Stone Harbor Emerging Markets Income Fund
Form N-CSRS
August 08, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-22473

Stone Harbor Emerging Markets Income Fund

(Exact name of registrant as specified in charter)

1290 Broadway, Suite 1100

Denver, CO 80203

(Address of principal executive offices) (Zip code)

Adam J. Shapiro, Esq.

c/o Stone Harbor Investment Partners LP

31 West 52nd Street, 16th Floor

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(Name and address of agent for service)

With copies To:

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Registrant s telephone number, including area code: (303) 623-2577

Date of fiscal year end: November 30

Date of reporting period: December 1, 2011   May 31, 2012

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Item 1. **Report to Stockholders.**

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Distribution Policy

May 31, 2012

Stone Harbor Emerging Markets Income Fund (the Fund), acting pursuant to a Securities and Exchange Commission exemptive order and with the approval of the Fund s Board of Trustees (the Board), has adopted a plan, consistent with its investment objectives and policies to support a level distribution of income, capital gains and/or return of capital (the Plan). In accordance with the Plan, the Fund currently distributes $0.18 per share on a monthly basis.

The fixed amount distributed per share is subject to change at the discretion of the Fund s Board. Under the Plan, the Fund will distribute all available investment income to its shareholders, consistent with its primary investment objectives and as required by the Internal Revenue Code of 1986, as amended (the Code). If sufficient investment income is not available on a monthly basis, the Fund will distribute long-term capital gains and/or return of capital to shareholders in order to maintain a level distribution. Each monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions and potential distribution rate increases or decreases to enable the Fund to comply with the distribution requirements imposed by the Code.

Shareholders should not draw any conclusions about the Fund s investment performance from the amount of these distributions or from the terms of the Plan. The Fund s total return performance on net asset value is presented in its financial highlights table.

The Board may amend, suspend or terminate the Fund s Plan without prior notice if it deems such action to be in the best interest of the Fund or its shareholders. The suspension or termination of the Plan could have the effect of creating a trading discount (if the Fund s stock is trading at or above net asset value) or widening an existing trading discount. The Fund is subject to risks that could have an adverse impact on its ability to maintain level distributions. Examples of potential risks include, but are not limited to, economic downturns impacting the markets, investments in foreign securities, foreign currency fluctuations and changes in the Code. Please refer to the Fund s prospectus for a more complete description of its risks.

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Stone Harbor Emerging Markets Income Fund

Shareholder Letter

May 31, 2012 (Unaudited)

Dear Investor,

The Stone Harbor Emerging Markets Income Fund (EDF or Fund) seeks to maximize total return, which consists of income on its investments and capital appreciation. The Fund invests in fixed income securities and related instruments that are economically tied to emerging markets (EM) countries, including sovereign external debt, local currency debt (non-US dollar), and corporate debt. We remain committed to our investment thesis that lending and investing in emerging market bonds and currencies with improving credit quality can generate strong total returns for long term investors. Despite today s current macroeconomic uncertainties, we believe EDF remains an attractive vehicle to capitalize on growth economies, particularly in a low interest rate environment.

The macroeconomic backdrop presented challenges and opportunities in emerging markets debt during the six months ended May 31, 2012. Through intensive credit research and a disciplined investment process, we believe we were able to identify attractive investments and avoid many of the markets pitfalls during the reporting period. But a key challenge so far in 2012 has been assessing the market impact of political events in advanced European economies. In this regard, we also believe we performed reasonably well, though EDF and most risk assets, suffered as it became apparent to the markets in May that the fate of the Euro and European growth rested in the hands of policy makers and the voting public in Greece, Spain, Italy, Germany and France.

In our view, the macroeconomic trends in developing countries remain supportive of emerging markets debt, which continues to offer compelling investment opportunities. Global growth is somewhat worse than it was a year ago. Concerns over Euro zone sovereign debt and bank liquidity and solvency could increase as well, potentially meaning there is further downside risk for emerging market currencies and credit spreads. However, the fundamental arguments for emerging markets remain in place. On aggregate, credit ratings are improving. Fiscal and monetary policies in many EM countries have room to provide stimulus, and terms of trade favors EMs. In the near-term, a worsening of the global environment may lead to a further flight to quality, but ultimately, capital flows, in our view, will head to where the growth is, and that is emerging markets.

