



## THE BLESSING OF MEKONG RIVER

**V**inh Hoan was established to provide life with a variety of seafood products from the richest Mekong River. We perfect our products in every aspect of customer's needs and bring our partners the genuineness and benefits of business rewards. We make every effort to exceed customer's expectation with an integrated producing process and a complete traceability system and international certificates of quality management. Our mission is to bring The Blessing of Mekong River to consumers with delicious, reliable and healthy products..

## TABLE OF CONTENTS

Chairwoman's Message	02
Vinh Hoan's Highlights	04
The Company's history	08
Industry Outlook	11
Vinh Hoan's Potential	15
Report of the Board of Management	20
Board of Directors Report	29
Report of the Supervisory Board	39
Subsidiaries and Affiliates	42
Organizational Chart	44
Information of Shareholders and the Management of the Company	49
Corporate Culture	54
Consolidated Financial Report	57



## CHAIRWOMAN'S MESSAGE

Dear valued shareholders,

2010 signified a new record on total revenue and profit in VHC's fourteen year history. Total revenue increased 8.60%, profit increased 10.77% compared to that in 2009. Total export revenue was at USD132 million, first position in the catfish industry. Our achievements in 2010 are in line with our continued and consistent growth, further enhancing the confidence of our shareholders and investors and even ourselves, the management of VHC. We become more confident when what we have been persistently and tirelessly pursuing has brought in gratifying results. Our focus on building a vertically integrated system over many years has demonstrated our ability to overcome severe raw material shortages and increase noticeably our profit through the contribution from farming activities. Only with a tenacious effort to implement a consistent quality control policy have our products solidified their positions in the world markets, overcoming trade barriers from importing countries. 2010 was also a year of mixed emotions for us in the anti-dumping review in the U.S. Only in times of adversity have we learned new ways to approach litigation, with the cooperation and support of numerous parties to bring about results beyond expectations. It is these successes which continue to inspire and motivate, not only the management team but also for the entire company to confidently strive to continue these successes.

2011 will be a milestone where Vinh Hoan will transform from a seafood processing corporation with pangasianodon hypophthalmus to be its main product to a food corporation

with multi-discipline activities, such as rice and collagen production. This strategy will ensure stable growth, increasing profitability and environmental awareness, adding value to each stage in our integrated system. This is Vinh Hoan's strategy for the next five years.

On behalf of the Company's Management, I would like to thank our shareholders and investors who have put their confidence in us, who have enabled us to work efficiently in order to exceed projected targets for 2010 and to lay a sound foundation for a bright future.

On behalf of the Board



Chairwoman  
Truong Thi Le Khanh

**"Sustainable  
development policy  
based on consistent  
product quality, cost  
management and  
prestige."**

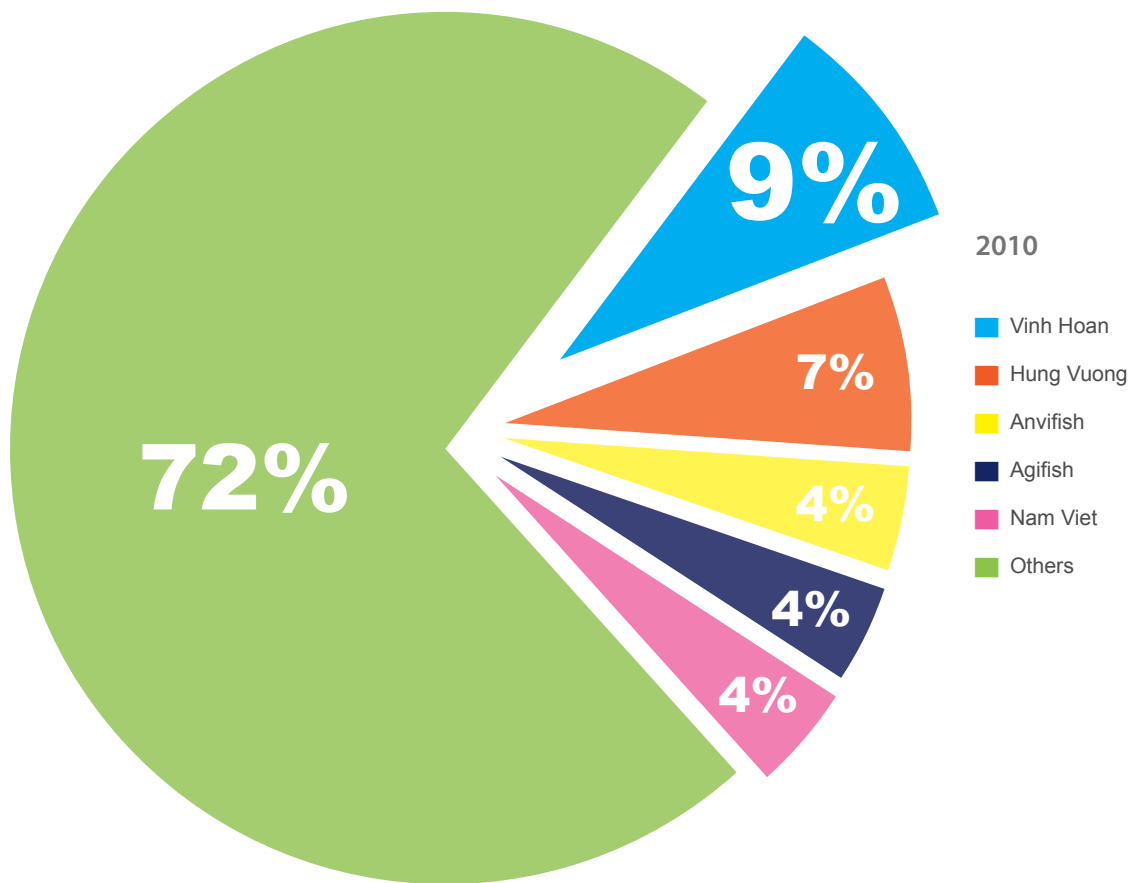


## VINH HOAN'S HIGHLIGHTS

### Vinh Hoan Corporation – Leading Firm in the Vietnamese pangasius industry

#### Vinh Hoan has become the leading pangasius firm in Vietnam since March 2010

- VHC's export value has increased steadily each year. Since 2006, Vinh Hoan has featured in the top 3 companies in the Vietnamese pangasius industry.
- Vinh Hoan continued at number 3 in 2007 and 2008.
- In 2009, Vinh Hoan reached the number 2 position, representing 8.6% of total Vietnam pangasius exports.
- Since March 2010, Vinh Hoan has become the leading pangasius firm in Vietnam. Vinh Hoan ended the fiscal year of 2010 with total export revenues of \$132 million. According to Vasep, the fillet segment of VHC reached \$126.4 million, representing 9% of total Vietnam pangasius export value.

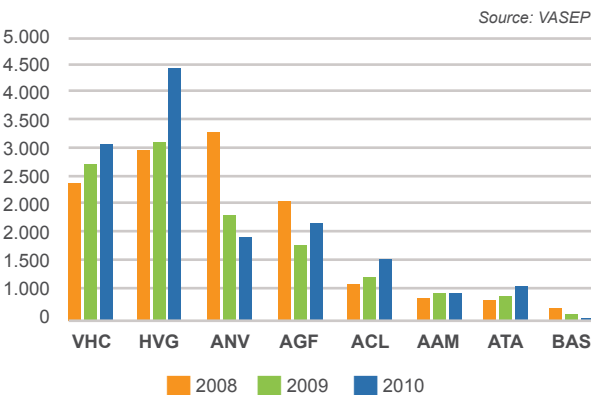


#### List of top ten pangasius exporting firms in Vietnam

*Unit: in million USD*

	2006		2008		2009		2010
Navico (ANV)	111,5	Navico (ANV)	187,7	Hung Vuong (HVG)	122	Vinh Hoan (VHC)	126,4
Agifish (AGF)	55,4	Hung Vuong (HVG)	169,4	Vinh Hoan (VHC)	115	Hung Vuong (HVG)	100,8
Vinh Hoan (VHC)	53,7	Vinh Hoan (VHC)	101,3	NamViet (ANV)	85	Anvifish	61,7
Hung Vuong (HVG)	48,2	Agifish (AGF)	89,9	Anvifish	57	Agifish (AGF)	58,8
Caseamex	29,6	Thimaco	48,0	Agifish (AGF)	55	Nam Viet (ANV)	58,2
Thanh Thien	29,2	Bianfish	47,2	Bianfish	53	CL-Fish	48,3
Thufico	25,9	Anvifish	45,0	Thimaco	43	Bianfishco	43,9
Van Duc	24,8	HTFood	39,3	CuuLong Seapro	39	NTSF	37,1
Q.V.DFood	22,6	Q.V.D Food	38,4	HTFood	33,9	South Vina	35,4
Docifish	21,5	CL-Fish	37,9	Caseamex	33,7	I.D.I Corp	34,9
<b>Total export value</b>	<b>736,8</b>	<b>Total export value</b>	<b>1,450</b>	<b>Total export value</b>	<b>1,340</b>	<b>Total export value</b>	<b>1,427</b>

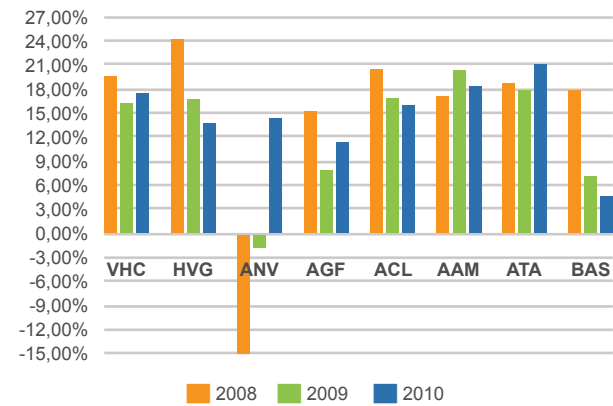
#### Export turnover and revenue of Vinh Hoan grows steadily



As well as increasing in export value, Vinh Hoan has grown in revenue steadily. Export turnover increased with an average 12% growth p.a between 2008–2010. In 2010, VHC achieved VND 3,000 billion (\$145 mil) in revenue.



## Vinh Hoan's gross profit margin has rising constantly



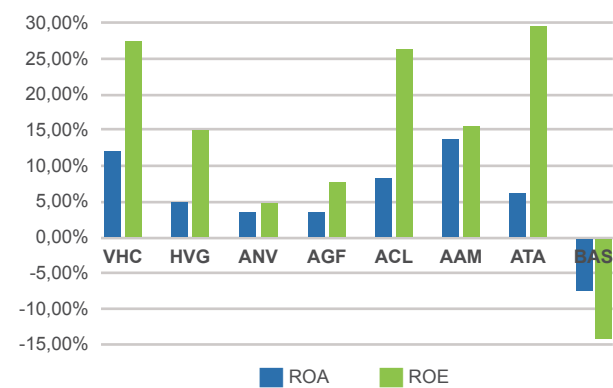
Source: Vinh Hoan obtains

Vinh Hoan is the only firm showing growth in gross profit margin while most other firms present lower or fluctuating gross profit margins for the period 2008– 2010.

Vinh Hoan's gross profit margin has risen gradually year after year. In 2008, Vinh Hoan had a gross margin of 11.8%, the lowest among its peer firms. In 2010, Vinh Hoan ranked third with 19.52% gross profit margin.

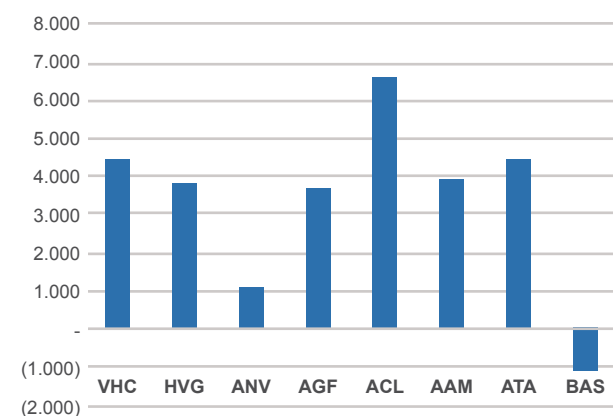
This is generally as a result from building and improving its closed manufacturing process which help Vinh Hoan to limit the impact from raw material price fluctuations and enables it to manage its cost of good sold effectively.

## Profitability of Vinh Hoan is attractive



Source: Vinh Hoan obtains

Vinh Hoan is one of the most profitable pangasius firms with 12.82% in ROA and 27.12% in ROE which results from maintaining a safe and prudent gearing, with debt over equity as 0.47 times in 2010.



Source: Vinh Hoan obtains

Vinh Hoan continues to maintain high earning per share. In 2009, its EPS reached VND6,427, the highest EPS compared to the peer group. In 2010, the company increased capital from the profit of 2009, therefore, EPS of 2009 was adjusted down to VND4,613. In 2010, Vinh Hoan increased its charter capital in 2010, but still maintains a high EPS number of VND 4,573.



Best Retail Product Award in seafood Prix d'Elite 201 at European Seafood Exhibition  
Product: Provocake

## THE COMPANY'S HISTORY

### Milestones

Vinh Hoan was established on December 29<sup>th</sup>, 1997 in Dong Thap province – Mekong Delta. Over the ensuing 14 years of development, Vinh Hoan has become the leading pangasius exporter in Vietnam. Vinh Hoan is the brand of choice for overseas importers of pangasius fillet and value-added goods from pangasius.

In order to become the number one firm, Vinh Hoan has developed a sustainable, cohesive and comprehensive strategy since its inception. The quality, dedication to excellence and the values we uphold enable us to provide customers with reliable, delicious and healthy products.

# 1997

- Established as a private enterprise with a small workshop in Sadec town, Dong Thap Province.



# 1999

- Became "Vinh Hoan Company Limited"; factory built in Cao Lanh town (Cao Lanh city currently).

# 2000

- Approved for export to EU with DL. 147.



# 2003

- Antidumping rate 36.84% to USA market. This was the lowest rate applied for Pangasius fish imported to USA granted for Vietnamese Company in 2003.



# 2004

- Building cold storage with a capacity of 800 tonnes.

# 2005

- Improved the automatic machine for the factory;
- Certified with ISO 9001:2000; ISO 14001:2004; BRC: 2005 and IFS version 4;



# 2007

- Established "Vinh Hoan (USA) Incorporated" in California, U.S;
- The second factory officially opened and commenced operations;
- Became "Vinh Hoan Corporation";
- Established "Vinh Hoan feed mill Corporation";
- Listed shares on Ho Chi Minh Stock Exchange.



# 2008

- The third factory officially opened and commenced operations;
- Formed Green Farm Program for fish farm.



# 2009

- Achieved "SAO VANG DAT VIET 2009" award;
- Received Aquagap certificate for the farm issued by IMO, Switzerland;
- Vinh Hoan's laboratory received ISO/IEC 17025:2005 certificate;
- Vinh Hoan is the first company in Vietnam and in Asean region achieved "Nutrition and Health" award at Seafood Prix d'Elite;
- Received the merit of outstanding achievement and contribution in developing country from Prime Minister.

# 2010

Achieved "SAO VANG DAT VIET 2010" award;

**01/2010** Achieved Golden quality award for fishery firms.

**03/2010** Granted **0% anti-dumping rate** for exports to the U.S. market for POR 5th (1/8/2007-31/7/2008).

**04/2010** Vinh Hoan is the first company in Vietnam that is certified seafood processing facilities under the inspection program of the U.S. Department of Commerce.

**06/2010** Received GLOBAL GAP certificate; Ranked in the list of 500 largest companies in Vietnam.

**09/2010** Achieved prestigious stock award; Received ISO 22000 certificate for quality management system.

**11/2010** Launched project of experimental Bio Diesel oil production; Achieved Best Fish Farming Award.



## Increase in charter capital

Unit: VND

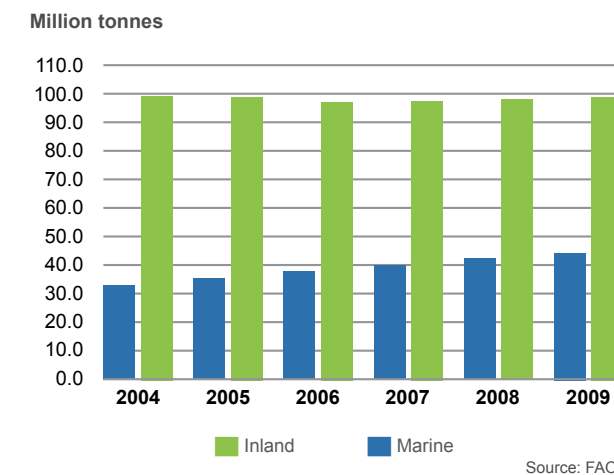
Time	Issuance Method	Purpose	Added Amount (VND mil)	Charter Capital after increased (VND mil)	Share Premium	Listed Date	Transaction Date
2009-2010	Shares issuance for strategic investors	Restructure Capital	53,280	353,280	191,800	09/3/2010	15/3/2010
2009	ESOP and stock sponsor for workers's housing	Encourage staff	9,420	362,700	-	22/12/2010	28/12/2010
2010	Share dividend 2010	Improve financial ability	108,810	471,510	-	22/12/2010	28/12/2010



## INDUSTRY OUTLOOK

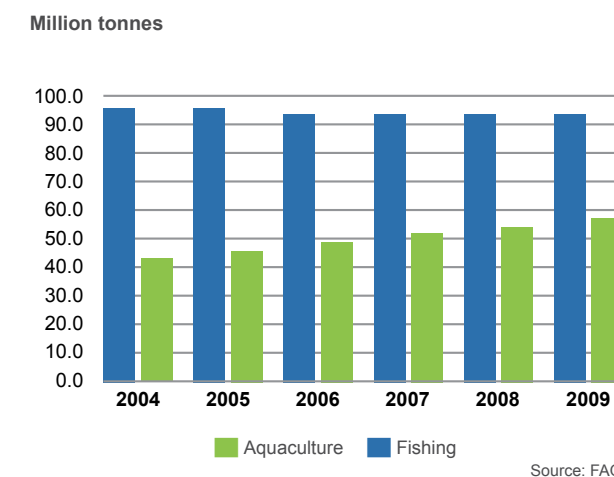
### The world fisheries industry outlook

#### Inland vs Marine



Inland and marine fisheries supplied the world in 2009 with 145,1 million tonnes, rising from 134,3 tonnes in 2004, a growth rate of 1.56% per annum. The increased quantity, however, came from inland only, rising from 33,8 million tonnes in 2004 to 45,1 million tonnes in 2009. Marine showed no increase in the period at 100 million tonnes, it actually showed a marginal decline to 98,6 million tonnes in 2006.

#### Capture vs Aquaculture



Trend of production continues to shift toward aquaculture. Aquaculture increased steadily from 41,9 million tonnes in 2004 to 55,1 million tonnes in 2009, equivalent to the growth rate of 5.6% per year. Capture sustained itself year over year. This trend is inevitable because the natural source has become exhausted while productivity farming has shown improvements as a result of technical advances.

According to FAO, Asia is the largest region supplying fisheries in the world, representing 65.8% of the total. Following Asia are Latin America and Europe.

Consumption of seafood is increasing in many countries around the world. The human consumption ratio has increasing annually, representing 77.7% of total world quality in 2004 and 81.2% of total world quality in 2009. Therefore, although the world's population has been increasing, food fish supply per capita continued to increase in the period of 2004 – 2009, from 16,2 kg to 17,2 kg.

