U.S Catfish producers have put forth significant lobbying efforts and successfully amended the 2008 Farm Bill to create a Catfish Inspection Program (CIP) which will move inspection rights from the Food and Drug Administration to the U.S Department of Agriculture (USDA). The catfish inspection program of the USDA was not approved in 2008 but had been enacted into law in the Farm Bill 2014. This has caused much debate as it is well known in the Food Industry that the USDA has never held any responsibility for the regulation of seafood (which up until now has been solely regulated by the FDA). Thus, the transition from FDA to USDA will produce new regulatory requirements for producing countries of Catfish as well as importers, distributors etc. in the U.S.

From the date when Farm Bill 2014 was passed to November 26th 2015, Food Safety and Inspection Service (FSIS) under the USDA had announced that starting in March 2016 the agency will officially implement the new regulation on inspection program of all fish in the order Siluriformes (catfish and other catfish species including pangasius imported from Vietnam). Although the inspection of these species will be transferred from the FDA to USDA since March 2016 (now moved to mid-April 2016), countries and producers will have the 18-Month Transitional Period so that FSIS has time to fully implement their inspection programs. During this transitional period, Catfish producing nations must submit a series of documents to the US Government which will allow the USDA to evaluate whether the local government agencies are or can become equivalent to the same standards that USDA regulates in the U.S. In addition to document review, FSIS will come to Vietnam and choose a series of catfish producing facilities (from a list of approved producers provided by the Vietnamese government) which will be incorporated in the final decision to give the USDA equivalency for the export of catfish to the US.

CHALLENGES CAUSED BY THE FARM BILL

Main agenda & challenges faced by Vietnam pangasius sector in general and Vinh Hoan in particular from The Farm Bill

- Until FSIS issues equivalence determinations and approve eligible producers to export pangasius to the US (expected in the late 2017), pangasius is still accepted by the market as usual.

It is completely unprecedented that the USDA be responsible for the inspection and regulation of

- any seafood, thus, there is considerable concern that the CIP can temporarily interrupt Vietnam's pangasius exports to the US. There are still many things that remain unclear as to the process and specific requirements that the Vietnamese government will need to undertake to meet USDA equivalence.

Pangasius producers in Vietnam will have to make some changes in pangasius culture and

- production that may raise input costs for Vietnam enterprises.

Even in the event that Vietnam achieves equivalence, there are aspects of the CIP that would

- make the import and distribution of Pangasius more complicated and costly than other species of imported seafood in the US.



OPPORTUNITIES FROM THE FARM BILL

Pangasius is an important sector of Vietnam. The US is the largest importer of Vietnam pangasius with the import value of US\$300 million, accounting for 20% of total seafood exports FROM Vietnam in 2015. Thus, the Vietnamese government takes interest in the sector and actively prepares for the cooperation program with FSIS in the coming time. On the diplomatic front, senior leaders have voiced their support to assist the Vietnamese government to deal with these challenges in various multilateral trade negotiations. Specifically, in February 2016, the Vietnam Ministry of Agriculture and Rural Development has received a USDA delegation and met representatives of various trade bodies representing the US Senate, where a verbal commitment was made by the US to spare no effort ensuring that Vietnam be given all the support necessary so as not to interrupt pangasius exports to the US and assist in all technical matters to ensure Vietnamese equivalence. Earlier at “the Special U.S.-ASEAN Leaders Summit” in Sunnylands, Former Prime Minister Nguyen Tan Dung had a discussion with the President Obama. He outlined the major impacts of the Farm Bill to Vietnam pangasius industry and proposed to extend the transitional period of further 3-4 years so that Vietnam has time for comprehensive preparation. President Obama expressed his agreement and said he would direct the US authorities in coordination with the Vietnam authorities to take the appropriate solutions.

Vietnam pangasius (catfish) industry has a development history of nearly 20 years. Vietnam pangasius are managed by the legal regulations and complete quality inspection agencies and meet the standards to be exported to over 100 countries in the world. The management bodies of aquaculture and seafood processing of Vietnam has undergone tests which help Vietnam pangasius to be exported to the markets with strict requirements such as the European Union and Japan. Since more than 10 years ago up to now, pangasius processing activities has been improved and obey the most advanced quality management systems. Pangasius aquaculture activities comply with internationally recognized aquaculture practice standards such as GlobalGap, ASC (Aquaculture Stewardship Council) and BAP (Best Aquaculture Practices).

VINH HOAN'S PERSPECTIVE

In an effort to turn challenges into opportunities, the Farm Bill may help Vinh Hoan to have a better competitiveness in the future and maintain its position as a producer and exporter taking the lead in quality at the US market. The Farm Bill will continue to create major competitive barriers for suppliers wishing to penetrate the market. These suppliers also subject to high anti-dumping duties that currently imposed on pangasius imported from Vietnam.

Vinh Hoan is well-known on the market thanks to its prestige in supplying products from its certified vertically integrated supply chain. Vinh Hoan is the first company that was granted ASC certification for farmed pangasius in 2012 and the first to have "4 star BAP certification" from the Global Aquaculture Alliance in 2015, which requires comprehensive traceability and quality management from Vinh Hoan's hatchery, feed, farm and processing operations. Thanks to the company's rich experiences in aquaculture and processing chain management with international certifications, Vinh Hoan has a significant advantage in meeting FSIS's equivalent standards in comparison with other producers in Vietnam.

In parallel with the active collaboration with state agencies of Vietnam in handling equivalence process and finding reasonable trade strategy in the US market, in the past years, Vinh Hoan ceaselessly penetrates and increases its market share in the potential markets. In 2015, Vinh Hoan recorded an impressive growth in sales to some other Asian markets such as China, Japan, some South American countries like Mexico, Chile and successfully penetrated into recently developing markets such as the Philippines, Taiwan, and Romania.

Along with the expansion of the market, increase in its market share, Vinh Hoan is also focusing on developing value-added products in order to achieve higher profit margins (value-added products with higher margins from 10% -15% compared with the conventional frozen fillets) and make a difference compared to competitors in the industry. VHC aims to increase the contribution to sales of value added products from pangasius from the current 2-3% to 5% in the next 5 years. Collagen and gelatin products extracted from pangasius skin that was first produced since the first quarter of 2015, also achieved the positive feedback from the market, and is expected to fetch revenues of US\$6-8 million in 2016.

To meet the requirements on market expansion and product development, Vinh Hoan is constantly increasing its production and sales capacity. In addition to increasing the existing production capacity, the board of directors is considering various mergers and/or acquisitions to expand the list of products and distribution channels in various countries. The company always considers the development and promoting the competence of managers and marketing & sales forces as a priority in the company's development strategy.



DEVELOPMENT STRATEGY

Chairwoman's Message

SWOT analysis

CHAIRWOMAN'S MESSAGE

Dear Valued Shareholders,

I hope that the report's opening article provides full information about The Farm Bill in the US that is main concern of shareholders. In our journey to develop successful and large business in the US Market, we have to face and overcome many obstacles. Firstly, the FDA banned naming pangasius as catfish in 2002, which required significant marketing efforts from us and our customers to continue the strong growth in sales and consumer recognition of our fish. Then, the anti-dumping lawsuit lasted from 2003 up to now, has caused other various legal and market challenges. Nonetheless, pangasius has been exported to the US market for 15 years and the US become the largest market of Vietnam pangasius. Despite the Farm Bill was anticipated and prepared for many years ago, we will not be subjective and continue to mobilize all resources to overcome this challenge. In the upcoming time, we will update our shareholders with the latest information related to the Farm Bill on the basis of transparency and as specific as possible.

In 2015, the Board of Directors along with all staffs of the company has successfully completed business plans set by shareholders. This is an encouraging result because 2015 is a difficult year of Vietnam fisheries industry in general and pangasius sector in particular. Vietnam's seafood exports reached US\$6.6 billion, down 16.1% from 2014 in which pangasius exports hit US\$1.58 billion, down 11% year on year. Under the circumstance, Vinh Hoan reported the growth of 3 % in revenue and 12% in profit. I believe that this result can fully satisfy the expectations of shareholders.

In 2016, we have many big plans that need to be completed to ensure that the company will overcome challenges in the future, remain the positive growth in the following years. The plans include:

- Prepare and coordinate with relevant units in the transition period of the Farm Bill, aiming to meet new standards in pangasius exports to the US proposed by the USDA.
- Develop sales & marketing forces, implement strategies for developing new markets and value added products.
- Implement marketing strategy, assert and promote the value of Vinh Hoan's corporate brand, and create recognition for our product brands.
- Strengthen management structure of the company, empower human resources department to increase the productivity in production and business activities.

The Executive Board understands that there must be some commitments to change made in order to turn challenges into opportunities. The changes need to be fast and consistent. We commit to make positive changes in 2016 and the following years to overcome barriers as we have in the past.

On behalf of the Board of Directors, I hope to continue receiving support from our valued shareholders, and welcome input and comments from those shareholders who can contribute positively to our management team and organization as a whole to help them accomplish our goals, thus bringing even more prosperity to our shareholders.

Sincerely,
Chairwoman
Truong Thi Le Khanh

SWOT ANALYSIS

STRENGTHS

S

- Anti-dumping duty advantage and reputation in the U.S. market; have the largest market share and leading position among the industry; and strong growth;
- Reputation in product quality, quality control system, sustainable aquaculture under international standards and integrated business model, especially in EU market;
- Integrated farming, processing finished products and by-products systems that allow us to take the initiative in raw material sourcing and optimize profitability in different segments;
- Successful, loyal and experienced sales team with a multi-cultural and linguistic background;
- Have the knowledge and relationships to penetrate international markets; facilitate improvement and innovation; and deploy new business development plans;
- Strong financial situation with no interest burden.

WEAKNESSES

W

- Lack of market diversification in different segments; lack readiness to deeply penetrate large market segments dominated by lower quality products, thus hard to compete on price (markets such as Mexico and Brazil);
- Lack of strong brand;
- No excessive production capacity to meet rising demand for immediate sales;
- Lack of experience in new businesses and distribution channels;
- Lack of human resources to meet development and expansion requirements of the company, especially with new projects.

OPPORTUNITIES

O

- The company has a lot of potential to develop consumer markets, particularly in the value added category and retail channel;
- The aquaculture industry is gaining global recognition as an essential force to replace consumption of seafood from wild-caught fisheries with limited long-term supply. This scenario will clearly cause long term growth in demand for our core products, as well as the by-products we produce as demand for raw material inputs into aquaculture sector will also continue to grow;
- The seafood sector is gradually being restructured which will facilitate the growth of companies those who keep progressing with proper business strategy;
- Consumers increasingly show their higher awareness of food safety, product traceability and sustainability;
- Pangasius remains competitive in price in comparison with other white fish; pangasius can't be easily replaced by any other alternatives.

THREATS

T

- The increasingly high production costs;
- Direct labor forces are taken away by other industries;
- Climate and environmental issues;
- Trade and technical barriers in importing countries;
- The image and quality of pangasius on the global market is negatively affected by the rivals' media campaigns

ORIENTATION FOR STRENGTHS AND OPPORTUNITIES



Vinh Hoan aims for continuous growth in terms of revenue and scale in the next three years, growing consolidated reputation and market shares in U.S. and EU markets, along with the efforts to diversify markets to increase efficiency in production and avoid risks from the Farm Bill in the US market. The company will take firm steps in expanding the consumption of pangasius in the mainstream markets and increase the value of pangasius by strengthening the autonomy and effectiveness in communication, enhancing sales force. Vinh Hoan will continue to seek opportunities to generate more revenue and profit from other species. Collagen and gelatin are the businesses that the Company wants to focus on to ensure it alignment with its project timeframe to set forth the prerequisite for the development of next stages. In addition to increasing revenue and business scale, the Company also pays attention to the strategies to increase its competitiveness of production costs, improve profitability and margins over the years.

ORIENTATION FOR STRENGTHS AND THREATS



The Company focuses on the matters related to workers and environment for the sustainable business development, proactive with risks, and long-term plan for all aspects. Along with strengthening its position in existing markets, Vinh Hoan is always patient in searching for opportunities and opening up new markets to improve its diversity and flexibility of the structural shift of the markets over the years. In response to the inevitable political forces that create barriers for Vinh Hoan, we always are putting into place new medium and long term strategies to overcome these barriers and continue to hold our position in major markets.

ORIENTATION FOR WEAKNESSES AND OPPORTUNITIES



Along with strengthening its position in the existing markets, Vinh Hoan persistently seeks for opportunities and opens up new markets to improve its diversity and flexibility of the structural shift of the market throughout the years. The Company will concentrate in improving the image of Pangasius in the world directly and indirectly. Vinh Hoan will continue to create added values for customers, differentiate itself more clearly from its rivals. The Company will also invest in technology related to its core product selling business as well as research and development in manufacturing and farming.

ORIENTATION FOR WEAKNESSES AND THREATS



In the long-term, the Company not only pays attention to the risks of business environment but also actively prepares and plans for them. We consistently comply with local and international laws and refuse to take part in activity that presents short-term opportunity for profits when it can cause harm to the environment or the overall reputation of the company. Vinh Hoan competes positively and for the long term future, focusing on the value and sustainability.



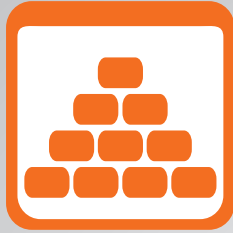
2016 PLAN AND THE NEXT 3 YEARS

With the above strategies and orientations, the company set the big plans and goals during the next 3 years as follows:

- The growth of 15%-20% in annual revenue and profit and outreach VND10,000 billion in sales by 2018. Besides expanding the production scale of pangasius products, the company also focuses on developing products of barramundi, tilapia, shrimp, value added products, collagen and gelatin to diversify its business lines
- Raise the profit margin of Vinh Hoan by:
 - ▶ Applying the strategies of “marketing” and “branding” to increase selling price and the pricing rationalization;
 - ▶ Raise sales of value added products which have the profit margin of 10% – 15% higher than that of common fillet products. It targets to contribute 5% into total revenue of Vinh Hoan in the next 3 years;
 - ▶ Increasingly promote sales of collagen segment with gross profit margin of 30%.
- Plan to reach total post-tax profit of the whole company with no less than VND 500 billion by 2018
- Positioning Vinh Hoan as a global company with core competence of sustainable aquaculture and supplying safe and nutritional food products. This step will help to raise the stature of Vinh Hoan in the next 3-5 years and help the company grow and develop sustainably
- Specific targets of the company in 2016:
 - ▶ Growth of 18% in consolidated revenue to reach VND7,700 billion;
 - ▶ Consolidated post-tax profit of shareholders of the holding company to reach VND350 billion.
- In 2016, Vinh Hoan will implement 3 important targets: (i) continue diversifying markets, develop new markets in order to increase revenue and raise profit margin during the next 3-5 years, (ii) strive to reach US\$6 million in collagen sales with an aim to outreach US\$15 million in the next years, (iii) reach at least US\$8 million in sales of value added products and grow up to US\$20 million in the next 3 years.

FINANCIAL INFORMATION AND REPORT





COMPANY PROFILE



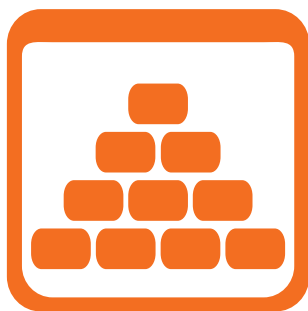
BUSINESS RESULTS IN FY 2015



SUSTAINABLE DEVELOPMENT REPORT



CONSOLIDATED FINANCIAL REPORT FY 2015



COMPANY PROFILE

Vision - Mission - Core values

Company history

Basic financial information

Principal business activities

Organization and Management structure

VISION

To be the leading pangasius exporter in the world,
pioneering in innovation.



MISSION

Build and protect the brand of Vietnamese Pangasius
Provide delicious, safe, and healthy products for consumers;





CORE VALUES

SUSTAINABLE BUSINESS

Make and keep commitments in production and business activities;

Live and behave according to laws;

Protect natural resources; conduct business activities in harmony with environment and society;

Provide a safe food source, ensure traceability to consumers;

Bring economic benefit to local communities through effective distributions from business activities;

Bring revenue and profit to customers, suppliers while satisfying the expectations of Company's shareholders;

Ensure stable jobs and improve economic situations for employees.

PRODUCTION AND

INNOVATION AND DEVELOPMENT WITH CONTINUOUS EFFORTS

Ongoing efforts to create a difference and pioneering in technology and product innovation;

Strive to develop the capabilities and skills of each individual;

Straight forward, objective, and transparent in all relationships;

Look for the best solution for all matters with collective thinking and strength;

Achieve major milestones through small and continuous improvements.

COMPANY HISTORY

Vinh Hoan Corporation takes the lead in producing premium quality seafood products and to be one of the largest seafood exporters in Vietnam. The company was established in 1997 in Dong Thap province, Mekong Delta. The company specializes in farming and processing of frozen pangasius products. When choosing Vinh Hoan, customers are always satisfied with stable quality of the products, excellent customer service, the guarantee of the international certification system and traceability

1997

Vinh Hoan Ltd., Co., was established by Mrs. Truong Thi Le Khanh

1999

Operated the first seafood processing workshop in Cao Lanh, Dong Thap

2000

Received EU code (DL.147)

2005

Certified ISO 9001:2000;
ISO 14001:2004;
BRC: 2005 and
IFS version 4

2007

Established Vinh Hoan (USA) Inc. in California, USA;
Established Vinh Hoan 1 Feed JSC;
Operated the 2nd workshop (DL.061);
Listed on Ho Chi Minh Stock Exchange (HOSE);

2008

Operated the 3rd workshop (DL.500);

2009

Accredited with AQUAGAP in pangasius farming;
Company's internal laboratory accredited with ISO/IEC 17025:2005;

2010

Became the leading company in exporting Pangasius according to Vietnam Association of Seafood Exporters and Producers (VASEP);
Accredited with GLOBAL G.A.P. for Pangasius farming;
Accredited with ISO 22000 for quality control system;

2011

Awarded Labor Medal Class III for Vinh Hoan Corporation and Mrs. Truong Thi Le Khanh - CEO of the Company based on Decision no. 150/QĐ-CTN on Jan 28, 2011 by the State President;
Awarded Best Retail Product prize in the contest organized by Seafood Prix d'Elite 2011 at European Seafood Exhibition 2011 (ESE 2011) at Brussels, Belgium;
Accredited with Best Aquaculture Practices – BAP two stars for processing and farming;



2012

Awarded Labor Metal Class II for Vinh Hoan Corporation based on Decision No. 1261/QĐ-CTN on August 21, 2012 by the State President

To be the first company to receive sustainable aquaculture certificate ASC (Aquaculture Stewardship Council) for pangasius farming;

2013

Accredited with GLOBAL G.A.P. for barramundi farming area;

Started the construction of Collagen and Gelatin factory with the capacity of 2,000 tons of finished products per year;

2014

Vinh Hoan was the only seafood company listed on the Top 50 Best Companies by Forbes magazine (Source: Forbes Vietnam issue June 2014);

To be one of top 50 Best Companies in Vietnam voted by Nhip Cau Dau Tu Magazine;

Divested from fish feed business by transferring all the shares of Vinh Hoan 1 Feed JSC and acquiring 99.06% shares of Van Duc Tien Giang Food Export Company to concentrate our financial strength onto the core business.

2015

Established Octogone Holdings Pte. Ltd. in Singapore and Octogone (Quangzhou) Trading Co., Ltd. in China;

Became a large shareholder of Cuu Long Seapro in Tra Vinh;

Collagen and Gelatin plant went into operation in March 2015 and quickly achieved the certifications ISO 9001, ISO 14001, GMP-WHO and Halal;

Vinh Hoan is the first enterprise in the world certified BAP - Best Aquaculture Practices 4 stars for the hatcheries, feed producing, pangasius aquaculture and processing;

Accredited with "priority enterprise" in the field of customs in accordance with Decision No. 2669/QĐ-TCHQ dated September 14, 2015 signed by Director General of General Department of Customs.

Vinh Hoan continues on the list of top 50 best listed companies in Vietnam by Forbes magazine (Source: Forbes Vietnam issue 06.2015).

Continues to be one of 50 most efficient businesses in Vietnam voted by Nhip Cau Dau Tu Magazine.

BASIC FINANCIAL INFORMATION

(consolidated, audited)

Notes: business results in 2014 included the profit from the sale of subsidiary "Vinh Hoan Feed". This profit is VND151 billion after tax. See all the financial analysis in this report for more information.

(Unit: Million VND)

Sales	2015	2014	2013	2012	2011
Sales	6,527,521	6,300,115	5,104,982	4,236,484	4,114,060
Net Sales	6,493,390	6,292,449	5,095,012	4,227,932	4,103,978
Cost of Sales	5,690,816	5,469,173	4,491,391	3,680,318	3,379,844
Gross Profit	802,575	823,275	603,621	547,614	724,134
G&A	370,120	406,786	383,810	304,617	232,475
Financial income	166,250	238,198	93,376	86,205	100,707
Financial expenses	210,038	64,704	90,567	66,971	112,363
Net operating Profit	388,667	589,984	222,620	262,231	480,003
Other Profit/Loss	(1,999)	(2,921)	4,926	7,406	92
Earnings before interest and tax (EBIT)	423,510	625,501	305,103	329,667	550,527
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	567,872	746,332	415,927	419,899	633,931
Profit before tax	386,668	587,062	227,547	269,636	480,094
Net profit after tax	320,833	462,913	176,038	232,743	412,974
Profit attributable to equity holders of the Company	322,558	439,152(*)	158,386	210,450	394,343
Average outstanding shares	92,403,943	91,371,686	61,404,913	46,312,523	47,008,246
Earnings per share (EPS)	3,491	4,806	2,579	4,544	8,389

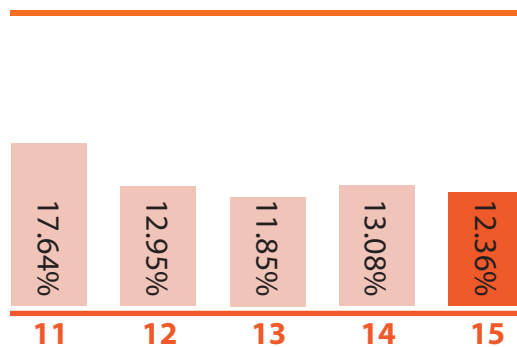
BALANCE SHEET	2015	2014	2013	2012	2011
Current Assets	2,847,044	3,118,826	1,660,675	2,281,973	1,758,324
Non-current Assets	1,509,919	1,373,139	888,941	791,585	649,295
Total Assets	4,356,963	4,491,964	2,549,617	3,073,558	2,407,619
Current Liabilities	1,818,697	2,533,902	901,955	1,668,512	1,039,047
Non-current Liabilities	448,937	71,304	91,380	0	61,758
Total Liabilities	2,267,664	2,605,206	993,335	1,668,512	1,100,805
Owners' Equity	2,076,958	1,869,914	1,467,894	1,328,997	1,243,041
Minority Interest	12,372	16,844	88,389	76,049	63,773
Total Resources	4,356,993	4,491,964	2,549,617	3,073,558	2,407,619
Debt/Equity	1.09	1.39	0.68	1.26	0.89

CASH FLOW STATEMENT	2015	2014	2013	2012	2011
Profit before tax	386,668	587,062	227,547	269,636	480,094
Operating profit before changes in working capital	537,962	535,937	335,274	388,117	648,928
Changes in working capital	(392,429)	(472,350)	(273,610)	(208,287)	(570,393)
Net cash fows from operating activities	145,534	63,587	61,664	179,830	78,535
Net cash fows from investing activities	480,471	(1,097,413)	639,001	(933,693)	(51,073)
Net cash fows from financing activities	(419,466)	1,049,374	(663,097)	459,980	177,436
Net cash fows during the year	206,539	15,548	37,569	(293,883)	204,898
Cash and cash equivalents at the end of the year	296,093	89,238	73,329	35,542	329,425

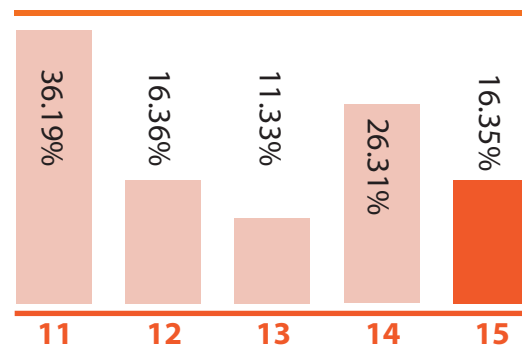
FINANCIAL RATIOS

Profitability

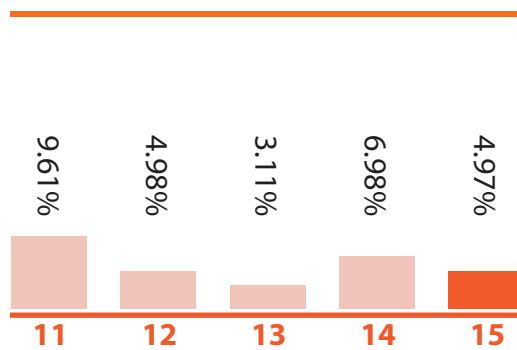
Gross profit margin %



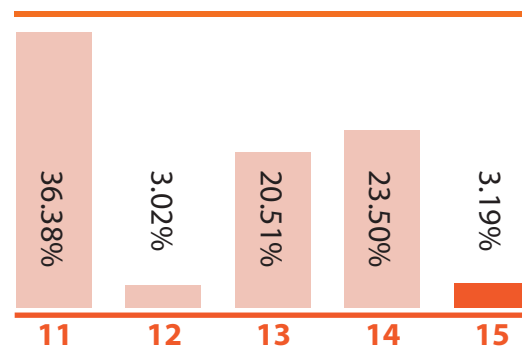
Return on Equity (*) %



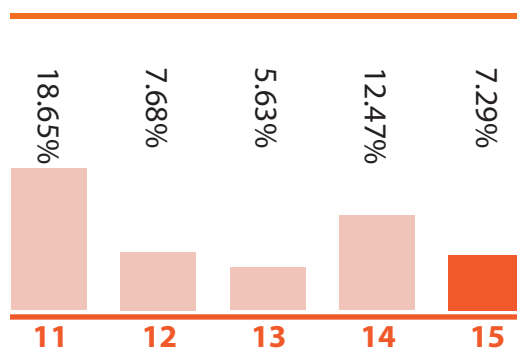
Net profit margin (*) %



Sales Growth Rate %

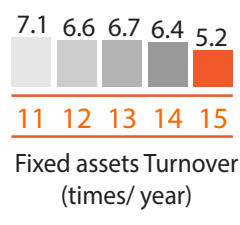
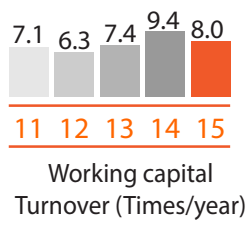
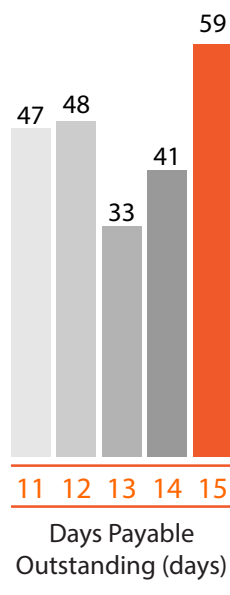
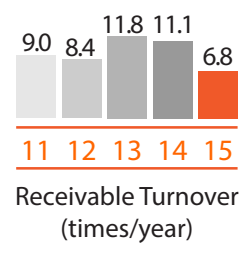
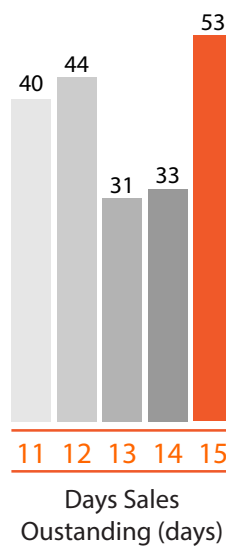
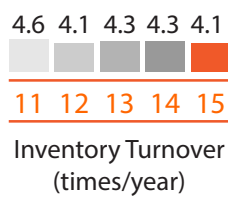
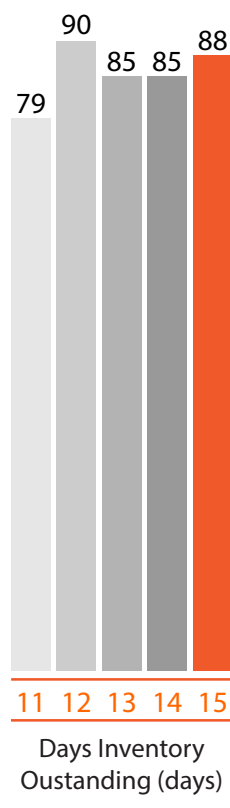


Return on Assets (*) %



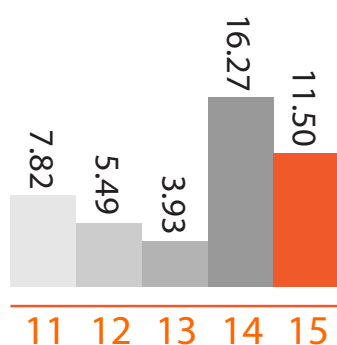
(*) : Profit after tax of shareholders of holding company

Activities Ratios

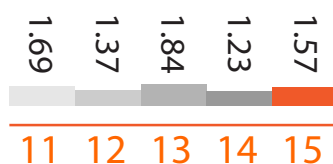




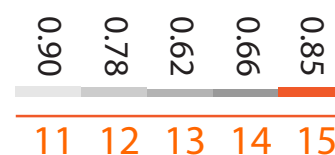
Liquidity & Safety Ratios



Interest Coverage Ratio



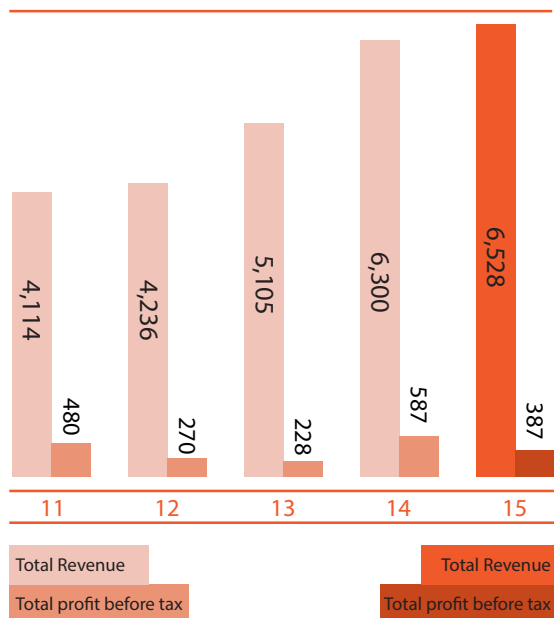
Current Ratio (times)



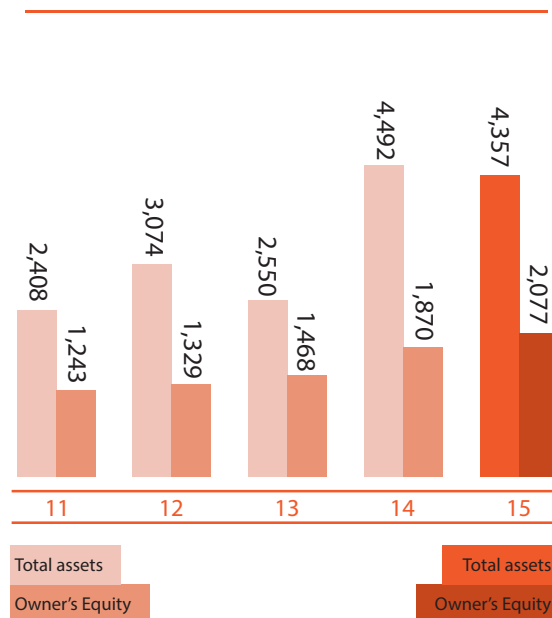
Quick Ratio

Unit: BillionVND

Total revenue & profit before tax



Total assets and owner's equity



(*) Excluding minority interest

PRINCIPLE BUSINESS ACTIVITIES

PRINCIPLE BUSINESS ACTIVITIES IN 2015



Processing and preserving fishery products and products from aquatic animals;

Farming aquaculture domestically;

Trading raw material and semi-processed agricultural products, materials serving the production and processing of marine products and aquaculture products; processing of aquatic feed.

