



ISO 9001:2008

**PAN PACIFIC CORP.**  
Professional Property Care



SỞ GIAO DỊCH CHỨNG KHOÁN TP. HỒ CHÍ MINH	
ĐẾN	Số: 9919
	Giữ: Ngày 15 tháng 3 năm 13

## ANNUAL REPORT FOR THE YEAR 2012

HO CHI MINH CITY, MARCH 15, 2013

# ANNUAL REPORT

Name of the public company: PAN PACIFIC CORPORATION

**For the year: 2012**

## **I. General information:**

### *1. General information:*

- Transaction name: **PAN PACIFIC CORPORATION**
- Business Registration Certificate No.0301472704, registering for the first time on August 31, 2005 and changing for the sixth time on January 17, 2012, to be issued by Ho Chi Minh City Department of Planning and Investment.
- Charter capital: VND 115,500,000,000
- Investment capital by the owner: VND 115,500,000,000
- Address: 236/43/2 Dien Bien Phu, Ward 17, Binh Thanh District, HCMC
- Tel: (84.8) 38406868
- Fax: (84.8) 35146721
- Website: [www.panpacific.vn](http://www.panpacific.vn)
- Stock code (if any): PAN

### *2. History of foundation and development:*

- History of foundation and development:

Being established in 1998 under the form of liability limited company, with initial registered capital of 250 million dongs, Pan Pacific is the first professional service provider of industrial cleaning and maintenance for buildings in Vietnam. We are providing cleaning and maintenance services of buildings, factories, hospitals and supermarkets; providing facility services for apartments and other services including pest control, insect control, landscaping, park, zoo and so on.

The Company was issued with license to convert its operation form into joint stock company under Business Registration Certificate for joint stock company, Certificate No.4103003790 dated August 31, 2005 by Ho Chi Minh City Department of Planning and Investment (DPI), operating as per Vietnamese Law on Enterprises with charter capital of 6.2 billion dongs.

In early 2006, the Company's Leadership decided to acquire 80% of Pan Pacific Hanoi. Merger enhanced PPC's position in cleaning sector by employing a unique trademark of PPC for the whole nation.

On December 22, 2006, the Company's share was officially listed on Hanoi stock exchange.

In March, 2008, the Company contributed 80% of charter capital to incorporate Pan Trading JSC supplying industrial machines, tools and equipment, delivering services of installation, maintenance, repair of industrial machine and equipment and electronic items. Pan Trading JSC is now the duly authorized distributor of Nilfish in Vietnam.

In October, 2008, BOM decided to acquire 20% of Pan Pacific Hanoi, owing 100% of charter capital as per the Decision No.02-10/NQ/2008-PPC dated October 11, 2008.

On December 15, 2010, the Company's share was officially listed on Ho Chi Minh City Stock Exchange.

Table 1: Charter capital increase by 12/31/2012 by Pan Pacific Corporation

Year	Capital increase	Added (dongs)	Accumulated (dongs)	Form of mobilization
08/2005	Initial charter capital		6,200,000,000	Share issuance
10/2005	Charter capital	13,800,000,000	20,000,000,000	
10/2006	Charter capital	12,000,000,000	32,000,000,000	Share issuance for employees and strategic partners
10/2007	Charter capital	38,000,000,000	70,000,000,000	Share issuance for employees, existing shareholders and strategic partners
5/2010	Charter capital	45,500,000,000	115,500,000,000	Share issuance for employees and existing shareholders

- Other milestones:

On December 07, 2012, the Company organized extraordinary General Meeting of Shareholders approving the offer of 8.5 million shares for strategic investors, domestic and foreign, being financially qualified, and showcasing long-term commitment to the Company and supporting it in business operation. The Company's charter capital was expected to reach 200.5 billion dongs following the issuance course.

3. *Business lines and locations*

- Business lines: Key lines, gaining main turnover (>10%) for the Company are:

- Service of building cleaning
- Service of building and apartment management
- Trading in industrial cleaning equipment
- Investment

- Business area: The Company has operated its business nationwide, particularly in 3 centers, namely Ho Chi Minh City and Southern East; Da Nang City and the Central Region; Hanoi Capital and the Red River Delta.

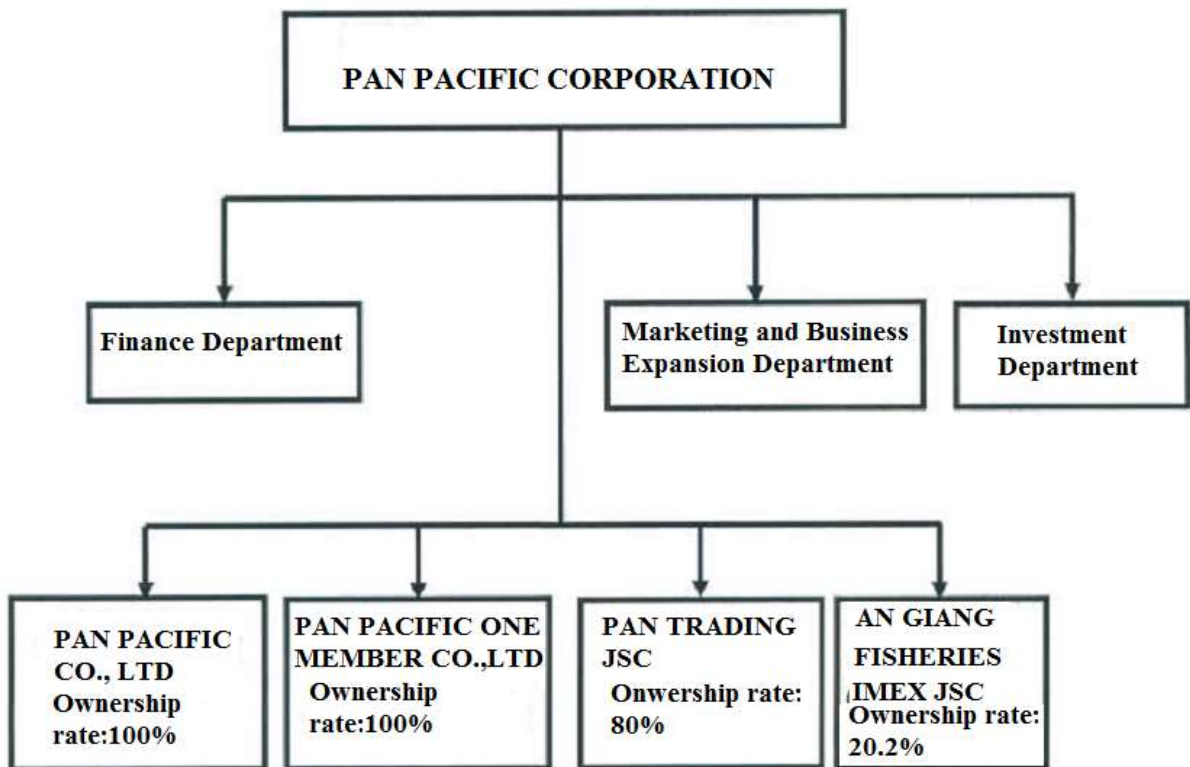
4. *Information about model of governance, business arrangement and management mechanism*

Governance model of the Company includes:

The General Meeting of Shareholders (GMS); Board of Management (BOM); Board of Supervisors (BOS); Executive team headed by the General Director and Directors of subsidiaries, subject to close interrelation.

- + Head office: Pan Pacific, No.236/43/2 Dien Bien Phu, Ward 17, Binh Thanh District, Ho Chi Minh City
- + Representative office at 480-482 Trung Nu Vuong, Hai Chau District, Da Nang City
- + Representative office in Hanoi: No.1C Ngo Quyen, Hoan Kiem, Hanoi

**Figure 1:** Current organization structure of the Company



#### ***General Meeting of Shareholders (GMS)***

- General Meeting of Shareholders is the most powerful body of Pan Pacific Corporation in charge of approving BOM's reports on production and business; deciding methods and duties of production and business as well as investment; discussing to approve, supplement and amend the Company's Charter; approving development strategies; electing and dismissing members of BOM, Board of Supervisors and deciding organization and other duties under Charter.

#### ***Board of Management (BOM)***

- BOM is the highest managerial body to be elected by GSM. BOM will, on behalf of the Company, makes decision on all and any issues relating to objectives and benefits of the Company.

#### ***Board of Supervisors (BOS)***

- Board of Supervisors is the body in charge of supervising and inspecting the logicity, legality of management and business operation; accounting and financial books in order ensure legal rights of shareholders.

#### ***Executive team***

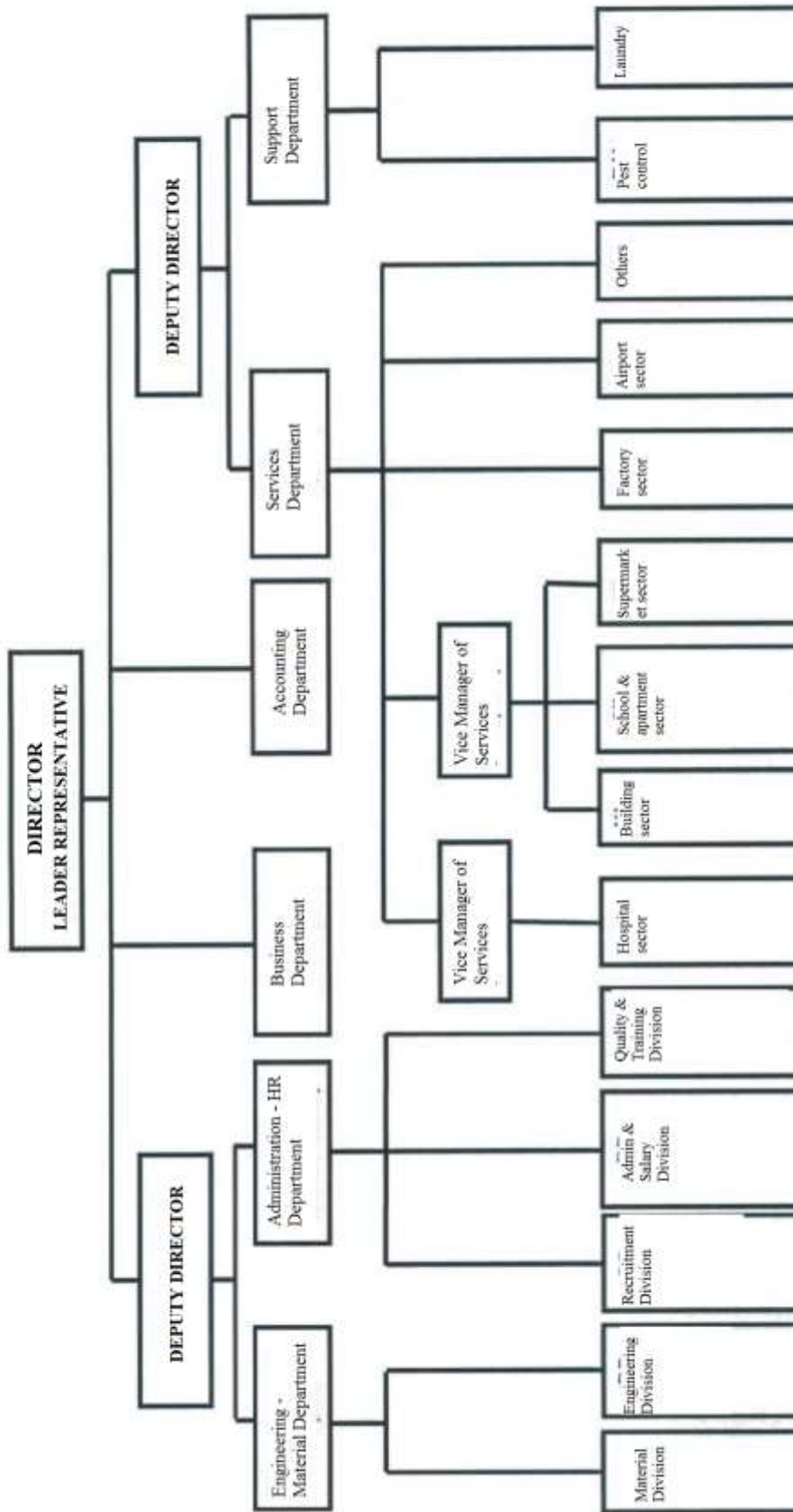
- Executive team consists of one General Director and one Deputy General Director. The General Director is appointed by BOM, to be mainly and solely responsible before BOM for all business activities of the Company.
- Executive team presently includes those who are experienced in business management and execution, having been long attached to the Company. General Director is Mr. Nguyen Van Khai who graduated as M.A of industrial management major from Oriental General University of Ukraine (former Soviet)>

#### ***Functional Departments***

- Finance-Accounting Department: organizing accounting apparatus, managing finance of the Company, making books, accounting, reporting on accounting figures.

- Business Department: making plan of production and business, marketing, promotion of business operation as planned.
- Human Resource Department: managing and running administration and organization works for the Company; monitoring and solving policy regimes for employees.
- Quality Control Department: establishing the system of quality management of the Company; supervising, maintaining and improving the system of service quality management.
- Engineering – Material Department: seeing to supply of all demand for equipment and materials to satisfy service needs; repairing and replacing devices and accessories.

Figure 2: Structure of managerial mechanism of One Member



- Subsidiaries and affiliated companies:

Subsidiary: Pan Pacific Ho Chi Minh situated at 236/43/2 Dien Bien Phu, Ward 17, Binh Thanh District, HCMC, providing service of industrial cleaning for the South. Charter capital: VND 25,000,000,000, 100% of ownership by the holding company.

Subsidiary: Pan Pacific Hanoi, located on Floor 3, No.1C, Ngo Quyen, Hoan Kiem, Hanoi, providing service of industrial cleaning for the North region. Charter capital: VND 10,000,000,000, 100% of ownership by the holding company.

Subsidiary: Pan Trading JSC, situated at 236/43/2 Dien Bien Phu, Ward 17, Binh Thanh District, HCMC, supplying industrial cleaning equipment. Charter capital: VND 10,000,000,000, 80% of ownership by the holding company.

Affiliated company: An Giang Fisheris Import and Export Joint Stock Company, at 1234 Tran Hung Dao, Long Xuyen City, An Giang Province. Business sector: Processing and exporting pangsius fish. Charter capital: 128,592,880,000 dong, ownership rate of 20.2%.

## 5. *Development orientation*

- Main targets of the Company:

Focusing on maintaining the existing market share, improving quality of products and services, intensifying cost control to ensure business efficiency.

Investing and directly running the system of subsidiaries involving in facility service and commercial industry to create diversified packages of services and solutions for clients.

The Company targets markets with high requirements of quality and specific capacity, namely hospitals, high-technology factories (digital electronics, food, cosmetic, pharmacy...). The Company orients to provide customers with solution not merely service.

- Medium and long-term strategies:

The Company orientation is to develop these service sectors through business cooperation contracts, merger and acquisition with other professional companies, not fully investment from the beginning.

The Company will implement long-term financial investment from indirect to direct control in some similar occupations and services, as well as invest but no control in real estate projects and other services.

The Company targets enterprises, whose operations relates to the Company's service supply or enterprises operating in key sectors of Vietnam performing effective business and prospective key financial index.

- The Company targets for environment, society and community.

As a leading company working in industrial cleaning sector, Pan Pacific always acknowledges the great importance of environment for the society; the Company activities and services ensure not only high quality but also environment protection responsibility. Pan Pacific complies all requirements and regulations regarding to the environmental effects, brings into play the use eco-friendly products and encourages all staff to reuse, raise staff awareness through training about environment protection.

The company creates a great working environment for all staff, tending to society and community.

## 6. *Risks*

- Economic risks

Economic growth in the country largely influences demand for construction and infrastructure development, when economic growth is underdeveloped or degraded, demand for houses, high building offices, hospitals, high-technology factories, and schools; etc...decreases, which badly influences demand for industrial hygiene, accordingly influences business activities of the Company.

Average speed of national economic growth, bank interest rate, inflation...are impacts influencing the Company business activities and share price index in the market.

When inflation occurs, the Company has to increase working capital, consequently, decreases profitability.

