

**Nam Viet Corporation and its
subsidiaries**

Consolidated Financial Statements for
the year ended 31 December 2009

**Nam Viet Corporation
Corporate Information**

Business Registration No 5203000050 2 October 2006
and amended on 5 October 2006,
1 August 2007 and 30 June 2008

Board of Management

Mr Doan Toi	Chairman
Mr Nguyen Duy Nhut	Deputy Chairman
Mr Doan Chi Thanh	Member
Mr Do Lap Nghiep	Member
Mr Nguyen Thua Buu	Member
Mr Doan Quoc Xa	Member

Board of Directors

Mr Doan Toi	General Director
Ms Duong Thi Kim Huong	Deputy General Director
Mr Nguyen Duy Nhut	Deputy General Director and Financial Manager
Mr Doan Van Nho	Chief Accountant

Registered Office

19D Tran Hung Dao Street
My Quy Ward
An Giang Province
Vietnam

Auditors

KPMG Limited
Vietnam

REPORT OF THE INDEPENDENT AUDITORS

**To the Shareholders
Nam Viet Corporation**

Scope

We have audited the accompanying consolidated balance sheet of Nam Viet Corporation (“the Company”) and its subsidiaries (together referred to as “the Group”) as of 31 December 2009 and the related consolidated statements of income, changes in equity and cash flows for the year then ended and explanatory notes thereto. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2009 and of its consolidated results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(d) to the consolidated financial statements. On 15 October 2009, the Ministry of Finance issued Circular No. 201/2009/TT-BTC dated 15 October 2009 regarding recognition of foreign exchange differences. The Company and its subsidiaries has opted to continue applying the previous accounting policy on foreign currency transactions which is in accordance with Vietnamese Accounting Standard No. 10 – *The Effects of Changes in Foreign Exchange Rates*. Note 2(d) to the consolidated financial statements includes the disclosure regarding the effect if the Company had adopted Circular No. 201/2009/TT-BTC dated 15 October 2009 of the Ministry of Finance.

KPMG Limited

Vietnam

Investment Certificate No: 01043000345

Audit Report No: 09-01-150

Chong Kwang Puay
CPA No. N0864/KTV
Deputy General Director

Ho Chi Minh City,

Ha Vu Dinh
CPA No. 0414/KTV

Nam Viet Corporation and its subsidiaries
Consolidated balance sheet at 31 December 2009

	Code	Note	31/12/2009 VND'000	31/12/2008 VND'000
ASSETS				
Current assets	100		1,270,483,175	1,739,898,664
Cash and cash equivalents	110	4	190,602,201	96,890,634
Cash	111		30,700,551	59,150,763
Cash equivalents	112		159,901,650	37,739,871
Accounts receivable	130	5	789,985,634	963,841,614
Accounts receivable – trade	131		387,547,157	469,594,972
Prepayments to suppliers	132		69,135,437	12,884,434
Inter-company receivables	133		347,036,245	471,324,477
Other receivables	135		18,414,853	20,943,612
Allowance for doubtful debts	139		(32,148,058)	(10,905,881)
Inventories	140	6	284,013,995	638,823,284
Inventories	141		352,556,295	701,642,506
Allowance for inventories	149		(68,542,300)	(62,819,222)
Other current assets	150		5,881,345	40,343,132
Short-term prepayments	151		28,036	-
Deductible value added tax	152		3,484,940	16,636,648
Taxes receivable from State Treasury	154		-	80,330
Other current assets	158		2,368,369	23,626,154
Long-term assets	200		929,614,993	919,947,423
Fixed assets	220		608,590,267	604,135,987
Tangible fixed assets	221	7	432,245,057	488,022,031
<i>Cost</i>	222		666,318,639	629,759,610
<i>Accumulated depreciation</i>	223		(234,073,582)	(141,737,579)
Intangible fixed assets	227	8	17,896,441	16,209,872
<i>Cost</i>	228		18,039,618	16,332,506
<i>Accumulated amortisation</i>	229		(143,177)	(122,634)
Construction in progress	230	9	158,448,769	99,904,084
Long-term investments	250	10	243,590,520	287,951,220
Investments in an associate	252		17,400,000	-
Other long-term investments	258		233,410,000	299,190,500
Allowance for diminution in the value of long-term investments	259		(7,219,480)	(11,239,280)

The accompanying notes are an integral part of these financial statements

Nam Viet Corporation and its subsidiaries
Consolidated balance sheet at 31 December 2009 (continued)

	Code	Note	31/12/2009 VND'000	31/12/2008 VND'000
Other long-term assets	260		77,434,206	27,860,216
Long-term prepayments	261		297,979	-
Deferred tax assets	262	11	57,936,227	4,278,433
Other long-term assets	268	12	19,200,000	23,581,783
TOTAL ASSETS	270		2,200,098,168	2,659,846,087
RESOURCES				
LIABILITIES	300		726,672,498	1,058,369,530
Current liabilities	310		670,690,708	981,960,495
Short-term borrowings	311	13	498,440,538	761,738,824
Accounts payable – trade	312		127,979,753	152,734,416
Advance from customers	313		12,872,061	14,598,629
Taxes payable to State Treasury	314	14	7,266,081	12,240,854
Payable to employees	315		9,425,167	10,486,756
Accrued expenses	316	15	6,199,155	1,862,778
Inter-company payables	317	16	234,782	5,157,614
Other payables	319	17	8,273,171	23,140,624
Long-term borrowings and liabilities	330		55,981,790	76,409,035
Long-term borrowings	334	18	51,733,695	70,722,460
Provision for severance allowance	336	19	4,248,095	5,686,575

The accompanying notes are an integral part of these financial statements

Nam Viet Corporation and its subsidiaries
Consolidated balance sheet at 31 December 2009 (continued)