Trading raw marine products and aquaculture products, trading agricultural products serving manufacture and process of fishery products and aquatic feed. Producing and trading cattle feeds, poultry feeds

Trading in chemicals serving the production and processing of marine products and aquaculture products; processing of aquatic feed; importing and trading aquatic veterinary medicine; production of cattle feeds, poultry feeds, aquatic feeds.

Trading in machineries, equipment, tools serving the production and processing of sea products, aquaculture products, and fish feed;

Milling, and polishing rice;

Trading and exporting rice;

Extracting and manufacturing of hydrolyzed collagen and gelatin; Importing and exporting of hydrolyzed Gelatin and Collagen, chemical medicines; importing of chemicals, materials for production of hydrolyzed Gelatin and Collagen,

Producing fishmeal; oil and fat production from flora and fauna.

LIST OF PRODUCTS



Some factors lead to success of pangasius in global market

Being native fish rich Mekong river with large water reserves;

Can be farmed and harvested all the year round;

Raising techniques don't waste a lot of energy and labour;

Pangasius are reared with low content of fishmeal that helps reduce production costs and friendly with environment;

Pangasius is better resistant to diseases or virus that can cause widespread epidemic on par with other farmed species;

Short farming period;

High fillet recovery rate;

To be a source of "protein" that is good for your health and friendly with the environment;

Reasonable price, affordable to many people's income.

Pangasius ranks 6th in the US and 9th in the EU among top 10 most-consumed seafood products.

THE MAIN PRODUCT GROUPS



FROZEN SEAFOOD PRODUCTS

Pangasius fillets
Barramundi fillets
Tilapia fillet
Shrimp



VALUE-ADDED PRODUCTS

Breaded pangasius
Marinated pangasius
Pangasius with vegetable roll
Char Marked Pangasius

BY-PRODUCTS

Pangasius fishmeal

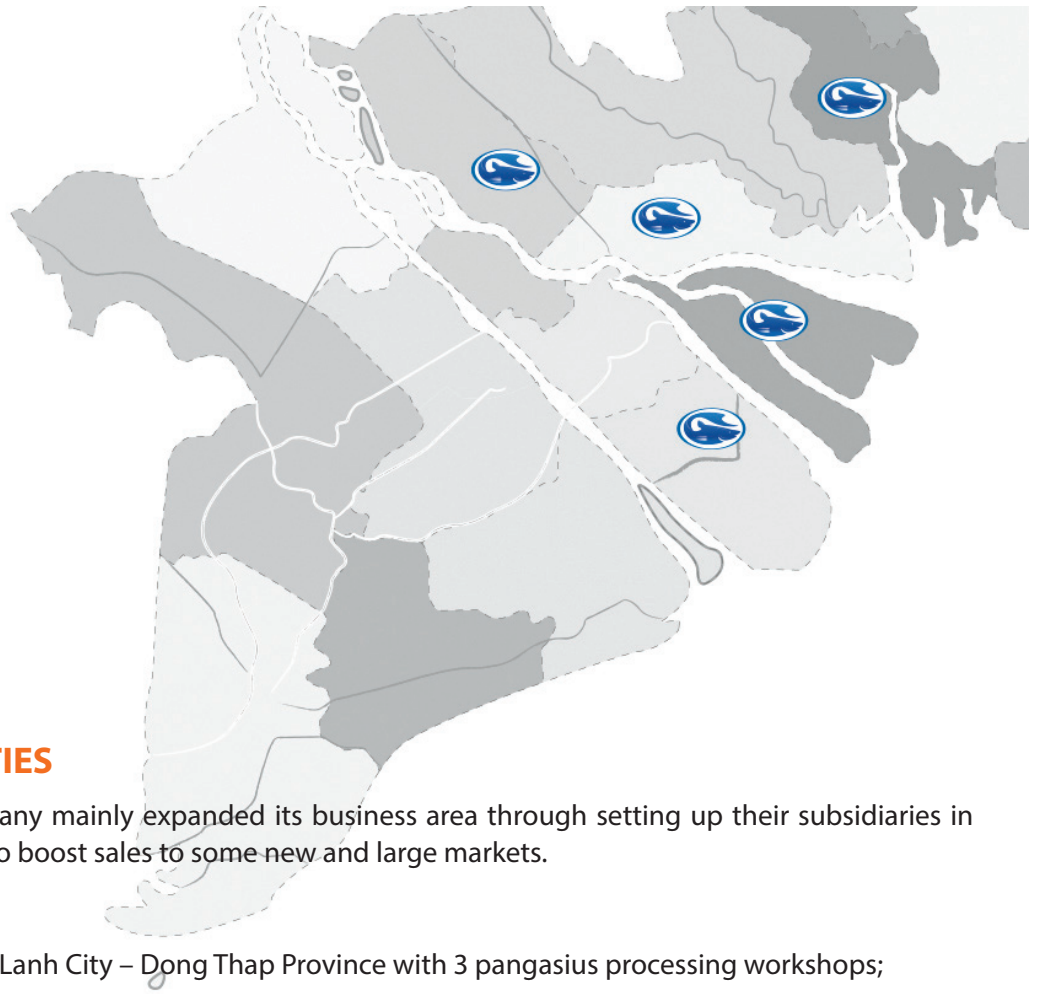
Pangasius fish oil

Pangasius fin



COLLAGEN & GELATIN





BUSINESS LOCALITIES

In 2015, the company mainly expanded its business area through setting up their subsidiaries in foreign countries to boost sales to some new and large markets.

Domestically

Head office in Cao Lanh City – Dong Thap Province with 3 pangasius processing workshops;

Fish oil and fish meal factory at Thanh Binh District – Dong Thap Province;

Van Duc Tien Giang (recently-acquired subsidiary) with pangasius processing factory at Chau Thanh District – Tien Giang Province;

The subsidiary of Vinh Hoan Collagen with collagen and gelatin factory with annual capacity of 2,000MT of finished products at Cao Lanh City – Dong Thap Province. The subsidiary has just been completed the construction and put into operation.

Vinh Hoan Food 2 (the subsidiary) with a rice mill at Lap Vo District – Dong Thap Province;
Ho Chi Minh branch with sales, marketing and relation with investors.

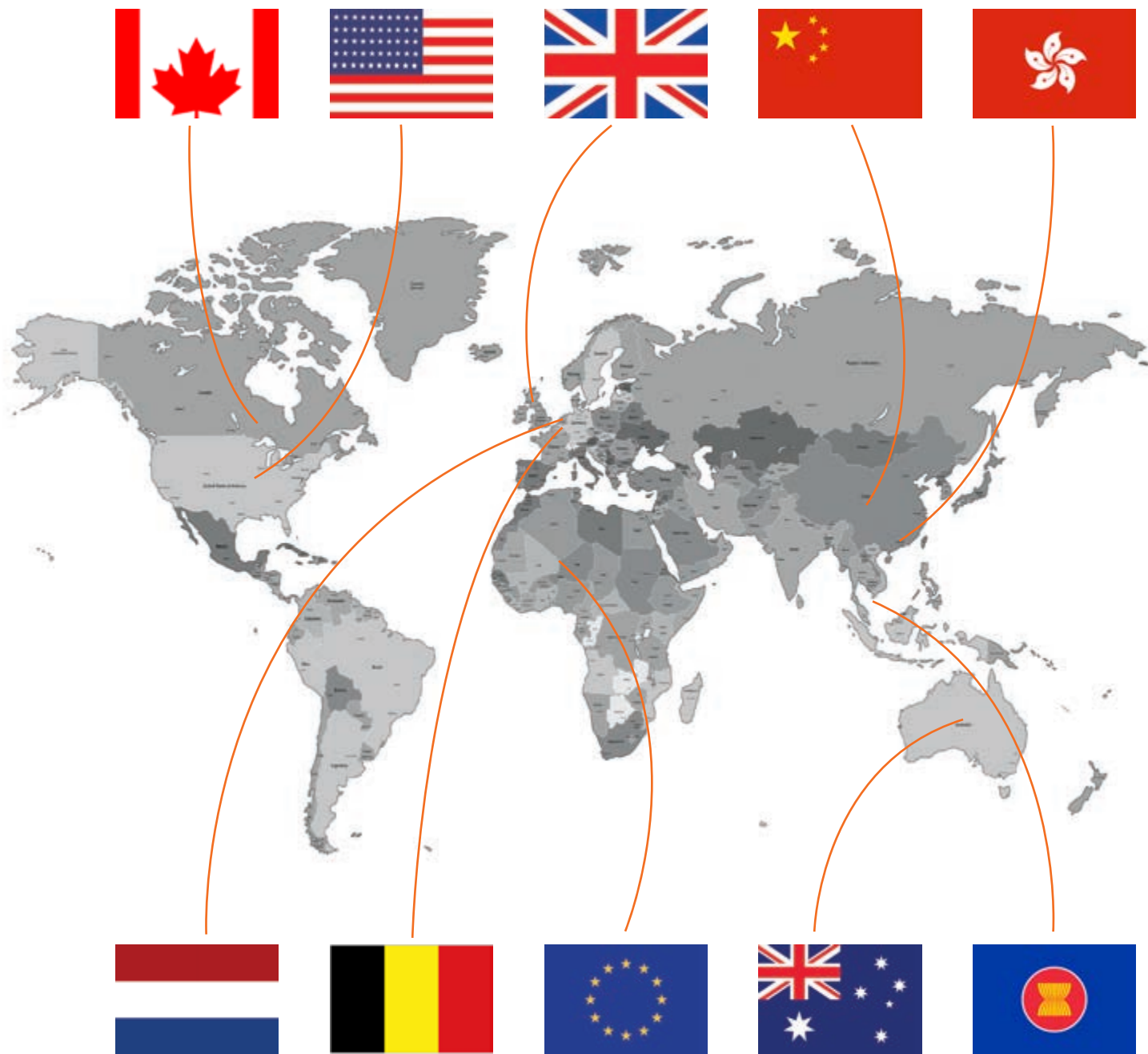
At the late 2015, Vinh Hoan became the strategic investor of CUU LONG SEAPRO in Tra Vinh city-Tra Vinh province. CUU LONG SEAPRO specializes in producing and trading shrimp products.

Farming areas mainly concentrate in 3 provinces: Dong Thap, Tien Giang, Ben Tre.

Abroad

Vinh Hoan is the strategic investor of Vinh Hoan (USA) Inc., an enterprise based in California, US. It performs customers services, the sales and logistics for US market.

The subsidiary of Octogone Holdings Pte. Ltd. is based in Singapore with main activity of expanding sales to Asia. Firstly, it operates and sells in Guangzhou Province, China



THE COMPANY'S INDUSTRY POSITION AND THE MARKET SHARE

Products produced by Vinh Hoan are exported to more than **30 countries**. **EU and the US** are two main markets, accounting for 80% of the company's total export value. Vinh Hoan saw continued growth in pangasius exports to important markets such as the **UK, the Netherlands and Belgium** that helps Vinh Hoan increase its market share in EU among all Vietnamese pangasius exporters to EU. The market share rose **12% to 15%**. Besides, market share to some other markets such as **Australia (5%), Canada (5%), Hong Kong (4%), China (3%), Asean (2%) and other countries (1%)**.

Since 2010 up to now, Vinh Hoan had continuously been the largest pangasius exporter in Vietnam. It came the 2nd among top largest seafood exporters of Vietnam.

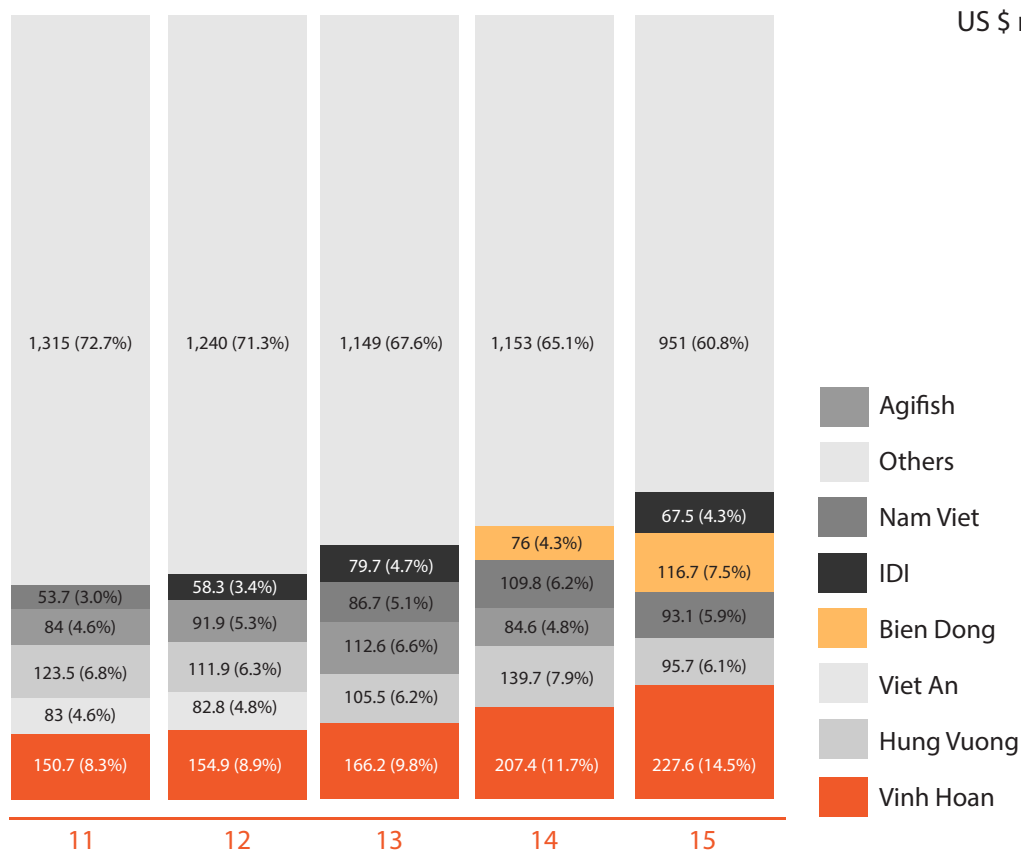
Source: VASEP

Unit : US \$ million

2011	2012	2013	2014	2015
VINH HOAN 150.7	VINH HOAN 154.9	VINH HOAN 166.2	VINH HOAN 207.4	VINH HOAN 227.6
HUNG VUONG 123.5	HUNG VUONG 111.9	AGIFISH 112.6	HUNG VUONG 139.7	BIEN DONG 116.7
AGIFISH 84.0	AGIFISH 91.9	HUNG VUONG 105.5	NAM VIET 109.8	HUNG VUONG 95.7
VIET AN 83.0	VIET AN 82.8	NAM VIET 86.7	AGIFISH 84.6	NAM VIET 93.1
NAM VIET 53.7	I.D.I 58.3	I.D.I 79.7	BIEN DONG 76	I.D.I 67.5

Top 5 pangasius exporters in Vietnam

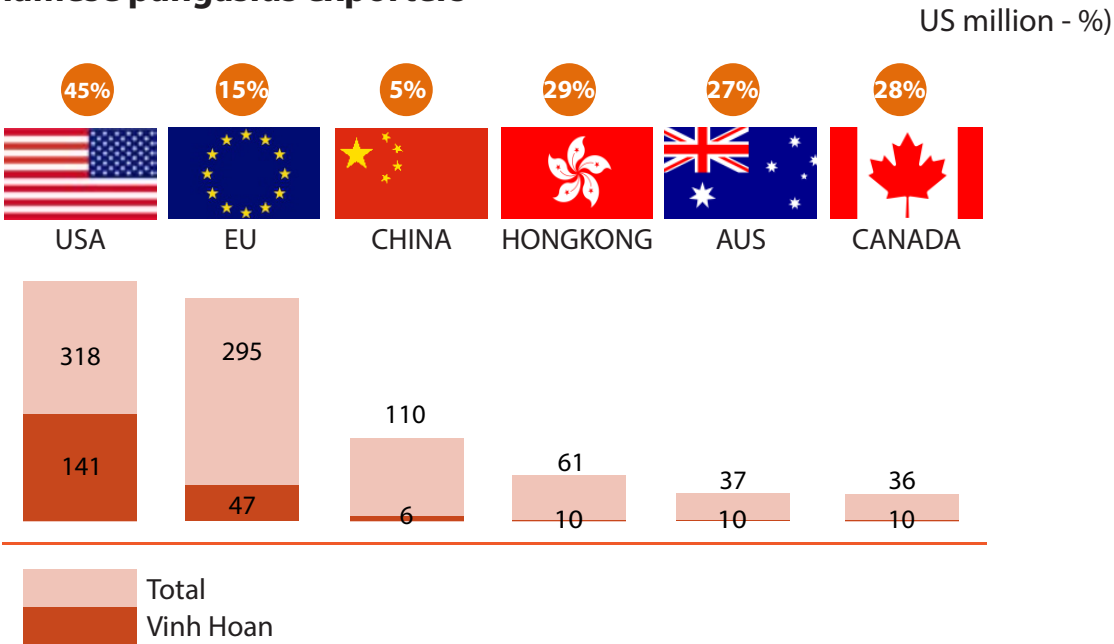
US \$ million



EXPORT MARKET SHARE

With main product of pangasius, in 2015, Vinh Hoan accounted for the market share of 15% from 13% of 2014. In 2015, the US remained to be the largest importer of Vinh Hoan (occupying 60%), followed by EU (with 20%). Although Vietnam's total pangasius sales to EU reduced in 2015, Vinh Hoan remained the stability in exports to the market through focusing on high quality segment, trustworthy and large distribution system. Vinh Hoan expanded its market share in the EU, especially in premium segment with 23%. In 2015, the company also saw significant growth in exports to Australia (+20%) with stable export price. Vinh Hoan's exports to Canada and Hong Kong remained positive growth with high market share. Other markets (China, Japan, Mexico, Chile) reported the growth of 80%-100%, despite low market share.

Export market share of Vinh Hoan to some main markets among all Vietnamese pangasius exporters



THE GOVERNANCE MODEL - BUSINESS ORGANIZATION AND MANAGEMENT APPARATUS

GROUP STRUCTURE AND SUBSIDIARIES



1 Vinh Hoan Food 2 Co., Ltd.

Was established in accordance with Business Registration No. 1401420853 dated July 27, 2011 – seventh amendment dated January 14, 2015 issued by Department of Planning and Investment (Dong Thap Province).

Charter capital: **VND100 billion**, of which **99.3%** contributed by Vinh Hoan.

Principal business: grains milling, rice polishing, rice import and export.

2 Vinh Hoan Food 3 Co., Ltd.

Was established in accordance with Business Registration No. 1401493918 dated September 21, 2011- first amendment dated April 17, 2012 issued by Department of Planning and Investment (Dong Thap Province).

Charter capital: **VND80 billion**, of which **90% (VND72 billion)** contributed by Vinh Hoan. As at December 31, 2015, Vinh Hoan has contributed VND311 million.

Principal business: grains milling, rice polishing, rice import and export.

The construction and operation of Vinh Hoan Food 3 Co., Ltd is yet to start.

3 Vinh Hoan 4 Co., Ltd.

Was established in accordance with Business Registration No. 140171196 dated April 05, 2012 issued by Department of Planning and Investment (Dong Thap Province).

Charter capital: **VND50 billion**. Vinh Hoan has not contributed into this company.

Principal business: processing, preserving seafood and seafood-related products.

The construction and operation of Vinh Hoan 4 is yet to start.

4 Vinh Hoan Collagen 5

Was established in accordance with Business Registration No. 1401587429 dated December 02, 2011 – sixth amendment dated May 13, 2015 issued by Department of Planning and Investment (Dong Thap Province). On January 4th 2016, Vinh Hoan Collagen 5 has been renamed as Vinh Hoan Collagen JSC

Charter capital: **VND100 billion**, of which **85% (VND85 billion)** contributed by Vinh Hoan.

principal business: extracting and manufacturing of hydrolized collagen and gelatin.

5 Octogone Holdings Pte. Ltd.

Was established in Singapore in accordance with Business Registration No. 20150681 dated March 17 2015 issued by Accounting and Corporate Regulatory Authority (ACRA)

Expected capital: **US\$700,000**; of which 100% was contributed by Vinh Hoan. On December 31st 2015, Vinh Hoan has contributed **US\$200,000**.

Principal business: trading, importing and exporting marine and aquaculture products

6 Van Duc Tien Giang Food Export Co., Ltd. Van Duc

Was acquired by Vinh Hoan in 2014-2015. The company was established in accordance with Business Registration No. 1200667963 15th amendment dated October 21, 2015

Charter capital: **VND 305,423,960**. As of December 31 2015, total shares was owned by Vinh Hoan.

Principal business: farming, processing, preserving and trading of seafood products and related products.

7 Vinh Hoan Hau Giang Co., Ltd.

Was established in accordance with Business Registration No. 6300254158 dated December 11, 2014.

Charter capital: **VND30 billion**, total shares was owned by Vinh Hoan. As of December 31st 2015, Vinh Hoan has contributed **VND 155,000,000**

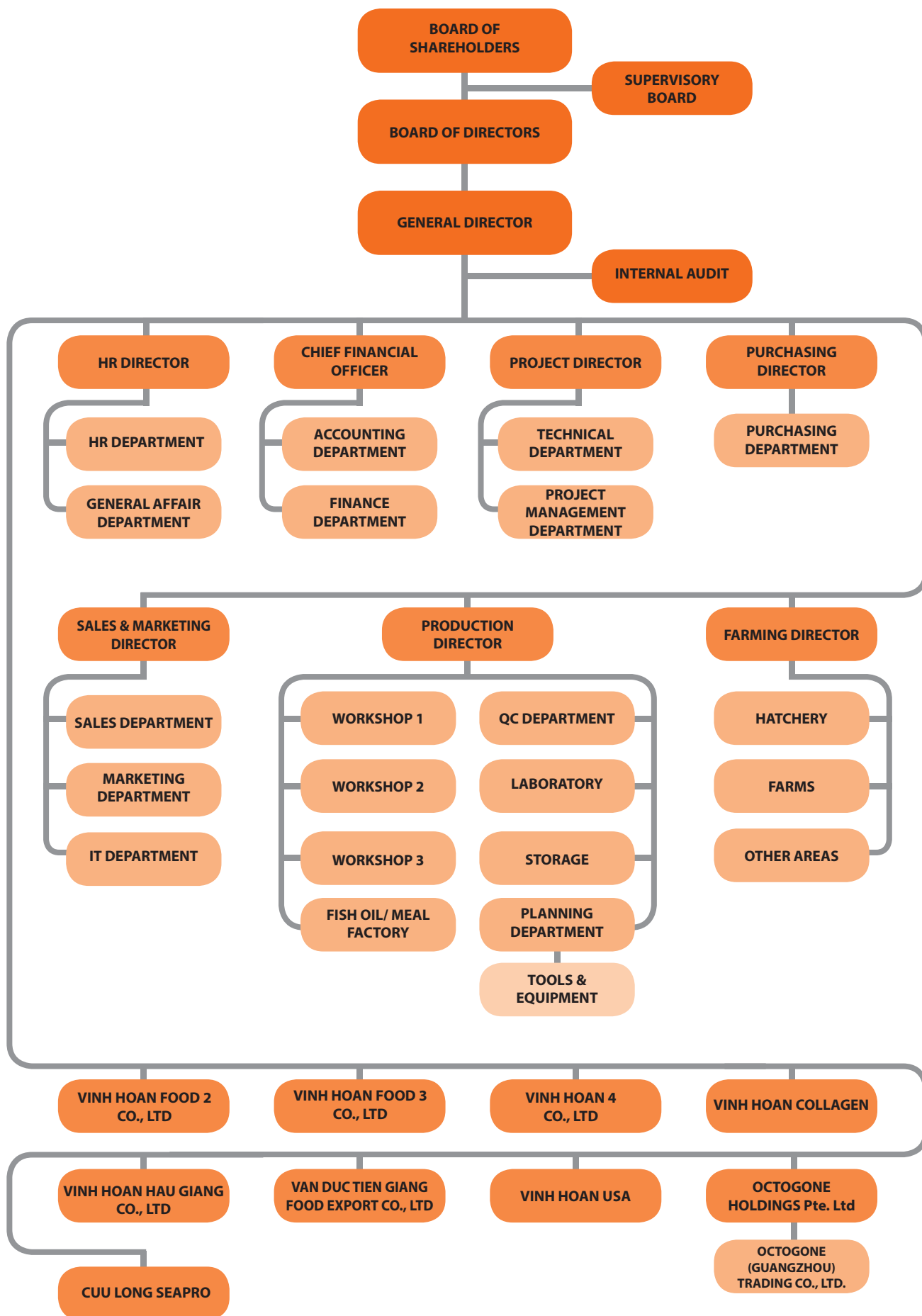
Principal business: farming of domestic fish and producing fish seed.