- Risks due to business characteristics

The Company provides services of low technical value; manpower is the basic component to decide service value. Hygiene service is associated with human being – the factor that strongly affects enterprise activities due to fluctuations.

- Risk of governance

This type of service is highly dependent on management factors, without timely investment and improvement, the governance system of the Company may not keep pace with growth speed.

- Risk of competition

In term of quality criteria, competitors of Pan Pacific will be divided into two groups:

- Companies invested by overseas Vietnamese: The group savvies Vietnam market and demands to make joint venture with foreign partners. They are seen as the competitors causing the current competitive pressures to Pan Pacific
- The 100% foreign-owned companies: They are branded and have strong financial strength (with policies of price or customer support). The application of international management as well as foreign direct managers in Vietnam will make up of the limit of these companies. This group is seen as the major future competitors when the market develops to large scale due to capability to provide package services of these companies.

In term of sectorial development, it may be seen that sectorial competition is increasing. At the same time, market segmentation based on the factors of price, service quality and the actual customer demand, scarce common labor and increasing labor costs due to the influence of other economic factors (prices, inflation, etc.) will have direct impact on the competition among enterprises.

- Legal risks

The issuance or amendment of policy, new regulations, etc. ... in relation to the sectorial operation may affect the Company.

- Other risks

Some force majeure occur rarely, but have significant impact on business operation of the Company. They are the phenomena of natural disasters (droughts, floods, earthquakes, etc. ...), war or hazardous epidemic disease on a large scale

## **II. Business operation in the year:**

### *1. Business operation*

- Result of business operation

<b>INDICATOR</b>	<b>Year 2011 (VND)</b>	<b>Year 2012 (VND)</b>	<b>Growth rate (%)</b>
Revenue	240,852,637,378	283,708,522,993	18
Pre-tax profit	18,691,519,610	88,549,297,759	373



After tax profit by 12,974,905,928 80,924,801,968 523  
shareholders of holding  
company

- Entity view in comparison with plan:

**Table 2:** Result of business operation in comparison with plan

No.	Indicator (billion VND)	Plan for the year 2012	Real Execution in 2012	Rate of beyond expectations (%)
1	Net Revenue of sales and service	265	283.70	7
2	Pre-tax profit	20	88.54	342
3	After tax profit by shareholders of holding company	14.5	80.92	458

**2. Organization and human resource**

- Board of management members:

**i. Mr. Nguyen Van Khai – General Director**

Gender: Male  
Date of birth: 01/11/1967  
Permanent residence: 115/863A Nguyen Kiem, Ward 3, Go Vap, HCM City  
Nationality: Vietnam  
Ethnic: Kinh  
Educational background: Master  
Qualification: Industrial management  
Working process:

- From 06/1994 – 06/1995: Assistant General Manager of LD VU-TRAC Company
- From 06/1995 to 1996: Engineer, LDV-Trac Company
- From 12/1998 – 09/2005: Chief Executive Officer of Pan Pacific Corporation
- From 10/2005 – 10/2006: General Director of Pan Pacific Corporation

Owning 240,000 shares, accounting for 2.08 % of Charter capital

**ii. Ms. Ha Thi Thanh Van – Deputy General Director**

Gender: Female  
Date of birth: 14/01/1968  
Permanent residence: 106/9B Dien Bien Phu, Ward 17, Binh Thanh District, Ho Chi Minh City  
Nationality: Vietnam  
Ethnic: Kinh  
Educational background: Bachelor of Economics  
Qualification: Business Administration  
Working process:

- From 12/1998 to 12/1999: Head of Business and Marketing Department under PPC Trading and Service Co., Ltd.
- From 12/1999 to 31/8/2005: Director of Pan Pacific Co., Ltd;
- From 10/2005 to 11/2006: Deputy General Director of Pan Pacific Corporation;

- From 10/2006: BOM Chairman of Pan Pacific Corporation, Deputy General Director of Pan Pacific Corporation.
- From 10/2012: Member of BOM of Pan Pacific Corporation, Deputy General Director of Pan Pacific Corporation.

Owning 825,000 shares, accounting for 7.17 % of Charter capital

### iii. Mr. Tran Anh Phuong – Chief Accountant

Gender: Male  
 Date of birth: 01/01/1980  
 Permanent residence: Nhon Hoa, An Nhon, Binh Dinh  
 Nationality: Vietnam  
 Ethnic: Kinh  
 Educational background: Bachelor of economics  
 Qualification: Corporate Finance  
 Working process:

- 12/2002-4/2008: Staff of Pan Pacific Corporation
- 9/2008-4/2009: Staff of Holeim Vietnam
- 01/2010: Chief accountant at Pan Pacific Corporation

Shares holding: none

Quantity of employees:

Total number of the Company is 3,900 by 31/12/2012. The Company not only complies with State law regulations and policies for laborers but also implements all salary, bonus and other additional welfare policies for laborers, laborers are entitled to:

- Sign labor contract
- Receive salary as stated in labor contract subject to Labor Code of Vietnam
- Be provided with flexible environment for studying and working
- Receive health insurance and social insurance during working time for the company
- Make a claim or dispute over the labor contract
- Receive health insurance and accident insurance
- Take the advantages when purchasing the Company shares provided that the Company offer new shares (if any)
- Receive bonus based on contribution
- Benefit reward policies, travel...

Pan Pacific frequently implements educating, training and improving laborers' skill. Every year, the Company appropriates a sum to train and improve laborers' skill and knowledge. Currently, the Company has provided training courses and classes at its Training Centre and/or invited lecturer to the centre or assigned staff/workers to take part in courses organized by other centre.

### 3. Investment picture and implementation of projects

- Huge investment: in 2012, the Company has invested VND 79.7 billion in An Giang Fisheries IMEX JST. Co., owned 20.2% of charter capital of this Company.
- Subsidies, affiliated companies: Summary of financial picture of the Company's subsidies, affiliated companies.
  - Subsidy: Pan Pacific Ho Chi Minh

Table 3: Income Statement

No.	Indicator	Year 2011	Year 2012
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1.	Net revenue from service rendering	172,808,324,197	209,208,286,733
2.	Cost of service	147,197,812,275	172,642,299,397
3.	Gross profit	25,610,511,922	36,565,987,336
4.	Revenue from financing activities	1,621,785,099	4,113,031,417
5.	Financial expense	25,368,705	27,220,676
6.	Selling expense	1,783,393,319	1,543,573,085
7.	Administrative Expense	10,982,502,244	12,265,443,760
8.	Net profit interest from operating activities	14,441,032,753	26,842,781,232
9.	Other income	108,617,138	10,103,935
10.	Other expenses	282,842,708	427,034
11.	Other profit	(174,225,570)	9,676,901
12.	Total pre-tax profit	14,266,807,183	26,852,458,133
13.	Current Corporate Income Tax Expense	3,566,701,796	6,713,114,533
14.	After tax profit	10,700,105,387	20,139,343,600

**Table 4: Balance Sheet**

No.	Asset	31/12/2011	31/12/2012
<b>I.</b>	<b><i>Current Assets</i></b>	<b><i>50,876,419,500</i></b>	<b><i>66,945,648,481</i></b>
1.	Cash and Equivalents	24,976,515,141	30,194,302,834
2.	Short-term financial investments	-	-
3.	Short-term receivables	21,285,204,042	33,393,606,796
4.	Inventories	4,211,282,137	2,611,816,818
5.	Other current assets	403,418,180	745,922,033
<b>II.</b>	<b><i>Non-current Assets</i></b>	<b><i>8,741,148,610</i></b>	<b><i>8,243,370,209</i></b>
1	Long-term receivables	-	-
2	Carrying fixed assets	7,006,148,610	7,292,415,617
3	Other non-current assets	1,735,447,916	950,954,592
	Total	59,618,016,026	75,189,018,690

**Table 5: Balance Sheet (continued)**

No.	Asset	31/12/2011	31/12/2012
<b>III.</b>	<b><i>Payable liabilities</i></b>	<b><i>22,217,035,367</i></b>	<b><i>30,874,713,401</i></b>
1.	Short-term liabilities, in which:	22,217,035,367	30,874,713,401
	- Short-term loans	-	-
	- Duties to the State	2,370,749,605	3,656,764,722
	- Salary, payables to customers, others	19,846,285,762	27,217,948,679
2.	Long-term liabilities	-	-
<b>IV.</b>	<b><i>Equity</i></b>	<b><i>37,400,980,659</i></b>	<b><i>44,314,305,289</i></b>
1	Equity	37,400,980,659	44,314,305,289
2	Expenses	-	-
	Total	59,618,016,026	75,189,018,690

ii) Subsidiary: Pan Pacific Hanoi

**Table 6: Income Statement**

<b>No.</b>	<b>Indicator</b>	<b>Year 2011</b>	<b>Year 2012</b>
15.	Net revenue from service rendering	54,149,836,715	58,465,554,043
16.	Cost of service	43,222,360,864	46,424,549,866
17.	Gross profit	10,927,475,851	12,041,004,177
18.	Revenue from financing activities	807,925,792	916,361,765
19.	Financial expense	242,738,043	34,968,244
20.	Selling expense	343,273,348	304,457,995
21.	Administrative Expense	6,730,016,971	6,550,605,718
22.	Net profit interest from operating activities	4,419,373,281	6,067,333,985
23.	Other incomes	614,914,109	67,950,306
24.	Other expenses	540,911,553	39,565,186
25.	Other profits	74,002,556	28,385,120
26.	Total pre-tax profit	4,493,375,837	6,095,719,105
27.	Current Corporate Income Tax Expense	840,190,981	1,066,750,842
28.	After tax profit	3,653,184,856	5,028,968,263

**Table 7: Balance Sheet**

<b>No.</b>	<b>Asset</b>	<b>31/12/2011</b>	<b>31/12/2012</b>
<b>V.</b>	<b><i>Current Assets</i></b>	<b><i>19.742.553.158</i></b>	<b><i>22.342.649.652</i></b>
6.	Cash and Equivalents	12,293,016,614	13,174,825,618
7.	Short-term financial investments	871,156	871,156
8.	Short-term receivables	5,302,371,521	7,498,008,814
9.	Inventories	1,349,426,330	1,252,086,118
10.	Other current assets	796,867,537	416,857,946
<b>II.</b>	<b><i>Non-current Assets</i></b>	<b><i>3,033,947,868</i></b>	<b><i>2,120,189,192</i></b>
4.	Long-term receivables	-	-
5.	Carrying fixed assets	2,747,310,149	1,985,999,544
6.	Other non-current assets	286,637,719	134,189,648
	<b>Total</b>	<b>22,776,501,026</b>	<b>24,462,838,844</b>

**Table 8: Balance Sheet (continued)**

<b>No.</b>	<b>Asset</b>	<b>31/12/2011</b>	<b>31/12/2012</b>
<b>VII.</b>	<b><i>Payable liabilities</i></b>	<b><i>6,533,547,443</i></b>	<b><i>9,848,490,272</i></b>
1.	Short-term liabilities, in which:	6,172,123,684	9,691,023,772
	- Short-term loans	-	-
	- Duties to the State	471,778,049	1,169,753,099
	- Salary, payables to customers, others	5,700,345,635	8,521,270,673
2.	Long-term liabilities	361,423,759	157,466,500
<b>VIII.</b>	<b><i>Equity</i></b>	<b><i>16,242,953,583</i></b>	<b><i>14,614,348,572</i></b>
1	Equity	16,242,953,583	14,614,348,572
2	Expenses and Bonus and welfare fund	-	-
	<b>Total</b>	<b>22,776,501,026</b>	<b>24,462,838,844</b>

iii. Subsidy: Pan Trading JSC

Table 9: Income Statement

No.	Indicator	Year 2011	Year 2012
1.	Net revenue from service rendering	20,758,747,237	20,889,567,987
2.	Cost of goods sold	12,752,218,192	13,196,242,232
3.	Gross profit	8,006,529,045	7,693,325,755
4.	Revenue from financing activities	303,501,911	91,844,383
5.	Financial expense	275,853,948	16,666,161
6.	Selling expense	2,605,671,004	2,439,735,240
7.	Administrative Expense	2,079,093,602	3,023,722,397
8.	Net profit interest from operating activities	3,349,412,402	2,305,046,340
9.	Other income	-	8,624,746
10.	Other expenses	1,123,052	58,879,269
11.	Other profit	(1,123,052)	(50,254,523)
12.	Total pre-tax profit	3,348,289,350	2,254,791,817
13.	Current Corporate Income Tax Expense	638,950,001	390,923,765
14.	After tax profit	2,709,339,349	1,863,868,052

Table 10: Balance Sheet

No.	Asset	31/12/2011	31/12/2012
<b>V.</b>	<b><i>Current Assets</i></b>	<b><i>15,235,711,947</i></b>	<b><i>14,111,022,049</i></b>
11.	Cash and Equivalents	992,980,724	2,999,390,125
12.	Short-term receivables	5,027,163,600	3,810,860,139
13.	Inventories	8,188,099,827	6,458,435,996
14.	Other current assets	1,027,467,796	842,335,789
<b>II.</b>	<b><i>Non-current Assets</i></b>	<b><i>206,643,099</i></b>	<b><i>204,860,006</i></b>
7.	Long-term receivables	-	-
8.	Carrying fixed assets	91,467,031	106,269,400
9.	Other non-current assets	115,176,068	98,590,606
	Total	15,442,355,046	14,315,882,055

Table 11: Balance Sheet (continued)

No.	Asset	31/12/2011	31/12/2012
<b>VII.</b>	<b><i>Payable liabilities</i></b>	<b><i>5,669,004,694</i></b>	<b><i>3,795,410,798</i></b>
5.	Short-term liabilities, in which:	5,669,004,694	3,795,410,798
	- Short-term loans	-	-
	- Duties to the State	943,788,352	601,278,514
	- Salary, payables to customers, others	4,725,216,342	3,194,132,284
6.	Long-term liabilities	-	-
<b>VIII.</b>	<b><i>Equity</i></b>	<b><i>9,773,350,352</i></b>	<b><i>10,520,471,257</i></b>
5	Equity	9,773,350,352	10,520,471,257

6	Expenses and Bonus and welfare fund		-
	Total	15,442,355,046	14,315,882,055

iv. Affiliated Company: An Giang Fisheries Import-Export Joint Stock Company

**Table 12: Income Statement**

No.	Indicator	Year 2011	Year 2012
15.	Net revenue from service rendering	2,610,034,363,442	2,830,867,908,072
16.	Cost of goods sold	2,233,419,163,122	2,447,096,718,055
17.	Gross profit	363,172,485,136	394,566,718,522
18.	Revenue from financing activities	53,518,975,245	93,093,281,517
19.	Financial expense	106,669,899,288	136,522,715,300
20.	Selling expense	201,837,999,998	220,922,413,827
21.	Administrative Expense	60,739,006,877	34,985,369,188
22.	Net profit interest from operating activities	47,444,554,218	50,229,501,724
23.	Other income	48,528,467,526	2,734,021,669
24.	Other expenses	33,287,938,489	9,232,125,103
25.	Other profit	15,240,529,037	(6,498,103,434)
26.	Total pre-tax profit	62,685,083,255	43,731,398,290
27.	Current Corporate Income Tax Expense	17,147,861,314	7,910,749,599
28.	After tax profit	49,875,087,059	35,374,895,413

**Table 13: Balance Sheet**

No.	Asset	31/12/2011	31/12/2012
<b>V.</b>	<b>Current Assets</b>	<b>1,182,526,845,962</b>	<b>1,128,983,155,629</b>
15.	Cash and Equivalents	66,578,811,645	53,755,403,797
16.	Short-term receivables	505,308,285,482	404,753,417,178
17.	Inventories	579,778,514,529	650,560,053,892
18.	Other current assets	30,861,234,306	19,914,280,762
<b>VI.</b>	<b>Non-current Assets</b>	<b>522,789,524,883</b>	<b>433,355,317,225</b>
10.	Long-term receivables	-	-
11.	Fixed assets	433,991,129,644	421,605,872,771
12.	Other non-current assets	13,248,395,239	11,536,844,454
13.	Long-term financial investment	75,550,000,000	212,600,000
	Total	1,705,316,370,845	1,562,338,472,854