	Code	Note	31/12/2009 VND'000	31/12/2008 VND'000
EQUITY	400		1,470,025,670	1,601,476,557
Equity	410		1,454,764,962	1,585,462,952
Share capital	411	20	660,000,000	660,000,000
Share premium	412	20	611,965,459	611,965,459
Treasury share	414	20	(27,417,630)	(27,417,630)
Foreign exchange differences	416		(988,442)	-
Retained profits	420		211,205,575	340,915,123
Non-business expenditure fund	430		15,260,708	16,013,605
Bonus and welfare fund	431		15,260,708	16,013,605
MINORITY INTEREST	439	21	3,400,000	-
TOTAL RESOURCES	440		2,200,098,168	2,659,846,087

Prepared by:

Approved by:

Doan Van Nho
Chief Accountant

Doan Toi
General Director

The accompanying notes are an integral part of these financial statements

Nam Viet Corporation and its subsidiaries
Consolidated statement of income for the year ended 31 December 2009

	Code	Note	2009 VND'000	2008 VND'000
Total revenue	01	3	1,886,008,510	3,336,126,789
Less sales deductions	02	3	(26,657,770)	(16,923,355)
Net sales	10	3	1,859,350,740	3,319,203,434
Cost of sales	11		(1,900,302,750)	(2,832,484,046)
Gross (loss)/profit	20		(40,952,010)	486,719,388
Financial income	21	22	99,727,198	169,117,350
Financial expenses	22	23	(45,842,494)	(178,181,755)
Selling expenses	24		(128,506,731)	(310,692,886)
General and administration expenses	25		(62,533,178)	(56,768,284)
Net operating (loss)/profit	30		(178,107,215)	110,193,813
Results of other activities	40			
Other income	31	24	3,840,488	6,769,928
Other expenses	32	25	(1,289,365)	(3,621,826)
(Loss)/profit before tax	50		(175,556,092)	113,341,915
Income tax expense – current	51	26	(5,811,250)	(18,066,442)
Income tax benefit – deferred	52	26	53,657,794	2,470,837
Net (loss)/profit	60		(127,709,548)	97,746,310
Basic (loss)/earnings per share	70	27	(1,947)	1,488

Prepared by:

Approved by:

Doan Van Nho
Chief Accountant

Doan Toi
General Director

The accompanying notes are an integral part of these financial statements

Nam Viet Corporation and its subsidiaries
Consolidated statement of changes in equity for the year ended 31 December 2009

	Share capital VND'000	Share premium VND'000	Treasury shares VND'000	Foreign exchange differences VND'000	Bonus and welfare fund VND'000	Retained profits VND'000	Total VND'000
Balance at 1 January 2008	660,000,000	611,965,459	-	1,130,471	8,638,922	410,668,808	1,692,403,660
Treasury share capital	-	-	(27,417,630)	-	-	-	(27,417,630)
Net profit for the year	-	-	-	-	-	97,746,310	97,746,310
Realisation of unrealised exchange differences	-	-	-	(1,130,471)	-	-	(1,130,471)
Transfer to bonus and welfare fund	-	-	-	-	10,010,327	(10,010,327)	-
Dividends	-	-	-	-	-	(157,489,668)	(157,489,668)
Paid during the year	-	-	-	-	(2,635,644)	-	(2,635,644)
Balance at 1 January 2009	660,000,000	611,965,459	(27,417,630)	-	16,013,605	340,915,123	1,601,476,557
Net loss for the year	-	-	-	-	-	(127,709,548)	(127,709,548)
Unrealised exchange differences	-	-	-	(988,442)	-	-	(988,442)
Transfer to bonus and welfare fund	-	-	-	-	2,000,000	(2,000,000)	-
Paid during the year	-	-	-	-	(2,752,897)	-	(2,752,897)
Balance at 31 December 2009	660,000,000	611,965,459	(27,417,630)	(988,442)	15,260,708	211,205,575	1,470,025,670

Prepared by:

Approved by:

Doan Van Nho
Chief Accountant

Doan Toi
General Director

The accompanying notes are an integral part of these financial statements

Nam Viet Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2009

	Code	Note	2009 VND'000	2008 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax	01		(175,556,092)	113,341,915
Adjustments for				
Depreciation and amortisation	02		94,125,090	56,336,958
Allowances and provisions	03		33,328,948	76,084,323
Unrealised foreign exchange (gains)/ losses	04		(11,624,071)	2,562,331
(Gain)/loss from disposals of fixed assets	05		(271,537)	159,832
Interest expense	06		41,834,624	82,051,861
Interest and dividend income	07		(20,059,546)	(67,029,939)
Operating (loss)/profit before changes in working capital	08		(38,222,584)	263,507,281
Change in receivables and other current assets	09		122,237,972	(154,283,958)
Change in inventories	10		349,086,211	(470,143,013)
Change in payables and other liabilities	11		(38,350,159)	(129,722,195)
			394,751,440	(490,641,885)
Interest paid	13		(41,834,624)	(82,051,861)
Corporate income tax paid	14		(7,443,920)	(35,186,992)
Net cash generated from/(used in) operating activities	20		345,472,896	(607,880,738)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(99,741,084)	(180,100,741)
Proceeds from disposals of fixed assets	22		1,433,251	2,272,361
Proceeds from disposals of long-term investments	22		65,780,500	-
Decrease/(increase) in other long- term assets	23		4,381,783	(64,881)
Increase in long-term investments	24		(17,400,000)	(120,780,500)
Receipts of interest and dividends	27		20,059,546	67,029,939
Loans to related parties	28		(57,930,000)	(1,305,073,143)
Loans repaid by related parties	29		128,314,708	1,612,637,624
Net cash generated from investing activities	30		44,898,704	75,920,659

The accompanying notes are an integral part of these financial statements

Nam Viet Corporation and subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2009
(continued)

	Code	Note	2009 VND'000	2008 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for repurchases of shares	32		-	(27,417,630)
Proceeds from equity issued by subsidiary to minority interest	32		3,400,000	-
Proceeds from short-term and long-term borrowings	33		1,955,280,718	3,523,871,465
Payments to settle debts	34		(2,243,160,702)	(2,913,306,973)
Payments of dividends	36		(12,180,049)	(221,559,261)
Net cash (used in)/generated from financing activities	40		(296,660,033)	361,587,601
Net cash flows during the year	50		93,711,567	(170,372,478)
Cash and cash equivalents at the beginning of the year	60		96,890,634	266,442,925
Impact of exchange rate fluctuations	62		-	820,187
Cash and cash equivalents at the end of the year	70	4	190,602,201	96,890,634

Prepared by:

Approved by:

Doan Van Nho
Chief Accountant

Doan Toi
General Director

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. Reporting Entity

Nam Viet Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Company are to construct civil, industrial, traffic and irrigational architectural projects; engage in aquaculture and manufacture, process and trade aquatic products; manufacture packaging products and bio-diesel oil; manufacture fish oil and fish meal; and manufacture gentaline and glycerine glue.

