

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

**Pan Pacific Corporation**

31 March 2015

# 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 office 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
Mr. Michael Louis Rosen	Member
Mr. Tran Dinh Long	Member
Mrs. Nguyen Thi Tra My	Member
Mrs. Le Thi Le Hang	Member
Mrs. Ha Thi Thanh Van	Member
Mr. Nguyen Van Khai	Member
Mr. Michael Sng Beng Hock	Member

### 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
Mrs. Nguyen Thi Thanh Ha	Member
Mr. Nguyen Tuan Anh	Member

### MANAGEMENT

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

Mr. Michael Louis Rosen	General Director
Mr. Nguyen Van Khai	Deputy General Director

### 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 period ended 31 March 2015.

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)  
as at 31 March 2015

VND

<i>Code</i>	<i>ASSETS</i>	<i>Notes</i>	<i>Ending balance</i>	<i>Beginning balance</i>
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,826,505,490,270</b>	<b>1,270,794,463,917</b>
<b>110</b>	<b><i>I. Cash and cash equivalents</i></b>	<b>4</b>	<b>956,890,172,918</b>	<b>343,812,571,993</b>
111	1. Cash		244,142,800,041	150,534,813,998
112	2. Cash equivalents		712,747,372,877	193,277,757,995
<b>120</b>	<b><i>II. Short-term investments</i></b>	<b>14.1</b>	<b>262,524,800,531</b>	<b>201,332,893,648</b>
121	1. Trading securities		148,145,763,773	76,824,861,415
122	2. Provision for trading securities		(11,118,963,242)	(7,818,447,579)
123	3. Investment held to maturity		125,498,000,000	132,326,479,812
<b>130</b>	<b><i>III. Current accounts receivable</i></b>		<b>319,944,010,437</b>	<b>355,367,477,954</b>
131	1. Trade receivables	5	213,981,128,504	205,236,595,975
132	2. Advances to suppliers	6	72,047,808,198	68,065,313,610
136	3. Other receivables	7	38,571,742,853	86,722,237,487
137	4. Provision for doubtful debts	5	(4,656,669,118)	(4,656,669,118)
<b>140</b>	<b><i>IV. Inventories</i></b>	<b>8</b>	<b>253,844,253,630</b>	<b>334,203,790,552</b>
141	1. Inventories		266,690,766,372	353,715,286,255
149	2. Provision for inventories		(12,846,512,742)	(19,511,495,703)
<b>150</b>	<b><i>V. Other current assets</i></b>		<b>33,302,252,754</b>	<b>36,077,729,770</b>
151	1. Short-term prepaid expenses	9	2,074,377,085	4,267,937,093
152	2. Value-added tax deductible		9,811,611,713	11,507,264,571
153	3. Tax and other receivables from the State		30,126,928	-
155	4. Other current assets	10	21,386,137,028	20,302,528,106
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,172,421,335,807</b>	<b>982,409,741,475</b>
<b>220</b>	<b><i>I. Fixed assets</i></b>	<b>11</b>	<b>235,200,296,767</b>	<b>239,428,425,492</b>
221	1. Tangible fixed assets		99,186,882,360	102,780,464,618
222	Cost		231,251,077,807	230,209,570,390
223	Accumulated depreciation		(132,064,195,447)	(127,429,105,772)
227	2. Intangible fixed assets	12	136,013,414,407	136,647,960,874
228	Cost		143,950,431,087	143,965,431,087
229	Accumulated amortisation		(7,937,016,680)	(7,317,470,213)
<b>240</b>	<b><i>II. Long-term assets in progress</i></b>		<b>61,063,614,228</b>	<b>28,501,536,132</b>
242	1. Construction in progress	13	61,063,614,228	28,501,536,132
<b>250</b>	<b><i>III. Long-term investments</i></b>		<b>599,032,119,599</b>	<b>432,288,048,691</b>
252	1. Investments in associates	14.2	585,042,624,314	418,298,553,406
253	2. Other long-term investments	14.3	14,996,080,000	14,996,080,000
255	4. Provision for long-term investments	14.3	(1,006,584,715)	(1,006,584,715)
<b>260</b>	<b><i>IV. Other long-term assets</i></b>		<b>38,405,230,331</b>	<b>38,869,992,642</b>
261	1. Long-term prepaid expenses	9	35,655,195,332	36,129,957,643
262	2. Deferred tax assets		2,196,944,791	2,196,944,791
268	3. Other long-term assets		553,090,208	543,090,208
	<b><i>V. Goodwill</i></b>	<b>15</b>	<b>238,720,074,882</b>	<b>243,321,738,518</b>
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,998,926,826,077</b>	<b>2,253,204,205,392</b>

