

SUSTAINABLE DEVELOPMENT



CÔNG TY CỔ PHẦN VĨNH HOÀN
ANNUAL REPORT 2011

SUSTAINABLE DEVELOPMENT

From 2006, Vinh Hoan has implemented the sustainable development strategy by applying and qualifying ISO14001 for the environmental management system. Vinh Hoan is the only company certified by GLOBAL GAP for its entire production process from hatchery, farming, fish feed factory, and processing lines by BUREAU VERITAS CERTIFICATION (BVC). Vinh Hoan strives to implement the environmental protection and sustainable development policies.

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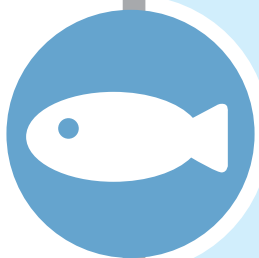


PERFORMANCE

-Overview of Business Activities

Vinh Hoan strives to develop by balancing basic factors: environmental sustainability (Environment – Planet), social sustainability (Society – People), and economic sustainability (Economy – Profit). Even though business profit is important, we consider business ethics as the solid foundation for the Company's development.

The year of 2011 continues to be a successful year of profit growth and a significant development in business sustainability of Vinh Hoan Corporation.



PRODUCT

-Outstanding Products

Utilize the advantage of being familiar with its core business – Pangasius - Company develops new products from secondary businesses and takes another step closer to an integrated process.

Sustainable products from farming and producing Pangasius, rice, collagen, fish meal, fish oil...based on the implementation of global requirements for sustainable farming such as AQUA GAP, GLOBAL GAP, BAP, and ASC.



PEOPLE

-Vinh Hoan: Appreciate Talents

Vinh Hoan builds its future based on everyone's common prosperity, ensures social balance development, employees' interests, and contributes to the society.



PLANET

-Green Planet

Protect natural environment of eco-system, develop based on conservation of natural resources, and waste management. Our business is associated with environmental responsibility.



PROFIT

-Maximize Profit

Utilize resources, manage costs with the right business strategy in order to maximize profit for the Company based on ensuring the harmonious development of the Company associated with community interests and environmental protection for future generations.





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CHAIRWOMAN'S MESSAGE



Dear valued shareholders,

On behalf of Executive Board Members, I would like to start the annual report with a summary of achievements in 2011 as below:

- Revenue increased 36%
- Profit increased 80%
- Export revenue reached 154 million USD - leading position in the industry

We have reached a higher level of business performance. The above results are the continuation of success in previous years based on the core values and business model that we have firmly created and developed.

These values are management based on attracting, training, and encouraging properly excellent human resources, production based on solid principles of quality management and food safety, trade ethically and credibility. Business model that we have successfully implemented is a strict management and business performance utilization of raw materials by a vertically integrated system,



2012 will surely carry along difficulties and challenges. Our challenge will increase when we implement long-term investment projects in such declining economic situation. As a result, we should not be complacent about

On behalf of the Board

Chairwoman
Truong Thi Le Khanh

● COMPANY'S HISTORY

Established Vinh Hoan Company Limited.

The first processing plant officially opened and commenced operations at Cao Lanh, Dong Thap.

1997

1999



2007

2008

Established "Vinh Hoan (USA) Incorporated";
Established "Vinh Hoan 1 Feed Corporation";
Listed shares on Ho Chi Minh Stock Exchange.

Implemented GREEN FARM program for fish farming areas

Approved for export to EU with DL147

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

2000

2006



2009

2010

Received "VIETNAMESE GOLDEN STAR AWARD 2009";

Received AQUA GAP certificate for farming areas
issued by IMO, Switzerland;

Vinh Hoan's laboratory received ISO/ IEC
17025:20005 certificate;

Vinh Hoan is the first company in Vietnam and in
Asian region achieved "Nutrition and Health" Award at
Seafood Prix d'Elite (European Seafood Exhibition);

Received the Certificate of Merit for outstanding
achievements, awarded at European Seafood Exhi-
bition, contributing in country development by Prime
Minister.

Granted 0% anti-dumping rate for exports to the
U.S. market for POR 5th by U.S. Department of
Commerce (08/01/2007-07/31/2008);

Received GLOBAL GAP certificate;

Received ISO 22000 certificate for quality man-
agement system.

● COMPANY'S HISTORY



2011

Granted the second 0% anti-dumping rate for exports to the U.S. market for POR 6th by U.S. Department of Commerce.

Awards of the year:

- 04/29/2011: Based on Decision 150/QD-CTN on 01/28/11 by Prime Minister, awarded Labor Medal – Third Ranking:
Group: Vinh Hoan Corporation
Individual: Mrs. Truong Thi Le Khanh – Chairwoman
Decision 68/QD-TT on 01/11/11 of President awarded Certificate of Merit for 2 individuals:
Mr. Huynh Duc Trung – Deputy General Director
Mrs. Nguyen Ngo Vi Tam – Deputy General Director
- 05/03/2011: Vinh Hoan received GRAND PRIZE BEEST NEW RETAIL PRODUCT AWARD by Seafood Prix d'Elite 2011 at European Seafood Exhibition 2011 (ESE 2011) at Brussels, Belgium.
- 05/30/2011: Based on Decision 2640/QD-BCT, Vinh Hoan is listed of "Trustworthy Exporters of 2011" issued by Vietnam Ministry of Industry and Trade.
- 07/05/2011: Received "The Best Annual Report" Award in the Annual Report Rating Event 2011 organized by Ho Chi Minh City Stock Exchange (Hose).
- 10/12/2011: Vinh Hoan received "Top ten Viet Trademark Golden Cup – Technology and Science Application in 2011" Award organized by National Office of Intellectual Property of Vietnam – Ministry of Science and Technology together with Vietnam Science – Economy Association.
- 10/13/2011: Mrs. Truong Thi Le Khanh – Chairwoman and CEO of the Company and Mr. Vo Phu Duc – President of Vinh Hoan 1 Feed received "Outstanding Entrepreneurs of Dong Thap Province in 2011".
- 10/15/2011: Vinh Hoan received "VIETNAMESE GOLDEN STAR AWARD 2011" organized by Vietnam Youth Union and Vietnam Association of Young Entrepreneurs.



- 10/28/2011: Mrs. Truong Thi Le Khanh – Chairwoman and CEO of the Company received “Outstanding Entrepreneurs of Mekong Delta in 2011” from Vietnam Chamber of Commerce and Industry – Can tho Branch.
- 12/01/2011: Vinh Hoan received Certificate of Merit from People’s Committee of Dong Thap Province regarding the achievement in implementing policies of social insurance and health insurance in Dong Thap Province from 2007 -2011 based on Indicator 02/2006/CT-UBND on 01/13/2006 of People’s Committee of Dong Thap Province according to Decision 425 on 12/01/2011.
- 12/03/2011: Vinh Hoan won the First prize of “Golden Hands in Fish Processing Industry of Dong Thap 2011” held by Dong Thap Labor Union, Department of Labor, Invalids and Social Affairs, Department of Agriculture and Rural Development, Department of Trade and Industry, and the Management Board of the provincial economy.

Certificates of Sustainable Development:

- 05/17/2011: Vinh Hoan 1 (Vinh Hoan Feed) received GLOBAL GAP certificate issued by Bureau Veritas.
- 07/15/2011: Thoi Lai Hatchery received GLOBAL GAP certificate issued by Bureau Veritas.
- 09/26/2011: Vinh Hoan received BAP certificate (Best Aquaculture Practice) with “two stars” degree for processing plants and farming areas issued by GAA (Global Aquaculture Alliance). This certificate has received a lot of attention from many retailers and distributors in the U.S.

Establishment of Subsidiaries:

- 07/27/2011: Vinh Hoan 2 Food was established with capital of 50 billion VND.
- 09/21/2011: Vinh Hoan 3 Food was established with capital of 80 billion VND.
- 11/26/2011: Vinh Hoan has constructed Collagen palot workshop at Thanh Binh, Dong Thap Province.
- 12/02/2011: Vinh Hoan Collagen 5 JSC was established with capital of 80 billion VND.

COMPANY'S HISTORY



Milestones

Vinh Hoan was established on December 29, 1997 in Dong Thap province – Mekong Delta. Over the ensuing 15 years of development, Vinh Hoan has become the leading Pangasius producer and exporter in Vietnam. Vinh Hoan is the brand of choice for overseas importers of Pangasius fillets and value-added goods from Pangasius.

Since its inception, Vinh Hoan has developed a sustainable, cohesive and comprehensive strategy. Vinh Hoan strives to develop by balancing basic factors: environment – society – economy. The milestones in the company history of formation and development are the achievements that Vinh Hoan has achieved regarding quality management, market development, production of high-quality products, and with the aim of sustainable targets and environmental protection.



INCREASE IN CHARTER CAPITAL

TIME	ISSUANCE METHOD	PURPOSE	ADDED AMOUNT	CHARTER CAPITAL AFTER INCREASED	SHARE PREMIUMS	LISTED DATE	TRANSACTION DATE
2009-2010	Shares issued for strategic investors	Restructure capital	53.28 bil VND	353.28 bil VND	191.80 bil VND	03/09/2010	03/15/2010
2010	2008-2009 ESOP and shares sponsored for housing program for employees	Encourage staff	9.42 bil VND	362.7 bil VND	-	12/22/2010	12/28/2010
2010	Share dividend 2010 (30%)	Improve financial ability	108.81 bil VND	471.51 bil VND	-	12/22/2010	12/28/2010

● SWOT ANALYSIS

STRENGTHS

1. Board of Directors have been devoted to the Company with their extensive experience and strategic vision. Our staff are enthusiastic, experienced, and loyal.
2. Strategic orientation for sustainable development.
3. High reputation of Vinh Hoan products and quality management system in the international market. Thus, Company has developed a well-established strategic customer base.
4. Modern and integrated production chain from fingerlings, fish feed to outputs and raw material with international certificates.
5. A large fish farming area, which provides Vinh Hoan the ability to self-supply raw material.

WEAKNESSES

1. Value-added section is not significant in product structure. Therefore, it remains under pressure for price competition.
2. Competitive labor market either inside or outside the industry.
3. The U.S. and EU comprises over 70% of VHC's export markets; therefore any turn from these markets would impact on company's short-term performance.
4. Unbalanced development in low and average market segments to optimize productivity and reduce fixed costs.
5. Management team can not keep up with production development.

OPPORTUNITIES

1.

Vietnam's fisheries sector has high growth and stability, which is expected to continue to grow 12% - 15% per year. Seafood consumption increases, while the export and domestic potential are wide open. Especially, value-added products and products from by-products promise to open up many new market segments.

2.

Favorable mechanisms and policies for the fisheries sector, especially preferential policies on interest rates and credit.

3.

Vinh Hoan pursues a sustainable development policy, which is consistent with global trend, therefore easily to access to new markets and the technical barriers, develop its competitive advantage over its rivals.

THREATS

1.

Trade barriers in export markets.

2.

Economic downturn in Europe.

3.

Unexpected fluctuation in raw material prices and production costs.

4.

Increasingly fierce competition.

OUTSTANDING ACHIEVEMENTS

COMPARISON WITH OTHER SEAFOOD ENTERPRISES (12/31/2011)

ITEMS	VHC	HVG	ANV	AVF	AGF	ACL
Market Capital (billion VND)	1,339	1,327	488	212	275	316
EPS of 2011	8,389	6,337	1,119	2,527	4,844	6,244
P/E of 2011	3.3	3.1	6.6	3.7	4.4	2.7
ROA (%)	18.65	8.30	2.27	3.76	4.03	15.12
ROE (%)	36.19	23.54	3.27	15.74	9.47	38.54
Gross Profit Margin (%)	17.64	15.61	10.26	16.82	13.46	18.70
Net Profit Margin (%)	11.70	5.73	3.19	3.41	2.33	9.54

Vinh Hoan Corporation – Leading Firm in the Vietnamese Pangasius Industry

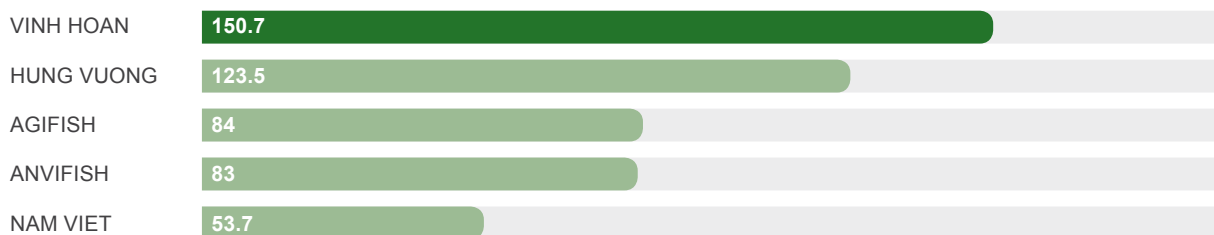
Vinh Hoan has become the leading firm in export turnover in Pangasius industry.

- Vinh Hoan's export value has increased steadily over the years. Compared to 2010, Vinh Hoan's export turnover in 2011 has increased by nearly 17%.
- By the end of 2011, total export turnover of VHC (including by-products and other products) is 154 million USD. According to VASEP, calculating Pangasius fillets alone, Vinh Hoan reaches 150 million USD, more than 8 % of total Pangasius export turnover nationwide.

LIST OF TOP 5 VIETNAMESE PANGASIUS EXPORTING COMPANIES IN 2011

COMPANIES

Unit: in million USD



EXPORT VALUE

Source: VASEP

Export value compared to 2010

▲17%

Total export value

\$154 TRIỆU

Export turnover and revenue of Vinh Hoan has increased noticeably over the years.

- Not only increasing in export value, Vinh Hoan has grown in revenue steadily. In 2010, Vinh Hoan's revenue achieved 3 trillion VND. In 2011, it has grown drastically, increased by 37%, reached 4 trillion VND.

GROWTH IN REVENUE AND EXPORT TURNOVER OF VINH HOAN CORPORATION OVER THE YEARS

ITEMS	2008	2009	2010	2011
Export turnover (million USD)	101	115	132	154
Growth rate (%)	35%	14%	15%	17%
Consolidated revenue (billion VND)	2,442	2,785	3,021	4,114
Growth rate (%)	-	14%	8%	36%





Vinh Hoan increased profits - resulted by the integrated production system

- Vinh Hoan has grown steadily in revenue. The implementation and completion of the integrated production line have helped Vinh Hoan manage its cost of goods sold effectively and limit the impact from raw material price fluctuations.
- Earnings per share (EPS) in 2011 is 8,389 VND per share with Profit after tax in 2011 of 394 billion VND, increased 84% compared to 2010.

Net profit

394 Billion VND

Growth rate compared to 2010

▲36%

PROFIT AND EARNINGS PER SHARE OF VINH HOAN CORPORATION OVER THE YEARS

ITEMS	2008	2009	2010	2011
Consolidated gross profit (billion VND)	288	452	587	724
Growth rate (%)	-	57%	30%	23%
Consolidated profit after tax of parent company's shareholders (billion VND)	80	193	214	394
Growth rate (%)	-	141%	11%	84%
Earnings per share (VND)	2,668	4,613	4,573	8,389



ROA

18.65%

ROE

36.19%

Profitability of Vinh Hoan is attractive.

- Vinh Hoan is one of the most profitable Pangasius firms with 18.65% in ROA and 36.19% in ROE.

GROSS PROFIT MARGIN OF VINH HOAN CORPORATION OVER THE YEARS

ITEMS	2008	2009	2010	2011
Return on Assets (ROA)	8.46%	14.15%	12.82%	18.65%
Return on Equity (ROE)	20.57%	37.48%	27.12%	36.19%

● VINH HOAN'S HIGHLIGHTS



Vinh Hoan Feed received GLOBAL GAP certificate

On May 17 2011, in Can Tho city, Vinh Hoan 1 Feed JSC, a subsidiary of Vinh Hoan Corporation and Wilmar Agro Vietnam Co., Ltd., a manufacturer of rice bran under the Cam Vang brand, signed a partnership agreement for animal feed production with the "Vinh Hoan Feed-Cam Vang" brand name. Accordingly, Wilmar Agro Ltd. Vietnam provides Vinh Hoan 1 Feed JSC an approximately 35 thousand tons of high quality bran, worth about 200 billion VND for aquaculture feed production each year.

This cooperation is to improve quality and traceability of Tra/ Basa fish feed towards sustainable development and meet international standards such as GLOBAL GAP, ASC, ACC, food safety, environmental protection ... Mr. Vo Duc Phu, Director of Vinh Hoan 1 Feed, said the strategic partnership will help Vinh Hoan 1 Feed take the initiative of high-quality materials to ensure feed output of 120,000 tons per year.

Also at this press conference, the representative of Bureau Veritas awarded GlobalGAP certificate to Vinh Hoan 1 Feed. In July, the hatchery will also be certified, to complete the GLOBAL GAP certification for the whole integrated production system of Vinh Hoan from fingerlings, feed, and farms to processing plants operated under global standards.



Vinh Hoan is active in community services

Vinh Hoan always considers participating in community service and taking care of community welfare are the traditional culture of the Company. In March of 2011, Company donated 50,000 kg of rice, of which, 1,000 portions are handed to the poor in 7 remote communes of Dong Thap Province. In May of 2011, VHC supported schools with 10,000 notebooks for poverty stricken students with excellent academic performance at the school's year-end ceremony. In August this year, on the occasion of the new school year, VHC donated 200,000 notebooks for local students, children of employees, and Study Encouragement Association.

The above activities belong to the sequence of social activities that VHC wants to implement this year. They indicate that besides focusing on business activities, VHC also whole-heartedly takes care of people and children with unfortunate circumstances. These are practical and meaningful work that VHC wants to contribute to the society.



Vinh Hoan is honored to receive Third Ranking of Labor Medal

On April 29, 2011, Vinh Hoan solemnly held a ceremony to receive the Third Ranking of Labor Medal presented by State President to VHC and Mrs. Truong Thi Le Khanh - Chairwoman, according to Decision 150/QĐ-CTN on January 28, 2011 as recognition to the contribution of introducing Vietnamese catfish image to international market.

On this occasion, Mr. Huynh Duc Trung and Mrs. Nguyen Ngo Vi Tam - Deputy General Presidents of VHC also received Certificate of Merit from State Prime Minister, according to Decision 68/QĐ-TTg on November 1, 2011.



Vinh Hoan achieved BAP certificate

VHC has achieved BAP certificate (Best Aquaculture Practice) at two star level for processing plant and farm. The BAP standards are set up by GAA (Global Aquaculture Alliances) and managed by ACC (Aquaculture Certification Council). These standards receive a lot of attention from retailers and distributors in the U.S. which is Vinh Hoan's main market.

In addition to BAP certificate, VHC currently has the AQUA GAP and GLOBAL GAP certificates for farms, hatchery, processing plants and feed mill. We are working towards ASC certificate for our farms in the near future. Vinh Hoan believes that the trend of consuming products responsibly is rising in the future and the achievement of international certificates will help businesses increase competitiveness and solidify its position in international market.



Vinh Hoan won the first prize at "Golden Hands" contest in fish processing industry

In November of 2011, the contest "Golden Hands in Fish Processing Industry of Dong Thap 2011" was held in Sa Dec industrial park by Dong Thap Labor Union and other provincial departments including Department of Labor, Invalids and Social Affairs, Department of Agriculture and Rural Development, Department of Trade, and Industry, the Management Board of the provincial economy.

There were 84 contestants of 14 teams representing 10 companies consisting of Vinh Hoan Corporation, Cadovimex II, Docifish, A Chau, Phat Tien, Hung Ca, To Chau, Thanh Hung, Cuu Long, and Hoang Long. After participating in four categories including "Introduce", "Knowledge", "Companion", and "Golden Hands" in fish processing, Vinh Hoan team received the highest score and won the first prize at the contest.



The opening of collagen palot workshop extracted from Pangasius fish skin

On March 12, 2012, VHC held an opening ceremony of Collagen palot workshop extracted from Pangasius fish skin at Binh Thanh industrial zone (Thanh Binh Commune, Dong Thap Province).