**Table 14: Balance Sheet (continued)**

No.	Asset	31/12/2011	31/12/2012
<b>VII.</b>	<b>Payable liabilities</b>	<b>1.061.535.112.524</b>	<b>902.152.489.479</b>
7.	Short-term liabilities, in which:	1.041.410.245.599	902.152.489.479
	- Short-term loan and borrowings	823.940.817.569	675.790.486.223
	- Payables to sellers	137.082.642.657	175.246.142.350
	- Advances from buyers	2.737.286.856	609.234.998
	- Duties to the State	30.132.328.562	2.955.916.366
	- Payables to employees	22.504.360.926	9.424.485.150

	- Payable expenses	14.088.005,613	10.057.826.045
	- Other short-term payables	8.075.515.170	21.703.838.153
	- Reward and welfare funds	2.849.288.246	6.364.560.194
8.	Long-term liabilities	20.124.866.925	-
<b>VIII.</b>	<b>Equity</b>	<b>643.781.258.321</b>	<b>660.185.983.375</b>
7.	Equity	643.781.258.321	660.185.983.375
8	Expenses and Bonus and welfare fund	-	-
	Total	1.705.316.370.845	1.562.338.472.854

#### 4. Financial performance

##### a) Financial performance

Table 15: Financial performance

Indicator	Year 2011	Year 2012	Percentage of changes (%)
Total Assets	293,245,731,698	369,299,041,102	26%
Net revenue	240,852,637,378	283,708,522,993	18%
Profit interest from operating activities	17,285,486,229	34,473,727,929	99%
Other benefit	1,406,033,381	303,190,692	(78%)
Pre-tax profit	18,691,519,610	88,549,297,759	373%
After-tax profit by shareholders of holding company	12,974,905,928	80,924,801,968	%
Dividend payout ratio	81%	14%	-

##### b) Major financial indicator

Table 1: Major financial indicator

Indicator	Year 2011	Year 2012	Note
<i>1. Indicator of payment capacity</i>			
+ Current ratio			
Current assets/current liabilities	6.70	4.73	
+ Quick ratio			
<u>Current assets – Inventories</u>	6.34	4.48	
Short-term liabilities			
<i>2. Indicator of Capital structure</i>			
+ Total debt/total assets ratio	12.89%	11.13%	
+ Total debt/equity ratio	14.89%	12.60%	
<i>3. Indicator of operation capacity</i>			
+ Inventory turnover:			
<u>Cost of goods sold</u>	14.59	22.02	
Average inventories			
+ Net revenue/total assets	0.82	0.76	
<i>4. Indicator of profitability</i>			
+ After-tax profit/Net revenue	6%	28%	

+ After-tax profit/Equity	5%	25%	
+ After-tax profit/Total assets	4%	22%	
+ Profit interest from operating activities/Net revenue ratio	7%	12%	

### 5. Shareholder structure, change in investment of owners

#### a) Shares

Total shares: 11,550,000; 100% are outstanding common shares which are unlimited to be transferred in compliance with Law.

#### b) Shareholder structure

Table 17: Shareholder structure by 29/11/2012

No.	Item	Number of shares holding	Percentage of ownership	Number of shareholders
1	<b>Based on percentage of ownership</b>	<b>11,550,000</b>	<b>100,0%</b>	<b>1,491</b>
	- Major shareholders	5,565,070	48,18%	5
	- Minor shareholders	5,984,930	51,82%	1,486
2	<b>Based on Individual/Organization Form</b>	<b>11,550,000</b>	<b>100,0%</b>	<b>1,491</b>
	- Organization shareholders	5,925,183	48,7%	21
	- Individual shareholders	5,624,817	51,3%	1,470
3	<b>Based on domestic/foreign aspect</b>	<b>11,550,000</b>	<b>100,0%</b>	<b>1,491</b>
	- Domestic shareholders	10,598,600	91,76%	1,382
	- Foreign shareholders	951,400	8,24%	109
4	<b>Based on State/Other aspect</b>	<b>11,550,000</b>	<b>100,0%</b>	<b>1,491</b>
	- State shareholders	11,550,000	100,0%	1,491
	- Other shareholders			

#### c) Changes in investment of owners

In the year 2012, there is no change in investment of owners.

On December 7, 2012, the Company organized extraordinary General Meeting of Shareholders approving the offer of 8.5 million separate shares for strategic investors. Up to the present, the offer has still been implementing.

#### d) Treasury stock trading

Pursuant to the Resolution of Board of Management dated April 17 2012, 1 million of treasure stocks were sold out by means of order execution.

Table 18: The trading of treasury stock in 2012

No.	Date	Q.ty	Price		No.	Date	Q.ty	Price
1	7/5/2012	50,000	17,400		21	23/8/2012	10,000	17,000
2	8/5/2012	50,000	17,700		22	24/8/2012	10,000	17,000
3	10/5/1012	50,000	18,000		23	27/8/2012	10,000	17,000
4	11/5/2012	30,000	17,700		24	28/8/2012	10,000	17,000
5	14/5/2012	25,000	17,700		25	29/8/2012	10,000	17,100
6	29/5/2012	4,000	17,200		26	30/8/2012	10,000	17,200
7	20/6/2012	50,000	17,000		27	31/8/2012	10,000	17,300
8	21/6/2012	44,000	17,000		28	4/9/2012	10,000	17,300
9	25/6/2012	50,000	17,000		29	5/9/2012	10,000	17,300



10	26/6/2012	9,990	17,000		30	6/9/2012	9,590	17,300
11	27/6/2012	50,000	17,000		31	7/9/2012	10,000	17,300
12	28/6/2012	50,000	17,000		32	11/9/2012	10,000	17,300
13	29/6/2012	50,000	17,000		33	12/9/2012	10,000	17,300
14	2/7/2012	50,000	17,000		34	13/9/2012	10,000	17,300
15	3/7/2012	50,000	17,000		35	14/9/2012	10,000	17,300
16	4/7/2012	37,010	17,000		36	17/9/2012	10,000	17,600
17	19/7/2012	50,000	17,000		37	18/9/2012	10,000	17,600
18	20/7/2012	50,000	17,100		38	19/9/2012	10,000	17,600
19	23/7/2012	50,000	17,000		39	20/9/2012	10,000	17,600
20	22/8/2012	2,500	17,000		40	21/9/2012	7,910	17,300
	<b>Total</b>						<b>1,000,000</b>	

e) Other stocks: None

### III. Report and Assessment of Directors

#### 1. Assessment of operating activities for the year 2012

INDICATOR	Plan (Billion VND)	Execution (Billion VND)	Percentage of above-plan profit (%)
Revenue	265	283.70	7%
Pre-tax profit	20	88.54	342%
After-tax profit by shareholders of holding company	14.5	80.92	458%

For the year 2012, after-tax profit by shareholders of holding company of the Company increases by VND 66.42 billion at 458% compared to plan due to investment profit of VND 53 billion in affiliated company (in which: variance between reasonable value of uncompleted net asset with cost of induced investment at the time of purchase is VND 50 billion).

- Advancements:

In the year, service sector has gained positive results thank to the application of expense control methods and utilization of advantages despite negative picture of the market.

Also, in 2012, for long-term investment, the Company has invested in AG Fisheries at 20.2% of control.

#### 2. Financial situation

##### a) Assets

Changes in current and non-current asset structure; liability and equity:

Table 19: Structure of capital and assets

Indicator	2011	Rate	2012	Rate
Current assets	247,325,335,376	84.34%	193,694,101,271	52.44%
Non-current assets	45,920,396,322	15.66%	175,604,939,831	47.56%
Total assets	293,245,731,698	100.00%	369,299,041,102	100.00%
Account payables	37,796,647,181	12.88%	41,109,179,067	11.13%
Equity	253,845,623,632	86.56%	326,355,998,094	88.37%
Benefit of minority shareholders	1,603,460,885	0.56%	1,833,863,941	0.5%
Total capital	293,245,731,698	100.00%	369,299,041,102	100.00%

The Company's asset structure tends to reduce rate of current assets and increase rate of non-current assets due to restructuring of investment portfolio.

Consolidated financial situation by December 31, 2012, income statement, and consolidated cash flow are presented in consolidated financial statement in attachment (Part VI).

b) Account payables

- Liabilities, Fluctuations in liabilities

In the year 2011, 2012, that the Company maintains current ratio at 6.7 and 4.7 respectively, and quick ratio at 6.3 and 4.4 respectively shows its payment capacity in all cases.

Assessment of bad account payable, impacts of exchange rate on operating activities, effects of borrowing interest rate: the Company mostly meets no bad account payable, as well as faces no influence caused by exchange rate and borrowing interest rate.

*3. Improvements in organizational structure, policies and governance*

In compliance with resolutions of the general meetings, during the past years, the Company does:

- ✓ Separate service rendering from holding company
- ✓ Establish 3 companies, including 2 subsidiaries (100% of capital by holding company) specializing in providing cleaning services in the South and the North, and 1 (80% of capital by holding company) specializing in trading
- ✓ Narrower short-term investment
- ✓ Enhance long-term investment with control in other companies

*4) Future plan*

According to the extraordinary General Meeting of Shareholders dated December 7, 2012, the Company orients to transform into an investment and trading company through enhancement of investment. Accordingly, Pan Pacific targets enterprises, whose operations relate to the Company's service supply or enterprises operating in key sectors of Vietnam, performing effective business and prospective key financial index.

**IV. Operational assessment by Board of Management**

In spite of the fact that both national and international economies face a lot of challenges in 2012, the Company has achieved outstanding results: net revenue from sales and service rendering increases by 18%, gross profit from operating activities increases by 99% compared to the same quarter, the Company also ensures execution of policies for employees and dividend for shareholders.

*1. Assessment of the Directors' operations by Board of Management*

The Board of Management highly appreciates the efforts of the Directors to manage, control expenses, expand the market effectively as well as to implement proper financial investment. The Directors also provides in-time and correct assessment and operation, contributing to address facing the Company. The Board of Management has supervised Directors on the implementation of:

- ✓ Dividend payment phase 2 for the year 2011, and advanced dividend payment for the year 2012
- ✓ Operations in quarters of I, II, III, IV of the year 2012
- ✓ Other activities by the Directors

*2. Plans and Orientations of Board of Management*

In compliance with the resolutions passed by the General Shareholders' Meeting during the past years, Board of Management continues to implement business activities subject to the Resolution of the General Shareholders' Meeting.

**V. Governance**

*1) Board of Management*

a) Members and structure of Board of Management:

Table 20: Members of Board of Management

owning the same percentage of shares

No.	Member	Position	Operation	Number of shares	Rate (%)	Title in other company
1	Nguyen Manh Hung	Chairman of BOM	No	969,200	8.39%	BOM Commissioner of GIL and LAF
2	Nguyen Van Khai	BOM Commissioner	General Director	240,000	2.08%	Head of SSI Board of Supervisors
3	Ha Thi Thanh Van	BOM Commissioner	Deputy General Director	825,000	7.17%	
4	Nguyen Vu Thuy Huong	BOM Commissioner	No	2,455,850	21%	
5	Nguyen Xuan Thuy	BOM Commissioner	Director of Pan Pacific Ltd. Co.	-	-	

b) Subcommittee under BOM: None

c) Operation of Board of Management

**Table 21: Regular meetings by Board of Management in the year**

No.	Member	Position	Number of days present	Rate	Reason for Absent
1	Mr. Nguyen Manh Hung	Chairman of BOM	04/04	100%	
2	Mr. Nguyen Van Khai	BOM	04/04	100%	
3	Mr. Nguyen Xuan Thuy	BOM	04/04	100%	
4	Ms. Ha Thi Thanh Van	BOM	04/04	100%	
5	Ms. Nguyen Vu Thuy Huong	BOM	04/04	100%	

**Table 22: Resolutions/Decisions passed by Board of Management in 2012**

No.	Resolution/Decision No.	Date	Content
1	01 -01 /2012/QĐ-HĐQT	09/01/2012	Dividend distribution
2	01-01 /2012/NQ-HĐQT	01/03/2012	BOM meeting on: Dividend distribution for the year 2011, plan for General Shareholders' Meeting, Business outcomes years 2011 and 2012
3	01-04/2012/NQ-ĐHĐCĐ	14/04/2012	Minute and Resolution of Annual General Shareholders' Meeting for the year 2012
4	01-04/2012/NQ-HĐQT	17/04/2012	Sales of treasury stock and Assessment of operation for quarter 1/2012
5	02-04/2012/NQ-HĐQT	18/04/2012	Implementation of Resolution of General Shareholders' Meeting for the year 2012 in companies
6	03-04/2012/NQ-HĐQT	18/04/2012	Transaction with relevant partners

7	05-06/2012/NQ-HĐQT	18/06/2012	Long-term investment in AGF
8	06-07/2012/NQ-HĐQT	19/07/2012	Preliminary income statement for 6 months, Report on investment in AGF, and adjustment of business plan for 2012
9	07-08/2012/NQ-HĐQT	02/08/2012	Sales of treasury stock (the rest 200K)
10	08-10/2012/NQ-HĐQT	24/10/2012	BOM meeting: assessment of operations quarter 3, and election of new Chairperson
11	09-11/2012/NQ-HĐQT	16/11/2012	BOM meeting: Completing list of shareholders received 10% of advanced dividend payment
12	10-12/2012/NQ-HĐQT	03/12/2012	Remuneration payment for BOM, Board of Supervisors phase 2/2012
13	02-12/2012/NQ-ĐHĐCĐ	07/12/2012	Minute and Resolution of EXTRAORDINARY General Shareholders' Meeting for the year 2012

d) Change in members of Board of Management and Board of Supervisors

Table 23: Changes in members of BOM and BOS

No.	Date	Member	Initial Position	New position	Note
1	14/4/2012	Hoang Duc Hoa	Member of BOM		
2	14/4/2012	Le Mai Huong	Member of BOM		
3	14/4/2012	Nguyen Vu Thuy Huong		Member of BOM	Representative for Saigon Securities Incorporation
4	14/4/2012	Nguyen Manh Hung		Member of BOM	Representative for Nguyen Sai Gon Ltd. Co.
5	24/10/2012	Ha Thi Thanh Van	Chairwoman of BOM	Member of BOM	
6	24/10/2012	Nguyen Manh Hung	Member of BOM	Chairman of BOM	

e) Operation of independent member of BOM who does not take operating position: taking part in all meetings and presenting opinions contributing to operation of the Company.

f) Operation of subcommittee under BOM: consisting of no subcommittee

## 2) Board of Supervisors

a) Members and Percentage of shares owning

Table 24: Members and structure of Board of Supervisors

No.	Member	Position	Number of shares	Rate (%)
1	Mr. Bui Van Truong	Head of BOS	1,000	0.008

2	Ms. Ta Thi Ngu Linh	Member of BOS	100	0.000
3	Ms. Bui Thanh Van	Member of BOS	6,400	0.055
<b>Total</b>			<b>7,500</b>	<b>0.063</b>

b) Operations of Board of Supervisors:

Board of Supervisors took part in all mentioned meeting of BOM, contributed opinion for the implementation of agenda passed by General Shareholders' Meeting as well as for the business plans of the Company.

Board of Supervisors is in charge of carrying out investigation upon specific program and directions through direct discussion with the Management (namely indicator of business, salary and welfare policy for employees, situation of expense control...); Board of Supervisors specified details in regular report made by the Management as well as financial terms in regular report of independent audit unit.

Board of Supervisors also keeps track of operation of internal assessment by Management division.

Besides, Board of Supervisors refers assessment results of BVQI consultancy on the Company current quality control system to keep update the real practice of the Company.

*3. Transaction, bonus and benefits rewarded to Board of Management, Directors and Board of Supervisors*

a) Salary, bonus, remuneration and other benefits:

Table 25: Remuneration to BOM and BOS to be paid in 2012

Name	Position	Amount (VND)
Mr. Nguyen Manh Hung	Chairman of BOM	48,000,000
Mr. Nguyen Van Khai	Member of BOM	60,000,000
Ms. Ha Thi Thanh Van	Member of BOM	78,000,000
Ms. Nguyen Vu Thuy Huong	Member of BOM	48,000,000
Mr. Nguyen Xuan Thuy	Member of BOM	60,000,000
Mr. Nguyen Duc Hoa (**)	Member of BOM	12,000,000
Ms. Le Mai Huong(**)	Member of BOM	12,000,000
Mr. Bui Van Truong	Head of BOS	60,000,000
Ms. Ta Thi Ngu Linh	Member of BOS	45,000,000
Ms. Bui Thanh Van	Member of BOS	45,000,000

(\*) Ms. Ha Thi Thanh Van to resign as Chairwoman of BOM, Mr. Nguyen Manh Van has taken charge since October 24, 2012.