ORGANIZATION AND MANAGEMENT STRUCTURE

The company currently organizes its management apparatus according to the function of key activities, including (i) aquaculture, (ii) acquisition, (iii) processing, (iv) financial accounting, (v) basic construction, (vi) human resource and (vii) sales. Department heads will report directly to the Directors in charge of these departments. The departments are organized by operational function, from raw materials, manufacturing to trading.

Directors of the subsidiaries are in charge of production and business results of these subsidiaries and report directly to General Director. For overseas subsidiaries mainly in charge of sales operations, market development will coordinate with the parent company to have overall sales strategy and responsible for sales with Director of Sales and Marketing.





BUSINESS RESULTS IN FY2015

Report of FY15 business results by BoD

List of executives (Board of Directors + chief accountant)

Business results in 2015 compared to 2014 and 2015's plans

Implementation Of Investment Projects

The Financial situation

Improvements in Manufacturing and Aquaculture

Improvements in Organization - Policies - Management

BOM's supervisory report on BoD

Introduction BoD members

Board of Directors meetings in 2015

Management activities in 2015

Report on FY 2015 Business Results by Board of Directors and
Plan of Developments in 3 Years

Report of the Inspection Committee

Introduction of Supervisory Board

Supervisory Board's activities in 2015 and operation plans in 2016



REPORT ON PRODUCTION AND BUSINESS IN 2015 BY BOARD OF MANAGEMENT

LIST OF EXECUTIVES (BOARD OF DIRECTORS + CHIEF ACCOUNTANT)



Ms. Truong Thi Le Khanh

General Director

Year of birth: 1961

Education: Bachelor of Economics

Time with Vinh Hoan: 19 years

Ms. Truong Thi Le Khanh founded Vinh Hoan as a small frozen pangasius processing plant. She has held the position of Director General Director of the Company since its founding in 1997. She has also held the position of Chairwoman of the Board of Management since Vinh Hoan was converted into a Joint Stock Company in 2007. She was instrumental in achieving the Company's leadership position in the pangasius industry today.

She is responsible for chairing to Vinh Hoan's Board of Management meetings where the Company sets its visions and strategies. She is also responsible for guiding the Board of Management to make major corporate and operational decisions. She is also responsible for developing the next generation of executive officers of the Company.

Over the years, Ms. Truong Thi Le Khanh has received many awards and accolades acknowledging her contributions and accomplishments, examples of which are set out in the table below:

Honour/ Award	Awarding Body	Year
Top 20 Most Influential Women in Vietnam	Forbes Vietnam	2016
Top 50 Business Leaders – Mark of Respect	The Business Review	2015
	The Business Review	2014
Top 50 Business Leaders – Mark of Respect	Vietnam Chamber of Commerce and Industry	2014
Outstanding Businesswomen – Vietnam Golden Roses	Forbes Vietnam	2014
Vietnam's Top 10 Successful Businesswomen	The Vietnam Union of Science and Technology Associations	2013
SaiGon Successful Businesswomen	President of Vietnam	2013
The Third Labour Medal for Contribution to the National Economy 2005 – 2009		2011

Ms. Nguyen Ngo Vi Tam
Sales and Marketing Director

Year of birth: 1979

Education: Bachelor of Law, MBA, Maastricht school of Management

Time with Vinh Hoan: 13 years

Ms. Nguyen Ngo Vi Tam joined Vinh Hoan in 2003 as a salesperson. She was promoted to Sales Manager in 2006 and Deputy General Director (Sales) in 2008.

This title was changed to Sales and Marketing Director in 2014 and she has held this position since.

She has led the sales and marketing team for 10 years and was responsible for increasing export sales by approximately fivefold. As the Company grew its production scale, she played an important role in expanding its marketing and branding activities to ensure there is a corresponding demand for the C's products. She built an international sales team that speaks multiple languages and is experienced in multiple distribution channels and major markets globally. She oversaw the establishment of sale offices in the United States, Singapore and China and new product development and innovation.

She has been responsible for matters related to the United States anti-dumping duty review since this regulatory regime was introduced. She played a key role in working with the Company's US legal counsel, the US Department of Commerce, and other parties to achieve its zero anti-dumping duty status, a strategic advantage enjoyed by the Company.

She works with the Board of Management to set the long term growth vision of Vinh Hoan and is responsible for the overall execution of the Company's strategy. She leads the Company's investor relations, corporate development, sustainability development, and senior talent development activities.

Over the years, Ms. Nguyen Ngo Vi Tam has received many awards and accolades acknowledging her contributions and accomplishments, examples of which are set out in the table below:

Honour/ Award	Awarding Body	Year
40 under 40 – World Seafood Leader	Intrafish	2016
Merits for Excellent Performance 2011	Chairman, DongThapPeople's Committee	2012
Merits for Contribution to the Country's Economy	Prime Minister, Vietnam	2011
Merits for Seafood Business Performance	Ministry of Agriculture and Rural Development	2007





Ms. TRUONG TUYET PHUONG

Purchasing Manager

Year of birth: 1974

Education: Bachelor of Accounting-Auditing

Time with Vinh Hoan: 19 years

Ms. Truong Tuyet Phuong has been an employee of Vinh Hoan since its establishment in 1997. She was Chief Accountant - Ho Chi Minh Branch Office and was appointed Deputy General Director (Finance and Administration) in 2008. Since 2014, she was appointed Purchasing Director responsible for relationship management with the Company's vendors, raw materials quality control, cost control, and anti-bribery and corruption control at its purchasing operation.

She also works with the General Director on human resources and administration matters.

Ms. Ho Thanh Hue

Production Director

Year of birth: 1982

Education: Environmental Engineering

Time with Vinh Hoan: 12 years

Ms. Ho Thanh Hue joined Vinh Hoan as a Staff Member of the Quality Management Department in 2004. She was promoted to Assistant Manager in 2006 and Vice Manager of a pangasius processing facility in 2007. Between 2007 and 2009, she was Assistant to Production Director before she was appointed as Production Director in 2010. She is responsible for all aspects of the Company's production including construction planning, production planning, and operation management. She is also responsible for training and motivating the operation team. She takes an important role in the implementation of the Company's production capacity expansion strategy, responding promptly and fully to growth in sales while optimising production efficiency. She has been responsible for much the Company's expansion projects, including layout, equipment purchasing, contractor management, and engineering management.

She has extensive experience in production planning, raw material purchasing, logistics management, and quality control management. She manages day-to-day raw material purchasing decisions, monthly production planning, external audit processes, technical innovation, and quality control matters. She works with her team, which consists of thousands of employees, to maintain smooth operation and security of the properties.





Ms. Nguyen Thi Kim Dao
Chief Financial Officer

Year of birth: 1979

Education: Bachelor of Accounting – Auditing

Time with Vinh Hoan: 13 years

Ms. Nguyen Thi Kim Dao joined Vinh Hoan in 2003 as the Chief Accountant before being appointed as the Chief Financial Officer in 2014. In her new role, she is responsible for the overall financial affairs of the Company, including maintaining accurate and complete financial records, fulfilling regulatory requirements in relation to tax, labour and enterprise laws, ensuring integrity for the Company's anti-bribery and corruption control, and optimising the Company's capital efficiency.

She has been responsible for preparing financial records and analysis in relation to the US anti-dumping review since joining the Company. She played a key role in preparing the required documentation in accordance with the US Department of Commerce requirements to achieve its zero anti-dumping duty status, a strategic advantage enjoyed by the Company.

She works with the Board of Management closely on matters related to finance, compensation, and organization management.

Mr. Huynh Duc Trung
Project Director

Year of birth: 1963

Education: Food Processing Engineering

Time with Vinh Hoan: 16 years

Mr. Huynh Duc Trung joined Vinh Hoan in 2000 and was one of the earliest employees of the Company. He was instrumental in establishing processing facilities and production. He was Vice General Director (Production and Farming) for 13 years before being appointed Project Director in 2014. He is responsible for establishing and monitoring new farms construction, in addition to maintenance, security and work safety at the Company's facilities.

He also represents the Company on environmental, fire prevention, labor trade union, and land use rights issues with local governments and regulatory authorities.





Ms. Dang Thi Thuong

Farming Director

Year of birth: 1987

Education: Master of Biology

Time with Vinh Hoan: 6 years

Ms. Dang Thi Thuong joined Vinh Hoan as Farming Certification Manager in 2010 before she was promoted Farming Director in 2014.

She has been instrumental in differentiating the Company through achieving internationally recognized responsible farming certifications, including ASC in 2012 and BAP 4 star in 2015. She is responsible for managing external certification and customer audit processes for sustainable farming, in addition to working closely with farms managers to monitor safety and efficiency parameters and new farming techniques. She is also responsible for developing processes for farming new species and representing the Company in private and public partnership programs for farming innovation and sustainability.

Ms. Nguyen Thi Hanh

Acting Human Resources Director

Year of birth: 1973

Education: Master of Human Resources Management, Swinburne University, Australia

Time with Vinh Hoan: 1 year

Before joining Vinh Hoan in 2015 she had more than 10 year experience working as human resources manager in multi-national and leading national companies in Vietnam. She has systemized the management of human resources and recruited some important senior managers for the Company. Ms.Hanh also set up a clearer and stronger system for performance evaluation for the Company's employees. She works closely with the Board of Management in regards to improvements of the organizational structure. She plays an important role in ensuring the stable workforce for production.





Ms. Huynh Thi Tuyet Nga
Director of Van Duc Tien Giang

Year of birth: 1978

Education: Bachelor of Seafood Processing

Time with Van Duc Tien Giang: 9 years

Ms. Huynh Thi Tuyet Nga worked as Production Manager and Director of a seafood company for 7 years before she joined Van Duc Tien Giang Food Export JSC when it was first established in 2007.

She is responsible for managing much of its expansion projects over the years, including layout, equipment purchasing, contractor management, and engineering management. She is also responsible for managing its supply chain, purchasing, and human resources.

She is known for her leadership among her team for over nine years and is instrumental in motivating her team to deliver business results. After the acquisition by Vinh Hoan, she works closely with the Production Director to coordinate the Company's overall capacity and extract synergy from the acquisition.

Mr. Vo Phu Duc
Director of Vinh Hoan Collagen

Year of birth: 1976

Education: Construction Engineering

Time with Vinh Hoan: 13 years

Mr. Vo Phu Duc joined Vinh Hoan in 2003 and was responsible for the Company's expansion projects including the Company's processing and feed operation. Between 2007 and 2013, he was Director of Vinh Hoan Feed where he was instrumental in growing profitability and reputation of the feed operation. The feed business became one of the leading aqua feed operation in Vietnam and was sold to Pilmico Foods, a subsidiary of Aboitiz Equity Ventures. He was then appointed as Director of Vinh Hoan Collagen. He was instrumental in completing construction and commissioning in 2015 and ensuring its collagen and gelatin products meeting technical specifications. He is responsible for new business development, technological innovation, and the overall business results of Vinh Hoan Collagen. He also works closely with the General Director on research and development initiatives, including information technology, engineering and processing technologies.



BUSINESS RESULTS IN 2015 COMPARED TO 2014 AND 2015'S PLANS

INDUSTRY SUMMARY

2015 is a difficult year for Vietnam shrimp sector, leading to a significant decline of Vietnam seafood exports. Total seafood export value in 2015 was US\$6.6 billion; 16% decline from 2014 (with sales valued at US\$7.84 billion). Although shrimp exports continued to remain the largest proportion of total seafood export value, shrimp sales fell by 25% from nearly US\$4 billion in 2014 to US\$3 billion in 2015. The material supply had a major impact on the cost competitiveness of Vietnam shrimp exports when compared to its competitors such as India, Thailand and Indonesia. Unfavorable weather conditions in the Mekong Delta has resulted in the rise of raw material costs making Vietnamese shrimp more expensive than that of other countries. This has led to the slump in shrimp output and sales of Vietnam.

Why did the Board of Management want to highlight the economic performances and the competitiveness challenges the shrimp sector was facing in its 2015 annual report?

The reasons being that both sectors face the similar problems and challenges of rising raw material costs. If Pangasius sector want to overcome its challenges and continue to grow, there is an urgency to recognize the challenges faced by the fishery industry in general to find feasible solutions for its deep rooted problems especially when Vinh Hoan wants to tap on the shrimp business as part of its expansion strategies.

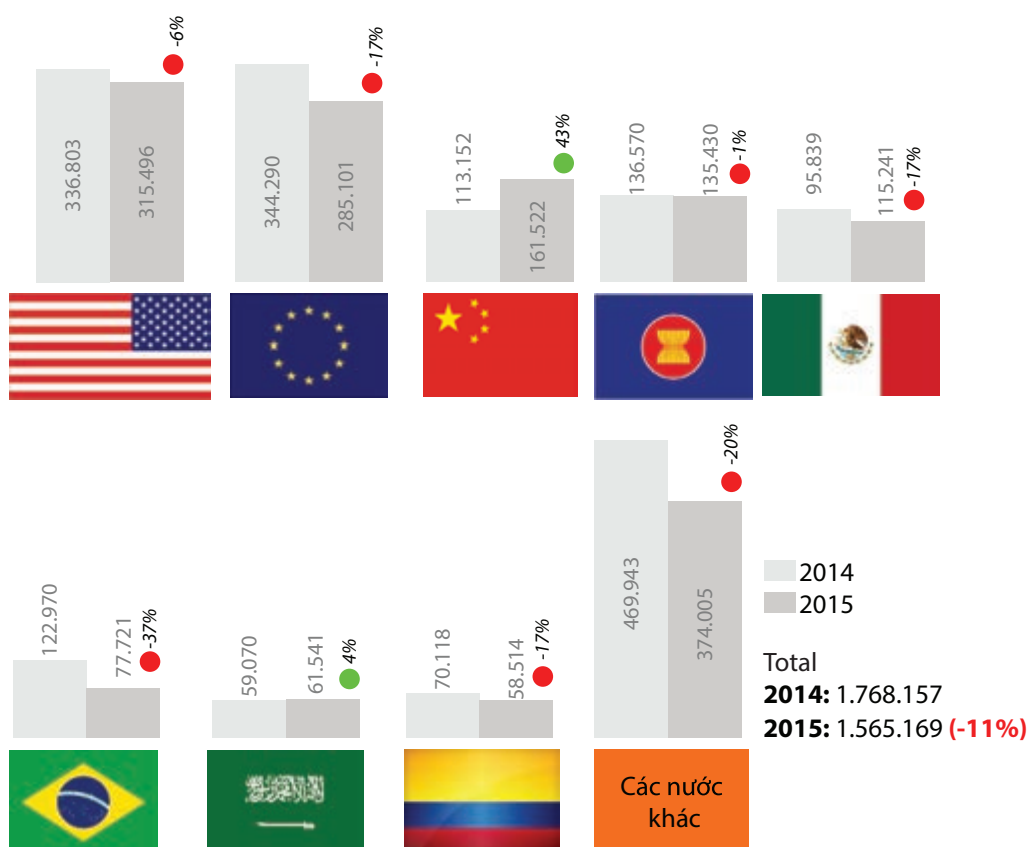
First, aquaculture is related to rivers, lakes, ponds, weather and climate. However, producers of shrimp and pangasius need to have knowledge, competence, commitment and plans to ensure long-term supply and sustainable competition. Sustainable aquaculture is not only a slogan, certification or logo on a product but it is also a vital concept we live by, as we are obliged to operate sustainably to ensure the long term health of our industry.

Secondly, to encourage stability and productivity in the fishery business, enterprises need to build markets and strong sales channels so that the industry as a whole can withstand fluctuations in the external economies and the "commodity" worlds.

Vietnam pangasius exports was US\$1.58 billion in 2015, a decline of 11% from 2014 (US\$1.77 billion) – a very steep decrease since the development of Vietnam pangasius history. The decline is mainly due to lower export price. Pangasius purchasers are very price sensitive. Their perceived prices in 2015 have affected their purchasing behaviours despite a healthy and stable demand for Vietnam pangasius. The purchasers expected the pangasius prices in 2015 to decline further taking into account the plunge in the global oil and soy pulp prices and has continued to put pressure on the Pangasius exporters to lower their prices. (A lower oil and soy pulp prices have contributed to lower raw material costs for feed price.)

Some market developments and events in the pangasius sector in 2015:

- Pangasius exports to Brazil declined over 30% due to some changes to their requirements on product quality. Exports to other larger markets continued to remain strong. The decline in export sales value was a result of the decline in export prices as per abovementioned analysis. Large importer markets of Vietnam pangasius include the US, EU, China, ASEAN, Mexico and Brazil. Exports to China and some ASEAN countries like Thailand and Philippines have reported a sharp increase.



- As analyzed above, exports to markets saw the stability, some markets saw the reduction due to lower price of raw material. Exports to EU saw a better result, especially in European markets in the premium segment. Some markets in EU (the UK, the Netherlands, Germany, Belgium) are increasingly shifting to consume high quality products produced under transparent, safe and sustainable standards. In some EU markets, even input costs downed, selling price saw a slight decline or rose. This means that markets has been more clearly differentiated. In some certain markets, the value of pangasius has been improved and not mere “commodity” like other markets.
- In some markets; distributors, retailers and competent authorities pay more attention to quality and food safety; consumers begin to have higher requirements on traceability, sustainability of the products. The short-term reduction in pangasius exports is understandable and that is an opportunity for producers who have long-term investments in product quality.

- With respect to legal documents related to the pangasius industry, 2014 attracts much attention from government agencies, experts and companies regarding Decree No. 36/2014/NĐ-CP which gives guidance on farming, processing, and exporting of pangasius products. Following this Decree, several quality standards will be controlled at a higher level on par with pangasius are being consumed on the market. The Decree aims to improving the pangasius image in market and better planning in farming process in both quantity and quality. Based on comments and survey responses received, the implementation of this Decree has been placed under suspension until the end of 2015. Until now, though there hasn't been new guidelines on the Decree 36, but pangasius market has changed by itself in the past 2 years. This Decree, if being effectively conducted in accordance with market's rules will create a positive impact on the industry's future sustainable development.
- On November 26th 2015, the USDA announced that it will officially apply new regulation on catfish inspection program (Farm Bill) since March 2016. Accordingly, catfish exporters to the US will have a 18 month transitional period. From now to September 1st 2017, Vietnam must send FSIS documents to prove that the country have an inspection system at producing areas and have equivalent standards with the US. If FSIS determined that documents of Vietnam is equivalent with FSIS program, FSIS will conduct field inspection on equivalent system which Vietnam offers. While waiting for FSIS's assessment, Vietnam exporters can continue exporting pangasius to the US. This may be a challenge for Vinh Hoan in particular and Vietnam pangasius industry in general in the future. However, Vinh Hoan will have strategies and make effort to find opportunities to overcome challenges and continue the development.
- Regarding the situation in the consuming countries, importers faced many difficulties in 2015 due to devaluation of many currencies in the world, especially in the EU. Pangasius products remain competitive position compared to other white fish species on the market. The fish continues to be a healthy protein source with a affordable price for consumers around the world. Although pangasius selling price in 2015 decreased following the downward trend of agricultural and aquatic product price in the global market, pangasius remained stable sales volume and increasingly well-known in many countries.

In 2015, Vinh Hoan witnessed below important events in production, market and business results:

- Anti-dumping duty of 0% imposed on Vietnam pangasius exported to the US are remained in the 10th administrative review (POR10). Along with developing new markets, Vinh Hoan continues to promote its advantages in the US market. This made a large contribution to revenue and profit margin of the company in 2015.
- Despite the general industry's decreasing sales to Europe, Vinh Hoan maintains its growth in key markets such as: UK, the Netherlands, and Belgium; increasing its share in the industry's total EU export value from 12% to 15%. This is the third consecutive year, Vinh Hoan continues to increase its market share in Europe. That reflects the competitive advantages of the company in this region which has high requirements on systematic control and strict compliance in business production. With high-end market segment in Europe, Vinh Hoan took the market share of over 23%.

- Capacity expansion to save costs, increase competitiveness and increase Vinh Hoan's penetration into large, emerging markets like China, Mexico, Chile as well as to yield higher profit margin.
- Establish the subsidiary "Octogone Holdings Pte. Ltd." in Singapore with 100% capital contribution ratio to own Octogone (Guangzhou) Trading Co., Ltd., with an aim to boosting sales in Chinese market.
- At the end of Q1/2015, Collagen plant officially came into operation with a designed capacity of 2,000 tons of finished product per year (1,000 tons of collagen peptide and 1,000 tons of gelatin). In 2015, the company has completed quality management system with certifications like the ISO 9001: 2008, ISO 14001: 2004, GMP-WHO, certification for plants eligible for food safety issued by the Ministry of Health. Besides, the company received necessary certifications to sell products for domestic market as well as export raw material to food, cosmetics and pharmaceuticals companies, achieved HALAL certification to approach the Islamic markets.
- Establish team "New Product Development" to develop value-added products, implement the strategy of increasing sales of these items in the future.
- Narrowing down the rice business following restructuring plan, decreasing its impact on the final business results.



BUSINESS RESULTS SUMMARY

Board of Management has overachieved the targets set out by shareholders for 2015 with positive growth, profit exceed the plans and reach the record high in sales.

The company's Board of Directors report to shareholders the specific results of 2015 are as follows

GROWTH IN REVENUE AND PROFIT COMPARED TO 2014

Unit: VND billion

Item	Actual 2014	Actual 2015	% Growth
Consolidated Revenue	6,292	6,493	3%
Consolidated Net Profit after Tax	288*	323	12%

** This profit was excluded the profit from the sale of Vinh Hoan Feed 1 JSC in 2014. Total profit after tax for 2014 is VND439 billion*

2015'S REVENUE AND PROFIT RESULTS: ACTUAL VS. PLAN

Unit: VND billion

Item	Actual 2015	Plan 2015	% achieved
Consolidated Revenue	6,493	7,270	89%
Consolidated Net Profit after Tax	323	320	101%

If separating core business, the turnover of pangasius products reached 95% of the plan. Consolidated revenue reached 89% of the plan. The reasons are:

In 2015, the company had limitation in trading aquatic feed because it realized that receivables cannot be guaranteed.

Products of collagen and gelatin only had a small contribution to the company's revenue because the company needed time to achieve important quality certifications required by the market and customers and it must complete procedures to be approved in importing countries.

SALES BY PRODUCTS AND ACTIVITIES

Consolidated net sales in 2015 increased by 3% compared to 2014, including a significant contribution from sales of pangasius products and related by-products. With sales of seafood products and pangasius fat powder, the company reached VND 6,229 billion, an increase of nearly 16% compared to 2014. The structure of the main product sales have generally no significant change compared with the previous years. Revenue from sales of goods included revenue from the sales of pangasius products and aquatic feed. Services revenue was mainly from entrusted export services.

Sales by products and activities from 2013 to 2015

Unit: VND billion

	2013	% of total	2014	% of total	2015	% of total
	Revenue	revenue	Revenue	revenue	Revenue	revenue
Merchandises	291	6%	366	6%	250	2.8%
Finished products	4,180	82%	5,141	81.7%	5,252	80.94%
Service	30	0.5%	16	0.3%	2	0.06%
Raw materials	52	1%	67	1%	54	1.7%
Scrap	542	10.5%	702	11%	935	14.5%
Total	5,095		6,292		6,493	

After the company narrowed the rice business and collagen producing plant has just been started in 2015; the revenue of the company was mainly consolidated from Van Duc Tien Giang Food Export Co., Ltd. In detail:

Unit: VND billion

	2015 Revenue
Parent company	5,232
Vinh Hoan 2	37
Van Duc Tien Giang	1,553
Vinh Hoan Collagen 5	26
Octogone Holdings Pte. Ltd.	2

Van Duc Tieng Giang Food Export Co., Ltd

Vinh Hoan's share: 100%

Operating activities: farming and processing pangasius products

After merging with Vinh Hoan Corp, Van Duc Tien Giang recorded good performance, helping the parent company increase production capacity, contributing positively to the overall business results of core pangasius sector. Net sales of Van Duc Tien Giang in 2015 increased by 38% compared to 2014 (VND1,553 billion) and profit after tax reached nearly VND 92 billion

Vinh Hoan Food 2 Co., Ltd

Vinh Hoan's share: 99.3%

Operating activities: rice processing and exporting

In 2015, Vinh Hoan Food 2 narrowed down rice sector to prepare for restructuring. Vinh Hoan 2 earned VND37 billion in revenue and had a loss mainly due to depreciation at VND20 billion.

Octogone Holdings Pte. Ltd. ("Octogone")

Vinh Hoan's share: 100%

Operating activities: Investing in Octogone (Quangzhou) Trading Co., Ltd., that is a sales facility for parent company in China

Thanks to the organization of the sales team at locality with language proficiency and thorough knowledge in local market and culture, the company has developed well the Chinese market in 2015. The company consistently implements competition according to law, introduces quality products to buyers to develop the second largest market of the pangasius sector. The company orients to focus on sustainable development in Chinese market. Besides supporting in exports for the parent company, Octogone Quangzhou has import license, finish customs procedures and delivery to customers in China. Revenue of Octogone in 2015 hit about VND2 billion.

Vinh Hoan Collagen 5

Vinh Hoan's share: 85%

Operating activities: Manufacturing of collagen and gelatin extracted from pangasius skin.

At the end of Q1/2015, Collagen plant officially came into operation with a designed capacity of 2,000 tons of finished product per year (1,000 tons of collagen peptide and 1,000 tons of gelatin). In 2015, the company has completed quality management system with certifications like the ISO 9001: 2008, ISO 14001: 2004, GMP-WHO, certification for plants eligible for food safety issued by the Ministry of Health. Besides, the company received necessary certifications to sell products for domestic market as well as export raw material to food, cosmetics and pharmaceuticals companies, achieved HALAL certification to approach the Islamic markets. During the implementation of these certifications and registration procedures to be approved by the importing country, the company had many customers who "pass" sampling phase and made the first order for their trial production. The revenue in 2015 hit only VND26 billion without profit, but in this revenue has a significant contribution of customers who have tried purchasing several hundred kilograms. Thus, this is an encouraging result that is considered as a prerequisite to boost sales in the first quarter of 2016.

ANALYSIS OF MARGINS

In 2015, company has changed methods of calculating profit from by- products, so there is a large difference in the rates of gross profit of each product group . Comparing with the same accounting basis of 2014, the gross profit margin of finished products and by-products group is 12,69 % , roughly equivalent compared to 2014.

VINH HOAN CORP SALE RESULTS IN 2013 – 2015 (BILLION VND)

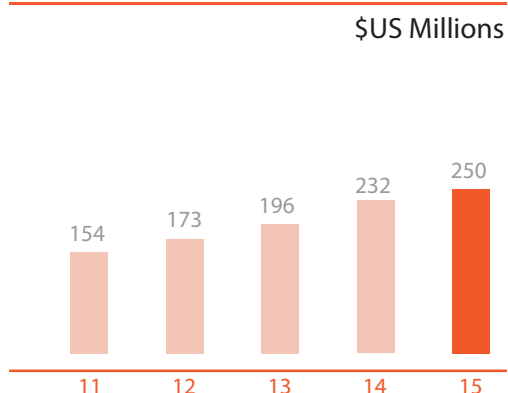
Unit: VND billion

Items	2015	2014	2013
Merchandise sales	250	366	291
Sales from finished products	5,252	5,141	4,180
Sales from by-products	935	702	542
Production prices for merchandise	224	333	255
Production prices for finished products	4,449	4,433	3,665
Production prices for by-products	953	645	530
Gross profit margins for merchandise	10.40%	9.02%	12.37%
Gross profit margins for finished products	15.29%	13.77%	12.32%
Gross profit margins for by-products	-1.93%	8.12%	2.21%
Gross profit margins for finished products and by-products	12.69%	13.09%	11.16%

ANALYSIS ON EXPORTS

The total export value of the company in 2015 reached US\$250 million, up 7% compared with 2014, of which seafood export sales increased by 15% . Repeatedly in the nearly 10 past years the company always grow at double-digit rates in seafood export value, expanding market , steadily increasing market share overseas and across the sector.