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED) (continued)  
as at 31 March 2015

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>A. LIABILITIES</b>		<b>505,404,046,267</b>	<b>532,157,767,266</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>456,922,496,837</b>	<b>499,623,159,574</b>
311	1. Short-term loans	16	267,419,834,705	221,604,631,678
312	2. Trade payables	17	82,828,752,544	105,038,706,578
313	3. Advances from customers		5,443,796,772	18,726,665,958
314	4. Statutory obligations	18	10,336,754,153	13,777,542,709
315	5. Payables to employees		46,341,380,762	83,567,078,985
316	6. Accrued expenses		1,659,671,580	1,078,481,586
319	7. Unearned revenue		100,334,000	-
320	8. Other payables	19	21,634,202,150	30,400,088,222
322	9. Bonus and welfare funds		21,157,770,171	25,429,963,858
<b>330</b>	<b>II. Non-current liability</b>		<b>48,481,549,430</b>	<b>32,534,607,692</b>
336	1. Other long-term liabilities	20	9,487,692,325	9,288,883,750
337	2. Long-term loans	16	15,748,133,163	-
339	3. Deferred tax liabilities		23,245,723,942	23,245,723,942
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>1,986,671,885,824</b>	<b>1,214,969,339,442</b>
<b>410</b>	<b>I. Capital</b>	<b>21.1</b>	<b>1,986,671,885,824</b>	<b>1,214,969,339,442</b>
411	1. Share capital		831,437,480,000	616,437,480,000
412	2. Share premium		1,011,363,099,736	477,636,068,236
418	3. Investment and development fund		15,360,655,797	14,380,125,701
421	4. Undistributed earnings		128,510,650,291	106,515,665,505
421a	- Previous year undistributed earnings		101,644,938,682	77,460,925,732
421b	- Current year undistributed earnings		26,865,711,609	29,054,739,773
<b>439</b>	<b>C. MINORITY INTERESTS</b>	<b>22</b>	<b>506,850,893,986</b>	<b>506,077,098,684</b>
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,998,926,826,077</b>	<b>2,253,204,205,392</b>

Nguyen Thi Thu Hong  
Preparer  
14 May 2015

Tran Anh Phuong  
Chief Accountant

Nguyen Van Khai  
Deputy General Director

INTERIM CONSOLIDATED INCOME STATEMENT (UNAUDITED)  
for the period ended 31 March 2015

VND

Code	ITEMS	Notes	Reporting period		Accumulative from the beginning of the year to the end of reporting period	
			Quarter 1/2015	Quarter 1/2014	Quarter 1/2015	Quarter 1/2014
01	1. Revenue from sale of goods and rendering of services	23.1	399,986,293,104	175,718,786,492	399,986,293,104	175,718,786,492
02	2. Deductions	23.1	18,780,550,365	1,316,656,880	18,780,550,365	1,316,656,880
10	3. Net revenue from sale of goods and rendering of services	23.1	381,205,742,739	174,402,129,612	381,205,742,739	174,402,129,612
11	4. Cost of goods sold and services rendered		273,673,547,823	138,219,075,576	273,673,547,823	138,219,075,576
20	5. Gross profit/(loss) from sale of goods and rendering of services		107,532,194,916	36,183,054,036	107,532,194,916	36,183,054,036
21	6. Finance income	23.2	13,508,707,079	10,945,209,942	13,508,707,079	10,945,209,942
22	7. Finance expenses	24	9,602,596,414	432,973,070	9,602,596,414	432,973,070
23	- In which: Interest expense		989,429,632	1,250,301,891	989,429,632	1,250,301,891
24	8. Selling expenses		23,165,633,296	8,321,573,374	23,165,633,296	8,321,573,374
25	9. General and administrative expenses		33,664,943,010	14,972,141,502	33,664,943,010	14,972,141,502
30	10. Operating profit/(loss)		54,607,729,275	23,401,576,032	54,607,729,275	23,401,576,032
31	11. Other income	25	1,542,167,460	1,371,669,167	1,542,167,460	1,371,669,167
32	12. Other expenses	25	93,309,569	263,501,270	93,309,569	263,501,270
40	13. Other profit/(loss)		1,448,857,891	1,108,167,897	1,448,857,891	1,108,167,897
45	14. Shares of profit of associates	14.2	2,409,631,509	-	2,409,631,509	-
50	15. Profit/(loss) before tax		58,466,218,675	24,509,743,929	58,466,218,675	24,509,743,929
51	16. Current corporate income tax expense	26	5,107,722,599	3,983,027,395	5,107,722,599	3,983,027,395
52	17. Deferred income tax income/(expense)			-		-
60	18. Net profit/(loss) after tax		53,358,496,076	20,526,716,534	53,358,496,076	20,526,716,534
61	18.1. Minority interests	22	20,395,137,389	10,225,729,850	20,395,137,389	10,225,729,850
62	18.2. Equity holders of the parent		32,963,358,687	10,300,986,684	32,963,358,687	10,300,986,684
70	19. Earnings per share	21.4	422	277	422	277