(\*\*) These members were discharged from the position by the General Shareholders' Meeting since April 14, 2012

Salary and welfare fund for members of Directors for the year 2012: 2,750,054,582

b) Stock transaction by internal shareholders:

Table 26: Stock transaction by internal shareholders

No.	Participant	Relationship with internal shareholder	Number of shares owning at initial term		Number of shares owning at the end of term		Reason of change (sell, buy, transfer, reward...)
			Number of shares	Rate	Number of shares	Rate	
1	Nguyen Sai Gon Ltd. Co.		579,050	5.01%	969,200	8.39%	Increase percentage of ownership
2	Nguyen Xuan Thuy	Member of BOM	30,000	2.60%	0	0%	Personal
3	Ha Thi Hong Hanh	Sister of Member of BOM	22,600	0.2%	0	0%	Personal
4	NDH Vietnam Ltd, Co		637,700	5.52%	1,744,740	15.106%	Increase percentage of ownership
5	SSIAM		625,850	5.42%	640,720	5.56%	Increase percentage of ownership

c) Contract or transaction with internal shareholders: presented in Note No. “VII.1 – Transaction to related parties” in Financial Statement as follow:

## **VI. Financial Statement**

### *1 Opinion of Auditors*

#### **Independent audit unit:**

Auditing and Consulting Co., ltd. (A&C) audited consolidated Financial Statements for the fiscal year ended by December 31,2012, A&C expressed desire to be selected as audit unit for the consolidated Financial Statements of the Corporation.

#### **Opinion foundation**

“We have carried out auditing in compliance with Vietnamese Audit Standards. These standards require plan for audit to ensure that there is no serious fault in the consolidated Financial Statements. We have audited the Statement by applying necessary test, using clear evidence for certification of information stated in the consolidated Financial Statements, assessed the implementation of current Accounting Standards and Policies, principles and measures applied, important estimation and evaluation by the General Management of the Company as well as the overall presentation of the consolidated Financial Statements. We believe that the audit has provided reasonable and reliable foundation for our opinion”.

#### **Opinion of Auditor**

“In our opinion, the consolidated Financial Statements has presented correctly and reasonably key aspects of financial situation of the Corporation by December 31, 2012 as well as results of operating activities and consolidated cash flow at buying point by book value presented in the consolidated Financial Statements of An Giang Fisheries Import-Export Joint Stock

Company by June 30, 2012 reviewed by Ernst & Young Vietnam Co., Ltd. With an aim to make the cost accounting of investment in affiliated company and confirm the difference between reasonable value of uncompleted net asset at cost of induced investment at the time of purchase and Consolidated Income Statement of the Corporation”.

2. Audited Financial Statements

a) Audited Consolidated Financial Statements for the year 2012

**CONSOLIDATED BALANCE SHEET**

**As of December 12, 2012**

					<b>Unit: VND</b>
<b>ASSETS</b>	<b>CODE</b>	<b>Note</b>	<b>Closing Figure</b>	<b>Opening Figure</b>	
<b>A. CURRENT ASSETS</b>	<b>100</b>		193.694.101.271	247.325.335.376	
<b>I. Cash and equivalents</b>	<b>110</b>	V.1	49.860.270.524	68.186.738.232	
1. Cash	111		14.157.439.736	10,418.160.277	
2. Equivalents	112		35.702.830.788	57.768.577.955	
<b>II. Short-term financial investments</b>	<b>120</b>		37.692.832,899	78.239,269,065	
1. Short-term investment	121	V.2	50.117.189.303	83.205.477.609	
2. Provision for devaluation of short-term investment (*)	129	V.3	(12.424.356.404)	(4.966.208.544)	
<b>III. Short-term receivables</b>	<b>130</b>		91.329.217.529	82.538.448.240	
1. Accounts receivable	131	v,4	39,915.402.531	29.961.805.649	
2. Advance to sellers	132	V.5	51.134.848.432	51.818.233.956	
3. Short-term internal receivables	133		-	-	
4. Receivables from construction contracts under percentage of completion method	134		-		
5. Other receivables	135	V.6	416.431.473	892.087.875	
6. Provision for short-term doubtful receivables (*)	139	V.7	(137.464.907)	(133,679.240)	
<b>IV. Inventories</b>	<b>140</b>		10,270.528.354	13.390.637.148	
1. Inventories	141	V.8	10.395.198.872	13.696,643.126	
2. Provision for devaluation of inventories (*)	149	V.9	(124.670.518)	(306.005.978)	
<b>V. Other short-term assets</b>	<b>150</b>		4.541,251.965	4.970.242.691	
1. Short-term prepayments	151	V.10	873.333.743	843.042.687	
2. Deductible VAT	152		86.195.631	241.109.890	
3. Taxes and receivables from the State	154	V.23	995.015.078	1.466.331.402	
4. Transaction of reselling public bonds	157		-	-	
5. Other short-term assets	158	V,11	2.586.707.513	2.419.758,712	
<b>Consolidated Balance Sheet (Cont.)</b>					
<b>ASSETS</b>	<b>CODE</b>	<b>Note</b>	<b>Closing Figure</b>	<b>Opening Figure</b>	
<b>B. LONG-TERM ASSETS</b>	<b>200</b>		75.604.939.831	45.920.396.322	

<b>I. Long-term receivables</b>	<b>210</b>			-	
1. Long-term receivables from customers	211			-	
2. Working capital from subsidiaries	212			-	
3. Long-term internal receivables	213			-	
4. Other long-term receivables	218			-	
5. Provision for long-term doubtful receivables	219			-	
<b>II. Fixed assets</b>	<b>220</b>			18,011,526,993	19,817,554,279
1. Tangible fixed assets	221	V.12		17,995,526,993	19,816,932,728
- Historical price	222			37,480,714,139	35,217,599,996
- Accumulated depreciation (*)	223			(;9,485,187,;46 )	(1S,400,667,268)
2. Financial lease fixed assets	224				
- Historical price	225			-	-
- Accumulated depreciation (*)	226			-	-
3. Intangible fixed assets	227	V.13		16,000,000	621,551
- Historical price	228			104,197,649	86,;97,649
- Accumulated depreciation (*)	229			(88,197,649)	(85,576,098)
4. Construction in progress	230			-	-
<b>III. Investment property</b>	<b>240</b>				
- Historical price	241			-	-
- Accumulated depreciation (*)	242			-	-
<b>IV. Long-term financial investments</b>	<b>250</b>			49,866,168,254	17,198,000,000
1. Investments in subsidiaries	251			-	-
2. Investments in affiliates	252	V. 14		133,482,005,906	-
3. Other long-term investment	258	V.1S		17,198,000,000	17,198,000,000
4. Provision for devaluation of financial investment (*)	259	V.16		(813,837,652)	-
<b>V. Other long-term assets</b>	<b>260</b>			2,829,664,938	2,706,430,437
1. Long-term prepayments	261	V.17		808,106,998	1,629,171,814
2. Deferred income tax assets	262	V.18		1,763,368,292	710,938,975
3. Other long-term assets	268	V.19		258,189,648	366,319,648
<b>VI. Goodwill</b>	<b>269</b>	v.20		4,897,579,646	6,198,411,606
<b>TOTAL ASSETS</b>	<b>270</b>			369,299,041,102	293,245,731,698

CAPITAL SOURCE	CODE	Note	Closing Figure	Opening Figure
<b>A. PAYABLE LIABILITIES</b>	300		41,109,179,067	37,796,647,181
<b>I. Short-term liabilities</b>	<b>310</b>		40,873,449,767	36,895,226,664
1. Short-term loan and borrowings	311			
2. Payables to sellers	312	V.21	4,349,497,899	5,282,723,361



3. Advances from buyers	313	V.22	99,276,387	515,253,109
4. Tax and payables to State	314	V.23	5,508,266,663	3,823,011,283
5. Payables to employees	315	V.24	24,946,402,511	21,890,851,175
6. Payable expenses	316		155,868,626	220,706,364
7. Internal payables	317		-	-
8. Payables for construction contracts under percentage of completion method	318		-	-
9. Other short-term payables	319	v.25	1,976,397,442	1,455,977,441
10. Provision for short-term payables	320	V.26	124,806,879	102,360,095
11. Bonus and welfare funds	323	V.27	3,712,933,360	3,604,343,836
12. Transaction of reselling public bonds	327		-	-
<b>II. Long-term liabilities</b>	<b>330</b>		235,729,300	901,420,517
1. Long-term payables to sellers	331		-	•
2. Internal long-term payables	332		-	-
3. Other long-term payables	333	V.28	235,729,300	157,466,500
4. Long -term loan and borrowings	334		-	•
5. Payable deferred income tax	335	V.29	-	224,757,008
6. Severance provision	336	IV.17	-	519,197,009
7. Provisions of long-term payables	337		-	-
8. Unrealized revenue	338		-	-
9. Funds for science and technology development	339		-	-
<b>B. EQUITY</b>	<b>400</b>		326,355,998,094	253,845,623,632
<b>I. Equity</b>	<b>410</b>		326,355,998,094	253,845,623,632
1. Share capital	411	V.30	115,500,000,000	115,500,000,000
2. Share premium	412	v.30	108,518,904,236	108,248,900,000
3. Other capital of owner	413		-	-
4. Treasury stock (*)	414	V.30	(	; 16,904,100,720)
5. Difference from asset revaluation	415		-	-
6. Foreign exchange difference	416		-	-
7. Development and investment fund	417	V.30	6,905,188,560	6,905,188,560
8. Financial reserve	418	V.30	6,944,978,901	6,944,978,901
9. Other owner's funds	419		-	-
10. Undistributed after-tax profit	420	V.30	88,486,926,397	33,150,656,891
11. Investment capital for basic construction	421		-	-
12. Funds for enterprise arrangement	422		-	-
<b>II. Other expenditure and funds</b>	<b>430</b>		-	-
1. Expenditure	432		-	-
2. Funds for fixed assets acquisition	433		-	-
<b>C- INTEREST OF MINORITY SHAREHOLDERS</b>	<b>439</b>	V.31	1,833,863,941	1,603,460,885

<b>TOTAL CAPITAL SOURCE</b>	<b>440</b>		369,299,041,102	293,245,731,698
			<b>Closing Figure</b>	<b>Opening Figure</b>
<b>OFF BALANCE SHEET ITEMS</b>	<b>NOTE</b>			
1. Operating lease assets			-	-
2. Goods held under trust or for processing			-	-
3. Goods received on consignment for sale, deposit			-	-
4. Bad debt written off (VND)			90,730,000	90,730,000
5. Foreign currencies			-	-
- <i>USD</i>			187,81	203,51
6. Enterprise, project expenditure estimate			50,99	5099
			-	-

### CONSOLIDATED INCOME STATEMENT

*Year 2012*

ITEMS	CODE	NOTE	This year	Previous year
1. Revenue from goods sale and service rendering	01	VI.1	283,708,522,993	240,852,637,378
2. Revenue deductibles	02		,	
3. Net revenue from goods sale and service rendering	10	VI.1	283,708,522,993	240,852,637,378
4. Cost of goods sold	11	VI.2	226,141,847,856	195,389,269,574
5. Gross profit from goods sale and service rendering	20		57,566,675,137	45,463,367,804
6. Revenue from financing activities	21	V.1	3 25,121,376,065	14,115,611,113
7. Financial expense	22	VI.4	14,381,948,941	10,901,306,661
<i>In which: Loan interest</i>	23		113,275,243	1,062,999,701
8. Selling expenses	24	VI.5	4,287,766,320	4,732,337,671
9. Administrative expenses	25	VI.6	29,544,608,012	26,659,848,356

10. Net profit interest from operating activities	30		34,473,727,929	17,285,486,229
11. Other income	31	VI.7	402,062,181	2,256,597,894
12. Other expense	32	VI.8	98,871,489	850,564,513
13. Other profit	40		303,190,692	1,406,033,381
14. Total pre-tax profit	45	V.14	53,772,379,138	
15. Current corporate income tax expenses	50		88,549,297,759	18,691,519,610
16. Deferred corporate income tax expenses	51	V.23	8,447,929,631	5,045,842,778
17. Profit after corporate income tax	52	VI.9	(1,277,186,325)	(23,378,225)
18. After-tax profit of minority shareholders	60		81,378,554,453	13,669,055,057
18.1 After-tax profit of minority shareholders	61		453,752,485	694,149,129
18.2 After-tax profit of holding company's shareholders	62		80,924,801,968	12,974,905,928
19. Basic earnings per share	70	VI.10	7,324	1,230

## CONSOLIDATED CASH FLOW STATEMENT

(By indirect method)

Year 2012

Unit: VND

Items	Code	Note	This year	Previous year
<b>I. Cash flow from business activities</b>				
<b>1. Before-tax profit</b>	<b>01</b>		88,549,297,759	18,691,519,610
<b>2. Adjustments:</b>				
- Fixed asset depreciation	02	V.12, V.13, V.20	5,387,973,389	4,130,444,695
- Provisions	03	V.3, V.7, V.9, V.16	8,094,435,719	2,668,931,034
- Unrealized exchange difference gains	04	VI.3	(13,805,218)	(7,037,068)
- Gain from investment activities	05	V.14, VI.3	(70,330,710,814)	(13,307,290,160)
- Loan interest expense	06	VI.4	113,275,243	1,062,999,701
<b>3. Profit from operating activities before movement in working capital</b>	<b>08</b>		31,800,466,078	13,239,567,812
- Increase in receivables	09		31,333,380,878	(28,667,094,766)
- Increase in inventories	10		2,567,315,895	(3,777,501,154)
- Increase in payables	<b>11</b>		(4,401,015,349)	3,033,556,950
- Prepayment increase	12		790,773,760	302,266,072
- Paid loan interest	13		(113,275,243)	(2,767,746,923)
- Paid corporate income tax	<b>14</b>	V.23	(7,074,437,050)	(6,573,573,774)
- Other income from operating activities	15		2,426,325,234	1,071,713,863
- Other payment to operating activities	<b>16</b>		(6,537,473,166)	(4,805,695,963)
<b>Net cash flow from operating activities</b>	<b>20</b>		50,792,061,037	(28,944,507,883)

<b>II. Cash flow from investment activities</b>			-	-
1. Payment for acquisition of fixed assets and Other long-term assets	21	V.12, V.13	(1,546,985,784)	(1,772,842,983)
2. Income from fixed asset liquidation and Other long-term assets	22		,	549,000,000
3. Spending for lending, reselling debt instruments of Other unit	23		.	(76,105,806-250)
4. Proceeds from lending, reselling debt instruments of Other unit	24		,	118,374,561,250
5. Spending for investment, distribution in other unit	25	V.14	(79,709,626,768)	-
6. Proceeds from investment, distribution in other unit	26		,	,
7. Refund of lending, dividend and benefit divided	27			15,382,646,384
<b>Net cash flow from investment activities</b>	30	V.6, VI.3	17,059,348,851 (64,197,263,701)	56,427,558,401
<b>III. Cash flow from financial activities</b>				
1. Proceeds from issuing shares, receiving distribution of Owner	31	V.30	17,174,104,956	.
2. Spending for distribution of owner, repurchasing Issued shares of enterprise	32			
3. Short-term, long-term borrowings received	33			.
4. Spending for principal	34		.	(421,340,000)
5. Spending for financial lease liabilities	35		,	(35,541,897)
6. Dividends paid to shareholders	36	V.30	(22,095,370,000)	(15,825,000,000)
<b>Net cash flow from financial activities</b>	40		(4,921,265,044)	(16,281,851,897)
<b>Net cash flow in year</b>	50		(18,326,467,708)	11,201,168,621
<b>Cash and equivalent at the beginning of year</b>	60	V.1	68,186,738,232	56,985,569,611
Effect of exchange rate change	61		-	-
<b>Cash and equivalent at the end of year</b>	70	V.1	49,860,270,524	68,186,738,232

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Year 2012

The consolidated financial statements for the fiscal year ended December 31, 2012 the Pan Pacific Corporation includes financial statements of Pan Pacific Corporation (the holding company) and its subsidiaries (collectively referred to as the Group).