Vinh Hoan Corporation export value in 2011-2015



Vinh Hoan Corporation export items in 2015

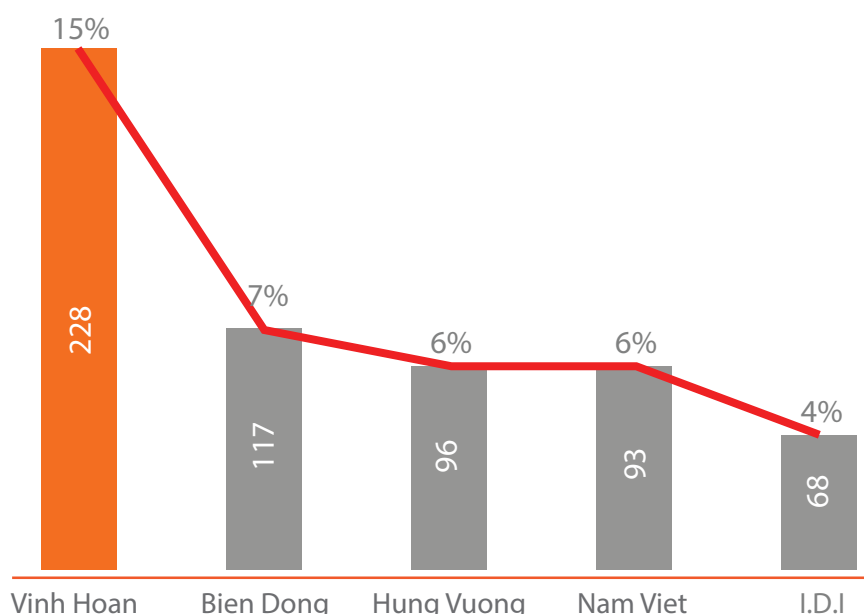


From 2010 to now, Vinh Hoan continuously maintain its leading position in the entire pangasius industry, accounting for 15% pangasius sales in 2015, increased by 2 % compared to 2014.

TOP 10 OF VIETNAM PANGASIOUS EXPORTERS IN 2015

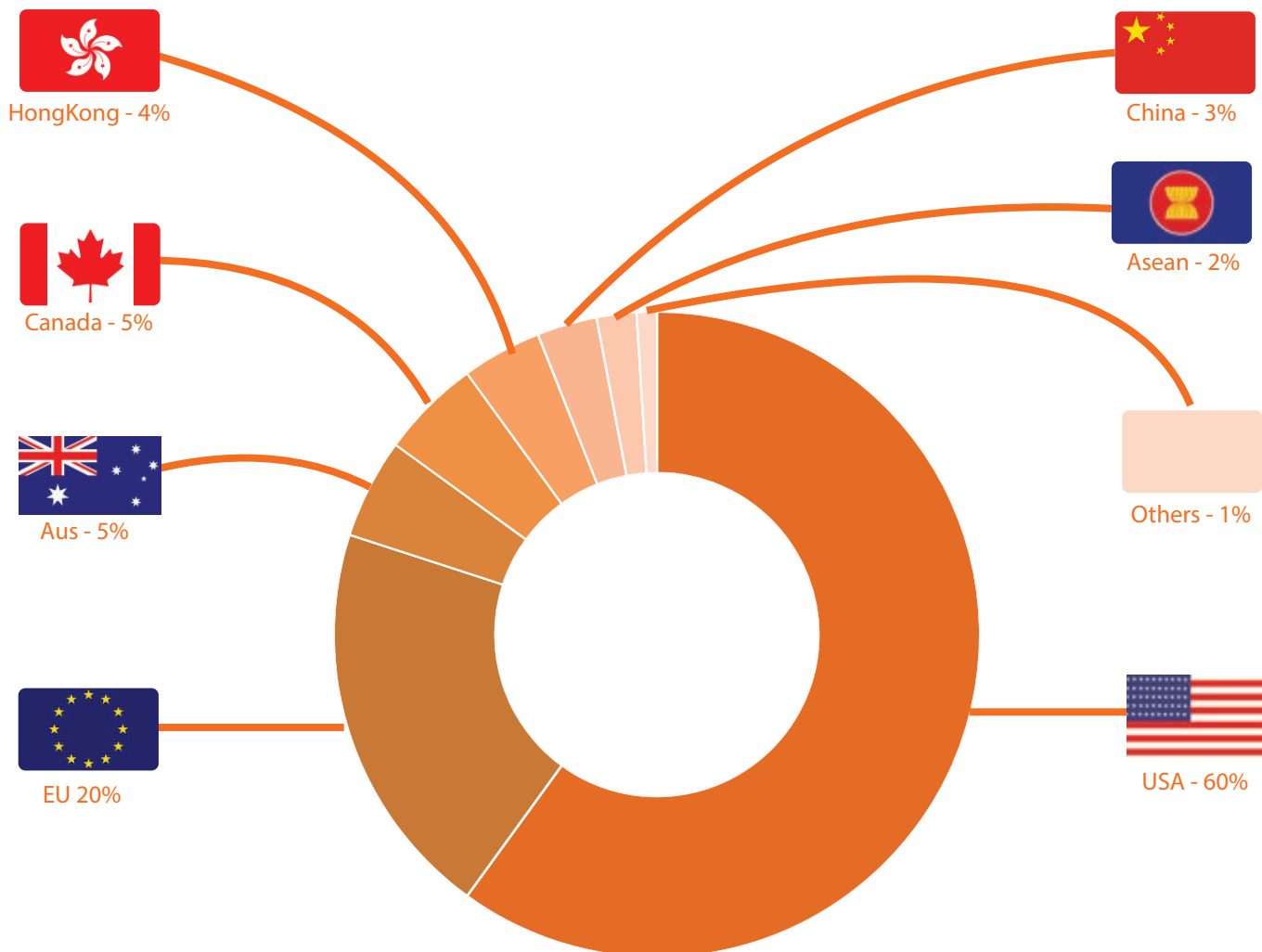
Source: VASEP

Export value (Million USD) & export share of the leading pangasius exporters in Vietnam



In 2015 Vinh Hoan Corp's main export markets were the US (accounted for 60% of sales) and Europe (20%). For the European market, although the sector's exports fell, Vinh Hoan remained stable export turnover to the market thanks to the sales policy in the high quality segment, large and credible distribution systems. The company has developed more market share in Europe in general and especially in the premium segment, accounting for 23%. Especially in the European market, in 2015, Vinh Hoan recorded a 0.5% rise in export prices compared to 2014 in the context of decreasing prices in other pangasius markets of Vietnam. In 2015 exports to Australia also recorded an outstanding growth of nearly 20% with stable prices. For other markets such as Canada and Hong Kong, Vinh Hoan maintain good growths and higher market shares. Other markets include China, Japan and some South American countries (Mexico, Chile), although not reaching a high proportion, but got the boom from 80% to over 100%.

Seabass products of the company have gradually stabilized in 2015 with a farming plan under the sale program, paving the way to improve farming efficiency and greater development in the future. In the past year the company also started selling ilapiaproducts although value was not significant. Value-added products exports kept steady growths, despite that accounted for only approximately 2% of sales in 2015, but they got higher price at 3% over the previous year. This is a positive development, indicating the development of added values in products, creating a basis for further development orientation in 2016 and subsequent years.



IMPLEMENTATION OF INVESTMENT PROJECTS

Total expenses for procurement of fixed assets in 2015 is US\$348 billion, including:

The project "Van Duc,Tien Giang seafood Factory - Phase 2 " invested in 2015 with expected total investment of VND340 billion which includes the main categories :

- Pangasius fillet processing lines with capacity of 12,000 tons of finished products per year
- Lines for production of value-added finished products with capacity of 3,000 tons per year
- Lines for the production of fishmeal and fats from pangasius with capacity of 18,000 tons per year
- Cold storage for finished products with capacity of 2,500 tons

During the year, Van Duc Tien Giang has disbursed about 55 % invested capital.

This project is expected to put into operation in June 2016.

Project " Fish meal, fish fat processing workshop - expanded investment phase 2 " started in 2014 with a total expected investment of 148 billion VND. Through 2015 Vinh Hoan has disbursed about 33 % invested capital. The project is expected to commence operations in May 2016 .

Project "Plant of Collagen and Gelatin from pangasius skin" invested in 2013 with a total capital of 484 billion VND. Through 2015, Vinh Hoan Collagen 5 has disbursed approximately 88% invested capita . By the end of Q1 2015, Collagen plant began operating with designed capacity of 2,000 tons of finished product s a year (1,000 tons of collagen peptide and 1,000 tons of gelatin).

THE FINANCIAL SITUATION

Unit: Billion VND

Targets	2015	2014	Variation (%)
The total value of assets	4,357	4,492	-3%
Net revenue	6,493	6,292	3%
Profit from operations (*)	389	407	-3%
Other profits	(2)	(3)	-33%
Profit after tax	321	312	3%
Profit after tax of parent company shareholders	323	288	12%

(*): Not including profit from transfer of Vinh Hoan 1 Feed JSC in 2014.

THE MAJOR FINANCIAL RATIOS

Ratios	2015	2014
1. Liquidity Ratios		
Current Ratio		
Short-term assets/short term Debt	1.57	1.23
Quick ratio		
Short term assets-inventory/short term Debt	0.85	0.66
2. Capital structure ratios		
Total Debt To Total Assets Ratio	0.52	0.58
Debt to Equity Ratio	1.09	1.39
3. Target Groups about operational capacity		
Inventory Turnover Ratio	4.13	4.29
Cost of goods sold	5,691	5,469
Average inventory	1,377	1,276
Net sales/total assets	1.49	1.40
4. Profitability ratios (**)		
Profit after tax/net revenue	4.97%	4.58%
Profit after tax/owner' equity	16.35%	17.27%
Profit after tax/total assets	7.29%	8.18%
Operating Profit /net revenue	5.99%	6.47%

(**): Not including profit from transfer of Vinh Hoan 1 Feed JSC in 2014.

ASSET ANALYSIS

Thanks to efforts in market development, Vinh Hoan has risen revenue while maintaining good growths in profit margins of the major sectors in 2015. The index of liquidity and debt structure reflects positive and safe direction. The index of inventories was equivalent to 2014. At the end of 2015, the inventory is lower than the same period in 2014, reflecting trend of growth in sales in 2016.

Total assets have not changed much compared to 2014, but there is a difference in structure of each item, as follows:

SHORT-TERM ASSET

- Short-term investments decreased significantly (Almost nothing), since the company restructured loans at the end of the year.
- Short-term receivables increased by 70% on average, partly due to the increase in sales by the end of the year and longer time for goods in transit.
- Liabilities were managed very well for many years, most customers pay on time . In 2015, Vinh Hoan has no bad debts.

Items	2015	2014	Change
Receivable Turnover	6.83	11.13	(4.30)
Goods sale	6,493	6,292	3.2%
Average receivables	951	565	68.1%
Days of sales outstanding	53.4	32.8	20.6

INVENTORY

Inventories fell 11 % late year mainly due to increase in sales by the end of 2015.

Inventory turnover decreased slightly due to the sale of Vinh Hoan Feed and purchase of Van Duc Tien Giang (Inventory turnover of the aquatic feed was faster than that of pangasius). VHC inventory turnover is considered better than other pangasius companies .

Items	2015	2014	Change
Inventory Turnover	4.13	4.29	(0.15)
Cost of goods sold	5,691	5,469	4.1%
Inventory Outstanding	1,377	1,276	7.9%
Days Inventory Outstanding	88.3	85.2	3.2

LONG-TERM ASSETS

Long-term assets increased by 10 % mainly thanks to the purchase of new machinery and equipment, investment in collagen plant, pangasius farming areas, by-product processing plants for the Parent company and investment for expansion of Van Duc Tien Giang pangasius processing plant.

LIABILITIES

CURRENT STATE OF LIABILITIES

Unit: Billion VND

Items	2015	2014	Change
Short-term debts	1,819	2,534	-28%
Short-term debts and borrowings	1,334	2,036	-34%
Long-term liabilities	449	71	530%
Total liabilities	2,268	2,605	-13%
Liabilities/Total assets	0.52	0.58	(0.10)
Financial leverage (total assets/owner' equity)	2.10	2.40	(0.30)

COST CONTROL

While the business pressures are increasingly competitive, Vinh Hoan has been focusing on cost control.

Specifically, in 2015 the Company regularly control costs, avoid losses and waste to use up resources effectively, and apply management practices and encourage reducing consumption rates for inputs such as materials, energy, and packaging, especially maximizing production capacity.

These efforts resulted in sharp decrease in sales and administration expenses compared to 2014.

Cost of goods sold/ revenue ratio increased compared to 2014 due to the Company began to develop into other markets outside the US at initial higher prices than in traditional market. Net expenses for financial operating increased compared to 2014 mainly due to changes in accounting for exchange rates. In 2015 the Company has applied the Circular No. 200/2014 / TT - BTC of December 22, 2014 of the Ministry of Finance guiding enterprise accounting regime, replacing Decision No 15/2006 / QD - BTC dated 20 May 3, 2006 by the Minister of Finance.

EXPENSES/REVENUES

Items	2015	2014	Change
Cost of goods sold	87.64%	86.92%	0.72%
Cost of sales	3.89%	3.90%	-0.01%
General and administrative expenses	1.81%	2.57%	-0.76%
Net expenses for financial activities (*)	0.67%	-0.8%	1.25%
Total	94.01%	92.81%	1.2%

(*) : Excluding profit from transfer of Vinh Hoan Feed JSC

INVENTORIES

By the end of 2015, inventories decreased by 10% in value compared with the end of 2014 mainly due to decline in finished products. The absolute level of inventory growth in aquaculture is reasonable in relation with revenue growths and increase in a closed aquaculture percentage of the company.

Inventories	By the end of 2015	By the end of 2014
Materials	74,564,312,624	107,132,569,320
Tools, instruments	8,154,634,679	6,087,445,381
Work in progress	795,921,774,926	698,479,229,636
Finished products	476,134,366,927	674,249,388,095
Commodities	964,785,087	3,537,000
Good in transit for sale	8,000,965,141	23,710,934,849
Total	1,363,740,839,384	1,509,663,104,281

CHANGES IN OWNER' EQUITIES

There was no changes on owner' equities in 2015.

Total investment capital of the owners by December 31, 2015 was **924,039,430,000 VND**.

PROFIT DISTRIBUTION

According to the resolution of shareholders' meeting on May 8, 2015, dividend payout rate of 2015 is 15% in cash . Company made dividend payout for the 1st time with 10% in cash in 2015, the 2nd time with 5% will be paid after April 11, 2016.

IMPROVEMENTS IN MANUFACTURING AND AQUACULTURE



In 2015, Company has made efforts in improving productivity, increasing production capacity to raise sales and operating scale. In addition, the company has continued to improve management efficiency in many departments. This has been achieved by reviewing actual work procedures, creating new processes and adding additional essential personnel to reduce costs, while still enhancing quality control to reinforce the Vinh Hoan brand. The company has maintained as well as implemented new levels of international quality management certification including BRC, ISO 22000, ISO 9001, ISO 14001 and IFS for factory and ISO 17025 for testing laboratories, complying with many inspections from credible customers and distributors from many countries.

For aquaculture, in 2015 the company has adopted and expanded sustainable certification systems such as GlobalGap, BAP and ASC for farming areas. Doubling the number of pangasius suppliers to reach international certification. Also, in 2015, Vinh Hoan became very first company in the world to achieve 4 star BAP certification for pangasius. Improved quality of materials has contributed to the enhancement of processing efficiencies.

IMPROVEMENTS IN ORGANIZATION - POLICIES - MANAGEMENT

In 2015, the company continued to improve organization management staff at all levels, focusing recruitment of management positions for new product lines. The company also focused on training and improving professional skills for workers in direct production lines, as well as improved many production processes, equipment operating procedures, helping to enhance product quality, reduce costs of operation and reduce processing yield.

For policies, to motivate employees, in 2015 the company implemented competency assessment system for employees under KPI (Key Performance Indicator). Initially, there are still some limitations , but this system was effective, helping companies to give proper rewards for people with good records based on each individual contribution.

SHAREHOLDER STRUCTURE, CHANGE OWNER' INVESTMENT

Shares on December 31, 2015

Number of shares:	92,403,943 shares
Par value for a share:	10,000 VND
Listing volumes:	92,403,943 shares
Circulating volume:	92,403,943 shares
Treasury stock:	0
Quantity of freely transferable shares:	91,823,457
Number of shares transfer restrictions:	580,486
Market cap:	2,698,195,135,600 VND

Structure of shareholders according to the list dated 6 July, 2015:

Quantity of shareholders: 1,349 shareholders

No	Subjects	Quantity of shares	Owner Percentage (%)	Quantity of shareholders	Structure of shareholders (*)	
					Organization	Individuals
1	State Shareholder					
	Founding shareholders	45,921,765	49.697%	5	0	5
2	Domestic	45,921,765	49.697%	5		5
	Foreign	0		0		
	Big shareholders (holding 5% equity or more)	13,984,075	15.134%	1	1	0
3	Domestic					
	Foreign	13,984,075	15.134%	1	1	
	Union Corporation	20,533	0.022%	1	1	
4	Domestic	20,533	0.022%	1	1	
	Foreign					
5	Treasury stock					
6	Shareholders owning preferred shares (if any)					
	Other shareholders	32,477,570	35.146%	1,342	69	1,273
7	Domestic	20,326,561	21.997%	1,244	29	1,215
	Foreign	12,151,009	13.150%	98	40	58
	TOTAL	92,403,943	100.00%	1,349	71	1,278
	Domestic	66,268,859	71.716%	1,250	30	1,220
	Foreign	26,135,084	28.284%	99	41	58

Trading of treasury shares, shares of internal shareholders: no

Change in owner's investment: no

BOM'S SUPERVISORY REPORT ON BOD

INTRODUCTION BOD MEMBERS

At the Annual General Meeting of Shareholders 2015 of Vinh Hoan Corp dated 05 August, 2015, the shareholders approved the resignation of Mr. Huynh Duc Trung and unanimously elected Ms. Truong Tuyet Hoa supplement to members Board of directors (BoD).



Ms. Truong Thi Le Khanh

Chairwoman of BoD

General Director

Year of birth: 1961

Major: Bachelor of Economics

Equity in VHC*: 45,575,142 shares,
accounting for 49.32%

The founder of Vinh Hoan Corp, growing from a small frozen pangasius processing plant. She holds the position of Director and General Director for consecutive 19 years. Since the company shifted to joint stock model in 2007, she has been Chairwoman of Management Board. She has devoted enormous time and efforts to outline decisive strategies to push Vinh Hoan Corp to the leading position of pangasius industry as nowadays. With an increasingly bigger scale of operation and an orientation of future developments, she delegates and assigns responsibilities aligned with each specific business function and product sector to other management team members with the aim of creating more efficient management and herself focusing more on strategic planning activities.



Ms. Nguyen Ngo Vi Tam
BoD Member
Director of Sales and Marketing

Year of birth: 1979

Major: Bachelor of Laws; MBA-Maastricht school of Management

Equity in VHC *: 108,349 shares, accounting for 0.12%

Ms. Tam is in charge of sales and marketing activities, manages sales team abroad as well as actively involved in other external activities in VHC.



Mr. Vo Phu Duc
BoD Member
Director of Vinh Hoan Collagen Company

Year of birth: 1976

Major: Civil engineers

Equity in VHC *: 1,378,341 shares, accounting for 1.49%.

Mr. Vo Phu Duc manages and takes responsibility for the business results of Vinh Hoan Collagen Corp. In 2015 he displayed excellence in leading his team and in completing the Collagen and Gelatin factory. This was completed on schedule, with all requirements for engineering and high technology.



Mr. Jean Eric Jacquemin

Jean Eric Jacquemin is representative for Red River Holding Investment Fund , holding 13,984,075 shares, representing 15.13 % . He was appointed member of the BoD since 2011, so far he has contributed actively for strategic direction and management of the company.



Ms. Truong Tuyet Hoa BoD Member

Year of birth: 1976

Major: Bachelor of economics; MBA-
Maastricht school of Management

Equity in VHC *: 56,907 hares, accounting
for 0.061%

Ms. Truong Tuyet Hoa is a Sales manager
of the company, and actively contributes
to VHC investor relations.

* Number of owned shares is based on the list of shareholders dated 07 June, 2015

Board of Directors meetings in 2015

The BoD have formal meetings quarterly and have regular meetings or phone conversations to discuss and share information on company operations. Number of BoD meetings in 2015 were recorded as follows :

No	BoD members	Positions	Attended meetings	Tỷ lệ	Lý do không tham dự
1	Ms. Truong Thi Le Khanh	Chairwoman of BoD	4/4	100%	
2	Ms. Nguyen Ngo Vi Tam	BoD Member	4/4	100%	
3	Mr. Huynh Duc Trung	BoD Member	2/4	100%	On business abroad
4	Mr. Vo Phu Duc	BoD Member	4/4	100%	
5	Mr. Jean Eric Jacquemin	BoD Member	4/4	100%	
6	Ms. Truong Tuyet Hoa	BoD Member	2/4	100%	On business abroad



MANAGEMENT ACTIVITIES IN 2015

In 2015, specific activities of the BoD in monitoring the Company's Executive Board in implementation of the business targets set by shareholders, including:

- Successfully organized annual General Assembly of Shareholders on 8 May, 2015;
- Reviewed the result of production and business in 2014 and in quarter 1/2015, and approved business plans in 2015;
- Approved profit distribution plan in 2014 and 2015;
- Approved accounting for BoD and Supervisory Board compensations;
- Selected auditors for Financial Report 2015 (selected unit : A&C Auditing & Consulting Co. Ltd);
- Approved loan programs in 2015 ;
- Reviewed quarterly business results and questioned the Executive Board about plans for the next quarter;
- Reviewed operations of its subsidiaries and questioned plan for revenue and profit in new businesses;
- Discussed and gave advice on executive recruitment and improvement of organizational chart ;
- Discussed the future challenges in the context of "The Farm Bill", questioned and monitored the implementation of medium and long term response plans;
- Unified work, assigned work and working program for BoD members and Supervisory Board .

In 2015, the BoD issued the following resolutions :

- Resolution dated 10 January, 2015 regarding shares assignment phase 2 (240,000 shares, or 0.94% of charter capital) in Van Duc Tien Giang Food Export Joint Stock Company ;
- Resolution dated 27 January, 2015 regarding renaming Vinh Hoan Singapore Pte Ltd to Octogone Holdings Pte. Ltd Singapore ;
- Resolution dated 16 June, 2015 of 2015 dividend imprest (cash, ratio 10%/par value) ;
- Resolution dated 30 July 2015 on the addition of business lines: production of functional foods; import and export of functional foods; production of cosmetics; import and export of cosmetics; import and export of gelatine, collagen hydrolyzate, pharmaceutical chemistry; import and export of chemicals, raw materials for production of gelatine, Hydrolyzed Collagen, pharmaceutical, cosmetics and functional foods;
- Resolution dated 04 October, 2015 on the addition of business lines: research and experimental development of the natural sciences and engineering; research and experimental development of social sciences and humanities; advertisement; market research and opinion polls;
- Resolution dated 12/12/2015 on the additional business lines : production of fishmeal ; oil production , flora and fauna .

REPORT ON FY2015 BUSINESS RESULTS BY BOARD OF DIRECTORS AND PLAN OF DEVELOPMENTS IN 3 YEARS

In 2015, BoD has well monitored Executives Board performance under shareholder' plan. Summing up a successful year of VHC, particularly in the context of general industry decrease, Executives Board recognized and encouraged the achievements of Management Board. Besides, they found that to overcome challenges in coming time and continue to develop, it's necessary to review and strengthen the operating system to a new level. The BoD highly appreciated the professional competence, management skills and morale of management team. We believe that the company has been led by experienced and responsible people. Representing the shareholders in monitoring, supporting and directing the executives, we concluded that it is necessary to change not only to make better in the future, but also prepare to develop stronger, meeting investor' expectations.

First, Vinh Hoan has made significant progress in corporate governance. The BoD's meetings did not take much time, but still effectively, focused on analyzing the results, and it's more important to discuss specific plans for the next period. Thus the whole team of company closely followed the targets set by shareholders and completed by the end of the year. What to do in the coming time is to set up more targets to continue improvement in corporate governance with the following directions:

- To set up plans and inform the shareholders of our long term position. This will increase transparency in relationships with shareholders, BoD can also perform better role in strategic direction for the company.
- To increase BoD's role to outline operational objectives and monitor implementation of new business projects.
- Specialize activities of investor relations.

Next, as stated in SWOT analysis in the report, to prepare for upcoming development, Vinh Hoan need to suppliment quickly management forces specifically for the new project. During the past year, the BoD had closely watched reports on the new projects and also has many consultations on management organization to point out fully responsible people for business performance of each sector. In the future we will continue to perform this role effectively.

In terms of business results in 2015, with approval of the BoD, Company's Executive Board has implemented the strategy focused on improving core production capacity, attempt in collagen project and diversify seafood products and markets.

CORE BUSINESS

As reported above, for the core business of pangasius products, company's Executives Board completed the plans for farming, manufacturing and sales, bringing the profits that meet shareholder's expectations. Consolidated net sales in 2015 increased by 3% compared to 2014, including a significant contribution from sales of pangasius products and related by-products. Only for sales of pangasius products and pangasius fats, the company reached 6.229 billion VND, an increase of nearly 16% compared with 2014. Consolidated profit after tax got the impressive growth of 12% in 2015, excluding profits from sale of Vinh Hoan Feed in 2014.

Unit: Billion VND			
Items	Actual 2014	Actual 2015	% variation
Consolidated Revenue	6,292	6,493	3%
Consolidated Net Profit after Tax	288*	323	12%

(*) Excluding profit from transfer of Vinh Hoan Feed JSC

Along with the advantage of anti-dumping tax rate of 0% in the US market and strong reputation in the European market, the company has actively strengthened sales and marketing forces in key and new markets, especially native sales staff. It can be said that the management team of Vinh Hoan was well prepared for the possible risks related to the Farm Bill. Expanding its network and partnership may not create huge sales immediately, but will help to change easily in the future when US exports to be interrupted. The total export value of the company in 2015 reached US\$250 million, up 7% compared with 2014, of which seafood export sales increased by 15%. In 10 consecutive years, the company always reaches double-digit growth rates in seafood export value, expands more markets, increasing stable market share in foreign countries and in industrywide.

Company's gross profit margin is stable compared to 2014. That is a valuable achievement, demonstrating in market segment that the company has strength, while import prices in some major markets has dropped faster than the respective decrease raw material input costs. With the marketing strategies that's strongly supported from the manufacturing divisions and strategies of value-added product development, we believe VHC will continue to be successful for years to come.

PRODUCT DIVERSIFICATION

OTHER FISH SPECIES

In addition to pangasius, now VHC can produce and sell Barramundi, (known in some markets as a sea bass), tilapia and shrimp. Seabass is a stable product and has great potential for expansion in the future. In particular, although the fish is a farming product, but it has taste like marine fish. The company will improve efficiency in seabass farming, make it to be more competitive in whitefish markets, contributing to increase overall sales in the coming years. Tilapia segment has rather favourable beginning because VHC has the US market-world's largest importer of tilapia. For Vinh Hoan, increase in revenue from tilapia is only a matter of time, because the company just wants to sell more goods, as well as construct certified material areas. For shrimp segments, VHC is a strategic shareholder of Cuu Long Seapro, supports it in building farming areas to achieve sustainability certification. Only with the current sales channels, VHC can generate more revenue for the parent company itself. The advantage of Cuu Long Seapro shrimp products under Vinh Hoan brand name is Vinh Hoan reputation in its ability to provide certified sustainable caught products. Vinh Hoan strategies for shrimp business are minimization of risks caused by material difficulties of the shrimp industry as well as enhancement of earning revenue and profits for the parent company. Plans on sales of new species for the parent company in coming years as follows:

(Unit: US\$ million)

	2016	2017	2018
Seabass	3	4	5
Tilapia	3	6	11
Shrimp	2	5	5
Total	8	15	21



COLLAGEN

By the end of Q1 2015, Collagen plant officially started operation with a designed capacity of 2,000 tons of product/year (1,000 tons of collagen peptide and 1,000 tons of gelatin). In 2015, Vinh Hoan Collagen has complete quality management system with certifications such as ISO 9001: 2008, ISO 14001: 2004, GMP-WHO; Certifications for establishments eligible for food safety by the Ministry of Health - the necessary certifications to sell in domestic markets as well as export raw materials for the food, cosmetic and pharmaceutical industries; to achieve HALAL certification in order to approach Islamic markets. During the implementation period of the certifications and registration of procedures approved in the importing country, the company has many customers who pass sampling stage and bought first order for their trial production. Revenues in 2015 were still modest with only about 26 billion VND and has not made a profit, but the revenue has contribution of many customers who has purchased several hundred kilograms, so it's an encouraging result, as a prerequisite for stepping up sales from the first quarter of 2016. We believe leadership of Vinh Hoan Collagen will reap revenue and profits, helped the project payback in early 2019.