(Million tonnes)	2004	2005	2006	2007	2008	2009
Total Capture	92,4	92,1	89,8	89,9	89,7	90,0
Total Aquaculture	41,9	44,3	47,3	49,9	52,6	55,1
<b>Total world fisheries</b>	<b>134,3</b>	<b>136,4</b>	<b>137,1</b>	<b>139,8</b>	<b>142,3</b>	<b>145,1</b>
Growth rate (%)	-	1.56	0.51	1.97	1.79	1.97
<b>Human consumption</b>	<b>104,4</b>	<b>107,3</b>	<b>110,7</b>	<b>112,7</b>	<b>115,1</b>	<b>117,8</b>
Consumption / total quantity (%)	77.7	78.7	80.7	80.6	80.9	81.2
Growth rate (%)	-	2.8	3.2	1.8	2.1	2.3
<b>Population (billion)</b>	<b>6,4</b>	<b>6,5</b>	<b>6,6</b>	<b>6,7</b>	<b>6,8</b>	<b>6,8</b>
Per capita food fish supply (kg)	16,2	16,5	16,8	16,9	17,1	17,2

Source: FAO

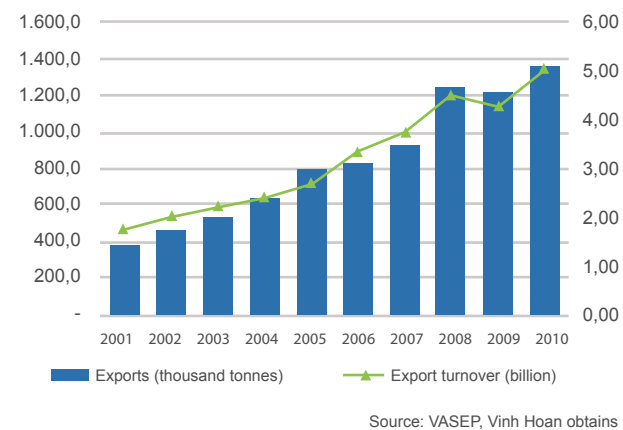
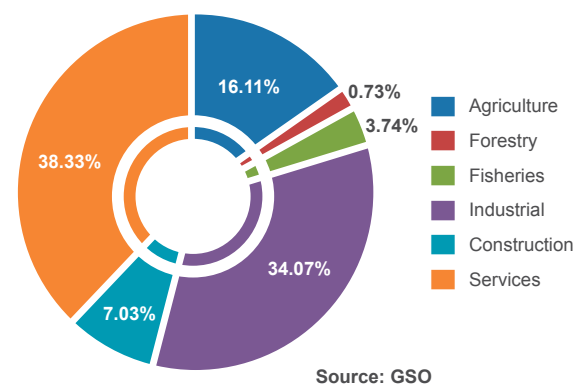
## Fisheries industry in Vietnam

Vietnam is seen to be one of the countries exhibiting fastest growth in the world with annual average growth rate of 15%. According to FAO, Vietnam is fifth in the standings of leading seafood exporters and third in aquaculture as ranked globally, after China and India. Vietnam mainly focuses on fisheries aquaculture, which happens to be the trend of fisheries industries the world over.

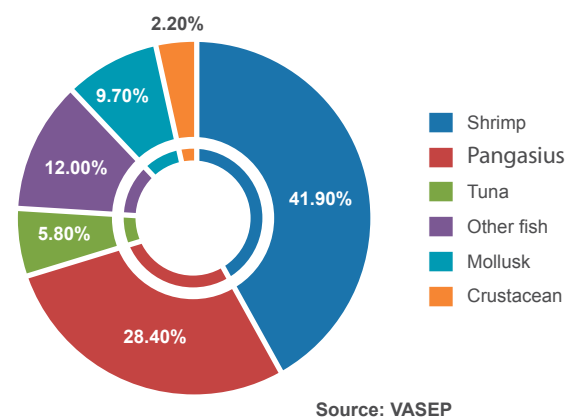
The fisheries industry is one of the key exports of Vietnam, contributing 3.5% - 4% of Vietnam's GDP. With the contribution of 3.74% of GDP, it continues to take an important role as a spearhead for the Vietnamese economy in 2010.

With the exception of the decrease in export quantity and value in 2009 as a result of the world economic crisis, Vietnamese fisheries industry has grown rapidly since 2001. Especially in 2010, the industry overcame many difficulties to mark a triumphant year of reaching USD0.5 billion in export value, up 18.4% compared to 2009.

### Structure of GDP 2010

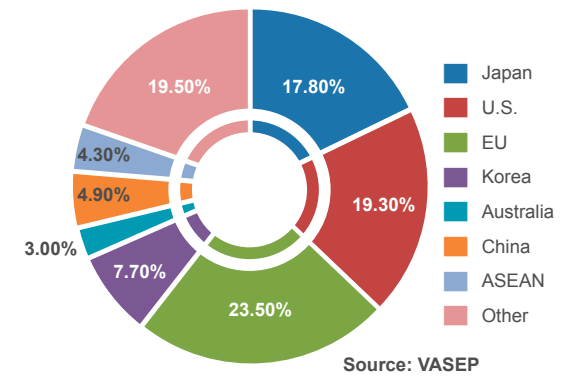
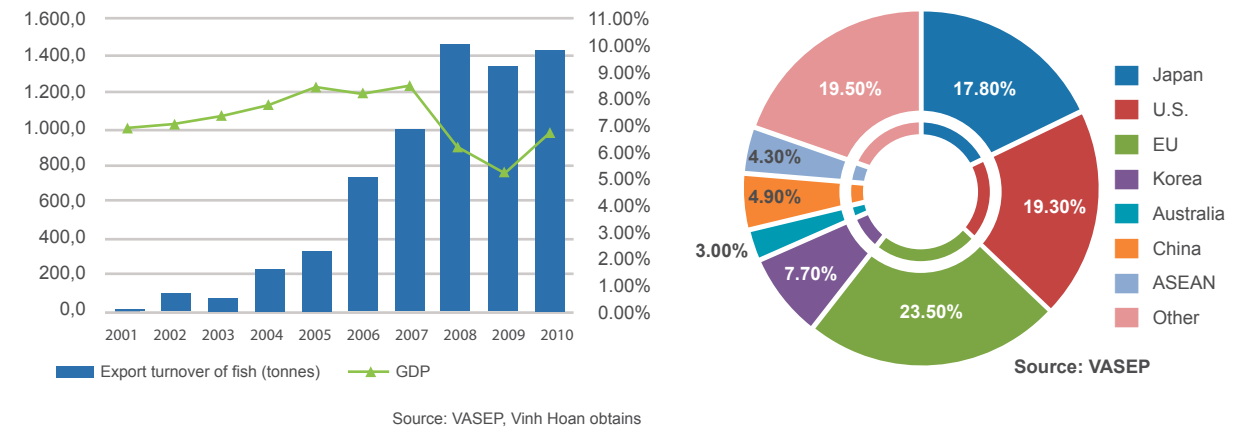


### Major export products



Pangasius and Shrimp are major export products of the Vietnamese fisheries industry. They contributed 65% - 70% of both quantity and export value. These products complement each other to reach high export value during the volatility of the current economic situation. Shrimp is a high value product which will be consumed when the economy develops, while Pangasius is consumed in any economic situation because of advantages of quality and price.

## Pangasius export value vs GDP growth



Pangasius export value has increased significantly from 2001 – 2010. In 2009, because of the crisis, fisheries industry generally and pangasius sector particularly decreased. It, however, sustained the high export value. In 2010, pangasius export value recovered with USD1.4 billion.

### Export markets

Vietnamese fisheries products are exported to 163 countries in the world with 1,35 million tonnes in 2010, equivalent to USD0,5 billion, up 11.3% in quantity and 18.4% in value compared to 2009.

In which, EU, US and Japan are the main markets for Vietnamese fishery, representing about 60.5% of the total value. The three markets are also considered as the most difficult as a result of their strict regulations on food hygiene and safety, competition and barriers as well.

### Challenges for Vietnam's fisheries industry

Trade and non-commercial barriers from export markets such as trend of trade protectionism, technical barriers, strict quarantine and regularly issued new stricter standards are the biggest challenges faced by the Vietnamese fisheries industry. EU market has become more difficult for seafood exporters because of illegal, unreported and unregulated (IUU) fishing regulation. In the US market, anti-dumping tariffs also put the Vietnamese fisheries enterprises under pressure. These points notwithstanding, Vietnam fisheries industry has understood deeply and prepared to combat the political barriers. The current unprecedented growth in the industry is a result of the worthy efforts of Vietnam's fisheries sector in international market.

The industry also faces the risk of shortage of materials for manufacturing. However, there are some firms such as Vinh Hoan which have been farming by themselves and sharing benefits with farmers to ensure materials for manufacturing.

The impressive growth of the industry has attracted the attention from opponents on the international stage that has led to fierce competition. In other aspects, local firms have been under pressure to compete with each other and many other industry participants. Currently, there are about 1000 firms operating in the industry, however, export value is fragmented with 100 firms only achieving more than USD10 million in export value. Minh Phu, Vinh Hoan and Hung Vuong are three largest firms in Vietnam with export value in 2010 of USD257,3 million, USD127 million and USD101,4 million, respectively, representing 9.6% of total export value.



### Conclusion

Global statistics have shown that fisheries industries post growth even when the global economy is facing crisis, in which, Vietnam's fisheries industry is a bright spot on the map of the aquatic world with an impressive growth number.

Vietnam's fisheries industry is predicted to grow rapidly in its next stage to reach second place in the standing of leading exporters in the world, following by China. Vietnam's fisheries products have strong competitiveness in international markets with quality and price. This is the reason why Vietnam fishery often meets barriers from export markets to protect local firms. To the fisheries sector, quality and price are two prerequisites to making a difference. This sector of Vietnam satisfied all requirements, including pangasius products being irreplaceable and Vietnam has great advantages for this type of product with high quality and reasonable pricing.

Vietnam's fisheries industry three main export products are pangasius, shrimp and mollusk. In which, pangasius and shrimp are the marquee products of Vietnam. Especially, pangasius is seen as a strength of Vietnam with great potential that no country can compete with. Challenges are temporary and could be solved by the right policies and orientations. Pangasius in particular and Vietnam fisheries industry in general is looking forward to new achievements in the stage of development, contributing to the development of Vietnam.



### VINH HOAN'S POTENTIAL

#### SWOT Analysis

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> <li>1. Management board have been devoted to the company with their extensive experience and strategic vision</li> <li>2. Strategic orientation for sustainable development</li> <li>3. High reputation of Vinh Hoan's products in the international market</li> <li>4. Modern and closed production chain from food to output to ensure the highest quality of the products</li> <li>5. A wide large fish farming area, which helps VH has ability to self-supply over 70% raw material needs</li> </ol>	<ol style="list-style-type: none"> <li>1.Export prices are competitive.</li> <li>2.Competitive labour market either inside or outside the industry</li> <li>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 activities in the short term although the company will be able to rebalance the market. Also, the company has a experience in green and clean fish farming and processing under stric quality control to help reduce risk of technical barriers</li> </ol>	<ol style="list-style-type: none"> <li>1. Vietnam's fisheries sector has high growth and stability, which is expected to continue to grow 12% - 15% per year. Seafood consumption to increase, while the export and domestic potential are wide open.</li> <li>2. Favorable mechanisms and policies for the fisheries sector.</li> <li>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</li> <li>4. Potential of the value-increasing from by-products strategy.</li> </ol>	<ol style="list-style-type: none"> <li>1. Trade barriers in export markets</li> <li>2. Unexpected Fluctuations in raw material prices</li> <li>3. Increasingly fierce competition</li> </ol>



## Development Orientation

Vinh Hoan is a pioneer in the fishery sector to build a sustainable development strategy since the first days of the company. With the sustainable development strategy and experienced and enthusiastic managers, Vinh Hoan has evolved from a small enterprise to a market leading processor in the industry.

Vinh Hoan is continuing to perfect the closed production process to manage the manufacturing costs and product quality at the highest level. Vinh Hoan now has in hand the largest farming area of 90 ha, certified by Global GAP, with the aim to satisfy 80 percent of demand for raw fish of its processing plants and to minimize the dependence on the volatility of external materials and best control of material quality.

In addition to this, Vinh Hoan is improving its system of farming ponds management and actively participating in projects that apply new techniques to minimize impacts on the environment.

The hatchery, a next step of a closed production chain, was established in 2010, helps to completely solve any issues as relates to production quality. Vinh Hoan's feed mill continues to grow in two main directions; constantly studying the optimal formula for nutrition and metabolic ratio for fish; and saving costs from self-producing of PP packaging and reducing PP packaging use. With the full capacity operation of hatchery in 2011 and the completion of feed mills and farms, Vinh Hoan moves towards improving both quality and quantity of output to increase economic efficiency, build consumer's confidence and to promote the development of the whole industry.

Vinh Hoan's strategic direction aims to maximize the product value chain. Vinh Hoan produces collagen by using by-products from fish, fish skin. Collagen is widely used in the food, nutritional products, pharma, and cosmetics industries. Collagen is an advanced product, which could potentially contribute a gain of 25% to the company's profits in the



future. The collagen project has completed its laboratory phase and the plant construction is scheduled to start in early 2012. The following project of this strategic direction is producing protein hydrolysates from fish by-products. Hydrolyzed protein has high "protein" and high absorption rate, which is a potential product with high demand due to the lack of protein sources for livestock industry.

In addition to diversifying its products strategy, Vinh Hoan has just carried out the first time release of seabass breed in Ben Tre farming area of 68 ha. It is planned that Vinh Hoan's profit will increase 10% to 15% with this seabass project. In 2011, Vinh Hoan participated in the rice sector by establishing a flour soaking plants, a further step in the process of optimizing the value chain. The plant provides bran derived from rice polishing stage for the food plant Vinh Hoan 1. This will be a new development for VHC in 20011-2015 alongside the fishery core industry



## Organization and Risk Management

The fisheries sector contains a high level of risk; therefore, to build the formulation of strategies, Vinh Hoan not merely set out objectives and tasks, but also analyze specific factors risks and their impact on the company's operation as well as proposes solutions to effectively manage risk

Risks	Effects on VHC's operation	Risk management
Legal risks	Law and legal documents is unstable and inadequate	Vinh Hoan applies the advice of professional and lawyer in each business activities sector
	The development policy for the fishery sector is not consistent with the current situation.	
	Potential litigation and dispute risks Adversely effects on brand and reputation of the Company	
Economic risks	The economy of Vietnam and the world always fluctuate	Constantly improve production processes to increase product quality; on the other hand to manage cost and increase competitiveness.
	Inflation and growth are big concerns in Vietnam.	Accounting department is responsible for production costs controlling, especially financial costs in order to reduce the impact of this systematic risk at the lowest level.
	Once inflation and growth are not as expected, will pressure on the company operations.	
Management risks	The company's operations are dependent to its management and key operating personel, the loss of who could have a negative effect on the company. It takes time to intergrate new personnel into the company culture and could cause of the slow pace of corporate development	Building a good and appealing HR policy to attract and retain talents.
		Encouraging staff development through orientation, training, aim to build a legacy for the future
		Implement ESOP to integrate the interests of all the company's employees
Material and product quality risks	Raw material resource fluctuates overtime.	Build a closed production chain from breeding, farming, food to processing to ensure quality output.
	The management of product quality in fishery sector is dependent upon many unpredicted factors such as weather conditions ... therefore could adversely affect the company's profitability and reputation.	Continue growth of fish farming areas to meet the demand of processing, to minimize dependency on external sources for raw materials by reducing the impact of fluctuations in price and material quality.
		Perfect the production process to meet the highest standard of quality management from seed to finished product.
Trade barriers risks	Applying quality regulations and policies in the importing country.	Products' quality is always as top concern at Vinh Hoan. Vinh Hoan confidents that its products meet the most rigorous standards of export markets.
	Trade barriers put pressure on the entire business operations.	Build a traceability systems and transparent accounting standards, satisfied the export markets' conditions.
		Persistently legal struggle and actively participate in media to keep market stable and protect the industry and company's long-term image.







## BOARD OF DIRECTORS REPORT

### Achievements

2010 was an eventful year for the tra fish industry. Export value totaled USD1,427 billion, an increase of 5.2% compared to USD 1,34 billion in 2009. Even though the goal of USD1,5 billion was not reached, this figure is worth noting especially against the adversity faced by the industry, including an anti-dumping lawsuit in the US, negative media in EU and US, placement on red list by WWF, high bank interest rates, fluctuating foreign exchange rate, and a shortage of raw materials.

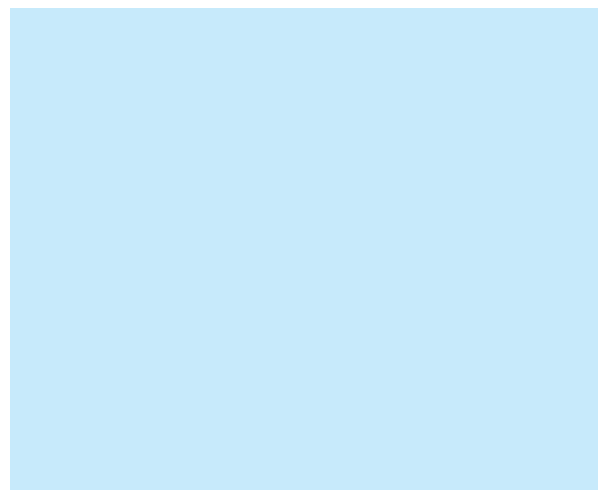
In 2010, Vinh Hoan continued its consistent growth. Total revenue increased 8.6% and income after tax increased 10.77% compared to 2009 numbers. These achievements show that Vinh Hoan has a sound foundation, appropriate business strategy and a trustworthy brand.

Vinh Hoan has shown consistent export growth:



2010 was also significant in the fact that Vinh Hoan has achieved the leading position among pangasius fish producers and the second biggest company in the seafood industry in Vietnam. Vinh Hoan has built its brand in the global market to be known as a trustworthy supplier of high quality products, thorough traceability and excellent customer service.

Vinh Hoan has started several investment plans to improve vertical integration and maximize chain of product values.



### Farming

Vinh Hoan has implemented many steps in improving farming quality. It applies new technologies in farming management and production. In 6/2010, Vinh Hoan received GlobalGAP certificate for farming area Tan Thuan Tay and Tan Hoa. In 9/2010, 3 more farming areas followed: Tan Thuan Dong, My Xuong and Tan Thanh. Vinh Hoan also experimented with barramundi farming and a nursery complex in Ben Tre.

### Fish Feed

Vinh Hoan 1 keeps improving its feed quality in order to enhance fillet quality. Fish fed with feed from Vinh Hoan 1 has firmer texture, lower Feed Conversion Ratio. This is one of the sustainability strategies in order to have a positive impact on the environment and economic efficiency.

Collagen plan is at the plant design and equipment finalization phase.

Tra and basa industry in which Viet Nam has clear advantages has shown consistent growth, contributing to the government's budget. Vinh Hoan and its employees are proud to bring this gift from Mekong River to so many countries. Facing many

challenges, Vinh Hoan is confident in its growth based on real potential and proper strategies: product quality, food safety, environmental protection, and natural resource conservation. This is shown through our business results every year, especially in 2010, which marked a record for the company's revenues and profits.