After success in research and production Collagen extracted from Pangasius fish skin in laboratory scope, production plant equipped with advanced technology extracting collagen from Pangasius fish skin with capacity of 10 tons Collagen powder product per year has officially operated. The total investment for this project is 10 billion VND. The first batches of palot workshop have stable quality and meet the technical requirements of the industry.

This palot workshop is a careful intermediate step of the Company to embark on a new industry requiring advanced technology for building product standard, checking specification for large-scale production as well as launching trial products into the market.

This project is part of a series of a large-scale integrated production system to take full advantage of by-products and waste products, increase profit, and minimize environmental impacts. Processing collagen from Pangasius fish skin is considered as an effective economic model; because the value of collagen is 10 times higher than exported Pangasius fillets and Company can utilize Pangasius fish skin which has always been considered as by-products in the past. The construction of a full-scale collagen processing plant with capacity of 1,000 tons per year will start at the end of this year.

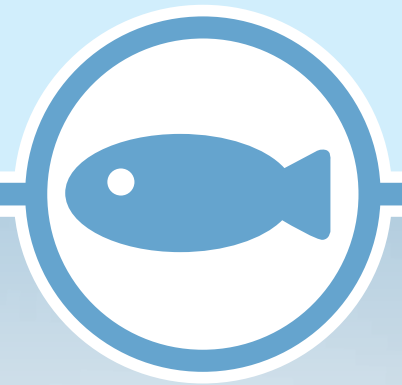


PRODUCT

-Outstanding Products

Utilize the advantage of being familiar with its core business – Pangasius fish - Company develops new products from secondary businesses and takes another step closer to a fully integrated process.

Sustainable products from farming and producing Pangasius, rice, collagen, fish meal, fish oil...based on the implementation of global requirements for sustainable farming such as AQUA GAP, GLOBLE GAP, BAP, and ASC.



● PRODUCT

- Pangasius Hypophthalmus



- Pangasius Fillet



- Marinated Pangasius Fillet



- Breaded Pangasius

- Provocake
Best Retail Product
Award in Brussel 2011



- Creobread



- Seafood Harmony



- Deliburg - Basa burger



- Fish meal



- Rice

◉ PRODUCT



- Collagen Peptide

REPORT OF BOARD OF MANAGEMENT



Result evaluation

In 2011, the seafood industry sets a new record for export turnover: 6.1 billion USD, increases 21% compared to 2010. This figure includes 1.8 billion USD from Pangasius export, significantly increased by 26% from last year's record of 1.4 billion USD.

2011 is also Vinh Hoan's most successful year thus far. Revenue increases 36% and profit after tax increases 84% compared to 2010, which has exceeded 57.6% compared to 250-billion VND projected profit set by Board of Shareholders.

This figure is worth noting especially against the given economic situation in 2011 with high interest rate and inflation rate, increasing costs, monetary policy, tightening credit nationwide, and volatile global situation with economic recession and debt crisis in Europe.

In addition to achieving impressive results mentioned above, this year, VHC launches and implements development projects to optimize value of by-products and diversify business portfolio.

● REPORT OF BOARD OF DIRECTORS

Farming

Vinh Hoan implements a fully integrated system from fingerlings, fish feed, farming area, and Pangasius processing plant with sustainable farming certificates such as AQUA GAP and GLOBAL GAP.

VHC also achieved BAP certificate at two-star level for processing plant and farm.

VHC has implemented ASC standards in Pangasius farming and will apply for ASC certificate at the end of third quarter in 2012.



Fish Feed

Vinh Hoan 1 keeps improving its feed quality in order to enhance fillet quality and lower Feed Conversion Ratio (FCR). This is one of the sustainable strategies in order to have a positive impact on the environmental and economic efficiency.



Collagen palot workshop

Collagen palot workshop has its grand opening and starts operating in March 2012, which is the foundation for Collagen production plant constructed in the third quarter of 2012.



Rice mill

Rice mill belongs to Vinh Hoan 2 Food Co., Ltd. with capacity of 100,000 tons per year, which operated in the second quarter of 2012.

Stage 2 includes installing paddy dryer, silo storage, and husking system, which is approaching the end of completion.

Vinh Hoan 3 Food Co., Ltd. has just received the land to install husking and polishing plant with the area of 27 hectares at Truong Xuan Commune, Thap Muoi District at the end of January 2012.

While expanding into Collagen and rice sectors, Vinh Hoan also focuses on its core business: farming, processing, and exporting Pangasius based on its capability. It focuses on product quality, food safety, environmental protection, and natural resource preservation.

Company's sustainable development has been proved through its annual business performance, especially in 2011, with the highest revenue and profit throughout its operation over the years.

- Export turnover: 154 million USD, increased 17% compared to 132 million USD in 2010;
- Revenue: 4,114 billion VND, increased 36% compared to 2010;
- Consolidated profit after tax: 394 billion VND, increased 84% compared to 2010.

Business performance

Unit: in billion VND

ITEMS	DONE 2010	DONE 2011	PLAN 2011	ACHIEVEMENT RATE
Revenue	3,021	4,114	3,000	137%
Growth rate (%)	8%	36%		
Profit before tax	272	480	250	192%
Profit after tax of Parent company's shareholders	214	394	250	158%
Earnings per share (EPS: VND/share)	4,573	8,389		

Industry Outlook

• AQUACULTURE PROCESSING

Factory maintains good manufacturing practice and improves food safety management system to meet international standards of ISO 9001, ISO 14001, ISO 22000, ISO 17025, BRC, and IFS Version 5.



REPORT OF BOARD OF MANAGEMENT

- AQUACULTURE FARMING**

Aquaculture farming with two goals: quality control and raw material self-supply are Vinh Hoan's strategies over the years.

With the awareness of protecting environment and preserving resource brought by Mekong River, Vinh Hoan is a pioneer of implementing good practice in fish farming. Company's fish farming system received international certificates such as AQUA GAP, GLOBAL GAP, and BAP. VHC is working towards ASC certificate (Aquaculture Stewardship Council) in 2012.



GLOBALG.A.P.



- ESTABLISHMENT OF SUBSIDIARIES**

In 2011, VHC has launched new projects regarding Pangasius farming and processing, rice, and collagen by establishing many subsidiaries, which will be the foundation of expanding its operation into other fields relating to its core business. This will help VHC generate higher revenue and profit in the future.

Vinh Hoan 2 Food Co., Ltd.

Vinh Hoan 3 Food Co., Ltd.

Vinh Hoan 4 Co., Ltd.

Vinh Hoan Collagen 5 Joint Stock Co.





Vinh Hoan:

Business scope: Aquaculture farming and processing



Vinh Hoan USA: Selling products in the U.S. market



Vinh Hoan 1 Feed: Producing fish feed, fish meal, fish oil from by-products



Vinh Hoan 2 Food: Rice



Vinh Hoan 3 Food: Rice



Vinh Hoan 4: Processing aquaculture



Vinh Hoan Collagen 5: Producing Collagen peptide

Development Orientation in the Future

Company's development policy has invested vertically on Pangasius fish and expanded business into related areas to support each other.

The tasks that VHC will concentrate its resources to develop during 2011- 2015 including:

GOALS	DETAILS
Farming	<ul style="list-style-type: none"> • Increase farming and hatchery areas to fully self-supply its farms and factories fingerlings and raw material
Aquaculture Processing	<ul style="list-style-type: none"> • Increase percentage of value-added products and products with certifications; in the mean time, develop products from barramundi in order to diversify product portfolio
Optimize Value of By-products	<ul style="list-style-type: none"> • Collagen project • Hydrolized protein plant
Diversify Product Portfolio	<ul style="list-style-type: none"> • Develop rice plant based on Dong Thap's potential and start constructing rice mill
Research and Development	<ul style="list-style-type: none"> • Research and development on feed quality and environmental protection
Human Resource	<ul style="list-style-type: none"> • Training replacement personnel

2012-2105 is the period when VHC invests its financial resource and personnel on many new projects, promising a strong growth for the Company in the future. Capital for these projects is collected from retained earnings and loans. The projected business performance for 2012-2015 is as below:

Unit: in billion VND

	2012	2013	2014	2015
Revenue				
• Aquaculture	3,500	4,350	5,400	6,000
• Feed	1,200	1,320	1,452	1,597
• Rice	95	498	518	1,078
• Collagen	-	55	137	246
CAPEX (capiatl expenditure)	250	300	400	0
Profit before tax	299	417	581	827
Profit after tax	250	344	482	695

○ SUBSIDIARIES

Vinh Hoan USA Inc.

- Address: 2 Mahogany Dr., Irvine, CA 92620 USA
- Capital from Vinh Hoan: 100%

Vinh Hoan USA Inc. was established in 2007 with the responsibility of selling products, providing delivery service and Customs service in the U.S. market.

BUSINESS RESULTS OF VINH HOAN USA INC.

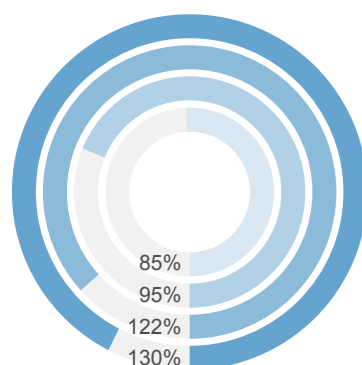
	Unit: in USD	
	2010	2011
Total revenue	50,270,669	72,717,082
Profit after tax	290,149	(112,269)

Vinh Hoan 1 Feed JSC

- Address: National Road 30, Thanh Binh Industrial zone, Thanh Binh District, Dong Thap Province
- Capital from Vinh Hoan: 69,8%
- Products: fish feed, fish meal, and fish oil

2011 is a challenging year for Vinh Hoan 1 with high interest expense, electricity, and employee salaries. Raw material for fish feed production become more expensive. Production costs also increase due to the flood. Company has strived to maintain and develop production with 30% increase in revenue even though net profit slightly decreased compared to 2010 due to the increase in costs.

PERCENTAGE RATIO 2011/2010



- Revenue
- Gross profit
- Profit before tax
- Profit after tax



REPORT OF BOARD OF MANAGEMENT

- **AQUACULTURE FARMING**

Aquaculture farming with two goals: quality control and raw material self-supply are Vinh Hoan's strategies over the years.

With the awareness of protecting environment and preserving resource brought by Mekong River, Vinh Hoan is a pioneer of implementing good practice in fish farming. Company's fish farming system received international certificates such as AQUA GAP, GLOBAL GAP, and BAP. VHC is working towards ASC certificate (Aquaculture Stewardship Council) in 2012.



GLOBALG.A.P.



- **ESTABLISHMENT OF SUBSIDIARIES**

In 2011, VHC has launched new projects regarding Pangasius farming and processing, rice, and collagen by establishing many subsidiaries, which will be the foundation of expanding its operation into other fields relating to its core business. This will help VHC generate higher revenue and profit in the future.

Vinh Hoan 2 Food Co., Ltd.

Vinh Hoan 3 Food Co., Ltd.

Vinh Hoan 4 Co., Ltd.

Vinh Hoan Collagen 5 Joint Stock Co.



Vinh Hoan 3 Food Co., Ltd.

- Address: Truong Xuan Industrial zone, Hamlet 4, Truong Xuan Commune, Thap Muoi District, Dong Thap Province
- Capital from Vinh Hoan: 90%
- Business activities:
 - Milling rice
 - Producing rice husk pellet
 - Selling fertilizers and agricultural supplies
 - Producing PP bags

Thap Muoi District's neighbors are Cai Be - Tien Giang Districts to the East, Tam Nong District to the West, Cao Lanh District to the South, and Tan Thanh - Tan Hung - Long An Districts to the North. These districts concentrate on agricultural practices covered by numerous large paddy fields. Together with Thap Muoi District, it has become the largest rice cultivation area of Dong Thap Province (average 30,000 - 35,000 ha/season with 600,000 tons in 2011).

Truong Xuan Industrial zone is located on Provincial Road 844, 80 km away from Tan An - Long An following National Road N2. By waterway, it is the intersection of many major channels which is convenient for paddy and rice transportation, and attracts paddy sources from neighboring country such as Cambodia and neighboring provinces such as Long An, An Giang, Tien Giang.

On January 10, 2012, People's Committee of Thap Muoi District officially transferred the land to Vinh Hoan 3 Food on which its rice mill will be constructed and operated on 2013.

Vinh Hoan 4 Co., Ltd.

- 100% capital is from Vinh Hoan Corporation.
- Activities: aquaculture processing with capacity of 100 tons of raw material/ day.

Processing plant will be constructed and operated in 2014. Vinh Hoan 4 is to serve the purpose of improving productivity and processing value-added products for Vinh Hoan to meet its needs of market development in the future.

Vinh Hoan Collagen 5 JSC.

- Address: National Road 30, Ward 11, Cao Lanh District, Dong Thap
- 85% of its capital is from Vinh Hoan Corporation
- Capacity of Stage 1: 1,000 tons per year
- Products: Collagen and gelatin extracted from fish skin

Collagen palot workshop started its operation at the end of December 2012, producing Collagen peptide. Workshop with capacity of 1,000 tons per year will be constructed in the third quarter of 2012. Business results of Vinh Hoan Collagen 5 are projected as follow:

Unit: in billion VND

	2013	2014	2015	2016	2017	2018
Operated capacity	20%	50%	90%	100%	100%	100%
I. Revenue	55	137	246	273	273	273
II. Profit before tax	(7)	34	102	118	118	118
III. Profit after tax	(7)	34	102	118	113	113
Return on sales - ROS	-14%	25%	42%	43%	41%	41%



PEOPLE

-Vinh Hoan: Appreciate Talents

Vinh Hoan builds its future based on everyone's common prosperity, ensures social balance development, employees' interests, and contributes to the society.



○ CORPORATE CULTURE

Corporate Culture

Vinh Hoan always appreciates and considers personnel as a precious asset of the Company. Management makes every effort to listen to staff, promote creativity, and search for new business ideas. We are working under an open environment in which everyone respects and supports each other. Endless effort of each employee helps Vinh Hoan develop sustainably.

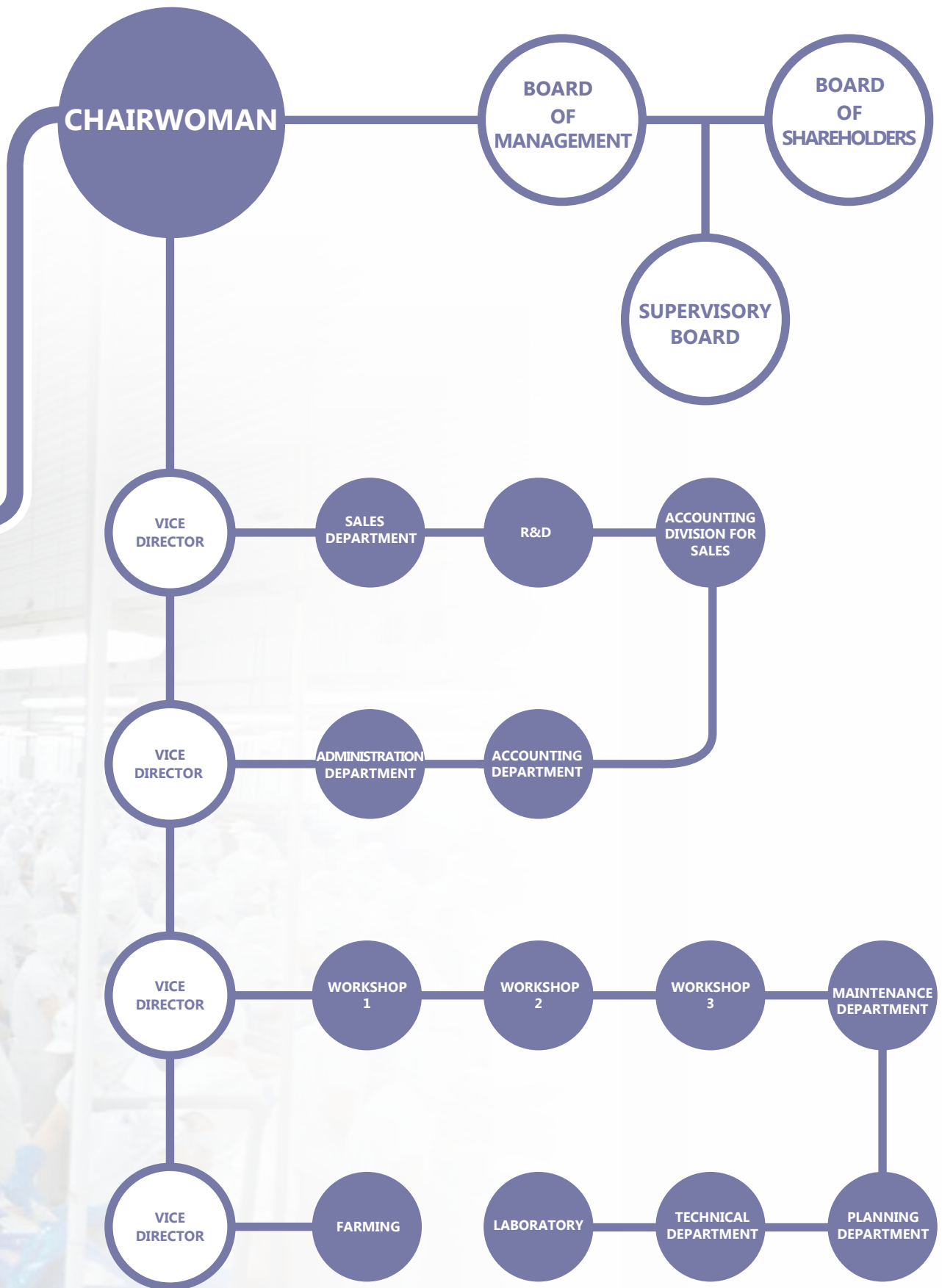
Producing Pangasius from fingerlings to farming and processing is being taken good care of by each employee with the highest sense of passion and responsibility. We are not selling only Pangasius fish but also the care and effort we put in from fingerlings to finished products with premium quality and food safety.

We keep our word, create trust, have responsibility towards customers, partners, suppliers, shareholders, and the media.

We are proud of bringing Pangasius fish - the blessing of Mekong River to consumers worldwide under the form of delicious, healthy, and safe fish fillets which have positive environmental impacts.



ORGANIZATIONAL CHART



○ ORGANIZATIONAL CHART

Management Structure

Company's management structure is similar to one of a joint stock company with many boards and departments as follow:

Board of Shareholders

Under Business Law and Company's Charter, Board of Shareholders holds the highest power within the Company. Board of Shareholders has the right to restructure or liquidate the Company, to decide development orientation of the Company, to appoint, evict members of Board of Directors and Board of Supervisory.