DEVELOPMENT ORIENTATIONS

The BoD agreed the strategic focusing on core businesses with plans to increase the size and market share in the coming years, developing in the relevant and suplimental sectors, combined with the primary sector with high technical and technological content. The BoD will continue to exchange information and give advices to the Executive Board concerning the medium and long-term strategies, with particular emphasis on risk management and corporate governance to help the company sustainably develop, keeping best values for shareholders in the future.

The business objectives of the company in 2016 as follows :

REVENUE AND PROFIT

(billion VND)

TARGETS	ACTUAL 2014	ACTUAL 2015	PLAN FOR 2016
CONSOLIDATED REVENUE	6,292	6,493	7,689
* Seafood and fishmeal and fish oil	5,363	6,229	7,336
* Feed + others (#)	527	201	203
* Rice	402	37	12
* Collagen and Gelatin	-	26	138
CONSOLIDATED NET PROFIT AFTER TAX (Attributable to equity holders of the Parent Company)	439	323	350
* Seafood and fishmeal and fish oil	246	334	352
* Feed + others (#)	63	20	10
* Rice	(13)	(20)	(12)
* Profit from selling Vinh Hoan Company 1	151	-	-
* Collagen và Gelatin	(8)	(11)	0
CONSOLIDATED NET PROFIT AFTER TAX (Attributable to equity holders of the Parent Company) (Excluding the profit from selling Vinh Hoan subsidiary)	288	323	350

(#): Revenue and profit from aquatic feed in 2014 mainly includes production of Vinh Hoan 1 Feed JSC.

Revenues and profits from aquatic feed in 2015: icluded primarily of feedbusiness of VHC

Investment plans

In the year 2016 Executive Board have investment plans as follows:

Investment in expanded construction and upgrading seafood processing plants and fishmeal and fat factory: **420 billion VND**

Investments in machinery and equipment procurement for the remaining items of Vinh Hoan Collagen: **20 billion VND.**

Investment in construction and expansion of farming areas: **65 billion VND.**

REPORT OF SUPERVISORY BOARD

INTRODUCTION OF SUPERVISORY BOARD

At the last Annual General Meeting 2015 of Vinh Hoan Corporation on 8th May, 2015, all shareholders has passed the resignation of Ms Truong Tuyet Hoa – member of supervisory board and agree to vote for Ms Nguyen Thi Thai Ly as additional member of supervisory board

Members of supervisory board are:



Phạm Lâm Triều
Head of supervisory board
1982



Trần Minh Hào
Member of supervisory board
1980



Nguyễn Thị Thái Ly
Member of supervisory board
1988

SUPERVISORY BOARD'S ACTIVITIES IN 2015 AND OPERATION PLANS IN 2016

Based on functions and tasks of Supervisory board stipulated in the Charter of Vinh Hoan Corp.

Based on Financial report for the financial year ended on December 31, 2015, audited by an Independent Auditing company.

A company with company performing the tasks in 2015 that General Assembly of Shareholders entrusted, Supervisory board has reported monitoring activities in 2015 with the following contents:

SCOPE OF CONTROL

Completed works of Supervisory board in the year 2015 are as follows:

1. Supervised implementation of development strategies, business plans of the company by reviewing and evaluating BoD' activities relating to implementation of strategies and plans in 2015 which were approved by General Assembly of shareholders;
2. Monitored and evaluated implementation of rights and obligations of BoD members and Directors;
3. Assessed compliance with laws and regulations related to the industry as well as the regulations on corporate governance, through monitoring and evaluating effectiveness and level of compliance with internal rules and regulations on risk management and prevention, reporting regimes and other regulations on internal governance;
4. Checked regular financial reports to evaluate the soundness and transparency of financial data; participated in process of audit and reviewed recommendations of an independent audit in order to improve corporate governance.

COMMENTS AND EVALUATIONS

1. Monitoring implementation of resolutions of General Meeting of Shareholders

Profit distribution of 2014: The company has implemented the profit distribution according to resolution of the General Meeting of Shareholders as follows :

- Quote up welfare and reward fund: **20,000,000,000 VND**
- Interim dividend in 2015: **92,403,943,000 VND**

Implementation of targets in 2015: Total exports in 2015 reached \$250 million, of which core businesses are seafood reaching \$234 million, equal 98% compared to the plan of \$240 million in 2015. Profit after tax was 323 billion VND, reaching profit target of 320 billion VND set out at General Meeting of Shareholders.

Property investment: The total cost of investment activities and procurement of fixed assets in 2015 was 348 billion VND.

2. Activities of Company's BoD and General Directors

Board of Directors has taken full responsibility of management in compliance with Law on Enterprises and Company Charter, resolutions of the General Meeting of Shareholders and other provisions of the relevant legislation.

The company was fully compliant with provisions of the current legislation on information disclosure on the securities market.

3. Monitoring financial situation, production and business

In 2015, Vietnam pangasius exports reached US\$1.58 billion, down 11% from 2014. In this context, company's revenue in 2015 increased by 201 billion VND (3%) compared with 2014. Profit after tax was VND 323 billion, down 26.26% compared with 2014; Excluding the abnormal financial revenue of 151 billion VND arising from the sale of subsidiary Vinh Hoan 1 in July 2014, profit from ordinary operations grew 12%. EBITDA indicator reached 8.7% in 2015, ROA reached 7.3%, ROE was 16.4%. The indexes of payment and borrowing interest rate guarantee also improved in 2015.

Based on the 2015 financial statements, audit report of the Independent audit company and the work performed by Company's Control Board on the basis of the reports, the Control Board has not seen any problems affecting the truthfulness and relevance in Vinh Hoan Joint stock company's financial statements in the fiscal year ended December 31, 2015. The Control Board has not found any serious problems in bookkeeping, accounting documents, as well as compliance with regulations and internal regulations of the company.

ACTION PLAN IN 2016

In 2016, the Supervisory Board will continue to improve workflow, enhance monitoring activities in accordance with the provisions of the Enterprise Law and the Charter of the Company.

Set up and maintain effective communication channels with Independent audit to ensure monitoring audit quality of financial statements as well as timely updates of the audit results.

The Supervisory Board will continue to monitor the improvement of risk management model of the Executive Board to meet governance requirements and achieve the strategic objectives of the company in a new integration period.

CONCLUSION

As a leading food group, with a consistent orientation on sustainable development strategies, along with the success in recent years, we believe Vinh Hoan brand will increasingly assert value in future.



SUSTAINABLE DEVELOPMENT REPORT

Sustainable Development Report

Social responsibility activities in 2015



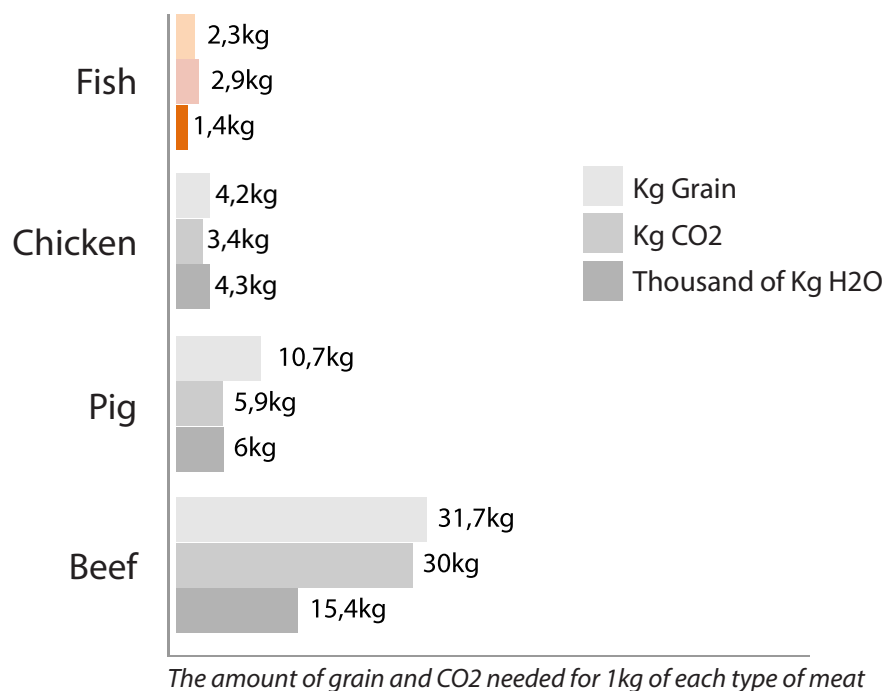
SUSTAINABLE DEVELOPMENT REPORT

Aquaculture is a sustainable development

According to the Population division of the United Nations, each day 200,000 more people are added to total world food demand. The world population is expected to reach 9.2 billion people by 2050. Food production should increase to 60% in 2030 to satisfy the increasing demand. Although the analysis report shows that the percentage of the urban population will increase significantly, reflecting the trend of consuming more meat and milk products, but this trend has been recorded as a plentiful supply of food at present. This trend will most likely have to change in the future due to the challenges in the manufacturing sector of meat for human consumption. These challenges include climate change, water scarcity, pests, soils, supply and financial shortages. The structure of food in the human diet is likely to change as people increasingly consider links between nutrition consumption and affects on environment or sustainability factors. Once sustainability is becoming increasingly important, seafood in general or fish in particular will certainly make higher proportion in daily diet of people. Seafood is the only food that humans keep “hunting” from nature. Many reports show that the number of species and number of fish caught dwindling. Besides, experts also calculated and called the attention of consumers on fuel consumption for catching in the sea. Aquaculture therefore is regarded as sustainable production trend for the future. In particular, fish farming is more sustainable than other farming sectors.

One example for sustainability of fish versus meat is consumption levels of some natural resources to produce one kilogram of fish is much lower than these for a kg of meat .

Table of conversion some natural resources into proteins



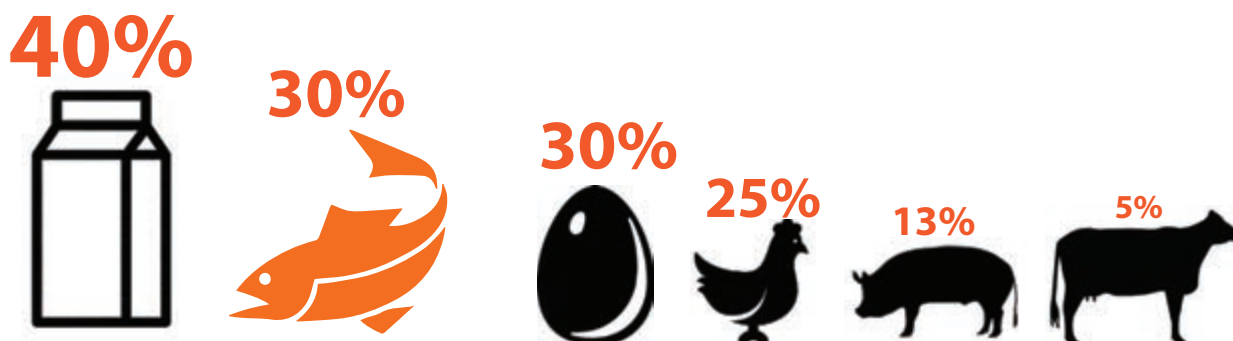
Source: Hall, et al. 2011, Blue Frontiers

http://image.guardian.co.uk/sys-files/Guardian/documents/2013/06/13/World_Populations_WEB.pdf
http://www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf

Furthermore, the amount of food fish feeds converted into its weight is more than converted food of cattle and poultry so that for fish farming, environmental damage to produce a lower unit protein is lower.

With this advantage, aquaculture could be a significant competitor of the poultry and livestock industry in the future.

Protein recovery efficiency of some foods



Source: Hall, et al. 2011, Blue Frontiers

Also, the carbon footprint from fish production is lower compared to other aquatic and land-based species. In the comparative study between salmon farming and other meat production, the carbon footprint of salmon is 2.9 per kilo of edible products, while the figures were 3.4 and 5.9 for chicken and pork. Carbon footprint of herbivorous animals is even higher, up to 30.

As stated above, the proportion of fish in our diet is low compared to meat protein, partly because the supply of meat is high. Fish accounts for 16.6% of total animal protein and 6.5% of total protein types that humans consume. This percentage will increase in the future due to increased income leading to consumers demand for high-value seafood products and developing aquaculture industry has joined to supply for the growing demand.

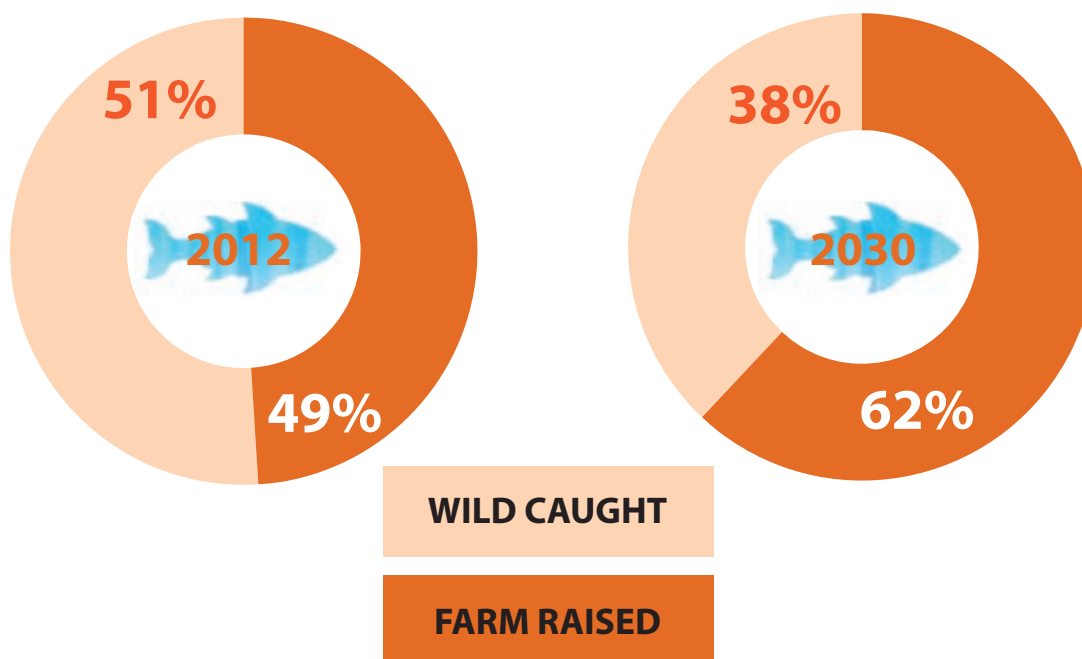
Fishing alone can not meet the growing demand in the future. Therefore, the aquaculture industry has grown rapidly over the past decade, helping to produce more food, reduce seafood prices and enabling more consumers access to seafood products. Global Aquaculture Alliance has stated that, aquaculture is a sustainable solution to increase seafood supply to meet the food needs of the world.

In 2012, aquaculture accounted for about 49% of total global fisheries output and this proportion will increase in the future. This proportion is expected to equal to the fishery in 2030. However, as only a portion of fishery output is directly consumed by human, then aquaculture is expected to account for over 60% global seafood consumption by the year.

<http://www.marineharvest.com/globalassets/investors/handbook/handbook-2014.pdf>
<http://www.fao.org/docrep/019/i3640e/i3640e.pdf>
<http://gaalliance.org/what-we-do/why-it-matters/>
<http://www.fao.org/docrep/019/i3640e/i3640e.pdf>

GLOBAL SEAFOOD CONSUMPTION

Sour: FAO FIPS (2014)//Fish to 2030 (2013)



Sustainable development in a sustainable sector

In 2008, when pangasius sector had not reknown international certificates on aquaculture yet, Vinh Hoan created an internal pangasius certification program which it calls "Green Farm" based on the guidelines on environmental protection, caring on social communities, ensurance of food safety and traceability. The program is the first awareness and action of the company, determining the orientation for sustainable development as today. Sustainable development is defined as the conditions for harmonious coexistence of human and nature, when human curent material needs are met without the detrimental nature of human life and in the future. Although we have to improve more, this orientation has been implemented extensively and consistenly by Board of Management as well as all employees because this reflects essential demand of market and business environment. This is considered as the basis for the company's evolution & to reinforce its competency. Vinh Hoan's sustainable development strategy has been initiated from the need to meet the increasing demand of importing markets and from the pressure of being different. During more than 18 years, Vinh Hoan has built solid foundation for sustainable development in following aspects:

<http://www.fao.org/docrep/019/i3640e/i3640e.pdf>

FAO (2014), The State of World Fisheries and Aquaculture <http://www.fao.org/3/a-i3720e.pdf>

<http://www.nationalgeographic.com/foodfeatures/aquaculture/>

Labor

Consumers are increasingly aware of the human factor related to the products that they buy. More than ever before, requirements for workers and working environment are monitored by major retailers, importers and distributors by 3rd party social audit regimes. However, regardless of these external requirements, as a producer, the company fully understands the importance of keeping the labor force healthy and happy in achieving the business objectives. The first and most basic is a consistent policy in compliance with State regulation on labour, particularly salary and bonus system, medical insurance and social insurance. This is the request of Directors for the administrative personnel despite the challenges of competing on costs. The company's competitive stance on labor costs is not quantitatively cutdown but should to have the most suitable mechanism to promote labor productivity, stimulate skilled workers and reduce inefficient labor. Doing so is so ensures fair wages for workers and when they feel satisfied, and have stable and increasingly improved quality of life they will work with more mindfulness and will have long-term effectiveness. Beyond the standards, regulations and certificates that Vinh Hoan carries out in compliance with government and customer requirements, Vinh Hoan puts special care into attending to workers needs. Whether at direct or indirect working divisions, or in any positions, all employees are taken care in their life, physical and spiritual needs. Therefore, Vinh Hoan Corp is always highly appreciated by customers and visitors, related to collective spirit in going towards common goals, reflecting in concentrating on the work and perspective for the benefit of the Company.

Environment

Environmental factors mainly related to farming and processing of aquatic products. The first is treatment of waste water which is a strict requirement of State with which VHC is always in compliance. It is also one of types of cost of the company that is impossible to cut. For aquaculture, certified or uncertified farming areas of the company are standardized and complied with the regulations relating to:

- Control the water quality in and out of the pond;
- Process and control quality of waste water;
- Full review of environmental impacts by independent third parties and take measures to avoid or minimize;
- Measures in place not to affect biodiversity of ecosystem around farming areas, for example there must be no fish escaping out so that can threat to the survival of other aquatic species, not to kill wildlife animals in the list of conservation, not to destroy important vegetable systems in the area;
- Make assessment, take measurement and ask permission relating to the amount of water used in the pond, not affect the natural water reserves in the long-term future.

In 2012, VHC is the first Vietnamese enterprise certified by the ASC (Aquaculture Stewardship Council) for pangasius farming. In the past year, VHC was again a pioneer in sustainable farming certifications when it is the first company in the world certified "4 stars" BAP (Best Aquaculture Practices) for pangasius hatchery, feed, aquaculture and processing. Currently VHC can supply more volume of "certified sustainable" aquaculture products in the pangasius industry.

SOCIAL RESPONSIBILITY

VHC has more than 6,000 employees of which the majority is Dong Thap local people. VHC understands our responsibility toward surrounding social communities as well as caring for our employees' lives. Therefore, our sponsorship and philanthropic activities are made not to build up our reputation, but originated from our deep understanding of the actual meaning of sustainable development. That's the desire of the whole company, to help others live safe and healthy and especially to promote good education for their children. We believe this is the best investment for future human resource. We decisively committed to implement our full obligations for state and local budget for country and local economic development. Vinh Hoan was praised by the People's Committee of Dong Thap province and awarded merit "One of the top 10 enterprises in the province for fulfilling their tax obligations to state budget with great social responsibility"

Relating to aquaculture, for each company's farming area, there is a report of assessment on the social impact implemented by independent third party, in order to prevent and mitigate the negative impact of farming to the surrounding social lives. There are new safe bridges built for the most remote villages where VHC starts its fish farming. We have provided lighting to village roads around VHC farming ponds, even those nearby households which just started using electricity after the company invested in farming these areas.

VHC wish to show offer their sincere gratitude to the local communities that provided the company with the best human resources to develop their business. Gratitude is a continuous and long-term liability of the company for social community.





PRODUCT RESPONSIBILITY-FOOD SAFETY AND TRACEABILITY

One of the reasons for VHC to start building an integrated production model is that it is the best way to ensure food safety and traceability for the company's products. Compliance with its quality management system and product traceability is the first requirement of the import market, especially meeting high standards of the large distribution systems in the world. At the stage of processing, products must ensure the microbiological standards and antibiotic residues are strictly controlled, ensuring the cold chain to keep products in compliance during shipping and storage. Control records for the lines and finished products are taken seriously, fully archived, available for all requirements of the customers. VHC's thorough and mainstream perspective on quality managements is to control the processes and analyzed threats, not just only deal with cleared goods at the port of arrival. The company's products be identified on each small packaging units for consumers, ensuring traceability to the ponds anytime when there are any problems or requests from buyers. At the stage of farming, there are full records related to fish health, the source of fish feed, even feed materials are controlled to ensure safety and sustainability (e.g. fishmeal used for fish feed not to be produced from unsustainable fishing sources). Responsibility for current products are also extended to animal welfare. The fish have to be fed, transported and processed in humanitarian conditions which does not cause stress. Meeting all the requirements and standards, ensure strict controls without any problems.

For the Executive Board of the company, implementation of sales and profit targets planned by shareholders without conflicts to company development and environment in the future. It requires understanding, efforts and steadfastness. However, it's clear that, with proper understanding, doing policy of sustainable development does not conflict with the target of profit but also to build and promote more profitability of the company, meanwhile keeping conservation, recognition and satisfactory gratitude, keeping Vinh Hoan reputation always positive in the hearts of the local customers, shareholders and partners.

Sustainable Development Associated With Responsibilities To The Community

We understand that this is one of the main missions of the company to bring about sustainable development in the present and the future .

FOR THE COMMUNITY: With the desire to bring benefits to the community, we are deeply aware of the importance of community responsibility. Every year, besides striving to achieve revenue and profit from the core business , we have always concentrated a lot of enthusiasm to share our support to less fortunate through social and philanthropy activities. In 2015 we were engaged in the following activities :

- From 2014 we collaborated with the Sponsoring Association for Poor Patients in Dong Thap and Cho Ray Hospital in Ho Chi Minh City to organize program “Compassionate heart” for the poor patients of heart disease in the provinces of Dong Thap , support for 11 cases of cardiac surgery with a total amount of nearly 500 million VND.
- Accompanying with universal health insurance program, Vinh Hoan has actively taken part through funding for health insurance cards for the poor households with over 2,000 social insurance cards.
- The company has funded an ambulance for Fatherland Front Committee of Da Phuoc Commune, An Phu district, An Giang province, which is a remote communes lacking conditions and transportations for poor patients in emergency cases and having medical examinations at far distant areas, with the money more than 600 million VND donated to buy vehicles, including 300 million VND from Vinh Hoan supporters.
- Through the program “Dong Thap Gratitude” of the Fatherland Front Committee of Dong Thap province , VHC has funded building houses of gratitude with the amount of 500 million VND, supported in construction of 02 houses of compassion for 02 households of poor blind people in Cao Lanh district , Dong Thap province, with each house valued at 50 million VND, including a part contributed from local funding.
- VHC has given more than 1,000 donations, each worth more than VND 300,000 including cash and 10 kilogram of rice for the poor and blind in Lunar New Year in many communes and wards in Cao Lanh City, Cao Lanh District
- Study and talent encouragement is also particular interest. For years, Vinh Hoan has collaborated with Study Encouragement Association of province, city and district to hold several batches of scholarships awarded to students and pupils in the province. The total amount of support in 2015 was nearly 300 million VND for students at Dong Thap university and Thap Muoi District, Tam Nong.

FOR WORKERS: “Take care material and spiritual lives of workers, build a friendly and safe working environment, with all sharing toward a common goal of raising product quality, enhance reputation and brand of Vinh Hoan”- This is the consistent view that the Board of Directors of the company always consider as a top priority. To achieve this, we have done the following:

- Continuous development of human resources, with a priority on annual recruitment - training - review programs
- Policies on wages, bonus, welfare, healthcare, security systems, labor safety in the company are gradually improved and enhanced, transparent and fair, so employees feel fully secured and are applauded for their hard work and desire to work with the company for the long term.
- In April 2015, company had mobilized all the workers in the company to extract 01 day salary to support earthquake victims in Nepal, expressing VHC employees spirit of mutual sharing for communities.
- In addition, in 2015, through Warm Trade Union’s Shelter Fund of provincial Federation of Labor, company’s trade union organized to build 3 houses for 3 Trade union members, help them to settle down their lives.





FY 2015 CONSOLIDATED FINANCIAL REPORT

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STATEMENT OF THE GENERAL DIRECTOR

The General Director of Vinh Hoan Corporation (hereinafter referred as 'the Corporation') presents this statement together with the Consolidated Financial Statements for the fiscal year ended 31 December 2015 including the Consolidated Financial Statements of the Corporation and those of its subsidiaries (hereinafter collectively referred to as "the Group").

Business highlights

Vinh Hoan Corporation is a joint stock company operating in accordance with the Business Registration Certificate No.1400112623, which was granted for the first time on 17 April 2007 and was amended for the 10th time on 10 August 2015 by the Department of Planning and Investment of Dong Thap Province.

Head office

Address: National Road 30, Ward 11, Cao Lanh City, Dong Thap Province
Tel. : (84 - 67) 3891 166
Fax : (84 - 67) 3891 672

Principal business activities of the Company as in the Business Registration Certificate are processing and preserving aquatic products and other products made from aquatic products; growing domestic aquatic animals; trading material and initially-processed agricultural products; trading materials serving the production and processing of aquatic products, processing feeds for aquatic animals; trading in aquatic products, food, agricultural products and animal products serving the production and processing of aquatic products and aquatic feeds; trading chemicals serving the production and processing of aquatic products and aquatic feeds; importing and trading fertilizers, trading aquatic veterinary medicines; producing cattle feeds, poultry feeds and aquatic feeds; trading in machinery and equipment serving the production and processing of aquatic products and aquatic feeds; producing paper packages ; printing packages of all kinds; constructing houses of all kinds; milling and polishing rice; trading real estate (except for providing real estate services), providing eco-tourism services; trading, exporting and importing rice; providing aquatic veterinary services (giving advice on the usage of drugs and feeds as well as on aquaculture techniques).

Board of Management and the Executive Officers

The Board of Management and the Executive Officers of the Corporation during the year and as of the date of statement include:

Full name	Title	Appointing/ Re-appointing/ Resigning date
Ms. Truong Thi Le Khanh	Chairwomen	Re-appointed on 09 May 2012
Ms. Nguyen Ngo Vi Tam	Member	Re-appointed on 09 May 2012
Mr. Jean Eric Jacquemin	Member	Re-appointed on 09 May 2012
Mr. Vo Phu Duc	Member	Appointed on 09 May 2012
Mr. Huynh Duc Trung	Member	Resigned on 08 May 2015
Ms. Truong Tuyet Hoa	Member	Appointed on 08 May 2015

THE CONTROL BOARD

Full name	Title	Appointing/ Resigning date
Mr. Pham Lam Trieu	Chief of the Board	Appointed on 08 May 2015
Ms. Nguyen Thi Thai Ly	Member	Appointed on 08 May 2015
Mr. Tran Minh Hao	Member	Appointed on 14 May 2014
Ms. Truong Tuyet Hoa	Chief of the Board	Resigned on 08 May 2015

THE EXECUTIVE OFFICERS

Full name	Title	Appointing date
Ms. Truong Thi Le Khanh	General Director	01 April 2007
Ms. Truong Tuyet Phuong	Purchasing Director	09 January 2014
Mr. Huynh Duc Trung	Project Director	09 January 2014
Ms. Nguyen Ngo Vi Tam	Sales Director	09 January 2014
Ms. Nguyen Thi Kim Dao	Chief Financial Officer	01 January 2014
Ms. Ho Thanh Hue	Production Director	01 March 2014

Legal Representative

The Corporation's legal representative during the year and as of the date of this statement is Ms. Truong Thi Le Khanh – Chairlady cum General Director (re-appointed on 09 May 2012).