- Export turnover: USD132 million, increased by 15% compared with 2009
- Total revenue: VND3,009 billion, increased by 8.60% compared with 2009
- Profit after tax: VND214 billion, increased by 10.77% compared with 2009

### Business Report

Unit: billion VND

	DONE 2008	DONE 2009	DONE 2010	PLAN 2010	Achievement 2010
Net sales	2,442	2,771	3,009		
Year on Year Growth (%)		13.47%	8.59%		
Profit before tax	84	240	273		
Profit after tax for the shareholders of parent company	80	193	214	180	119 %
EPS: VND/share	2,668	4,613	4,573		



## Events in 2010

All of Vinh Hoan's activities in 2010 contributed to its effort in bringing to its customers good tasting, healthy and safe fish fillets which have positive environmental and social impacts.

## Aquaculture Production

- In June 2010, factory 1 went into operation after major reconstruction totaling to VND66 billion to modernize the plant in order to optimize the production.
- Factory 2 will be reconstructed to become a value-added product plant in early 2011 in order to fulfill increasing orders and manufacturing diversify product portfolio.
- Vinh Hoan maintains production in compliance with international standards of ISO 9001, ISO 14001, ISO 17025, BRC và IFS Version 5. In September 2010, we received ISO 22000 issued by Bureau Veritas, marking a step in improving the quality and food safety system.

## Aquaculture Farming

Aquaculture farming has had two primary focuses for many years: quality control and self supply of raw material.

Always environmentally conscious, Vinh Hoan is at the forefront in the movement of farming with high standards. From 2007, when there was no standards for pangasius fish farming, Vinh Hoan had already built the standards for Green Farm based on community wellness, environmental impacts, food safety and traceability. In 2009, Vinh Hoan was the first company in Viet Nam to receive AquaGAP. In 2010, we received GlobalGAP for our five farming areas. Currently, we have the largest tra farming areas in Viet Nam with this certificate. Vinh Hoan is in the process of obtaining Aquaculture Stewardship Council and Best Aquaculture Practices in 2011-2012.



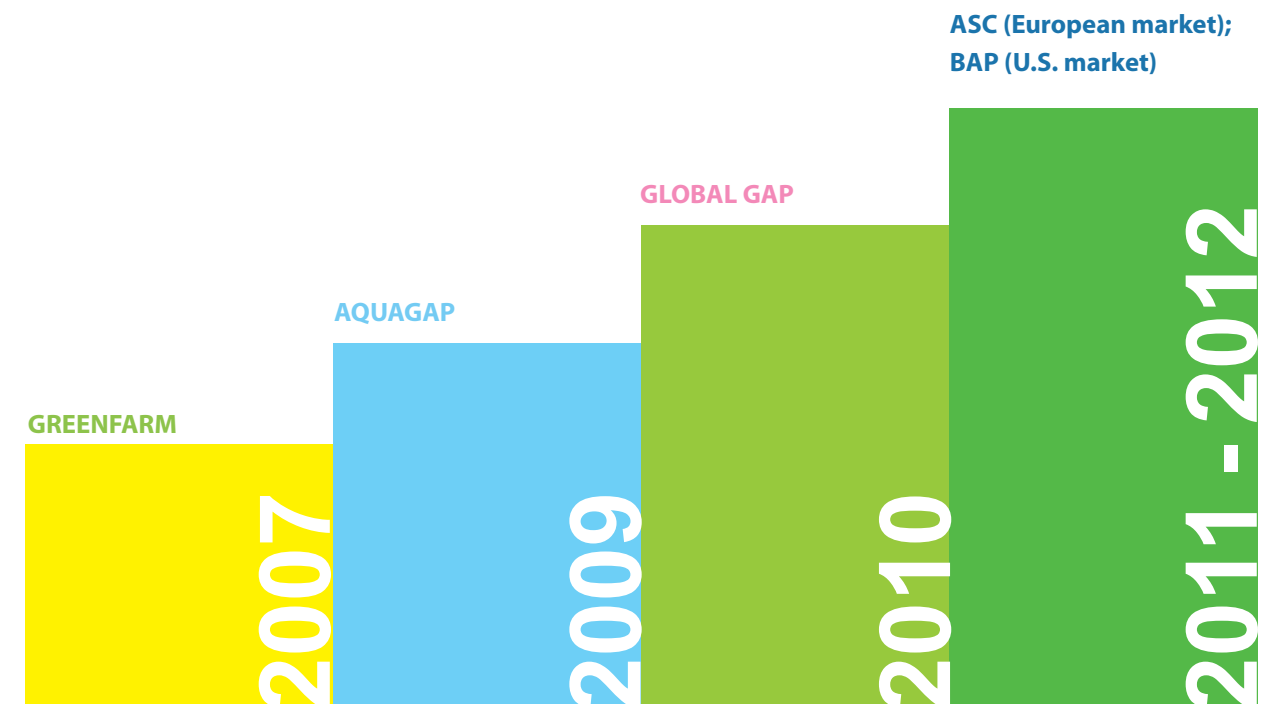
In the fourth quarter of 2010, Vinh Hoan reaped the benefits from its strategic investment in aquaculture farming systems. Anticipating raw material shortage during this period, Vinh Hoan postponed harvest schedule on the company farms till price increased while purchasing outside fish when pricing was low. As a result, during this quarter, we enjoyed double benefits from raw materials prices whilst also being in a possession of good supply, contributing to the company profits.

## Fish Feed

In January 2010, Vinh Hoan 1 feed mill incorporated the second production line, doubling capacity with total investment of VND30 billion. In 2010, Vinh Hoan 1 continued its focus on improving feed quality which yields firmer filet texture, whiter color, lower Feed Conversion Ratio and reduces bio waste to the environment. This is a long term strategy from Vinh Hoan in order to improve fish quality from the root: nursery, feed and raw materials. This has differentiated Vinh Hoan from its peers.

### ● Products and Markets:

2010 also marked the year when Vinh Hoan's products penetrated many reputable retail chains in the United States and European Union. Fish filets with AquaGAP and GlobalGAP have secured their positions in the market with higher price and quality. Fish meal and fish oil have been popular in the world market, contributing 6,500 tonnes in volume and nearly USD5 million in value to total export turnover of our company.



On fish fillets, Vinh Hoan continues its focus on traditional markets, such as United States and European Union. We also expanded to other new markets, for example: Indonesia, Bermuda, Ukraine, Canada and Australia.



### ● New Projects:

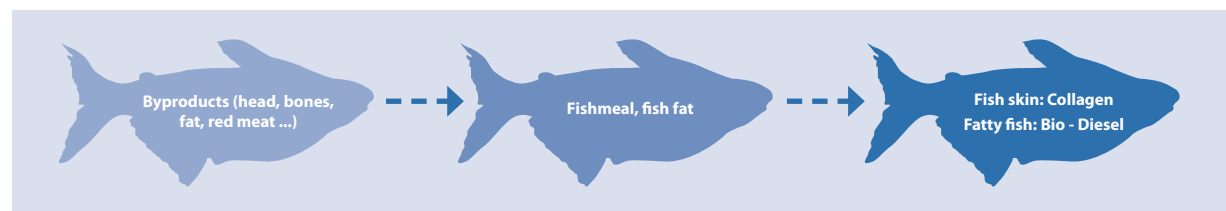
Collagen project from fish skins is at the plant design and equipment finalization stage. Expected total investment is USD12 million with full operation expected to commence in 2013.

Moreover, in order to diversify product portfolio, Vinh Hoan has begun its barramundi project – high-priced fish living in brackish water with high demand in Australia, United States and European Union. In October 2010, we started farming on 68 ha of barramundi in Binh Dai, Ben Tre. Vinh Hoan 1 feed mill also succeeded in producing fish feed for this fish. Total export turnover and profit in 2011 of VHC will undoubtedly partly contributed by this project. Vinh Hoan also has plans on barramundi nursery to ensure quantity growth. Once successful, Vinh Hoan will move to other high valued fish and their feed.





## 2010 Plans



Vinh Hoan has fulfilled major 2010 plans set out in 2010 Shareholder Meeting:

- Workshop 1 was fully operational.
- GlobalGAP for 5 farming areas.
- Increasing farming area to supply 50% of company's raw material demand.
- Pangasianodon hypophthalmus nursery was in full operation to fully integrate the farming chain.
- Research on new products from by-products of pangasius fish.

In 2010, Vinh Hoan had the following investments which increased the assets of the company:



Unit: VND

Investment	Value
Assets for farming	25,103,384,976
Workshop and equipment	76,643,188,537

## Strategic Plans for Future Growth

Tra fish has maintained its commanding advantages of clean taste, white texture, stable supply and competitive pricing. It's potential still remains promising, especially in the retail market and in the re-processing industry. World economies are recovering. Promising potential for aquaculture products will soon be realized. Vinh Hoan with its sound foundation, will be among those who enjoy greater growth and profits.

From 2011 to 2015, Vinh Hoan will continue to maintain and strengthen its competitive advantages through high quality control from nursery, farming to production, distribution to optimizing returned values on by-products. Vinh Hoan will further secure its place as top supplier to many distribution

and retail chains in the world through tight control on food safety and accurate traceability program. Additionally, Vinh Hoan is developing value-added products from pangasius fish as well as the new products of barramundi. We will also aim at other products of different disciplines, utilizing our existing management and distribution channels in order to increase profitability. On export market structure, Vinh Hoan will focus on balancing existing market shares and developing those with deep penetration and stable demand.

Vinh Hoan also placed its attention on investor relation activities in order to continuously convey relevant information about Vinh Hoan to its investors.

## Goals for the period of 2011-2015:

Goals	Details
Farming	Increase pangasianodon hypophthalmus farming area and pangasianodon hypophthalmus nursery and hatchery area to meet 100% the company raw material demand.
Aquaculture Production	Increase proportional contribution of value-added products and products with certifications in total sales of the company.  Develop products from barramundi in order to diversify product portfolio.
Optimizing returned value of by-products	Collagen Plant;  Hydrolyzed Protein Plant
Diversify Product Portfolio	Develop rice plant based on Dong Thap's potential.
Research and Development	Research and development on feed quality and environmental protection.
Human Resource	Prepare for succession plan.



# REPORT OF THE BOARD OF MANAGEMENT





## REPORT OF BOARD OF MANAGEMENT

2010 was another year in a series of successes for profit and growth of Vinh Hoan, Total revenue increased 8.6 % year on year and profit increased 10.77% year on year, These are encouraging figures within the bigger picture of tra fish industry in 2010 which faced numerous difficulties, This is thanks to the cooperation from thousands of our workers united in achieving a common goal and to the continued support and confidence of our shareholders,

Vinh Hoan continues its main policy for growth and continued increase in profits with a focus on consistent and continuing growth through strategic and socially responsible investments,

Starting mid March 2010, Vinh Hoan has become the leader of pangasianodon hypophthalmus and pangasius bocourti industry and the second largest of all seafood companies in Viet Nam (after Minh Phu Corp, which specializes in shrimp export),

### List of top 10 exporters of tra fish from Viet Nam

(million USD - Source: VASEP)

	2006		2008		2009		2010
Navico (ANV)	111,5	Navico (ANV)	187,7	Hùng Vương (HVG)	122	Vinh Hoàn (VHC)	126,4
Agifish (AGF)	55,4	Hùng Vương (HVG)	169,4	Vinh Hoàn (VHC)	115	Hùng Vương (HVG)	100,8
Vinh Hoàn (VHC)	53,7	Vinh Hoàn (VHC)	101,3	NamViệt (ANV)	85	Anvifish	61,7
Hùng Vương (HVG)	48,2	Agifish (AGF)	89,9	Anvifish	57	Agifish (AGF)	58,8
Caseamex	29,6	Thimaco	48,0	Agifish (AGF)	55	Nam Việt (ANV)	58,2
Thanh Thiên	29,2	Bianfish	47,2	Bianfish	53	CL-Fish	48,3
Thufico	25,9	Anvifish	45,0	Thimaco	43	Bianfishco	43,9
Vạn Đức	24,8	HTFood	39,3	CuuLong Seapro	39	NTSF	37,1
Q,V,DFood	22,6	Q.V.D Food	38,4	HTFood	33,9	South Vina	35,4
Docifish	21,5	CL-Fish	37,9	Caseamex	33,7	I.D.I Corp	34,9
<b>Industry Total</b>	<b>736,8</b>	<b>Industry Total</b>	<b>1,450</b>	<b>Industry Total</b>	<b>1,340</b>	<b>Industry Total</b>	<b>1,427</b>



## FINANCIAL REPORT

2010 was a difficult year for the tra industry due to major fluctuation in raw materials pricing and rising bank interest rates. With its investment policy of vertical integration, such as feed mill and farming activities, and its appropriate market analysis, Vinh Hoan was able to make profits from the whole chain. Our profit was boosted because around 70% of company farms were harvested in the last quarter when raw materials were seriously short and at record high prices. On the issue of capital, our company obtained new capital from a stock issuance in early 2010 and retained earnings from previous years all of which shielded Vinh Hoan from financial pressures.

### Financial data

#### Profitability

Profitability of Vinh Hoan has constantly improved year by year proving its effective business activities.

In 2010, Vinh Hoan increased markedly the company's owner's equity and resources through an new share issuance and 30% dividend stock issuance. This reduced the ROA and ROE in 2010 compared to 2009. However, the profitability of Vinh Hoan is still higher than the industry average.

Item	VHC – 2008	VHC -2009	VHC- 2010	Average industry 2010
Gross Profit	11.83%	16.32%	19.52%	14.75%
Return on asset (ROA)	8.46%	14.15%	12.82%	5.74%
Return on equity (ROE)	20.57%	37.48%	27.12%	13.66%

#### Liquidity Ratio

Vinh Hoan's liquidity risk is mitigated as the current liquidity ratio has been always higher than 1 for many years. The quick ratio in 2010 is less than what it was in 2009 due to the fact that the company increased its stock of feed raw material and farming. In a situation where feed and raw material prices increase as well as whole pangasius fish, this stock is a big advantage and guarantees the company reaches its target in 2011.

Items	VHC – 2008	VHC -2009	VHC- 2010
Current ratio	1,19	1,48	1,58
Quick ratio	0,62	0,94	0,72

#### Capital Structure

The company has improved its capital structure year by year. In 2010, liabilities over asset is 46%, in which loan over asset was only 24%. These ratios are is much better than other companies in the same industry such as HVG (58% and 41% respectively), AVF (73% and 59% respectively). In a high cost of capital environment in 2011, a low loan rate is to Vinh Hoan's advantage.

Items	VHC – 2008	VHC -2009	VHC- 2010
Liabilities/Equity	2,06	1,29	0,89
Liabilities/Asset	0,66	0,55	0,46
Loan/ Asset	0,56	0,40	0,24
Long term loan/Equity	0,55	0,33	0,10
Long term loan/Assets	0,18	0,14	0,05

### Share Price

Unit: VND

Items	VHC – 2008	VHC -2009	VHC- 2010	Average Industry
EPS	2,668	4,613	4,573	3,427
PE	7,1	11,7	6,5	7,6
Book value	12,961	15,333	19,999	

On Dec 31<sup>st</sup>, 2010, with price per share VND29,500, P/E of VHC is 6.5x, at the stock price of VND23,800/share on Apr 8<sup>th</sup>, 2011, VHC's P/E is only 5.2x.

### Growth Rate

Item	VHC – 2008	VHC -2009	VHC- 2010	Average
Growth of Net Sales	71.34%	13.46%	8.60%	6.23%
Growth of Net Profit	(16.75%)	141.41%	10.77%	8.45%
Growth of assets	79.63%	24.78%	20.17%	22.53%

### Consoliated Revenue Structure

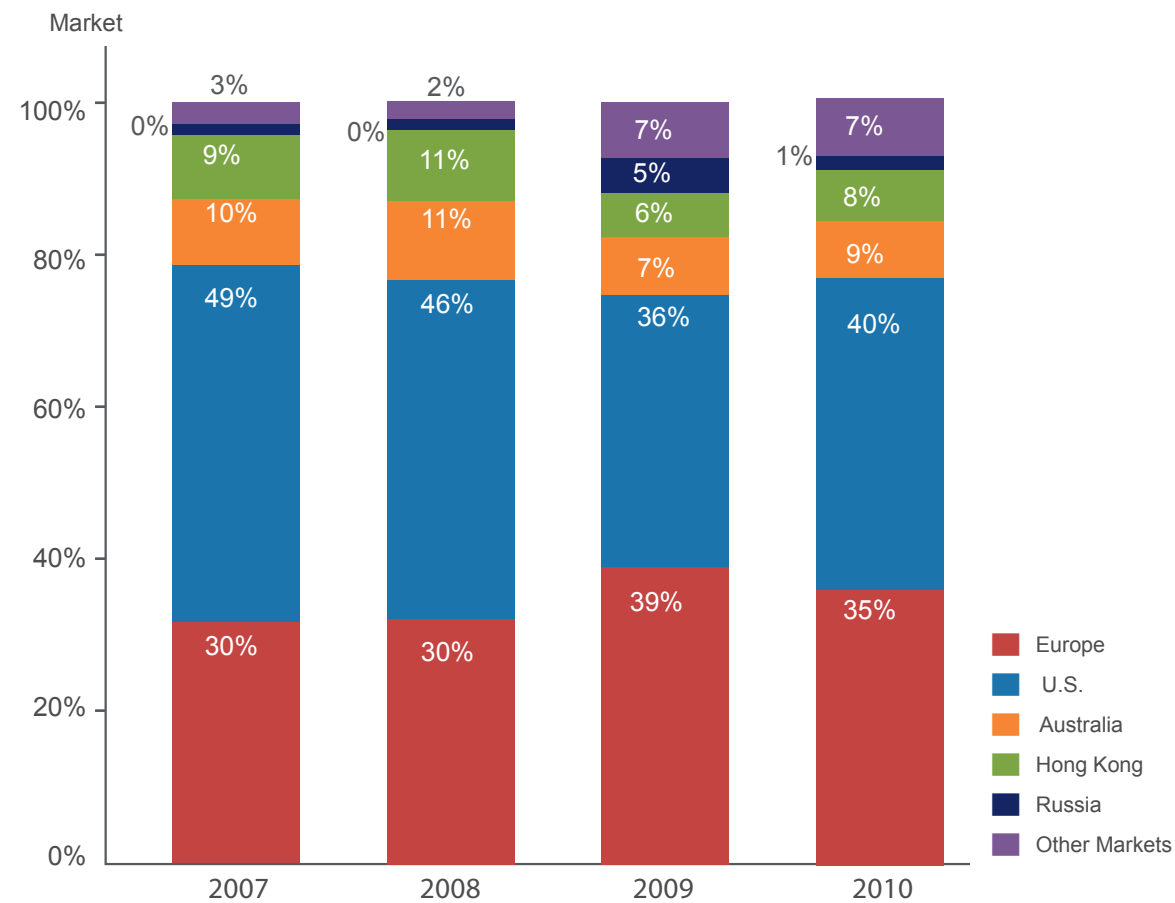
	Revenue 2010	Revenue Structure 2010	Revenue 2009	Revenue Structure 2009
Trading	406	13.49%	475	17.14%
Feed	335	11.13%	235	8.48%
Fish Processing	1,934	64.28%	1,820	65.68%
By-products	306	10.17%	238	8.59%
Services	28	0.93%	3	0.11%
<b>Total</b>	<b>3,009</b>	<b>100%</b>	<b>2,771</b>	<b>100%</b>

### Export Market Structure

United States and European Union remain the two major markets, accounting for 70% of the company's total export in many years. Vinh Hoan also expand export to other markets, such as South Korea, Bermuda, Indonesia and Ukraine.