Board of Directors

Board of Directors is the highest management group of the Company with the rights to supervise the affairs relating to Company's goals and benefits except for matters under Board of Shareholders' responsibilities. Board of Directors is appointed by Board of Shareholders and currently includes 5 members as follow:

1. Mrs.	Truong Thi Le Khanh	Chairwoman
2. Mrs.	Nguyen Ngo Vi Tam	Member of Board of Directors
3. Mr.	Huynh Duc Trung	Member of Board of Directors
4. Mr.	Le Thanh Hung	Member of Board of Directors
5. Mr.	Jean-Eric Jacquemin	Member of Board of Directors



Board of Supervisory

Appointed by Board of Shareholders, Board of Supervisory supervises all business, management, and operation activities of the Company. Currently, Board of Supervisory includes three members as follow:

1. Mr.	Nguyen Van Nghe	Chief of Supervisory Board
2. Ms.	Ho Thanh Hue	Member of Supervisory Board
3. Mr.	Nguyen Minh Duc	Member of Supervisory Board

Management Board

Management Board includes one General Director and many Deputy General Directors. General Director is Company's legal representative and the highest manager supervising day-to-day business activities. Currently, Management Board has one General Director and four Deputy General Directors as follow:

1. Mrs.	Truong Thi Le Khanh	General Director
2. Mrs.	Nguyen Ngo Vi Tam	Deputy General Director
3. Mr.	Huynh Duc Trung	Deputy General Director
4. Mr.	Dang Van Vien	Deputy General Director
5. Mrs.	Truong Tuyet Phuong	Deputy General Director





11 DEPARTMENTS AND WORKSHOPS IMPLEMENT SPECIALIZED FUNCTIONS AS FOLLOW:

DEPARTMENT	MAIN FUNCTION
1 Sales Department	<ul style="list-style-type: none"> Selling products to customers; Introducing and marketing products to solidify and expand to new markets; Making business plan, strategic policy to develop market, customers, and product types.
2 Accounting Department	<ul style="list-style-type: none"> Check and supervise financial revenues and expenditures, obligation of submitting State budget, manage the use of assets; Archive information and financial records to advise and recommend Management Board to make financial decisions; Analyze financial reports and advise Management Board financial management policy; Accounting division for sales: in charge of accounting sector for sales, payment collection, selling expenses and debts; banking transactions;
3 Planning Department	<ul style="list-style-type: none"> Monitor procurement; Make plan, monitor progress of production and delivery; Manage packing, materials, and chemical; Analyse production criteria, processing capability for business and production development plan of the Company.
4 Maintenance Department	<ul style="list-style-type: none"> Operate water supply system, waste-water treatment system, and refrigeration equipment; Maintain and repair refrigeration equipment, air conditioning, lighting, machinery and equipment of the Company; Install new machinery and equipment.
5 Laboratory	<ul style="list-style-type: none"> Perform testing activities to maintain environment and quality control system of the Company as well as meet general requirements for laboratory of ISO 17025.
6 Technical Department	<ul style="list-style-type: none"> Advise Management Board on strengthening quality control policy; Monitor business and production activities relating to product quality; Check and monitor production technology process complying with HACCP, GMP, and SSOP; Apply control systems of HACCP, GMP, SSOP, ISO 9001, ISO 14001, BRC, IFS...
7 Workshop 1	<ul style="list-style-type: none"> Receive raw material, process as production plan and quality control program.
8 Workshop 2	<ul style="list-style-type: none"> Receive raw material, process as production plan and quality control program.
9 Workshop 3	<ul style="list-style-type: none"> Receive raw material, process as production plan and quality control program.
10 Farming area	<ul style="list-style-type: none"> Farming fish to supply raw material to the Company as an integrated system; Farming fish safety as international standards.
11 Administration Department	<ul style="list-style-type: none"> Organize, recruit, and train employees; Make personnel plan, maintain human resource stability and management policy of the Company, build corporate culture; Set regulations and policies of reward, discipline, social insurance, and health insurance; Take care of employee's health; Control security and order, landscape, and working environment of the Company.

Employee Policy

In recent years, VHC has always paid special attention to human factor, placing employees at the center of its sustainable development. The Company has invested in technical facilities and working conditions to create the best working environment for all employees to develop peace of mind, enthusiasm, and loyalty; promoted creativity among employees to search for new values for Company's sustainable development and for the benefits of each employee. The Company complies with all legal regulations regarding the benefits and obligations for employees.

- Office staff: approximately 200 employees
- Factory workers: approximately 3,300 employees

1. Salary - Bonus Policy

Aiming for employee's peace of mind and loyalty and maintaining Company's corporate culture, employees are entitled to salary and bonus as follow:

- Annually review and adjust employee's salary based on his/ her performance; occasionally review and adjust employee's salary for individuals with outstanding performances.
- Reward holiday promotion: New Year, 04/30 and 05/01, Independence Day, Lunar New Year...
- Reward year-end bonus based on individual performance, department results, and business results of the Company .
- Occasionally reward bonus due to efficiency in Company's operation and/or outstanding achievement; apply ESOP program for employees to attract and retain talents.

- Besides salary and bonus, employees also receive allowances, subsidies, and other incentive programs depending on their positions and job characteristics.
- In 2011, the Company launched the campaign "Increase productivity, lower production yield, and control microbiology", which received positive response and results from all departments. Participants are also rewarded by Company's Management Board.

2. WELFARE - INCENTIVE TREATMENT

- All employment of the Company have legal labor contracts, social insurance, health insurance, and unemployment insurance. Company stabilizes employments by increasing income of all employees annually.
- Besides, the Company organizes semi-annual health examinations for all employees to detect diseases (if any) and arranges day-offs for employees' recuperation. Company also pays attention to hygiene safety and registers accident insurance for all employees. Employees are equipped with personal protective equipment, labor protection at work to eliminate accidents.
- Company also concerns about employees' lives: During holidays, employees are received not only day-offs as usual, but also supportive programs from the Company for life improvement. For instance, in 2011, Labor Union collaborated with Company's Management Board to organize vacation trips to Phan Thiet - Phu Quoc - Ha Tien - Vung Tau - Da Lat for 1,500 employees.





- Company pays attention to employee's health by thoughtfully providing lunch for employees at its 3 cafeterias. Each employee is provided lunch meal which is monitored to ensure its quality. Since June 2011, Company constructed a new cafeteria, which is managed by Labor Union, providing 1,500 meals per day for employees with a various collection of healthy food.
- Implement housing program for non-local employees: Company rents out apartments for employees and offers allowances which have attracted many non-local employees.
- Besides, Company rewards scholarships for children of employees with outstanding study results, supports poverty stricken employees through funds and allowances. In 2011, Company has supported 6 cases with 50 million VND.
- Reward notebooks for poverty stricken students and children of employees during Mid-Autumn Festival and Lunar New Year. Every year, Company supports employees and poverty stricken employees with presents, rice, and uniforms.
- In 2011, Company has visited over 100 employees, who are members of Labor Union that are sick or have family events such as weddings, funerals,...
- For cultural and sports events, the Company collaborates with Youth Union of local province to organize culture shows and sports events such as: 04/30 and 05/01 Festival, Vinh Hoan Marathon Cup on March 26, Culture Show on Independence Day, and other activities such as cooking competitions, karaoke competitions, cultural game shows,...



3. TRAINING AND RECRUITING POLICY:

- Training and developing employees is one of the priority tasks of VHC. Company's training program constructs and develops well-trained employees with work ethics and professional working style. Every year, with the training policy, Company has improved professional qualifications and skills for managers and executives, and workers. Company collaborates with Hong Ngu Vocational Institute to train and issue Certifications of Elementary Seafood Processing for new workers.
- Recruitments are complied with the development strategy and annual plan of the Company. Company sets recruitment criteria that gives priority to:
 - Candidates graduated from universities and post-universities in Vietnam and overseas.
 - Candidates with working expertise and experience that meet the requirements of the Company.
 - Recent graduates with outstanding performances from universities in Vietnam and overseas to generate long-term development for new projects of the Company.
 - Besides, for direct labor force, Company prefers skilled workers looking for long-term employment; applies preferential policy for workers with previous generations working for VHC.

COMPANY'S CONTRIBUTIONS TO SOCIETY AND COMMUNITY RESPONSIBILITY:

Unit: in million VND

	2008	2009	2010	2011
Total amount of social activities and charities	1,294	1,133	1,642	5,954



- Social welfare is always concerned and implemented by the Company. Annually, VHC spends an average of 600 million VND on group welfare and one billion VND on social welfare.
- Regarding community responsibility, for years, the Company has volunteered to take care of Mrs. Le Thi Cam, Vietnam Heroic Mother at Cao Lanh, Dong Thap Province.
- Annually, the Company coordinates with Provincial Labor Union to build "Labor Union Home" for poverty stricken employees. In 2011, Company Labor Union coordinated with Provincial Labor Union to review and reward four "Labor Union Home" houses for poverty stricken employees of the Company with 30 million VND per house. Besides, Company's Management Board also surveyed and rewarded five "Vinh Hoan Home" houses with 30 million VND per house.
- Typical social welfare activities in 2011 including:

Unit: in VND

DATE	EVENT	VINH HOAN'S SUPPORT	AMOUNT
1/2011	Supported Tet Funding for Police of Ward 11, Tet for poverty stricken people at Tan Thuan Dong, Tan Hoa, Tan Thanh Commune - Thanh Binh, Ward 11 and Cao Lanh City	Money and Tet presents	75,000,000
2/2011	Supported Tan Thuan Dong to implement military service	Money	8,000,000
2/2011	Sponsored Volleyball Tournament of Police Department of Dong Thap	Money	15,000,000
2/2011	Supported building Tan Duc Pagoda	Money	250,000,000
3/2011	Supported building Cao Minh Pogoda	Money	250,000,000
3/2011	Supported Funds for poverty stricken people	Money	600,000,000
3/2011	Supported The Standing Committee of Vietnam Fatherland Front of Cao Lanh City on April 30	Money	17,000,000
3/2011	Donated two "Lovely Home" houses	Money	40,000,000
3/2011	Supported Japanese Tsunami victims	Money	200,000,000
4/2011	Supported the Fund of Order and Security of Ward 11 in the 1st quarter	Money	4,500,000
4/2011	Supported martyr witnesses to visit old battlefields	Money	3,000,000
4/2011	Supported Japanese victims	Money	210,000,000
4/2011	Supported Trade Department to organize sports events	Money	50,000,000
5/2011	Supported Educational Program - Can Tho University	Money	200,000,000
5/2011	Supported Vinh Binh to fix communal house of Phu Binh farm	Money	5,000,000
5/2011	Supported poverty stricken people of Cho Moi District	Money	10,000,000
5/2011	Sponsored Children Fund of Vietnam	Money	10,000,000
5/2011	Sponsored Tran Phu Elementary School	Presents	1,100,000
6/2011	Supported People's Committee of Binh Thanh Trung to build bridges	Money	20,000,000
6/2011	Supported relocation of Binh Thanh Trung Commune, Lap Vo	Money	2,000,000
6/2011	Supported expenses of Police Dept. of Ward 11 in 2nd quarter	Money	4,500,000
6/2011	Sponsored needy children - Dept. of Cultural, Sports, Tourism of DT	Presents	18,810,000
6/2011	Supported Vinh Binh Commune, Phu Binh to construct roads	Money	4,000,000
6/2011	Supported 1,000 notebooks for needy students of Lap Vo	Presents	6,000,000
6/2011	Supported notebooks for students of Ward 11	Presents	36,528,000



DATE	EVENT	VINH HOAN'S SUPPORT	AMOUNT
7/2011	Supported 10 fans for rewarded houses	Presents	2,100,000
7/2011	Supported Committee to visit families at Ba Tri	Money	2,000,000
7/2011	Sponsored Memorial Day at Binh Thanh Trung Commune, Lap Vo	Money	5,500,000
7/2011	Sponsored money as contracted on 07/05/2011 (101/CV-VASEP)	Money	200,000,000
8/2011	Sponsored Vinh Hoan Marathon Tournament Season 2 of 2011	Money and running	90,340,000
8/2011	Supported Tan Khanh Trung Commune to build bridges	Money	25,000,000
8/2011	Sponsored People's Committee of Hoa Hung to build roads	Money	2,000,000
8/2011	Sponsored Mid-Autumn presents for needy children, Dong Thap Children Fund	Presents	18,000,000
8/2011	Supported building Ba Co bridge of My Xuong Commune	Money	120,000,000
8/2011	Sponsored tuitions of second semester of 2011 for Nguyen Quoc Gia, sponsored money for employees: Nguyen Kim Ha, Le the Yen Huong	Money	7,000,000
8/2011	Supported rice for employees and poverty stricken employees	Rice	563,300,000
9/2011	Supported expenses of Police Department of Ward 11 in 3rd quarter	Money	4,500,000
9/2011	Supported hospital fees for Official V. Giang and K. Huu of Police Department of Ward 11	Money	30,000,000
9/2011	Supported Defense Fund of Ba Tri District	Money	5,000,000
10/2011	Funded scholarship for valedictorian Nguyen Truong Thinh	Money	10,000,000
10/2011	Supported Fund for needy people of Binh Thanh, Lap Vo	Money	50,000,000

○ ORGANIZATIONAL CHART

DATE	EVENT	VINH HOAN'S SUPPORT	AMOUNT
10/2011	Supported sound system for My Hiep Middle school	Money	10,000,000
10/2011	Supported "Gratitude" Fund	Money	138,279,000
10/2011	Supported "Labor Union Home" Fund	Money	65,016,000
10/2011	Supported Mid-Autumn cakes for needy students of Binh Dai Commune	Presents	3,000,000
10/2011	Sponsored for student Thai Quang Vu and Thai The Linh from January to June of 2011	Money	7,200,000
11/2011	Supported "Vietnam Golden Star for needy children with difficult circumstances" Program	Money	27,272,727
11/2011	Supported education of Le Quy Don School	Presents	5,500,000
11/2011	Supported Nguyen Sinh Sac Study Encouragement Fund + Purchased lotus photos	Presents + Money	115,000,000
11/2011	Supported Vietnamese volunteers to help Laos' soldiers visit old battlefield - Traditions and History Education Center	Money	3,000,000
11/2011	Supported children playground equipment	Money	24,529,000
11/2011	Supported Professional fire fighting and rescuing Event - Season 8 in 2011	Money	5,000,000
11/2011	Supported "Dong Thap Love" Program	Money	500,000,000
12/2011	Sponsored Dong Thap University	Money	3,000,000
12/2011	Supported building Tan Khanh Trung bridge	Money	6,000,000
12/2012	Supported Cultural Exchange Show "Spring for me"	Money	20,000,000



DATE	EVENT	VINH HOAN'S SUPPORT	AMOUNT
12/2011	Supported Fund of Bridge Construction, People's Committee of My Ngai Commune	Money	7,000,000
12/2011	Supported "Spring Trees for Needy Children" Program	Money	20,000,000
12/2011	Supported expenses of Police Dept. of Ward 11 in 4th quarter	Money	4,500,000
12/2011	Supported Social Security of Ward 11	Money	10,000,000
12/2011	Supported "Spring Trees for Soldiers" Program in 2012	Money	5,000,000
12/2011	Supported 50% of Binh Thanh kindergarten constructing fee	Money	320,783,000
12/2011	Supported desks and chairs for People's Committee of My Hiep	Money	16,022,000
12/2011	Supported building Linh An Pagoda and Dong Lai Thien Vien - An Giang	Money	500,000,000
12/2011	Funded scholarship for Nguyen Quoc Gia Season 1 of 2011	Money	2,500,000
12/2011	Funded Aquaculture Research Institution 2	Money	50,000,000
12/2011	Supported "Lighten Dreams" Fund	Money	20,000,000
12/2011	Supported desks and chairs for People's Committee of My Hiep Commune; sponsored flight tickets and hospital fee for Le Hoai An	Money	5,000,000
	Others		355,825,000



○ INFORMATION OF SHAREHOLDERS AND BOARD OF DIRECTORS

Board of Directors and Supervisory Board

BOARD OF DIRECTORS



Mrs. Truong Thi Le Khanh
Chairwoman and General Director

Year of Birth: 1961

Education: Bachelor of Economics

"Madame" Truong Thi Le Khanh started Vinh Hoan from a small frozen food workshop and has held the positions of Director and General Director for 15 years. She has led the Company from the early days of its infancy and grown the Company to its solid, market leading position of today. Madame Khanh has dedicated much time and effort in mapping out the business strategy during this time to bring Vinh Hoan to the top position of the industry as of today. In addition, Madame Khanh has also played an important role in attracting and keeping talents for the development of the Company.



Mr. Huynh Duc Trung
Board Member and Deputy General Director

Year of Birth: 1963

Education: Engineer of Food Processing

Time with Vinh Hoan: 12 years

Mr. Trung has many years of experience in the seafood industry: 10 years at Sa Dec Frozen Factory and 4 years at Sa Giang Import-Export JSC, before joining Vinh Hoan. Mr. Trung as the Deputy General Director in charge of production and aquaculture, played an integral role in coordinating all activities of the factories. Mr. Trung was appointed to the Board of Directors in 2009.



Mr. Jean Eric Jacquemin
Board Member

(Mr. Jean Eric Jacquemin replaced Mr. Nguyen Van Khanh, Board Member, since April 25, 2011 according to Resolution of Annual Shareholders Meeting 2011 on April 25, 2011)

Before 1996: 4 years of experience in reorganizing enterprises with poor performances in the U.S.; 8 years working with PPR Corporation; and 2 years in Vietnam.

1996 - 2000: worked for Lazard Investment Funds on food-related projects, then be in charge of liquidating this Funds.

2000 - 2002: Professional consultant in the Restructuring Government-owned Enterprises Department of Ernst & Young. Since 2006: Chairman of Temasia Capital Limited

Since 2007: Director of Red River Holding Investment Funds

Since 2008:

Từ năm 2008: CEO of Jade River Fund Management

Representative of: Red River Holding Investment Funds, currently hold 7,142,291 shares, 15.15% shares of VHC

Mrs. Nguyen Ngo Vi Tam
Board Member and Deputy General Director

Year of Birth: 1979

Education: Bachelor of Laws

Time with Vinh Hoan: 9 years

Mrs. Tam is responsible for sales activities of Vinh Hoan. Before joining Vinh Hoan in 2003, Mrs. Tam worked at the YKVN law office. Mrs. Tam has served as Sales Manager since 2006, as Deputy General Director since 2008, and was appointed to the Board of Directors in 2007. Mrs. Tam is responsible for managing all sales operation while contributing positively to all international dealings of Vinh Hoan as well as being the bridge between the factories and customers.

Dr. Le Thanh Hung
Board Member

Year of Birth: 1953

Education: Ph. D in Aquaculture, National Agricole Paris-Grignon, Paris, France

Dr. Le Thanh Hung is currently the Dean of Fisheries at the University of Agriculture and Forestry, HCMC. Dr. Hung has chaired many research committees on Pangasius/ Basa domestically and abroad. Dr. Hung has extensive experience in both theory and practice on Pangasius fish in all stages of breeding, aquaculture, nutrition, and fish feed. Dr. Hung has trained many professionals in nutrition for Vinh Hoan and has helped advising the Company on many of its aquaculture activities.

○ INFORMATION OF SHAREHOLDERS AND BOARD OF DIRECTORS

Board of Supervisory

- Mr. Nguyen Van Nghe Head of Supervisory Board
- Ms. Ho Thanh Hue Member
- Mr. Nguyen Minh Duc Member

(Mr. Nguyen Minh Duc replaced Mr. Nguyen Thanh Phuong as Member of Supervisory Board since April 25, 2011 according to Resolution of Annual Shareholders Meeting 2011 on April 25, 2011)

Mr. Nguyen Van Nghe

Professional Qualification: Bachelor of Economics

Working Experience:

1986-1994	:	Chief Accounting for Pineapple Export Company, HCM Agricultural Department
1994-1999	:	Chief Accounting for Saigon Inchcape Car Joint Venture Company
1999-2000	:	Chief Accounting for KEXIM Leasing Company in Vietnam
2000-2002	:	Director of Sun Light PC Trading Co., Ltd.
2003-2005	:	Director of Vietnam Computer Joint Stock Company
2005-2006	:	Director of Vietnam RAM Computer Private Company
2006-hiện nay	:	Director of Hai Viet Tourist Company Ltd.

Ms. Ho Thanh Hue

Professional Qualification: Environmental Engineer

Working Experience:

2004-2006	:	Technical staff in charge of environment - Vinh Hoan Corporation
2006-2008	:	Vice Manager of Quality Department - Vinh Hoan Corporation

Mr. Nguyen Minh Duc

Professional Qualification: Ph.D, post Ph.D research Economics Application
Auburn University, USA
Master of Aquaculture and Aquaculture Resource Management
Aquaculture Engineering

Current Positions: Professor, Dean of Fisheries at the University of Agriculture and Forestry, HCMC

REMUNERATION OF BOARD OF DIRECTORS AND SUPERVISORY BOARD

Remuneration of Board of Directors and Supervisory Board is based on the importance and contribution of each member to the Company and approved by Board of Shareholders. Besides, Board of Directors and Supervisory Board do not receive other benefits from VHC.

According to the 2011 Annual General Shareholder Meeting (AGSM), total remuneration for the Board of Directors, Supervisory Board, and Secretary to the Board is 100 million VND per month for 13 months, equivalent to a total amount of 1.3 billion VND.

Percentage of shares ownership of Board of Directors, Management Board, Supervisory Board, Chief Accountant, and other related parties.

