

**INTERIM CONSOLIDATED FINANCIAL STATEMENT
(UNAUDITED VERSION)**

Pan Pacific Corporation

30 September 2014



Pan Pacific Corporation

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Pan Pacific Corporation

GENERAL INFORMATION

THE COMPANY

Pan Pacific Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0301472704 issued by the Department of Planning and Investment of Ho Chi Minh City on 31 August 2005, as amended.

The Company is listed on the Ho Chi Minh City Stock Exchange ("HOSE") in accordance with License No. 244//2010/QD-SDGHCM issued by the HOSE on 18 November 2010.

The current principal activities of the Company and its subsidiaries are to perform agricultural activities and related activities, the financial investments and provide cleaning services and other related services.

The Company's registered office is located at 236/43/2 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. In addition, the Company also has its representative in Hanoi, Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr. Nguyen Duy Hung	Chairman	appointed on 26 April 2013
Mr. Michael Louis Rosen	Member	appointed on 26 April 2013
Mr. Tran Dinh Long	Member	appointed on 26 April 2013
Mrs. Nguyen Thi Tra My	Member	appointed on 26 April 2013
Mrs. Le Thi Le Hang	Member	appointed on 26 April 2013
Mrs. Ha Thi Thanh Van	Member	appointed on 26 April 2013
Mr. Nguyen Van Khai	Member	appointed on 26 April 2013
Mr. Michael Sng Beng Hock	Member	appointed on 10 May 2014

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Mr. Nguyen Duy Hung	Head	appointed on 26 April 2013
Mrs. Nguyen Thi Thanh Ha	Member	appointed on 26 April 2013
Mr. Nguyen Tuan Anh	Member	appointed on 10 May 2014
Ms. Nguyen Thai Hanh Linh	Member	resigned on 10 May 2014

MANAGEMENT

Members of the Management during the year and at the date of this report are:

Mr. Michael Louis Rosen	General Director	appointed on 6 May 2013
Mr. Nguyen Van Khai	Deputy General Director	appointed on 6 May 2013

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Nguyen Duy Hung – Chairman of the Board of Director.

Mr. Nguyen Van Khai is authorised by Mr. Nguyen Duy Hung to sign the interim consolidated financial statements for the nine-months period ended 30 September 2014.

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
as at 30 September 2014

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,205,159,771,471	920,716,306,275
110	i. Cash and cash equivalents	5	282,010,163,735	171,452,034,042
111	1. Cash		78,895,243,487	57,932,301,545
112	2. Cash equivalents		203,114,920,248	113,519,732,497
120	ii. Short-term investments	14.1	306,567,750,257	482,626,360,687
121	1. Short-term investments		313,456,234,349	546,815,652,394
129	2. Provision for short-term investment		(6,888,484,092)	(64,189,291,707)
130	iii. Current accounts receivable		306,091,722,039	153,240,289,848
131	1. Trade receivables	6	210,713,422,109	91,732,304,394
132	2. Advances to suppliers	7	65,619,745,910	53,302,610,913
135	3. Other receivables	8	34,189,882,845	8,929,705,921
139	4. Provision for doubtful debts	6	(4,431,328,825)	(724,331,380)
140	IV. Inventories	9	275,473,523,476	94,066,669,285
141	1. Inventories		291,402,113,582	108,238,805,760
149	2. Provision for obsolete inventories		(15,928,590,106)	(14,172,136,475)
150	V. Other current assets		35,016,611,964	19,330,952,413
151	1. Short-term prepaid expenses	10	3,423,167,276	1,671,600,276
152	2. Value-added tax deductible		10,769,575,505	14,800,740,105
154	3. Tax and other receivables from the State	19	126,160,292	995,015,078
158	4. Other current assets	11	20,697,708,891	1,863,596,954
200	B. NON-CURRENT ASSETS		774,785,362,209	148,002,600,387
220	i. Fixed assets	12	146,548,337,506	71,893,440,512
221	1. Tangible fixed assets		105,650,905,927	56,813,521,117
222	Cost		229,729,579,517	122,819,657,521
223	Accumulated depreciation		(124,078,673,590)	(66,006,136,404)
227	2. Intangible fixed assets	0	21,040,190,447	15,079,919,395
228	Cost		27,635,393,576	16,593,006,576
229	Accumulated amortisation		(6,595,203,129)	(1,513,087,181)
230	3. Construction in progress		19,857,241,132	-
250	ii. Long-term investments		286,902,830,823	14,313,522,748
252	1. Investments in associates	14.2	46,058,437,262	10,457,079,172
258	2. Other long-term investments	14.3	243,229,955,985	4,698,000,000
259	3. Provision for long-term investments	14.3	(2,385,562,424)	(841,556,424)
260	iii. Other long-term assets		41,558,504,729	39,475,550,077
261	1. Long-term prepaid expenses	15	40,032,817,980	38,647,428,673
262	2. Deferred tax assets		982,596,541	481,140,356
268	3. Other long-term assets		543,090,208	346,981,048
	IV. Goodwill	16	299,775,689,151	22,320,087,050
270	TOTAL ASSETS		1,979,945,133,680	1,068,718,906,662