Besides the regular frozen pangasius fish filets, Vinh Hoan has also developed pangasianodon hypophthalmus fillets with AquaGAP and GlobalGAP certifications which yield higher selling prices and face less competition. Industrial pangasianodon hypophthalmus blocks have had steady growth, gradually replacing pollock in the white fish market. Moreover, Vinh Hoan has developed a variety of value-added products from pangasianodon hypophthalmus. Export revenue for fish meal and fish oil totaled USD5 million.





## Expense Structure

Vinh Hoan places its focus on production expenses in order to reduce cost of goods and to maximize efficiency as well as to minimize waste. Regular oversight and incentives are implemented to reduce yield waste, for example incoming raw materials, energy, chemicals and packages. Internal oversight committee performs regular review to ensure company's policy on expenses.

*Unit : %/ sale revenue*

Items	Year 2010	Year 2009	Year 2008	Year 2007
Cost of good sold	81.70%	84.84%	88.15%	87.5%
Selling expenses	7.60%	6.75%	4.66%	3.14%
Administrative overheads	2.28%	0.86%	0.6%	1.45%
Finantial expenses	0%	0%	2.22%	0%
<b>Total</b>	<b>91.58%</b>	<b>92.45%</b>	<b>95.63%</b>	<b>92.9%</b>

## Changes in capital

The company has three times increasing capital in 2010:

Time	Details	Total capital
Feb 11, 2010	Increase capital as the results of issuing 5,328,000 shares to strategic shareholders	353,280,000,000
Jun 4, 2010	Increase captial of 942,210 shares for ESOP program of 2008-2009	362,702,100,000
Nov 1, 2010	Increase capital of 10,881,063 shares as the result of stock dividend at the ratio of 10:3	471,512,730,000

Total capital on 31/12/2010: VND471,512,730,000.

## Overview of Total Shares

Total company shares on 31/12/2010:

	End of year	Beginning of year
Shares registered to issue	47,151,273	39,000,000
Shares sold to the public	47,151,273	32,568,000
- Common shares	47,151,273	32,568,000
- Preferred shares	-	-
Shared bought back ( Treasury share)	1,052,920	-
- Common shares	1,052,920	-
- Preferred shares	-	-
Outstanding Shares	46,098,353	32,568,000
- Common shares	46,098,353	32,568,000
- Preferred shares	-	-

Face value of share: VND10,000.

In 2010, there are following changes in VHC shares:

Items	Quantity of shares	Time	Total tradable shares
Issuance to strategic share holders at price of 46,000 VND/ share	5,328,000 shares	15/3/2010	35,328,000
Issuance of 600,000 shares to sponsor for the program building the house for employees and ESOP shares for employees in 2008-2009 Issuance of 10,881,063 dividend shares with the propotion of 10:3 (10 existin shares for 3 new dividend shares).	11,823,273 shares	28/12/2010	47,151,273
Quantity of treasury shares that the company bought (from 10/11/2010 to 10/2/2011)	1,198,750 shares		45,952,523

## Dividends

In 2010, Vinh Hoan issued dividends to its shareholders based on 30% of face value (i.e. 3 shares are awarded to every 10 shares). Total number of awarded shares for 2010 was 10,881,063 shares. These shares were registered for trading on the Ho Chi Minh Stock Exchange on 28/12/2010.

## 2010 SWOT ANALYSIS

Weaknesses	Strengths
<ul style="list-style-type: none"> <li>Fluctuating raw materials prices, rising feed cost, increasing farming expenses contributed to substantial losses among farmers in the first 9 months resulting in bankruptcy and cessation of farming of this fish. As a result, raw materials were in serious shortage in closing months of 2010.</li> <li>Rising worldwide food cost gives rise to feeding cost in aquaculture.</li> <li>Weak Euro discouraged importers in Europe Union from carrying inventory.</li> <li>Pangasius fish faced several barriers such as placement on red list by WWF and implying risk in anti-dumping reviews by the United States.</li> </ul>	<ul style="list-style-type: none"> <li>Vinh Hoan issued additional stock to raise more capital at the end of 2009, shielding it from pressure of high interest payments.</li> <li>With 50% of its raw materials from its own farms, Vinh Hoan not only had enough fish for production but also collected profits from farming during rising raw materials cost.</li> <li>Vinh Hoan has its own feed mill – Vinh Hoan 1 – which has advantage in providing feed for farming and mitigating fluctuation in cost of feed. Moreover, high feed quality can be produced to obtain low Feed Conversion Rate, good color grade and texture of fillets, and better yield.</li> <li>US dollar strengthened in 2010, another benefit for exporters like Vinh Hoan.</li> <li>Vinh Hoan has persistently pursued strategies for stable and continuing growth for many years. From 2007, company farms have implemented standards of Green Farm. Vinh Hoan is also one of the first producers to obtain AquaGAP and currently with the largest farming area with GlobalGAP certification. As a result, Vinh Hoan is a trustworthy supplier to many reputable retail and food service chains in the world.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Aquaculture products have become essential and more demanded worldwide. Wild caught seafood has been depleted, thus, aquaculture will become the main source of fish and shellfish in the world. Viet Nam has its advantage in this area thanks to its natural resources and abundant labor.</li> <li>Pangasius fish has clean taste, white texture, competitive pricing and sustainable supply compared to other white fish. Demand for pangasius fish has risen worldwide. Moreover, there are promising potentials in value-added products and by-products from this fish.</li> <li>Vinh Hoan is a reputable supplier with established brandname in the world market. Its market is stable with long term and loyal customers.</li> <li>With professional service, high product quality in a vertically integrated system, Vinh Hoan has its competitive advantage over other suppliers in this fish industry.</li> <li>Worldwide retail chains have shown interest in pangasius fish and expressed desire for a consistent supplier with high quality control in farming, production and traceability.</li> </ul>	<ul style="list-style-type: none"> <li>Anti-dumping lawsuit in the United States consumes much resources and man power. Vinh Hoan has been in this case for many years with experience and knowledge in legal front, persistently fighting for a fair and reasonable duty rate every year.</li> <li>Labor shortage has been an ongoing problem in aquaculture industry. Vinh Hoan has invested time and resources in improving its workers' life as well as many incentive policies to attract new labor.</li> </ul>

## PRODUCTION AND BUSINESS REPORT

### 2010 Goals

#### Revenue and Profit Goals

##### Processing factories

Item	Done 2010	Plan 2010	Achievement
Revenue	2,758	2,410	114.44%
Total profit after tax	186	119	156.30%

##### Vinh Hoan Feed 1 Joint Stock Company

Item	Done 2010	Plan 2010	Achievement
Revenue	1,124	845	133.08%
Total profit after tax	59	80	74.15%
Profit after tax for shareholders of parent company	45	56	80 %

#### Business Activities

Products: pangasianodon hypophthalmus filets with certification which yield higher selling price and low competition; industrial blocks and value-added products.

Market: maintain traditional markets, i.e. US and EU while expanding to new markets.

#### Marketing Activities

Print GlobalGAP booklets to market pangasianodon hypophthalmus image.

Maintain and update company website, especially new content in sustainable farming

Finish graphic guideline for Vinh Hoan's logo.

#### Farming Activities

Self provide 55% of raw materials

Obtain GlobalGAP certification for 5 farming areas (Tan Hoa, Tan Thanh, Tan Thuan Tay, Tan Thuan Dong, My Xuong)

Farm 68 ha of barramundi in Binh Dai, Ben Tre.

Finish and move nursery into operation.

#### Production Activities

Efficiency well improved compared to 2009

Production yield remarkable improved compared to 2009, through better management of production.

Finish and move factory 1 into operation from Q3/2010

Maintain quality management: ISO9001; ISO 14001, ISO 22000, ISO 17025:2005 ; BRC , IFS , HACCP.



## PLAN FOR YEAR 2011

### Revenue and Profit for 2011:

Unit : VND Billion

ITEM	Done 2010	PLAN 2011
Revenue of Vinh Hoan Corporation	2,758	3,000
Revenue of Vinh Hoan Feed 1 Joint Stock Company	1,124	1,200
Consolidated Profit before tax	273	290
<i>In which : Profit from Vinh Hoan Feed to shareholders of parent company (70% of total profit of Vinh Hoan Feed)</i>	45	56
<b>Total consolidated profit after tax</b>	<b>214</b>	<b>250</b>

### Business Plan

- Export Revenue: USD145 million;
- Market: diversify markets;
- Products: develop value-added products, certified fish and by-product

### Marketing Plan

- Increase customers' awareness of Vinh Hoan's product quality and environmentally friendly farming activities.
- Protect the image of Viet Nam pangasius fish.



### Farming Plan

- Increase 100 ha of pangasius farming and nursery-hatchery in 2011, target to supply 100% demand in the near future;
- Self provide 80% of raw materials;
- Obtain ASC and BAP certificates in farming; GlobalGAP for feed mill and nursery

### Production Plan

- Efficiently manage production, reduce expenses and improve yield
- Adhere to customers' shipping schedule
- Comply to standards of ISO , BRC, IFS
- Obtain SA8000 certificate on social responsibility

### Investment Plan

- Invest in rice mill with total capacity of 100,000 ton/year and total expected investment of VND90 billion.
- Finish plan finalization and plant design for collagen plant with total investment of VND200 billion.
- Invest in fish nursery with total investment of VND120 billion for 100 ha pangasius farming land.
- Invest in PP bag plant for feed mill at Vinh Hoan 1 with total investment of VND15 billion.
- Production line to produce feed for parent fish and fingerlings at Vinh Hoan 1 with total investment of VND5 billion.





# REPORT OF THE SUPERVISORY BOARD

## Scope of supervision in 2010

1. Review and evaluate activities of Board of Directors during the year regarding the implementation of the strategy, financial plans and business plans in 2010 as approved by the General Shareholders Meeting.
2. Inspect the periodical financial statements (of Vinh Hoan Corporation, Vinh Hoan 1 Feed Joint Stock Company, Vinh Hoan (USA) Inc.) to evaluate the transparency and accuracy of the financial data.
3. Control production costs.
4. Monitor the implementation of investment in the factory 2.

## Inspection Method

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

## Comments and Evaluation

### Activities of the Board of Directors and The Management

In 2010, the company not only faced increasingly fierce competition but also trade barriers of importing countries. With appropriate strategies from the Board of Directors and the efforts of The Management, the Company successfully exceeded its whole year financial targets.

Frequent meetings were held to review and evaluate the business performance, to discuss issues regarding the objectives of Vinh Hoan which were set out by the 2010 General Shareholders Meeting, improvement of the management system, personnel, the progress of investment projects, the anti-dumping reviews in US market and additional share issuance. Discussed issues and decisions of the Board of Directors are appropriate within their power and responsibilities under laws and the Company Charter.

In 2010, the Board of Directors and the Management set out and implemented various strategies to enhance Vinh Hoan Corporation's brand, to meet market demand, to diversify its portfolio of products, and to maintain the sustainable development of the company including:

- Start to farm barramundi in Ba Tri, Ben Tre province.
- Invest in two additional feed production lines.
- Coordinate research and pilot production on biodiesel.
- Start to renovate factory 2 to produce value-added products.
- Expand the Company's farming areas.
- Improve feed quality in order to reduce food conversion ratio (FCR), and to enhance fish quality to increase processing recovery yield.
- Establish the research and development department to support research and production of collagen samples on the laboratory scale and for other improvements in production.
- Focus on policies to increase and enhance employee benefits.
- Focus on activities to enhance the company's image such as seminars, charities, exhibitions, advertisements in magazines, newspapers and participation in internationally coordinated research projects.
- Supplement business activities in business registration in order to diversify to related business in the future in order to mitigate the concentration risk in the fisheries industry.
- Actively stabilize the stock price through the purchase of treasury stocks.



## Business results

The supervisory Board has inspected the financial statements in 2010 of Vinh Hoan Corporation and the results are below:

### Fisheries business and Services

Unit : VND Million

Item	Results 2010	Planning 2010	Achievement
<b>NET SALES</b>	<b>2,757,899</b>	<b>2,410,000</b>	<b>114.44%</b>
• Finished products	1,856,214		
• Merchandise	515,954		
• Material	5,111		
• By products	351,896		
• Trusted Export Service	28,724		
Profit before tax	235,015		
Income Tax	48,723		
Profit after tax	186,292	119,000	<b>156.55%</b>
Profit increasing for parent company from the distribution of subsidiary companies	27,743		
Total profit after tax for shareholders's of parent company	214,035	180,000	<b>118.91%</b>

### Vinh Hoan 1 Feed Mill Joint Stock company

Unit : VND Million

Item	Results 2010	Planning 2010	Achievement
<b>NET SALES</b>	<b>1,124,499</b>	<b>845,000</b>	<b>133.08%</b>
Profit before tax	57,248		
Income tax	(2,068)		
Profit after tax	59,316	80,000	<b>74.15%</b>
Interest of minority shareholders	14,541		
Profit after tax of shareholders of the parent company		56,000	<b>79.96%</b>

### Consolidated results :

Unit : VND Million

Item	Results 2010	Results 2009	Growth
Net sales	3,009,175	2,771,003	<b>8.60 %</b>
Profit after tax of shareholders of the	214,035	193,229	<b>10.77 %</b>

The financial statements were fulfilled and ensure the accuracy, transparency and legality.

The business operations and business results in 2010 reported by the Board of Directors were accurate and agreeable with finance records and actual inspection.

Evaluate the performance of the proposed improvement of the Supervisory Board

Over the past year, the Supervisory Board made some recommendations which have been implemented by the Board of Directors:

- The Board of Directors has restructured the reporting system and data analysis system of the farming areas.
- The supervision and management of the quantity and quality of products in cold storage are increasingly improved, reflected in the accuracy of the data during inventory verification.
- The management of storage rooms is improved and enhanced: goods are not stolen or degraded due to improper storage methods.
- The manner of reporting data from related parties to the internal Supervisory Board is improved for smoother operation.
- Compliance with regulations for a joint stock company regarding accuracy, transparency and timely information disclosure.

## Conclusion and Suggestions

Although Vinh Hoan Corp. has faced many difficulties in both domestic and international markets, for example, trade barriers of importing countries, negative ads circulating from European Union to the U.S., Vinh Hoan still had a successful year in 2010, commanding its market leading position and brand name in both domestic and international markets.

For the year of 2011, the Supervisory Board has the following suggestions:

- Building reporting system so that data is sent from downstream operations to upper management promptly and accurately.
- Sharpening analytical capacity, understanding of the interior personnel as well as competitors, especially those in the same area.
- Timely adjusting and applying the policies to effectively raise productivity and reduce production overheads.
- Speeding up the construction of dormitories for staffs and workers.
- Building an effective and comprehensive evaluation system of employee's competence.
- Setting detailed standards for salary, bonus and other welfare benefits to employees.
- Focusing building policies to stimulate the creativity and renovation ideas among staff and employees.

## SUBSIDIARIES AND AFFILIATES

The legal entity holding over 50% of Vinh Hoan: None

The subsidiaries where Vinh Hoan has over 50% stake:

Subsidiaries	Address	Vinh Hoan's ownership
Vinh Hoan 1 Feed Joint Stock Company	National Road 30, Thanh Binh District, Dong Thap Province	69.80%
Vinh Hoan (USA) Inc.	2 Mahogany Dr., Irvine, CA 92620	100%

### Vinh Hoan 1 Feed JSC:

#### 2010 Business Results

	2010	2009
Total revenue	1,124	726
Net income after tax	54	56

Unit : VND billion

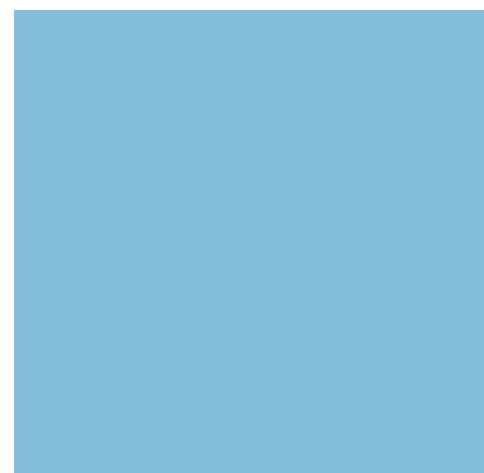
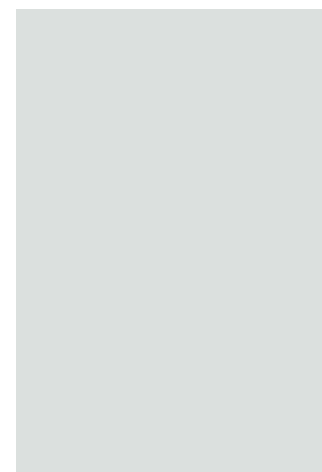
2010 Vinh Hoan Feed 1's revenue increased 54.8% compared to 2009 and exceeded 2010 budget by 33%. However, 2010 net profit after tax of the company only achieved 68% of the budget as the fish feed product line was behind the target due to the continuous increase in raw material price for fish feed production in accordance with the escalation of the world food prices. During the first six months of 2010, as the catfish farmers encountered a lot of difficulties and barely had any profit from catfish farming, Vinh Hoan Feed 1 did not raise the fish feed selling prices but instead focusing on the feed formula renovation to improve the feed quality and enhancing the brand position. Although in terms of profit, in first half of 2010, the fish feed product line did not achieve the budget, in terms of brand position, the company established good reputation for product quality which meet requirements for the white meat of farmed catfish, high FCR (Food Conversion ratio), satisfactory fish growth and health allowing good processing yield.

#### 2011 Budget

	2010	2011 target
Total revenue	1,124	1,200
Net income after tax	54	80

Unit : VND billion

The year 2011 will be a challenging year with high inflation rates, strong increase of the USD/VND exchange rate and interest rate and escalation of the world food prices. However, there are still many opportunities for Vinh Hoan Feed 1 to enlarge the scope of business activities by diversifying products to animal feed, and feed for sea fish, and fingerlings. 2011 will also be the year for product quality improvement with research activities, research collaboration and cost control through packaging improvement, energy consumption control and increasing mechanization of production.