The Company was formed by converting Nam Viet Company Limited, a limited company established under the Enterprise Law of Vietnam, into a joint stock company on 2 October 2006. All assets and liabilities of Nam Viet Company Limited were transferred to the Company at their carrying values at the time of conversion.

The total charter capital amount of the Company as stipulated in the Business Registration was VND600,000,000,000. During the year 2008, the total charter capital amount of the Company was increased from VND600,000,000,000 to VND660,000,000,000 under a revision to the Business Registration dated 1 August 2007.

The consolidated financial statements for the year ended 31 December 2009 relate to the Company and its subsidiaries, Indian Ocean Company Limited and Nam Viet Cromit Company Limited (together referred to as “the Group”).

The details of the subsidiaries, which are incorporated in Vietnam, are as follows:

Name of subsidiary	Principal activity	Investment license	% ownership
Indian Ocean Company Limited	To process aquatic products, manufacture paper packaging, process fish oil and powder, manufacture gentaline, glycerine glue and bio-diesel products	5704000012 issued by the Can Tho Department of Planning and Investment on 26 October 2006	100%
Nam Viet Cromit Company Limited	To exploit chromic ore and produce ferrochrome	2602002323 issued by the Thanh Hoa Department of Planning and Investment on 23 September 2008 and updated on 19 June 2009	51%

As at 31 December 2009, Nam Viet Cromit Company Limited is in the construction and pre-operating stage.

As at 31 December 2009 the Group had 5,043 employees (2008: 9,100 employees).

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

2. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

The consolidated financial statements, expressed in Vietnam Dong rounded to the nearest thousand (“VND’000”), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

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

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

An associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. An associate entity is accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group’s share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

(iii) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised differences arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(c) Fiscal year

The fiscal year of the Company and its subsidiaries is from 1 January to 31 December.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

(d) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates.

All foreign exchange differences are recorded in the statement of income, except when they relate to the construction of tangible fixed assets or the translation of foreign currency monetary items during the Company's subsidiary's pre-operating stage, in which case they are recorded in the Foreign Exchange Difference Account in equity until the subsidiary commences operations and the tangible fixed assets are put into use. Once the subsidiary commences operations and the tangible fixed assets are put into use, the related realised foreign exchange differences are transferred to the statement of income, unrealised foreign exchange gains are transferred to the Unearned Revenue Account and unrealised foreign exchange losses are transferred to the Long-term Prepayment Account. The unrealised gains and losses are then amortised on a straight line basis over five years. This policy is in accordance with Vietnamese Accounting Standard No. 10 ("VAS 10") – *The Effects of Changes in Foreign Exchange Rates*.

On 15 October 2009, the Ministry of Finance issued Circular No. 201/2009/TT-BTC providing guidance on recognition of foreign exchange differences. This Circular requires that foreign exchange differences arising from period end translation of current monetary assets and liabilities denominated in currencies other than VND be recorded in the Foreign Exchange Difference Account in equity; and that such exchange differences be subsequently reversed at the beginning of the following period. The Group chose to continue applying VAS 10 for recognition of foreign exchange differences.

(e) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Investments

Investments in term deposits, debt instruments and equity instruments of entities over which the Group has no control or significant influence are stated at cost. Allowance is made for reduction in investment values which in the opinion of the management are not temporary. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

(g) Accounts receivable

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

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventory.

(i) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the costs of dismantling and removing the asset and restoring the site on which they are located. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings	5 – 25 years
▪ office equipment	5 – 10 years
▪ plant and equipment	5 – 7 years
▪ motor vehicles	3 – 7 years

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

(j) Intangible fixed assets

(i) Freehold land use rights

Freehold land use rights are stated at cost and are not amortised. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right.

(ii) Software

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 3 years.

(k) Construction in progress

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(l) Long-term prepayments

Pre-operating expenses

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepayments, initially stated at cost, and are amortised on a straight line basis over three years starting from the date of commercial operation.

(m) Trade and other payables

Trade and other payables are stated at their cost.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

(o) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Bonus and welfare fund

Allocation is made to bonus and welfare funds from retained earnings annually based on shareholders' resolution. This fund is used exclusively to pay bonuses and welfare to the Group's staff. Payments from bonus and welfare funds are not charged to the income statement.

(q) Revenue

Goods sold

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

(r) Operating lease payments

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

(s) Borrowing costs

Borrowing costs are recognised as an expense in the year they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

(t) Related companies

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(u) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those in other segments. The Group’s primary format for segment reporting is based on its geographical segments. The Group operates in one single business segment, which is the manufacturing and sale of processed fish products.

(w) Off balance sheet items

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these financial statements.

Nam Viet Corporation and subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2009 (continued)

3. Segment reporting

Segment information is presented in respect of the Group's geographical segment.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling, general and administration expenses, other gains or losses, and corporate income tax.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which are located in Vietnam ("Local") or countries other than Vietnam ("Export").