#### I. OPERATIONAL CHARACTERISTICS OF THE GROUP

1. Type of capital ownership of the Holding company: Joint Stock Company.
2. Business scope: Trading, service.
3. Business lines : Providing building cleaning service; Trading in industrial sanitation equipment; Providing building repair services; Providing anti-termite anti-insect services; Providing decoration services for building, landscape, gardens, rock-gardens, parks, zoos; Trading in real estate; Providing management services for buildings, apartments.

4. Total number of subsidiaries: 03

*In which:*

Number of consolidated subsidiaries: 03

5. List of significant consolidated subsidiaries:

<u>Company name</u>	<u>Address of head office</u>	<u>Voting benefit</u>	<u>Percentage of voting rights</u>
Pan Services Co., Ltd.	3rd Floor, No. 1C Ngo Quyen, Hoan Kiem District, Hà Nội City	100%	100%
Pan Pacific Corporation	236/43/2 Dien Bien Phu, Ward 17, Binh Thanh Disitrect, Ho Chi Minh City	100%	100%
Pan Trading JSC	236/43/2 Dien Bien Phu, Ward 17, Binh Thanh Disitrect, Ho Chi Minh City	80%	80%

6. Associated companies are reflected in the consolidated financial statements under the equity method

<u>Company name</u>	<u>Address of head office</u>	<u>Voting benefit</u>	<u>Percentage of voting rights</u>
An Giang Fisheries Import and Export Joint-Stock Company	1234 Tran Hung Dao, Binh Duc Ward, Long Xuyen City, An Giang Province	20.22%	20.22%

#### 7. Employees

As of December 31, 2012, the Group had 3,907 employees working in companies within the Group (the opening figure was 4,023 employees).

#### 8. The significant events affecting the business activities of the Group during the year

Profits during the year of the Group increased by nearly VND 68 billion with a 495% growth rate compared with the previous year mainly because impact of the profits from investments in associated companies is VND 53 billion (in which unfavorable goodwill recognized in the operating result during the year is the difference between the value of the investment and the fair value which is temporary calculated based on the book value at the acquisition date at the rate of contribution of VND 50 billion).

Besides, Pan Pacific Corporation completed the sale of all 1,000,000 treasury shares during the year.

## **II. FISCAL YEAR, CURRENCY USED IN ACCOUNTING**

### **1. Fiscal year**

Fiscal year of the Group annually begins on January 01 and ends on December 31.

### **2. Currency used to prepare the Consolidated financial statements**

The consolidated financial statements are expressed in Vietnam Dong (VND).

## **III. APPLICABLE ACCOUNTING STANDARD AND REGIME**

### **1. Applicable accounting standard and regime**

The Consolidated financial statements are prepared under the guidance of Accounting Standards and the Business accounting regime of Vietnam issued as per Decision No. 15/2006/QD-BTC dated March 20, 2006 of the Minister of Finance as well as Circulars guiding the implementation of Accounting standard and Accounting regime of Ministry of Finance.

### **2. Declaration of compliance on Accounting standard and regime**

The Board of General Directors of Pan Pacific Corporation commit to fully comply with the requirements of the accounting standards and business accounting regime of Vietnam as per Decision No. 15/2006/QD-BTC dated March 20, 2006 of the Minister of Finance as well as Circulars guiding the implementation of Accounting standard and Accounting regime of Ministry of Finance on preparing Consolidated financial statements.

### **3. Applicable accounting method**

The companies in the Group use the General Log form.

## **IV. APPLICABLE ACCOUNTING POLICIES**

### **1. Basis of preparing consolidated financial statements**

The consolidated financial statements are prepared on the basis of accrual accounting (other than information relating to cash flows).

### **2. Application of new accounting rules**

On October 24, 2012, the Ministry of Finance issued Circular No. 179/2012/TT-BTC

regulating the recognition, assessment, handling of exchange rate difference applicable from fiscal year 2012. This Circular stipulates the exchange rate used for conversion transactions denominated in foreign currency exchange rates at the time of the actual transaction of commercial banks in the company where the Group has incurred transaction, exchange rate used to assess the balance of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are buying rate of commercial banks or the average buying rate of commercial banks where companies in the Group accounts published open instead of using the average exchange rates interbank guided in BTC 15/2006/QD- Decision March 20, 2006 of the Minister of Finance. The other provisions of this Circular is similar to guideline of Accounting Standards No. 10 - Effect of exchange rate changes that the companies in the Group are applied.

### **3. Basis of consolidation**

The consolidated financial statements include the financial statements of the Trans-Pacific Corporation (holding company) and its subsidiaries. Subsidiaries are entities under the control of the holding company. Control exists when the holding company has the power, directly or indirectly, to govern the financial and operating policies of the company so as to obtain economic benefits from its activities. In assessing control, the potential voting rights that are currently in effect: or will be converted.

Operating results of subsidiaries acquired or disposed of during the year are presented in the statement of financial performance Consolidated income from the date of purchase or until the date of disposal of investment in subsidiaries that.

In cases where accounting policies of subsidiaries other than the accounting policies applied in the Group financial statements of the subsidiary will have the appropriate adjustments before using for preparing financial statements consolidated.

Balance Sheet accounts on the balance sheet between the companies within the Group, internal transactions, the securities unrealized internal IAI arising from such transactions are eliminated in preparing the financial statements consolidation. Unrealized losses resulting from intra-group transactions are eliminated unless the cost of creating such losses cannot be recovered.

Interests of minority shareholders can now profit and net assets of subsidiaries not held by the shareholders of the holding company and are presented separately in the statement of operations and consolidated income balance sheet and consolidated. Minority interests consist of the amount of the interests of minority shareholders at the date of the original business combination and the interests of minority shareholders in the volatility of equity since the date of the combination business. The loss of the capital corresponding to minority shareholders exceed their stake in the equity of subsidiaries are charged against the Group's share of benefits unless the minority has a binding obligation and able to offset that loss.

### **4. Business Combination**

The business combination are accounted for using the purchase method. The cost of business combination includes the fair value at the date of exchange of assets exchanged, debts incurred or assumed, and equity instruments issued by the Group in exchange taking control of the acquiree plus any costs directly attributable to the business combination. Assets acquired, the liabilities are identified and potential liabilities incurred in a business combination are recognized at fair value at the date of a business combination.

The difference between the cost of a business combination with the purchaser's ownership group in the net fair value of the assets, liabilities and identifiable potential liabilities recorded by the acquire at the date of acquisition is recognized as goodwill. If the cost of business combination is less than the fair value of the net assets, liabilities and identifiable potential liabilities recorded by the acquire, the difference is recognized in the present work business during the purchase transaction.

## **5. Investments in associated companies**

Associated companies are companies in which the Group has significant influence but not control with the financial policies and activities.

Operating results of associated companies are included in the consolidated financial statements under the equity method from the date that significant influence until the date that significant influence ceases. Investments in affiliates are reflected in the consolidated financial statements according to the initial investment cost and adjusted for changes in benefits on net assets of associated companies after investment. If the Group's interest in losses of associated company equals or exceeds the carrying value of the investment, the value of investments are presented in the consolidated financial statements is zero unless the Group has the obligation to make payments on behalf of the associate.

The difference between the cost of investment and the Group's ownership share in the fair value of net assets identified by associates at the date of acquisition is recognized as goodwill. If the investment cost less the fair value of net assets identified associates of the acquisition date, the difference is recognized in the operating results of any purchase transaction.

The financial statements of the associates are prepared for the same accounting period for the Group. When accounting policies of associated companies other than the accounting policies applied in the Group financial statements of associated companies compared with the adjustments right before using for preparing financial statements consolidated.

## **6. Goodwill**

Goodwill is the difference between the purchase cost over the interest of the Group in the net fair value of the assets, liabilities and identifiable potential liabilities of the subsidiary, associated companies at the date of acquisition. Goodwill is recorded as assets on the balance sheet and the consolidated balance amortized on a straight line basis over 10 years.

When selling subsidiaries, associated companies of the remaining value of goodwill related to these units are recognized in operating results.

## **7. Cash and cash equivalents**

Cash and cash equivalents include cash, bank deposit, cash in transit, short-term investments with maturity of no more than 03 months since buying date, easy to convert into a certain amount with little risks during transfer into cash.

## **8. Inventories**

Inventories are stated at the historical cost basis. The cost of inventories includes the cost of purchase, costs of conversion and other costs directly related to other derivatives have inventory location and current status.



Cost of inventories is computed on weighted average method and is recorded at the perpetual inventory method.

Provision for diminution in value of inventories is recognized when historical price is greater than realizable net value. Net realizable value represents the estimated selling price of inventories less the estimated costs of completion and the estimated costs necessary to consume them.

## **9. Trade receivables and other receivables**

Trade receivables and other receivables are recorded at the invoice and voucher.

Provision for doubtful debts is made for each doubtful debts based on the age of the overdue debt or projected losses that may occur.

Increase or decrease of provision for doubtful debts is recognized in administrative expenses in the income statement.

## **10. Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated amortization. Cost of tangible fixed assets includes all costs to get the cows to fixed assets by the time the asset is put into a state ready to use. Costs incurred subsequent to initial recognition are included in the cost of fixed assets if the cost is sure to increase to benefits in the future due to the use of such property. The cost of not satisfying the above conditions is recognized immediately in cost.

When tangible fixed assets are sold or retired, their cost and accumulated depreciation are eliminated and any gain or loss arising on disposal is calculated as income or expense in the year.

Tangible fixed assets are depreciated using the straight-line method based on estimated useful life, the depreciation of the fixed assets as follows:

Type of fixed assets	years
Buildings and structures	05-25
Machinery and equipment	03-07
Transmission lines	05-10
Management equipment and tools	03-05

## **11. Operating lease assets**

### ***The Group is the lesser***

Revenue from operating leases is recognized on a straight-line basis over the lease term. Initial direct costs to generate revenue for the business end operations are recognized immediately as expenses when incurred or amortized into expense over the term of the appropriate revenue recognition for operating leases.

### **The Group is the lessee**

Leases are classified as operating leases if substantially all the risks and rewards associated with ownership of the property to the lessor. Operating lease costs are reflected in cost by the

straight-line method over period end assets, regardless of the mode of payment of rent.

## **12. Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated amortization. Intangible assets of the Group include:

### **Computer software**

The purchase price of the computer software that is not an integral part of the related hardware is capitalized. Cost of computer software is all the expenses spent by the time the software is put into use. Computer software is amortized on a straight line basis over 03 years.

## **13. Costs of borrowings**

Costs of borrowings are recognized as costs during period. Where the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset should be a long enough time (over 12 months) to get ready for its intended use before or sale, borrowing costs have been capitalized.

For loans that are generally used for investment purposes or floor construction of a qualifying asset are capitalized borrowing costs is determined by the ratio of capitalized costs accumulated average rights arising for investment in capital construction or production of assets. Cap rates are calculated according to the proportion of the weighted average interest rate of the loan not paid during the year, except for separate loans for the purpose of forming a specific property.

## **14. Financial investments**

Investments in securities and other long-term investments are recorded at cost. Interest, dividends and profits of the prior period investments are purchased are accounted reduce the value of such investments. Interest, dividends and profits of the period after the investment is acquired is recognized in revenue.

Provision for diminution in value of securities shall be made for each class of securities traded on the market and is priced lower than the market value in the accounting books. Market price for securities listed on the Stock Exchange of Ho Chi Minh City (HOSE) as a basis for considering provision is determined to be the closing price on the date of provision.

Provision for investments into other economic institutions are created when the economy is being held huge (except where such loss plan have been identified in the business plan before investing) at the rate established by the difference between the actual investment of the parties to the economy and the equity of the business entities (x) at the rate of company capital contribution to the total actual investment of the parties to the economy.

Increase or decrease in the provision for financial investments is recorded at cost in the financial year.

Gas liquidate an investment, the difference between the net liquidation value and book value are recorded in income or expenses.

## **15. Long-term prepaid expenses**

### ***Tools and instruments***

The tools and instruments have been put into use in costs allocated in accordance with the straight-line method from the 02-time distributed pedestal 03 years.

### **16. Payable expenses**

Accrued expenses are recognized based on a reasonable estimate of the amount payable for the goods and services used.

### **17. Severance allowance and unemployment insurance**

The companies in the Group must pay severance allowance to employees working at the time share company for 12 months or more until December 31, 2008 with a payment rate equal to half the average monthly salary the basic social insurance of six months preceding the termination point for 01 year.

According to the Law on social insurance, from 01 in 2009 to 01 months in the Group owning company must pay unemployment insurance fund by agencies of Vietnam Social Insurance Management at the rate 01% of the lower of the basic salary of the employee, or 20 times the minimum wage prescribed by the Government from time to time. With the application of the unemployment insurance scheme in the Group Companies do not have to pay severance allowance to the working time of employees from 01 2009E 01 years

Retrenchment benefits paid during the year are recorded in balance set aside in previous years. If the balance has been appropriated in previous years is not enough to pay severance allowance to employees, the entire outstanding share expenditure is recognized in administrative expenses in the income statement. If the balance has been appropriated in the previous year after severance allowances during the year, the balance remaining unspent portion is recorded in other income during the year.

### **18. Payable provisions**

Provisions are recognized when the Group has a legal obligation or constructive obligation as a result of an event that happened and be able to pay that debt. Provisions are determined based on estimates of the expenditure required to settle the obligation at the balance sheet date. If the influence of time is critical, allowance is determined by discounting the amount to be spent in the future to pay debt obligations with pre-tax discount rate and reflects the market assessment the current time value of money and the risks specific debts. The increase in the provision due to the passage of time is recognized as interest expense.

### **Cost of goods warranty**

Provision for product warranty is made for each commodity shares warranties made in accordance with the commitments to customers.

The provision for warranty costs of the Group was approximately 01% on sales of goods with warranty claims.

### **19. Business capital**

#### **Capital owners**

Capital owners are recognized as probably the actual investment of the holding company's shareholders.

### **Equity surplus**

Equity premium is recorded as the difference between the issue price and the par value of the shares initially issued, or issued additional difference between the issue price and download the book value of the stock fund. Direct costs related to the issuance of additional shares and treasury shares reissued surplus is reduced equity.

### **Treasury stock**

When shares acquired by the Company in the Group release, including the payment of costs associated with transaction receipt is recorded as treasury shares and is reflected as a decrease in equity. When re-released, the difference between the re-release and the book value of treasury shares is recorded in capital surplus target shares.

## **20. Dividends**

Dividends are recognized as liabilities when declared.

## **21. Appropriation of funds**

The fund was set up under the Charter and resolutions annual meeting of shareholders of the companies in the Group. Intended use of the funds as follows:

	<u>Purpose</u>
Development investment fund	Expanding business operations or investments in depth of the Company
Financial Reserve Fund	Compensate for the loss, damage occurs in the course of business or cases of force majeure, such as unexpected natural disasters, fires, etc.
Bonus and welfare fund	Bonus material benefits pin encouraged to improve and improve the material life and spiritual workers

## **22. Corporate income tax**

Income tax expense comprises current tax and deferred tax.

### **Current income tax**

Taxes Current income tax is calculated based on taxable income. The difference between taxed income and accounting profit is due to the adjustments of temporary differences between the tax and accounting, the cost of which cannot be the same as the adjustments of non-taxable income and losses be professional.

### **Deferred income tax benefit**

Deferred income tax is the corporate income tax will be paid or refunded by the number of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the value for tax purposes. Deferred income tax assets are recognized for all temporary differences taxable. Deferred income tax assets are recognized when the

details of the future will certainly be profitable to use the taxable temporary differences are deductible.

The carrying amount of assets tax deferred income is reviewed at the end of the financial year and will be reduced to ensure the lamp is probable that taxable profit will allow the benefits of a part or all of the deferred tax asset to be used. Property income tax refund has not been previously recognized are reviewed at the end of the financial year and is recognized when it is probable that taxable profits will be best to use the property tax unrecognized deferred this.