### Vinh Hoan (USA) Inc.

#### 2010 Business Results

	2010	2009
Total revenue	50,270,669	33,351,236
Net income after tax	290,149	188,036

(In VND billion)

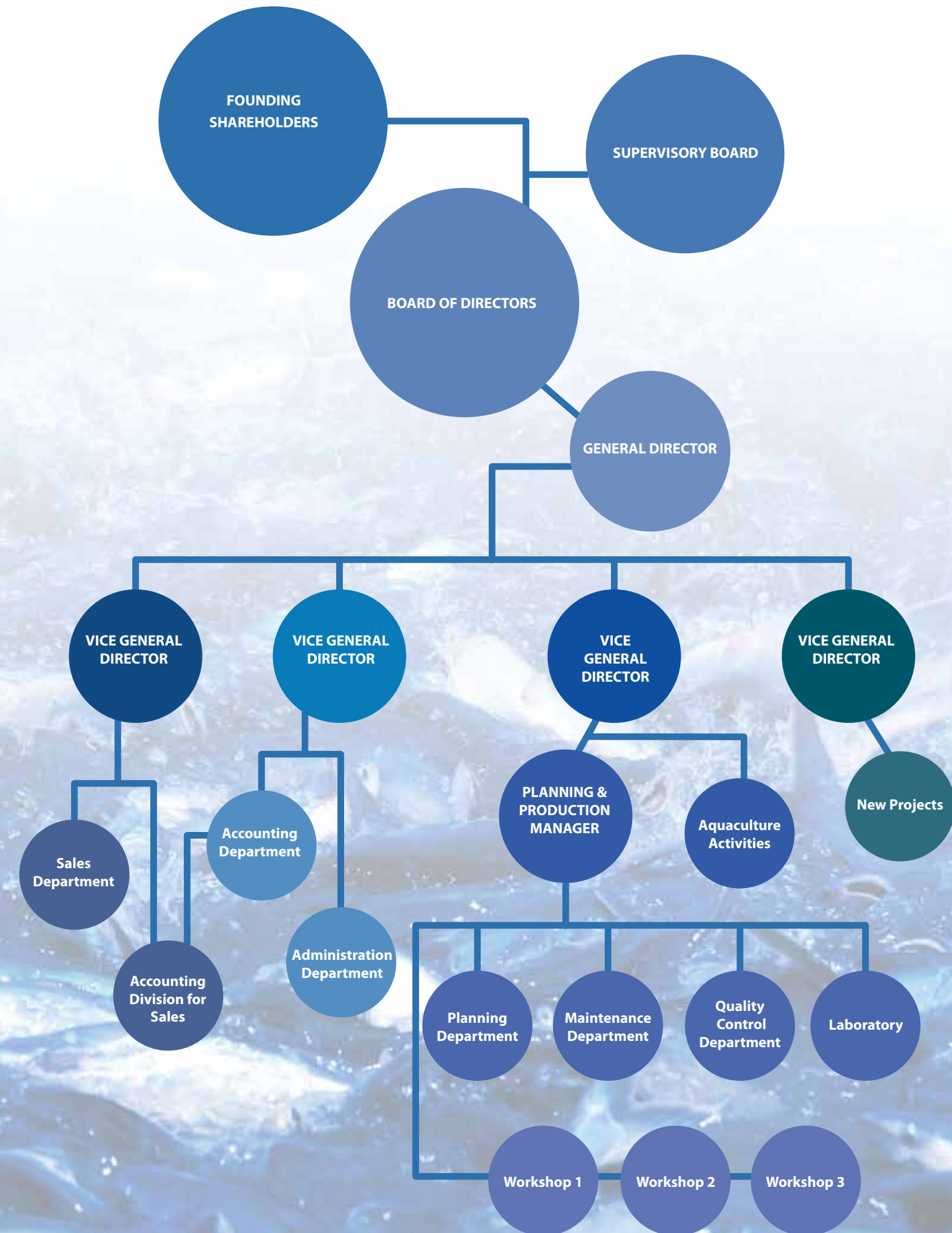
Vinh Hoan (USA) Inc., which is the "extended arm" of Vinh Corp. in the U.S. market, successfully fulfilled its role in 2010 with 151% increase in revenue and 154% increase in income over 2009, and in providing tariffs and delivery services to customers timely and efficiently.

#### 2011 Business Plan

- Improving procedures and strengthening the operation control to minimize the storage and demurrage fees.
- Improving the procedure and the duration of updating delivery information to customers
- Further reduce the number of days of trade account receivable outstanding
- Carrying out promotional activities in the U.S. market and expanding into the South American markets.



## ORGANIZATIONAL CHART





## Members of the Board of Directors and the Management



1

**1 MADAME TRUONG THI LE KHANH**  
Chair-woman  
& General Director

Year of Birth: 1961  
Education: Bachelor of Economics

- Madame Truong Thi Le Khanh is the founder of Vinh Hoan. Madame Khanh started Vinh Hoan from a small frozen food workshop and has held the positions of Director and General Director for 14 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 strategy of the business 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.



2

**2 MR. HUYNH DUC TRUNG**  
Board Member  
& Vice General Director

Year of Birth: 1963  
Education: Engineer of food processing technology  
11 years at Vinh Hoan

- Mr. Trung has many years 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 Vice 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.

**3 MS. NGUYEN NGO VI TAM**  
Board Member  
& Vice General Director

Year of Birth: 1979  
Education: Bachelor of Laws  
08 years at Vinh Hoan

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

**4 DR. LE THANH HUNG**  
Board Member

Year of Birth: 1979  
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 pangasianodon phypothalmus/pangasius bocourti 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 advise the company on many of its aquaculture activities.

**5 MR. NGUYEN VAN KHANH**  
Board Member

Year of Birth: 1982  
Education: MA of Economics, BA of English

- Mr. Khanh is a corporate financier at Bao Viet Securities Corporation, HCMC branch. Mr. Khanh joined the Board of Management of Vinh Hoan in 2009. Mr. Khanh gives professional advice related to finance and securities and helps Vinh Hoan in performing the duties of a public company in accordance with the law.

**6 MS. TRUONG TUYET PHUONG**  
Vice General Director

Year of Birth: 1974  
Education: Bachelor of IT & Finance – Accounting  
14 years at Vinh Hoan

- Ms. Phuong has worked for Vinh Hoan since the Company's inception. From 1998 to 2005, she served as the Chief Accountant – Vinh Hoan HCMC Branch. From 2005 to now, Ms. Phuong served as Vice General Director of Finance. Ms. Phuong is responsible for all activities related to accounting, finance and administration of the company.



5



7

**7 MR. DANG VAN VIEN**  
Vice General Director

Year of Birth: 1975  
Education: Engineering of Food Technology, BBA  
09 years at Vinh Hoan

- Mr. Vien has served as Deputy General Director since 2007. Previously, he worked in the Planning and Production Division of Vinh Hoan. He has been in charge of the aquaculture department from its establishment in 2008, and has been contributing significantly to the development of aquaculture standards and economic efficiency of farming operations. Mr. Vien is currently in charge of news projects of Vinh Hoan.



6



8

**8 MS. NGUYEN THI KIM DAO**  
Chief Accountant

Year of Birth: 1979  
Education: Bachelor of Accounting & Auditing  
08 years at Vinh Hoan

- Ms. Dao has worked for Vinh Hoan since graduating from university. With her expertise, Ms. Dao has implemented and carried out professional accounting and finance accurately and in accordance with the law. Through financial indicators and analysis, Ms. Dao has played an important role in controlling costs, and helping the Company to achieve its profit targets. Ms. Dao served as the Chief Accountant of Vinh Hoan from 2004 to present.



## BENEFIT FOR THE BOARD OF DIRECTORS AND THE MANAGEMENT

The Board and the Management team’s remuneration is based on the contributions to the company and job performance. Remuneration is revised once a year on the extent of dedication and on the basis of performance appraisal. In addition, in order to attract talent and encourage the company’s leaders, the Annual Shareholders Meeting has approved a reward fund for business performance exceeding targets set by the Board of Directors and the Management. Specifically, the reward fund for business performance exceeding targets in 2009 was VND2 billion. The company rewarded the Management, the managers and deputy managers and excellent staff of the Management of Vinh Hoan Corporation and Vinh Hoan 1 Feed JSC according to the following list and bonus amounts which were decided by the Board of Directors:

Rewarding 48 employees of Vinh Hoan Corporation with a total amount of VND1,8 billion;

Rewarding 13 employees of Vinh Hoan 1 Feed JSC with a total amount of VND200 million.

## HUMAN RESOURCE POLICY

Office staff: over 150.

Workers: over 3000.

The company has built a reasonable compensation policy in order to motivate employees to reduce production costs, attract and stabilize human resources. The company also implemented the Employee Stock Ownership Plan (ESOP) for employees with a total number of 900,000 ordinary shares, in the period 2008-2012, not exceeding 180,000 shares each year. The company also organized recreational activities and visits of the convalescents domestically and abroad, visited and supported employees who are sick. The company offered benefits for employees as required by law such as security insurance, health insurance, unemployment insurance and annual health check. The company has annual training programs for employees to enhance their professional skills for managers, business executives and workers. Serving mid-shift meals for employees were organized with care and attention to ensure nutrition and food safety.

### The social activities of the company for the employees include:

- The housing policy for staff working away from home;
- Cooperating with the Communist Youth Union of Cao Lanh City and Dong Thap Province to organize cultural shows and sport activities such as the cultural exchange shows to celebrate the April 30<sup>th</sup> and May 01<sup>st</sup>, the Running Program - Vinh Hoan Cup and the Jogging Program "Bringing Dreams to Life" to raise money for poor children with disabilities;
- Rewards and scholarship policies for the children of employees, supporting staff who have especially difficult circumstances through the Scholarship and Difficulty Support Fund of the company;
- Caring for the life and spirit of the employees through the issuance of 600,000 common shares (corresponding to 2% of charter capital) in 2009 to fund the housing program for employees;
- Organizing training programs to build teamwork skills ("team building").

## INFORMATION OF SHAREHOLDERS AND THE MANAGEMENT OF THE COMPANY

### Board of Management and Supervisory Board

#### Board of Management

Full name	Position
Mrs. Truong Thi Le Khanh	Chairman of the Board
Mrs. Nguyen Ngo Vi Tam	Board member
Mr. Huynh Duc Trung	Board member
Mr. Le Thanh Hung	Board member
Mr. Nguyen Van Khanh	Board member

- Board members independent, non-excuting: 2/5.
- Board members profile: See page 46,47 - Organization and personnel.

#### List of Supervisory Board

Full name	Positions
Mr. Nguyen Van Nghe	Head of Supervisory Board
Mr. Nguyen Thanh Phuong	Member
Mrs. Ho Thanh Hue	Member

#### Mr. Nguyen Van Nghe

Mr. Nghe is not an employee in the Accounting – Financial Department of Company, nor a member of the independent auditing Unit that is currently auditing the Company. Mr. Nghe has a degree in Financial Economics.

#### Experience

- |             |   |
|-------------|---|
| • 1986-1994 | : Chief Accountant for Pineapple Export Company, HCM Agricultural Department. |
| • 1994-1999 | : Chief Accountant for Saigon Inchcape Car Joint Venture Company.             |
| • 1999-2000 | : Chief Accountant for KEXIM Leasing Company in Viet Nam.                     |
| • 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-Now  | : Director of Hai Viet Tourist Company Ltd.                                   |

#### Mr. Nguyen Thanh Phương

Professional Qualifications: Associate Professor – PhD in Aquaculture.  
Msc at Asian Institute of Technology.  
PhD at National Polytechnic Institute of Toulouse, France.

Job Title: Head of Aquaculture Department of Can Tho University.

#### Mrs. Ho Thanh Hue

Professional Qualification : Environmental engineer.

#### Experience:

- |             |  |
|-------------|--|
| • 2004-2006 | : Technical staff in charge of environmental – Vinh Hoan Corp.                 |
| • 2006-2008 | : Deputy manager of Quality Department – Vinh Hoan Corp.                       |
| • 2008-2010 | : Head of Internal Controller, a member of Supervisory Board – Vinh Hoan Corp. |

### Remuneration of Board of Management and Supervisory Board 2010

According to the 2010 Annual General Shareholder Meeting (AGSM) resolution, total remuneration for the Board of Managment, Supervisory Board and Secretary to the Board is VND60 million per month for 13 months, equivalent to a total amount of VND780 million in 2010. All the Board members receive the remuneration in accordance with the contribution to the company. Besides, they did not receive any other benefits from Vinh Hoan Corp.

- Shares ownership and percentage changes in shares ownership of the Board, the Management, Supervisory Board, the Chief Accountant and the related parties.

Shares ownership of the Board, the Management, Supervisory Board,the Chief Accountant and labour union are as follows :

Full name	Job Title	On Dec. 31, 2009		On Dec. 31, 2010	
		Shares	Percentage	Shares	Percentage
Truong Thi Le Khanh	Chairman cum General Director	17,965,000	50.85%	23,371,868	49.57%
Huynh Duc Trung	Board Member cum Deputy General Director	10,000	0.03%	25,779	0.05%
Nguyen Ngo Vi Tam	Board Member cum Deputy General Director	10,000	0.03%	26,026	0.06%
Truong Tuyet Phuong	Deputy General Director	10,000	0.03%	25,870	0.05%
Đang Van Vien	Deputy General Director	10,000	0.03%	21,398	0.05%
Nguyen Thi Kim Dao	Chief Accountant	5,000	0.01%	18,694	0.04%
Nguyen Van Nghe	Supervisory Board member	4,000	0.01%	5,200	0.01%
Ho Thanh Hue	Supervisory Board member	0	0%	9,399	0.02%
Vinh Hoan Corp Labour Union	Labour Union	0	0%	780,000	1.65%

Transaction information of the related parties:

Mrs. Truong Thi Hua, the sister of Mrs. Truong Thi Le Khanh, sold 83.850 shares on 20/01/2011. The shares ownership after the transaction is 0%.

### Activities of the Board of Directors

The Board monitors the activities of the Management in a timely manner. The Board held 8 official meetings in 2010 and regularly exchanged conversations over the phone to update the operations of the company. Specifically, the Board monitored the activities of the Management and instructed the business activities of the company in 2010 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.
- Deciding the organizational structure of the company, establishing R&D Department and appointing the Production and Planning Director position.

- Approving the issuance of bonus shares to pay dividend in 2010 at the rate of 30% as approved in the 2010 AGSM and supervising the issuance of ESOP for officers and employees.
- Monitoring the borrowings and mortgages, approving the application for renewal of credit line of VND600 billion with Vietcombank to finance the working capital needs of the company.
- Purchasing 2 million treasury shares from November 08<sup>th</sup> 2010 to February 08<sup>th</sup> 2011.
- Monitoring the progress of the anti-dumping lawsuit, analyzing impacts on Vinh Hoan’s operations, and outlining action plans.
- Approving the entitled people and the reward fund for the profit exceeding the budget in 2009 for the Management.
- Approving the supplementation of business activities in the Business Registration License.

In 2010, the Board had the following resolutions:

- Board Resolution dated 20/07/2010 regarding the application for stock dividend issuance in 2010.
- Board Resolution dated 01/11/ 2010 on the purchase of two million treasury shares.
- Board Resolution dated 20/12/2010 regarding the supplementation of business activities in the Business Registration License..

### Activities of the Supervisory Board:

In 2010, the supervisory board has audited and monitor the business activity and financial situation of the company, monitor the Board of Directors’s activity and Mangement Board . In details :

- Monitor the compliance of financial standards in the accounting activity and record the assets and captial, turnover and expense to determine the period business result (quarterly, semi-annually and annual); review financial reports including un-consolidated and the consolidated reports.
- Discuss with the auditors on the auditing scope before auditing execution to verify the accuracy, transparency and legality of the financial reports. Evaluate the processing and business activity and discuss the problems and difficulties of the company with the Management.
- Do site inspection at the plant and control the production costs.
- Evaluate the Board of Directors and Board of Mangement’s performance the Shareholder’s meeting resolution, the law execution and the company’s charters.

### Investor Relation activities

In 2010, Vinh Hoan have brought the investor relations activities into the company management activity. Beside the information announcements as the regulation of State securities commission of vietnam and Stock Exchange, the company focused on improving its investor relations to provide and update information of Vinh Hoan. Meanwhile, Vinh Hoan expects the distribution and valuable comments from the investors on the route of development of the company. Specifically, the company’s action plan to improve the investor relations including:

- Training the Mangement and key staffs on the role of investor relations and information disclosure regulations.
- Compiling the process for investor relation activities.
- Developing corporate information package:



- Company presentation of Vinh Hoan Corp.
- Information summary ("Fact sheet"), summarizing the most prominent information about VHC in comparison to other seafood companies.
- Monthly E-News about transactions of VHC shares and Vinh Hoan's business activities which also be published on the company website .
- Holding a road-show with a theme "VHC-Step up in the value chain" on 18/08/2010 at New Word Hotel, Ho Chi Minh City to update the information of Vinh Hoan to investors.
- Meeting and direct conversation to the local and foreign investment funds, security company, financial organizations.

Vinh Hoan are aware of the importance of investor relationship, we are appreciated the comments for improving our IR performance. Please contact us at :

IR team - Vinh Hoan Corporation  
 569-571-573 Tran Hung Dao Street, Cau Kho Ward,  
 District 1, Hochiminh city, Vietnam.  
 Tel: (84.8) 3836 4849  
 Fax: (84.8) 3836 5090

### Shareholders statistics as of March 10, 2011

State shareholders: none

List of major shareholders (holding from 5%):

No.	Full name	Address	Number of share	Ratio of capital
1	Truong Thi Le Khanh	384 Nguyen Trai Str., Ward 8, Dist.5, HCM City	23,371,868	49.57%
2	Red River Holding	Walkers SPV Limited, 87 Mary Street, Grand Cayman, KY 1-9002, Cayman Islands	7,142,291	15.15%
3	Vietnam Investment Fund	Floor 12, A Building Vincom 191 Ba Trieu, Ha Noi	3,874,632	8.22%

### Ownership Structure

No.	Subject	Number of shareholder	Number of shares owned	Ownership ratio
1	Institutional	35	17,492,585	37.10%
1a	Domestic	12	6,775,894	14.37%
1b	Foreigner	23	10,716,691	22.73%
2	Individual	492	29,658,688	62.90%
2a	Domestic	472	29,615,044	62.81%
2b	Foreigner	20	43,644	0.09%
<b>Total</b>		<b>527</b>	<b>47,151,273</b>	<b>100.00%</b>



## CORPORATE CULTURE

Vinh Hoan is focused on efficiency and constantly looking for ways to improve thanks to the dedication of employees across the company. Management aims to inspire staff to achieve their objectives and missions, and in a dynamic working environment.

All employees are supported and encouraged by the Company to achieve best results and fully utilize their ability. Management makes every effort to listen to staff, and encourages an open forum for feedback so as to find new ideas to drive the business forward. Personal conflicts are unavoidable, however, all difficulties and obstacles are resolved on the basis of the Company policy and the final decision of the Management team. It is the Company's solidarity and consensus that has enabled Vinh Hoan to operate effectively and complete our mission. This is the Vinh Hoan corporate culture.

- **COMMUNICATION** – Both knowledge and understanding are key tenets to success. Therefore, internal communication between superiors and subordinates, and among colleagues as well as communication between the company and external suppliers, customers, partners, investors, media and consumers to fully convey the message is of our top concern.
- **RELIANCE** – Being a trusted supplier is a goal of our action plan. Internally, trust is key for employee's efforts and dedication to be fully harnessed.
- **RESPONSIBILITY** – We keep our word and make best efforts to maintain our credibility to customers and suppliers, and take full responsibility for all of our activities and products.
- **SOCIAL RESPONSIBILITIES** – Social responsibility is not only the concern of the Company but also of each Vinh Hoan employee. The company actively contributes to the community and to charity in a shared spirit of togetherness.