At the moment, we believe the best strategy is to wait for news from Europe and for confirmation of improving growth data from the rest of the world before increasing EDF s risk profile. We believe EDF currently is positioned to take advantage of continued credit quality improvements and faster growth throughout the emerging world.

Performance Review

The total return on net asset value (NAV) of EDF for the six months ending May 31, 2012 was 2.07%, net of all fees. On a market value basis[1], the Fund s total return was 5.86% for the same period, as the Fund s premium increased from 1.5% to 5.36%. After a weak start in December 2011, in which the broad market and EDF s NAV dropped, the Funds cumulative total return on NAV began rising. Throughout most of the period[2], between January and May, EDF s cumulative total return on NAV exceeded the returns of each of the major sectors of emerging markets debt. The total return of the Fund on February 29, for example, was exactly 3.50% ahead of the return on the local currency debt market, which at the time was the best performing sector of emerging markets debt. In May, however, a sharp decline in market sentiment not deterioration in credit quality, in our view came in response to rising concerns about Europe s debt crisis and fears of a slowdown in global growth. EDF s portfolio managers shifted allocations between external sovereign, corporates and local currency emerging markets debt during the reporting period based on the team s views on risks and relative value. The market returns for the reporting period on these sectors were 4.66%, 5.77% and -0.15%,respectively.[3]

Portfolio management decisions that most enhanced EDF s performance were allocations to US dollar-denominated sovereign and corporate bonds. On balance, these allocations provided downside protection for the portfolio during May when market sentiment soured, but they also performed well from January to the end of April as credit spreads tightened relative to US Treasuries, resulting in positive absolute returns. Sovereign bond allocations in Colombia, Mexico, South Africa and Venezuela and to corporate bonds from Brazil, China and Indonesia were the largest positive contributors to performance. However, not all of the positions in US dollar-denominated debt performed as planned. Our allocation to Argentina sovereign bonds, for example, detracted from overall returns, particularly following announcements in early March of stricter capital controls and after the government re-nationalized YPF, the country s largest producer of oil and gas, in May.

We also employed leverage to seek to enhance returns. During the reporting period, leverage consisted primarily of short-term reverse repurchase agreements through which the Fund borrowed funds by lending securities under the obligation to repurchase them at a later date at a fixed price. The implied borrowing costs of the repurchase agreements averaged approximately 0.69% per annum. The level of gross leverage reached a maximum of 27% of total assets on May 30th and a minimum of 17.8% in January. By the end of the reporting period, leverage was 26.6%. Net leverage (gross leverage less cash held) remained lower than gross leverage throughout the period. The Fund management team varied borrowing levels to reflect the team s outlook on emerging markets debt, increasing borrowings when it felt opportunities had improved and reducing borrowings when, in the team s judgment, macroeconomic risks had risen.

Market Review

Total returns for the reporting period reflected fundamental and technical developments in emerging markets debt, as well as attempts by policy makers in advanced European economies to ease growing concerns about the Euro zone s debt and banking crises. For most of December 2011, external sovereign and corporate debt spreads relative to US Treasury yields widened on aggregate, but external bond total returns remained positive. Local debt returns, however, declined as EM foreign exchange values fell relative to the US Dollar. Foreign exchange markets began to recover in January 2012 after the European Central Bank implemented a new policy that provided cheap, long-term funding to European banks. By mid-January and continuing until early May, returns on all three sectors of emerging markets debt remained strongly positive, buoyed, in our view, by central bank liquidity as well as ongoing capital inflows.