Tax Assets and Deferred income tax Deferred tax is determined by rates that are expected to apply to the recovery of assets or liabilities to be paid based on the tax rates in effect at the end of the fiscal year. Deferred income tax is recognized in the statement of business activities unless related to items charged or credited directly to equity when Red income tax will be recognized directly in equity.

### **23. Transactions in foreign currencies**

Transactions in foreign currencies are translated at exchange rates at the dates of transactions. The balances of monetary items denominated in foreign currencies are converted at the exchange rate at the end of the fiscal year.

Foreign exchange differences arising from transactions in foreign currency monetary assets and liabilities denominated in foreign currency and exchange differences arising from the translation of monetary items denominated in foreign currencies shall, after clearing deviation increase and reduce disparities in income recognized in financial operations or financial costs.

The exchange rates used for conversion transactions in foreign currency exchange rates as at the date of the actual transaction of commercial banks in the company where the Group has incurred transaction. The exchange rates used to assess the balance of monetary items denominated in foreign currencies last year's buying rate of commercial banks or the average buying rate of commercial banks in the episode where the Company in the Group accounts published at the end of the fiscal year.

The exchange rates used for conversion at the time of day:

31/12/2011: VND 20,828/USD

31/12/2012: VND 20,802/USD

### **24. Recognition of revenue and income**

#### **Sales of goods and finished products**

Revenue from sale of goods is recognized when finished most of the risks and benefits associated with the ownership and the management of goods and finished products which are delivered to the buyer, and the weak does not exist significant uncertainty regarding the payment, together with the cost of goods sold or the ability to bounce back.

#### **Revenue from service rendering**

Revenue from rendering of services is recognized when there are uncertain factors related kc lights or the payment of additional costs. Where services are provided in many accounting

periods, revenue is recognized based on the percentage completion of service road at the financial year end date.

#### **Revenue from operating lease assets**

Recognition of property tax revenue for operations is presented in Note IV.11.

#### ***Interest***

Interest is recognized on a time basis and the actual interest rate for each period.

#### **Dividends and profit sharing**

Dividends and profit sharing are recognized when the Group's right to receive dividends or profit from capital contribution. Private shares of dividends received by or credited to the income not only follow up the increased amount.

### **25. Financial assets**

#### **Classification of financial assets**

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The financial assets of the Group include groups: Held-to-maturity investments, loans and receivables, financial assets available for sale.

#### **Investments held to maturity**

Investments held-to-maturity financial assets are non-derivative with fixed payments or gross can identify and fixed maturities that the Group has the positive intention and ability to hold to maturity date.

#### **Loans and receivables**

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

#### **Financial assets available for sale**

Financial assets available for sale financial assets are non-derivative was identified as available for sale or are not classified as financial assets carried at fair value through statement of income business, investments held-to-maturity or loans and receivables.

#### **Initial carrying value of financial assets**

These financial assets are recognized at the acquisition date and recorded at the date of sale stopped. At the time of initial recognition, the financial assets are recorded at purchase price plus the cost of other derivative directly related to the purchase and distribution of financial assets.

### **26. Financial liabilities and equity instruments owned**

The financial instruments are classified as financial liabilities or equity instruments at the time of initial recognition in accordance with the nature and definition of financial liabilities and equity instruments.

### **Financial Liabilities**

The classification of financial liabilities depends on the nature and purpose of financial liabilities and is determined at the time of initial recognition. Financial liabilities of the Group include the accounts payable and other payables.

At the time of initial recognition, these financial liabilities are initially recognized at cost, fewer expenses incurred directly related to financial liabilities.

Amortized cost is determined by the value of the initial recognition of financial liabilities minus principal repayments, plus or minus the cumulative distribution method based on the actual rate of the difference between value initially recognized and the maturity value, subtract deductions (either directly or through the use of a reserve account) or by reducing the value cannot be recovered.

Actual interest method is a method of calculating the amortized cost of a group or a financial liability and allocating the interest income or interest expense in the period concerned. Real interest rate is the discount rate of the cash flows expected to be paid or received in the future is expected over the life of the financial instrument or a shorter, if necessary, return to the current book value net financial liabilities.

### **Equity instruments**

Tools are equity contracts demonstrate the benefits of the remaining assets of the Group after deducting all obligations.

## **27. Offsetting of financial instruments**

The financial assets and financial liabilities are offset with other spending and net present value on the balance sheet when and only when the account group:

- Have a legal right to offset the recognized value;
- Plan to make payment on a net basis or recognize assets and pay payable liabilities at the same time.

## **28. Report by segment**

Segment by business line is a part able to identify individually involved in producing or providing products or services and has risk and economic benefits different from other business segments in other economic environments.

Segment by geographic area is a part able to identify individually involved in producing or providing products or services within a particular economic environment and has risk and economic benefits different from other business segments in other economic environments.

## **29. Related parties**

Parties are considered to be related if one party has the ability to control or has significant influence over the other party in making decisions on fiscal policies and activities. Parties are also considered to be related if they are subject to common control or common significant influence.

In considering the relationship of the related parties, the nature of the relationship is more focused than the legal form.

Transactions with related parties during the year are shown in Note VII. 1.



#### IV. ADDITIONAL INFORMATION FOR ITEMS IN CONSOLIDATED BALANCE SHEET

##### 1. Cash and equivalents

	<u>Closing balance</u>	<u>Opening balance</u>
Cash in hand	713,693,734	950,586,800
Bank deposit	13,443,746,002	9,466,923,477
Cash in transfer	-	650,000
Cash equivalents	35,702,830,788	57,768,577,955
<b>Total</b>	<b><u>49,860,270,524</u></b>	<b><u>68,186,738,232</u></b>

(\*) Term deposit shall not exceed 03 months.

##### 2. Short-term investments

	<b>Closing balance</b>		<b>Opening balance</b>	
	Quantit y	Value	Quantit y	Value
Short-term investment shares		50,117,189,303		45,474,232,609
- Bentre Aquaproduct Import and Export Jsc	500,000	19,630,201,015	191,660	8,014,494,050
- An Lac Real Estate Jsc (*)	-	-	900,000	9,000,000,000
- Cuu Long Sea Products Jsc(*)	92,400	3,500,000,000	92,400	3,500,000,000
- Dai Nam Jsc(*)	47,000	4,700,000,000	47,000	4,700,000,000
- Long Hau Jsc	102,000	4,645,889,422	102,200	4,658,257,216
- An Giang Fisheries Import and Export Jsc	-	-	131,000	2,922,969,278
- Binh Thanh Import-Export Production And Trade Jsc	500,000	15,383,480,728	155,000	4,445,056,184
- Hung Vuong Aqua. Jsc	-	-	420,000	8,232,584,725
- Long An Food Processing Export Jsc	150,000	2,256,746,982	-	-
- Telecommunication Technology Development Investment Jsc	11	566,946	11	566,946
- General Forwarding & Agency Corporation	6	304,210	6	304,210
Short-term-business cooperation with Saigon Securities Incorporation	-	-	-	37,731,245,000
<b>Total</b>		<b><u>50,117,189,303</u></b>		<b><u>83,205,47,609</u></b>

(\*) Companies have not been listed yet.

The reason for changing the terms of short-term investments:

- Shares of Bentre Aquaproduct Import and Export Jsc:
  - Increase due to purchasing 315,000 shares at purchase price and purchase costs of VND 11,894,202,924.
  - Decrease due to selling 6,660 shares at price equivalent to VND 278,495,959.
- Shares of Long Hau Jsc: Increase due to purchasing 100 shares at purchase price and purchase costs of VND 1,296,588.
  - Decrease due to selling 300 shares at price equivalent to VND 13,664,382.
- Shares of An Giang Fisheries Import and Export Jsc:
  - Increase due to purchasing 3,565,930 shares at purchase price and purchase costs of VND 104,977,120,344.
  - Decrease due to selling 1,096,930 shares at price equivalent to VND 28,190,462,854.
  - Decrease due to carrying over 2,600,000 shares to long-term investment in associated companies at value equivalent to VND 79,709,626,768 (see Note V.14).
- Shares of Binh Thanh Import-Export Production And Trade Jsc:
  - Increase due to purchasing 379,310 shares at purchase price and purchase costs of VND 11,982,948,060.
  - Decrease due to selling 34,310 shares at price equivalent to VND 1,044,523,516.
- Shares of Long An Food Processing Export Jsc:
  - Increase due to purchasing 403,500 shares at purchase price and purchase costs of VND 6,203,263,764.
  - Decrease due to selling 253,500 shares at price equivalent to VND 3,946,516,782.
- Shares of An Lac Real Estate Jsc, shares of Hung Vuong Aqua. Jsc: decrease due to all shares is invested.

### 3. Provision for devaluation of short-term investments

Provision for devaluation of short-term financial investments.

Movements in provision for devaluation of short-term investments as follows:

Opening figures	4,966,208,544
Additional provisions	7,458,147,860
<b>Closing figures</b>	<b><u>12,424,356,404</u></b>

### 4. Receivables from customers

	<b>Closing balance</b>	<b>Opening balance</b>
Pan Pacific Corporation	6,277,752,806	5,191,275,801
Pan Trading JSC	2,551,963,898	4,349,138,124
Pan Services Co., Ltd.	7,423,261,317	5,176,158,282

Pan Pacific Co., Ltd.	<u>23,662,424,510</u>	<u>15,245,233,442</u>
<b>Total</b>	<b><u>39,915,402,531</u></b>	<b><u>29,961,805,649</u></b>

#### 5. Advance to sellers

	<u>Closing balance</u>	<u>Opening balance</u>
Pan Pacific Corporation (*)	50,244,332,533	50,322,820,675
Pan Trading JSC	457,271,314	667,080,266
Pan Services Co., Ltd.	40,000,000	57,940,048
Pan Pacific Co., Ltd.	<u>393,244,585</u>	<u>770,392,967</u>
<b>Total</b>	<b><u>51,134,848,432</u></b>	<b><u>51,818,233,956</u></b>

(\*) Under the share purchase agreement 79/2010/IB-SSIHO of July 26, 2010 between the Saigon Securities Incorporation with Pan Pacific Corporation, the total transaction value is VND 50.2 billion and with the final payment due is March 18, 2013 appendix No. 06 September 17, 2012. To date, the Pan Pacific Corporation shares outstanding unpaid VND 100 million.

#### 6. Other receivables

	<u>Closing balance</u>	<u>Opening balance</u>
Interest from investment cooperation	-	367,211,321
Expected interest from banks	75,234,229	209,040,083
Other receivables	341,197,244	315,836,471
<b>Total</b>	<b><u>416,431,473</u></b>	<b><u>892,087,875</u></b>

#### 7. Provision for doubtful short-term receivables

Provision for losses on accounts receivable past due 03 years.

Movements in provision for doubtful short-term receivables as follows:

Opening figures	133,679,240
Additional provisions	3,785,667
<b>Closing figures</b>	<b><u>137,464,907</u></b>

#### 8. Inventories

	<u>Closing balance</u>	<u>Opening balance</u>
Materials	3,061,093,764	3,972,449,916
Tools, equipment	750,998,594	1,230,087,405
Goods	6,583,106,514	8,494,105,805
<b>Total</b>	<b><u>10,395,198,872</u></b>	<b><u>13,696,643,126</u></b>

## 9. Provision for devaluation of inventories:

Provision for devaluation of slow-moving merchandise.

Movements in provision for devaluation of inventories as follows:

Opening figures	306,005,978
Additional provisions	(181,335,460)
<b>Closing figures</b>	<b>124,670,518</b>

## 10. Short-term prepayment:

	<u>Closing balance</u>	<u>Opening balance</u>
Insurance costs	502,978,463	293,113,540
Costs of warehouse	41,600,000	35,190,000
Tools, equipment	75,629,769	261,963,172
Building rent	229,252,576	230,882,392
Other costs	23,872,935	21,893,583
<b>Total</b>	<b>873,333,743</b>	<b>843,042,687</b>

## 11. Other short-term assets

	<u>Closing balance</u>	<u>Opening balance</u>
Shortage of assets awaiting resolution	472,818	-
Advance	740,507,295	904,721,738
Short-term deposits	1,845,727,400	1,515,036,974
<b>Total</b>	<b>2,586,707,513</b>	<b>2,419,758,712</b>

## 12. Increase, decrease in tangible fixed assets

	<u>House and architectural structure</u>	<u>Machines and equipment</u>	<u>Means of transport</u>	<u>Fixed assets used in management</u>	<u>Total</u>
<b>Primary price</b>					
Opening figures	14,355,899,499	15,578,735,756	4,220,709,449	1,062,255,292	35,217,599,996
New purchase	-	1,294,657,248	-	234,328,536	1,528,985,784
Increase from inventories for use				-	1,002,264,992
Decrease due to importing inventories unused	-	1,002,264,992	-		
<b>Closing figures</b>	<b>14,355,899,499</b>	<b>17,607,621,363</b>	<b>4,220,709,449</b>	<b>1,296,583,828</b>	<b>37,480,714,139</b>
<b>In which:</b>					
Fully depreciated but still in use	222,207,265	1,437,688,791	794,370,000	468,222,855	2,922,488,911
<b>Depreciation</b>					
Opening figures	3,525,297,505	9,002,560,589	2,045,918,169	826,891,005	15,400,667,268

	<b>House and architectural structure</b>	<b>Machines and equipment</b>	<b>Means of transport</b>	<b>Fixed assets used in management</b>	<b>Total</b>
Depreciation during the year	1,231,730,823	2,259,425,003	422,071,482	171,292,570	4,084,519,878
<b>Closing figures</b>	4,757,028,328	11,261,985,592	2,467,989,651	998,183,575	19,485,187,146
<b>Carrying value</b>					
Opening balance					
<b>Closing balance</b>	10,830,601,994	6,576,175,167	2,174,791,280	235,364,287	19,816,932,728
<i>In which:</i>	9,598,871,171	6,345,535,771	1,752,719,798	298,400,253	17,995,526,993
Temporarily unused					
Pending liquidation	-	-	-	-	-

### 13. Increase, decrease in intangible fixed assets

	<b>Primary price</b>	<b>Depreciation</b>	<b>Carrying value</b>
<b>Opening figures</b>	86,197,649	85,576,098	621,551
<b>Increase during the year</b>	18,000,000	2,621,551	
Closing figures	104,197,649	88,197,649	16,000,000

In particular, the number of fully depreciated but still in use cost is VND 21,565,501.

### 14. Investments in associated companies, joint ventures

On July 16, 2012, the Company completed the purchase of 2,600,000 shares, equivalent to 20.22% of the charter capital of An Giang Fisheries Import and Export Joint-Stock Company (AGF stocks) at the price of VND 79,709,626,768 (VND 30,658/share). The fair value of the net assets of grass land AGF identify and record the difference between the fair value of net assets is the purchase price determined investments arising on acquisition is presented below:

	<b>The fair value of the net assets can be determined temporarily recorded at time of purchase</b>	<b>Book value of the associated company</b>
Cash and equivalents	55,431,618,454	55,431,618,454
Short-term receivables	561,696,845,943	561,696,845,943
Inventories	516,997,394,834	516,997,394,834
Other short-term assets	15,323,710,621	15,323,710,621
Fixed assets	427,619,020,644	427,619,020,644
<i>In which, land use right</i>	66,327,433,583	66,327,433,583
Long-term financial investments:	76,952,600,000	76,952,600,000
Other long-term assets	13,384,265,182	13,384,265,182
Short-term liabilities payable	(1,006,294,763,342)	(1,006,294,763,342)
Long-term liabilities	(18,091,830,702)	(18,091,830,702)
<b>Net assets</b>	643,018,861,634	643,018,861,634

	<b>The fair value of the net assets can be determined temporarily recorded at time of purchase</b>	<b>Book value of the associated company</b>
<b>Owned value in the net assets (20.22%)</b>	130,011,011,515	
<b>Purchase price of investment</b>	<b>79,709,626,768</b>	
<b>Difference between the fair value of net asset determinable with purchase price of the investment</b>	<b>50,301,384,747</b>	

The Board of General Directors of Pan Pacific Corporation decided to use the fair value of net assets identified on acquisition temporarily tape book value shown on the consolidated report of the An Giang Fisheries Import and Export Joint-Stock Company at June 30, 2012 have been reviewed by the Ernst & Young Vietnam Co., Ltd to the accounting of investments in associated companies and noted the difference between the price fair value of net assets to determine crude price investments incurred at the time of purchase on the statement of operations of the Group in the year. The use of fair value of net assets of AGF crude identified above is provisional as the Group has not completed the valuation of fixed assets, land use rights and other intangible assets AGF on the date of purchase.