Shares ownership of Board of Management, Board of Directors, Supervisory Board, Chief Accountant in 2011 as follow:

FULL NAME	JOB TITLE	SHARES	PERCENTAGE
Truong Thi Le Khanh	Chairwoman cum General Director	23,371,868	49.57%
Huynh Duc Trung	Board Member cum Deputy General Director	25,779	0.05%
Nguyen Ngo Vi Tam	Board Member cum Deputy General Director	26,026	0.06%
Truong Tuyet Phuong	Deputy General Director	25,870	0.05%
Dang Van Vien	Deputy General Director	21,398	0.05%
Nguyen Thi Kim Dao	Chief Accountant	18,694	0.04%
Nguyen Van Nghe	Member of Supervisory Board	5,200	0.01%
Ho Thanh Hue	Member of Supervisory Board	9,399	0.02%



Activities of Board of Directors

Board of Directors holds official meetings every quarter and regularly exchanges conversations over the phone to update the operations of the Company.

In 2011, the Board has monitored and instructed the business activities of the Company on the following issues:

- Approving the periodical business results, setting the business plan for the next period and budget for new projects.
- Monitoring performance in accordance with business objectives set by the General Meeting of Shareholders.
- Monitoring and implementing rice and collagen projects, investing on aquaculture, PP bag production for fish feed, production line of fish feed for parent fish and fingerlings suggested by the General Meeting of Shareholders.
- Approving advanced dividends in cash in 2011 at the rate of 15% of share value.
- Approving and monitoring the borrowings in 2011.
- Approving entitled people and reward fund for the profit exceeding the budget in 2010 for the Management.

IN 2011, THE BOARD HAD THE FOLLOWING RESOLUTIONS:

- 1/ Board Resolution dated on 02/14/2011 regarding the retrieval of ESOP shares belonged to former employees and shares re-distribution to Labor Union of the Company.
- 2/ Board Resolution dated on 02/14/2011 regarding the change in stock transfer restriction from restricted shares to fully transferable shares.
- 3/ Board Resolution dated on 06/03/2011 regarding the change of 18,000,000 shares from the Company's founding shareholders from restricted shares to fully transferable shares.
- 4/ Board Resolution dated on 07/21/2011 regarding capital contribution to establish Vinh Hoan 2 and appointing staff in charge of managing the capital.
- 5/ Board Resolution dated on 09/15/2011 regarding capital contribution to establish Vinh Hoan 3 and appointing staff in charge of managing the capital.
- 6/ Board Resolution dated on 09/29/2011 regarding capital contribution to establish Vinh Hoan 4 and appointing staff in charge of managing the capital. .
- 7/ Board Resolution dated on 09/05/2011 regarding the advanced dividend in 2011.
- 8/ Board Resolution dated on 11/28/2011 regarding capital contribution to establish Vinh Hoan Collagen 5 and appointing staff in charge of managing the capital.
- 9/ Board Resolution dated on 12/28/2011 regarding the retrieval of ESOP shares belonged to former employees and shares re-distribution to Labor Union of the Company in 2010 - 2011.

Activities of the Supervisory Board:

- Supervisory Board attends meetings of Board of Directors and Management Board to audit and monitor business activities of Management Board and Board of Directors relating to financial situation and strategy of the Company;

- Audit and verify the accuracy, transparency, and legality of periodic financial reports including reports from Parent company and its consolidated version;
- Monitor the progress of investment projects;
- Do on-site inspection at the processing plants and subsidiaries;
- Audit processing expenses;
- Evaluate the compliance of Board of Directors and Management Board's performance with the Shareholder's Meeting Resolution, law execution, and Company's Charters.

Investor Relation Activities:

In order to build corporate reputation with credibility, transparency, and relationship with investors, in 2011, Company's action plan is to improve the investor relations including:

- Always focus on providing accurate, complete, and up-to-date information to provide investors a better understanding of Company's activities and make timely investment decisions;
- Compiling the process for investor relation activities;
- Develop corporate information package to present and exchange information when meeting investors and professional analysts;
- Maintain monthly E-News regarding transactions of VHC shares and business activities to update Vinh Hoan's information to investors.
- Meet and have direct conversations with local and foreign investment funds, financial institutions and the media.

Shareholders Statistics

STATE SHAREHOLDERS: NONE

LIST OF MAJOR SHAREHOLDERS (HOLDING AT LEAST 5%)

No.	Full Name	Address	Number of Shares	Ratio of Capital (%)
1	Truong Thi Le Khanh	384 Nguyen Trai Str., Ward 8, Dist. 5, HCMC	23,371,868	49.57
2	Red River Holding	9A Tu Xuong, Ward 7, Dist. 3, HCMC	7,142,291	15.15
3	Vietnam Investment Fund	Floor 12, Tower A, Vincom City Tower, 191 Ba Trieu, Ha Noi	3,892,992	8.26

OWNERSHIP STRUCTURE

No.	Subject	Number of Shareholders	Number of Shares Owned	Ownership Ratio (%)
1	Institutional	36	18,100,421	38.39
	Domestic	14	6,070,152	12.87
	Foreigner	22	12,030,269	25.52
2	Individual	421	29,050,852	61.61
	Domestic	393	28,934,623	61.37
	Foreigner	28	116,229	0.24
	Total	457	47,151,273	100.00





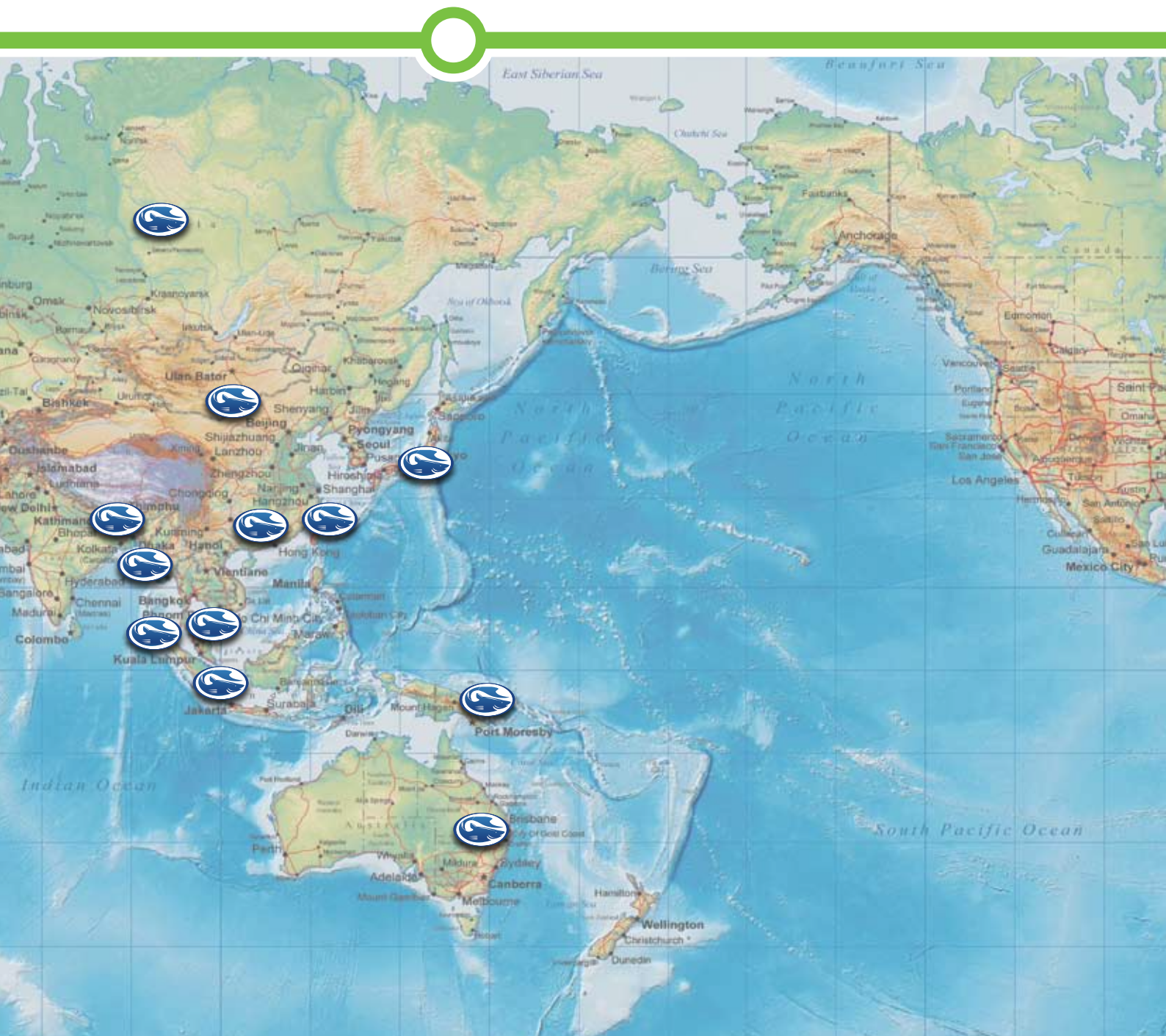
PLANET

-Green Planet

Protecting natural environment of ecosystem, developing based on conservation of natural resources, and waste management. Our business is associated with environmental responsibility.

● MARKET MAP





REPORT OF MANAGEMENT BOARD

2011 is a successful year of Vinh Hoan regarding profit and growth. Revenue increases 36% and profit increases 84%.

Vinh Hoan is the leader of Pangasius industry and the second largest of all seafood companies in Vietnam (after Minh Phu Corporation which specializes in processing and exporting shrimp).

LIST OF TOP 10 SEAFOOD EXPORTERS IN VIETNAM (SOURCE: VASEP)

NO.	COMPANY	INDUSTRY	EXPORT VALUE (MILLION USD)
1	MINH PHU	Shrimp	348.8
2	VINH HOAN	Pangasius	150.7
3	HUNG VUONG	Pangasius	123.5
4	QUOC VIET	Shrimp	102.4
5	STAPIMEX	Shrimp	98
6	FIMEX VN	Shrimp	86.6
7	AGIFISH	Pangasius	84
8	ANVIFISH	Pangasius	83.1
9	PHUONG NAM	Shrimp	74
10	CASES	Shrimp	74



Financial Data

Profitability

Company's profit ratio was relatively high. Gross profit margin slightly decreased in 2011 compared to 2010. Since selling expenses and administrative overheads were effectively managed by the Company, net profit margin has improved compared to 2010. Return on equity (ROE) also improved aggressively in 2011.

ITEM	VHC -2009	VHC- 2010	VHC-2011
Gross Profit Margin	16.32%	19.52%	17.64%
Net Profit Margin	8.70%	8.90%	11.70%
Return on Assets (ROA)	14.15%	12.82%	18.65%
Return on Equity (ROE)	37.48%	27.12%	36.19%



LIQUIDITY RATIO

Vinh Hoan does not have any liquidity risk as the current liquidity ratio has been always higher than 1 for many years.

ITEM	VHC - 2009	VHC - 2010	VHC - 2011
Current Ratio	1.48	1.58	1.69
Quick Ratio	0.94	0.72	0.90

CAPITAL STRUCTURE

Capital structure of VHC is relatively safe. In 2011, total amount payable per capital was 46 % of total assets, in which the loans per capital was only 26%.

ITEM	VHC - 2009	VHC - 2010	VHC - 2011
Payable/Equity	1.29	0.89	0.88
Payable/Assets	0.55	0.46	0.46
Loans/Assets	0.40	0.24	0.55
Long-term Loans/Equity	0.33	0.10	0.05
Long-term Loans/Assets	0.14	0.05	0.02

SHARE PRICE

ITEM	VHC - 2009	VHC - 2010	VHC - 2011
EPS	4,613	4,573	8,389
PE	11.7	6.5	3.3
Book Value	15,333 VND	19,999 VND	26,362 VND

GROWTH RATE

ITEM	VHC - 2009	VHC - 2010	VHC - 2011
Growth of Net Sales	13.46%	8.60%	36.35%
Growth of Net Profit	141.41%	10.77%	84%
Growth of Assets	24.78%	20.17%	31.11%

Revenue - Consolidated Revenue Structure

Unit: in billion VND

	REVENUE 2010	STRUCTURE 2010	REVENUE 2011	STRUCTURE 2011
Trading	384	13%	150	4%
Semi-finished Products	2,278	76%	3,200	78%
Service	28	1%	47	1%
Raw Material	25	1%	262	6%
By-products	306	10%	454	11%
Total	3,009	-	4,103	-

Export Market Structure

MARKET	2010	2011
USA	40%	46%
Europe	35%	28%
Australia	8%	5%
Hongkong	7%	7%
Russia	1%	0.7%
Others	9%	13.3%

The United States and European Union remained the major markets, accounting for 70% of Company's total export in many years.

Expense Structure

Vinh Hoan places its focus on production expenses in order to reduce cost of goods sold and to maximize efficiency by minimizing waste.

ITEM	2010	2011
Cost of Goods Sold	80.14%	82.13%
Selling Expenses	6.95%	4.28%
Administrative Overheads	2.85%	1.34%
Financial Expenses	2.91%	2.72%
Total	91.58%	90.47%

Changes in Capital

Vinh Hoan did not make any changes in capital throughout the year.
Total capital on 12/31/2011: 471,512,730,000 VND.

Overview of Total Shares

Total shares of the Company on 12/31/2011:

	END OF YEAR	BEGINNING OF YEAR
Shares registered to issue	47,151,273	47,151,273
Shares sold to the public	47,151,273	47,151,273
- Common shares	47,151,273	47,151,273
- Preferred shares	-	-
Shared bought back (Treasury shares)	1,198,750	1,052,920
- Common shares	1,198,750	1,052,920
- Preferred shares	-	-
Outstanding shares	45,952,523	46,098,353
- Common shares	45,952,523	46,098,353
- Preferred shares	-	-

Face value of share: 10,000 VND.

From the end of 2010 to the beginning of 2011, Company has bought back its shares (treasury shares) as follows:

	QUANTITY OF SHARES	TOTAL TRADABLE SHARES
Shares bought back (Treasury shares) (11/10/2010 - 02/10/2011)	1,198,750	45,952,523

At the beginning of 2012, VHC issued ESOP shares during 2010-2011 for employees to encourage and maintain talents. The amount of shares issued are 360,000 shares.

Dividends

Annual Meeting Resolution in 2011 approved paying dividends of 25% of face value in cash. On 10/28/2011, VHC issued advanced dividends of 15% of face value in cash.

● PRODUCTION AND BUSINESS REPORT

2011 PLANS

REVENUE AND PROFIT GOALS

Processing Factories

Unit: in billion VND

ITEM	DONE 2011	PLAN 2011	ACHIEVEMENT RATE
Revenue	3,485	3,000	116%
Total Profit after Tax	424	290	146%

Vinh Hoan 1 Feed JSC

Unit: in billion VND

ITEM	DONE 2011	PLAN 2011	ACHIEVEMENT RATE
Revenue	1,461	1,200	122%
Profit after Tax	50	80	62%
Profit after Tax for Shareholders of VHC	35	56	

Consolidated Results

Unit: in billion VND

ITEM	PLAN 2011	DONE 2011	DONE 2010	GROWTH RATE	ACHIEVEMENT RATE
Revenue		4,114	3,021	136%	
Profit after Tax for Shareholders of VHC	250	394	214	184%	158%



○ PLAN FOR YEAR 2012

Company proposes Annual Meeting of Shareholders to approve the plan for 2012 as follows:

Revenue and Profit for 2012:

Unit: in billion VND

ITEM	PLAN 2012
Revenue of Vinh Hoan Corporation	3,500
Revenue of Vinh Hoan 1 Feed	1,500
Revenue of Vinh Hoan 2 Food	95
EBITDA (Earnings before Interest, Tax, Depreciaton, and Amortization)	450
Consolidated Profit before Tax	350
Consolidated Profit after Tax	250

BUSINESS PLAN

- Export Revenue: 150 million USD;
- Market: diversify market segments, especially medium market segment;
- Products: develop value-added products, certified products, and products from by-products.

MARKETING PLAN

- Increase customers' awareness of Vinh Hoan's product quality and environmental friendly farming activities;
- Actively organize and participate in campaigns to protect the image of Vietnamese Pangasius.

FARMING PLAN

- Achieve ASC certificate in Pangasius farming

PRODUCTION PLAN

- Effectively manage production, reduce expenses, and improve yield;
- Adhere to customers' shipping schedule;
- Maintain and comply with the current standards of ISO, BRC, and IFS.

INVESTMENT PLAN

- Invest in rice mill of Vinh Hoan 2 Food with total expected investment of 150 billion VND in 2012;
- Invest in rice mill of Vinh Hoan 3 Food with total expected investment of Stage 1 is 200 billion VND in 2014;
- Invest in Collagen production line with total expected investment is 200 billion VND in 2012-2013;
- Invest in aquaculture activities with expected investment of 200 billion VND in 2012-2013 with increasing farming areas;
 - Invest in processing line of Vinh Hoan 4 with capacity of 100 tons of raw material per day with expected investment of 200 billion VND in 2014.



● REPORT OF SUPERVISORY BOARD

I. SCOPE OF SUPERVISION IN 2011

1. Evaluate the compliance with legal regulations of business activities of Management Board, Board of Directors, and managers.
2. Review and evaluate activities of Board of Directors during the year regarding the implementation of strategy, financial plans, and business plans in 2011 as approved by General Shareholders Meeting;

II. INSPECTION METHOD

- Attend the meetings of Board of Directors and Management Board quarterly as required;
- Review documents, reports from the related parties;
- On-site inspection at the factories, farms, feed mill, and Vinh Hoan USA;
- Advise Board of Directors and Management Board on arising issues.

III. COMMENTS AND EVALUATION

Activities of Management Board and Board of Directors

2011 is considered as a year of global economic recession with risky debt crisis weakening the Euro, political instability of Middle East, North Africa, and the sluggish economic recovery of the U.S. However, with the appropriate strategies from Board of Directors and the efforts of Management Board in business and production management, the Company has successfully exceeded its whole year financial targets.

All activities of Board of Directors and Management Board comply with legal regulations and rules.

Frequent meetings were held to review and evaluate business performance and discuss issues regarding Vinh Hoan's objectives, which were set out by the 2010 General Shareholders Meeting, the improvement of the management system, personnel, and the progress of investment projects;

Discussed issues and decisions of Board of Directors are appropriate within their power and responsibilities under laws and Company's Charter.

In 2011, Board of Directors and Management Board set out and implemented various strategies to enhance VHC's brand, to meet market demand, to diversify product portfolio, and to maintain the sustainable development of the Company including:

Aquaculture Activities

- Farm Pangasius, Barramundi, and white shrimp;
- Expand farming areas to increase self-supplied raw material, improve its quality, and minimize the impacts from its price and quality fluctuations;
- Maintain the implementation of AQUA GAP, GLOBAL GAP, and achieve BAP certificate.



● REPORT OF SUPERVISORY BOARD

Production Activities

- Establish Vinh Hoan Collagen 5; start the construction of Collagen palot workshop at Thanh Binh District, Dong Thap Province;
- Establish Vinh Hoan 2 Food and Vinh Hoan 3 Food to diversify business portfolio with rice production;
- Establish Vinh Hoan 4 with aquaculture processing lines to meet the needs of market expansion and product diversification;
- Manage costs by improving productivity with higher yield and effectively use raw material.

With Employees and Community: pay attention to employees policy to increase employee benefits: providing rice to poverty stricken people, building houses for poverty stricken employees, funding scholarships for local universities, funding scholarships for poverty stricken employees attending universities...

Sustainable Development Research

- Research on composting sludges at ponds' bottom and from waste water treatment system into organic fertilizer;
- Sponsor SUPA project- Waste management from farming ponds at Mekong Delta to improve FCR and reduce environmental impacts.



Business and Production Results

Supervisory Board has audited Financial Report 2011 of VHC and confirmed the accuracy of auditing results..

IV. CONCLUSION AND SUGGESTIONS

Although facing domestic and global economic difficulties in the past 3 years, with effective management activities of the Management and the efforts from all employees, following the success in 2010, VHC continued to be more successful in 2011, solidifying its market leading position and brand name in both domestic and foreign markets.

Comments of Supervisory Board for 2012 as follow:

- Maintain the implementation of production cost management program;
- Make plan of training and recruiting qualified employees to meet the requirements of business and production expansion to rice and collagen;
- Present effective programs of subsidiaries that attract local employees to meet the production progress.
- Maintain the implementation of image marketing program.