	Export		Local		Consolidated	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Total revenue	1,435,154,353	2,376,511,037	450,854,157	959,615,752	1,886,008,510	3,336,126,789
Less sales deductions	(14,437,354)	(4,819,090)	(12,220,416)	(12,104,265)	(26,657,770)	(16,923,355)
Net sales	1,420,716,999	2,371,691,947	438,633,741	947,511,487	1,859,350,740	3,319,203,434
Cost of sales	(1,540,423,536)	(2,059,978,675)	(359,879,214)	(772,505,371)	(1,900,302,750)	(2,832,484,046)
Gross (loss)/profit	(119,706,537)	311,713,272	78,754,527	175,006,116	(40,952,010)	486,719,388

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

4. Cash and cash equivalents

	31/12/2009 VND'000	31/12/2008 VND'000
Cash on hand	2,614,823	2,061,897
Cash in banks	28,085,728	57,088,866
Cash equivalents	159,901,650	37,739,871
	<hr/>	
Cash and cash equivalents in the statement of cash flows	190,602,201	96,890,634
	<hr/> <hr/>	

Cash at 31 December 2009 included amounts denominated in currencies other than VND amounting to VND61,974 million (2008: VND23,244 million).

5. Accounts receivable

Accounts receivable include the following amounts due from related parties:

	31/12/2009 VND'000	31/12/2008 VND'000
Amounts due from related companies		
Trade	207,866,296	306,014,258
Non-trade	139,169,949	165,310,219
	<hr/>	
	347,036,245	471,324,477
	<hr/> <hr/>	

The amounts due from related companies were unsecured, interest free and had no fixed terms of repayment.

Other receivables comprised:

	31/12/2009 VND'000	31/12/2008 VND'000
Loans receivable (*)	7,956,336	11,100,094
Others	10,458,517	9,843,518
	<hr/>	
	18,414,853	20,943,612
	<hr/> <hr/>	

(*) Loans receivable represented loans to employees which were unsecured and bore interest at 1.1% (2008: 1.5%) per month during the year.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

Movements in the allowance for doubtful debts during the year were as follows:

	2009	2008
	VND'000	VND'000
Opening balance	10,905,881	9,147,867
Increase in allowance during the year	31,625,670	2,025,821
Allowance utilised during the year	(10,383,493)	(267,807)
	<hr/>	<hr/>
Closing balance	32,148,058	10,905,881
	<hr/>	<hr/>

6. Inventories

	31/12/2009	31/12/2008
	VND'000	VND'000
Raw materials	12,389,998	17,995,922
Tools and supplies	2,601,369	5,929,167
Work in progress	11,712,282	74,579
Finished goods	325,852,646	674,193,783
Merchandise inventory	-	3,449,055
	<hr/>	<hr/>
	352,556,295	701,642,506
Allowance for inventories	(68,542,300)	(62,819,222)
	<hr/>	<hr/>
	284,013,995	638,823,284
	<hr/>	<hr/>

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

	2009	2008
	VND'000	VND'000
Opening balance	62,819,222	-
Increase in allowance during the year	5,723,078	62,819,222
	<hr/>	<hr/>
Closing balance	68,542,300	62,819,222
	<hr/>	<hr/>

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

7. Tangible fixed assets

	Buildings VND'000	Office equipment VND'000	Plant and equipment VND'000	Motor vehicles VND'000	Total VND'000
Cost					
Opening balance	197,491,381	9,169,124	404,448,677	18,650,428	629,759,610
Additions	63,709	453,984	7,060,890	-	7,578,583
Transfers from construction in progress	24,422,143	33,651	4,849,211	2,605,699	31,910,704
Disposals	-	-	-	(2,110,491)	(2,110,491)
Written off	-	-	(182,788)	(636,979)	(819,767)
Reclassifications	-	377,168,079	(368,316,181)	(8,851,898)	-
Closing balance	221,977,233	386,824,838	47,859,809	9,656,759	666,318,639
Accumulated depreciation					
Opening balance	50,119,208	3,250,305	80,814,626	7,553,440	141,737,579
Charge for the year	31,213,885	2,238,535	57,326,081	3,326,046	94,104,547
Disposals	-	-	-	(948,777)	(948,777)
Written off	-	-	(182,788)	(636,979)	(819,767)
Reclassifications	-	125,874,616	(122,069,726)	(3,804,890)	-
Closing balance	81,333,093	131,363,456	15,888,193	5,488,840	234,073,582
Net book value					
Closing balance	140,644,140	255,461,382	31,971,616	4,167,919	432,245,057
Opening balance	147,372,173	5,918,819	323,634,051	11,096,988	488,022,031

Included in the cost of tangible fixed assets were assets costing VND21,416 million which were fully depreciated as of 31 December 2009 (31/12/2008: VND18,978 million), but which are still in active use.

At 31 December 2009 tangible fixed assets with a carrying value of VND254,045 million (31/12/2008: VND468,440 million) were pledged with banks as security for loans granted to the Group.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

8. Intangible fixed assets

	Freehold land use rights VND'000	Software VND'000	Total VND'000
Cost			
Opening balance	16,183,968	148,538	16,332,506
Additions	-	26,753	26,753
Transfer from construction in progress	1,680,359	-	1,680,359
	<hr/>		
Closing balance	17,864,327	175,291	18,039,618
	<hr/>		
Accumulated amortisation			
Opening balance	-	122,634	122,634
Charge for the year	-	20,543	20,543
	<hr/>		
Closing balance	-	143,177	143,177
	<hr/>		
Net book value			
Closing balance	17,864,327	32,114	17,896,441
Opening balance	16,183,968	25,904	16,209,872
	<hr/> <hr/>		

Included in the cost of intangible fixed assets were assets costing VND75 million which were fully amortised as of 31 December 2009 (31/12/2008: nil), but which are still in use.

At 31 December 2009 intangible fixed assets with a carrying value of VND6,360 million (31/12/2008: nil) were pledged with banks as security for loans granted to the Group.

9. Construction in progress

	2009 VND'000	2008 VND'000
Opening balance	99,904,084	353,513,374
Additions during the year	92,135,748	157,527,460
Transfers to tangible fixed assets	(31,910,704)	(411,136,750)
Transfers to intangible fixed assets	(1,680,359)	-
	<hr/>	
Closing balance	158,448,769	99,904,084
	<hr/> <hr/>	

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

At 31 December 2009 construction in progress with a carrying value of VND10,889 million (31/12/2008: nil) were pledged with banks as security for loans granted to the Group.