Auditors

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the audit on the Group's Consolidated Financial Statements for the fiscal year ended 31 December 2015.

RESPONSIBILITIES OF THE GENERAL DIRECTOR

The General Director of the Corporation is responsible for the preparation of the Consolidated Financial Statements to give a true and fair view of the consolidated financial position, the consolidated financial performance and the consolidated cash flows of the Group during the year. In order to prepare these Consolidated Financial Statements, the General Director must:

- Select appropriate accounting policies and apply them consistently;
- Make judgments and estimates prudently;
- State clearly whether the accounting standards applied to the Group are followed or not, and all the material differences from these standards are disclosed and explained in the Consolidated Financial Statements;
- Prepare the Consolidated Financial Statements of the Group on the going-concern basis, except for the cases that the going-concern assumption is considered inappropriate;
- Design and implement effectively the internal control system in order to ensure that the preparation and presentation of the Consolidated Financial Statements are free from material misstatements due to frauds or errors.

The General Director hereby ensures that all the accounting books of the Group have been fully recorded and can fairly reflect the financial position of the Group at any time, and that all the accounting books have been prepared in compliance with the applicable Accounting System. The General Director is also responsible for managing the Group's assets and consequently has taken appropriate measures to prevent and detect frauds and other irregularities.

The General Director hereby commits to the compliance with the aforementioned requirements in preparation of the Consolidated Financial Statements.

Approval on the Financial Statements

The General Director of the Corporation hereby approves the accompanying Consolidated Financial Statements, which give a true and fair view of the financial position of the Group as of 31 December 2015, its financial performance and its cash flows for the fiscal year then ended in conformity with the Vietnamese Accounting Standards and System and other legal regulations related to the preparation and presentation of the Consolidated Financial Statements.



Truong Thi Le Khanh
General Director
Date 29/03/2016

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE GENERAL DIRECTOR OF VINH HOAN CORPORATION

We have audited the accompanying Consolidated Financial Statements of Vinh Hoan Corporation (hereinafter referred as "the Corporation") and those of its subsidiaries (hereinafter collectively referred to as "the Group"), which were prepared on 21 March 2016 (from page 06 to page 44), including the Consolidated Balance Sheet as of 31 December 2015, the Consolidated Income Statement, the Consolidated Cash Flow Statement for the fiscal year then ended and the Notes to the Consolidated Financial Statements.

Responsibilities of the General Director

The General Director of the Corporation is responsible for the preparation, true and fair presentation of these Consolidated Financial Statements in accordance with Vietnamese Accounting Standards and System as well as the legal regulations related to the preparation and presentation of the Consolidated Financial Statements; and responsible for such internal control as the Corporation's General Director determines necessary to enable the preparation of Consolidated Financial Statements to be free from material misstatement, whether due to fraud or error.

Responsibilities of Auditors

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

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

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

Opinion of the Auditors

In our opinion, the Consolidated Financial Statements referred to above give a true and fair view, in all material respects, of the financial position of the Group as of 31 December 2015, its financial performance and its cash flows for the fiscal year then ended in accordance with Vietnamese Accounting Standards and System as well as the legal regulations related to the preparation and presentation of the Consolidated Financial Statements.

FOR AND ON BEHALF OF A&C AUDITING AND CONSULTING CO., LTD.



Ly Quoc Trung - Deputy General Director
Audit Practice Registration Certificate
No.0099-2013-008-1
Ho Chi Minh City. 29/03/2016

Phan Vu Cong Ba - Auditor
Audit Practice Registration Certificate
No.0197-2013-008-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	ITEMS	Code	Note	Ending balance	Beginning balance
A	CURRENT ASSETS	100		2,847,043,514,890	3,118,825,508,618
I.	Cash and cash equivalents	110	V.1	296,092,552,290	89,237,664,563
1.	Cash	111		296,092,552,290	89,237,664,563
2.	Cash equivalents	112		-	-
II.	Short-term financial investments	120		251,008,141	802,451,008,141
1.	Trading securities	121		-	-
2.	Provisions for devaluation of trading securities	122		-	-
3.	Held-to-maturity investments	123	V.2a	251,008,141	802,451,008,141
III.	Short-term receivables	130		1,187,504,442,185	713,964,514,286
1.	Short-term trade receivables	131	V.3	978,387,095,828	555,016,301,366
2.	Short-term prepayments to suppliers	132	V.4	159,150,345,667	89,449,131,841
3.	Short-term inter-company receivables	133		-	-
4.	Receivable according to the progress of construction contract	134		-	-
5.	Receivables for short-term loans	135		-	-
6.	Other short-term receivables	136	V.6a	52,112,708,816	78,137,244,435
7.	Allowance for short-term doubtful debts	137	V.7	(2,145,708,126)	(8,638,163,356)
8.	Deficit assets for treatment	139		-	-
IV.	Inventories	140		1,299,754,002,665	1,454,624,584,803
1.	Inventories	141	V.8	1,363,740,839,384	1,509,663,104,281
2.	Allowance for inventories	149	V.8	(63,986,836,719)	(55,038,519,478)
V.	Other current assets	150		63,441,509,609	58,547,736,825
1.	Short-term prepaid expenses	151	V.9a	4,441,250,870	4,052,962,667
2.	Deductible VAT	152		58,034,411,228	53,919,551,759
3.	Taxes and other accounts receivable from the State	153	V.17	965,847,511	575,222,399
4.	Trading Government bonds	154		-	-
5.	Other current assets	155		-	-

For the fiscal year ended 31 December 2015
Consolidated Financial Statements (cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
B - NON-CURRENT ASSETS	200		1,509,919,445,197	1,373,138,678,896
I. Long-term receivables	210		3,512,575,108	25,058,272,424
1. Long-term trade receivables	211		-	-
2. Long-term prepayments to suppliers	212		-	-
3. Working capital in affiliates	213		-	-
4. Long-term inter-company receivable	214		-	-
5. Receivables for long-term loans	215	V.5	2,309,113,483	2,045,847,888
6. Other long-term receivables	216	V.6b	1,203,461,625	23,012,424,536
7. Allowance for long-term doubtful debts	219		-	-
II. Fixed assets	220		1,067,275,384,111	1,035,949,139,647
1. Tangible fixed assets	221	V.10	942,551,326,564	915,500,248,665
- Historical cost	222		1,606,171,767,565	1,460,364,578,367
- Accumulated depreciation	223		(663,620,441,001)	(544,864,329,702)
2. Financial leased assets	224		-	-
- Historical cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.11	124,724,057,547	120,448,890,982
- Initial cost	228		136,781,493,381	130,634,567,558
- Accumulated amortization	229		(12,057,435,834)	(10,185,676,576)
III. Investment property	230		-	-
- Historical costs	231		-	-
- Accumulated depreciation	232		-	-
IV. Long-term assets in process	240		245,627,838,605	134,252,806,600
1. Long-term work in process	241		-	-
2. Construction-in-process	242	V.12	245,627,838,605	134,252,806,600
V. Long-term financial investments	250		12,644,137,246	-
1. Investments in subsidiaries	251		-	-
2. Investments in joint ventures and associates	252		-	-
3. Investments in other entities	253	V.2b	19,547,729,978	-
4. Provisions for devaluation of long-term financial investments	254	V.2b	(6,903,592,732)	-
5. Held-to-maturity investments	255		-	-
VI. Other non-current assets	260		180,859,510,127	177,878,460,225
1. Long-term prepaid expenses	261	V.9b	99,291,291,228	83,287,568,218
2. Deferred income tax assets	262	V.13	475,225,190	4,050,170,875
3. Long-term components and spare parts	263		-	-
4. Other non-current assets	268		-	-
5. Goodwill	269	V.14	81,092,993,709	90,540,721,132
TOTAL ASSETS	270		4,356,962,960,087	4,491,964,187,514

For the fiscal year ended 31 December 2015
Consolidated Financial Statements (cont.)

	ITEMS	Code	Note	Ending balance	Beginning balance
C	LIABILITIES	300		2,267,633,647,956	2,605,206,164,864
I.	Current liabilities	310		1,818,696,711,591	2,533,902,252,388
1.	Short-term trade payables	311	V.15	198,967,217,140	245,560,157,277
2.	Short-term advances from customers	312	V.16	12,753,882,180	11,631,558,268
3.	Taxes and other obligations to the State Budget	313	V.17	36,880,926,693	13,395,750,923
4.	Payables to employees	314	V.18	102,021,990,107	70,592,690,941
5.	Short-term accrued expenses	315	V.19	8,787,501,328	18,864,046,674
6.	Short-term inter-company payable	316		-	-
7.	Payable according to the progress of construction contracts	317		-	-
8.	Short-term unearned revenue	318		-	-
9.	Other short-term payables	319	V.20	30,245,351,461	37,704,805,919
10.	Short-term borrowings and financial leases	320	V.21a	1,333,672,541,156	2,035,705,398,842
11.	Provisions for short-term payables	321	V.22	43,100,000,000	43,100,000,000
12.	Bonus and welfare funds	322	V.23	52,267,301,526	57,347,843,544
13.	Price stabilization fund	323		-	-
14.	Trading Government bonds	324		-	-
II.	Long-term liabilities	330		448,936,936,365	71,303,912,476
1.	Long-term trade payables	331		-	-
2.	Long-term advances from customers	332		-	-
3.	Long-term accrued expenses	333		-	-
4.	Inter-company payables for working capital	334		-	-
5.	Long-term inter-company payables	335		-	-
6.	Long-term unearned revenue	336		-	-
7.	Other long-term payables	337		-	-
8.	Long-term borrowings and financial leases	338	V.21b	438,485,251,553	63,546,765,919
9.	Convertible bonds	339		-	-
10.	Preferred shares	340		-	-
11.	Deferred income tax liability	341	V.24	10,451,684,812	7,757,146,557
12.	Provisions for long-term payables	342		-	-
13.	Science and technology development fund	343		-	-

ITEMS	Code	Note	Ending balance	Beginning balance
D - OWNER'S EQUITY	400		2,089,329,312,131	1,886,758,022,650
I. Owner's equity	410		2,089,329,312,131	1,886,758,022,650
1. Capital	411	V.25	924,039,430,000	924,039,430,000
- Ordinary shares carrying voting right	411a		924,039,430,000	924,039,430,000
- Preferred shares	411b		-	-
2. Share premiums	412	V.25	216,409,744,645	216,409,744,645
3. Bond conversion options	413		-	-
4. Other sources of capital	414		-	-
5. Treasury stocks	415		-	-
6. Differences on asset revaluation	416		-	-
7. Foreign exchange differences	417		97,965,256	4,596,414,898
8. Investment and development fund	418		-	-
9. Business arrangement supporting fund	419		-	-
10. Other funds	420		-	-
11. Retained earnings	421	V.25	936,410,386,828	724,868,688,147
- Retained earnings accumulated to the end of the previous period	421a		613,852,104,651	724,868,688,147
- Retained earnings of the current period	421b		322,558,282,177	-
12. Construction investment fund	422		-	-
13. Interest of uncontrolled shareholders	429	V.26	12,371,785,402	16,843,744,960
II. Other sources and funds	430		-	-
1. Sources of expenditure	431		-	-
2. Fund to form fixed assets	432		-	-
TOTAL LIABILITIES AND OWNER'S EQUITY	440		4,356,962,960,087	4,491,964,187,514

Dong Thap. 21 March 2016


Ha Thi Phuong Thuy Hong Nhung
Preparer


Ha Thi Phuong Thuy Hong Nhung
Chief Accountant




Truong Thi Le Khanh
General Director

CONSOLIDATED INCOME STATEMENT

For the fiscal year ended 31 December 2015

Unit: VND

	ITEMS	Code	Note	Current year	Previous year
1.	Sales	01	VI.1	6,527,521,103,629	6,300,114,589,793
2.	Sales deductions	02	VI.2	34,130,902,143	7,665,955,244
3.	Net sales	10		6,493,390,201,486	6,292,448,634,549
4.	Cost of sales	11	VI.3	5,690,815,542,792	5,469,173,184,569
5.	Gross profit	20		802,574,658,694	823,275,449,980
6.	Financial income	21	VI.4	166,250,211,441	238,197,793,288
7.	Financial expenses	22	VI.5	210,038,171,081	64,703,900,365
	In which: Loan interest expenses	23		36,841,457,042	38,437,879,203
8.	Gain/ (loss) from associates. joint ventures	24		-	-
9.	Selling expenses	25	VI.6	252,576,318,983	245,140,954,972
10.	General and administration expenses	26	VI.7	117,543,470,973	161,644,877,846
11.	Net operating profit	30		388,666,909,098	589,983,510,085
12.	Other income	31	VI.8	4,260,707,290	5,441,118,309
13.	Other expenses	32		6,259,262,457	8,362,562,424
14.	Other profit/(loss)	40		(1,998,555,167)	(2,921,444,115)
15.	Total accounting profit before tax	50		386,668,353,931	587,062,065,970
16.	Current income tax	51	V.17	59,566,183,722	124,375,704,473
17.	Deferred income tax	52	VI.9	6,269,483,940	(227,133,767)
18.	Profit after tax	60		320,832,686,269	462,913,495,264
19.	Profit after tax of the Parent Company	61		322,558,282,177	439,152,061,580
20.	Profit after tax of non-controlling shareholders	62		(1,725,595,908)	23,761,433,684
21.	Basic earnings per share	70	VI.10	3,274	4,587
22.	Diluted earnings per share	71	VI.10	3,274	4,587

Dong Thap. 21 March 2016

Ha Thi Phuong Thuy Hong Nhung
Preparer

Ha Thi Phuong Thuy Hong Nhung
Chief Accountant

Truong Thi Le Khanh
General Director

CONSOLIDATED FINANCIAL STATEMENTS

(Indirect method)

For the fiscal year ended 31 December 2015

Unit: VND

ITEMS	Code	Note	Current year	Previous year
I. Cash flows from operating activities				
1. Profit before tax	01		386,668,353,931	587,062,065,970
2. Adjustments				
- Depreciation of fixed assets and investment properties	02	V.10, V.11, V.14	144,362,412,419	120,830,567,381
- Provisions and allowances	03	V.2, V.7, V.8	16,495,622,411	(4,584,173,248)
- Exchange gain due to revaluation of monetary items in foreign currencies	04	VI.4, VI.5	4,488,372,158	4,639,431,082
- Gain/ (loss) from investing activities	05	VI.4, VI.5, VI.8	(50,893,736,983)	(210,448,590,756)
- Interest expenses	06	VI.5	36,841,457,042	38,437,879,203
- Others	07		-	-
3. Operating profit before changes of working capital	08		537,962,480,978	535,937,179,632
- Increase/ (decrease) of receivables	09		(74,601,809,419)	(114,481,540,104)
- Increase/ (decrease) of inventories	10		(213,579,935,197)	(216,611,547,401)
- Increase/ (decrease) of payables	11		44,605,675,314	31,677,833,432
- Increase/ (decrease) of prepaid expenses	12		15,738,969,058	(1,961,902,612)
- Increase/ (decrease) of trading securities	13		-	-
- Interests paid	14	V.19, VI.5	(42,641,806,967)	(39,068,352,211)
- Corporate income tax paid	15	V.17	(39,429,345,543)	(125,850,606,493)
- Other cash inflows	16		-	8,435,319,176
- Other cash outflows	17	VI.6, V.23	(82,520,437,379)	(14,489,454,497)
Net cash flows from operating activities	20		145,533,790,845	63,586,928,922
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21	V.10, V.11, V.12, VII	(348,179,604,430)	(361,515,858,300)
2. Proceeds from disposals of fixed assets and other long-term assets	22	V.10, V.11, VI.8	12,993,604,862	3,027,265,486
3. Cash outflow for lending. buying debt instruments of other entities	23	V. 2a	(180,000,000,000)	(1,132,210,030,563)
4. Cash recovered from lending. selling debt instruments of other entities	24	V. 2a	982,200,000,000	331,022,158,190
5. Investments into other entities	25	V.2b, V.II	(47,807,121,404)	(356,600,000,000)
6. Withdrawals of investments in other entities	26		-	404,022,941,627
7. Interest earned. dividends and profits received	27	V.6, VI.4	61,263,924,934	14,840,314,215
Net cash flows from investing activities	30		480,470,803,962	(1,097,413,209,345)

For the fiscal year ended 31 December 2015

Consolidated Cash Flow Statement (cont.)

ITEMS	Code	Note	Accumulated from the beginning of the year	
			Current year	Previous year
III. Cash flows from financing activities				
1. Proceeds from issuing stocks and capital contributions from owners	31		-	135,765,000,000
2. Repayment for capital contributions and re-purchases of stocks already issued	32		-	-
3. Proceeds from borrowings	33	V.21	8,772,902,300,085	5,957,019,471,672
4. Repayment for loan principal	34	V.21	(9,099,996,672,137)	(4,875,020,537,130)
5. Payments for financial leased assets	35		-	-
6. Dividends and profit paid to the owners	36	V.20, V.25	(92,371,404,075)	(168,389,466,675)
Net cash flows from financing activities	40		(419,465,776,127)	1,049,374,467,867
Net cash flows during the year	50		206,538,818,680	15,548,187,444
Beginning cash and cash equivalents	60	V.1	89,237,664,563	73,328,912,771
Effects of fluctuations in foreign exchange rates	61		316,069,047	360,564,348
Ending cash and cash equivalents	70	V.1	296,092,552,290	89,237,664,563

Dong Thap. 21 March 2016



Ha Thi Phuong Thuy Hong Nhung
Preparer



Ha Thi Phuong Thuy Hong Nhung
Chief Accountant



Trương Thị Lê Khanh
General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

GENERAL INFORMATION

1. Investment form

Vinh Hoan Corporation (hereinafter referred as 'the Corporation' or "Parent Company") is a joint stock company.

2. Operating field

The Corporation operates in various business fields.

3. Principal business activities

The principal business activities of the Corporation are growing domestic aquatic animals; processing and preserving aquatic products and other products made from aquatic products; trading in aquatic products, materials serving production and processing of aquatic products, processing feeds for aquatic animals.

4. Normal operating cycle

Normal operating cycle of the Corporation is within 12 months

5. Effect of the Corporation's operations during the year on the Consolidated Financial Statements

Although there has been an increase in revenue in the current year, its profit has decreased significantly in comparison with that in the previous year because the Group obtained profit in previous year from its capital withdrawal from subsidiaries.

6. Structure of the Group

The Group includes Parent Company and 07 subsidiaries which are under the control of the Parent Company. All the subsidiaries are consolidated in this Consolidated Financial Statements.

6a. Information on the Group's restructuring

Subsidiaries establishment

During the year, the Corporation has contributed capital to set up Octogone Holdings Pte., Ltd. (Singapore) at the capital contribution rate of 100% of charter capital and to set up Vinh Hoan Hau Giang Co., Ltd. at the capital contribution rate of 100% of charter capital. The purpose of the capital contribution is to build the aquaculture areas and providing materials for Parent Company as well as exploiting export market.

Additional acquisition of capital contribution in subsidiaries

On 09 March 2015, the Group additionally acquired 0,94% of capital of Van Duc (Tien Giang) Food Export Processing Co., Ltd., increasing its contribution rate at this subsidiary up to 100% since this day. The additional acquisition price is paid in cash to the non-controlling shareholders. The carrying value of the net assets of Van Duc (Tien Giang) Food Export Processing Co., Ltd. (exclusive of goodwill) as of the acquisition date and the carrying value of the ownership from such additional acquisition is VND 292.271.156.875 and VND 3.382.611.404 respectively. The difference between the acquisition price and the carrying value of the ownership from the additional acquisition is recorded into item "Retained earnings" in the Consolidated Balance Sheet.

Divestment and the loss of control right

On 01 January 2015, the Group sold 85% of its shares at Vinh Hoan (USA) Inc.,. Since the voting rate now held by the Group is only 15%, it has been no longer control over this company. The remaining investments are presented at cost in item "Investments into other entities" in Consolidated Financial Statements.

Assets and payables of subsidiaries as the date of capital withdrawal are as follows:**Assets**

Cash and cash equivalents	66,456,631,361
Short-term trade receivables	374,672,051,456
Short-term prepayments to suppliers	849,840,000
Other short-term receivables	909,035,605
Inventories	359,509,202,139
Long-term prepaid expenses	1,784,614,497
Taxes and other accounts receivable from the State	144,258,003
Tangible fixed assets	22,478,269,063
Other long-term receivables	21,808,962,911

Liabilities

Short-term trade payables	(826,432,894,273)
Short-term advances from customers	(1,526,175,603)
Short-term accrued expenses	(7,236,565,004)

Net assets	13,417,230,155
Interest of non-controlling shareholders	-
Net assets of the Group	13,417,230,155
Rate of capital transferred	85%
Net assets transferred	11,404,645,632

Gain/ (loss) related to the capital withdrawal from the subsidiaries are as follows:

The transfer price	9,029,550,000
Net assets transferred	(11,404,645,632)
Exchange difference recorded into owner's equity	1,674,157,593
Gain/ (loss) from the capital withdrawal	(700,938,039)

Net receipt/ (payment) from the capital withdrawal from the subsidiaries are as follows:

Receipt in cash	9,029,550,000
Cash and cash equivalents at the subsidiaries as of the transfer date	(66,456,631,361)
Net receipt/ (payment)	(57,427,081,361)

6b. List of subsidiaries to be consolidated

Subsidiary	Head office	Principle business activities	Benefit rate (%)		Voting right (%)	
			Ending balance	Beginning balance	Ending balance	Beginning balance
Vinh Hoan 2 Food Co., Ltd.	Tan An Hamlet, Binh Thanh Trung Commune, Lap Vo District, Dong Thap Province	Trading in foodstuff	99.3	99.3	99.3	99.3
Vinh Hoan 3 Food Co., Ltd.	C Truong Xuan Industrial Group, Hamlet 4, Truong Xuan Commune, Thap Muoi District, Dong Thap Province.	Not operating	100	100	100	100
Vinh Hoan Hau Giang Co., Ltd.	Mua Xuan Hamlet, Tan Phuoc Hung Commune, Phung Hiep District, Hau Giang Province	Not operating	100	-	100	-
Vinh Hoan Collagen J.S.C.	National Road 30, Ward 11, Cao Lanh City, Dong Thap Province	Extracting and producing gelatin, collagen	85	85	85	85
Van Duc (Tien Giang) Food Export Processing Co., Ltd.	Dong Hoa Hamlet, Song Thuan Commune, Chau Thanh District, Tien Giang Province	Trading in aquatic products	100	99.06	100	99.06
Octogone Holdings Pte Ltd.	No.3 Raffles Place#06-01 Bharat Building, Singapore 048617	Trading in aquatic products and functional foods	100	100	100	100
Octogone (Guangzhou) Trading Co., Limited	No.537 Northern Panyu Boulevard, Guangzhou City, Guangdong Province P.R. China	Trading in aquatic products and functional foods	100	100	100	100

7. Statement on information comparability on the Consolidated Financial Statements

As presented in the Note No. III.1, since 01 January 2015, the Group has applied the Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the Vietnamese Accounting System in replacement for the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Minister of Finance and the Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance as well as the Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance in replacement for Part XIII – the Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance giving guidance on the preparation and presentation of Consolidated Financial Statements in accordance with the Vietnamese Accounting Standard No. 25 “Consolidated Financial Statements and accounting of investments in subsidiaries”. The new Accounting System regulations do not cause any material effects on the Group’s figures. Besides, the Group has re-presented the comparative figures in the Consolidated Balance Sheet as of 31 December 2015, the Consolidated Income Statement and the Consolidated Cash Flow Statement for the fiscal year then ended; therefore, the figures in the current year can be comparable with corresponding figures in the previous year.

II. FISCAL YEAR AND ACCOUNTING CURRENCY

1. Fiscal year

The fiscal year of the Group is from 01 January to 31 December annually.

2. Accounting currency unit

The accounting currency unit is Vietnamese Dong (VND) since the transactions are primarily made in VND.

III. ACCOUNTING STANDARDS AND SYSTEM

1. Accounting System

On 22 December 2014, the Ministry of Finance issued the Circular No. 200/2014/TT-BTC guiding the Vietnamese Accounting System in replacement for the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Minister of Finance and the Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance as well as the Circular No. 202/2014/TT-BTC in replacement of part XIII – the Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance guiding the preparation and presentation of the Consolidated Financial Statements in line with the Vietnamese Accounting Standard No. 25 “Consolidated Financial Statements and accounting for investments in subsidiaries”. These Circulars are valid for fiscal year starting on or after 01 January 2015. The Group has applied Vietnamese Accounting Standards, these Circulars as well as other Circulars, guiding implementation of Vietnamese Accounting Standards of the Ministry of Finance in preparation and presentation of Consolidated Financial Statements.

2. Statement on the compliance with the accounting standards and system

The General Director ensures to follow all the requirements of the Vietnamese Accounting Standards and System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 as well as other Circulars guiding the implementation of Vietnamese Accounting Standards of the Ministry of Finance in the preparation of Consolidated Financial Statements.

IV. ACCOUNTING POLICIES

1. Accounting convention

All the Consolidated Financial Statements are prepared on the accrual basis (except for the information related to cash flows).

2. Consolidation bases

The Consolidated Financial Statements include the Financial Statements of the Parent Company and those of its subsidiaries. A subsidiary is an enterprise that is controlled by the Parent Company. The control exists when the Parent Company has the power to directly or indirectly govern the financial and operating policies of the subsidiary to obtain economic benefits from its activities. In determining the control power, the options that are currently valid or will be transferred should also be taken into consideration.

The financial performance of subsidiaries, which is bought or sold during the year, are included in the Consolidated Income Statements from the date of acquisition or until the date of selling investments in those subsidiaries.

Financial Statements of the Parent Company and those of subsidiaries used for consolidation are prepared in the same accounting period and apply consistently accounting policies to the same types of transactions and events in similar circumstances. In the case that the accounting policy of a subsidiary is different from the accounting policy applied consistently in the Group, the Financial Statements of that subsidiary will be properly adjusted before being used for the preparation of the Consolidated Financial Statements.

Intra-group balances in the Balance Sheet and intra-group transactions and unrealized profits resulting from these transactions must be completely eliminated. Unrealized losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

Interests of non-controlling shareholders reflect profit or loss and net assets of subsidiaries, which are not held by the Group and presented in a separate item of the Consolidated Income Statement and Consolidated Balance Sheet (classified under "Owner's equity"). Interests of non-controlling shareholders include the values of their non-controlling interest at the initial date of business combination and those arise within the ranges of changes in owner's equity from the date of business combination. The losses arising in the subsidiary are attributed equally to the ownership rate of non-controlling shareholders, even if such losses are higher than the interest owned by these shareholders in net assets of the subsidiaries.

As the Group makes investment in order to increase its benefit rate held in subsidiaries, the difference between additional investment cost and the carrying value of net assets of additionally acquired subsidiaries as at the acquisition date is directly recorded into item "Retained earnings" on the Consolidated Balance Sheet.

As the Group withdraws a part of its capital from subsidiaries:

If the Group still holds the control right after its capital withdrawal: the result of capital withdrawal is recorded into item "Retained earnings" on the Consolidated Balance Sheet

If the Group loses its control right after its capital withdrawal and subsidiaries turn into its joint ventures, associates: the remaining investment is presented in item "Investments into joint ventures, associates" in the Consolidated Financial Statements in accordance with the equity method and the result of capital withdrawal is recorded into Consolidated Income Statement.

If the Group loses its control right after capital withdrawal and subsidiaries turn into normal investment: the remaining investment is presented at the carrying value in Consolidated Financial Statements and the result of capital withdrawal is recorded into Consolidated Income Statement.

In case where subsidiaries raise capital from the owners, if the additional capital contribution rate of the involved parties is not in correspondence with the current capital ownership rate, the difference between the additional capital contribution rate of the Group and the increase of the ownership share in the subsidiaries' net assets is recorded into item "Retained earnings" on the Consolidated Balance Sheet.

3. Foreign currency transactions

Transactions in foreign currencies are converted at the actual exchange rates ruling as of the transaction dates. The ending balances of monetary items in foreign currencies are converted at the actual exchange rates ruling as of the balance sheet date.