During the year the company has participated in the following charitable activities:

			Unit: VND
Time	Event	Organization	Amount
29/01/2010	Contributed to the social activities in Tan Thuan Dong	People's Committee Tan Thuan Dong	4,569,000
21/01/2010	Gave 300 Tet's presents to poor children	Children Fun, Dong Thap Province	24,000,000
01/02/2010	Sponsored Spring Cultural Event 2010	People's Committee Cao Lanh City	200,000,000
04/02/2010	Supported the orphanage school in Hochiminh City.		30,000,000
04/02/2010	Supported poor students at Vo Truong Toan Junior High School		3,000,000
05/02/2010	Participated in the "For Poor People" program in 2010 Lunar New Year.	Fatherland Front Committee Cao Lanh City	100,000,000
09/02/2010	Gifts to the Ward 11 People Association		5,000,000
09/02/2010	Supported poor children in the "Spring Tree" program, ward 11	People's Committee, ward 11	8,000,000
10/02/2010	Supported poor students in Hoang Dieu school		2,000,000
10/02/2010	Supported poor students in Tran Quoc Toan high school.		3,000,000

10/02/2010	Supported Blind People Association in Cao Lanh City, Dong Thap Province		10,000,000
01/03/2010	Sponsored the 10th anniversary of establishment of Medical - Young Doctor club in Dong Thap Province.	Medical - Young Doctor club, Dong Thap Province	10,000,000
19/03/2010	Supported the new recruits in the army, Tan Thuan Dong	Tan Thuan Dong People's Committee	8,500,000
25/03/2010	Sponsored the "Running cross-country" for Vinh Hoan Cup Round 1	Dong Thap Youth Union	122,975,061
27/03/2010	New Year's Gift to poor workers		5,100,000
29/03/2010	Traditional activities, the 35th anniversary of liberation and unification of South.	Tradition Education and History Center of Dong Thap Province	3,000,000
14/04/2010	Supported Gratitude Fund	Dong Thap Province	10,000,000
27/04/2010	Supported funding for the prevention of HIV transmission from mother to baby and the infected children.	HIV/ AIDS Prevention Center Dong Thap Province	10,000,000
29/04/2010	Sponsored "Trang Nguyen contest" 9th 2010 Le Quy Don school	Le Quy Don high school	9,206,000
04/05/2010	Sponsored the game show "Destiny Overcome"	Youth Magazine	10,000,000
21/05/2010	Supported to the organization to celebrate the 35th anniversary of the South liberation and Unification	Dong Thap Youth Union	46,940,000
24/05/2010	Supported children in especially difficult situation	Child Fund Dong Thap Province	5,000,000
24/05/2010	Supported program "Vietnam Rising Milk Fund"	Vietnam Rising Milk Fund	5,000,000
15/06/2010	Supported the Education Fund for aquiculture department of Can tho University	Can Tho University	10,000,000
23/06/2010	Supported program "Nghia tinh Dong thap"	Fatherland Front Committee	500,000,000
30/06/2010	Supported Le Trieu Kiet Fund		50,000,000
27/07/2010	Supported 2 Primary schools at Hong Ngu Commune	Hồng Ngự Commune	2,000,000
29/07/2010	Contributed gifts to "Gratitude" at Tan Hoa Commune	Tan Hoa People's Committee	10,000,000
24/08/2010	Supported the orphanage school		30,000,000
31/08/2010	Supported organizations and activities on 30/4 & 01/05	Dong Thap Youth Union	20,348,909
14/09/2010	Sponsored the third time extended tennis contest in 2010, Dong Thap Province	Department of Finance, Dong Thap Province	20,000,000
17/09/2010	Funding to organize "Moon of love"	Youth Union Cao Lanh City	15,000,000
12/10/2010	Sponsorship for poor children with disabilities	Department of Labor, Invalids & Social Affair Cao Lanh City	50,000,000
15/11/2010	Sponsored Le Quy Don scholarship in year 2010 - 2011	Le Quy Don school	2,000,000
25/11/2010	Sponsored Trung Vuong scholarship	Trung Vuong high school	2,000,000
25/11/2010	Participated in the walking program to raise funds for needy children on 9 October	Cao Lanh City People's Committee	7,432,273
25/11/2010	Supported the establishment of clinic for Tan Thuan Dong - Cao Lanh City and supported 50 of medicine packages.	Tan Thuan Dong People's Committee	287,470,297
<b>Total</b>			<b>1,641,541,570</b>



Vinh Hoan employees also had voluntary contributions from salaries, and contributed food and clothes to help people in the following disadvantaged situations:

Unit: VND		
Time	Fact	Amount
03/2010	Contributed 1,000 medicine packages in the “1,000 medicine packages for poor people and families in remote areas” program through Vinh Hoan Cup of running cross-country for the first time - year 2010.	30,000,000
10/2010	Contributed 1 day salary to support people in the flooding in the middle of Vietnam.	95,000,000
10/2010	Donation to support 02 colleagues in difficult situations (2 staffs in charge of Quality Control in the Technical Department)	32,240,000
<b>Total</b>		<b>157,240,000</b>

# CONSOLIDATED FINANCIAL REPORT

## REPORT OF THE DIRECTORS

The Directors of Vinh Hoan Corporation ("the Corporation") present this report together with the consolidated financial statements for the fiscal year ended 2010 including the financial statements of Vinh Hoan Corporation ('the parent company') and those of its subsidiaries (hereinafter referred to as "the Group").

### Business highlights of the Group

#### Parent company

Vinh Hoan Corporation has been operating in accordance with the business registration certificate No. 5103000069 dated April 17<sup>th</sup> 2007 granted by the Service of Planning and Investment of Dong Thap Province.

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

- The first amended business registration certificate dated February 11<sup>th</sup> 2010 regarding the increase in the Corporation's prescribed capital and the change of the number of the business registration certificate.
- The second amended business registration certificate dated June 04<sup>th</sup> 2010, the third amended business registration certificate dated November 01<sup>st</sup> 2010 regarding the increase in the Corporation's prescribed capital.

Prescribed capital as in the business registration certificate:

Shareholders	Capital contribution (VND)	Rate (%)
Ms. Truong Thi Le Khanh	179,650,000,000	38.10
Other shareholders	291,862,730,000	61.90
<b>Total</b>	<b>471,512,730,000</b>	<b>100.00</b>

Head office

Address : National Highway 30, Ward 11, Cao Lanh City, Dong Thap Province  
 Tel. : (84-67) 3891166  
 Fax : (84-67) 3891672  
 Email : vh@vinhhoan.com.vn  
 Tax code : 1400112623

Affiliates:

Affiliate	Address
Branch of Vinh Hoan Corporation in Ho Chi Minh City	569-571-573 (8 <sup>th</sup> and 9 <sup>th</sup> floors) Tran Hung Dao, Cau Kho Ward, District 1, Ho Chi Minh City

Main operations of the Corporation:

- Aquaculturing, fishing, 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.
- Producing and trading aquatic feeds.

## REPORT OF THE DIRECTORS

### Subsidiaries

Subsidiaries	Addresses	Establishing license	Ownership rate
Vinh Hoan 1 Feed J.S.C.	National Highway 30, Thanh Binh Industrial Group, Thanh Binh District, Dong Thap Province	No. 5103000070 dated 04 April 2008	69.80%
Vinh Hoan (USA) Incorporated	No. 2 , Mahogany Drive, Irvine, California 92620, USA	No. 34473 dated 19 January 2007	100.00%

### Material effects on the Group's operation

During the year, Vinh Hoan Corporation has issued additional shares to increase its prescribed capital from VND 325.680.000.000 to VND 471.512.730.000.

### Financial position and business results

The consolidated financial position as of December 31<sup>th</sup> 2010, the consolidated business results and the consolidated cash flows for the fiscal year ended December 31<sup>th</sup> 2010 of the Group have been expressed in the consolidated financial statements attached to this report (from page 06 to page 33).

During the year, Vinh Hoan Corporation has issued bonus shares to employees in line with the Resolution of the Annual Shareholders' Meeting of the year 2009 on April 23<sup>th</sup> 2009, and has temporarily distributed the profit of 2010 according to the Resolution of the Annual Shareholders' Meeting in 2010 on April 16<sup>th</sup> 2010 as follows:

- Issuance of bonus shares to employees	VND 9,422,100,000
- Temporary extraction for bonus and welfare funds in 2010	VND 13,526,034,445
- Temporary extraction for bonus fund of the Executive Officers in 2010	VND 2,000,000,000
- Dividends temporarily paid for the year 2010 in form of shares	VND 108,810,630,000
<b>Total</b>	<b>VND 133,758,764,445</b>

### Subsequent events

The Directors of Vinh Hoan Corporation hereby confirm that there have been no events from December 31<sup>th</sup> 2010 to the date of this report, which need any adjustments to the figures or the disclosures in the consolidated financial statements.

### The Board of Management and the Executive Officers

The Board members and the Directors of Vinh Hoan Corporation during the year and as of the date of this report include:

#### The Board of Management

Full names	Position	Appointing date	Resigning date
Ms. Truong Thi Le Khanh	Chairwoman	01 April 2007	-
Ms. 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	-

#### The Control Board

Full names	Position	Appointing date	Resigning date
Mr. Nguyen Van Nghe	Member	28 March 2008	-
Mr. Nguyen Thanh Phuong	Member	23 April 2009	-
Ms. Ho Thanh Hue	Member	23 April 2009	-



## REPORT OF THE DIRECTORS

### The Directors

Full names	Position	Appointing date	Resigning date
Ms. Truong Thi Le Khanh	General Director	01 April 2007	-
Mr. Dang Van Vien	Deputy General Director	29 September 2007	-
Ms. Truong Tuyet Phuong	Deputy General Director	29 September 2007	-
Mr. Huynh Duc Trung	Deputy General Director	29 September 2007	-
Ms. Nguyen Ngo Vi Tam	Deputy General Director	15 May 2008	-

### Auditors

Auditing and Consulting Company Limited (A&C) has performed the audit on the consolidated financial statements for the fiscal year ended December 31<sup>st</sup> 2010, and has expressed its willingness to be appointed the Group's external auditor.

### Confirmation of the Directors

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

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates prudently;
- announce the accounting standards to be followed for the material issues to be disclosed and explained in the consolidated financial statements;

The Directors of Vinh Hoan Corporation 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 March 20<sup>th</sup> 2006 of the Minister of Finance as well as the circulars of the Ministry of Finance giving guidance on the implementation of the accounting system and standards.

The Directors of Vinh Hoan Corporation 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.

For and on behalf of the Directors



**Truong Thi Le Khanh**

**General Director**

Date: .....2011

No. /2010/BCTC-KTTV

## AUDITOR'S REPORT

### ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED 2010 OF VINH HOAN CORPORATION

### THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE DIRECTORS OF VINH HOAN CORPORATION

We have audited the accompanying consolidated financial statements for the fiscal year ended 2010 of Vinh Hoan Corporation (the "Corporation") and its subsidiaries (the list of the subsidiaries is presented in the Note I.5) (hereinafter referred to as "the Group") including the consolidated balance sheet as at December 31<sup>st</sup> 2010, the consolidated income statement, the consolidated cash flow statement and the Notes to the consolidated financial statements for the fiscal year then ended, which were prepared on March 28<sup>th</sup> 2011 (from page 06 to page\_\_\_).

The preparation and the presentation of these consolidated financial statements are the responsibility of the Directors of Vinh Hoan Corporation. 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 judgment of the Corporation's Directors as well as our evaluating 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 respects, of the financial position as of December 31<sup>st</sup> 2010, the consolidated business results and the consolidated cash flows for the fiscal year then ended of the Group in conformity with the prevailing Vietnamese accounting standards and system as well as other related regulations.*

THIS REPORT IS MADE IN TWO LANGUAGES (VIETNAMESE AND ENGLISH), BOTH OF EQUAL VALIDITY. THE VIETNAMESE VERSION WILL BE THE ORIGINAL FOR REFERENCE WHEN NEEDED.

FOR AND ON BEHALF OF

**AUDITING AND CONSULTING CO., LTD. (A&C)**



**Ly Quoc Trung** – Deputy General Director

**Audit Certificate No.Đ.0099/KTV**

Ho Chi Minh City,..... 2011



**Nguyen Thi Ngoc Quynh** - Auditor

**Audit Certificate No. 0327/KTV**

## CONSOLIDATED BALANCE SHEET

As of 31 December 2010

Unit: VND				
ASSETS	Code	Note	Ending balance	Beginning balance
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>1,180,827,088,551</b>	<b>914,828,473,655</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>126,419,394,330</b>	<b>209,967,674,177</b>
1. Cash	111		103,419,394,330	151,967,674,177
2. Cash equivalents	112		23,000,000,000	58,000,000,000
<b>II. Short-term investments</b>	<b>120</b>		<b>37,562,972,164</b>	<b>15,300,000,000</b>
1. Short-term investments	121	V.2	37,562,972,164	15,300,000,000
2. Provisions for devaluation of short-term investments	129		-	-
<b>III. Short-term accounts receivable</b>	<b>130</b>		<b>345,314,077,746</b>	<b>333,781,035,976</b>
1. Receivable from customers	131	V.3	333,366,537,831	313,778,577,707
2. Prepayments to suppliers	132	V.4	12,922,329,731	18,850,212,538
3. Short-term inter-company receivable	133		-	-
4. Receivable according to the progress of construction contracts	134		-	-
5. Other receivable	135	V.5	3,056,076,828	1,152,245,731
6. Provisions for bad debts	139	V.6	(4,030,866,644)	-
<b>IV. Inventories</b>	<b>140</b>		<b>642,317,455,278</b>	<b>334,239,891,853</b>
1. Inventories	141	V.7	657,405,301,010	355,061,759,269
2. Provisions for devaluation of inventories	149	V.8	(15,087,845,732)	(20,821,867,416)
<b>V. Other current assets</b>	<b>150</b>		<b>29,213,189,033</b>	<b>21,539,871,649</b>
1. Short-term prepaid expenses	151	V.9	821,149,166	608,820,078
2. VAT to be deducted	152		15,975,180,965	10,315,619,657
3. Taxes and other accounts receivable from the State	154	V.10	537,381,441	1,496,010,723
4. Trading Government bonds	157		-	-
5. Other current assets	158	V.11	11,879,477,461	9,119,421,191
<b>B - LONG-TERM ASSETS</b>	<b>200</b>		<b>641,259,325,478</b>	<b>601,428,190,243</b>
<b>I. Long-term accounts receivable</b>	<b>210</b>		-	-
1. Long-term accounts receivable from customers	211		-	-
2. Working capital in affiliates	212		-	-
3. Long-term inter-company receivable	213		-	-
4. Other long-term receivable	218		-	-
5. Provisions for bad debts	219		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>588,797,962,752</b>	<b>569,140,010,538</b>
1. Tangible assets	221	V.12	527,681,392,368	514,833,994,879
Historical costs	222		722,995,848,063	640,505,272,657
Accumulated depreciation	223		(195,314,455,695)	(125,671,277,778)
2. Financial leasehold assets	224		-	-
Historical costs	225		-	-
Accumulated depreciation	226		-	-

## CONSOLIDATED BALANCE SHEET (continued)

As of 31 December 2010

Unit: VND				
ASSETS	Code	Note	Ending balance	Beginning balance
3. Intangible assets	227	V.13	48,226,156,602	34,915,377,050
Initial costs	228		49,692,887,301	35,878,937,301
Accumulated amortization	229		(1,466,730,699)	(963,560,251)
4. Construction-in-progress	230	V.14	12,890,413,782	19,390,638,609
<b>III. Investment property</b>	<b>240</b>		-	-
Historical costs	241		-	-
Accumulated depreciation	242		-	-
<b>IV. Long-term investments</b>	<b>250</b>		-	<b>10,000,000</b>
1. Investments in affiliates	251		-	-
2. Investments in business concerns and joint ventures	252		-	-
3. Other long-term investments	258		-	10,000,000
4. Provisions for devaluation of long-term investments	259		-	-
<b>V. Other long-term assets</b>	<b>260</b>		<b>52,461,362,726</b>	<b>32,278,179,705</b>
1. Long-term prepaid expenses	261	V.15	27,180,901,134	17,594,333,935
2. Deferred income tax assets	262	V.16	8,848,344,103	2,613,223,603
3. Other long-term assets	268	V.17	16,432,117,489	12,070,622,167
<b>VI. Goodwill</b>	<b>269</b>		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>1,822,086,414,029</b>	<b>1,516,256,663,898</b>



## CONSOLIDATED BALANCE SHEET (continued)

As of 31 December 2010

LIABILITIES AND OWNER'S EQUITY	Code	Note	Ending balance	Beginning balance
<b>A - LIABILITIES</b>	<b>300</b>		<b>836,972,067,754</b>	<b>839,364,459,048</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>746,457,409,480</b>	<b>628,513,866,675</b>
1. Short-term debts and loans	311	V.18	352,351,393,210	399,402,059,691
2. Payable to suppliers	312	V.19	99,195,986,814	168,013,169,506
3. Advances from customers	313		577,547,162	1,195,641,514
4. Taxes and other obligations to the State Budget	314	V.20	33,391,496,069	21,899,615,883
5. Payable to employees	315	V.21	30,177,526,068	24,042,250,476
6. Accrued expenses	316	V.22	7,933,634,694	1,148,887,790
7. Inter-company payable	317		-	-
8. Payable according to the progress of construction contracts	318		-	-
9. Other payable	319	V.23	168,538,948,671	4,004,047,564
10. Provisions for short-term accounts payable	320		34,550,000,000	-
11. Bonus and welfare funds	323	V.24	19,740,876,792	8,808,194,251
12. Trading Government bonds	327		-	-
<b>II. Long-term liabilities</b>	<b>330</b>		<b>90,514,658,274</b>	<b>210,850,592,373</b>
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.25	88,869,872,693	209,822,118,693
5. Deferred income tax payable	335		-	-
6. Provisions for unemployment allowances	336	V.26	1,644,785,581	1,028,473,680
7. Provisions for long-term accounts payable	337		-	-
8. Unearned revenues	338		-	-
9. Science and technology development fund	339		-	-
<b>B - OWNER'S EQUITY</b>	<b>400</b>		<b>936,000,963,008</b>	<b>642,319,399,270</b>
<b>I. Owner's equity</b>	<b>410</b>		<b>936,000,963,008</b>	<b>642,319,399,270</b>
1. Capital	411	V.27	471,512,730,000	325,680,000,000
2. Share premiums	412	V.27	191,808,000,000	92,448,000,000
3. Other sources of capital	413		-	-
4. Treasury stocks	414	V.27	(32,725,310,618)	-
5. Differences on asset revaluation	415		-	-
6. Foreign exchange differences	416	V.27	1,799,344,642	861,407,971
7. Business promotion fund	417		-	-
8. Financial reserved fund	418		-	-
9. Other funds	419	V.27	136,774,604	136,774,604
10. Retained earnings	420	V.27	303,469,424,380	223,193,216,695
11. Construction investment fund	421		-	-
12. Business arrangement supporting fund	422		-	-
<b>II. Other sources and funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
1. Sources of expenditure	432		-	-
2. Fund to form fixed assets	433		-	-
<b>C- INTEREST OF MINORITY SHAREHOLDERS</b>	<b>439</b>		<b>49,113,383,267</b>	<b>34,572,805,580</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>440</b>		<b>1,822,086,414,029</b>	<b>1,516,256,663,898</b>

## OFF-BALANCE SHEET ITEMS

As of 31 December 2010

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		5,656,325.53	4,864,228.68
EUR		438.09	432.41
6. Estimates for non-business and project expenditure		-	-