Nguyen Thi Thu Hong  
Preparer

Tran Anh Phuong  
Chief Accountant

Nguyen Van Khai  
Deputy General Director

14 May 2015

INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)  
for the period ended 31 March 2015

VND

Code	ITEMS	Notes	For the period ended 31 March 2015	For the period ended 31 March 2014
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit before tax</b>		<b>58,466,218,675</b>	<b>24,509,743,929</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11,12	9,860,941,558	3,484,298,243
03	Provisions		(4,168,279,798)	(3,770,825,710)
04	Unrealised foreign exchange gains		(81,344,036)	-
05	Losses (profits) from investing activities	23.2	(7,071,881,179)	(4,042,199,980)
06	Interest expense	24	988,230,268	1,250,301,891
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>57,993,885,488</b>	<b>21,431,318,373</b>
09	Decrease in receivables		35,348,447,619	(13,629,275,172)
10	Decrease in inventories		87,024,519,883	(5,096,598,871)
11	Increase (decrease) in payables		(51,258,134,124)	(44,873,612,250)
12	Decrease in prepaid expenses		2,668,322,319	277,050,436
13	Increase (decrease) in trading securities		(21,320,902,358)	-
14	Interest paid		(985,419,060)	(1,282,595,891)
15	Corporate income tax paid		(7,021,434,313)	(8,601,531,688)
16	Other cash inflows from operating activities		2,150,421,685	-
17	Other cash outflows from operating activities		(46,902,903,295)	-
<b>20</b>	<b>Net cash flows from operating activities</b>		<b>57,696,803,844</b>	<b>(51,775,245,063)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets and other long- term assets		(30,583,562,528)	(1,931,666,968)
22	Proceeds from disposals of fixed assets and other long- term assets		-	169,170,666
23	Payments for purchase of shares in other entities		(272,266,000,000)	-
24	Proceeds from sale of shares in other entities		229,103,875,198	-
25	Payments for investments in other entities		(289,210,578,712)	(98,835,118,325)
26	Proceeds from sale of investments in other entity		-	283,221,156,502
27	Interest and dividends received, gain	23.2	32,431,733,662	6,718,115,223
<b>30</b>	<b>Net cash flows used in investing activities</b>		<b>(330,524,532,380)</b>	<b>189,341,657,098</b>

INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) (continued)  
for the period ended 31 March 2015

VND

<i>Code</i>	<i>ITEMS</i>	<i>Notes</i>	<i>For the period ended 31 March 2015</i>	<i>For the period ended 31 March 2014</i>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Issuance of shares	21.1	849,564,156,500	645,389,644,000
33	Drawdown of borrowings		284,177,888,503	-
34	Repayment of borrowings		(219,589,755,840)	(60,709,571,952)
36	Dividends paid to equity holders of the parent	21.2	-	(20,048,166,500)
	Dividends paid to minority interest		(29,279,403,000)	(7,835,848,500)
<b>40</b>	<b>Net cash flows from (used in) financing activities</b>		<b>884,872,886,163</b>	<b>556,796,057,048</b>
<b>50</b>	<b>Net increase (decrease) in cash and cash equivalents</b>		<b>612,045,157,627</b>	<b>694,362,469,083</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of period</b>		<b>343,812,571,993</b>	<b>171,452,034,042</b>
<b>61</b>	<b>Impact of exchange rate fluctuation</b>		<b>1,032,443,298</b>	<b>-</b>
<b>70</b>	<b>Cash and cash equivalents at end of period</b>		<b>956,890,172,918</b>	<b>865,814,503,125</b>

\_\_\_\_\_  
Nguyen Thi Thu Hong  
Preparer

\_\_\_\_\_  
Tran Anh Phuong  
Chief Accountant

\_\_\_\_\_  
Nguyen Van Khai  
Deputy General Director

14 May 2015



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
as at and for the period ended 31 March 2015

## 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 office in Hanoi, Vietnam.

The number of the employees of the Company and its subsidiaries (the “Group”) as at 31 March 2015 was 5,506 (31 December 2014: 5,686).