Since 2006, Vinh Hoan implemented sustainable development strategy by applying and achieving ISO 140001 regarding environmental management system. Until now, this strategy has become one of the essential requirements for food safety and traceability. As one of the leading firms in Pangasius exporting industry, VHC ensures that its production process and general activities do not have negative impacts on the environment.



GREEN FARM

Green Farm is an inspected farming program of Vinh Hoan, introduced in mid 2007 with “green messages” based on international standards for farming AQUA GAP:

- Pay attention to community factor and employees’ lives;
- Protect environment and preserve the “green”;
- Fish are farmed safely and healthy, ensuring food safety and aiming for farming without antibiotics;
- Ensure farming fish with accurate inspection and traceability.

AQUA GAP

AQUA GAP is a certification program for Good Aquaculture Practices.

AQUA GAP is certified by IMO (Institute For Marketecology) of Switzerland.

AQUA GAP regulates farming standards based on the following 4 main factors:

- Community factor
- Environment factor
- Food safety
- Traceability

GLOBAL GAP

Vinh Hoan is the only company that is officially confirmed its standardization in Pangasius farming based on GLOBAL GAP standards for the entire value chain from hatchery, farming area, feed mill, and processing plant by BUREAU VERITAS CERTIFICATION (BVC). This international certification has marked another important step of VHC in the process of building sustainable farming model.

GLOBAL GAP is a set comprehensive aquaculture farming standards that meets legal criteria, social responsibilities, food safety, traceability, and sustainable development.



2011



2012

ASC

In order to raise concerns about environmental protection and sustainable development, Vinh Hoan begins to apply ASC standards initiated by WWF through PAD (Pangasius Aquaculture Dialogue). PAD is a conference about Pangasius farming organized through regular meetings among State agencies, representatives of processors, and farmers in order to make measurement standards that are appropriate for the sustainable development of Pangasius.

New Research on Environmental Development

In 2011, Vinh Hoan cooperated with universities have initially succeeded in composting organic fertilizer from sludges from waste-water treatment system of frozen plants. This is a great significance in the implementation of environmental protection policy and sustainable development. The sludges will be re-processed into organic fertilizer and used on crops. Expecting by mid 2012, Company will conduct experiments using this fertilizer on some crops to evaluate the application of this product.



3114.2

+ 3542.5

+ 1352.14

+ 2100.36

+ 854.94

=====

38992.44

PROFIT

-Maximizing Profit

Utilizing resources and value chain, managing costs with the right business strategy in order to maximize profit for the Company which is also associated with community interests and environmental protection for future generations.





CONSOLIDATED FINANCIAL REPORT

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REPORT OF THE DIRECTORS

The Directors of Vinh Hoan Corporation (VHC) presents this report together with the consolidated financial statements for the fiscal year ended on 12/31/2011 including the financial statements of Vinh Hoan Corporation (the parent company) and those of its subsidiaries (hereafter referred to as “the Group”).

Business Highlights

Parent Company

Vinh Hoan Corporation has been operating in accordance with the business registration certificate No. 1400112623 dated on 04/17/2007 granted by Department of Planning and Investment of Dong Thap Province.

During its operation course, VHC has been additionally granted the following amended business registration certificates by Department of Planning and Investment of Dong Thap Province:

- The first amended business registration certificate dated on 02/11/2010 regarding the increase in VHC's prescribed capital and the change of the number of business registration certificate.
- The second amended business registration certificate dated on 06/04/2010 and the third amended business registration certificate dated on 11/01/2010 regarding the increase in VHC's prescribed capital.
- The forth amended business registration certificate dated 12/27/2010 to add business activities.

Prescribed capital as in the business registration certificate: 471,512,730,000 VND

Headquarter

Address : National Road 30, Ward 11, Cao Lanh City, Dong Thap Province
Telephone : (84 - 67) 3891 166
Fax : (84 - 67) 3891 672
E-mail : vh@vinhhoan.com.vn
Tax code : 1400112623

AFFILIATE	ADDRESS
Branch of VHC in HCMC	569-571-573 (Floor 8,9) Tran Hung Dao, Cau Kho Ward, District 1, Ho Chi Minh City

Main operations of VHC:

- Farming aquaculture domestically;
- Processing and preserving aquaculture and products from aquatic products;
- Trading in aquatic products;
- Trading in machinery and equipment, chemicals, food, agricultural products, animal products, materials serving the production and processing of sea products and aquaculture products;
- Processing aquatic feeds;
- Producing and trading cattle feeds, poultry feeds, aquatic feeds, and aquatic veterinary medicine
- Providing aquatic veterinary services (giving advice on the use of drugs and feeds as well as on aquaculture techniques);
- Providing eco-tourism services;
- Producing paper packages and providing printing services;
- Constructing houses and trading real estates;
- Milling, and polishing rice;
- Trading and exporting rice;
- Importing and trading fertilizer;
- Trading material and initially-processed agricultural products

● REPORT OF THE DIRECTORS

Subsidiaries

SUBSIDIARIES	ADDRESS	ESTABLISHING LICENSE	OWNERSHIP RATE
Vinh Hoan 1 Feed J.S.C.	National Road 30, Thanh Binh Industrial Group, Thanh Binh District, Dong Thap	No. 5103000070 dated on 04/04/2008	69.8%
Vinh Hoan USA Incorporated	2 Mahogany Drive, Irvine CA 92620 USA	No. 34473 dated on 01/19/2007	100%
Vinh Hoan 2 Food Co., Ltd.	Tan An Hamlet, Binh Thanh Trung Commune, Lap Vo District, Dong Thap	No. 1401420853 dated 07/27/2011.	98.6%

Material effects on the Group's operation

The Group's sales and profit of the current year have increased in comparison with those of the previous year due to the increases in selling prices and selling outputs.

Financial position and business results

The consolidated financial position as of 12/31/2011, the consolidated business results and the consolidated cash flow for the year end 12/31/2011 of the Group have been indicated in the consolidated financial statements attached to this report (from page 07 to page 40).

During the year, Vinh Hoan Corporation has distributed the profit of the year 2010 in line with the Resolution of the Shareholders' Meeting on 25 April 2011, and has temporarily given the dividends for the first stage of 2011 according to the Resolution of the Board of Directors on 05 September 2011 as follows:

Appropriation for bonus funds	10,701,748,000 VND
Appropriation for welfare funds	4,280,699,000 VND
Appropriation for bonus funds of the Executive Officers	4,000,000,000 VND
Advances of dividend for 1st stage in 2011	68,928,784,500 VND
Total	87,911,231,500 VND

Subsequent events

The Directors of VHC hereby confirm that there have been no events from 12/31/2011 to the date of this report, which need any adjustments to the figures or the disclosures in the consolidated financial statements.

The Board of Directors and the Executive Officers

Board of Directors and the Directors of VHC during the year and as of the date of this report include:

Management Board

FULL NAME	POSITION	APPOINTING DATE	RESIGNING DATE
Mrs. Truong Thi Le Khanh	Chairwoman	01 April 2007	-
Mrs. Nguyen Ngo Vi Tam	Member	01 April 2007	-
Mr. Huynh Duc Trung	Member	23 April 2009	-
Mr. Le Thanh Hung	Member	23 April 2009	-
Mr. Nguyen Van Khanh	Member	23 April 2009	25 April 2011
Mr. Jean Eric Jacquemin	Member	25 April 2011	-

Supervisory Board

FULL NAME	POSITION	APPOINTING DATE	RESIGNING DATE
Mr. Nguyen Van Nghe	Member	28 March 2008	-
Mr. Nguyen Thanh Phuong	Member	23 April 2009	25 April 2011
Ms. Ho Thanh Hue	Member	23 April 2009	-
Mr. Nguyen Minh Duc	Member	25 April 2011	-

● REPORT OF THE DIRECTORS

The Directors

FULL NAME	POSITION	APPOINTING DATE	RESIGNING DATE
Mrs. Truong Thi Le Khanh	General Director	01 April 2007	-
Mr. Dang Van Vien	Vice General Director	29 September 2007	-
Mrs. Truong Tuyet Phuong	Vice General Director	29 September 2007	-
Mr. Huynh Duc Trung	Vice General Director	29 September 2007	-
Mrs. Nguyen Ngo Vi Tam	Vice General Director	15 May 2008	-

Auditors

Auditing and Consulting Limited (A&C) has performed the audit on the consolidated financial statements for the fiscal year ended 31 December 2011 and has expressed its willingness to be appointed the Group's external auditors.

Confirmation of the Directors

The Directors of VHC are responsible for the preparation of the consolidated financial statements to give a true and fair view of the financial position, business results, and the cash flow of the Group for each fiscal year. In order to prepare these consolidated financial statements, the Directors of VHC must:

- Select appropriate accounting policies and apply them consistently;
- Make adjustments and estimates prudently;
- State clearly whether the accounting standards applied to the Company are followed or not, and all the material differences from these standards are disclosed and explained in the financial statements; and
- Announce the accounting standards to be followed for the material issues to be disclosed and explained in the consolidated financial statements.

The Directors of VHC hereby ensure that all the requirements mentioned above have been followed when the consolidated financial statements are prepared, that all the accounting books of the Group have been fully recorded and can fairly reflect the financial position of the Group any time, and that all the consolidated financial statements have been prepared in compliance with the Vietnamese accounting standards and system, which were issued together with the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of Ministry of Finance as well as the circulars of Ministry of Finance giving guidance on the implementation of the accounting system and standards.

The Directors of VHC are also responsible for protecting the assets of the Group, and consequently have taken appropriate measures to prevent and to detect frauds and other irregularities.

Approval of Financial Statements

We, the Directors of VHC hereby approve the accompanying consolidated financial statements, which give a true and fair view of financial position of VHC as of 12/31/2011, as well as the consolidated income statement and consolidated cash flow statement of the same fiscal year in compliance with Vietnamese accounting standards and system, which were issued together with the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of Ministry of Finance as well as the circulars of Ministry of Finance giving guidance on the implementation of the accounting system and standards.

On behalf of the Directors,



Truong Thi Le Khanh
General Director

19 April 2012

● AUDITOR'S REPORT

No.: 0461/2012/BCTC-KTTV

ON THE CONSOLIDATED FINANCIAL STATEMENTS IN 2011 OF VINH HOAN CORPORATION

THE SHAREHOLDERS, BOARD OF DIRECTORS, AND THE DIRECTORS

OF VINH HOAN CORPORATION

We have audited the accompanying consolidated financial statements for the fiscal year ended 2011 of Vinh Hoan Corporation (VHC) and its subsidiaries (the list of the subsidiaries is presented in the Note 1.5) (hereafter referred to as "the Group") including the consolidated balance sheet as of 31 December 2011, the consolidated income statement, the consolidated cash flow statement, and the Notes to the consolidated financial statements for the same fiscal year, which were prepared on 28 March 2012 (from page 07 to page 40).

The preparation and the presentation of these consolidated financial statements are the responsibility of the Directors of VHC. Our responsibility is to express an opinion on these financial statements based on our audit.

Audit background

We have conducted our audit in accordance with the Vietnamese Auditing Standards. These standards require that we plan and perform the audit procedures to obtain a reasonable assurance that the consolidated financial statements are free from material mistakes. The audit is developed on the basis of our performing the sampling method as well as applying the necessary examinations and tests of evidences supporting the amounts and the disclosures in the consolidated financial statements. The audit also includes our assessing the Group's compliance with the prevailing accounting standards and system, the accounting principles and methods applied, the material estimates and judgement of VHC's Directors as well as our evaluation the overall presentation of the consolidated financial statements. We believe that our audit has provided reasonable bases for our opinion.

Auditor's opinion

In our opinion, the consolidated financial statements referred to above give a true and fair view, in all material aspects, of the financial position as of 31 December 2011, the consolidated income statement and the consolidated cash flows for the fiscal year 2011 of the Group in conformity with the prevailing Vietnamese accounting standards and system as well as other related regulations.

This report is made in both English and Vietnamese, both of equal validity. The Vietnamese version will be the original for reference when needed.

Auditing and Consulting Co., Ltd. (A&C)



Ly Quoc Trung - Deputy General Director
Audit Certificate No.: Đ.0099/KTV

Nguyen Thi Ngoc Quynh - Auditor
Audit Certificate No. 0327/KTV

HCMC, 19 April 2012

○ CONSOLIDATED BALANCE SHEET

As of 31 December 2011



Unit: in VND

ASSETS		CODE	NOTE	ENDING BALANCE	BEGINNING BALANCE
A.	CURRENT ASSETS	100		1,758,324,324,568	1,180,827,088,551
I.	Cash and cash equivalents	110	V.1	329,424,956,877	126,419,394,330
1.	Cash	111		312,924,956,877	103,419,394,330
2.	Cash equivalents	112		16,500,000,000	23,000,000,000
II.	Short-term investments	120		219,548,828	37,562,972,164
1.	Short-term investments	121	V.2	219,548,828	37,562,972,164
2.	Provision for devaluation of short-term investment	129		-	-
III.	Short-term accounts receivable	130		563,618,091,194	345,314,077,746
1.	Receivable from customers	131	V.3	485,307,767,483	333,366,537,831
2.	Pre-payments to suppliers	132	V.4	74,542,924,504	12,922,329,731
3.	Short-term inter-company receivable	133		-	-
4.	Receivable according to the progress of construction contracts	134		-	-
5.	Other receivable	135	V.5	6,321,388,552	3,056,076,828
6.	Provisions for bad debts	139	V.6	(2,553,989,345)	(4,030,866,644)
IV.	Inventories	140		823,256,429,259	642,317,455,278
1.	Inventories	141	V.7	868,752,372,217	657,405,301,010
2.	Provisions for devaluation of inventories	149	V.8	(45,495,942,958)	(15,087,845,732)
V.	Other current assets	150		41,805,298,410	29,213,189,033
1.	Short-term prepaid expenses	151	V.9	1,211,599,259	821,149,166
2.	VAT to be deducted	152		12,668,355,903	15,975,180,965
3.	Taxes and other accounts receivable from State	154	V.10	608,007,853	537,381,441
4.	Trading Government bonds	157		-	-
5.	Other current assets	158	V.11	27,317,335,395	11,879,477,461

● CONSOLIDATED BALANCE SHEET

As of 31 December 2011



Unit: in VND

	ASSETS	CODE	NOTE	ENDING BALANCE	BEGINNING BALANCE
B.	LONG-TERM ASSETS	200		649,295,263,719	641,259,325,478
I.	Long-term accounts receivable	210		-	-
1.	Long-term accounts receivable from customers	211		-	-
2.	Working capital of affiliates	212		-	-
3.	Long-term inter-company receivable	213		-	-
4.	Other long-term receivable	218		-	-
5.	Provisions for bad debts	219		-	-
II.	Fixed assets	220		565,799,074,719	588,797,962,752
1.	Tangible assets	221	V.12	488,277,285,379	527,681,392,368
	Historical costs	222		764,893,969,470	722,995,848,063
	Accumulated depreciation	223		(276,616,684,091)	(195,314,455,695)
2.	Financial leasehold assets	224		-	-
	Historical assets	225		-	-
	Accumulated depreciation	226		-	-
3.	Intangible assets	227	V.13	62,944,217,450	48,226,156,602
	Historical costs	228		64,917,368,601	49,692,887,301
	Accumulated depreciation	229		(1,973,151,151)	(1,466,730,699)
4.	Construction-in-progress	230	V.14	14,577,571,890	12,890,413,782
III.	Investment property	240		-	-
	Historical costs	241		-	-
	Accumulated depreciation	242		-	-
IV.	Long-term investments	250		-	-
1.	Investments in subsidiaries	251	V.15	-	-
2.	Investments in affiliates and joint ventures	252		-	-
3.	Other long-term investments	258		-	-
4.	Provisions for devaluation of long-term investment	259		-	-
V.	Goodwill	269		-	-
VI	Other long-term assets	260		83,496,189,000	52,461,362,726
1.	Long-term prepaid expenses	261	V.16	55,010,935,960	27,180,901,134
2.	Deferred income tax assets	262	V.17	5,908,168,386	8,848,344,103
3.	Other long-term assets	268	V.18	22,577,084,654	16,432,117,489
	TOTAL ASSETS	270		2,407,619,588,287	1,822,086,414,029

CONSOLIDATED BALANCE SHEET

As of 31 December 2011

Unit: in VND

LIABILITIES AND OWNER'S EQUITY		CODE	NOTE	ENDING BALANCE	BEGINING BALANCE
A.	LIABILITIES	300		1,100,805,436,737	836,972,067,754
I.	Current liabilities	310		1,039,047,348,989	746,457,409,480
1.	Short-term debts and loans	311	V.19	633,578,126,990	352,351,393,210
2.	Payable to suppliers	312	V.20	129,537,953,983	99,195,986,814
3.	Advances from customers	313	V.21	6,850,285,852	577,547,162
4.	Taxes and other obligations to the State Budget	314	V.22	33,507,008,178	33,391,496,069
5.	Payable to employees	315	V.23	38,523,008,346	30,177,526,068
6.	Accrued expenses	316	V.24	16,224,971,652	7,933,634,694
7.	Inter-company payable	317		-	-
8.	Payable according to the progress of construction contracts	318		-	-
9.	Other payable	319	V.25	116,642,164,422	168,538,948,671
10.	Provisions for short-term accounts payable	320	V.26	34,000,000,000	34,550,000,000
11.	Bonus and welfare funds	323	V.27	30,183,829,566	19,740,876,792
12.	Trading Government bonds	327		-	-
II.	Long-term liabilities	330		61,758,087,748	90,514,658,274
1.	Long-term accounts payable to suppliers	331		-	-
2.	Long-term inter-company payable	332		-	-
3.	Other long-term payable	333		-	-
4.	Long-term debts and loans	334	V.28	58,942,312,000	88,869,872,693
5.	Deferred income tax payable	335		-	-
6.	Provisions for unemployment allowances	336	V.29	2,815,775,748	1,644,785,581
7.	Provisions for long-term accounts payable	337		-	-
8.	Unearned revenues	338		-	-
9.	Science and technology development fund	339		-	-
B.	OWNER'S EQUITY	400		1,243,040,928,148	936,000,963,008
I.	Owner's equity	410		1,243,040,928,148	936,000,963,008
1.	Capital	411	V.30	471,512,730,000	471,512,730,000
2.	Share premiums	412	V.30	190,492,000,000	191,808,000,000
3.	Other sources of capital	413		-	-
4.	Treasury stocks	414	V.30	(36,897,215,355)	(32,725,310,618)
5.	Differences on asset revaluation	415		-	-
6.	Foreign exchange differences	416	V.30	3,991,224,376	1,799,344,642
7.	Business promotion fund	417		-	-
8.	Financial reserved fund	418		-	-
9.	Other funds	419	V.30	-	136,774,604
10.	Retained earnings	420	V.30	613,942,189,127	303,469,424,380
11.	Construction investment fund	421		-	-
12.	Business arrangement supporting fund	422		-	-
II.	Other sources and funds	430		-	-
1.	Sources of expenditure	432		-	-
2.	Fund to form fixed assets	433		-	-
C-	INTEREST OF MINORITY SHAREHOLDERS	439	V.31	63,773,223,402	49,113,383,267
	TOTAL LIABILITIES AND OWNER'S EQUITY	440		2,407,619,588,287	1,822,086,414,029

● CONSOLIDATED OFF-BALANCE SHEET ITEMS

As of 31 December 2011

Unit: in VND

ITEMS			NOTE	ENDING BALANCE	BEGINNING BALANCE
1.	Leasehold assets			-	-
2.	Materials and goods kept or processed for others			-	-
3.	Goods deposited by others			-	-
4.	Bad debts already treated			-	-
5.	Foreign currencies:				
	USD			15,136,082.68	5,656,325.53
	EUR			307.06	438.09
6.	Estimation for non-business & project expenditure			-	-