10. Long-term investments

	31/12/2009	31/12/2008
	VND'000	VND'000
Investments in an associate:		
▪ DAP2 - Vinachem Joint Stock Company	17,400,000	-
Other long-term investments in:		
▪ Mekong Development Joint Stock Commercial Bank	135,000,000	135,000,000
▪ Viet Long Growth Fund	20,200,000	20,200,000
▪ Viet Capital Medical Security Investment Fund	20,000,000	20,000,000
▪ Vietnam National Aviation Insurance Company	43,200,000	43,200,000
▪ Tai Nguyen Trading - Manufacturing - Construction Co., Ltd	-	65,780,500
▪ Vietnam Chemical Finance Joint Stock Company	10,000,000	10,000,000
▪ Hung Viet Fund Management Joint Stock Company	5,000,000	5,000,000
▪ Long-term treasury bonds	10,000	10,000
	<hr/>	<hr/>
	233,410,000	299,190,500
	<hr/>	<hr/>
	250,810,000	299,190,500
Allowance for diminution in value of long-term investments	(7,219,480)	(11,239,280)
	<hr/>	<hr/>
	243,590,520	287,951,220
	<hr/> <hr/>	<hr/> <hr/>

Details of the investments in an associate are as follows:

Name	Address	Business Registration Certificate	% of ownership	Amount	
				31/12/2009 VND	31/12/2008 VND
DAP2 – Vinachem Joint Stock Company	Xa Xuan Commune, Bao Thang District, Lao Cai Province	1203000200	29%	17,400,000	-

Movements in investments in an associate represented the capital contribution during the year.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

As at 31 December 2009, the associate has not started any activities and has not recognised any profits or losses. Therefore, the investments in an associate was stated at cost.

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

	2009 VND'000	2008 VND'000
Opening balance	11,239,280	-
Increase in allowance during the year	-	11,239,280
Written back	(4,019,800)	-
	<hr/>	<hr/>
Closing balance	7,219,480	11,239,280
	<hr/> <hr/>	<hr/> <hr/>

11. Deferred tax assets

Deferred tax assets are attributable to the following:

	31/12/2009 VND'000	31/12/2008 VND'000
Allowances and provisions	819,193	1,694,503
Tax loss carry forwards	57,117,034	2,583,930
	<hr/>	<hr/>
	57,936,227	4,278,433
	<hr/> <hr/>	<hr/> <hr/>

The deductible temporary differences do not expire under current tax legislation.

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2013	Outstanding	51,678,594
2014	Outstanding	272,665,518
		<hr/>
		324,344,112
		<hr/> <hr/>

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

12. Other long-term assets

Included in other long-term assets was the time deposits of VND19,200 million as of 31 December 2009 (2008: VND23,400 million) at An Giang mutual fund to secure the long-term borrowings.

13. Short-term borrowings

	31/12/2009	31/12/2008
	VND'000	VND'000
Short-term borrowings		
Facility 1 from ANZ	-	304,028,492
Facility 2 from BIDV - An Giang branch (a)	20,000,000	100,000,000
Facility 3 from Eximbank (b)	93,300,000	123,000,000
Facility 4 from VDB bank – An Giang branch (c)	71,000,000	86,400,000
Facility 5 from Vietcombank – An Giang branch (d)	48,200,000	100,000,000
Facility 6 from Cement Finance Company (e)	149,500,000	-
Facility 7 from Vietnam Chemical Finance Joint Stock Company (f)	70,000,000	-
Facility 8 from Bien Dong Corporation (g)	4,800,000	4,800,000
Facility 9 from Doan Toi, General Director (h)	17,058,840	10,000,000
	<hr/>	<hr/>
	473,858,840	728,228,492
	<hr/>	<hr/>
Current portion of long-term borrowings (Note 0)	24,581,698	33,510,332
	<hr/>	<hr/>
	498,440,538	761,738,824
	<hr/>	<hr/>

- a. Facility 2 is secured by tangible fixed assets with a carrying value as of 31 December 2009 of VND41,754 million (31/12/2008: VND50,279 million). The loan under this facility bore interest at rates ranging from 8% to 10% (2008: from 9.72% to 21%) per annum.
- b. Facility 3 is secured by tangible fixed assets with a carrying value as of 31 December 2009 of VND34,012 million (31/12/2008: VND38,195 million) and tangible fixed assets of Altantic Company Limited with carrying value as of 31 December 2009 of VND38,177 million (31/12/2008: VND47,497 million) and nine million shares of Mr Doan Chi Thanh, shareholder. The loan under this facility bore interest at rates ranging from 9% to 12% (2008: from 9.72% to 21%) per annum.
- c. Facility 4 is secured by intangible fixed assets with a carrying value as of 31 December 2009 of VND6,360 million (31/12/2008: nil). The loan under this facility bore interest at rates ranging from 6.9% to 11.04% (2008: from 8.76% to 16.2%) per annum.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

- d. Facility 5 is unsecured and bore interest from 9% to 10.6% (2008: 10.56%) per annum.
- e. Facility 6 is secured by tangible fixed assets and construction in progress with carrying value as of 31 December 2009 of VND39,333 million and VND10,889 million, respectively. The loan under this facility bore interest at rates ranging from 10% to 10.5% per annum.
- f. Facility 7 is secured by tangible fixed assets with carrying value as of 31 December 2009 of VND26,709 million. The loan under this facility bore interest at rates ranging from 10.5% to 12% per annum.
- g. Facility 8 is unsecured and bore interest at 9.6% (2008: 9.6%) per annum.
- h. Facility 9 is unsecured and bore interest at 1% per month from 1 January to 31 May 2009 and interest free for the remaining months (2008: 14.4% per annum)