Technical factors remained supportive. According to JP Morgan, new allocations to emerging markets from institutional fixed income investors amounted to over $28.5 billion in the first five months of 2012. Of this amount, over 80% was allocated to US dollar-denominated sovereign and corporate bonds; the remainder went to local currency investments. In addition, many EM s took advantage of strong markets to fulfill a majority of 2012 financing needs. The remaining calendar of debt issuance, as a result, remained manageable, in our view, particularly in comparison to the heavy financing needs of advanced economies including Spain, Italy, Japan, the United Kingdom and the United States.

We attribute the sharp decline in EM debt markets in May, particularly in local currency valuations relative to the US dollar, to a variety of factors, including:

1. More aggressive than expected intervention from central banks to weaken their currencies;
2. Slower growth in China, lower commodity prices;
3. Increased potential for Greece to exit the Euro; and,
4. The potential restructuring of Spanish banks.

The status of Greece s position in the European Union is still evolving. The probability of a near-term Greek exit from the Euro has fallen again following the new parliamentary elections in June with a majority for parties supporting the bailout program. However, the new government is now trying to renegotiate the terms of the program and tensions could flare up again if an acceptable agreement cannot be reached or implementation continues to slip. While Greece s exit alone would not change our outlook on the global economy, we are factoring in rising probabilities of a failure of European policy makers to prevent contagion to other fiscally weak European nations and potentially strong pressures on peripheral European banking systems.

In the meantime, we expect the process towards more fiscal integration among the Euro zone countries to continue, but that is a slow process. In any case, fiscal adjustment continues throughout the Euro zone and banks are expected to reduce leverage to help meet tougher capital requirements. As a result, we believe there will be negative growth in the Euro zone in 2012.

Growth is also slowing in China, but we do not anticipate a hard landing at this time. We currently forecast 7.7% growth in 2012 as we do not see specific impulses that could push up growth above 8.5% in the second half of the year. With lower inflation pressures, China has shifted towards selective easing of macroeconomic policies. However, stimulus will remain much more moderate than in 2008 and 2009, in our view. Relatively tight restrictions in the housing sector remain in place as the price adjustment continues. The recent improvement in property sales numbers suggests that China is not facing an acceleration of price declines. However, we would expect more aggressive policy measures if the housing downturn were to accelerate significantly.

The growth outlook has slowed in most EM countries driven by past monetary tightening in and weaker growth in developed markets. Inflation is starting to decline and we expect that to continue as commodity prices have trended gradually lower and economic activity is slowing. However, EM currency weakness has been reducing disinflation and is preventing some central banks from lowering interest rates. In fact, some central banks in Eastern Europe have been tightening with a view to support their currencies. However, in most EMs, central banks have an easing bias, which we believe will persist in 2012. Fiscal positions remain strong and little fiscal adjustment is needed in 2012, in our view. From a regional perspective, we believe Latin America and Asia are best positioned to weather the European sovereign crisis, with Eastern Europe much more exposed to declining growth.

The risks to our relatively benign outlook on emerging markets debt, outlined in our last report six months ago, remain in place today:

1.

Core European countries fail to provide a comprehensive solution to the sovereign debt and financial crises in the Euro zone periphery.

2. The US economy slips back into recession.
3. China s economy weakens, producing a hard landing of sub 7% annual growth rate. Commodity prices drop sharply in response.
4. EM policy makers engage in trade wars in an effort to counteract the economic effects of a falling US dollar.
5. EM central banks fall behind in their efforts to curb inflation.
6. US interest rates move sharply higher reflecting rising fiscal deficits.
7. Conflict in the Middle East leads to oil supply shocks.

Other general risks of the Fund relate to our use of leverage and also to the longer-term prospects for a rise in global interest rates. Though not our base case, Stone Harbor attempts to mitigate the risk of loss of principal due to the possibility of a general rise in global interest rates through its investment processes that determine sector and country allocations, as well as security selection. We seek to reduce interest rate sensitivity during

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periods of rising interest rates. Notwithstanding these efforts, rising interest rates would increase the Fund s cost of leverage and could also decrease the value of its portfolio securities, adversely affecting Fund performance.