Dong Thap, 28 March 2012



Nguyen Thi Kim Dao
Chief Accountant

Truong Thi Le Khanh
General Director

● CONSOLIDATED INCOME STATEMENT

For the fiscal year 2011

Unit: in VND

ITEMS		CODE	NOTE	CURRENT YEAR	PREVIOUS YEAR
1.	Sales	01	VI.1	4,114,059,871,210	3,021,654,856,536
2.	Deductions	02	VI.1	10,082,120,795	12,479,934,277
3.	Net sales	10	VI.1	4,103,977,750,415	3,009,174,922,259
4.	Cost of goods sold	11	VI.2	3,379,843,860,523	2,421,857,449,478
5.	Gross profit	20		724,133,889,892	587,317,472,781
6.	Financial income	21	VI.3	100,706,640,272	67,838,069,858
7.	Financial expenses	22	VI.4	112,362,907,329	88,143,238,643
	In which: Loan interest expenses	23		70,432,324,955	44,772,283,092
8.	Selling expenses	24	VI.5	176,671,765,955	210,928,260,566
9.	Administrative overheads	25	VI.6	55,803,209,398	86,913,426,339
10.	Net operating profit	30		480,002,647,482	269,170,617,091
11.	Other income	31	VI.7	15,690,621,480	4,435,838,681
12.	Other expenses	32	VI.8	15,599,006,406	725,465,889
13.	Other profit/ (loss)	40		91,615,074	3,710,372,792
14.	Profit or loss of business affiliates and joint ventures	45		-	-
15.	Total accounting profit before tax	50		480,094,262,556	272,880,989,883
16.	Current corporate income tax	51	V.22	64,179,718,736	50,540,560,566
16.	Deferred corporate income tax	52	V.17	2,940,175,717	(6,235,120,500)
18.	Profit after tax	60		412,974,368,103	228,575,549,817
18.1	Profit after tax of minority shareholders	61		18,631,417,568	14,540,577,687
18.2	Profit after tax of shareholders of Parent company	62		394,342,950,535	214,034,972,130
19.	Earnings per share	70	VI.10	8,389	4,573

Dong Thap, 28 March 2012



Nguyen Thi Kim Dao
Chief Accountant



Trương Thị Lê Khanh
General Director

● CONSOLIDATED CASH FLOW STATEMENT

For the fiscal year ended 2011

Unit: in VND

	ITEMS	CODE	NOTE	CURRENT YEAR	PREVIOUS YEAR
I.	Cash flows from operating activities				
1.	Profit/ (loss) before tax	01		480,094,262,556	272,880,989,883
2.	Adjustments				
-	Depreciation of fixed assets	02	V.12, V.13	83,403,731,998	73,685,227,992
-	Provisions	03	V.6, V.8	28,931,219,927	(1,703,155,040)
-	Gain/ (loss) from foreign exchange differences	04	VI.3, VI.4	5,503,447,698	8,982,681,278
-	Gain/ (loss) from investing activities	05	VI.3, VI.7, VI.8	(19,436,697,147)	(10,621,338,599)
-	Loan interest expenses	06	VI.4	70,432,324,955	44,772,283,092
3.	Operating profit before changes of working capital	08		648,928,289,987	387,996,688,606
-	Increase/(decrease) of accounts receivable	09		(221,919,329,809)	(42,762,670,800)
-	Increase/(decrease) of inventories	10		(196,708,620,121)	(302,343,541,741)
-	Increase/(decrease) of accounts payable	11		25,788,277,884	163,424,043,657
-	Increase/(decrease) of prepaid expenses	12		(27,689,476,737)	(7,432,997,671)
-	Loan interests already paid	13	V.24, VI.4	(69,562,038,493)	(45,219,335,672)
-	Corporate income tax already paid	14	V.22	(60,328,667,862)	(34,972,830,296)
-	Other gains	15		1,259,150,260	157,646,000
-	Other disbursements	16		(21,232,705,467)	(8,603,706,717)
	Net cash flows from operating activities	20		78,534,879,642	110,243,295,366
II.	Cash flows from investing activities				
1.	Purchases and construction of fixed assets and other long-term assets	21	V.12, V.13, V.14, VII	(121,397,054,282)	(109,751,050,341)
2.	Gains from disposals and liquidation of fixed assets and other long-term assets	22	VI.7	13,383,013,868	160,454,545
3.	Loans given and purchased of debt instruments of other entities	23		(37,127,931,302)	(34,697,256,415)
4.	Recovery of loans given and disposals of debt instruments of other entities	24		74,484,730,350	12,434,284,251
5.	Investment into other entities	25		-	-
6.	Withdrawals of investment in other entities	26		-	10,000,000
7.	Receipts of loan interests, dividends, and profit shared	27	V.5, VI.4	19,584,085,491	8,975,526,226
	Net cash flows from investing activities	30		(51,073,155,875)	(122,868,041,734)

● CONSOLIDATED CASH FLOW STATEMENT

For the fiscal year ended 2011

Unit: in VND

	ITEM	CODE	NOTE	CURRENT YEAR	PREVIOUS YEAR
III.	Cash flows from financing activities				
1.	Gains from stock issuance and capital contributions from shareholders	31	V.30	-	126,960,000,000
2.	Repayment for capital contributions and repurchases of stocks already issued	32	V.30	(5,487,904,737)	(32,725,310,618)
3.	Short-term and long-term loans received	33	V.19	2,362,514,113,407	1,193,093,765,419
4.	Loan principal amounts repaid	34	V.19, V.28	(2,110,674,323,676)	(1,359,196,261,558)
5.	Payments for financial leasehold assets	35		-	-
6.	Dividends and profit paid to the owners	36	V.30	(68,915,736,000)	(25,850,000)
	Net cash flows from financing activities	40		177,436,148,994	(71,893,656,757)
	Net cash flows during the year	50		204,897,872,761	(84,518,403,125)
	Beginning cash and cash equivalents	60	V.1	126,419,394,330	209,967,674,177
	Effects of fluctuations in foreign exchange rates	61		(1,892,310,214)	970,123,278
	Ending cash and cash equivalents	70	V.1	329,424,956,877	126,419,394,330

Dong Thap, 28 March 2012



Nguyen Thi Kim Dao
Chief Accountant



Truong Thi Le Khanh
General Director

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

The consolidated financial statements of Vinh Hoan Corporation (VHC) for the fiscal year ended 31 December 2011 include the financial statements of VHC (parent company) and those of its subsidiaries (hereafter referred to as "the Group").

I. OPERATION FEATURES OF THE GROUP

1. **Investment form** : A joint stock company
2. **Operating field** : Manufacturing - processing
3. **Main operations** : Aquaculturing, processing, and preserving sea products and aquaculture products; trading in sea products and aquaculture products; trading in machinery and equipment, chemicals, food, agricultural products, animal products, materials serving the production and processing of sea products and aquaculture products, processing aquatic feeds, producing and trading cattle feeds, poultry feeds, aquatic feeds, and aquatic veterinary medicines; providing aquatic veterinary services (giving advice on the use of drugs and feeds as well as on aquaculture techniques); providing eco-tourism services; producing paper packages and providing printing services; constructing houses and trading real estates.
4. **Total number of subsidiaries** : 03
In which:
Subsidiaries to be consolidated : 03

5. List of key subsidiaries of which the financial statements are consolidated

SUBSIDIARIES	ADDRESSES	BENEFIT RATE	VOTING RATE
Vinh Hoan 1 Feed J.S.C.	National Road 30, Thanh Binh industrial group, Thanh Binh District, Dong Thap Province	69.8%	69.8%
Vinh Hoan USA Inc.	No. 2 , Mahogany Drive, Irvine, California 92620, USA	100%	100%
Vinh Hoan 2 Food	Tan An Hamlet, Binh Thanh Trung Commune, Lap Vo District, Dong Thap	98.6%	98.6%

6. Effects of the Group's operations on the financial statements

The Group's sales and profit of the current year have increased in comparison with those of the previous year due to the increases in selling prices and selling outputs.

II. FISCAL YEAR AND STANDARD CURRENCY USED IN ACCOUNTING

1. **Fiscal Year**
The fiscal year of the Group's companies is from 01 January to 31 December annually.
2. **Standard Currency Unit**
The standard currency unit used is Vietnam Dong (VND).

III. ACCOUNTING STANDARDS AND SYSTEM

1. **Accounting system**
The consolidated financial statements have been prepared in line with the guidance of Vietnamese accounting standards and system, which have been issued together with the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Ministry of Finance as well as the circulars of the Ministry of Finance giving guidance on the implementation of the accounting system and standards.

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011



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

The Directors of VHC ensure to follow all the requirements of the prevailing Vietnamese accounting system and standards, which were issued together with the Decision No. 15/2006/qd-btc dated 20 March 2006 of the Ministry of Finance and the circulars guiding the implementation of the accounting system and standards of the Ministry of Finance, in the preparation of these consolidated financial statements.

3. Accounting form

General journal recording.

III. 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. Consolidated bases

The consolidated financial statements include the financial statements of Vinh Hoan Corporation (parent company) and those of its subsidiaries. A subsidiary is an entity 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 business results of a subsidiary, 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 that subsidiary.

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 suitably 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 are eliminated when the consolidated financial statements are prepared. Unrealized losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

Interests of minority shareholders reflect the amount of the subsidiary's profit and net assets, which are not held by the shareholders of the parent company. Interests of minority shareholders are presented in a particular item in consolidated income statement and consolidated balance sheet. Interests of minority shareholders include the value of benefits of the minority shareholders as of the initial date of business consolidation and the amount of benefits of the minority shareholders in the statement of fluctuations of the owner's equity from the date of business consolidation. The losses correspondingly with the amount of capital of the minority shareholders, which are exceeded their amount of capital in the owner's equity of the subsidiary, are recorded as a decrease in the benefits of the Group unless the minority shareholders are responsible and possible to compensate for these losses.

3. Business merging

The business merging is recorded in line with its purchasing method. The costs of business merging include the fair values at the transaction date of the exchanged assets, the liabilities which are already generated or acknowledged as well as the capital instruments issued by the Group to obtain the right to control the acquired business entity, plus the expenses directly related to the business merging. The purchased assets, the liabilities which are able to be determined and the inherent liabilities arisen from the business merging are recognized at their fair values at the date of business merging.

The difference between the cost of business merging and the ownership share of the Group in the net fair value of the assets, the liabilities which are able to be determined and the recognized inherent liabilities of the acquired business entity as of the acquisition date is recorded as a goodwill. If the cost of business merging is lower than the net fair value of assets, the liabilities which are able to be determined and the recognized inherent liabilities of the acquired business entity, the difference will be included into the business results during the period when the acquisition transaction is generated.

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the fiscal year ended 31 December 2011



4. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in bank, cash in transit and short-term investments of which the due dates can not 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.

5. Inventory

Inventories are recorded at their original costs. Costs include purchasing expenses, processing expenses and other directly related costs to bring the inventories to the current positions and conditions.

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

Provision for devaluation of inventories is recognized when their costs are higher than their net realizable values. Net realizable values are the estimated selling prices of inventories less the estimated expenses on product completion and other necessary expenses on product consumption.

6. Trade receivable and other receivables

Trade receivable and other receivables are recognized at the values on supporting documents and invoices.

Provisions are made for each bad debt based on the debt age or the estimated loss.

7. Tangible fixed assets

Fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of fixed assets include all the expenses of the Group to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses during the period.

When a fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/ (loss) arisen are posted into the income or the expenses during the period.

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

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

8. Operating leased assets

The Group as the lessee.

A lease of asset is considered an operating lease in case most of the risks and rewards associated with the ownership of the asset belong to the lessor. The lease expenses are allocated in the Group's operating expense in accordance with the straight line method over the leasing period and are not subject to the method of lease payment.

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

9. Intangible fixed assets

Intangible fixed assets are determined by their initial costs less accumulated amortization. The intangible fixed assets of the Group include:

Land use right

The land use right reflects all the actual expenses related to the land being used such as expenses to obtain the land use right, expenses for house removal and land clearance, expenses on ground leveling, registration fees, etc. If the land use right is permanent, no amortization is done. If the land use right is not permanent, it will be amortized in line with the period for which the land is delivered to the Group.

Computer software

The expenses on purchasing computer software, which is not a part associated with the relevant hardware, will be capitalized. Computer software includes all the expenses paid until the date the software is put into use. Computer software is amortized according to the straight-line method in the period from 04 years to 05 years.

10. Borrowing costs

Borrowing costs are included into expenses during the period. In case the borrowing costs are directly related to the construction or the production of an asset in progress, which has taken a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be capitalized.

In the event of general borrowings which are partly used for acquiring, constructing or producing an asset in progress, the costs eligible for capitalization will be determined according to the capitalization rates applied to average accumulated expenditure on that asset. The capitalization rates are computed at the average interest rates on the borrowings not yet paid during the period, except for particular borrowings serving the purpose of obtaining a specific asset.

11. Long-term prepaid expenses

Tool expenses

Expenses on tools being put into use are allocated into the expenses during the period in accordance with the straight-line method for the periods from 2 to 6 years.

Land rental

Prepaid land rental is the land rental which the Group has paid for the land being used. The land rental is allocated according to the land leasing period as in the contract.

12. Accrued expenses

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

13. Appropriation for unemployment fund and unemployment insurance

Unemployment fund is used to pay for severance and unemployment allowances to the employees who have worked for the companies of the Group from 12 months or more until 31 December 2008. The rate of extraction for this fund is 3% of the basic monthly salary which is used as the basis for social insurance payment and is included into the company's expenses according to the guidance of the Circular No. 82/2003/TT-BTC dated 14 August 2003 of the Ministry of Finance. In case that the unemployment fund is not enough for subsidizing resigned employees, the insufficient difference is recorded into expenses.

Pursuant to the Law on Social Insurance, from 01 January 2009, the employers have to pay to unemployment insurance fund managed by Vietnam Social Insurance Agency at the rate of 1% of the lower amount between the basic monthly salary of the employee and the amount equal to 20 times of the general minimum monthly salary as regulated by the Government in each particular period. With the application of the unemployment insurance system, the employers do not have to make any provision for unemployment allowances for the employees' working periods from 01 January 2009. However, the unemployment insurance paid to the employees who have enough conditions to receive and have worked for the companies of the Group before 01 January 2009 is the average salary in 6 consecutive months before the resigning date.

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

14. Provisions for accounts payable

A provision is recognized when the Group bears a legal obligation or a constructive obligation as a result of a past event, which leads to the probability that the Group is required to settle that obligation. The provision is determined on the basis of an estimate on the amount of the obligation at the balance sheet date. If time causes material effects, the provision will be determined by deducting amounts to be spent in the future to settle the liability. The discount rate used will be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to this liability. The increase in provision due to effect of time will be recognized as interest expenses.

15. Capital - funds

Owner's Capital

Owner's equity is the capital recorded according to the actual amounts invested by the shareholders of Vinh Hoan Corporation.

Share Premiums

Share premiums are recorded at the difference between the issuance price and face value upon the IPO, additional issue or the difference between the re-issuance price and book values of treasury stocks. Expenses directly related to the additional issue of stocks and the re-issuance of treasury stocks are recorded as a decrease in "Share premiums".

Treasury stocks

When a share capital in the owner's equity is re-purchased, the amount payable including the expenses related to the transaction is recorded as treasury stocks and is recorded as a decrease in owner's equity. Any gain or loss from purchasing and selling treasury stocks is included into the item "share premiums" in owner's equity.

16. Dividends

Dividends are recorded as an amount payable in the period during which the dividends are disclosed.

17. Appropriate funds

Reward and welfare funds are set up under Resolution of Annual Shareholders Meeting.

18. Corporate income tax

Corporate income tax during the period 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, nondeductible 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.

Book values of deferred corporate income tax assets are reviewed at the end of fiscal year and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax can be used. The rest of the deferred corporate income tax assets have not been recorded will be reviewed on the date of preparing financial statements that ensure enough taxable income against which the benefits in order to use these deferred corporate income tax assets.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rates 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 of the Group.

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

19. Foreign currency translation

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

The differences on foreign exchange and those due to the revaluation of the ending balances of the monetary items are included in income or expenses during the year.

The assets and liabilities of subsidiary which is operating overseas are converted into VND at the exchange rate ruling at the balance sheet date. The items on the income statement of this subsidiary are converted into VND at the average exchange rate of the year. The exchange difference generated from the conversion of financial statements of the overseas subsidiary is included into owner's equity (i.e. in the item "Foreign exchange difference"). When the investment into the overseas subsidiary is liquidated, the amount of accumulated foreign exchange difference related to that subsidiary will be included into business results.

The exchange rates used as of:	31/12/2010 :	18,932 VND/USD
	31/12/2011 :	20,828 VND/USD

20. Recognition of sales and income

Sales of merchandises and finished goods

Sales of merchandises and finished goods are recognized when most of risks and benefits associated with the goods ownership and management are transferred to customers and there are no uncertain factors related to payments, additional costs, or sales returns.

Sales of service provision

Sales of service provision are recognized when there are no uncertain factors related to payments or additional costs. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date.

Interests

Interests are recorded based on the term and the interest rates applied in each particular period.

21. Financing assets

Classification of financing assets

The company classifies its financial assets into such groups as financial assets recognized at fair values through profit or loss statements, investments held to maturity dates, loans given and receivables, and financial assets available for sale. The classification of these financial assets depends on the nature and the purpose of them and is determined at the date of initial recognition.

Financial assets recognized at fair values through profit or loss statement.

A financial asset is classified as an asset recognized at fair value through profit or loss statement if it is held for trading or is categorized in the group of assets reflected at fair value through profit or loss statement at the date of initial recognition.

Financing assets are classified as securities held for trading if:

- It is purchased or created mainly for the purpose of resale in a short term period;
- The company intends to hold for the purpose of gaining profits in a short term period
- It is a derivative financial instrument (except derivative financial instruments identified financial guarantee contract or an effective risk protection instrument).

Investments held to maturity dates

Investments held to maturity dates are non-derivative financial assets with fixed or identified payments and fixed maturity periods which a company has the intention and ability to hold until the dates of maturity.

Loans given and receivables

Loans and receivables are non-derivative financial assets with fixed or identified payments, which are not listed on the market.

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

Financial assets available for sale

Available-for-sale financial assets are non-derivative financial assets determined as available for sale or not classified as financial assets recognized at fair values through profit or loss statement, - investments held to maturity dates, loans given and receivables.

Initial carrying amount of a financial asset

Financial assets are recognized at the acquisition date and are stopped recognizing at the selling date. At the date of initial recognition, financial assets are determined at the acquiring price/issuing cost plus other costs directly related to the acquisition or issuance of that financial asset.

22. Financial liabilities and equity instruments

The financial instruments are classified as financial liabilities or equity instruments at the date of initial recognition in line with the natures and definitions of financial liabilities and equity instruments.

Financial liabilities

The company classifies its financial liabilities into such groups as financial liabilities recognized at fair values through profit or loss statement or financial liabilities determined at their allocated values. The classification of these financial liabilities depends on the natures and purposes of the financial liabilities and is determined at the date of initial recognition.

Financial liabilities recognized at fair values through profit or loss statement

Financial liability is classified as the liability recognized at fair value through profit or loss statement if it is held for trading or is categorized in the group of liabilities reflected at fair value through profit or loss statement upon initial recognition.

Financial liabilities will be classified as securities held for trading if:

- It is bought or created mainly for the purpose of redemption in a short-term period;
- The company intends to hold for the purpose of gaining profits in a short-term period;
- It is a derivative financial instrument (except derivative financial instruments identified as a financial guarantee contract or an effective risk protection instrument).

Financial liabilities determined at their allocated values

A financial liability is determined at its allocated value which is determined equally to the initially recognized value of that financial liability less the principals which a company has to repay, plus or minus the accumulated allocations calculated based on the actual interest method of the difference between the initially recorded value and the value upon maturity date, minus the deductions (directly or through a provision account) due to impairment or since it cannot be recovered.

Actual interest method is a method of calculating the allocated value of one financial liability or of a group of financial liabilities and distributing incomes or expenses in the related period. The effective interest rate is the discount interest rate of cash flows estimated to be settled or obtained in the future throughout the expected life cycle of a financial instrument or in a shorter period, if necessary, to return to the current net carrying amount of a financial liability.

Initial carrying amount of a financial liability

At the date of initial recognition, the financial liability is determined at the issuing price plus other costs directly related to the issuance of that financial liability.

Equity instrument

Equity instrument is the contract which can prove the remaining benefits in the assets of the company after deducting all of its liabilities.

Compound financial instrument

A compound financial instrument issued by a company is classified into liability component and equity component, based on the contents as agreed in the contracts as well as based on the definitions of a financial liability and an equity instrument.