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED) (continued)
as at 30 September 2014

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		337,959,805,758	362,532,758,463
310	i. Current liabilities		332,833,902,007	360,213,279,963
311	1. Short-term loans	17	144,589,843,898	238,712,408,260
312	2. Trade payables	18	46,892,924,408	13,881,958,436
313	3. Advances from customers		1,961,044,390	67,189,519
314	4. Statutory obligations	19	11,158,780,585	11,400,800,892
315	5. Payables to employees		70,416,562,280	50,796,098,552
316	6. Accrued expenses		5,156,496,107	482,990,154
319	7. Other payables	20	26,665,187,651	38,932,272,156
320	8. Short-term provision		-	-
323	9. Bonus and welfare funds		25,993,062,688	5,939,561,994
330	ii. Non-current liability	21	5,125,903,751	2,319,478,500
333	1. Other long-term liabilities		5,125,903,751	2,319,478,500
400	B. OWNERS' EQUITY		1,157,780,615,312	517,874,042,604
410	i. Capital	22.1	1,157,780,615,312	517,874,042,604
411	1. Share capital		605,437,480,000	200,500,000,000
412	2. Share premium		466,691,068,236	226,238,904,236
417	3. Investment and development fund		6,266,242,920	6,836,132,890
418	4. Financial reserve fund		7,543,992,811	6,838,079,746
420	5. Undistributed earnings		69,083,073,884	77,460,925,732
421	6. Construction investment fund		2,758,757,461	-
439	C. MINORITY INTERESTS	23	484,204,712,610	188,312,105,595
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,979,945,133,680	1,068,718,906,662

OFF BALANCE SHEET ITEMS

ITEMS	Ending balance	Beginning balance
Operating lease assets	39,557,386,527	-
Bad debts written off	298,943,500	90,730,000
Foreign currencies		
- United States dollar (US\$)	221,698	187.81
- Euro (EUR)	352,640	50.99
- China Renminbi (CNY)	93,003	-
LAK	1,000,000	-


 Nguyen Thi Thu Hong
 Preparer
 13 November 2014


 Tran Anh Phuong
 Chief Accountant


 Nguyen Van Khai
 Deputy General Director

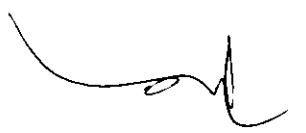
INTERIM CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the nine-month period ended 30 September 2014