Dong Thap, 28 March 2011

\_\_\_\_\_  
**Nguyen Thi Kim Dao**  
**Chief Accountant**



\_\_\_\_\_  
**Truong Thi Le Khanh**  
**General Director**

## CONSOLIDATED INCOME STATEMENT

For the fiscal year ended 2010

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales	01	VI.1	3,021,654,856,536	2,785,274,167,595
2. Deductions	02	VI.1	12,479,934,277	14,271,126,710
3. Net sales	10	VI.1	3,009,174,922,259	2,771,003,040,885
4. Costs of goods sold	11	VI.2	2,421,857,449,478	2,318,805,922,373
5. Gross profit	20		587,317,472,781	452,197,118,512
6. Financial income	21	VI.3	67,838,069,858	54,951,217,933
7. Financial expenses	22	VI.4	88,143,238,643	71,729,956,746
In which: Loan interest expenses	23		44,772,283,092	49,057,616,580
8. Selling expenses	24	VI.5	210,928,260,566	159,219,196,109
9. Administrative overheads	25	VI.6	86,913,426,339	35,032,152,214
10. Net operating profit	30		269,170,617,091	241,167,031,376
11. Other income	31	VI.7	4,435,838,681	5,048,147,679
12. Other expenses	32	VI.8	725,465,889	5,892,183,887
13. Other profit/ (loss)	40		3,710,372,792	(844,036,208)
14. Profit or loss of business associates and joint ventures	45		-	-
15. Total accounting profit before tax	50		272,880,989,883	240,322,995,168
16. Current corporate income tax	51	V.20	50,540,560,566	27,570,711,035
16. Deferred corporate income tax	52	V.16	(6,235,120,500)	4,771,012,040
18. Profit after tax	60		228,575,549,817	207,981,272,093
18.1 Interest of minority shareholders	61		14,540,577,687	14,752,208,587
18.2 Profit after tax of shareholders of the parent company	62		214,034,972,130	193,229,063,506
19. Earning per share	70	VI.9	4,573	4,613

Dong Thap, 28 March 2011



Nguyen Thi Kim Dao



Trương Thị Lê Khanh

## CONSOLIDATED CASH FLOW STATEMENT

For the fiscal year ended 2010

Unit: VND

ITEMS	Code	Note	Current year	Previous year
<b>I. Cash flows from operating activities</b>				
1. Profit before tax	01		272,880,989,883	240,322,995,168
2. Adjustments				
- Depreciation of fixed assets	02	V.12, V.13	73,685,227,992	64,519,745,487
- Provisions	03	V.6, V.8	(1,703,155,040)	(1,809,644,569)
- Gain/ (loss) from foreign exchange differences	04	VI.3, VI.4	8,982,681,278	13,332,794,616
- Gain/ (loss) from investing activities	05	VI.3, VI.7, VI.8	(10,621,338,599)	(1,790,099,821)
- Loan interest expenses	06	VI.4	44,772,283,092	49,057,616,580
3. Operating profit before changes of working capital	08		387,996,688,606	363,633,407,461
- Increase/ (decrease) of accounts receivable	09		(42,762,670,800)	(40,377,232,449)
- Increase/ (decrease) of inventories	10		(302,343,541,741)	6,225,568,009
- Increase/ (decrease) of accounts payable	11		163,424,043,657	46,555,428,778
- Increase/ (decrease) of prepaid expenses	12		(7,432,997,671)	(3,505,671,121)
- Loan interests already paid	13	V.22, VI.4	(45,219,335,672)	(50,990,324,832)
- Corporate income tax already paid	14	V.20	(34,972,830,296)	(16,208,085,454)
- Other gains	15		157,646,000	-
- Other disbursements	16		(8,603,706,717)	(6,970,487,441)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>110,243,295,366</b>	<b>298,362,602,951</b>
<b>II. Cash flows from investing activities</b>				
1. Purchases and construction of fixed assets and other long-term assets	21	V.12, V.13, V.14, VII	(109,751,050,341)	(96,726,024,641)
2. Gains from disposals and liquidation of fixed assets and other long-term assets	22	VI.7	160,454,545	478,069,372
3. Loans given and purchases of debt instruments of other entities	23		(34,697,256,415)	(162,804,060,000)
4. Recovery of loans given and disposals of debt instruments of other entities	24		12,434,284,251	147,914,060,000
5. Investments into other entities	25		-	-
6. Withdrawals of investments in other entities	26		10,000,000	-
7. Receipts of loan interests, dividends and profit shared	27	V.5, VI.3	8,975,526,226	5,547,435,860
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(122,868,041,734)</b>	<b>(105,590,519,409)</b>



## CONSOLIDATED CASH FLOW STATEMENT (continued)

For the fiscal year ended 2010

					Unit: VND
ITEMS	Code	Note	Current year	Previous year	
<b>III. Cash flows from financing activities</b>					
1. Gains from stock issuance and capital contributions from shareholders	31	V.28	126,960,000,000	118,128,000,000	
2. Repayment for capital contributions and re-purchases of stocks already issued	32	V.28	(32,725,310,618)	-	
3. Short-term and long-term loans received	33	V.18, V.26	1,193,093,765,419	2,162,598,741,514	
4. Loan principal amounts repaid	34	V.18, V.26	(1,359,196,261,558)	(2,238,401,310,252)	
5. Payments for financial leasehold assets	35		-	-	
6. Dividends and profit already paid to the owners	36	V.28	(25,850,000)	(45,013,500,000)	
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(71,893,656,757)</b>	<b>(2,688,068,738)</b>	
<b>Net cash flows during the year</b>	<b>50</b>		<b>(84,518,403,125)</b>	<b>190,084,014,804</b>	
<b>Beginning cash and cash equivalents handed over</b>	<b>60</b>	<b>V.1</b>	<b>209,967,674,177</b>	<b>20,826,093,565</b>	
Effects of fluctuations in foreign exchange rates	61		970,123,278	(942,434,192)	
<b>Ending cash and cash equivalents</b>	<b>70</b>	<b>V.1</b>	<b>126,419,394,330</b>	<b>209,967,674,177</b>	

Dong Thap, 28 March 2011



Nguyen Thi Kim Dao  
Chief Accountant



Trương Thị Lê Khanh  
Tổng Giám đốc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

The consolidated financial statements of Vinh Hoan Corporation for the fiscal year ended 31 December 2010 include the financial statements of Vinh Hoan Corporation (parent company) and those of its subsidiaries (hereinafter referred to as "the Group").

### I. OPERATION FEATURES OF THE GROUP

- Investment form** : A joint stock company
- Operating field** : Manufacturing - processing.
- Main operations** : Aquaculturing, fishing, processing and preserving sea products and aqua-culture products; trading in sea products and aqua-culture products; trading in machinery and equipment, chemicals, food, agricultural products, animal products, materials serving the production and processing of sea products and aqua-culture 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.
- Total number of subsidiaries** : 2  
In which:  
The number of subsidiaries to be consolidated : 02

### 5. Lists of key subsidiaries of which the financial statements are consolidated

Subsidiaries	Addresses	Proportion of interest	Option
Vinh Hoan 1 Feed J.S.C.	National Road 30, Thanh Binh Industrial Group, Thanh Binh District, Dong Thap Province	69.80%	69.80%
Vinh Hoan (USA) Incorporated	No. 2, Mahogany Drive, Irvine, California 92620, USA	100.00%	100.00%

### 7. Events causing material effects on the operation of the Group during the year

During the year, Vinh Hoan Corporation has issued additional shares to increase its prescribed capital from VND 325.680.000.000 to VND 471.512.730.000.

### 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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### III. ACCOUNTING STANDARDS AND SYSTEM

#### 1. Accounting system

The consolidated financial statements are prepared in accordance with the Vietnamese accounting system and standards which were issued together with the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Minister of Finance and the Circulars guiding the implementation of the accounting system of the Ministry of Finance.

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

The Directors of Vinh Hoan Corporation ensure to follow all the requirements of the prevailing Vietnamese accounting system and standards, which were issued together with the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Minister 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

Voucher recording

### IV. ACCOUNTING POLICIES

#### 1. Accounting convention

All the consolidated financial statements are prepared on the accrual basis (except for the information related to cash flows).

#### 2. Consolidation bases

The consolidated financial statements include the financial statements of 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 hold 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### IV. ACCOUNTING POLICIES (continued)

#### 3. Business merging

The business merging is recorded in line with its purchasing method. The costs of business merging include the fair values as 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 as 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.

#### 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. Inventories

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 receivable

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

Provisions are made for each bad debt basing 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### IV. ACCOUNTING POLICIES (continued)

#### 7. Tangible fixed assets (cont'd)

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. 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 according to land using period.

##### *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.

#### 9. Borrowing costs

Borrowing costs will be capitalized in case these 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. Other borrowing costs are included into expenses during the period.

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.

#### 10. 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.

#### 11. Accrued expenses

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### IV. ACCOUNTING POLICIES (continued)

#### 12. 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.

#### 13. 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 as at the balance sheet date. If time causes material effects, the provision will be determined by deducting amounts to be spent in 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.

#### 14. Capital - funds

The Group's sources of capital include:

- Capital: being recorded according to the amount actually invested by shareholders of parent company.
- Share premiums: the difference between the issuance price and face value.

Funds are extracted and used in line with the Charter of each company of the Group.

#### 15. 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. 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, non-deductible expenses as well as those of non-taxable income and losses brought forward.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### IV. ACCOUNTING POLICIES (continued)

#### 17. Corporate income tax (continued)

##### *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 considered at the balance sheet dates 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.

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.

#### 18. 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 as 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 December 2009:	VND 17,941/USD
31 December 2010:	VND 18,932 /USD

#### 19. 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 processing service*

Sales of processing service provision are recognized when the goods are completely processed and are accepted by customers. Sales of processing service provisions are not recognized if there are material uncertain factors related to payments or additional costs.

##### *Interests*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### IV. ACCOUNTING POLICIES (continued)

#### 20. Segment reporting

A business segment is a distinguishable component that is engaged in providing an individual product or service and that has its own risks and returns which are different from those of other business segments.

A geographical segment is a distinguishable component that is engaged in providing products or services in a particular economic environment and that has its own risks and returns which are different from those of components operating in other economic environments.

#### 21. Related parties

A party is considered a related party of the Group in case that party is able to control the Group or to cause material effects on the financial decisions as well as the operations of the companies in Group. Parties are also considered related parties if they are collectively under the same control or material effects.

Considering the relationships among related parties, the nature of the relationship is more important than the legal form of that relationship.

Transactions with related parties during the year are presented in Note VIII.1.

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

#### 1. Cash and cash equivalents

	Ending balance	Beginning balance
Cash on hand	4,991,498,222	1,941,192,023
Cash in bank	87,041,765,338	150,026,482,154
Cash in transit <sup>(*)</sup>	11,386,130,770	-
Cash equivalents <sup>(*)</sup>	23,000,000,000	58,000,000,000
<b>Total</b>	<b>126,419,394,330</b>	<b>209,967,674,177</b>

<sup>(\*)</sup>Under-3-month deposits.

#### 2. Short-term investments

	Ending balance	Beginning balance
Deposits of which the periods are from over 3 months to under 1 year		
<sup>(*)</sup>	32,197,256,415	2,800,000,000
Loan given to Mr. Phan Ngoc An	5,365,715,749	12,500,000,000
<b>Total</b>	<b>37,562,972,164</b>	<b>15,300,000,000</b>

<sup>(\*)</sup> The term deposit of totally VND 32.000.000.000 has been mortgaged to secure the loan from Vietnam Development Bank (VDB) – Dong Thap branch.

#### 3. Receivable from customers

	Ending balance	Beginning balance
Customers of Vinh Hoan Corporation	149,395,587,811	148,701,382,211
Customers of Vinh Hoan 1 Feed J.S.C.	36,854,446,317	86,027,809,662
Customers of Vinh Hoan (USA) Inc.	147,116,503,703	79,049,385,834
<b>Total</b>	<b>333,366,537,831</b>	<b>313,778,577,707</b>

The amount receivable from customers for totally VND 40.000.000.000 has been mortgaged to secure the loan from HSBC (Vietnam).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET (continued)

#### 4. Prepayment to suppliers

	Ending balance	Beginning balance
Suppliers of Vinh Hoan Corp.	12,808,234,185	15,912,029,425
Suppliers of Vinh Hoan 1 Feed J.S.C.	114,095,546	2,938,183,113
<b>Total</b>	<b>12,922,329,731</b>	<b>18,850,212,538</b>

#### 5. Other receivable

	Ending balance	Beginning balance
Loan interests receivable	-	327,700,000
Bank deposit interest	2,066,879,098	-
Others	989,197,730	824,545,731
<b>Total</b>	<b>3,056,076,828</b>	<b>1,152,245,731</b>

#### 6. Provisions for short-term bad debts

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

#### 7. Inventories

	Ending balance	Beginning balance
Goods in transit	192,983,833,928	259,157,628
Materials and supplies	158,607,701,186	70,069,896,138
Tools	2,591,995,474	2,004,874,353
Work-in-process	207,797,886,346	111,911,030,281
Finished goods	83,491,197,528	170,791,254,700
Merchandises	486,130,764	25,546,169
Goods on consignment	11,446,555,784	-
<b>Total</b>	<b>657,405,301,010</b>	<b>355,061,759,269</b>

#### 8. Provisions for devaluation of inventories

	Ending balance	Beginning balance
Materials and supplies	337,367,454	-
Tools	22,003,532	265,435,081
Finished goods	14,728,474,746	20,556,432,335
<b>Total</b>	<b>15,087,845,732</b>	<b>20,821,867,416</b>

The situation of fluctuations in provisions for devaluation of inventories is as follows:

Beginning balance	20,821,867,416
Reversal of provision	(5,734,021,684)
<b>Ending balance</b>	<b>15,087,845,732</b>

#### 9. Short-term prepaid expenses

This item reflects the expenses on tools dispatched for use, which are waiting for allocation. Details of increases/ (decreases) during the year are as follows:

Beginning balance	608,820,078
Increases	2,626,290,392
Allocation	(2,413,961,304)
<b>Ending balance</b>	<b>821,149,166</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET (continued)

#### 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.	531,696,754	1,496,010,723
<b>Total</b>	<b>537,381,441</b>	<b>1,496,010,723</b>

#### 11. Other current assets

	Ending balance	Beginning balance
Advances	11,190,533,994	8,565,632,491
Short-term deposits and mortgages	688,943,467	553,788,700
<b>Total</b>	<b>11,879,477,461</b>	<b>9,119,421,191</b>

#### 12. Increases/ (decreases) of tangible fixed assets

	Buildings & structures	Machinery and equipment	Vehicles	Office equipment	Total
<b>Historical costs</b>					
Beginning balance	245,668,821,886	381,529,678,645	11,779,335,758	1,527,436,368	640,505,272,657
Increases	36,256,073,040	46,179,523,845	4,637,512,971	859,513,675	87,932,623,531
New purchases	3,874,400,000	2,205,126,054	1,330,363,636	786,427,300	8,196,316,990
Completed constructions	30,832,237,486	43,974,397,791	3,307,149,335	73,086,375	78,186,870,987
Other increases	1,549,435,554	-	-	-	1,549,435,554
Decreases	-	(5,310,833,980)	(131,214,145)	-	(5,442,048,125)
Disposals and liquidations	-	(3,684,767,988)	(131,214,145)	-	(3,815,982,133)
Other decreases	-	(1,626,065,992)	-	-	(1,626,065,992)
<b>Ending balance</b>	<b>281,924,894,926</b>	<b>422,398,368,510</b>	<b>16,285,634,584</b>	<b>2,386,950,043</b>	<b>722,995,848,063</b>

In which:

Assets being fully depreciated but still in use	1,458,142,921	21,311,395,692	891,183,033	253,926,670	23,914,648,316
---	---------------	----------------	-------------	-------------	----------------

#### Depreciation

Beginning balance	20,351,429,138	101,067,873,527	3,584,492,890	667,482,223	125,671,277,778
Depreciation	17,062,173,171	53,434,985,298	2,275,532,127	409,366,948	73,182,057,544
Other increases	17,367,939	-	-	5,913,297	23,281,236
Disposals and liquidations	-	(3,549,403,933)	(12,756,930)	-	(3,562,160,863)
<b>Ending balance</b>	<b>37,430,970,248</b>	<b>150,953,454,892</b>	<b>5,847,268,087</b>	<b>1,082,762,468</b>	<b>195,314,455,695</b>

#### Net book values

Beginning balance	225,317,392,748	280,461,805,118	8,194,842,868	859,954,145	514,833,994,879
<b>Ending balance</b>	<b>244,493,924,678</b>	<b>271,444,913,618</b>	<b>10,438,366,497</b>	<b>1,304,187,575</b>	<b>527,681,392,368</b>

In which:

Assets temporarily not in use	-	-	-	-	-
Assets waiting for liquidations	-	-	-	-	-

Some tangible fixed assets, of which the historical costs and the net book values are VND 259.290.837.862 and VND 178.399.046.192 respectively, have been mortgaged to secure the loans from Vietcombank – Ho Chi Minh City and BIDV – Dong Thap Branch.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET (continued)

#### 13. Increases/ (decreases) of intangible fixed assets

	Land use right	Computer software	Total
<b>Initial costs</b>			
Beginning balance	35,275,891,501	603,045,800	35,878,937,301
New purchases	13,667,700,000	146,250,000	13,813,950,000
<b>Ending balance</b>	<b>48,943,591,501</b>	<b>749,295,800</b>	<b>49,692,887,301</b>
In which:			
Assets being fully amortized but still in use	-	126,500,596	126,500,596
<b>Amortization</b>			
Beginning balance	612,648,913	350,911,338	963,560,251
Amortization	381,861,408	121,309,040	503,170,448
<b>Ending balance</b>	<b>994,510,321</b>	<b>472,220,378</b>	<b>1,466,730,699</b>
<b>Net book values</b>			
Beginning balance	34,663,242,588	252,134,462	34,915,377,050
<b>Ending balance</b>	<b>47,949,081,180</b>	<b>277,075,422</b>	<b>48,226,156,602</b>

Some rights to use land, of which the initial costs and the net book values are VND 13.639.391.151 and VND 13.151.976.773 respectively, have been mortgaged to secure the loans from Vietcombank – Ho Chi Minh City Branch and BIDV – Dong Thap Branch..

#### 14. Construction-in-progress

	Beginning balance	Increase	Inclusion into fixed assets	Other decreases	Ending balance
Acquisition of fixed assets	1,860,216,476	9,884,482,172	(5,863,959,702)	(270,350,000)	5,610,388,946
Construction-in-progress	17,530,422,133	64,168,062,604	(72,322,911,285)	(2,095,548,616)	7,280,024,836
Plant No. 1 Project	14,065,351,190	44,838,958,853	(58,828,923,968)	-	75,386,075
Plant No. 3 Project	1,920,571,250	199,889,060	(199,889,060)	-	1,920,571,250
Expenses on digging ponds to raise fish	992,567,852	12,767,894,527	(8,470,429,496)	(1,836,484,710)	3,453,548,173
Others	551,931,841	6,361,320,164	(4,823,668,761)	(259,063,906)	1,830,519,338
<b>Total</b>	<b>19,390,638,609</b>	<b>74,052,544,776</b>	<b>(78,186,870,987)</b>	<b>(2,365,898,616)</b>	<b>12,890,413,782</b>

#### 15. Long-term prepaid expenses

	Beginning balance	Increases	Allocation	Other decreases	Ending balance
Tool expenses	7,033,940,516	6,663,819,989	(1,647,569,145)	(2,792,312,557)	9,257,878,803
Land use right	10,377,366,961	9,529,139,256	(590,917,435)	(1,392,566,451)	17,923,022,331
Other expenses	183,026,458	-	(183,026,458)	-	-
<b>Total</b>	<b>17,594,333,935</b>	<b>16,192,959,245</b>	<b>(2,421,513,038)</b>	<b>(4,184,879,008)</b>	<b>27,180,901,134</b>

#### 16. Deferred income tax assets

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

Beginning balance	2,613,223,603
Increases	6,235,120,500
<b>Ending balance</b>	<b>8,848,344,103</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET (continued)

#### 17. Other long-term assets

Long-term deposits and mortgages.