14. Taxes payable to State Treasury

	31/12/2009	31/12/2008
	VND'000	VND'000
Value added tax	1,861,079	4,737,977
Import-export tax	1,424,052	1,891,598
Corporate income tax	3,973,884	5,606,554
Other taxes	7,066	4,725
	<hr/>	<hr/>
	7,266,081	12,240,854
	<hr/> <hr/>	<hr/> <hr/>

15. Accrued expenses

	31/12/2009	31/12/2008
	VND'000	VND'000
13 th month salary	6,199,155	1,862,778
	<hr/> <hr/>	<hr/> <hr/>

16. Inter-company payables

Inter-company payables were trade amounts due to related companies.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

17. Other payables

	31/12/2009	31/12/2008
	VND'000	VND'000
Purchases awaiting invoices	3,056,300	1,133,645
Social insurance	475,654	366,983
Health insurance	53,271	82,441
Unemployed insurance	51,631	-
Dividends	2,950,358	15,130,407
Others	1,685,957	6,427,148
	<hr/>	<hr/>
	8,273,171	23,140,624
	<hr/> <hr/>	<hr/> <hr/>

18. Long-term borrowings

	2009	2008
	VND'000	VND'000
An Giang mutual fund (a)	7,337,133	25,001,132
An Binh Bank (b)	68,978,260	79,231,660
	<hr/>	<hr/>
	76,315,393	104,232,792
Repayable within twelve months	(24,581,698)	(33,510,332)
	<hr/>	<hr/>
Repayable after twelve months	51,733,695	70,722,460
	<hr/> <hr/>	<hr/> <hr/>

- a. This loan is secured by tangible fixed assets with a carrying value as of 31 December 2009 of VND27,513 million (2008: VND36,632 million) and time deposits of VND19,200 million as of 31 December 2009 (2008: VND23,400 million). The loan bore interest at 5.4% (2008: 5.4%) per annum.
- b. This loan is secured by tangible fixed assets with a carrying value as at 31 December 2009 of VND84,724 million (2008: VND110,958 million). This loan bore interest at 6.73% (2008: 6.73%) per annum.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

Repayments of long-term borrowings based on the existing loan agreement are scheduled as follows:

Year of repayment	VND'000
2010	24,581,698
2011	17,244,565
2012	17,244,565
2013	17,244,565
	76,315,393
	76,315,393

19. Provision for severance allowance

Movements of provision for severance allowance during the year were as follows:

	VND'000
Opening balance	5,686,575
Provision used during the year	(1,438,480)
	4,248,095
Closing balance	4,248,095

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 2008 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

For the year ended 31 December 2009, the Group contributed VND556 million (31/12/2008: Nil) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the consolidated statement of income.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

20. Share capital

The Company's authorised and issued share capital are:

	31/12/2009		31/12/2008	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital	66,000,000	660,000,000	66,000,000	660,000,000
Treasury shares	(394,750)	(27,417,630)	(394,750)	(27,417,630)
Ordinary shares currently in circulation	65,605,250	632,582,370	65,605,250	632,582,370

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

21. Minority interest

Movements in minority interest represented the capital contribution by minority interest in Nam Viet Cromit Company Limited, a subsidiary, during the year.

22. Financial income

	2009 VND'000	2008 VND'000
Interest income		
▪ Related parties	242,681	46,426,522
▪ Banks	8,019,677	8,288,573
▪ Others	2,409,584	4,538,844
Dividend income	9,387,604	7,776,000
Foreign exchange gains	79,667,652	102,087,411
	99,727,198	169,117,350

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

23. Financial expenses

	2009	2008
	VND'000	VND'000
Interest expenses payable to		
▪ Related parties	1,077,600	3,393,896
▪ Banks	40,757,024	78,657,965
Foreign exchange losses	8,027,670	80,547,076
Losses from investment activities	-	4,343,538
Allowance for long-term investments	-	11,239,280
Reversal of allowance for long-term investments	(4,019,800)	-
	<hr/>	<hr/>
	45,842,494	178,181,755
	<hr/> <hr/>	<hr/> <hr/>

24. Other income

	2009	2008
	VND'000	VND'000
Proceeds of tangible fixed assets disposals	1,433,251	2,272,361
Others	2,407,237	4,497,567
	<hr/>	<hr/>
	3,840,488	6,769,928
	<hr/> <hr/>	<hr/> <hr/>

25. Other expenses

	2009	2008
	VND'000	VND'000
Net book value of tangible fixed assets disposed	1,161,714	2,432,193
Others	127,651	1,189,633
	<hr/>	<hr/>
	1,289,365	3,621,826
	<hr/> <hr/>	<hr/> <hr/>

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

26. Income tax

(a) Recognised in the statement of income

	2009 VND'000	2008 VND'000
Current tax expense		
Current year	134,273	16,072,161
Under provision in prior years	5,676,977	1,994,281
	<hr/> 5,811,250	<hr/> 18,066,442
Deferred tax income		
Origination of temporary differences	(53,657,794)	(2,470,837)
	<hr/> (47,846,544)	<hr/> 15,595,605
Income tax (benefit)/expense	<hr/> <hr/> (47,846,544)	<hr/> <hr/> 15,595,605

(b) Reconciliation of effective tax rate

	2009 VND'000	2008 VND'000
(Loss)/profit before tax	(175,556,092)	113,341,915
	<hr/> (35,111,218)	<hr/> 22,668,382
Tax at the Company's tax rate	(35,111,218)	22,668,382
Effect of difference in tax rate applied to a subsidiary	(8,047,408)	5,469,900
Taxable intra-group income (waived)/incurred	-	(1,666,171)
Non-deductible expenses	969,246	-
Tax exempt income	(1,877,521)	(1,499,616)
Effect of tax holiday and exemptions	(9,456,620)	(11,371,171)
Under provision in prior years	5,676,977	1,994,281
	<hr/> (47,846,544)	<hr/> 15,595,605
Income tax (benefit)/expense	<hr/> <hr/> (47,846,544)	<hr/> <hr/> 15,595,605

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

(c) Applicable tax rates

Nam Viet Corporation

Under the terms of Tax Incentive Licence No 70/CN.UN issued by the People’s Committee of An Giang Province on 11 May 2000 and the Official Letter No 2657/CT.TTr2 issued by An Giang Tax Department on 28 November 2006, Nam Viet Corporation has an obligation to pay the government income tax at the rate of 20% of taxable profits and is entitled to an exemption from income tax for 2002 and a 50% reduction in income tax from 2003 to 2006.