The value of the Group's ownership in associated companies at December 31, 2012 asfollow:

Purchase price of investment	79.709.626.768
The difference between the fair value of net assets is the purchase price determined investments	50,301,384,747
The Company's interest in satellite links from the date of purchase at the rate of property	3,470,994,391
The profit or loss of associates and joint ventures in the statement of consolidated operations	53.772,379.138
<b>The value of the Group's ownership in associated companies at the end of year</b>	<b>133,482,005,906</b>

## 15. Other long-term investments

Long-term stock investments. Details as follow:

	<b>Closing balance</b>		<b>Opening balance</b>	
	Quantity	Value	Quantity	Value
Saigon Real Estate Joint Stock Company	500,000	5,000,000,000	500,000	5,000,000,000
Viet Tin JSC	4,698	4,698,000,000	4,698	4,698,000,000
Lilama Electricity, Mechanics and Environment JSC	750,000	7,500,000,000	750,000	7,500,000,000

**Total** **17,198,000,000** **17,198,000,000**

**16. Provision for devaluation of long-term financial investments**

Provision for devaluation of long-term stock investments.

**17. Long-term prepayment:**

	<b>Opening figures</b>	<b>Increase during the year</b>	<b>Carrying over to operation cost during the year</b>	<b>Closing figures</b>
Tools, equipment	1,590,773,980	1,152,269,468	(1,934,936,450)	808,106,998
Other costs	38,397,834	5,400,364	(43,798,198)	-
<b>Total</b>	<b>1,629,171,814</b>	<b>1,157,669,832</b>	<b>(1,978,734,648)</b>	<b>808,106,998</b>

**18. Deferred tax assets**

Deferred tax assets are related to deducted temporary difference. Details arising during the year are as follows:

Opening figures	710,938,975
Accruals during the year	1,439,006,354
Refund during the year	(386,577,037)
<b>Closing figures</b>	<b>1,763,368,292</b>

**19. Other long-term assets**

Long-term deposits.

**20. Goodwill**

The Trans-Pacific Corporation said that the book value of Union Pacific Company Limited as at the acquisition date fair value. The difference between the purchase price to the fair value at the acquisition date as goodwill and is amortized over 10 years. Details as follow:

Value of goodwill	13,008,319,600
Distributed figures	
- Opening distribution	(6,809,907,994)
- Distribution during the year	(1,300,831,960)
- Accumulation of closing distribution	(8,110,739,954)
<b>Amount required distribution at the end of the year</b>	<b>4,897,579,646</b>

**21. Advance to sellers**

	<b>Closing balance</b>	<b>Opening balance</b>
At Pan Pacific Corporation	377,128,053	674,889,439
At Pan Trading JSC	1,231,309	2,323,630,343
At Pan Services Co., Ltd.	353,975,609	363,018,070

At Pan Pacific Service Co., Ltd.	2,387,085,119	1,921,185,509
<b>Total</b>	<b>4,349,497,899</b>	<b>5,282,723,361</b>

## 22. Prepayment by buyer

	<u>Closing balance</u>	<u>Opening balance</u>
At Pan Pacific Corporation		
At Pan Trading JSC	45,641,560	507,095,585
At Pan Services Co., Ltd.	2,460,865	60,669
At Pan Pacific Service Co., Ltd.	51,173,962	8,096,855
<b>Total</b>	<b>99,276,387</b>	<b>515,253,109</b>

## 23. Tax and payables to the State

	<u>Opening figures</u>	<u>Increase during the year</u>	<u>Carrying over to operation cost during the year</u>	<u>Closing figures</u>
Domestic VAT	1,846,325,415	23,556,297,658	(22,707,761,929)	2,694,861,144
VAT of Imported goods	46,866,836	435,281,995	(482,148,831)	-
Import, export tax	1,453,665	148,768,990	(150,222,655)	-
Corporate tax (*)	309,992,123	8,447,929,631	(7,074,437,050)	1,683,484,704
Individual tax	152,041,842	1,173,676,538	(1,190,812,643)	134,905,737
Other taxes	-	11,000,000	(11,000,000)	-
<b>Total</b>	<b>2,356,679,881</b>	<b>33,772,954,812</b>	<b>(31,616,383,108)</b>	<b>4,513,251,585</b>

(\*) Corporate income tax overpaid last year and the first turn is 1,466,331,402 VND 995,015,078 VND and targets are presented in taxes and other revenue to the State.

### Value-added tax

Companies in the Group paid the value-added tax by the credit method. Tax rates of value added tax as follows:

- Goods and services provided to export processing enterprises: 0%
- Goods and services provided to other enterprises: 10%

### Corporate income tax

The company in the Group shall pay enterprise income tax for the income tax at the rate of 25%.

This year Union Pacific Co. Ltd. and Trading Company Pan (subsidiary) a 30% reduction of corporate income tax payable for 2012 under Circular No. 21 dated May 140/2012/TT-BTC 8 2012 by the Ministry of Finance Decree No. 60/2012/ND-CP guiding July 30, 2012 of the government detailing the implementation of the Resolution of the National Assembly 29/2012/Q1113 issuing a tax policies to remove difficulties for organizations and individuals if the company has a total capital and labor records meet the conditions of small and medium enterprises specified in Clause 1, Article 3 of Decree 56/2009/ND -CP June 30, 2009 of the



Government.

Corporate income tax payable for the year are as follows:

At Pan Pacific Corporation	277,144,586
At Pan Trading JSC	1,066,746,747
At Pan Services Co., Ltd.	390,923,765
At Pan Pacific Service Co., Ltd.	6,713,114,533
<b>Total</b>	<b>8,447,929,631</b>

#### *Other taxes*

Other taxes are declared and paid according to regulations.

#### **24. Payable to labors**

December wages to be paid first and 13th month salary deduction.

#### **25. Other short-term payables, receivables**

	<u>Closing balance</u>	<u>Opening balance</u>
Social insurance, Unemployment insurance, Trade union fee	1,261,114,965	999,691,845
Payable dividends	184,630,000	180,000,000
Allowance for Board of management and Board of supervisor	510,212,009	-
Other payables, receivables	20,440,468	276,285,596
<b>Total</b>	<b>1,976,397,442</b>	<b>1,455,977,441</b>

#### **26. Provisions for short-term payables**

Opening figures	102,360,095
Increase due to provision	246,562,066
Used figures	(108,778,583)
Refunded figures	(115,336,699)
<b>Closing figures</b>	<b>124,806,879</b>

#### **27. Bonus and welfare funds**

Opening figures	3,604,343,836
Increase due to provision from profit	2,800,339,391
Fund spending	(2,691,749,867)
<b>Closing figures</b>	<b>3,712,933,360</b>

#### **28. Other long-term payables**

Refer to caution money of cadres, employees.

## 29. Deferred income tax payable

Deferred income tax payable arising from temporary differences taxable.

Details incurred during the year are as follows:

Opening figures	224,757,008
Refund during the year	(224,757,008)
<b>Closing figures</b>	<b>-</b>

## 30. Equity

### Fluctuation of Equity

Information on changes in equity is presented in the attached annex 01.

### *Dividends*

Dividends paid as follows:

Dividends in previous year (VND 1,000/share)	10,548,060,000
Dividend advance this year (VND 1,000/share)	11,547,310,000
<b>Total</b>	<b>22,095,370,000</b>

### *Share*

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares registered to issue	11,550,000	11,550,000
Number of shares sold out to public	11,550,000	11,550,000
- <i>Common shares</i>	11,550,000	11,550,000
- <i>Preference shares</i>	-	-
Number of repurchased shares	-	1,000,000,000
- <i>Common shares</i>	-	1,000,000,000
- <i>Preference shares</i>	-	-
Number of outstanding shares	11,550,000	10,550,000
- <i>Common shares</i>	11,550,000	10,550,000
- <i>Preference shares</i>	-	-

Par value of shares in issue: VND 10,000.

## 31. Interest of minority shareholders

Interests of minority shareholders represents the interests of minority shareholders in the net asset value of the subsidiary. Movements in the interests of minority shareholders as follows:

Opening figures	1,603,460,885
After-tax profit of minority shareholders	453,752,485

Dividend distribution	(180,000,000)
Provisions for bonus and welfare fund	<u>(43,349,429)</u>
<b>Closing figures</b>	<b><u>1,833,863,941</u></b>

## VI. ADDITIONAL INFORMATION FOR ITEMS IN CONSOLIDATED INCOME STATEMENT

### 1. Revenue from goods sale and service rendering

	<b>This year</b>	<b>Previous year</b>
Revenue from goods sale	<u>16,921,814,140</u>	<u>14,578,129,165</u>
Revenue from service rendering	266,786,708,853	226,274,508,213
<b>Total</b>	<b><u>283,708,522,993</u></b>	<b><u>240,852,637,378</u></b>

### 2. Cost price of goods sold

	<b>This year</b>	<b>Previous year</b>
Primary price of goods provided	<u>9,652,011,605</u>	<u>7,864,084,032</u>
Primary price of services rendered	216,671,171,711	187,219,179,564
Provisions for devaluation of inventories	(181,335,460)	306,005,978
<b>Total</b>	<b><u>226,141,847,856</u></b>	<b><u>195,389,269,574</u></b>

### 3. Revenue from financial activities

	<b>This year</b>	<b>Previous year</b>
Interest of term deposit	<u>10,414,780,217</u>	<u>9,522,122,527</u>
Interest of non-term deposit	300,626,723	351,216,521
Divided dividends, profits	4,885,343,400	2,782,931,500
Interest of business cooperation, stock investment	1,258,208,059	800,000,000
Interest of financial investment	8,213,510,481	446,177,094
Interest of realized exchange rate difference	35,101,967	206,126,403
Interest of unrealized exchange rate difference	13,805,218	7,037,068
<b>Total</b>	<b><u>25,121,376,065</u></b>	<b><u>14,115,611,113</u></b>

### 4. Financial cost

	<b>This year</b>	<b>Previous year</b>
Loan interest	<u>113,275,243</u>	<u>1,062,999,701</u>
Loss from realized exchange difference	16,666,161	275,853,948
Loss from short-term financial activities	5,980,022,025	293,021,594
Loss from financial investment liquidation	-	6,839,884,362

Provision for devaluation of short-term and long-term investments	<u>8,271,985,512</u>	2,429,547,056
<b>Total</b>	<u><u>14,381,948,941</u></u>	<u><u>10,901,306,661</u></u>

#### 5. Cost of goods sold

	<u>This year</u>	<u>Previous year</u>
Cost of employee	2,099,218,562	2,534,263,327
Cost of materials	148,457,258	42,080,496
Cost of external services	915,100,856	476,237,289
Other costs	1,124,989,644	1,679,756,559
<b>Total</b>	<u><u>4,287,766,320</u></u>	<u><u>4,732,337,671</u></u>

#### 6. Business management cost

	<u>This year</u>	<u>Previous year</u>
Cost of employee	16,346,141,638	14,205,738,253
Cost of materials	845,958,490	1,474,703,969
Cost of fixed asset depreciation	1,827,358,684	1,932,169,014
Cost of goodwill distribution	1,300,831,960	1,300,831,960
Provisions	3,785,667	-
Cost of external services	6,675,244,437	4,657,843,286
Other costs	<u>2,545,287,136</u>	3,088,561,874
<b>Total</b>	<u><u>29,544,608,012</u></u>	<u><u>26,659,848,356</u></u>

#### 7. Other income

	<u>This year</u>	<u>Previous year</u>
Proceeds from liquidation, selling fixed assets	-	549,000,000
Refunds of provision funds for unemployment allowance	373,889,304	-
Penalty for contract violation	-	1,564,231,447
Other income	<u>28,172,877</u>	143,366,447
<b>Total</b>	<u><u>402,062,181</u></u>	<u><u>2,256,597,894</u></u>

#### 8. Other costs

	<u>This year</u>	<u>Previous year</u>
Carrying value of liquidated, sold fixed assets	-	792,940,961
Tax penalized, collected	20,455,463	-
Other costs	<u>78,416,026</u>	57,623,552
<b>Total</b>	<u><u>98,871,489</u></u>	<u><u>850,564,513</u></u>

## 9. Deferred corporate income tax expense

	<u>This year</u>	<u>Previous year</u>
Deferred tax income arising from temporary differences are deducted	(1,439,006,354)	(104,687,075)
Deferred tax income arising from the reversal of deferred income tax assets	161,820,029	81,308,850
<b>Total</b>	<b><u>(1,277,186,325)</u></b>	<b><u>(23,378,225)</u></b>

## 10. Basic earnings per share

	<u>This year</u>	<u>Previous year</u>
Accounting profit after corporate income tax of shareholders of holding company	80,924,801,968	12,974,905,928
Adjustment of increase, decrease in accounting profit to determine profit allocated to shareholders of common shares	-	-
Profit allocated to shareholders of common shares	80,924,801,968	12,974,905,928
Average outstanding common shares during the year (*)	11,049,834	10,550,000
<b>Basic earnings per share</b>	<b><u>7,324</u></b>	<b><u>1,230</u></b>

(\*) Ordinary shares in issue during the year with average shall be calculated as follows:

	<u>This year</u>	<u>Previous year</u>
Outstanding shares at the beginning of the year	10,550,000	10,550,000
Impacts of selling treasury stock in May 2012	137,133	-
Impacts of selling treasury stock in June 2012	160,344	-
Impacts of selling treasury stock in July 2012	137,776	-
Impacts of selling treasury stock in August 2012	25,528	-
Impacts of selling treasury stock in September 2012	39,053	-
<b>Average outstanding common shares during the year</b>	<b><u>11,049,834</u></b>	<b><u>10,550,000</u></b>

## VII. OTHER INFORMATION

### 1. Transactions with related parties

#### *Transactions with the Department for key management members and related individuals*

The key members of management and the individuals concerned are: members of the Board

of Directors, Board of Directors, Chief Financial Officer, Chief Accounting of Pan Pacific Corporation and close members of the family of this individual.

During the year, the Pan Pacific Corporation has hired a member of the key management and the individuals involved in the amount of VND 626,067,031 (previous year VND 569,685,434).

Income of members of key management is as follows:

	<b>This year</b>	<b>Previous year</b>
Salary	2,830,629,890	2,320,000,000
Bonus	404,063,172	384,495,327
<b>Total</b>	<b>3,234,693,062</b>	<b>2,704,495,327</b>

**Transactions with other related parties**

Related party other than the Group is only Saigon Securities Incorporation- Ms. Ha Thi Thanh Van - Chairman Board of Pan Pacific Corporation's wife Nguyen Hong Nam - Deputy General Director Saigon Securities Incorporation.

Transactions during the year between the Group Saigon Securities Incorporation as follows:

	<b>This year</b>	<b>Previous year</b>
Interest from bonds	-	800,000,000
Office leasing	481,155,875	383,309,140
Short-term business cooperation spending	23,497,046,875	76,105,806,250
Interest from business cooperation	1,258,208,059	434,242,725
Payable loan interest arising from share sales contract	14,711,111	1,036,163,827
Prepayment of share purchase	-	25,000,000,000
Advance of securities acquisition	-	150,000,000
Cost of investment, broker consulting	5,637,500,000	-
Cost of office leasing deposit	78,262,800	-

At the end of the accounting year, the Corporation outstanding with Saigon Securities Incorporation as follows:

	<b>This year</b>	<b>Previous year</b>
Prepayment of share purchase	50,100,000,000	50,100,000,000
Receivables of leasing service	117,446,672	36,036,154
Receivables of cooperation contract interest (expected)	-	367,211,321
<b>Receivable liabilities</b>	<b>50,217,446,672</b>	<b>50,503,247,475</b>
Loan interest and stock exchange costs payable	-	2,750,000
Payables due to stock selling	-	150,000,000

Payables of office leasing deposit	78,262,800	-
<b>Total liabilities</b>	<b>78,262,800</b>	<b>152,750,000</b>

## 2. Information about segment

### *Geographic Area*

Activities of the Group are mainly distributed in the northern region, central region and the southern region.