The equity component is determined as the remaining value of the financial instrument after deducting the fair value of the liability component. The value of a derivative instrument (such as contract on sale option) accompanied with a compound financial instrument and not belonging to the equity component (such as the option of equity conversion) will be presented in the liability component.

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the fiscal year ended 31 December 2011

The total carrying amount of liability and equity components upon initial recognition will equal to the fair value of financial instruments.

23. Offset financial instruments against each other

Financial assets and financial liabilities will be offset against each other and are reflected at their net values on the balance sheet when, and only when, the Company:

- has a legal right to offset the recognized amounts; and
- has intention either to settle on a net basis, or to realize the asset and to settle the liability simultaneously.

24. Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related 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 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.

25. Related parties

A party is considered a related party of the Group in cases that party is able to control that Group or to cause material effects on the financial decisions as well as the operations of the Group. A party is also considered a related party of the Group in case both that party and the Group are under the same control or have to be subject to the same material effects.

In consideration of the relationship between the Group and the related parties, the nature of the relationship is focused more than the legal form of that relationship.

The transactions during the period with the related parties are presented in Note VIII.2.

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET

1. Cash and cash equivalents

	ENDING BALANCE	BEGINNING BALANCE
Cash on hand	2,262,458,395	4,991,498,222
Cash in bank	304,562,498,482	87,041,765,338
Cash in transit	6,100,000,000	11,386,130,770
Cash equivalents(*)	16,500,000,000	23,000,000,000
Total	329,424,956,877	126,419,394,330

(*) Under-3-month deposits. In which, 16,500,000,000 VND has been mortgaged to secure the loan from VietinBank - Dong Thap.

2. Short-term investments

	ENDING BALANCE	BEGINNING BALANCE
Deposits from over 3 months to under 1 year	219,548,828	32,197,256,415
Loan given to Mr. Phan Ngoc An	-	5,365,715,749
Total	219,548,828	37,562,972,164

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

3. Receivable from customers

	ENDING BALANCE	BEGINNING BALANCE
Customers of VHC	199,968,042,605	149,395,587,811
Customers of Vinh Hoan 1 Feed JSC	13,167,335,726	36,854,446,317
Customers of Vinh Hoan USA Inc.	272,172,389,152	147,116,503,703
Total	485,307,767,483	333,366,537,831

4. Prepayment to suppliers

	ENDING BALANCE	BEGINNING BALANCE
Suppliers of VHC	60,475,846,820	12,808,234,185
Suppliers of Vinh Hoan 1 Feed JSC	2,257,799,138	114,095,546
Suppliers of Vinh Hoan 2 Food	11,809,278,546	-
Total	74,542,924,504	12,922,329,731

5. Other receivables

	ENDING BALANCE	BEGINNING BALANCE
Loan interests receivable	-	2,066,879,098
Van Duc Company - entrusted export receivable	4,823,682,529	-
Other receivable	1,497,706,024	989,197,730
Total	6,321,388,553	3,056,076,828

6. Provisions for short-term bad debts

This item reflects the provision for the bad debt at Vinh Hoan USA Inc.

Fluctuations of provisions for short-term bad debts as follow:

Beginning balance	4,030,866,644
Fluctuations	(1,476,877,299)
Ending balance	2,553,989,345

7. Inventories

	ENDING BALANCE	BEGINNING BALANCE
Goods in transit	19,450,224,909	192,983,833,928
Materials and supplies	126,938,625,860	158,607,701,186
Tools	3,107,842,478	2,591,995,474
Work-in-process	321,343,498,323	207,797,886,346
Finished goods	353,505,848,292	83,491,197,528
Merchandises	63,204,912	486,130,764
Goods on consignment	44,343,127,444	11,446,555,784
Total	868,752,372,217	657,405,301,010

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

8. Provisions for devaluation of inventories

	ENDING BALANCE	BEGINNING BALANCE
Materials and supplies	-	337,367,454
Tools	-	22,003,532
Finished goods	45,495,942,958	14,728,474,746
Total	45,495,942,958	15,087,845,732

Fluctuations in provisions for devaluation of inventories as follow:

Beginning balance	15,087,845,732
Reversal of provision	30,408,097,226
Ending balance	45,495,942,958

9. Short-term prepaid expenses

	ENDING BALANCE	BEGINNING BALANCE
Tools	1,025,330,134	821,149,166
Increase	186,269,125	-
Total	1,211,599,259	821,149,166

10. Taxes and other accounts receivable from the State

	ENDING BALANCE	BEGINNING BALANCE
VAT on imports excessively paid	-	5,684,687
Import-export duties excessively paid	608,007,853	531,696,754
Total	608,007,853	537,381,441

11. Other current assets

	ENDING BALANCE	BEGINNING BALANCE
Advances	25,174,915,795	11,190,533,994
Short-term deposits and mortgages	2,142,419,600	688,943,467
Total	27,317,335,395	11,879,477,461

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

12. Increase/ (Decrease) of tangible fixed assets

	BUILDINGS & STRUCTURES	MACHINERY & EQUIPMENT	VEHICLES	OFFICE EQUIPMENT	TOTAL
Historical costs					
Beginning balance	281,924,894,926	422,398,368,510	16,285,634,584	2,386,950,043	722,995,848,063
Increases	9,412,355,685	40,123,225,373	4,198,086,087	154,870,318	53,888,537,463
New purchases	2,242,212,500	24,362,148,946	4,198,086,087	64,220,000	30,866,667,533
Completed constructions	4,511,848,725	15,761,076,427	-	18,592,042	20,291,517,194
Other increases	2,658,294,460	-	-	72,058,276	2,730,352,736
Disposals and liquidations	(11,701,105,131)	(289,310,925)	-	-	(11,990,416,056)
Ending balance	279,636,145,480	462,232,282,958	20,483,720,671	2,541,820,361	764,893,969,470
<i>In which: Assets being fully depreciated but still in use</i>	3,101,877,767	49,103,277,342	1,833,058,745	500,772,980	54,538,986,834
Depreciation					
Beginning balance	37,430,970,248	150,953,454,892	5,847,268,087	1,082,762,468	195,314,455,695
Increase	19,701,080,183	59,950,639,599	2,901,583,272	527,718,284	83,081,021,338
Depreciation	19,534,936,831	59,950,639,599	2,901,583,272	510,151,844	82,897,311,546
Other increase	166,143,352	-	-	17,566,440	183,709,792
Disposals and liquidations	(1,503,213,188)	(275,579,754)	-	-	(1,778,792,942)
Ending balance	55,628,837,243	210,628,514,737	8,748,851,359	1,610,480,752	276,616,684,091
Net book values					
Beginning balance	244,493,924,678	271,444,913,618	10,438,366,497	1,304,187,575	527,681,392,368
Ending balance	224,007,308,237	251,603,768,221	11,734,869,312	931,339,609	488,277,285,379
<i>In which:</i>	-	-	-	-	-
Assets temporarily not in use	-	-	-	-	-
Assets waiting for liquidations	-	-	-	-	-

Some tangible fixed assets, of which the historical costs and the net book values are 464,535,733,094 VND and 284,715,120,479 VND respectively have been mortgaged to secure the loans from Vietcombank - HCMC, VietinBank - Dong Thap, and BIDV - Dong Thap Branch.

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

13. Increase/ (Decrease) of intangible fixed assets

	LAND USE RIGHT	COMPUTER SOFTWARE	TOTAL
Initial costs			
Beginning balance	48,943,591,501	749,295,800	49,692,887,301
New purchases	16,476,381,300	-	16,476,381,300
Disposals and liquidation	(1,251,900,000)	-	(1,251,900,000)
Ending balance	64,168,072,801	749,295,800	64,917,368,601
<i>In which:</i>			
Assets being fully amortized but still in use	-	412,078,460	412,078,460
Amorization			
Beginning balance	994,510,321	472,220,378	1,466,730,699
Amortization	381,861,408	124,559,044	506,420,452
Ending balance	1,376,371,729	596,779,422	1,973,151,151
Net book values			
Beginning balance	47,949,081,180	277,075,422	48,226,156,602
Ending balance	62,791,701,072	152,516,378	62,944,217,450

Some rights to use land, of which the initial costs and the net book values are 22,568,847,901 VND and 21,192,476,172 VND respectively have been mortgaged to secure the loans from Vietcombank - HCMC, VietinBank - Dong Thap, and BIDV - Dong Thap Branch.

14. Construction-in-progress

	BEGINNING BALANCE	INCREASE	INCLUSION INTO FIXED ASSETS	OTHER DE-CREASES	ENDING BALANCE
Acquisition of fixed assets	5,610,388,946	6,015,863,241	(11,448,322,499)	-	177,929,688
Construction-in-progress	6,547,843,680	19,345,958,700	(8,912,419,695)	(2,581,740,483)	14,399,642,202
Farming expenses	3,453,548,173	10,309,397,024	(6,500,769,500)	(2,050,732,301)	5,211,443,396
Construction of Vinh Hoan 2 Food		6,839,513,839			6,839,513,839
Other constructions	3,094,295,507	2,197,047,837	(2,411,650,195)	(531,008,182)	2,348,684,967
Repairing expenses	732,181,156	2,890,047,102	-	(3,622,228,258)	-
Total	12,890,413,782	28,251,869,043	(20,360,742,194)	(6,203,968,741)	14,577,571,890

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

15. Investment in subsidiaries

SUBSIDIARIES	MAIN OPERATIONS	LEGAL CAPITAL	INTEREST RATE AND VOTING RIGHTS	
			ENDING BALANCE	BEGINNING BALANCE
Vinh Hoan 1 Feed ⁽ⁱ⁾	Manufacturing and trading aquatic feed	100,000,000,000 VND	69.8%	69.8%
Vinh Hoan USA ⁽ⁱⁱ⁾	Trading aquatic products	499,912.00 USD	100%	100%
Vinh Hoan 2 Food ⁽ⁱⁱⁱ⁾	Trading food of all kinds	50,000,000,000 VND	98.6%	-

(i) According to the business registration certificate No. 5103000070 dated 04 April 2008 granted by the Service of Planning and Investment of Dong Thap Province, the Company's capital contribution in Vinh Hoan 1 Feed J.S.C is totally VND 52,500,000,000, equivalent to 70% of this Company's prescribed capital. As of the balance sheet date, the Company has invested an amount of VND 52,003,709,506, equivalent to 69.8% of prescribed capital. The amount to be invested in Vinh Hoan 1 Feed J.S.C is VND 496,290,494.

(ii) According to the business registration certificate No. 34473 dated 19 January 2007 and the amended business registration certificate No. BUS09-03694 dated 30 November 2009 granted by California State of USA, the Company has invested in Vinh Hoan (USA) Inc. an amount of USD 499,912.00..

(iii) According to the business registration certificate No. 1401420853 dated 27 July 2011 granted Service of Planning and Investment of Dong Thap Province, the Company's capital contribution in Vinh Hoan 2 Food Co., Ltd is totally VND 49,300,000,000, equivalent to 98.6% of this Company's prescribed capital. As of the balance sheet date, the Company has already invested VND 25,500,000,000. The amount to be invested in Vinh Hoan 2 Food Co., Ltd is VND 23,800,000,000.

Besides, in 2011, the Company has decided to establish some subsidiaries such as Vinh Hoan 3 Food Co., Ltd and Vinh Hoan Collagen 5 J.S.C. The capital contributions in the companies above will be done in the year 2012.

16. Long-term prepaid expenses

	BEGINNING BALANCE	INCREASES	ALLOCATION	ENDING BALANCE
Tools and other expenses	13,389,380,876	36,396,541,440	(6,699,170,986)	43,086,751,330
Land rental	13,791,520,258	313,320,520	(2,180,656,148)	11,924,184,630
Total	27,180,901,134	36,709,861,960	(8,879,827,134)	55,010,935,960

17. Deferred income tax assets

Deferred income tax assets are those related to temporarily deductible differences. Details are as follows:

Beginning balance	8,848,344,103
Increases	5,908,168,386
Reversals	(8,848,344,103)
Ending balance	5,908,168,386

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

18. **Other long-term assets**
This items reflects long-term deposits.

19. **Short-term loans and debts**

	ENDING BALANCE	BEGINNING BALANCE
Short-term loans from banks	627,278,126,990	346,351,393,210
- <i>Loan from HSBC (Vietnam) ^(a)</i>	19,616,660,608	29,400,329,580
- <i>Vietcombank - HCMC Branch ^(b)</i>	413,791,466,382	118,151,063,630
- <i>BIDV - Dong Thap Branch ^(c)</i>	177,370,000,000	198,800,000,000
- <i>Vietinbank - Dong Thap Branch ^(d)</i>	16,500,000,000	-
Current portions of long-term loans (see Note V.28)	6,300,000,000	6,000,000,000
Total	633,578,126,990	352,351,393,210

^(a) The loan from HSBC (Vietnam) is to supplement working capital. This loan is secured by mortgaging the materials and supplies in stock and the accounts receivable of Vinh Hoan 1 Feed J.S.C. for the amount of VND 80 billion and the guarantee amount of VND 40 billion from Vinh Hoan Corporation.

^(b) The loan from Vietcombank - HCMC branch is to supplement working capital to discount documents and to pay for accounts receivable, to guarantee and to issue L/Cs. This loan is secured by mortgaging the land use right and the assets on land (i.e. aqua-product factories of VHC - Plant 1 and 2). The loan from Vinh Hoan 1 Feed is secured by VHC for the total value of 200 billion VND.

^(c) The loan from BIDV - Dong Thap branch is used to supplement working capital. This loan is secured by mortgaging the land use right and the assets on land (i.e. the aqua-product factory of VHC - Plant 3) and inventories.

^(d) The loan from Vietinbank - Dong Thap branch is used to supplement working capital. This loan is secured by mortgaging the term deposit contract at this bank.

Details of increases/ decreases of short-term loans are as follows:

Beginning balance	352,351,393,210
Increases	2,362,514,113,407
Amount recorded	6,300,000,000
Decreases due to revaluation of exchange difference at the year end	(540,616,644)
Amount already paid	(2,087,046,762,983)
Ending balance	633,578,126,990

20. **Payable to suppliers**

	ENDING BALANCE	BEGINNING BALANCE
At VHC	102,462,910,783	60,502,117,769
At Vinh Hoan 1 Feed	25,533,766,826	38,443,228,295
At Vinh Hoan USA	1,541,276,374	250,640,750
Total	129,537,953,983	99,195,986,814

21. **Advances from customers**

	ENDING BALANCE	BEGINNING BALANCE
At VHC	6,157,619,827	577,547,162
At Vinh Hoan 1 Feed	692,666,025	-
Total	6,850,285,852	577,547,162

● NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

22. Taxes and other obligations to the State Budget

	BEGINNING BALANCE	AMOUNT PAYABLE	AMOUNT ALREADY PAID	ENDING BALANCE
VAT on local sales	-	5,055,235,454	(5,055,235,454)	-
VAT on imports (*)	(5,684,687)	28,771,335,110	(28,765,216,715)	433,708
Import - export duties (*)	(531,696,754)	6,875,267,905	(6,951,579,004)	(608,007,853)
Corporate income tax	33,105,222,039	58,896,603,096	(60,328,667,862)	31,673,157,273
Personal income tax	286,274,030	3,304,739,982	(1,757,596,815)	1,833,417,197
Property tax	-	442,068,489	(442,068,489)	-
Other taxes	-	6,000,000	(6,000,000)	-
Total	32,854,114,628	103,351,250,036	(103,306,364,339)	32,899,000,325

(*) Taxes excessively paid are presented in the item "Taxes and other accounts receivable from the State" (Note V.10).

Value added tax (VAT)

The companies in the Group have paid VAT in accordance with the deduction method. VAT rates applied for each type of goods are as follows:

- Aqua-products for exports	0%
- Initial processing of aqua-products, local sales of by-products, purchases of unprocessed products	5%
- Local sales of processed aqua-products, materials and packages, fee on entrusted exports	10%

Import - Export duties

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

Corporate income tax

The companies of the Group is responsible to pay corporate income tax as follows:

- Vinh Hoan Corporation is responsible to pay corporate income tax at the rate of 25% on taxable income. As for the activity of expanding the operation scale and improving the production capacity, the Corporation is exempted from corporate income tax fully in 01 year from the profit-making year and is reduced 50% of tax amount payable in 04 following years.
- Vinh Hoan 1 Feed Joint Stock Company is responsible to pay corporate income tax at the rates of 15% on taxable income in the first 12 years and of 25% in the following years. This company is exempted from corporate income tax fully in 03 years from the profit-making year and is reduced 50% in 07 following years.
- Vinh Hoan (USA) Incorporated is responsible to pay corporate income tax in accordance with the income tax law of the United States of America.

Other taxes

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

23. Payable to employees

Salaries payable to employees.

24. Accrued expenses

	ENDING BALANCE	BEGINNING BALANCE
Loan interest expenses	870,286,462	-
Payments to lawyers	-	4,545,261,990
Transportation fees	13,436,945,692	47,710,000
Others	1,917,739,498	3,340,662,704
Total	16,224,971,652	7,933,634,694

● NOTES TO CONSOLIDATED FINANCIAL REPORTS

For the fiscal year ended 31 December 2011

25. Other short-term accounts payable

	ENDING BALANCE	BEGINNING BALANCE
Trade Union's expenditure	2,598,818,514	1,693,839,082
Social insurance, health insurance, unemployment insurance	1,106,300,846	554,638,042
Dividends payable	58,448,500	45,400,000
Van Duc Food Export Joint Stock Company - Receipt of entrusted exports	2,134,179,135	-
Payable to Van Duc Tien Giang Food Export Company - receipt of entrusted exports	108,101,129,232	-
Payable to Van Duc Tien Giang Food Export Company - amount collected on others' behalf	712,250,000	-
Other payable	1,931,038,195	166,245,071,547
Total	116,642,164,422	168,538,948,671

26. Provision for short-term accounts payable

This is the provision for anti-dumping lawsuit in the USA, which is related to POR 8.

27. Bonus and welfare funds

Beginning balance	19,740,876,792
Fund extractions	20,761,916,810
Other increases	1,455,102,414
Disbursements	(11,774,066,450)
Ending balance	30,183,829,566

28. Long-term loans and debts

	ENDING BALANCE	BEGINNING BALANCE
Vietcombank - HCMC branch	-	23,627,560,693
BIDV - Dong Thap branch (a)	58,942,312,000	65,242,312,000
Total	58,942,312,000	88,869,872,693

(a) This is the loan from BIDV - Dong Thap branch at the interest rate of 17.3% per year to invest in the project of Vinh Hoan 1 Feed Factory. This loan is secured by mortgaging the land use right and the assets formed from the loans.

Payment schedule of long term debts and loans:

Under 1 year	6,300,000,000
From 1 year to 5 years	58,942,312,000
Total debts	65,242,312,000

Details of increases/ (decreases) of long-term loans during the year are as follows:

Beginning balance	88,869,872,693
Increases	(23,627,560,693)
Transfer to current portion of long-term loans	(6,300,000,000)
Ending balance	58,942,312,000

● NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

29. Provision for unemployment allowances

Beginning balance	1,644,785,581
Additional extraction	1,357,469,167
Disbursements	(186,479,000)
Ending balance	2,815,775,748

30. Owner's equity

Statement of fluctuations in owners equity

The information on the fluctuations in owner's equity is presented in the appendix on page 41.

Dividends

Dividends already given are as follow:

Dividends given in the previous year	-
Advance of dividends (15% of face value)	68,915,736,000
Total	68,915,736,000

Shares

	ENDING BALANCE	BEGINNING BALANCE
Number of shares registered to be issued	47,151,273	47,151,273
Number of shares already sold to the public	47,151,273	47,151,273
- Common shares	47,151,273	47,151,273
- Preferred shares	-	-
Number of shares repurchased	1,198,750	1,052,920
- Common shares	1,198,750	1,052,920
- Preferred shares	-	-
Number of outstanding shares	45,952,523	46,098,353
- Common shares	45,952,523	46,098,353
- Preferred shares	-	-

Face value per outstanding share: 10,000 VND.

Foreign exchange difference

The exchange differences are generated from the conversion of financial statements of Vinh Hoan (USA) Incorporated from USD into VND.