VND

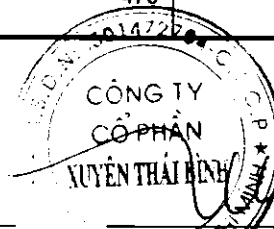
Code	ITEMS	Notes	Reporting period		Accumulative from the beginning of the year to the end of reporting period	
			Quarter 3/2014	Quarter 3/2013	Quarter 3/2014	Quarter 3/2013
01	1. Revenue from sale of goods and rendering of services	24.1	320,438,455,847	224,253,413,653	704,932,242,844	428,167,504,684
02	2. Deductions	24.1	15,354,138,800	8,323,082,748	16,670,795,680	8,323,082,748
10	3. Net revenue from sale of goods and rendering of services	24.1	305,084,317,047	215,930,330,905	688,261,447,164	419,844,421,936
11	4. Cost of goods sold and services rendered		228,663,020,489	168,608,031,821	529,995,963,945	329,413,224,099
20	5. Gross profit/(loss) from sale of goods and rendering of services		76,421,296,558	47,322,299,084	158,265,483,219	90,431,197,837
21	6. Finance income	24.2	15,712,099,865	8,127,139,796	39,388,614,214	15,268,770,318
22	7. Finance expenses	25	307,535,055	7,512,899,110	(82,307,800)	6,206,556,111
23	- In which: Interest expense		653,351,396	1,619,454,485	3,077,979,872	1,811,246,401
24	8. Selling expenses		18,419,834,279	10,703,044,643	33,211,395,717	15,880,770,238
25	9. General and administrative expenses		34,490,716,840	11,902,921,295	62,418,935,565	36,601,104,394
30	10. Operating profit/(loss)		38,915,310,249	25,330,573,832	102,106,073,951	47,011,537,412
31	11. Other income	26	1,517,338,736	1,259,804,699	3,508,144,194	1,399,341,051
32	12. Other expenses	26	275,080,583	(54,634,908)	631,237,666	729,988,144
40	13. Other profit/(loss)		1,242,258,153	1,314,439,607	2,876,906,528	669,352,907
45	14. Shares of profit of associates	14.2	2,213,529,442	551,538,361	6,918,167,570	6,979,859,168
50	15. Profit/(loss) before tax		42,371,097,844	27,196,551,800	111,901,148,049	54,660,749,487
51	16. Current corporate income tax expense	0	5,354,563,303	4,525,982,721	17,746,220,179	10,536,482,970
52	17. Deferred income tax income/(expense)	0	-	(344,673,258)	(501,456,185)	(674,457,956)
60	18. Net profit/(loss) after tax		37,016,534,541	23,015,242,337	94,656,384,055	44,798,724,473
61	18.1. Minority interests	23	16,949,530,183	8,878,818,101	35,677,702,929	12,475,369,184
62	18.2. Equity holders of the parent		20,067,004,358	14,136,424,236	58,978,681,126	32,323,355,289
70	19. Earnings per share	22.4	331	470	1,116	1,238



Nguyen Thi Thu Hong
Preparer
13 November 2014



Tran Anh Phuong
Chief Accountant



Nguyen Van Khai
Deputy General Director

INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the nine-month period ended 30 September 2014

VND

Code	ITEMS	Notes	For the nine-month period ended 30 September 2014	For the nine-month period ended 30 September 2013
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		111,901,148,049	54,660,749,487
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	12,0	20,153,973,929	7,674,305,257
03	Provisions	25	(341,601,099)	12,121,319,050
04	Unrealised foreign exchange gains		64,136,624	1,179,777,621
05	Losses (profits) from investing activities	24.2	(33,371,222,846)	(6,672,196,117)
06	Interest expense	25	3,077,979,872	1,811,246,401
08	Operating profit before changes in working capital		101,484,414,529	70,775,201,699
09	Decrease in receivables		221,486,502,841	(3,696,441,037)
10	Decrease in inventories		(183,163,307,822)	(10,815,652,717)
11	Increase (decrease) in payables		50,486,048,172	(20,029,835,953)
12	Decrease in prepaid expenses		(3,136,956,307)	3,117,140,464
13	Interest paid		(2,930,792,663)	(1,811,246,401)
14	Corporate income tax paid		(19,687,529,226)	(7,454,479,706)
15	Other cash inflows from operating activities		34,774,196,122	-
16	Other cash outflows from operating activities		(21,875,043,373)	(24,099,762,825)
20	Net cash flows from operating activities		177,437,532,273	5,984,923,524
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long- term assets	12,0	(17,191,778,284)	(11,462,924,185)
22	Proceeds from disposals of fixed assets and other long- term assets	12,0	130,000,000	-
23	Payments for purchase of shares in other entities		(679,881,577,095)	-
24	Proceeds from sale of shares in other entities		842,855,720,550	-
25	Payments for investments in other entities		(696,928,760,889)	(293,632,578,712)
26	Proceeds from sale of investments in other entity		(1,915,200,000)	34,336,011,025
27	Interest and dividends received, gain	24.2	17,657,635,343	12,792,489,294
30	Net cash flows used in investing activities		(535,273,960,375)	(257,967,002,578)

INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) (continued)
for the nine-month period ended 30 September 2014

VND

Code	ITEMS	Notes	For the nine-month period ended 30 September 2014	For the nine-month period ended 30 September 2013
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares	22.1	645,389,644,000	202,720,000,000
33	Drawdown of borrowings		371,182,661,916	92,843,600,000
34	Repayment of borrowings	17	(473,907,528,509)	(23,356,356,275)
36	Dividends paid to equity holders of the parent	22.2	(60,410,666,500)	-
	Dividends paid to minority interest	23	(14,063,655,000)	-
40	Net cash flows from (used in) financing activities		468,190,455,907	272,207,243,725
50	Net increase (decrease) in cash and cash equivalents		110,354,027,805	20,225,164,671
60	Cash and cash equivalents at beginning of year		171,452,034,042	49,860,270,524
61	Impact of exchange rate fluctuation		204,101,888	38,013,076
70	Cash and cash equivalents at end of year		282,010,163,735	70,123,448,271