We continue to believe that investing in EDF offers an attractive means of capitalizing on further improvements in credit quality in emerging markets. We thank you for your trust in our ability to maneuver these difficult markets and look forward to reporting on EDF in the next six months.

Sincerely,

Thomas W. Brock

Chairman of the Board of Trustees

[1] *Performance on a market value basis, or at market price, will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods, returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund s shares, or changes in Fund dividends.*

[2] *The reporting period is defined as December 1, 2011 to May 31, 2012*

[3] *JP Morgan emerging markets debt benchmarks are used throughout as being representative of market returns. Emerging markets hard currency sovereign external debt is represented by JP Morgan Emerging Markets Bond Index (EMBI) Global Diversified, which tracks total returns for U.S. dollar-denominated debt instruments issued by emerging markets sovereign and quasi-sovereign entities: Brady bonds, loans, and Eurobonds. Emerging markets corporate debt is represented by JP Morgan Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified. The CEMBI tracks total returns of US dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries. Two variations are available: CEMBI Broad and CEMBI. The CEMBI Broad is the most comprehensive corporate benchmark followed by the CEMBI, which consists of an Investable universe of corporate bonds. Both indices are also available in Diversified version. The JPMorgan CEMBI Broad Diversified limits the current face amount allocations of the bonds. Both indices are also available in outstanding countries with larger debt stocks. Qualifying corporate bonds have a face amount greater than USD 300 million, maturity greater than 5 years, verifiable prices and cash flows, and from countries within Asia ex-Japan, Latin America, Eastern Europe, Middle East, and Africa. Emerging markets local currency debt is represented by JP Morgan Government Bond Index Emerging Markets (GBI-EM) Global Diversified, which consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which, international investors can gain exposure. The weightings among the countries are more evenly distributed within this index. Although not expected to be a principal investment tool, the Portfolio may make use of derivative securities (including futures and options on securities, securities indices or currencies, options on futures, forward currency contracts, and interest rate, currency or credit default) for the purposes of reducing risk and/or obtaining efficient investment exposure.*

Stone Harbor Emerging Markets Income Fund

Summary of Portfolio Holdings

May 31, 2012 (Unaudited)

Fund Details

Market Price	$22.60
Net Asset Value (NAV)	$21.45
Premium/(Discount)	5.36%
Current Distribution Rate[1]	9.56%
Net Assets ($ in millions)	$335

Country Allocation

(as a % of total net assets) Country Breakdown	% of TNA
Brazil	15.08%
Venezuela	15.03%
Russia	14.52%
Turkey	13.91%
Argentina	13.14%
Mexico	10.53%
Ukraine	7.24%
Iraq	6.18%
Colombia	5.55%
South Africa	5.16%
China	1.85%
Indonesia	1.72%
Kazakhstan	1.62%
Jamaica	1.36%
Lithuania	1.12%
Peru	1.07%
Poland	1.01%
United Arab Emirates	0.98%
Hungary	0.86%
Slovakia	0.80%
Panama	0.75%
Croatia	0.74%
Mongolia	0.62%
Barbados	0.51%
Qatar	0.47%
Dominican Republic	0.42%
Ghana	0.36%
India	0.34%
Nigeria	0.19%
El Salvador	0.11%
Romania	0.11%
Greece	0.07%
Total	**123.42%**
Money Market Mutual Funds	**6.79%**
Liabilities in Excess of Other Assets	**-30.21%**
Total Net Assets	**100.00%**

Security Type Allocation[2]

Sector Allocation[2]

Sovereign Local	36.40%
Sovereign External	31.00%
Corporate	19.90%

Net Cash	7.20%

Regional

Breakdown[2]

Latin America	42.60%
Europe	31.30%
Middle East	5.70%
Africa	4.30%
Asia	3.40%
Net Cash	7.20%

Sovereign Local

Currency Breakdown[2]

Argentine Peso	0.20%
Brazilian Real	7.80%
Colombian Peso	4.10%
Mexican Peso	4.90%
Russian Ruble	6.30%
South African Rand	3.70%
Turkish New Lira	9.60%
Total	**36.60%**