31. Interests of minority shareholders

Beginning balance	49,113,383,267
Profit in the year	15,224,002,265
Less: profit already shared	(3,375,000,000)
Less: unrealized profit in the current year	(2,999,851,073)
Add: unrealized profit in the previous year	6,407,266,376
Decrease due to adjustments of other funds	(59,177,550)
Decreased due to extraction for bonus and welfare	(537,399,883)
Ending balance	63,773,223,402

● NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

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

1. Sales

	CURRENT YEAR	PREVIOUS YEAR
Gross sales	4,114,059,871,210	3,021,654,856,536
- Merchandises	150,647,105,711	384,268,817,325
- Finished goods	3,200,551,732,280	2,278,324,239,904
- Service provision	46,696,566,522	28,094,162,374
- Materials and supplies	261,885,273,833	24,855,854,162
- By-products	454,279,192,864	306,111,782,771
Deductions:	(10,082,120,795)	(12,479,934,277)
- Sales allowances	(194,985,077)	(632,572,009)
- Sales returns	(9,887,135,718)	(11,847,362,268)
Net sales	4,103,977,750,415	3,009,174,922,259
In which:		
- Merchandises	149,647,737,606	381,415,752,278
- Finished goods	3,191,468,979,590	2,268,697,370,674
- Service provision	46,696,566,522	28,094,162,374
- Materials and supplies	261,885,273,833	24,855,854,162
- By-products	454,279,192,864	306,111,782,771

2. Cost of goods sold

	CURRENT YEAR	PREVIOUS YEAR
Costs of merchandises	88,907,863,261	334,276,333,337
Costs of finished goods	2,668,180,140,999	1,820,788,662,319
Costs of materials and supplies	250,471,612,615	23,492,808,079
Costs of by-products	341,876,146,421	249,033,667,427
Provisions for devaluation of inventories	30,408,097,226	(5,734,021,684)
Total	3,379,843,860,523	2,421,857,449,478

3. Financial income

	CURRENT YEAR	PREVIOUS YEAR
Interests on term deposits	9,775,777,911	8,965,265,242
Interests on demand deposits	734,496,609	718,119,508
Loan interests	1,295,663,299	1,745,165,082
Interests on the advances for purchases of materials	2,711,747,271	2,894,152,247
Interests on deferred payment for sales of goods	6,445,765,183	7,331,795,056
Bond interests	-	4,275,000
Unrealized exchange gains	149,216,049	1,424,859,241
Realized exchange gains	79,593,973,950	44,754,438,482
Total	100,706,640,272	67,838,069,858

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31December 2011



4. Financial expenses

	CURRENT YEAR	PREVIOUS YEAR
Loan interests	70,432,324,955	44,772,283,092
Unrealized exchange loss	5,652,663,747	10,407,540,519
Realized exchange loss	36,277,918,627	32,963,415,032
Total	112,362,907,329	88,143,238,643

5. Selling expenses

	CURRENT YEAR	PREVIOUS YEAR
Expenses for employees	4,631,178,736	4,387,496,983
Materials and supplies	491,208,550	50,720,919
Depreciaton of fixed assets	95,922,422	80,631,780
External service rendered	99,915,731,779	141,251,032,393
Other expenses	71,537,724,468	65,158,378,491
Total	176,671,765,955	210,928,260,566

6. Administrative overheads

	CURRENT YEAR	PREVIOUS YEAR
Expenses for employees	24,433,865,276	17,198,579,488
Tools and supplies	1,177,747,316	916,489,754
Depreciation of fixed assets	5,487,760,721	3,468,337,070
Taxes, fees, and legal fees	1,275,951,197	1,334,223,179
Provisions	(1,865,509,133)	4,030,866,644
External service renderedi	7,490,565,599	3,199,519,022
Other expenses	17,802,828,423	56,765,411,183
Total	55,803,209,398	86,913,426,339

7. Other income

	CURRENT YEAR	PREVIOUS YEAR
Gains from disposals and liquidations of fixed assets	13,383,013,868	160,454,545
Others	2,307,924,197	4,275,384,136
Total	15,690,938,065	4,435,838,681

8. Other expenses

	CURRENT YEAR	PREVIOUS YEAR
Net book values of liquidated fixed assets	11,463,523,114	253,821,270
Others	4,135,483,292	471,644,619
Total	15,599,006,406	725,465,889

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

9. Operating expenses

	CURRENT YEAR	PREVIOUS YEAR
Materials and supplies	2,679,817,377,557	1,957,599,487,941
Employees	245,171,303,310	171,067,446,434
Depreciation of fixed assets	79,652,432,785	76,326,472,962
External service rendered	420,409,826,305	353,199,929,333
Other expenses	152,757,184,205	179,429,355,111
Total	3,577,808,124,162	2,737,622,691,781

10. Earnings per share

	CURRENT YEAR	PREVIOUS YEAR
Profit after tax of shareholders of parent company	394,342,950,535	214,034,972,130
Increase/ (decrease) of accounting profit to determine profit attributable to ordinary equity holders:	-	-
Profit attributable to ordinary equity holders	394,342,950,535	214,034,972,130
Average ordinary shares outstanding during the year (*)	47,008,246	46,802,593
Earnings per share	8,389	4,573

(*) Average ordinary shares outstanding during the year are calculated as follows:

	CURRENT YEAR	PREVIOUS YEAR
Ordinary shares outstanding at the beginning of the year	47,151,273	32,568,000
Effects of ordinary shares issued during the year from retained earnings	-	11,823,273
Effects of ordinary shares issued during the year	-	2,468,330
Effects of the ordinary shares repurchased	(143,027)	(57,010)
Average ordinary shares outstanding during the year	47,008,246	46,802,593

VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED CASH FLOW STATEMENT

As of the balance sheet date, the companies in the Group have had accounts receivable and payable on purchasing fixed assets as follows:

	CURRENT YEAR	PREVIOUS YEAR
Purchases of fixed assets, which have not been paid yet	5,556,016,428	1,265,153,137
Advances to purchases fixed assets	57,904,666,107	7,742,441,410

VIII. OTHER INFORMATION

1. Application of new accounting regulations

On 06 November 2009, the Ministry of Finance has released the Circular No. 210/2009/TT-BTC giving guidance on the application of the international accounting standards on the presentation of the financial statements and the notes to the information on financial instruments, which will be applied in the presentation and the notes to financial instruments of the financial statements from the year 2011 onwards.

According to the requirement of this Circular, the Group has supplemented the Notes from VII.5 to VII.9 below.

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011



Besides, this Circular also requires the companies in the Group to consider the provisions in compound financial instruments to determine whether that financial instrument includes financial liabilities and equity or not. The component classified as financial liability shall be presented separately from the component classified as financial asset or equity in the balance sheet. This requirement does not cause effects on the financial position and business results of the companies in the Group because the company has not issued any compound financial instruments.

2. Transactions with related parties

Transactions with key persons and related individuals

The key persons and other related individuals include the members of the Board of Directors the Directors, the Chief Accountant of Vinh Hoan Corporation and their family members.

Transactions with key persons and the related individuals are as follows:

	CURRENT YEAR	PREVIOUS YEAR
<i>The Board of Directors and the Directors</i>		
Purchases of materials	27,282,976,720	17,269,270,350
Sales of merchandises	134,500,518	391,457,455
<i>Related individuals</i>		
Purchases of materials	23,998,026,080	19,770,975,350
Sales of goods	395,769,521	597,656,409

As of the balance sheet date, the balances with the key persons and related individuals are as follows:

	ENDING BALANCE	BEGINNING BALANCE
The Board of Directors and the Directors	19,663,800,251	5,619,908,455
Related individuals	1,478,594,520	93,385,000
Total amount receivable	21,142,394,771	5,713,293,455

Income of the key persons in the current year is VND 5,494,797,974 (Previous year: VND 3,328,852,000).

Transactions with other related parties

Other related parties of the Group include:

RELATED PARTIES	RELATIONSHIP
Van Duc Food Export Joint Stock Company	Company in which the family member of the Chairwoman contributed capital to establish
Van Duc (Tien Giang) Food Export Processing Co., Ltd.	Subsidiary in which Van Duc Food Export Joint Stock Company has invested 100% of capital

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

During the year, the Group's companies has had the following transactions with other related parties:

	CURRENT YEAR	PREVIOUS YEAR
<i>Van Duc Food Export Joint Stock Company</i>		
Purchases of merchandises and services	24,076,706,994	260,639,683,819
Value of entrusted exports received ⁽¹⁾	62,564,304,481	151,551,634,391
Sales of merchandises and services	813,283,780	3,704,348,584
Sales of finished goods	5,505,499,385	143,212,396,613
Providing exporting service	4,000,292,627	13,425,203,991
Value of entrusted exports	17,880,756,127	-
<i>Van Duc (Tien Giang) Food Export Processing Co., Ltd.</i>		
Sales of finished goods	273,935,407,400	108,701,115,080
Sales of materials and merchandises	6,740,279,632	1,365,559,278
Providing exporting service	42,088,374,769	14,537,926,442
Purchases of materials	53,211,608,968	7,281,395,152
Value of entrusted exports received ⁽¹⁾	579,235,689,198	156,686,284,266
Loan given	31,057,500,000	-
Interest on loan given	409,528,560	-

⁽¹⁾ This is the value of entrusted exports received from the related companies.

As of the balance sheet date, the accounts payable to and receivable from other related parties are as follows:

	ENDING BALANCE	BEGINNING BALANCE
<i>Van Duc Food Export Joint Stock Company</i>		
Receivable for goods and entrusted exports	4,823,682,529	1,079,294,941
<i>Van Duc (Tien Giang) Food Export Processing Co., Ltd.</i>		
Receivable for goods and fee on entrusted export	163,276,785	18,405,206,907
Total amount receivable	4,986,959,314	19,484,501,848
<i>Van Duc Food Export Joint Stock Company</i>		
Payable for entrusted exports received	2,134,179,135	65,161,572,388
Payable for goods	2,692,462,513	-
<i>Van Duc (Tien Giang) Food Export Processing Co., Ltd.</i>		
Payable for entrusted exports received	108,101,129,232	99,820,646,049
Advances for goods	691,236,000	-
Payable for amount collected on other's behalf	712,250,000	-
Total amount payable	114,331,256,880	164,982,218,437

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

The prices of goods and services provided to the related parties are prices agreed among the parties. The purchases of goods and services from the related parties are done at the agreed prices.

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

3. Segment information

Information on segment is presented as that of business segment and geographical segment. Segment reporting is mainly done on the basis of geographical area, based on the organizational structure, internal management and internal financial statements of the Group's companies.

Geographical area

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

Details of net external sales in respect of geographical segment based on the location of customers are as follows:

	CURRENT YEAR	PREVIOUS YEAR
Exports	3,002,328,336,781	2,308,816,677,868
Local sales	1,101,661,596,535	700,358,244,391
Total	4,103,989,933,316	3,009,174,922,259

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

Business area

The Group's main operation only includes one business area (i.e. growing, manufacturing and processing aquatic products).

4. Operating leases

Leasing contracts

As of the balance sheet date, the total minimum amount in the future of irrevocable leasing contracts will be settled as follows:

	ENDING BALANCE	BEGINNING BALANCE
Under 1 year	317,574,030	302,648,718
From 1 year to 5 years	942,380,088	1,061,562,168
Over 5 years	1,454,819,357	1,608,435,371
Total	2,714,773,475	2,972,646,257

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

Fair values of financial assets and liabilities

	BOOK VALUES		FAIR VALUES	
	ENDING BALANCE	BEGINNING BAL.	ENDING BALANCE	BEGINNING BAL.
Financial assets				
Cash and cash equivalents	329,424,956,877	126,419,394,330	329,424,956,877	126,419,394,330
Investments held to maturity dates	219,548,828	32,197,256,415	219,548,828	32,197,256,415
Receivable from customers	482,753,778,138	329,335,671,187	482,753,778,138	329,335,671,187
Loans given	-	5,365,715,749	-	5,365,715,749
Other receivable	56,215,808,601	31,367,671,778	56,215,808,601	31,367,671,778
Total	868,614,092,444	524,685,709,459	868,614,092,444	524,685,709,459
Financial liabilities				
Loans and debts	692,520,438,990	441,221,265,903	692,520,438,990	441,221,265,903
Payable to suppliers	129,537,953,983	99,195,986,814	129,537,953,983	99,195,986,814
Payable to employees	38,523,008,346	30,177,526,068	38,523,008,346	30,177,526,068
Accrued expenses	16,224,971,652	7,933,634,694	16,224,971,652	7,933,634,694
Other payable	153,457,940,170	204,733,734,252	153,457,940,170	204,733,734,252
Total	1,030,264,313,141	783,262,147,731	1,030,264,313,141	783,262,147,731

Fair values of financial assets and liabilities of the Company are reflected at the values which the financial instruments can be converted in a current transaction among parties having enough knowledge and expecting to involve in the transaction.

The Group has applied the following method and assumption to estimate the fair value: Fair values of cash on hand, short-term deposit in banks, accounts receivable from customers and payable to suppliers as well as other current liabilities are equivalent to the book values of these items since these instruments have short-term periods.

6. Collaterals

Collaterals to other entities

The Group's companies have mortgaged cash in bank, accounts receivable from customers, inventories, tangible fixed assets (see Note V.10) and land use right (see Note V.11) to secure the loans from banks. The book values of collaterals are as follows:

COLLATERALS	ENDING BALANCE	BEGINNING BALANCE
Cash in bank	16,500,000,000	32,000,000,000
Receivable from customers	-	40,000,000,000
Inventories	257,370,000,000	147,195,031,320
Buildings and structures	135,572,873,701	85,587,020,683
Machinery and equipment	147,050,037,843	89,890,768,939
Vehicles	2,092,208,935	2,921,256,571
Land use right	21,192,476,172	13,151,976,773
Total	579,777,596,651	410,746,054,286

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

Collaterals received from other entities

The Group has had no collaterals received from other entities as of 31 December 2010 and 31 December 2011.

7. Credit risk

Credit risk is the risk that a contractual party cannot perform its responsibilities, leading to a financial loss to the Group.

The Group is exposed to credit risks from its operating activities (mainly from accounts receivable from customers) and financial activities (cash in bank and loans given).

Receivable from customers

The Group's companies have reduced its credit risks by conducting transactions with the companies with good credit rating only, making requests to open L/Cs for the companies conducting transactions for the first time or when their financial positions are unknown, and the accountant in charge of accounts follows up the accounts receivable regularly to speed up the recovery. On this basis and since the Group's accounts receivable are related to different customers, the credit risks do not focus on any certain customer.

Cash in bank

Most of the Group's cash in bank is in the large and trusted banks in Vietnam. The Group believes that the credit risk concentration level from cash in bank is low.

8. Liquidity risk

Liquidity risk is the risk that the Group will have difficulties in paying its financial liabilities. The Group's liabilities are often short-term and rare, so the liquidity risk is very low.

The Directors take the highest responsibility to liquidity risk management. The Group's liquidity risks mainly arise from the differences in maturity dates of financial assets and financial liabilities.

The Group manages the liquidity risks by maintaining an appropriate amount of cash and cash equivalent and the loans that are sufficient as judged by the Directors to meet the Group's operation demands in order to minimize the effects of the changes in cash flows to the Group.

The terms of payments of financial liabilities are based on the payments supposed to make according to the contracts. Details are as follows:

	UNDER 1 YEAR	FROM 1 YEAR TO 5 YEARS	OVER 5 YEARS	TOTAL
Ending balance				
Loans and debts	633,578,126,990	58,942,312,000	-	692,520,438,990
Payable to suppliers	129,537,953,983	-	-	129,537,953,983
Payable to employees	38,523,008,346	-	-	38,523,008,346
Accrued expenses	16,224,971,652	-	-	16,224,971,652
Other payable	150,642,164,422	2,815,775,748	-	153,457,940,170
Total	968,506,225,393	61,758,087,748	-	1,030,264,313,141
Beginning balance				
Loans and debts	352,351,393,210	88,869,872,693	-	441,221,265,903
Payable to suppliers	99,195,986,814	-	-	99,195,986,814
Payable to employees	30,177,526,068	-	-	30,177,526,068
Accrued expenses	7,933,634,694	-	-	7,933,634,694
Other payable	203,088,948,671	1,644,785,581	-	204,733,734,252
Total	692,747,489,457	90,514,658,274	-	783,262,147,731

The Group believes that the risk concentration level for payments to financial liabilities is low. The Group can settle their current portions of debts from operating cash flow and the gain from financial liabilities on due dates.

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2011

9. Market risk

Market risk is the risk that the fair value or cash flows in the future of a financial instrument will fluctuate due to changes in market prices. Market risk of the company includes foreign currency risk, interest rate risk and other risks in prices.

Foreign currency risk

Foreign currency risk is the risk that the fair value or cash flows in the future of a financial instrument will fluctuate due to changes in exchange rates.

The Group believes that the risk on foreign currency is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows in the future of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest rate risk is mainly related to short-term deposits and loans.

The Group has managed its interest rate risk by analyzing the market situation to get the most profitable interest rates within its risk management limit.

The Group has not done the sensitivity analysis to interest rate since the risk due to changes in interest rate as of the balance sheet date is not significant.

Other risk in prices

Other risk in prices is the risk that the fair value or cash flows in the future of a financial instrument will fluctuate due to changes in market prices except for changes in interest rates and exchange rates. This issue does not cause any effect on the Group's consolidated financial statements.

Dong Thap, 28 March 2012



Nguyen Thi Kim Dao
Chief Accountant



Trương Thị Lê Khanh
General Director

STATEMENT OF FLUCTUATIONS IN OWNER'S EQUITY

	CAPITAL	SHARE PREMIUMS	TREASURY STOCKS	FOREIGN EXCHANGE DIFFERENCES	OTHER FUNDS	RETAINED EARNINGS	TOTAL
Beginning balance of the previous year	325,680,000,000	92,448,000,000	-	861,407,971	136,774,604	223,193,216,695	642,319,399,270
Extraction for funds in the previous year	-	-	-	-	-	(15,526,034,445)	(15,526,034,445)
Capital increased due to the issuance of bonus stocks to employees	9,422,100,000	-	-	-	-	(9,422,100,000)	-
Capital increased (dividends dist. in cash)	108,810,630,000	-	-	-	-	(108,810,630,000)	-
Issuing stocks to increase capital	27,600,000,000	99,360,000,000	-	-	-	-	126,960,000,000
Repurchase of stocks already issued	-	-	(32,725,310,618)	-	-	-	(32,725,310,618)
Profit of the previous year	-	-	-	-	-	214,034,972,130	214,034,972,130
Difference on foreign exchange occurred due to converting the report	-	-	-	937,936,671	-	-	937,936,671
Ending balance of the previous year	471,512,730,000	191,808,000,000	(32,725,310,618)	1,799,344,642	136,774,604	303,469,424,380	936,000,963,008
Beginning balance of the current year	471,512,730,000	191,808,000,000	(32,725,310,618)	1,799,344,642	136,774,604	303,469,424,380	936,000,963,008
Stock issuance expenses	-	(1,316,000,000)	-	-	-	-	(1,316,000,000)
Repurchase of stocks already issued	-	-	(4,171,904,737)	-	-	-	(4,171,904,737)
Profit of the current year	-	-	-	-	-	394,342,950,535	394,342,950,535
Extraction for funds in the current year	-	-	-	-	-	(20,224,516,927)	(20,224,516,927)
Adjustment on corporate income tax of the previous year	-	-	-	-	-	5,283,115,639	5,283,115,639
Distribution of dividends	-	-	-	-	-	(68,928,784,500)	(68,928,784,500)
Difference on foreign exchange occurred due to converting the report	-	-	-	2,191,879,734	-	-	2,191,879,734
Other decreases	-	-	-	-	(136,774,604)	-	(136,774,604)
Ending balance of the current year	471,512,730,000	190,492,000,000	(36,897,215,355)	3,991,224,376	-	613,942,189,127	1,243,040,928,148

Dong Thap, 28 March 2012



Trương Thị Lê Khanh
General Director

Nguyễn Thị Kim Dao
Chief Accountant



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Barramundi
Fillet

Basa Burger

Sai Gon
Palm box

Pangasius Fish
Wrapped in
Potato

Barramundi
Flame Grill

Breaded
Pangasius

Pangasius Block

Air Bladder

Pangasius Loins

Panga Topped With
Potato Mousse

Pangasius
Belly Meat

Value
Added
Products