Foreign exchange differences arisen from foreign currency transactions during the year shall be included into financial income or financial expenses. Foreign exchange differences due to the revaluation of ending balances of the monetary items in foreign currencies after offsetting their positive differences against negative differences shall be included into financial income or financial expenses.

The exchange rate used to convert foreign currency transactions is the actual exchange rate ruling as at the time of these transactions. The actual exchange rates applied to foreign currency transactions are as follows:

- ▶ For the foreign currency trading contract (including spot contract, forward contract, future contract, option contract, currency swap): the exchange rate stipulated in the contracts of trading foreign currency between the Group and the Bank.
- ▶ For capital contribution made or received: the buying rate of the bank where the Group opens its account to receive capital contributed from investors as of the date of capital contribution.
- ▶ For receivables: the buying rate ruling as at the time of transaction of the commercial bank where the Group designates the customers to make payments.
- ▶ For payables: the selling rate ruling as at the time of transaction of the commercial bank where the Group supposes to make payments.
- ▶ For acquisition of assets or immediate payments in foreign currency (not included into payable accounts): the buying rate of the commercial bank where the Group makes payments.

The exchange rates used to re-evaluate the ending balances of monetary items in foreign currencies are determined according to the following principles:

- ▶ For foreign currency deposits: the buying rate of the bank where the Group opens its foreign currency account.
- ▶ For monetary items in foreign currencies classified as other assets: the buying rate of Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) where the Group frequently conducts transactions.
- ▶ For monetary items in foreign currencies classified as liabilities: the selling rate of Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) where the Group frequently conducts transactions.

Exchange rates used when converting the Financial Statements prepared in foreign currency of subsidiaries to the accounting currency of the Parent Company are as follows:

- ▶ For assets and goodwill incurred when acquiring subsidiary overseas, apply the buying rate of the bank as at the balance sheet date.
- ▶ For liabilities, apply the selling rate of the bank as at the balance sheet date.
- ▶ For net value of assets of subsidiary held by the Parent Company at the acquisition date, apply the carrying exchange rate at the acquisition date.
- ▶ For retained earnings incurred after the date of acquiring subsidiary, apply the calculation of the items of income and expenses in the Income Statement.
- ▶ For dividends shared, apply the actual exchange rate ruling as at the time of sharing dividends.
- ▶ For items in the Income Statement and Cash Flow Statement, apply the actual exchange rate at the time of the transactions. In case the average exchange rates of the accounting period is approximate the actual rate at the time of the transaction (the difference does not exceed 2%), apply the average exchange rate. In case the fluctuation margin of beginning and ending exchange rate exceeds 20%, apply the exchange rate as at the balance sheet date.
- ▶ Exchange differences arising from the conversion of Financial Statements of the subsidiary are accumulated in the item of "owner's equity" on the Consolidated Balance Sheet under the following convention:
 - Exchange differences attributable to the Parent Company are presented in the item "Foreign exchange differences" under the owner's equity item of the Consolidated Balance Sheet.
 - Exchange differences attributable to non-controlling shareholders are presented in the item "Interests of non-controlling shareholders".
- ▶ The exchange differences arising in relation to the conversion of goodwill not fully allocated as of the balance sheet date are counted for the Parent Company and are recorded in the item "Foreign exchange differences" under the owner's equity item in the Consolidated Balance Sheet.

4. Cash and cash equivalents

Cash includes cash on hand and demand deposits in bank. Cash equivalents consists of short-term investments of which the due dates cannot exceed 3 months from the dates of the investments and the convertibility into cash is easy, and which do not have a lot of risks in the conversion into cash as of the recording date.

5. Financial investments

Held-to-maturity investments

Investments are classified as held-to-maturity investments that the Group intends and is able to hold to maturity. Held-to-maturity investments include term deposits (including debentures and promissory note), bonds, preferred shares that the issuer are required to re-purchases at a certain date in the future and held-to-maturity loans for the purpose of receiving periodical interest as well as other held-to-maturity investments.

Held-to-maturity investments are initially recognized at cost including the purchase cost and other transaction costs. After initial recognition, these investments are recorded at recoverable value. Interest from these held-to-maturity investments after acquisition date is recognized in the profit or loss on the basis of the interest income to be received. Interests arising prior to the Group's acquisition of held-to-maturity investments is recorded as a decrease in the costs as at the acquisition time.

When there are reliable evidences proving that a part or the whole investment cannot be recovered and the loss are reliably determined, the loss is recognized as financial expenses during the period while the investment value is derecognized.

Loans

Loans are determined at original costs less allowance for doubtful debts, which is made on the basis of estimated losses.

Investments in equity instruments of other entities

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Group to have the control, joint control or significant influence on these entities.

Investments in equity instruments of other entities are initially recognized at costs, including cost of purchase plus other directly attributable transaction costs. Values of these investments are derecognized for dividends and profits arising in the periods prior to the acquisition of such investments. Dividends and profit arising in the periods after the acquisition of investments are recorded into the Corporation's revenue. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity of shares is followed up.

Provisions for impairment of investments in equity instruments of other entities are made as follows:

- ▶ For investments in listed shares or fair value of investments which is reliably measured, provisions are made on the basis of the market value of shares.
- ▶ For investments of which the fair value cannot be measured at the time of reporting, provisions are made on the basis of the losses suffered by investees, at the rate equal to the difference between the actual capital invested by investors and the actual owner's equity multiplying (x) by the Groups rate of capital contribution over the total actual capital invested by investors in these investees.

Increases/ (decreases) in the provisions for impairment of investments in equity instruments of other entities are recorded into financial expenses during the year

6. Receivables

Receivables are recognized at the carrying amounts less allowances for doubtful debts.

The classification of receivables as trade receivables and other receivables is made according to the following principles:

- ▶ Trade receivables reflect receivables concerning the commercial nature arising from purchase and sale transactions between the Corporation and customers who are independent to the Corporation, inclusive of receivables for the exports entrusted to other entities
- ▶ Other receivables reflect receivables not concerning the commercial nature and irrelevant to purchase and sale transactions.

Allowance is made for each doubtful debt on the basis of the debt age or estimated loss as follows:

- ▶ As for outstanding debt:
 - 30% of the value of debts outstanding from over 6 months to under 1 year.
 - 50% of the value of debts outstanding from 1 year to under 2 years.
 - 70% of the value of debts outstanding from 2 years to under 3 years.
 - 100% of the value of debts outstanding from over 3 years.
- ▶ As for doubtful debts: Allowance is made on the basis of the estimated loss.

Increases/ (decreases) in the obligatory allowance for doubtful debts as of the balance sheet date are recorded into general and administration expenses.

7. Inventories

Inventories are recognized at the lower of cost or net realizable value.

Cost of inventories is determined as follows:

- ▶ For materials and merchandises: Costs comprises costs of purchases and other directly relevant costs incurred in bringing the inventories to their present location and conditions.
- ▶ For finished goods: Cost comprises costs of materials, direct labor and directly relevant general manufacturing expenses allocated on the basis of normal operations
- ▶ Work-in-process: Cost comprises costs of main materials, labor and other directly relevant costs.

Costs of inventories are determined in accordance with the weighted average method and recorded in line with the perpetual method.

Net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for inventories is recognized for each type of inventories when their costs are higher than their net realizable values. Increases/ (decreases) in the obligatory allowance for inventories as of the balance sheet date are recorded into costs of sales.

8. Prepaid expenses

Prepaid expenses comprise actual expenses arising and relevant to financial performance in several accounting periods. Prepaid expenses of the Group include:

Start-up costs

Start-up costs include all costs paid for establishment of the business entities. These costs are allocated into expenses in accordance with the straight-line method in 03 years from the official commencement date of the subsidiaries.

Pre-operation costs

Pre-operation costs include training cost, advertising and promotional costs arising prior to official commencement date of the Subsidiary. These costs are allocated into expenses in accordance with the straight-line method in 03 from the official commencement date of the subsidiaries.

Tools and other expenses at farming areas

Tools and other expenses at farming areas being put into use are allocated into expenses in accordance with the straight-line method for the maximum period of 03 years.

Land rentals

Prepaid land rental reflects the rental already prepaid for the land being used by the Group and is allocated into expenses in accordance with the straight-line method over the lease term

Expenses on digging ponds, building dunes

Expenses on digging ponds, building dunes include all the actual expenses paid by the Corporation to build dunes and ponds for aquaculture purpose. Expenses on digging ponds, building dunes are allocated from 02 years to 09 years.

Expenses on reinforcing ponds

Expenses on reinforcing ponds include all the actual expenses paid by the Corporation to reinforce pond constructions for aquaculture purpose. The ground leveling expenses are allocated from 02 years to 03 years.

Compensations for leasing land

Compensations for leasing land are allocated into expenses in accordance with the straight-line method in 50 years (over the lease term).

Other prepaid expenses

Other prepaid expenses arising once with high value are allocated into expenses during the period in accordance with the straight-line method for the maximum period of 03 years.

9. Operating leased assets

A lease is classified as an operating lease if it transfers substantially all the risks and rewards incident to ownership belonging to the lessor. The lease expenses are allocated in the operation costs in accordance with the straight-line method over the lease term and are not depend on the method of lease payment.

10. **Tangible fixed assets**

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of tangible fixed assets include all the expenses paid by the Group to bring the asset to its working condition for its intended use. Other expenses arising subsequent to initial recognition are included into historical costs of fixed assets only if it can be clearly demonstrated that the expenditure has resulted in future economic benefits expected to be obtained from the use of these assets. Those which do not meet the above conditions will be recorded into operation costs during the year.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years applied are as follows:

Buildings and structures	05 - 25
Machinery and equipment	03 - 10
Vehicles	04 - 06
Office equipment	03 - 06
Other fixed assets	05 - 25

11. **Intangible fixed assets**

Intangible fixed assets are determined by their initial costs less accumulated amortization.

Initial costs of intangible fixed assets include all the costs paid by the Group to bring the asset to its working condition for its intended use. Other costs relevant to intangible fixed assets arising subsequent to initial recognition are included into operation costs during the period only if these costs are associated with a specific intangible fixed asset and result in future economic benefits expected to be obtained from the use of these assets.

When an intangible fixed asset is sold or disposed, its initial costs and accumulated amortization are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year

The Group's intangible fixed asset includes:

Land use right

Land use right includes all the actual expenses paid by the Group directly related to the land being used such as expenses to obtain the land use right, expenses for house removal, land clearance and ground leveling, registration fees, etc. Land use right is amortized in accordance with the straight-line method in 50 years. If the land use right is permanent, it is not amortized.

Computer software

Expenses attributable to computer software, which is not a part associated with the relevant hardware, will be capitalized. Costs of computer software include all the expenses paid by the Group until the date the software is put into use. Computer software is amortized in accordance with the straight-line method in 05 years.

12. Construction-in-progress

Construction-in-progress reflects the expenses (including relevant loan interest expenses following the accounting policies of the Group) directly related to the construction of plants and the installation of machinery and equipment to serve for production, leasing, and management as well as the in-progress repair of fixed assets. These assets are recognized at their historical costs and not depreciated.

13. Business combination and goodwill

The business combination is accounted by applying acquisition method. The costs of business combination include the fair values as at the acquisition date of the exchanged assets, the incurred or assumed liabilities as well as the equity instruments issued by the Group in exchange for control of the acquiree, plus any cost directly attributable to the business combination. The acquired assets, the identifiable and contingent liabilities assumed from the business combination are recognized at their fair values as at the acquisition date.

If the business combination covers some accounting periods, the cost of business combination equals the total investment made at the date of obtaining the control of subsidiaries plus the amount of previous investments which are re-evaluated at fair value as at the date of obtaining the control of subsidiaries. The difference between the re-evaluated amount and the cost of investment shall be recorded in the financial performance provided that the Group does not have any significant influence on subsidiaries prior the date of obtaining the control and the investment in subsidiaries is presented in line with the cost method. In case where the Group has significant influence on the subsidiaries prior the date of obtaining the control the investment in subsidiaries is presented in line with the equity method, the difference between the re-evaluated amount and the cost of investment determined in line with the equity method shall be recorded in the financial performance; and the difference between the investment determined in line with the equity method and the cost of investment shall be directly recorded in "Retained earnings" of the Consolidated Balance Sheet.

The excess of the cost of business combination over the ownership share of the Group in the net fair value of the assets, the identifiable and contingent liabilities of acquiree which are recognized at the date obtaining the control of subsidiaries is recognized as goodwill. If the ownership share of the Group in the net fair value of the assets, the identifiable and contingent liabilities of acquiree which are recognized at the date of obtaining the control of subsidiaries exceeds the cost of business combination, the difference will be included in the financial performance.

The goodwill is allocated according the straight-line method in 10 years. When there is evidence that goodwill loss is more than the allocated amount, the allocated amount during the year is the loss incurred.

The interest of non-controlling shareholders as at the date of business combination is initially measured on the basis of the ownership share of non-controlling shareholders in the fair values of the assets, the liabilities and the inherent liabilities recognized.

14. Payables and accrued expenses

Payables and accrued expenses are recorded based on the amounts payable for goods and services already used. Accrued expenses are recorded based on reasonable estimates for the amounts payable.

The classification of payables as trade payables, accrued expenses and other payables is made on the basis of following principles:

- ▶ Trade payables reflect payables of commercial nature arising from the purchase of goods, services, or assets and the seller is an independent entity with the Group, inclusive of payables for import through entrustment.
- ▶ Accrued expenses reflect expenses for goods, services received from suppliers or supplied to customers but have not been paid, invoiced or lack of accounting records and supporting documents; pay on leave payable to employees; and accrual of operation expenses.
- ▶ Other payables reflect payables of non-commercial nature and irrelevant to purchase, sales of goods or provisions of services.

15. Provisions for payables

Provisions are recorded when the Group has present obligations (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

If time causes material effects, the provisions will be determined by deducting the amount to be spent in future to settle the liability at the pre-tax discount rate that reflects the assessments of the time value of money and the specific risks from this liability in the current market. The increase in provisions due to the effect of time will be recognized as a financial expense.

The Group's provisions for payables include provisions for onerous contracts.

Provisions for onerous contracts are recognized when the expected economic benefits received from the contracts are lower than the unavoidable costs paid to meet the obligations relevant to the contracts.

Increases/ (decreases) of provisions for onerous contracts are appropriated at the balance sheet date and recorded in general and administration expenses.

16. Owner's equity

Capital

Capital is recorded according to the actual amounts invested by the Corporation's shareholders.

Share premiums

Share premiums are recorded in accordance with the difference between the issuance price or face value upon the IPO, additional issue or the difference between the re-issuance price and carrying value of treasury shares and the equity component of convertible bonds upon maturity date. Expenses directly related to the additional issue of shares and the re-issuance of treasury shares are recorded as a decrease in share premiums.

17. Profit distribution

Profit after corporation income tax is distributed to the shareholders members after appropriation for funds under the Charter of the Corporation as well as legal regulations and approved by the Shareholders' Meeting.

The distribution of profits to the shareholders is made with consideration toward non-cash items in the retained earnings that may affect cash flows and payment of dividends such as profit due to revaluation of assets contributed as investment capital, profit due to revaluation of monetary items, financial instruments and other non-cash items.

Dividends are recorded as payables upon approval of the Shareholders' Meeting.

18. Recognition of sales and income

Sales of merchandises, finished goods

Sales of merchandises, finished goods shall be recognized when all of the following conditions are satisfied:

- ▶ The Group transfers most of risks and benefits incident to the ownership of goods or products to customers.
- ▶ The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- ▶ The amount of sales can be measured reliably. Where the contracts stipulate that buyer is entitled to return goods or products purchased under specific conditions, sales are recorded only when those specific conditions are no longer exist and buyers retains no right to return products (except for the case that such returns are in exchange for other goods or services).
- ▶ The Group received or shall probable receive the economic benefits associated with sale transactions.
- ▶ The cost incurred or to be incurred in respect of the sale transaction can be measured reliably

Sales of rendering services

Sales of rendering services shall be recognized when all of the following conditions are satisfied:

- ▶ The amount of sales can be measured reliably. When the contract stipulates that the buyer is entitled to return the services rendered under specific conditions, sales is recognized only when these specific conditions are no longer existed and the buyer is not entitled to return the services rendered.
- ▶ The Group received or shall probably receive the economic benefits associated with the rendering of services.
- ▶ The stage of completion of the transaction at the end of reporting period can be measured reliably.
- ▶ The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

In the case that the services are provided in several accounting periods, the determination of sales is done on the basis of the stage of completion as of the balance sheet date.

Interest

Interest is recorded, based on the term and the actual interest rate applied in each particular period.

Dividends and profit shared

Dividends and profit shared are recognized when the Group has the right to receive dividends or profit from the capital contribution. Particularly, the dividends paid in form of shares are not recorded as an increase in value, but the increasing quantity is followed up.

19. Sales deductions

Sales deductions include sales allowances, sales returns incurred in the same period of providing products which are derecognized into revenues in such period

In case of products, services provided in the previous years but allowances, sales allowances, sales returns incurred in the current year, revenues shall be derecognized accordingly as follows:

- ▶ If allowances, sales returns incur prior to the release of the Financial Statements: revenues are derecognized on the Consolidated Financial Statements of the current year.
- ▶ If allowances, sales returns incur after the release of the Financial Statements: revenues are derecognized on the Consolidated Financial Statements of the following year.

20. Borrowing costs

Borrowing costs are interests and other costs that the Corporation directly incurs in connection with the borrowing.

Borrowing costs are recorded as an expense when it is incurred. In case the borrowing costs are directly attributable to the construction or the production of an asset in progress, which takes a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be included in the cost of that asset. To the extent that the borrowings are especially for the purpose of construction of fixed assets and investment properties, the borrowing cost is eligible for capitalization even if construction period is under 12 months. Incomes arisen from provisional investments as loans are recognized as a decrease in the costs of relevant assets.

In the event that general borrowings are partly used for the acquisition, construction or production of an asset in progress, the costs eligible for capitalization will be determined by applying the capitalization rate to average accumulated expenditure on construction or production of that asset. The capitalization rate is computed at the weighted average interest rate of the borrowings not yet paid during the period, except for particular borrowings serving the purpose of obtaining a specific asset.

21. Expenses

Expenses are those that result in outflows of the economic benefits and are recorded at the time of transactions or when incurrence of the transaction is reliable regardless of whether payment for expenses is made or not.

Expenses and their corresponding revenues are simultaneously recognized in accordance with matching principle. In the event that matching principle conflicts with prudence principle, expenses are recognized based on the nature and regulations of accounting standards in order to guarantee that transactions can be fairly and truly reflected.

22. Corporate income tax

Corporate income tax includes current income tax and deferred income tax.

Current income tax

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses brought forward.

Deferred income tax

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the financial statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Carrying values of deferred corporate income tax assets are considered as of the balance sheet date and will be reduced to the rate that ensures enough taxable income against which the benefits from part of or all of the deferred income tax can be used. Deferred corporate income tax assets, which have not been recorded before, are considered as of the balance sheet date and are recorded when there is certainly enough taxable income to use these unrecognized deferred corporate income tax assets.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rate to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the income statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity.

The Corporation shall offset deferred tax assets and deferred tax liabilities if:

- ▶ The Group has the legal right to offset current income tax assets against current income tax liabilities; and
- ▶ Deferred income tax assets and deferred income tax liabilities are relevant to corporate income tax which is under the management of one tax authority either:
 - Of the same subject to corporate income tax; or
 - The Group has intention to pay current income tax liabilities and current income tax assets on a net basis or recover tax assets and settle tax liability simultaneously in each future period to the extent that the majority of deferred income tax liabilities or deferred income tax assets are paid or recovered.

23. Related parties

A party is considered a related party of the Corporation in case that party is able to control the Corporation or to cause material effects on the financial decisions as well as the operations of the Corporation. A party is also considered a related party of the Corporation in case that party is under the same control or is subject to the same material effects.

Considering the relationship of related parties, the nature of relationship is focused more than its legal form.

24. Segment reporting

A business segment is a distinguishable component of the Group that is engaged in manufacturing or providing products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Group that is engaged in manufacturing or providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is prepared and presented in compliance with the accounting policy in the preparation and presentation of the Consolidated Financial Investment.

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET**1. Cash and cash equivalents**

	Ending balance	Beginning balance
Cash on hand	2,284,062,571	5,227,149,437
Cash in bank	293,808,489,719	84,010,515,126
Total	296,092,552,290	89,237,664,563

2. Financial investments

The financial investments of the Group include held-to-maturity investments and investments into other entities. The Group's financial investments are as follows:

2a. Held-to-maturity investments

Deposits which the term is over 3 months.

2b. Investments into other entities

	Ending balance		Beginning balance	
	Original costs	Provisions	Original costs	Provisions
Vinh Hoan (USA) Inc. (i)	1,297,729,978	-	-	-
Cuu Long Sea Products Company (ii)	18,250,000,000	(6,903,592,732)	-	-
Total	19,547,729,978	(6,903,592,732)	-	-

(i) During the year, the Group has sold 85% its shares at Vinh Hoan (USA) Inc., therefore the remaining rate held by the Group at this company is only 15%.

(ii) During the year, the Group has purchased 1.825.000 shares of Cuu Long Sea Products Company at the price of VND 18.250.000.000.

Fair value

The Group has not determined the fair value of investments since there has been no specific guidance for the fair value determination.

Provisions for investments into other entities

Fluctuations of provisions for investments into other entities are as follows:

	Current year	Previous year
Beginning balance	-	-
Additional extraction	6,903,592,732	-
Ending balance	6,903,592,732	-

3. Short-term trade receivables

	Ending balance	Beginning balance
Receivables from related parties	631,302,336	-
Van Duc Food Co., Ltd.	631,302,336	-
Receivables from other customers	977,755,793,492	555,016,301,366
Vinh Hoan (USA) Inc.	813,282,054,485	-
H & N	-	118,416,810,130
Maritime Products International	-	76,705,230,525
Other customers	164,473,739,007	359,894,260,711
Total	978,387,095,828	555,016,301,366

Some of trade receivables of totally VND 196.437.500.000 have been pledged to secure the loan from HSBC Bank (Vietnam) Ltd.

4. Short-term prepayments to suppliers

	Ending balance	Beginning balance
Prepayments to related parties	4,500,000,000	4,500,000,000
Related individuals	4,500,000,000	4,500,000,000
Prepayments to suppliers	154,650,345,667	84,949,131,841
Mr. Tran Van Xuong	14,528,132,200	15,664,600,000
SCIC	26,174,510,000	-
TST Co., Ltd.	21,656,811,691	-
Other suppliers	92,290,891,776	69,284,531,841
Total	159,150,345,667	89,449,131,841

5. Receivables from long-term loans

This is receivable for loan given to individual with the loan term of 30 months.

6. Other short-term/ long-term receivables

6a. Other short-term receivables

	Ending balance		Beginning balance	
	Value	Allowance	Value	Allowance
Receivables from related parties	532,702,902	-	905,270,466	-
Van Duc Food Co., Ltd.- Amounts for goods exported under entrustment	-	-	485,771,094	-
Board of Management and the Executive Officers	532,702,902	-	419,499,372	-
Receivables from other organizations or individuals	51,580,005,914	-	77,231,973,969	-
Advances(*)	43,660,226,847	-	43,356,508,993	-
Bank deposit interest receivables	-	-	10,287,401,389	-
Others	7,919,779,067	-	23,588,063,587	-
Total	52,112,708,816	-	78,137,244,435	-

In which, the advances paid to individuals to acquire land at farming areas are totally VND 23.798.703.934. At present, although the transfer procedures of farming areas have been under progress, they have been put in use.

6b. Other long-term receivables

Long-term deposits and mortgages

7. Doubtful debts

Fluctuations in allowances for doubtful debts are as follows:

	Current year	Previous year
Beginning balance	8,638,163,356	8,567,627,952
Additional extraction	643,712,438	-
Exchange difference due to the conversion of Financial Statements	-	70,535,404
Decrease due to the sale of subsidiaries	(7,136,167,668)	-
Ending balance	2,145,708,126	8,638,163,356

8. Inventories

	Ending balance		Beginning balance	
	Original costs	Allowance	Original costs	Allowance
Materials and supplies	74,564,312,624	-	107,132,569,320	(8,576,287,237)
Tools	8,154,634,679	-	6,087,445,381	-
Work-in-process	795,921,774,926	-	698,479,229,636	-
Finished goods	476,134,366,927	(63,986,836,719)	674,249,388,095	(46,462,232,241)
Merchandises	964,785,087	-	3,537,000	-
Goods on consignment	8,000,965,141	-	23,710,934,849	-
Total	1,363,740,839,384	(63,986,836,719)	1,509,663,104,281	(55,038,519,478)

Some of the inventories of which carrying values are VND 196,437,500,000 have been mortgaged to secure the loans from HSBC Bank (Vietnam) Ltd.

Fluctuations in provisions for inventories are as follows:

	Current year	Previous year
Beginning balance	55,038,519,478	57,179,357,401
Extraction/(Reversal) of allowance	8,948,317,241	(4,584,173,248)
Increase due to business merging	-	2,443,335,325
Ending balance	63,986,836,719	55,038,519,478

9. Short-term/ long-term prepaid expenses

9a. Short-term prepaid expenses

	Ending balance	Beginning balance
Tools	3,821,314,147	1,200,833,149
Pond leveling and filling	619,936,723	1,067,515,021
Others	-	1,784,614,497
Total	4,441,250,870	4,052,962,667

9b. Long-term prepaid expenses

	Ending balance	Beginning balance
Tools and other expenses other than farming areas	37,148,030,647	39,102,190,652
Land rentals	5,018,299,213	6,872,290,002
Compensation for leasing land	19,217,406,300	-
Start-up costs and pre-operation costs	3,545,763,848	8,649,929,783
Expenses on digging ponds and building dunes	22,391,312,738	17,353,039,791
Expenses on reinforcing ponds	2,424,460,671	3,419,266,677
Others	9,546,017,811	7,890,851,313
Total	99,291,291,228	83,287,568,218

10. Tangible fixed assets

Historical costs	Buildings & structures	Machinery and equipment	Vehicles	Office equipment	Other fixed assets	Total
Beginning balance	631,258,016,031	757,879,231,871	44,723,879,716	6,646,543,590	19,856,907,159	1,460,364,578,367
Acquisition during the year	2,810,104,314	60,026,697,156	13,612,357,261	1,461,887,473	-	77,911,046,204
Completed constructions	19,330,984,767	82,559,091,896	-	-	-	101,890,076,663
Increase due to adjustments	2,210,497,396	3,216,915,023	158,157,723	18,551,899	-	5,604,122,041
Liquidation and disposal	(5,234,891,503)	(932,526,928)	(1,118,210,967)	(209,495,529)	-	(7,495,124,927)
Capital withdrawal from subsidiary	(29,788,040,134)	-	(1,471,046,058)	(843,844,591)	-	(32,102,930,783)
Ending balance	620,586,670,871	902,749,409,018	55,905,137,675	7,073,642,842	19,856,907,159	1,606,171,767,565
In which:						
Assets fully depreciated but still in use	36,044,026,231	271,699,455,739	4,413,841,402	1,578,234,041	1,596,651,181	315,332,208,594
Assets waiting for liquidation	-	-	-	-	-	-
Depreciation						
Beginning balance	161,405,678,546	356,297,995,043	13,484,210,635	4,072,705,915	9,603,739,563	544,864,329,702
Depreciation during the year	49,127,338,146	73,996,876,728	6,124,524,066	919,999,659	2,130,813,162	132,299,551,761
Liquidation and disposal	(2,177,273,875)	(807,651,928)	(724,357,410)	(209,495,529)	-	(3,918,778,742)
Capital withdrawal from subsidiary	(7,819,358,081)	-	(980,698,151)	(824,605,488)	-	(9,624,661,720)
Ending balance	200,536,384,736	429,487,219,843	17,903,679,140	3,958,604,557	11,734,552,725	663,620,441,001
Net book values						
Beginning balance	469,852,337,485	401,581,236,828	31,239,669,081	2,573,837,675	10,253,167,596	915,500,248,665
Ending balance	420,050,286,135	473,262,189,175	38,001,458,535	3,115,038,285	8,122,354,434	942,551,326,564
In which:						
Assets temporarily not in use	-	-	-	-	-	-
Assets waiting for liquidation	-	-	-	-	-	-

Some tangible fixed assets, of which the net book values are VND 370,645,619,035 have been pledged to secure the loans from Banks.