1 *Current Distribution Rate is based on the Fund s current annualized monthly distribution divided by the Fund s current market price. The Fund s monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Fund s cumulative net ordinary income and net realized gains are less than the amount of the Fund s distributions, a return of capital for tax purposes.*

2 *Based on managed assets including derivative exposure. For purposes of this example, managed assets include total net assets plus any borrowings attributed to the use of reverse repurchase agreements. The amounts do not include the $25,000,000 notional value of a credit default swap with unrealized depreciation of $647,554.*

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Stone Harbor Emerging Markets Income Fund

Growth of $10,000 Investment

May 31, 2012 (Unaudited)

Comparison of Change in Value of $10,000 Investment in Stone Harbor Emerging Markets Income Fund and the JP Morgan Emerging Market Bond Global Diversified Index.

The JP Morgan Emerging Market Bond Global Diversified Index is a uniquely-weighted version of the EMBI Global Index, which tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities such as Brady bonds, loans and Eurobonds. Currently, the EMBI Global Index covers 196 instruments across 48 countries. It limits the weights of those index countries with larger debt stocks by only including specified portions of these countries eligible debt outstanding. The countries covered in the EMBI Global Diversified are identical to those covered by the EMBI Global Index.

Average Annual Total Returns as of May 31, 2012

	Cumulative		Average Annual		
	3 Months	6 Months	One Year	Since Inception	Inception Date
Stone Harbor Emerging Markets Income Fund - NAV	-8.58%	2.07%	-5.10%	1.10%	12/22/10
Stone Harbor Emerging Markets Income Fund Market Price	-6.70%	5.86%	-0.81%	1.56%	
JP Morgan EMBI Global Diversified Index	-0.50%	4.66%	7.01%	7.80%	
JP Morgan CEMBI Broad Diversified Index	0.18%	5.77%	3.59%	5.18%	
JP Morgan GBI-EM Global Diversified Index	-8.29%	-0.15%	-6.46%	0.91%	

Past performance is no guarantee of future results. Current performance may be lower or higher than the performance shown. Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all income dividends, capital gain and return of capital distributions, if any, have been reinvested and includes all fee waivers and expense reimbursements. Total return does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or broker commissions or sales charges in connection with the purchase or sale of Fund shares. Investment return and principal value will vary, and shares, when sold, may be worth more or less than their original cost. Total returns for a period of less than one year are not annualized. Index returns do not include the effects of sales charges or management fees. It is not possible to invest directly in an index.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund s shares, or changes in Fund dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

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Stone Harbor Emerging Markets Income Fund

Statement of Investments

May 31, 2012 (Unaudited)