Nguyen Thi Thu Hong
Preparer



Tran Anh Phuong
Chief Accountant



Nguyen Van Khai
Deputy General Director

13 November 2014

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the nine-month period ended 30 September 2014

1. CORPORATE INFORMATION

Pan Pacific Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 0301472704 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 31 August 2005, as amended.

The Company is listed on the Ho Chi Minh City Stock Exchange ("HOSE") in accordance with License No. 244/2010/QD-SDGHCM issued by the HOSE on 18 November 2010.

The current principal activities of the Company and its subsidiaries are to perform agricultural activities and related activities, financial investments and provide cleaning services and other related services.

The Company's registered office is located at 236/43/2 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. In addition, the Company also has its representative in Hanoi, Vietnam.

The number of the employees of the Company and its subsidiaries (the "Group") as at 30 September 2014 was 5,497 (31 December 2013: 4,920).

Corporate structure

The Company's corporate structure includes 4 direct subsidiaries, as follows:

▶ Ben Tre Aqua-product Import and Export Joint Stock Company

This company is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 5503000010 issued by the DPI of Ben Tre Province on 25 December 2003, as amended. Its registered office is located at Tan Thanh Commune, Chau Thanh District, Ben Tre Province, Vietnam. Its principal activities are culturing and processing exported seafood, processing feeds for aquaculture, livestock and poultry. As at 30 September 2014, the Company holds a 62.4% equity share in this subsidiary.

▶ Pan Pacific Service Company Limited

This company is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0309493985 issued by the DPI of Ho Chi Minh City on 24 November 2009, as amended. Its registered office is located at 236/43/2 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. Its principal activities are to provide cleaning and maintenance services, landscaping and other facility services.

▶ Pan Pacific Company Limited

This company is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0100230134 issued by the DPI of Hanoi City on 25 December 2008, as amended. Its registered office is located at 3rd Floor, 1C Ngo Quyen Street, Hoan Kiem District, Hanoi City, Vietnam. Its principal activities are to provide cleaning services and to carry on trading activities.

▶ Vietnam National Seed Corporation

Vietnam National Seed Corporation is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0101449271 issued by the DPI of Hanoi City on 6 February 2004, as amended. Its registered office is located at No. 1 Luong Dinh Cua Street, Phuong Mai ward, Dong Da District, Hanoi, Vietnam. Its principal activities are research, breeding and selection, produce, trade, export and import plants in agricultural and silvicultural sectors; Produce, trade, export and import agricultural products and materials. As at 30 September 2014, the Company holds a 54.9% equity share in this subsidiary.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the nine-month period ended 30 September 2014

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The interim consolidated financial statements of the Group, expressed in Vietnam dong ("VND") are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated balance sheet, consolidated income statement, consolidated cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Applied accounting documentation system

The Group's applied accounting documentation system is the General Journal system.

2.3 Fiscal year

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2.4 Accounting currency

The interim consolidated financial statements are prepared in VND which is also the Group's accounting currency.

2.5 Basis of consolidation

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiaries for the nine-month period ended 30 September 2014.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The interim financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses result from intra-company transactions are eliminated in full.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the nine-month period ended 30 September 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, consumables and goods for resale - cost of purchase on a weighted average basis.

Finished goods and work-in-process - cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.3 Receivables

Receivables are presented in the interim consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the nine-month period ended 30 September 2014

3.5 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the interim consolidated income statement.

3.6 *Depreciation and amortisation*

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Land use rights	43 years
Buildings and structures	5 – 25 years
Machineries and equipment	3 – 10 years
Motor vehicles	3 – 20 years
Office equipment	3 – 10 years
Computer software	3 years

3.7 *Borrowing costs*

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds and are recorded as expense during the year in which they are incurred.

3.8 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

3.9 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over a maximum period of 10 years on a straight-line basis. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the nine-month period ended 30 September 2014

3.10 Investment in associates

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment and is amortized over a maximum period of 10 years. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

The interim financial statements of the associates are prepared for the same reporting year and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3.11 Investments in securities and other investments

Investments in securities and other investments are stated at their acquisition costs.