11. Intangible fixed assets

Initial costs	Land use right	Computer software	Total
Beginning balance	129,759,682,788	874,884,770	130,634,567,558
Purchases during the year	15,589,250,000	100,157,000	15,689,407,000
Re-classification	(274,376,177)	-	(274,376,177)
Liquidation and disposal	(9,268,105,000)	-	(9,268,105,000)
Ending balance	135,806,451,611	975,041,770	136,781,493,381
In which:			
Assets fully amortized but being still in use	1,251,852,100	540,229,790	1,792,081,890
Amortization			
Beginning balance	9,529,599,836	656,076,740	10,185,676,576
Amortization during the year	2,530,633,795	84,499,440	2,615,133,235
Re-classification	(274,376,177)	-	(274,376,177)
Liquidation and disposal	(468,997,800)	-	(468,997,800)
Ending balance	11,316,859,654	740,576,180	12,057,435,834
Net book value			
Beginning balance	120,230,082,952	218,808,030	120,448,890,982
Ending balance	124,489,591,957	234,465,590	124,724,057,547
In which:			
Assets temporarily not in use	-	-	-
Assets waiting for liquidation	-	-	-

Some of intangible fixed assets, of which the net book values are VND 47.589.316.629 have been pledged to secure the loans from Banks.

12. Construction-in-progress

	Beginning balance	Increase	Inclusion into fixed assets during the years	Other decrease	Ending balance
Acquisition of fixed assets	84,118,041,065	158,679,162,947	(44,127,394,141)	(20,736,305,302)	177,933,504,569
Construction-in-progress	50,134,765,535	132,628,934,630	(101,890,076,663)	(13,179,289,466)	67,694,334,036
Expenses on fish raising ponds	128,893,097	22,505,532,586	(13,832,917,850)	(980,390,362)	7,821,117,471
Construction of plant	40,281,275,205	45,733,288,747	(84,053,582,585)	-	1,960,981,367
Other constructions	9,724,597,233	64,390,113,297	(4,003,576,228)	(12,198,899,104)	57,912,235,198
Total	134,252,806,600	291,308,097,577	(146,017,470,804)	(33,915,594,768)	245,627,838,605

The total borrowing costs are capitalized into construction-in-progress during the year for the amount of VND 11,498,305,555.

13. Deferred income tax assets

13a. Recognized deferred income tax assets

Differed income tax assets related to temporarily deductible differences (intra-group profits). Details are as follows:

	Current year	Previous year
Beginning balance	4,050,170,875	3,329,418,949
Inclusion into operation result	(3,574,945,685)	720,751,926
Ending balance	475,225,190	4,050,170,875

The corporate income tax rate used for determining deferred income tax assets is 15% (previous year: 22%).

13b. Unrecognized deferred income tax assets

The Group has not recognized deferred income tax assets for unused taxable losses of subsidiaries as follows:

Vinh Hoan 2 Food Co., Ltd.	50,621,471,484
Vinh Hoan Collagen J.S.C	19,892,692,006
Total	70,514,163,490

According to the current Law on Corporate Income Tax, the loss of any tax year is brought forward to offset against the profit of the following years for the maximum period of 5 years from year after the loss suffering year. Deferred income tax assets are not recognized for these accounts since there is little possibility on the availability of taxable income in the future against which these accounts can be used.

14. Goodwill

	Original cost	Amount already allocated	Net book values
Beginning balance	94,477,274,225	3,936,553,093	90,540,721,132
Allocation during the year		9,447,727,423	
Ending balance	94,477,274,225	13,384,280,516	81,092,993,709

15. Short-term trade payables

	Ending balance	Beginning balance
Payables to related parties	-	276,588
Van Duc Food Co., Ltd.	-	276,588
Payables to other suppliers	198,967,217,140	245,559,880,689
Mr. Tran Minh Triet	38,386,331,070	-
Mr. Nguyen Hoang Vu	14,380,004,380	8,443,429,350
Other suppliers	146,200,881,690	237,116,451,339
Total	198,967,217,140	245,560,157,277

The Group has no outstanding trade payables.

16. Short-term advances from customers

	Ending balance	Beginning balance
Local customers	3,532,558,777	5,597,524,505
International customers	7,437,145,952	2,661,753,048
Total	10,969,704,729	8,259,277,553

17. Taxes and other obligations to the State Budget

	Beginning balance		Increase			Ending balance	
	Payable	Receivable	Amount payable	Amount already paid	Capital withdrawal from subsidiary	Payable	Receivable
VAT on local sales	-	-	-	-	-	-	-
VAT on imports	-	54,390,214	10,480,863,326	(10,618,069,464)	-	-	191,596,352
Import export duties	-	520,832,185	2,355,861,373	(2,609,265,655)	-	-	774,236,467
Corporate income tax	12,010,708,899	-	59,566,183,722	(39,429,345,543)	144,258,003	32,291,805,081	-
Personal income tax	1,385,042,024	-	12,244,148,348	(9,040,068,760)	-	4,589,121,612	-
Property tax	-	-	3,329,685,513	(3,329,685,513)	-	-	-
Other taxes	-	-	469,924,407	(469,939,099)	-	-	14,692
Total	13,395,750,923	575,222,399	88,446,666,689	(65,496,374,034)	144,258,003	36,880,926,693	965,847,511

Value added tax (VAT)

The Group companies pay VAT in line with the deduction method. The VAT rates applied are as follows:

- Export 0%
- Food 5%
- Remaining types of products and services 10%

Import- export duties

The Group companies have declared and paid these duties in line with the Customs' notices.

Corporate income tax

The Group companies can enjoy corporate income tax incentives as follows:

- ▶ According to the Investment Certificate No. 51121000117 dated 27 August 2012 granted by the People's Committee of Dong Thap Province, Vinh Hoan 2 Food Co., Ltd. is responsible for paying corporate income tax for drying, peeling rice, manufacturing parboiled rice and polishing rice for export at the tax rate of 20% in 10 years from the date of the date of operation commencement. This company is also exempted from tax in 02 years from the year earning income from project and is reduced 50% of tax payables in 04 following years.
- ▶ According to the Investment Certificate No. 51121000127 dated 14 March 2013 and the first amended Certificate dated 30 May 2013 granted by the People's Committee of Dong Thap Province, Vinh Hoan Collagen J.S.C. is responsible for paying corporate income tax for income from business activities at the tax rate of 10% in 15 years from the first year when this company has revenue from business activities subject to tax incentive and is exempted from tax in 04 years from the year earning income from the project and is reduced 50% of tax payables in 09 following years.
- ▶ According to the Circular No. 96/2015/TT-BTC dated 22 June 2015 of the Ministry of Finance, all the Group companies enjoy the incentive tax rate of 15% (replacing with the rate of 20% previously) for the companies' income from farming, ranching, processing in in agriculture and fisheries.

Income from other activities is subject to the corporate income tax rate of 22%.

Estimated corporate income tax payable during the year is as follows:

	Current year	Previous year
Total accounting profit before tax	386,668,353,931	587,062,065,970
Increase/(decrease) of accounting profit to determine profit subject to corporate income tax:		
- Unrealized inter-group profit subject to tax	(38,758,510,416)	205,814,969,144
- Loss of subsidiaries during the year	31,304,435,607	21,611,192,508
- Other increases	16,642,567,744	6,267,183,048
- Other decreases	(525,930,123)	(6,546,614,790)
Income subject to tax	395,330,916,743	814,208,795,880
Income exempted from tax	-	(192,350,120,000)
Taxable income	395,330,916,743	621,858,675,880
In which:		
- Income subject to common tax rate	-	497,294,776,245
- Income subject to incentive tax rate of 20%	-	33,497,622,235
- Income subject to incentive tax rate of 15%	395,157,604,718	65,922,584,896
- Income subject to tax rate overseas	-	25,143,692,504
- Income from the transfer of properties subject to fixed tax	173,312,025	-
Corporate income tax payable	59,273,640,708	125,992,762,955
Corporate income tax payable for the transfer of properties subject to fixed tax	292,543,014	-
Corporate income tax of subsidiaries subject to overseas tax	-	3,250,385,385
Corporate income tax reduced	-	(4,944,193,867)
Adjustments of corporate income tax of the previous years	-	76,750,000
Corporate income tax to be paid	59,566,183,722	124,375,704,473

Property tax

Property tax is paid according to the notices of the tax department.

Other taxes

The Group companies have declared and paid these taxes in line with the prevailing regulations.

18. Payable to employees

Salary to be paid to employees.

19. Short-term accrued expenses

	Ending balance	Beginning balance
Loan interest expenses	994,438,859	71,905,453
Transportation expenses	-	3,154,890,000
Others	7,793,062,469	15,485,904,429
Total	8,787,501,328	18,864,046,674

20. Other short-term payables

	Ending balance	Beginning balance
Payables to related parties	4,460,986,800	-
Van Duc Food Co., Ltd.	4,460,986,800	-
Payables to other organizations and individuals	25,784,364,661	37,704,805,919
Dividends, profit payables	85,492,750	52,953,825
Others	25,698,871,911	37,651,852,094
Total	30,245,351,461	37,704,805,919

The Group has no other outstanding payables.

21. Short-term/ long-term borrowings and financial lease

21a. Short-term borrowings and financial lease

	Ending balance	Beginning balance
Short-term loans from banks	1,329,672,541,156	2,035,705,398,842
VietinBank – Dong Thap Branch (i)	5,100,000,000	-
Vietcombank –Ho Chi Minh City Branch (ii)	525,373,392,031	347,756,277,859
HSBC Bank (Vietnam) Ltd. (iii)	749,165,778,170	1,528,475,299,894
VDB – Dong Thap Branch	28,083,370,955	159,473,821,089
ANZ Bank (Vietnam) Ltd. – Ho Chi Minh City Branch	21,950,000,000	-
Current portions of long-term loans (see Note No.V.21b)	4,000.000.000	-
Total	1,333,672,541,156	2,035,705,398,842

(i) The loan from VietinBank – Dong Thap Branch is to supplement the working capital at the interest rate specified in each debt receipt. This loan is secured by mortgaging some fixed assets at fish powder and fat workshops (see Note No.V.10 and V.11).

(ii) The loan from Vietcombank – Ho Chi Minh City Branch is to supplement working capital. This loan is secured by pledging land use rights and fixed assets at workshop 1, workshop 2 and workshop 3 (see Note No.V.10 and V.11).

(iii)The loan from HSBC Bank (Vietnam) Ltd. is to supplement working capital at the interest rate specified in each debt receipt. This loan is secured by pledging receivables and inventories (see Note No.V.3 and V.8).

(iv) The loan from VDB – Dong Thap Branch is to supplement working capital at the interest rate specified in each debt receipt. This loan is secured by pledging fixed assets (see Note No.V.10)

(v) The unsecure loan from ANZ Bank (Vietnam) Ltd. – Ho Chi Minh City Branch is to supplement working capital at the interest rate specified in each debt receipt.

The Group is solvent over short-term loans.

Details of increase/ (decrease) of short-term loans during the year are as follows:

	Beginning balance	Increase during the year	Transfer from long-term loans	Amount already paid during the year	Ending balance
Short-term loans from banks	2,035,705,398,842	8,392,617,048,532	-	(9,098,649,906,218)	1,329,672,541,156
Current portions of long-term loans	-	-	5,346,765,919	(1,346,765,919)	4,000,000,000
Total	2,035,705,398,842	8,392,617,048,532	5,346,765,919	(9,099,996,672,137)	1,333,672,541,156

21b. Long-term borrowings and financial lease

The loan from Vietcombank – Branch in Ho Chi Minh City is to:

- ▶ Settle the reasonable, legitimate expenses in association with the investment in machinery and equipment under the project of expanding workshop for processing fish powder and fat. The loan interest applied in the first 2 years from the loan disbursement date is equal to the ceiling interest rate applied to loans with purpose of legitimating the losses in agriculture according to the regulation of the Decision No. 68/2013/QĐ-TTg dated 14 November 2013 of the Prime Minister and the Circular No. 13/2014/TT-NHNN dated 18 August 2014 as disclosed by the creditor in each period. For the remaining loan period, the loan interest rate is equal to the interest rate applied to 12-month deposit in VND, of which the interest is paid on due date, as disclosed by the creditor plus the fixed margin of 02%/year. This interest rate cannot be higher than the mentioned above ceiling interest rate. The loan period is 84 months with the grace period of 18 months starting from the first loan disbursement. This loan is secured by mortgaging all assets, including machinery and equipment formed from this loan and the equity capital of the project
- ▶ Settle or to compensate for the reasonable, legitimate, legal expenses related to the project of Vinh Hoan 2 export rice processing plant. The loan interest rate is the interest rate applied to 12-month deposit in VND, of which the interest is paid on due date, as disclosed by the creditor plus the fixed margin of 3,6%/year. This interest rate cannot be higher than the ceiling interest rate applied to loans given to debtors operating agriculture and rurality which is disclosed by the creditor in each period. The loan period is 120 months with the grace period of 12 months starting from the first loan disbursement. This loan is secured by mortgaging land use right and assets attached to land which belong to the project of Vinh Hoan 2 export rice processing plant.

- ▶ Settle or to compensate for the reasonable, legitimate, legal expenses related to the project of manufacturing collagen and gelatin from catfish skin. . The loan interest rate is equal to the basis interest rates + a margin, but not higher than the ceiling interest rate applied to loans with purpose of legitimating losses in agriculture according to the regulation of the Decision No. 68/2013/QĐ-TTg dated 14 November 2013 of the Prime Minister and the Circular No.13/2014/TT-NHNN dated 18 August 2014 as disclosed by the creditor in each period. The loan period is 120 months with the grace period of 24 months from the first loan disbursement. This loan is secured by mortgaging all machinery and equipment under the project of manufacturing collagen, gelatin from catfish skin
- ▶ Construct Van Duc (Tien Giang) aquatic product plant – stage 2. The loan interest rate applied to two first years is 06%/year. The loan period is 120 months with the grace period for the loan principal amount of 18 months from the first loan disbursement. The principle amount is repaid in 34 installments according to the loan repayment schedule, which is signed at the ending date of grace period or at the date when the total loan is fully disbursed. This loan is secured by mortgaging all assets formed from this loan and the land use right of the project.

The Group is solvent over long-term loans.

Payment schedule of long-term loans is as follow:

	Ending balance	Beginning balance
Less than 01 year	4,000,000,000	-
From 01 year to 05 years	117,296,675,826	31,773,382,959
Over 05 years	321,188,575,727	31,773,382,960
Total debts	442,485,251,553	63,546,765,919

Details of increase/ (decrease) of long-term loans are as follows:

	Ending balance	Beginning balance
Beginning balance	63,546,765,919	84,116,433,338
Increase	380,285,251,553	-
Increase due to business merging	-	44,088,000,000
Amount already paid	-	(64,657,667,419)
Inclusion into short-term loans	(5,346,765,919)	-
Ending balance	438,485,251,553	63,546,765,919

21c. Outstanding borrowings and financial leases

The Group has no outstanding borrowings and financial leases.

22. Provisions for short-term payables

Provisions for expenses on anti-dumping lawsuit in United States

23. Bonus and welfare funds

	Beginning balance	Increase due to appropriation for profit	Disbursement during the year	Ending balance
Bonus fund	56,492,605,526	20,012,814,000	(24,238,118,000)	52,267,301,526
Welfare fund	855,238,018	-	(855,238,018)	-
Total	57,347,843,544	20,012,814,000	(25,093,356,018)	52,267,301,526

24. Deferred income tax liabilities

This item reflects deferred income tax liabilities related to temporarily deductible differences. Details are as follows:

	Current year	Previous year
Beginning balance	7,757,146,557	7,263,528,398
Inclusion into operation results	2,694,538,255	493,618,159
Ending balance	10,451,684,812	7,757,146,557

The corporate income tax rate used for determining deferred income tax assets is 15% (previous year: 22%).

25. Owner's equity

25a. Statement of fluctuations in owner's equity

Details of fluctuations in owner's equity are presented in attached Appendix on page 45

25b. Shares

	Ending balance	Beginning balance
Number of shares registered to be issued	92,403,943	92,403,943
Number of shares already sold to the public	92,403,943	92,403,943
- Common shares	92,403,943	92,403,943
- Preferred shares	-	-
Number of shares repurchased	-	-
- Common shares	-	-
- Preferred shares	-	-
Number of outstanding shares	92,403,943	92,403,943
- Common shares	92,403,943	92,403,943
- Preferred shares	-	-

Face value per outstanding share: VND 10.000.

25c. Profit distribution

During the year, the Corporation has extracted bonus and welfare funds for the amount of VND 20.000.000.000 in line with the Resolution dated 08 May 2015 of the Annual Shareholders' Meeting in 2015 and the subsidiary has also extracted bonus and welfare funds for the amount of VND 12.814.000.

In addition, the Corporation has made advance of the dividends in 2015 for the shareholders for the amount of VND 92.403.943.000 according to the Resolution dated 16 June 2015 of the Board of Management.

25d. Foreign exchange difference

The exchange differences are generated from the conversion of Financial Statements made in USD into VND.

26. Interests of non-controlling shareholders

Interests of non-controlling shareholders present the interests of non-controlling shareholders in net assets of subsidiaries. Fluctuations in interests of non-controlling shareholders are as follows:

	Current year	Previous year
Beginning balance	16,843,744,960	88,388,522,761
Profit after tax of non-controlling shareholders	(1,725,595,908)	23,761,433,684
Increasing in capital from non-controlling shareholders	-	72,950,040,000
Decrease due to the distribution of dividends and profit	-	(75,099,920,000)
Decrease due to the capital withdrawal from subsidiary	-	(93,156,331,485)
Decrease due to repurchase of capital from non-controlling shareholders	(2,746,363,650)	-
Ending balance	12,371,785,402	16,843,744,960

27. Off-balance sheet items

27a. Leased assets

The total minimum lease payment in the future for irrevocable leasing contracts will be settled as follows:

	Ending balance	Beginning balance
Under 1 year	4,827,472,224	3,143,604,198
From 1 year to 5 years	21,780,033,026	27,223,608,010
Over 5 years	49,104,710,975	50,430,203,473
Total	75,712,216,225	80,797,415,681

27b. Foreign currencies

	Ending balance	Beginning balance
US Dollar (USD)	12,814,557.33	3,547,063.25
Euro (EUR)	6,750.13	638.17
Chinese Yuan (CNY)	184,080.02	3,436.00
Japanese Yen (JPY)	32,887.00	-
Dollar Singapore (SGD)	2,813.00	-

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT

1. Sales

1a. Gross sales

	Current year	Previous year
Sales of merchandises	251,507,250,406	365,747,325,591
Sales of finished goods	5,285,034,679,557	5,148,221,274,877
Sales of service provision	1,663,808,458	16,128,762,893
Sales of materials and supplies	54,498,426,502	66,859,297,803
Sales of by-products	934,816,938,706	703,157,928,629
Total	6,527,521,103,629	6,300,114,589,793

1b. Sales to related parties

The Group has had only transactions of selling goods and providing services with Van Duc Food Co., Ltd. as follows:

	Current year	Previous year
Sales of goods	565,292,363	13,462,299,658
Sales of service provision	488,104,750	10,741,145,059

2. Sales deductions

	Current year	Previous year
Sales returns	16,297,639,677	6,059,737,473
Sales allowances	17,833,262,466	1,606,217,771
Total	34.130.902.143	7,665,955,244

3. Costs of sales

	Current year	Previous year
Costs of merchandises sold	223,593,381,403	333,031,291,128
Costs of finished goods sold	4,448,675,132,554	4,433,474,538,996
Costs of materials and supplies	56,971,297,572	62,149,234,407
Costs of by-products	952,627,414,022	645,102,293,286
Allowances /(Reversal) of allowances for devaluation of inventories	8,948,317,241	(4,584,173,248)
Total	5,690,815,542,792	5,469,173,184,569

4. Financial incomes

	Current year	Previous year
Term deposit interest	43,843,046,445	16,706,211,119
Demand deposit interest	191,364,306	446,008,160
Loan interest	54,663,270	616,136,452
Interests on the advances for purchases of materials	7,078,813,830	7,010,270,391
Interests on deferred payments for goods	-	1,411,234,091
Exchange gain arising	114,539,745,194	29,157,137,553
Exchange gain due to the revaluation of monetary items in foreign currencies	542,578,396	97,657,512
Gain from capital withdrawal out of subsidiary	-	182,753,138,010
Total	166,250,211,441	238,197,793,288

5. Financial expenses

	Current year	Previous year
Loan interest expenses	36,841,457,042	38,437,879,203
Exchange loss arising	160,561,232,714	21,528,932,568
Exchange loss due to the revaluation of monetary items in foreign currencies	5,030,950,554	4,737,088,594
Loss from capital withdrawal from subsidiary	700,938,039	-
Provisions for losses from investments	6,903,592,732	-
Total	210,038,171,081	64,703,900,365

6. Selling expenses

	Current year	Previous year
Employees	14,236,883,348	8,495,400,413
Expenses on tools, supplies, materials, packages	1,021,451,721	7,964,036,334
Depreciation/ (amortization) of fixed assets	150,484,006	191,265,502
Transportation expenses	137,497,332,073	149,218,703,294
Others	99,670,167,835	79,271,549,429
Total	252,576,318,983	245,140,954,972

7. General and administration expenses

	Current year	Previous year
Employees	41,750,457,641	43,049,224,344
Office stationery	8,237,987,600	3,228,838,248
Depreciation/ (amortization) of fixed assets	24,680,405,104	12,111,824,974
Expenses on allocation of goodwill	9,447,727,423	3,936,553,093
Taxes, fees and legal fees	780,881,181	4,892,102,070
Others	32,646,012,024	94,426,335,117
Total	117,543,470,973	161,644,877,846

8. Other income

	Current year	Previous year
Proceeds from disposals and liquidations of fixed assets	618,151,477	1,951,600,693
Debts not required to pay	309,529,535	60,195,099
Other incomes	3,333,026,278	3,429,322,517
Total	4,260,707,290	5,441,118,309

9. Deferred income tax

	Current year	Previous year
Deferred income tax arising from temporarily taxable differences	2,965,782,936	493,618,159
Deferred income tax arising from reversal of deferred income tax assets	4,050,170,875	3,329,418,949
Gain from deferred income tax arising from temporarily deductible differences	(475,225,190)	(4,050,170,875)
Gain from deferred income tax arising from reversal of deferred income tax payable	(271,244,681)	-
Total	6,269,483,940	(227,133,767)

10. Earnings per share**10a. Basic/ diluted earnings per share**

	Current year	Previous year
Accounting profit after corporate income tax of the shareholders in parent company	322,558,282,177	439,152,061,580
Extraction for bonus and welfare funds	(20,000,000,000)	(20,000,000,000)
Increases/(decreases) in accounting profit used to determine profit distributed to ordinary equity holders:	-	-
Profit used to calculate basic earnings per share	302,558,282,177	419,152,061,580
The average number of ordinary shares outstanding during the year	92,403,943	91,371,686
Basic/ diluted earnings per share	3,274	4,587

10b. Other information

The earning per share in the previous year has been recalculated due to deductions to bonus and welfare funds to determine profit used to calculate basic earnings per share in accordance with the Circular No.200/2014/TT-BTC dated 22 December 2014 of Ministry of Finance. The application of this new regulation has led to the decrease of the earning per share in the previous year from VND 4,806 down to VND 4,587 VND.

There have been no transactions on common shares or potential common shares from the date of balance sheet to the date of disclosure of this Consolidated Financial Statements.

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED CASH FLOWS STATEMENT

As of the balance sheet date, all the Group companies have non-cash transactions and transactions related to fixed assets, investment as follows:

	Current year	Previous year
Purchases of fixed assets by receiving debts	7,479,595,246	28,068,215,680
Prepayment for acquisition of fixed assets	23,630,145,530	35,701,556,885
Increases of capital by dividends	-	309,990,300,000
Prepayment for acquisition of shares	26,174,510,000	-
Adjustment in capitalization of fixed assets in previous year	6,722,883,331	-

VII. OTHER DISCLOSURES

1. Transactions and balances with related parties

The related parties of the Group consist of key managers and their related individuals and other related parties.

1a. Transactions and balances with the key managers and their related individuals

The key managers include the members of the Board of Management and the Executive Officers and Chief Accountant. The key manager's related individuals include their close family members.

Transactions with the key managers and their related individuals

The Group has no transactions of sales of goods and service provision with key managers and related individuals. Other transactions during the year only include the transactions of purchase of materials with related individuals for the amount of VND 36,632,856,180 (VND 15,924,292,360 in previous year).

Receivables from and payables to the key managers and their related individuals

Receivables from and payables to the key managers and their related individuals are presented in Note No.V.4 and V.6.

Receivables from and payables to the key managers and their related individuals are not secured and will be settled in cash. There are no provisions for bad debts for the accounts receivable from the key managers and their related individuals.

Income of the key managers

The income of the key managers during the year is VND 21,265,967,000 (VND 9,766,712,092 in the previous year).

1b. **Transactions and balances with other related parties**

Other related parties of the Group only include Van Duc Food Co., Ltd., which is invested by the related individual of the Corporation's Chairman of the Board of Management.

Transactions with other related parties

Besides the transactions of sales of goods and service provision to other related parties presented in Note No. VI.1b, the Group has also transactions with other related parties as follows:

	Current year	Previous year
Acquisition of merchandises and services	606,204,153	6,194,531,225
Service fees	544,962,949	348,646,250
Sales of fixed assets	450,000,000	-
Acquisition of fixed assets	-	6,194,531,225

Cost of goods and services provided for other related parties as well as the purchases of goods and services from related parties are made at prices agreed among the parties themselves.

Receivables from and payables to other related parties

Receivables from and payables to other related parties are presented in Note No.V.3, V.6, V.15 and V.20.

The receivables from other related parties are not secured and will be settled in cash. There are no provisions for bad debts for the accounts receivable from the related parties.

2. **Segment information**

The Group's segment information is presented according to business segment and geographical segments. The primary reporting format is the geographical segments based on the internal organizational and management structure as well as the system of internal financial reporting of the Group

2a. **Information on geographical segment**

The Group's operations are mainly taken place in the local market and export to foreign countries.

	Current year	Previous year
Exports	5,417,453,432,505	4,725,922,724,452
Local sales	1,075,936,768,981	1,566,525,910,097
Total	6,493,390,201,486	6,292,448,634,549

The Group companies have not followed up the information on financial performances, fixed assets, other long-term assets and large non-cash expenses of each geography-based segment according to the location of customers.

2b. **Business segment**

The Group's principal activities are under one operating sector (i.e. growing, manufacturing and processing aquatic products and processing feeds for aquatic animals).

3. Comparative figures

3a. Application of new Accounting System

As presented in the Note No. III.1, since 01 January 2015, the Group has applied the Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the Vietnamese Accounting System in replacement for the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Minister of Finance and the Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance as well as the Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance in replacement for Part XIII – the Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance giving guidance on the preparation and presentation of Consolidated Financial Statements in accordance with the Vietnamese Accounting Standard No. 25 “Consolidated Financial Statements and accounting of investments in subsidiaries”. The Group has re-presented the comparative figures in compliance with regulations of this new Accounting System.

3b. Effects of the application of new Accounting System

The application of new Accounting System has caused no material effects on the on the comparative figures in the Consolidated Financial Statements

4. Subsequent events

There have been no material events from the balance sheet date which need any adjustments on the figures or the disclosures in the Consolidated Financial Statements

Dong Thap. 21 March 2016

Ha Thi Phuong Thuy Hong Nhung
Preparer

Ha Thi Phuong Thuy Hong Nhung
Chief Accountant



Truong Thi Le Khanh
General Director

Appendix: Statements on fluctuation in owner's equity

	Capital
Beginning balance of the previous year	614,049,130,000
Issuance of shares by dividends	309,990,300.000
Re-issuance of treasury shares	-
Profit in the year	-
Appropriation for funds	-
Sharing dividends	-
Exchange difference due to the conversion of Financial Statements	-
Ending balance of the previous year	924,039,430,000
Beginning balance of the current year	924,039,430,000
Issuance of shares by dividends	
Profit in the year	-
Appropriation for funds	-
Sharing dividends	-
Transfer of income from capital withdrawal from Subsidiary into other investments recorded in previous years	-
Transfer of the difference between purchase price and net assets when making additional investments into Subsidiary	-
Exchange difference due to the conversion of Subsidiary's Financial Statements	-
Decrease due to the exchange difference arising from capital withdrawal from subsidiary	-
Ending balance of the current year	924,039,430,000

Dong Thap. 21 March 2016

Truong Thi Le Khanh
General Director



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