	Currency	Rate	Maturity Date	Principal Amount*	Market Value (Expressed in U.S. $)
SOVEREIGN DEBT OBLIGATIONS - 48.22%					
Argentina - 11.26%					
City of Buenos Aires Argentina	USD	9.950%	03/01/2017	1,249,000	$ 911,770(1)
Republic of Argentina:					
	USD	7.000%	10/03/2015	3,156,047	2,360,548(2)
	ARS	9.540%	12/31/2033	2,274,152	322,812(3)
	EUR	6.840%	12/31/2033	19,003,689	11,749,093(2)(3)
	EUR	7.820%	12/31/2033	34,273,672	21,401,710(2)
	EUR	4.191%	12/15/2035	8,843,000	951,295(3)
	USD	4.383%	12/15/2035	594,000	57,024(3)
					37,754,252
Croatia - 0.74%					
Croatian Government:					
	USD	6.250%	04/27/2017	503,000	487,910(1)
	USD	6.375%	03/24/2021	2,141,000	1,977,749(1)(2)
					2,465,659
El Salvador - 0.11%					
Republic of El Salvador	USD	7.750%	01/24/2023	334,000	364,895(4)
Ghana - 0.36%					
Republic of Ghana	USD	8.500%	10/04/2017	1,077,000	1,199,509(2)(4)
Greece - 0.07%					
Hellenic Republic Government Bond:					
	EUR	2.000%	02/24/2023	75,000	13,863(5)
	EUR	2.000%	02/24/2024	75,000	12,710(5)
	EUR	2.000%	02/24/2025	75,000	12,207(5)
	EUR	2.000%	02/24/2026	75,000	11,840(5)
	EUR	2.000%	02/24/2027	75,000	11,691(5)
	EUR	2.000%	02/24/2028	80,000	12,288(5)
	EUR	2.000%	02/24/2029	80,000	12,144(5)
	EUR	2.000%	02/24/2030	80,000	12,034(5)
	EUR	2.000%	02/24/2031	80,000	11,964(5)
	EUR	2.000%	02/24/2032	80,000	11,841(5)
	EUR	2.000%	02/24/2033	80,000	11,653(5)
	EUR	2.000%	02/24/2034	80,000	11,592(5)
	EUR	2.000%	02/24/2035	80,000	11,539(5)
	EUR	2.000%	02/24/2036	80,000	11,492(5)
	EUR	2.000%	02/24/2037	80,000	11,459(5)
	EUR	2.000%	02/24/2038	80,000	11,451(5)
	EUR	2.000%	02/24/2039	80,000	11,446(5)
	EUR	2.000%	02/24/2040	80,000	11,437(5)
	EUR	2.000%	02/24/2041	80,000	11,436(5)
	EUR	2.000%	02/24/2042	80,000	11,435(5)
					237,522

Hungary - 0.86%					
Republic of Hungary:					
	EUR	4.500%	01/29/2014	746,000	887,266
	GBP	5.500%	05/06/2014	65,000	95,449
	GBP	5.000%	03/30/2016	223,000	304,196
	EUR	3.500%	07/18/2016	307,000	323,853
	EUR	4.375%	07/04/2017	908,000	955,037

See Notes to Financial Statements.

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Stone Harbor Emerging Markets Income Fund

Statement of Investments

May 31, 2012 (Unaudited)

	Currency	Rate	Maturity Date	Principal Amount*	Market Value (Expressed in U.S. $)
Hungary (continued)					
Republic of Hungary (continued)					
	EUR	5.750%	06/11/2018	287,000	$ 312,514
					2,878,315
Iraq - 0.54%					
Republic of Iraq	USD	5.800%	01/15/2028	2,307,000	1,799,460(2)(4)
Lithuania - 1.12%					
Republic of Lithuania:					
	USD	7.375%	02/11/2020	180,000	205,087(4)
	USD	6.125%	03/09/2021	1,894,000	1,993,435(2)(4)
	USD	6.625%	02/01/2022	1,422,000	1,542,870(1)(2)
					3,741,392
Mexico - 6.42%					
Mexican Bonos:					
	MXN	8.500%	12/13/2018	105,610,000	8,631,403
	MXN	6.500%	06/09/2022	180,000,000	12,902,233
					21,533,636
Panama - 0.75%					
Republic of Panama:					
	USD	7.125%	01/29/2026	124,000	166,160
	USD	8.875%	09/30/2027	251,000	384,030
	USD	9.375%	04/01/2029	495,000	796,950
	USD	6.700%	01/26/2036	904,000	1,175,200
					2,522,340
Poland - 1.01%					
Republic of Poland	USD	5.000%	03/23/2022	3,228,000	3,373,260(2)
Qatar - 0.47%					
State of Qatar:					
	USD	5.250%	01/20/2020	711,000	803,430(4)
	USD	6.400%	01/20/2040	638,000	775,170(4)
					1,578,600
Romania - 0.11%					
Romania	USD	6.750%	2/7/2022	370,000	371,156(1)
Russia - 3.97%					

Russian Federation:					
	USD	11.000%	07/24/2018	2,041,000	2,831,888(2)(4)
	USD	7.500%	03/31/2030	8,901,344	10,481,332(2)(4)(5)
					13,313,220
Slovakia - 0.80%					
Republic of Slovakia	USD	4.375%	05/21/2022	2,794,000	