3.12 Provision for investments

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 7 December 2009 and on 28 September 2013, respectively. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

3.13 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

3.14 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting year for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the year up to the reporting date. Any changes to the accrued amount will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
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3.15 Foreign currency transactions

The Group follows the guidance under Vietnamese Accounting Standard No. 10 - Effects of Changes in Foreign Exchange Rates and Circular No. 179/2012/TT-BTC providing guidance on recognition, measurement, treatment for foreign exchange differences issued by the Ministry of Finance on 24 October 2012 in relation to foreign currency transactions as applied consistently in prior year.

Transactions in currencies other than the Group's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rate announced by the commercial bank where the Group maintains bank accounts at the balance sheet date. All realized and unrealized foreign exchange differences are taken to the consolidated income statement.

3.16 Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting:

▶ *Financial reserve fund*

This fund is set aside to protect the Group's normal operations from business risks or losses, or to prepare for unforeseen losses or damages for objective reasons and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

▶ *Investment and development fund*

This fund is set aside for use in the Group's expansion of its operation or in-depth investments.

▶ *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common social benefits and improvement of the employees' benefits.

3.17 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
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Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rendering of services

Revenue is recognised upon the completion of the services provided.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Income is recognised when the Group's entitlement as an investor to receive the dividend is established.

3.19 Taxation*Current income tax*

Current income tax assets and liabilities for the current and prior years were measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to set off current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
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- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilise.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity on either the same taxable entity or when the Group intends to either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.20 Financial instruments

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/TT-BTC issued by the Ministry of Finance on 6 November 2009 providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the consolidated financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Group's financial assets include cash and cash equivalents, trade receivables, other receivables and investments.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the consolidated financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accrued expenses, and loans.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the nine-month period ended 30 September 2014

Financial instruments – subsequent re-measurement

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. BUSINESS COMBINATION

Acquisition of National Seed Joint Stock Company (“NSC”)

The Group acquired an additional shares in NSC, increasing the Company's interest ownership in this company from 22,91% to 54,91%. The acquisition of NSC was carried out since July 2014. Accordingly, the provisional fair value of the identifiable assets and liabilities of NSC as at the date of acquisition is presented as follows:

	VND
	<i>Provisional fair value recognized on acquisition</i>
Assets	818,366,398,760
Cash and cash equivalents	135,016,899,897
Accounts receivable	150,166,189,499
Inventories	187,652,289,253
Other current assets	17,822,116,921
Fixed assets	69,566,693,676
Long-term financial investments	238,093,545,965
Other long-term assets	984,907,769
Value of goodwill	19,063,755,780
Liabilities	(125,997,486,094)
Minority interest	(5,729,645,589)
Total identifiable net assets at fair value	686,639,267,077
Minority interest (45,09%)	(309,633,111,096)
Total net assets acquired	377,006,155,981
Profit of the associates period	4,423,710,403
Goodwill arising on acquisition	259,726,633,640
Purchase consideration transferred	632,309,079,218

The accounting recognised in the interim consolidated financial statements for the period ended 30 September 2014 was based on a provisional assessment of fair value as the Company has not completed its valuation relating to the fixed assets, land use rights and intangible assets at the date the interim consolidated financial statements were approved for issue by the Company's management for the period ended 30 September 2014.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the nine-month period ended 30 September 2014**5. CASH AND CASH EQUIVALENTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	6,411,059,795	784,810,915
Cash in banks	72,484,183,692	57,147,490,630
Cash equivalents	203,114,920,248	113,519,732,497
TOTAL	<u>282,010,163,735</u>	<u>171,452,034,042</u>

Cash equivalents represent short-term deposits at commercial banks with original maturity of less than three months and earn interest at the applicable interest rates.

As disclosed in Note 17, the Group has pledged its short-term deposits at banks to secure the bank loan facilities.

6. TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Related parties (<i>Note 28</i>)	210,484,545,904	193,320,798
Third parties	228,876,205	91,538,983,596
TOTAL	<u>210,713,422,109</u>	<u>91,732,304,394</u>
Provision for doubtful debts	(4,431,328,825)	(137,464,907)
NET	<u>206,282,093,284</u>	<u>91,594,839,487</u>

7. ADVANCES TO SUPPLIERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Related parties (<i>Note 28</i>)	50,207,816,570	50,130,000,000
Third parties	15,411,929,340	3,172,610,913
TOTAL	<u>65,619,745,910</u>	<u>53,302,610,913</u>

8. OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Bank interest receivables	8,798,666,000	7,724,138,901
Social and health insurance	55,241,850	88,295,274
Receivables from selling stock	11,984,152,696	-
Receivables from employees	3,015,573,202	-
Receivables from handing over state institutions	511,777,603	511,777,603
Receivables from National Reserve	1,701,672,977	-
Receivables from Japonica rice project	3,783,313,333	-
Others	4,339,485,184	605,494,143
TOTAL	<u>34,189,882,845</u>	<u>8,929,705,921</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the nine-month period ended 30 September 2014

9. INVENTORIES

	<i>Ending balance</i>	<i>Beginning balance</i>
		VND
Finished goods	213,928,511,268	50,710,766,874
Work-in-process	42,098,787,883	44,760,233,468
Raw materials	25,988,899,042	10,180,294,322
Tools and supplies	3,748,311,645	2,212,815,896
Goods in transit	-	374,695,200
Merchandise goods	5,636,519,164	-
Goods on consignment	1,084,580	-
TOTAL	291,402,113,582	108,238,805,760
Provision for obsolete inventories	(15,928,590,106)	(14,172,136,475)
NET	275,473,523,476	94,066,669,285

Details of movements of provision for obsolete inventories:

	<i>For the nine-month period ended 30 September 2014</i>	<i>For the nine-month period ended 30 September 2013</i>
		VND
Beginning balance	(14,172,136,475)	(124,670,518)
Add: Increase from acquisition of a subsidiary	(1,887,088,965)	(15,699,301,664)
Less: - Utilisation and reversal of provision during the period	130,635,334	1,577,738,059
Ending balance	(15,928,590,106)	(14,246,234,123)

10. SHORT-TERM PREPAID

	<i>Ending balance</i>	<i>Beginning balance</i>
		VND
Tool and equipment	815,272,197	923,110,258
Other service fee	2,607,895,079	748,490,018
TOTAL	3,423,167,276	1,671,600,276

11. OTHER CURRENT ASSETS

	<i>Ending balance</i>	<i>Beginning balance</i>
		VND
Short-term deposits	930,658,055	1,115,582,880
Advances to employees	18,450,923,789	403,739,827
Others	1,316,127,047	344,274,247
TOTAL	20,697,708,891	1,863,596,954

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
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12. Tangible fixed assets

	<i>Buildings and structures</i>	<i>Machineries and equipment</i>	<i>Means of transportation</i>	<i>Office equipment</i>	<i>Total</i>	<i>VND</i>
Cost						
Beginning balance	37,416,017,525	75,658,924,665	8,258,197,876	1,486,517,455	122,819,657,521	
Increase from acquisitions	53,674,078,746	32,262,704,615	15,580,025,623	860,563,000	102,377,371,984	
New purchases	2,039,950,000	2,571,876,193	209,090,909	104,545,455	4,925,462,557	
Disposal	-	-	(392,912,545)	-	(392,912,545)	
Ending balance	93,130,046,271	110,493,505,473	23,654,401,863	2,451,625,910	229,729,579,517	
<i>In which:</i>						
<i>Fully depreciated</i>	13,319,557,459	21,991,019,759	2,621,866,426	1,980,092,189	39,912,535,833	
Accumulated depreciation:						
Beginning balance	15,457,923,623	43,284,917,105	6,120,668,027	1,142,627,649	66,006,136,404	
Increase from acquisitions	22,664,302,480	18,364,657,373	6,488,676,499	694,718,621	48,212,354,973	
Disposal	-	-	(223,741,879)	-	(223,741,879)	
Depreciation for the period	2,179,678,969	6,484,460,079	1,295,915,022	123,870,022	10,083,924,092	
Ending balance	40,301,905,072	68,134,034,557	13,681,517,669	1,961,216,292	124,078,673,590	
Net carrying amount:						
Beginning balance	21,958,093,902	32,374,007,560	2,137,529,849	343,889,806	56,813,521,117	
Ending balance	52,828,141,199	42,359,470,916	9,972,884,194	490,409,618	105,650,905,927	
<i>In which:</i>						
<i>Fully depreciated</i>	-	-	-	-	-	
<i>Awaiting for disposal</i>	-	-	-	-	-	

As disclosed in Note 17, the Group has pledged its building and structures, machinery and equipment to secure the bank loan facilities.