Information on the geographic segments based on the location of the customers of the Group are shown in the attached annex 02.

### Business scope:

Group's activities focus mainly in a business that sanitation services refer to Note VI. 1.

## 3. Hiring activity

### *The lease contract*

At the end of the accounting year, a minimum total rental of meeting future operating lease irrevocable payment numbers are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
Less than 01 year	1,752,777,273	859,872,000
From 01 year to 05 years	2,910,864,205	2,989,488,000
Over 05 years	7,835,800,000	11,761,824,000
<b>Total</b>	<b>12,499,441,477</b>	<b><u>15,611,184,000</u></b>

## 4. Financial Risk Management

### *Overview*

Group's operations arising after the financial risks: credit risk, liquidity risk and market risk. Board of Directors of the Company within the Group is responsible for establishing policies and controls in place to minimize the financial risks, such as monitoring the implementation of policies and controls established. Risk management is carried primarily by marital Accounting - Finance Department accordance with the policies and procedures of the Board of Directors of the Company approved by the Group.

### Credit risk

Credit risk refers to risk that one party to the contract may not be able to perform its obligations resulting in financial loss to the Group.

The Group credit risk arises primarily from customer receivables and bank deposits.

### Receivables from customers

The Group minimizes credit risk by just dealing with the unit's ability to finance good grass. With customers to provide sanitation services, the Group has issued regulations providing services to the tight regulation of the use of the service object, and the debt limit deadline each specific debt. In addition, the accounting staff regularly monitors outstanding debts poured urge withdrawal.

Customer receivables related to the Group's many units should focus on the credit risk on receivables from customers is low.

### **Bank deposit**

Bank deposits with a term and no term of the Group's deposits at domestic banks. Board of Directors of the Company within the Group has not noticed significant credit risk from these deposits.

The level of maximum exposure to credit risk for financial assets is the carrying amount of financial assets (see Note 1.5 Book VI of the carrying value of these financial assets).

A breakdown of the time limits and reduces the prices of financial assets is as follows:

	<b>Not overdue or not devalued</b>	<b>Not overdue but devalued</b>	<b>Overdue but not devalued</b>	<b>Overdue and/or devalued</b>	<b>Total</b>
<b>Closing figures</b>					
Cash and equivalents	49,860,270,524	-	-	-	49,860,270,524
Receivables from customers	39,714,419,624	-	63,518,000	137,464,907	39,915,402,531
Other receivables	2,520,348,521	-	-	-	2,520,348,521
Financial assets available for sale	47,514,552,899	-	-	19,800,636,404	67,315,189,303
<b>Total</b>	<b>139,609,591,568</b>	<b>-</b>	<b>63,518,000</b>	<b>19,938,101,311</b>	<b>159,611,210,879</b>
<b>Opening figures</b>					
Cash and equivalents	68,186,738,232	-	-	-	68,186,738,232
Receivables from customers	29,764,608,409	-	63,518,000	133,679,240	29,961,805,649
Other receivables	3,678,166,235	-	-	-	3,678,166,235
Financial assets available for sale	84,807,757,065	-	-	15,595,720,544	100,403,477,609
<b>Total</b>	<b>186,437,269,941</b>	<b>-</b>	<b>63,518,000</b>	<b>15,729,399,784</b>	<b>202,230,187,725</b>

Details of time overdue trade receivables past due but not discounted as follows:

	<b>Closing balance</b>	<b>Opening balance</b>
Overdue more than 03 years	63,518,000	63,518,000
<b>Total</b>	<b>63,518,000</b>	<b>63,518,000</b>

### **Liquidity risk**

Liquidity risk is the risk that the Group had difficulty making their financial obligations due to



lack of money.

The liquidity risk of the Group arises primarily from the financial assets and financial liabilities with maturity mismatches punch.

The Group manages liquidity risk through the following measures: Regular monitoring requirements and payment is expected in the future to maintain the same amount of money as loans, as appropriate, to monitor the actual cash flows arising expected to reduce image effects due to changes in cash flows.

The time limit for payment of financial liabilities based on the non-derivative term contracts and payments are not discounted as follows:

	<u>Less than 01 year</u>	<u>From 01 year to 05 years</u>	<u>Over 05 years</u>	<u>Total</u>
<b>Closing figures</b>				
Payables to sellers	4,349,497,899	-		4,349,497,899
Other payables	871,151,103	235,729,300		1,106,880,403
<b>Total</b>	<b>5,220,649,002</b>	<b>235,729,300</b>		<b>5,456,378,302</b>
<b>Opening figures</b>				
Payables to sellers	5,282,723,361	-	-	5,282,723,361
Other payables	23,669,895,075	676,663,509	-	24,346,558,584
<b>Total</b>	<b><u>28,952,618,436</u></b>	<b><u>676,663,509</u></b>		<b><u>29,629,281,945</u></b>

Board of Directors of the Company within the Group for that level of risk for the repayment is low. Group has the ability to pay its debts from cash flow from operations and proceeds from the maturity of financial assets

### ***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument of variation changes in market prices.

Market risks relating to the Group's activities include: foreign currency risk, price risk and stock price risk goods / materials.

The analysis and evaluation below relating to the financial position of the Group as at January 01, 2012 and December 31, 2012 on the basis of the value of net debt. The change in exchange rates, stock prices, commodity prices used for sensitivity analysis, assessment is based on the assessment of capacity can occur within the next year to observe the conditions of the market at the present time.

### ***Foreign currency risk***

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

Group of goods imported for operations with currency transactions primarily USD and EUR are therefore affected by fluctuations in exchange rates.

The Group manages risks related to fluctuations in exchange rates by optimizing payment term debt, foreign exchange rate forecasting, maintaining reasonable borrowing and debt structure between foreign currency and VND, choose the time of purchase and payment of foreign currencies at the exchange rate low, optimal use of available funds to balance the exchange rate risk and liquidity risk.

Assets / (liabilities) denominated in foreign currencies net of the Group are as follows:

	<b>Closing balance</b>		<b>Opening balance</b>	
	USD	EUR	USD	EUR
Cash and equivalents	203.51	50.99	203.51	50.99
Payables to sellers	-	(17,260.39)	-	(55,860.42)
<b>Net assets/(liabilities) originated in foreign currency</b>	<b>203.51</b>	<b>(17,209.40)</b>	<b>203,51</b>	<b>(55,860.42)</b>

Board of Directors of the Group companies assess the impact of fluctuations in foreign exchange rates on profit after tax and equity ownership is not significant due to net foreign currency debt less valuable.

#### **Securities price risk**

The securities issued by the holding may be affected by the risks of future salary value of investment securities. The Group manages the risk of the securities price by setting quotas and diversification of investment portfolios.

At December 31, 2012, assuming all other variables constant, if the price of the Group's stock is down 10% investment, the profit after tax and equity of the Group this year will drop VND 1,757,013,879 (previous year VND 1,610,854,755 decrease) increase expected by respondents, whereas if the price of the stock corporation is investing up 10%, profit after tax and equity of the Group this year will increase VND 267,405,424 (previous year VND 1,155,908,612 increased) by reducing redundancy. The sensitivity changes with the change of the stock price this year increase / decrease from the previous year as the Group has changed the portfolio.

#### **Commodity price risk / materials**

The Group has risk of fluctuations in commodity prices / materials. Risk Management Group of commodity price / raw material by closely monitoring the situation and information relating to market time of purchase management, including business planning and inventory levels a reasonable.

#### **Collateral**

The Group has no financial assets pledged other units as collateral received from other units at 31 and 12, 2012 at December 31, 2011.

### **5. The fair value of assets and financial liabilities**

#### **Financial assets**

Book value

	Closing figures		Opening figures		Fair value	
	Primary price	Provision	Primary price	Provision	Primary price	Provision
Cash and equivalent	49,860,270,524	-	68,186,738,232	-	49,860,270,524	68,186,738,232
Receivables from customer	39,915,402,531	(137,464,907)	29,961,805,649	(133,679,240)	39,777,937,624	29,828,126,409
Other receivables	2,520,348,521	-	3,678,166,235	-	2,520,348,521	3,678,166,235
Financial assets available for sale	67,315,189,303	(13,238,194,056)	100,403,477,609	(4,966,208,544)	54,076,995,247	95,437,269,065
<b>Total</b>	<b>159,611,210,879</b>	<b>(13,375,658,963)</b>	<b>202,230,187,725</b>	<b>(5,099,887,784)</b>	<b>145,235,551,916</b>	<b>197,130,299,941</b>

### *Financial liabilities payable*

	Book value		Fair value	
	Closing figures	Opening figures	Closing figures	Opening figures
Payables to sellers	4,349,497,899	5,282,723,361	4,349,497,899	5,282,723,361
Other payables	1,06,880,403	24,346,558,584	1,106,880,403	23,827,361,575
<b>Total</b>	<b>5,456,378,302</b>	<b>29,629,281,945</b>	<b>5,456,378,302</b>	<b>29,110,084,936</b>

The fair value of financial assets and financial liabilities are stated at the value can be converted in a current transaction between knowledgeable parties and desired transactions.

The Group uses the following methods and assumptions to estimate the fair value of financial assets and financial liabilities:

- The fair value of cash and cash equivalents, trade receivables, other receivables, accounts payable and other current liabilities equivalent to book value (net of provision for the estimated the gross is not likely to be recovered) of these items due to the short term.
- The fair value of investments held to maturity and financial assets available for sale are listed on the stock market price of the transaction is announced at the end of the fiscal year. For investments held to maturity and financial assets available-for unlisted trading costs by 3 companies announce stock at the end of the fiscal year, the fair value of this investment is based on the average price of the transaction price by 3 companies announce stock.

The Group has not made formal assessment of financial assets available for sale and do not have unlisted trading price of the securities company 3 announced. However, the Board of Directors of Pan Pacific Corporation assess the fair value of the financial assets have no significant difference compared to the book value.

**Appendix 01: Fluctuation comparison of equity**

Unit: VND

	<b>Investment of owner</b>	<b>Share capital surplus</b>	<b>Treasury stock</b>	<b>Development investment fund</b>	<b>Financial provision</b>	<b>Undistributed after-tax profit</b>	<b>Total</b>
<b>Opening balance of previous year</b>	115,500,000,000	108,248,900,000	(16,904,100,720)	6,417,328,186	6,466,579,399	9,588,190,891	59,316,897,756
Profits during the year						12,974,905,928	12,974,905,928
Dividend divided						(15,825,000,000)	(15,825,000,000)
Extraction of funds during the year				487,860,374	478,399,502	(3,587,439,928)	(2,621,180,052)
<b>Closing balance of previous year</b>	115,500,000,000	108,248,900,000	(16,904,100,720)	6,905,188,560	6,944,978,901	33,150,656,891	253,845,623,632
<b>Opening balance of this year</b>	115,500,000,000	10K,248,900,000	(16,904,100,720)	6,905,188,560	6,944,978,901	33,150,656,891	253,845,623,632
Profits during the year						80,924,801,968	80,924,801,968
Dividend divided						(22,100,000,000)	(22,100,000,000)
Selling treasury stock		270,004,236	16,904,100,720				17,174,104,956
Allowance for Board of management and Board of supervisors						(731,542,500)	(731,542,500)
Extraction of funds during the year						(2,756,989,962)	(2,756,989,962)
<b>Closing balance of this year</b>	115,500,000,000	108,518,904,236	.	6,905,188,560	6,944,978,901	88,486,926,397	326,355,998,094

**Appendix 02: Information of segment by geographic area:**

	<u>North area</u>	<u>Central area</u>	<u>South area</u>	<u>Exclusive items</u>	<u>Total</u>
<b>This year</b>					
Net income of external goods sold and services provided	56,990,566,247	9,837,749,149	216,880,207,597	-	283,708,522,993
Net income of goods sold and services provided between segments	-		,	-	
<b>Total net income of goods sold and services provided</b>	56,990,566,247	9,837,749,149	216,850,207,597	-	283,708,522,993
Cost of segments	53,279,613,579	9,585,569,306	189,211,680,834	-	252,076,863,719
Business result by segments	3,710,952,668	252,179,843	27,668,526,763	-	31,631,659,274
Costs not allocated by segments					(7,897,358,469)
Profit from business activities					23,734,300,805
Revenue from financial activities					25,121,376,065
Financial costs					(14,381,948,941)
Other revenue					402,062,181
Other costs					(98,871,489)
Gain or loss in associated companies and joint ventures	-	-	-	-	53,772,379,138
Current corporate income tax costs					(8,447,929,631)
Deferred corporate income tax costs					1,277,186,325
<b>Profits after corporate income tax</b>					81,378,554,453

<i>Total costs accrued to purchase fixed assets and other long-term assets</i>	-	-	-	-	2,704,655,616
<i>Total depreciation cost and long-term prepayment allocation</i>	-	-	-	-	6,065,876,077
<i>Total value of non-cash huge amounts (exclusive depreciation cost and long-term prepayment allocation)</i>	-	-	-	-	-

	<u>North area</u>	<u>Central area</u>	<u>South area</u>	<u>Exclusive items</u>	<u>Total</u>
<b>Previous year</b>					
Net income of external goods sold and services provided	53,059,145,349	11,169,061,892	176,624,430,137	-	240,852,637,378
Net income of goods sold and services provided between segments	-	-	-	-	-
<b>Total net income of goods sold and services provided</b>	53,059,145,349	11,169,061,892	176,624,430,137	-	240,852,637,378
Cost of segments	49,204,959,817	10,440,320,773	160,091,397,798	-	219,736,678,388
Business result by segments	3,854,185,532	728,741,119	16,533,032,339	-	21,115,958,990
Costs not allocated by segments					(7,044,777,213)
Profit from business activities					14,071,181,777
Revenue from financial activities					14,115,611,113
Financial costs					(10,901,306,661)
Other revenue					2,256,597,894
Other costs					(850,564,513)
Gain or loss in associated companies and joint ventures					-
Current corporate income tax costs					(5,045,842,778)

Deferred corporate income tax costs					23,378,225
<b>Profits after corporate income tax</b>	-	-	-	-	13,669,055,057
<b>Total costs accrued to purchase fixed assets and other long-term assets</b>	-	-	-	-	1,772,842,983
<b>Total depreciation cost and long-term prepayment allocation</b>	-	-	-	-	6,142,617,212
<b>Total value of non-cash huge amounts (exclusive depreciation cost and long-term prepayment allocation)</b>	-	-	-	-	-

**Appendix 02: Information of segment by geographic area:** Assets and liabilities by geographic area as follows:

	<u>North area</u>	<u>Central area</u>	<u>South area</u>	<u>Exclusive items</u>	<u>Total</u>
<b>Closing figures</b>					
Direct assets of segments					-
Assets allocated to segments					-
Assets not allocated by segments					-
<b>Total assets</b>					<b>369,299,041,102</b>
Direct liabilities of segments					-
Liabilities allocated to segments					-
Liabilities not allocated by segments					41,109,179,067
<b>Total liabilities</b>					<b>41,109,179,067</b>
<b>Opening figures</b>					
Direct assets of segments					-
Assets allocated to segments					-
Assets not allocated by segments					293,245,731,698
<b>Total assets</b>					<b>293,245,731,698</b>

	<u>North area</u>	<u>Central area</u>	<u>South area</u>	<u>Exclusive items</u>	<u>Total</u>
Direct liabilities of segments					-
Liabilities allocated to segments					-
Liabilities not allocated by segments					37,796,647,181
<b><i>Total liabilities</i></b>					<b><i>37,796,647,181</i></b>



b) Financial statements of holding company and audited consolidated financial statements 2012 are declared at the Company's Website: [www.panpacific.vn](http://www.panpacific.vn)

**Verifications of legal representative of the Company**

*(Signed and Sealed)*

**NGUYEN VAN KHAI**