#### 18. Short-term debts and loans

	Ending balance	Beginning balance
Short-term loans from banks	346,351,393,210	355,168,735,691
- Loan from HSBC (Vietnam) <sup>(a)</sup>	29,400,329,580	-
- Vietcombank – Ho Chi Minh City Branch <sup>(b)</sup>	118,151,063,630	276,252,854,450
- BIDV – Dong Thap Branch <sup>(c)</sup>	-	78,915,881,241
- VDB –Dong Thap branch <sup>(d)</sup>	198,800,000,000	-
Current portions of long-term loans (See the Note V.26)	6,000,000,000	44,233,324,000
<b>Total</b>	<b>352,351,393,210</b>	<b>399,402,059,691</b>

(a) The loan from HSBC (Vietnam) is to supplement the Corporation's working capital. This loan is secured by mortgaging the merchandises in stock and the accounts receivable of Vinh Hoan 1 Feed J.S.C. for totally VND 40.000.000.000.

(b) The loan from Vietcombank – Ho Chi Minh City Branch is to supplement the working capital. This loan is secured by mortgaging the land use right and fixed assets of Plants 1 and 2.

(c) The loan from BIDV – Dong Thap Branch to supplement the working capital serving the production and trading in aquatic feed, fish powder and fish fat. This loan is secured by mortgaging the land use right and the assets formed from the loan.

(d) The loan from VDB – Dong Thap branch is to supplement the Corporation's working capital. This loan is secured by mortgaging the land use right and house at No. 384 Nguyen Trai, District 1, Ho Chi Minh City and the value of term deposit.

Details of increases/ (decreases) of loans are as follows:

	Beginning balance	Increases	Amount recorded	Amount already repaid	Exchange differences	Ending balance
Short-term loans from banks	355,168,735,691	1,153,612,715,419	-	(1,160,529,641,558)	(1,900,416,342)	346,351,393,210
Current portions of long-term loans	44,233,324,000	-	14,000,000,000	(52,233,324,000)	-	6,000,000,000
<b>Total</b>	<b>399,402,059,691</b>	<b>1,153,612,715,419</b>	<b>14,000,000,000</b>	<b>(1,212,762,965,558)</b>	<b>(1,900,416,342)</b>	<b>352,351,393,210</b>

#### 19. Payable to suppliers

	Ending balance	Beginning balance
Suppliers of Vinh Hoan Corp.	60,502,117,769	103,544,659,164
Suppliers of Vinh Hoan 1 Feed J.S.C.	38,443,228,295	64,026,648,629
Suppliers of Vinh Hoan (USA) Inc.	250,640,750	441,861,713
<b>Total</b>	<b>99,195,986,814</b>	<b>168,013,169,506</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET (continued)

#### 20. Taxes and other obligations to the State Budget

	Beginning balance	Amount payable	Amount already paid	Ending balance
VAT on local sales	-	3,087,179,292	(3,087,179,292)	-
VAT on imports (*)	1,114,854,235	19,114,204,165	(20,234,743,087)	(5,684,687)
Import – export duties (*)	(1,496,010,723)	2,010,793,981	(1,046,480,012)	(531,696,754)
Corporate income tax	17,473,339,655	50,604,712,680	(34,972,830,296)	33,105,222,039
Personal income tax	95,657,597	1,429,073,040	(1,238,456,607)	286,274,030
Property tax	-	627,573,749	(627,573,749)	-
Other taxes	3,215,764,396	(35,398,954)	(3,180,365,443)	-
<b>Total</b>	<b>20,403,605,160</b>	<b>76,838,137,954</b>	<b>(64,387,628,485)</b>	<b>32,854,114,628</b>

(\*) Taxes excessively paid are presented in the "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 in the Group 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.

#### 21. Payable to employees

Salaries payable to employees.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET (continued)

#### 22. Accrued expenses

	Ending balance	Beginning balance
Loan interest expenses	-	447,052,580
Payments to lawyers	4,545,261,990	-
Others	3,388,372,704	701,835,210
<b>Total</b>	<b>7,933,634,694</b>	<b>1,148,887,790</b>

#### 23. Other short-term accounts payable

	Ending balance	Beginning balance
Trade Union's expenditure	1,693,839,082	1,196,106,374
Social insurance, health insurance, unemployment insurance	554,638,042	577,514,590
Dividends payable	45,400,000	71,250,000
Others	166,245,071,547	2,159,176,600
<b>Total</b>	<b>168,538,948,671</b>	<b>4,004,047,564</b>

#### 24. Provision for short-term accounts payable

This is the provision for anti-dumping lawsuit in the USA, which is related to POR 7 and POR 8.

#### 25. Bonus and welfare funds

Beginning balance	8,808,194,251
Extraction	15,526,034,445
Disbursement	(4,593,351,904)
<b>Ending balance</b>	<b>19,740,876,792</b>

#### 26. Long-term debts and loans

	Ending balance	Beginning balance
Vietcombank – Ho Chi Minh City Branch <sup>(a)</sup>	23,627,560,693	143,822,118,693
BIDV – Dong Thap Branch <sup>(b)</sup>	65,242,312,000	66,000,000,000
<b>Total</b>	<b>88,869,872,693</b>	<b>209,822,118,693</b>

(a) This is the loan from Vietcombank – Ho Chi Minh City Branch at the interest rate equal to interest rate for long-term loan in VND – 0,5% to construct the frozen aquatic products processing plant (Workshop No.1). This loan is secured by mortgaging fixed assets of the project, including machines, equipment, construction works and right to use the land area of 17.186,5 m<sup>2</sup>.

(b) This is the loan from BIDV – Dong Thap Branch at the interest rate of 12%/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	6,000,000,000
Over 1 year to 5 years	88,869,872,693
<b>Total</b>	<b>94,869,872,693</b>

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

Beginning balance	209,822,118,693
Increase	39,481,050,000
Amount already repaid	(146,433,296,000)
Amount recorded	(14,000,000,000)
<b>Ending balance</b>	<b>88,869,872,693</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET (continued)

#### 27. Provision for unemployment allowances

Beginning balance	1,028,473,680
Extraction	910,118,901
Disbursement	(293,807,000)
<b>Ending balance</b>	<b>1,644,785,581</b>

#### 28. Owner's equity

##### Statement of fluctuations in owner's equity

The information on the fluctuations in owner's equity is presented in the appendix on page 34.

##### Dividends

Dividends already given are as follows:

Dividends given in the previous year	25,850,000
Dividends temporarily given	-
<b>Total</b>	<b>25,850,000</b>

##### Shares

	Ending balance	Beginning balance
Number of shares registered to be issued	47,151,273	39,000,000
Number of shares already sold to the public	47,151,273	32,568,000
- Common shares	47,151,273	32,568,000
- Preferred shares	-	-
Number of shares repurchased	1,052,920	-
- Common shares	1,052,920	-
- Preferred shares	-	-
Number of outstanding shares	46,098,353	32,568,000
- Common shares	46,098,353	32,568,000
- Preferred shares	-	-

Face value per outstanding share: VND 10.000.

##### Foreign exchange difference

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

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

#### 1. Sales

	Current year	Previous year
Gross sales	3,021,654,856,536	2,785,274,167,595
- Merchandises	384,268,817,325	467,191,638,220
- Finished goods	2,278,324,239,904	2,064,109,029,517
- Service provision	28,094,162,374	3,497,138,240
- Materials and supplies	24,855,854,162	9,784,270,756
- Scraps	306,111,782,771	240,692,090,862
Deductions:	(12,479,934,277)	(14,271,126,710)
- Sales allowances	(632,572,009)	(465,021,060)
- Sales returns	(11,847,362,268)	(13,806,105,650)
<b>Net sales</b>	<b>3,009,174,922,259</b>	<b>2,771,003,040,885</b>
In which:		
- Merchandises	381,415,752,278	465,322,529,320
- Finished goods	2,268,697,370,674	2,053,948,182,787
- Service provision	28,094,162,374	3,497,138,240
- Materials and supplies	24,855,854,162	9,784,270,756
- Scrap	306,111,782,771	238,450,919,782

#### 2. Costs of goods sold

	Current year	Previous year
Costs of merchandises	488,369,666,035	451,571,061,418
Costs of finished goods	1,820,788,662,319	1,664,752,891,157
Costs of materials and supplies	23,492,808,079	8,575,365,728
Costs of scraps	94,940,334,729	191,644,472,237
Provisions for devaluation of inventories	(5,734,021,684)	2,262,131,833
<b>Total</b>	<b>2,421,857,449,478</b>	<b>2,318,805,922,373</b>

#### 3. Financial income

	Current year	Previous year
Interests on term deposits	8,965,265,242	5,211,647,010
Interests on demand deposits	718,119,508	619,567,612
Loan interests	1,745,165,082	335,788,850
Interests on the advances for purchases of materials	10,225,947,303	4,559,691,055
Interests on deferred payment for sales of goods	-	7,248,453,037
Bond interest	4,275,000	-
Unrealized exchange gains	1,424,859,241	8,166,000
Realized exchange gains	44,754,438,482	36,967,904,369
<b>Total</b>	<b>67,838,069,858</b>	<b>54,951,217,933</b>

#### 4. Financial expenses

	Current year	Previous year
Loan interests	44,772,283,092	49,057,616,580
Unrealized exchange loss	10,407,540,519	13,340,960,616
Realized exchange loss	32,963,415,032	9,331,379,550
<b>Total</b>	<b>88,143,238,643</b>	<b>71,729,956,746</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT (continued)

#### 5. Selling expenses

	Current year	Previous year
Expenses for employees	4,387,496,983	3,213,176,514
Tools and supplies	50,720,919	18,159,091
Depreciation of fixed assets	80,631,780	58,197,916
External service rendered	141,251,032,393	114,715,062,409
Other expenses	65,158,378,491	41,214,600,179
<b>Total</b>	<b>210,928,260,566</b>	<b>159,219,196,109</b>

#### 6. Administrative overheads

	Current year	Previous year
Expenses for employees	17,198,579,488	12,495,359,244
Tools and supplies	916,489,754	747,265,770
Depreciation of fixed assets	3,468,337,070	1,691,004,582
Taxes, fees and legal fees	1,334,223,179	841,875,680
Provisions	4,030,866,644	-
External service rendered	3,199,519,022	3,009,514,391
Other expenses	56,765,411,183	16,247,132,547
<b>Total</b>	<b>86,913,426,339</b>	<b>35,032,152,214</b>

#### 7. Other income

	Current year	Previous year
Gains from disposals and liquidations of fixed assets	160,454,545	478,069,372
Others	4,275,384,136	4,570,078,307
<b>Total</b>	<b>4,435,838,681</b>	<b>5,048,147,679</b>

#### 8. Other expenses

	Current year	Previous year
Net book values of liquidated fixed assets	253,821,270	4,235,405,411
Others	471,644,619	1,656,778,476
<b>Total</b>	<b>725,465,889</b>	<b>5,892,183,887</b>

#### 9. Earning per share

	Current year	Previous year
Accounting profit after corporate income tax of shareholders of the parent company	214,034,972,130	193,229,063,506
Increase/(decrease) of accounting profit to determine profit attributable to ordinary equity holders:	-	-
Profit attributable to ordinary equity holders	214,034,972,130	193,229,063,506
Average ordinary shares outstanding during the year	46,802,593	41,890,550
<b>Earning per share</b>	<b>4,573</b>	<b>4,613</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT (continued)

#### 10. Earning per share (continued)

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

	Current year	Previous year
Ordinary shares outstanding at the beginning of the year	32,568,000	30,000,000
Effects of ordinary shares issued during the year from retained earnings	11,823,273	11,823,273
Effects of ordinary shares issued during the year	2,468,330	67,277
Effects of the ordinary shares repurchased	(57,010)	-
<b>Average ordinary shares outstanding during the year</b>	<b>46,802,593</b>	<b>41,890,550</b>

In the year 2001, Vinh Hoan Corporation has increased its prescribed capital from retained earnings. Therefore, the earning per share in the previous year has been adjusted in accordance with the number of shares additionally issued. This retroactive adjustment has made the earning per share in the previous year decrease from VND 6.427 down to VND 4.613.

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

As at the balance sheet date, the companies in the Group have had the following transactions on purchases of fixed assets:

	Current year	Previous year
Purchases of fixed assets for which the payments have not been made	8,029,103,032	33,680,308,269
Advances for purchases of fixed assets	978,491,515	12,941,458,177

### VIII. OTHER INFORMATION

#### 1. 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 Management, the Directors, the Chief Accountant and their family members.

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

	Current year	Previous year
<b>The Board of Management and the Directors</b>		
Sales of goods	391,457,455	174,229,723
Purchases of materials	17,269,270,350	17,894,818,900
<b>Related individuals</b>		
Purchases of materials	19,770,975,350	18,050,318,300
Sales of goods	597,656,409	531,865,065
Loan	-	12,000,000,000
Loan interests	-	359,267,402

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 Management and the Directors	5,613,467,744	1,473,813,981
Related individuals	93,385,000	258,842,500
<b>Total amount receivable</b>	<b>5,706,852,744</b>	<b>1,732,656,481</b>

Income of the key persons during the year is VND 3.328.852.000 (Previous year: VND 2.569.093.000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### VIII. OTHER INFORMATION (continued)

#### 1. Transactions with related parties (continued)

##### 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

During the year, the Group has had following transactions with other related individuals:

	Current year	Previous year
<b>Van Duc Food Export Joint Stock Company</b>		
Sales of materials, finished goods, merchandises and services	160,341,949,188	153,615,209,698
Purchases of merchandises, packages, chemicals and services	260,639,683,819	281,374,366,853
<b>Van Duc (Tien Giang) Food Export Processing Co., Ltd.</b>		
Sales of materials, merchandises and services	124,604,600,800	701,825,217
Purchases of materials	7,281,395,152	1,134,952,000

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

	Current year	Previous year
<b>Van Duc Food Export Joint Stock Company</b>		
Receivable from sales of goods	1,079,294,941	4,970,225,400
<b>Van Duc (Tien Giang) Food Export Processing Co., Ltd.</b>		
Receivable from sales of goods	18,405,206,907	-
<b>Total amount receivable</b>	<b>19,484,501,848</b>	<b>4,970,225,400</b>
<b>Van Duc Food Export Joint Stock Company</b>		
Payable for entrusted exports	65,161,572,388	22,811,800,508
<b>Van Duc (Tien Giang) Food Export Processing Co., Ltd.</b>		
Payable for entrusted exports	99,820,646,049	1,281,184,200
<b>Total amount payable</b>	<b>164,982,218,437</b>	<b>24,092,984,708</b>

The accounts receivable are non-secured and will be paid in cash. No provisions for bad debts have been made for the accounts receivable from the related parties.

#### 2. Segment information

The company's segment information is presented according to business fields and geographical regions. The primary segment report is for the geographical region basing on the internal organizational and management structure as well as the system of internal financial reporting of the companies of the Group.

##### Geographical regions

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2010

### VIII. OTHER INFORMATION (continued)

#### 2. Segment information (continued)

Details of net sales from products and services sold to external customers, who are classified according to the locations of customers, are as follows:

	Current year	Previous year
Exports	2,308,816,677,868	2,127,939,863,114
Local sales	700,358,244,391	643,063,177,771
<b>Total</b>	<b>3,009,174,922,259</b>	<b>2,771,003,040,885</b>

The companies in Group 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 fields

The Group's business only includes growing, manufacturing and processing aquatic products and aquatic feed.

#### 3. Operating leases

As of the balance sheet date, the total minimum leases in the future of irrevocable operating leases will be paid as follows:

	Ending balance	Beginning balance
Under 1 year	302,648,718	294,847,566
Over 1 year to 5 years	1,061,562,168	1,333,006,278
Over 5 years	1,608,435,371	1,592,244,837
<b>Total</b>	<b>2,972,646,257</b>	<b>3,220,098,681</b>

#### 4. Other information

In the year 2010, in some related aspects, the Group has applied the regulations of the Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance giving guidance on the amendment and supplementation on the accounting system.

Additionally, on 06 November 2009, the Ministry of Finance issued the Circular No. 210/2009/TT-BTC giving guidance on the application of the International Accounting Standards on presentation of financial statements and notes to information on financial instruments. The requirements of this Circular will be applied to the Group's preparation and presentation of the financial statements from the year 2011 onwards.

Dong Thap, 28 March 2011



Nguyen Thi Kim Dao  
Chief Accountant




Trương Thị Lê Khanh  
General Director



## APPENDIX: STATEMENT OF FLUCTUATIONS IN OWNER'S EQUITY

Unit: VND

	Capital	Share premiums	Treasury stocks	Foreign exchange differences	Other funds	Retained earnings	Total
Beginning balance of the previous year	300,000,000,000	-	-	459,674,037	136,774,604	88,223,024,624	388,819,473,265
Adjustment in the previous year	-	-	-	-	-	(4,493,926)	(4,493,926)
Difference on foreign exchange occurred due to converting the report	-	-	-	401,733,934	-	-	401,733,934
Additional corporate income tax payable for the previous years	-	-	-	-	-	(5,283,115,639)	(5,283,115,639)
Issuing shares to increase capital	25,680,000,000	92,448,000,000	-	-	-	-	118,128,000,000
Profit of the previous year	-	-	-	-	-	193,229,063,506	193,229,063,506
Dividends shared	-	-	-	-	-	(45,084,750,000)	(45,084,750,000)
Extractions for funds	-	-	-	-	-	(7,886,511,870)	(7,886,511,870)
<b>Ending balance of the previous year</b>	<b>325,680,000,000</b>	<b>92,448,000,000</b>	<b>-</b>	<b>861,407,971</b>	<b>136,774,604</b>	<b>223,193,216,695</b>	<b>642,319,399,270</b>
Beginning balance of the current year	325,680,000,000	92,448,000,000	-	861,407,971	136,774,604	223,193,216,695	642,319,399,270
Extractions for funds from profit in previous years	-	-	-	-	-	(15,526,034,445)	(15,526,034,445)
Difference on foreign exchange occurred due to converting the report	-	-	-	937,936,671	-	-	937,936,671
Inreasing capital from issuing bonus shares to employees	9,422,100,000	-	-	-	-	(9,422,100,000)	-
Increasing capital due to distributing dividends in form of shares	108,810,630,000	-	-	-	-	(108,810,630,000)	-
Issuing shares to increase capital	27,600,000,000	99,360,000,000	-	-	-	-	126,960,000,000
Repurchase of shares already issued	-	-	(32,725,310,618)	-	-	-	(32,725,310,618)
Profit of the current year	-	-	-	-	-	214,034,972,130	214,034,972,130
<b>Ending balance of the current year</b>	<b>471,512,730,000</b>	<b>191,808,000,000</b>	<b>(32,725,310,618)</b>	<b>1,799,344,642</b>	<b>136,774,604</b>	<b>303,469,424,380</b>	<b>936,000,963,008</b>

Dong Thap, 28 March 2011



Nguyễn Thị Kim Dao  
Chief Accountant



Trương Thị Lê Khanh  
General Director