The Company is also entitled to an additional reduction of 50% of income tax on the profit arising on export sales if such sales exceeded the export sales in the prior year.

Furthermore, Nam Viet Corporation received the following tax incentives as a result of its re-investments:

Tax Incentive Licence	Tax incentive
Decision 70/CN.UB dated 16 August 2004	Exempt from CIT for 2005 and 50% reduction in CIT from 2006 to 2009 on the additional profits generated from the new investment

Indian Ocean Company Limited

Under the terms of its Investment Licence, Indian Ocean Company Limited has an obligation to pay the government CIT at the rate of 10% of taxable profits from 2008 to 2022 and 25% from 2023 to 2056. The provisions of Indian Ocean Company Limited’s Investment Licence allow it to be exempted from income tax from 2009 to 2012 and receive a 50% reduction in income tax from 2013 to 2021.

Nam Viet Cromit Company Limited

Under the terms of its Investment Licence, Nam Viet Cromit Company Limited has an obligation to pay the government income tax at the rate of 10% of taxable profits for 15 years from the first year generating revenue and 25% for the succeeding years. The provisions of Nam Viet Cromit Company Limited’s Investment Licence allow it to be exempted from income tax for four years starting from the year it generates a taxable profit or three years after it generates revenue, whichever is earlier and receive a 50% reduction in income tax for the nine succeeding years.

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

27. Basic earnings per share

The calculation of basic earnings per share at 31 December 2009 was based on the profit and loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net (loss)/ profit attributable to ordinary shareholders

	2009	2008
	VND'000	VND'000
Net (loss)/profit for the year	(127,709,548)	97,746,310
Net (loss)/profit attributable to ordinary shareholders	(127,709,548)	97,746,310

(ii) Weighted average number of ordinary shares

	Numbers of shares	
	2009	2008
Issued ordinary shares at the beginning of the year	65,605,250	66,000,000
Effect of shares bought back in February 2008	-	(209,425)
Effect of shares bought back in March 2008	-	(61,245)
Effect of shares bought back in April 2008	-	(41,187)
Weighted average number of ordinary shares as at 31 December 2009	65,605,250	65,688,143

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

28. Significant transactions with related parties

In addition to the related party balances disclosed in other notes to the consolidated financial statements, during the year there were the following significant transactions with related parties:

	Transaction value	
	2009	2008
	VND'000	VND'000
Related companies		
Atlantic Co Ltd		
Sales of products	256,190,606	117,362,037
Sales of materials	7,395,990	26,691,422
Loan to related company	57,930,000	1,232,523,143
Interest income	242,681	46,353,403
Payment on behalf	1,845,406	80,000,509
Purchases of processed products	25,407,294	1,096,460,303
Processing fee	75,968,859	-
Bluesky Co Ltd		
Sales of finished goods	29,469,399	52,642,251
Shareholder		
Doan Toi		
Borrowings	19,991,000	58,334,610
Interest expenses	572,000	3,109,695
Doan Chi Thanh		
Loan to shareholder	-	17,550,000
Doan Chi Thien		
Loan to related company	-	55,000,000

29. Capital commitments

As at 31 December 2009 the Group had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2009	31/12/2008
	VND'000	VND'000
Approved and contracted	107,466,097	13,581,600

Nam Viet Corporation and subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2009
(continued)

30. Production and business costs by element

	2009	2008
	VND'000	VND'000
Raw material costs included in production costs	1,276,398,749	2,652,482,347
Labour costs and staff costs	128,808,602	121,271,574
Depreciation and amortisation	94,125,090	56,336,958
Outside services	292,004,474	206,853,335
Other expenses	16,461,995	7,275,730

Prepared by:

Approved by:

Doan Van Nho
Chief Accountant

Doan Toi
General Director

**Nam Viet Corporation and subsidiaries
Management report (unaudited)**

The consolidated balance sheet of Nam Viet Corporation and its subsidiaries as of 31 December 2009 and the related consolidated statement of income for the year then ended have been prepared as follows:

Balance sheet	The Company VND'000	Indian Ocean Company Limited VND'000	Nam Viet Cromit Company Limited VND'000	Consolidation adjustments VND'000	The Group VND'000
ASSETS					
Current assets	1,474,711,762	249,072,377	27,593,587	(480,894,551)	1,270,483,175
Cash and cash equivalents	182,150,408	6,986,496	1,465,297	-	190,602,201
Cash	28,751,958	483,296	1,465,297	-	30,700,551
Cash equivalents	153,398,450	6,503,200	-	-	159,901,650
Accounts receivable - short-term	1,101,846,500	143,175,084	25,858,601	(480,894,551)	789,985,634
Accounts receivable – trade	371,004,138	16,543,019	-	-	387,547,157
Prepayments to suppliers	24,313,104	19,682,077	25,140,256	-	69,135,437
Inter-company receivables	721,040,541	106,890,255	-	(480,894,551)	347,036,245
Other receivables	17,636,775	59,733	718,345	-	18,414,853
Allowance for doubtful debts	(32,148,058)	-	-	-	(32,148,058)
Inventories	184,967,271	98,876,145	170,579	-	284,013,995
Inventories	205,135,254	147,250,462	170,579	-	352,556,295
Allowance for inventories	(20,167,983)	(48,374,317)	-	-	(68,542,300)

Nam Viet Corporation and subsidiaries
Management report (unaudited) (continued)

	The Company VND'000	Indian Ocean Company Limited VND'000	Nam Viet Cromit Company Limited VND'000	Consolidation adjustments VND'000	The Group VND'000
Balance sheet					
Other current assets	5,747,583	34,652	99,110	-	5,881,345
Short-term prepayments	-	-	28,036	-	28,036
Deductible value added tax	3,484,940	-	-	-	3,484,940
Other current assets	2,262,643	34,652	71,074	-	2,368,369
Long-term assets	626,369,152	352,226,510	59,265,618	(108,246,287)	929,614,993
Fixed assets	200,131,068	349,392,739	59,066,460	-	608,590,267
Tangible fixed assets	95,550,183	331,434,706	5,260,168	-	432,245,057
<i>Cost</i>	232,719,227	427,778,341	5,821,071	-	666,318,639
<i>Accumulated depreciation</i>	(137,169,044)	(96,343,635)	(560,903)	-	(234,073,582)
Intangible fixed assets	16,216,082	-	1,680,359	-	17,896,441
<i>Cost</i>	16,359,259	-	1,680,359	-	18,039,618
<i>Accumulated amortisation</i>	(143,177)	-	-	-	(143,177)
Construction in progress	88,364,803	17,958,033	52,125,933	-	158,448,769
Long-term investments	351,836,807	-	-	(108,246,287)	243,590,520
Investment in subsidiaries	108,246,287	-	-	(108,246,287)	-
Investment in an associate	17,400,000	-	-	-	17,400,000
Other long-term investments	233,410,000	-	-	-	233,410,000
Allowance for diminution in the value of long-term investments	(7,219,480)	-	-	-	(7,219,480)

Nam Viet Corporation and subsidiaries
Management report (unaudited) (continued)

Balance sheet	The Company VND'000	Indian Ocean Company Limited VND'000	Nam Viet Cromit Company Limited VND'000	Consolidation adjustments VND'000	The Group VND'000
Other long-term assets	74,401,277	2,833,771	199,158	-	77,434,206
Long-term prepayments	-	98,821	199,158	-	297,979
Deferred tax assets	55,201,277	2,734,950	-	-	57,936,227
Other long-term assets	19,200,000	-	-	-	19,200,000
TOTAL ASSETS	2,101,080,914	601,298,887	86,859,205	(589,140,838)	2,200,098,168
RESOURCES					
LIABILITIES	657,353,522	538,012,167	12,201,360	(480,894,551)	726,672,498
Current liabilities	654,012,656	485,371,243	12,201,360	(480,894,551)	670,690,708
Short-term borrowings and liabilities	481,195,973	17,244,565	-	-	498,440,538
Accounts payable – trade	114,249,118	2,395,235	11,335,400	-	127,979,753
Advance from customers	12,492,864	379,197	-	-	12,872,061
Taxes payable to State Treasury	5,397,936	1,868,145	-	-	7,266,081
Payable to employees	4,030,168	5,180,649	214,350	-	9,425,167
Accrued expenses	3,582,939	2,616,216	-	-	6,199,155
Inter-company payables	25,707,756	454,876,859	544,718	(480,894,551)	234,782
Other payables	7,355,902	810,377	106,892	-	8,273,171

**Nam Viet Corporation and subsidiaries
Management report (unaudited) (continued)**

	The Company VND'000	Indian Ocean Company Limited VND'000	Nam Viet Cromit Company Limited VND'000	Consolidation adjustments VND'000	The Group VND'000
Balance sheet					
Long-term liabilities	3,340,866	52,640,924	-	-	55,981,790
Long-term borrowings	-	51,733,695	-	-	51,733,695
Provision for severance allowance	3,340,866	907,229	-	-	4,248,095
EQUITY	1,443,727,392	63,286,720	74,657,845	(111,646,287)	1,470,025,670
Equity	1,429,253,692	62,499,712	74,657,845	(111,646,287)	1,454,764,962
Share capital	660,000,000	36,000,000	75,646,287	(111,646,287)	660,000,000
Share premium	611,965,459	-	-	-	611,965,459
Treasury share	(27,417,630)	-	-	-	(27,417,630)
Foreign exchange differences	-	-	(988,442)	-	(988,442)
Retained profits	184,705,863	26,499,712	-	-	211,205,575
Other funds	14,473,700	787,008	-	-	15,260,708
Bonus and welfare funds	14,473,700	787,008	-	-	15,260,708
MINORITY INTEREST	-	-	-	3,400,000	3,400,000
TOTAL RESOURCES	2,101,080,914	601,298,887	86,859,205	(589,140,838)	2,200,098,168

**Nam Viet Corporation and subsidiaries
Management report (unaudited)**

Statement of income	The Company VND'000	Indian Ocean Company Limited VND'000	Consolidation adjustments VND'000	The Group VND'000
Total revenue	1,754,464,022	760,770,398	(629,225,910)	1,886,008,510
Less sales deductions	(26,657,770)	-	-	(26,657,770)
Net sales	1,727,806,252	760,770,398	(629,225,910)	1,859,350,740
Cost of sales	(1,891,391,108)	(638,137,552)	629,225,910	(1,900,302,750)
Gross profit/(loss)	(163,584,856)	122,632,846	-	(40,952,010)
Financial income	118,943,600	4,083,320	(23,299,722)	99,727,198
Financial expenses	(34,908,917)	(34,233,299)	23,299,722	(45,842,494)
Selling expenses	(121,249,821)	(7,256,910)	-	(128,506,731)
General and administration expenses	(57,727,697)	(4,805,481)	-	(62,533,178)
Net operating profit/(loss)	(258,527,691)	80,420,476	-	(178,107,215)
Results of other activities	2,497,516	53,607	-	2,551,123
Other income	3,785,703	54,785	-	3,840,488
Other expenses	(1,288,187)	(1,178)	-	(1,289,365)
Profit/(loss) before tax	(256,030,175)	80,474,083	-	(175,556,092)
Corporate income tax – current	(5,811,250)	-	-	(5,811,250)
Corporate income tax – deferred	53,657,794	-	-	53,657,794
Net profit/(loss) after tax	(208,183,631)	80,474,083	-	(127,709,548)