### **Corporate structure**

The Company’s corporate structure includes 5 direct subsidiaries and 2 indirect subsidiaries, as follows:

<i>Name</i>	<i>% of interest</i>	<i>Location</i>	<i>Business activities</i>
<b>Direct subsidiaries</b>			
Vietnam National Seed Corporation (“NSC”)	57.8	1 Luong Dinh Cua Street, Phuong Mai Ward, Dong Da District, Hanoi City, Vietnam	Research, produce, trade, export and import agricultural and forestry plant seeds and to produce, trade, export and import agricultural products and materials
Ben Tre Aquaproduct Import and Export Joint Stock Company (“ABT”)	63.2	Tan Thanh Commune, Chau Thanh District, Ben Tre Province, Vietnam	Culture, process and export aquatic products, process feeds for aquaculture, livestock and poultry
Pan Pacific Service Company Limited	100	236/43/2 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam	Provide cleaning services
Pan Pacific Company Limited	100	236/43/2 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam	Provide cleaning services
Pan Food Joint Stock Company (“PANFOOD”)	99.9	236/43/2 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam	Agriculture and foods

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
as at and for the period ended 31 March 2015

<i>Name</i>	<i>% of interest</i>	<i>Location</i>	<i>Business activities</i>
<b>Indirect subsidiaries</b>			
Ha Tay Seed Joint Stock Company	30	Ba La, Phu Lam Ward, Ha Dong District, Hanoi City, Vietnam	Research and produce plant seeds
Quang Nam Seed Agriculture and Forestry Joint Stock Company	48	Km 934, 1A Highway, North Dien Thang Commune, Dien Ban District, Quang Nam Province, Vietnam	Research and produce plant seeds

## **2. BASIS OF PREPARATION**

### **2.1 Accounting standards and system**

The 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 financial statements of the Company and its subsidiaries for the period ended 31 March 2015.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
as at and for the period ended 31 March 2015

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 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.

### 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 interim 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
as at and for the period ended 31 March 2015

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.

### **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.

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### **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 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.

### **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

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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:

*Sale of goods*

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.

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#### *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
- ▶ 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.

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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.

#### *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. CASH AND CASH EQUIVALENTS

	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	8,676,712,030	8,494,472,490
Cash in banks	235,466,088,011	142,040,341,508
Cash equivalents	712,747,372,877	193,277,757,995
<b>TOTAL</b>	<b>956,890,172,918</b>	<b>343,812,571,993</b>

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 16, the Group has pledged its short-term deposits at banks to secure the bank loan facilities.



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**5. TRADE RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade receivables from third parties	213,727,477,496	205,128,678,892
Trade receivables from related parties (Note 27)	<u>253,651,008</u>	<u>107,917,083</u>
<b>TOTAL</b>	<b>213,981,128,504</b>	<b>205,236,595,975</b>
Provision for doubtful debts (*)	<u>(4,028,166,515)</u>	<u>(4,028,166,515)</u>
<b>NET</b>	<b><u>209,952,961,989</u></b>	<b><u>201,208,429,460</u></b>

Details of movement provision for doubtful debts are as follows:

	VND	
	<i>Current period</i>	<i>Previous year</i>
Beginning balance	(4,028,166,515)	(161,881,907)
Increase from acquisition of a subsidiary	-	(2,727,633,332)
Increase in provision during the year	<u>-</u>	<u>(1,138,651,276)</u>
<b>Ending balance</b>	<b><u>(4,028,166,515)</u></b>	<b><u>(4,028,166,515)</u></b>

**6. ADVANCES TO SUPPLIERS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Related parties (Note 27)	50,107,255,912	17,857,657,599
Third parties	<u>21,940,552,286</u>	<u>50,207,656,011</u>
<b>TOTAL</b>	<b>72,047,808,198</b>	<b>68,065,313,610</b>
Provision for doubtful debts	<u>(76,725,000)</u>	<u>(76,725,000)</u>
<b>NET</b>	<b><u>71,971,083,198</u></b>	<b><u>67,988,588,610</u></b>

**7. OTHER RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Bank interest receivables	516,666,000	6,097,607,909
Social and health insurance	316,135,799	268,238,728
Receivables from selling stock	4,863,878,197	74,638,924,614
Others	<u>32,875,062,857</u>	<u>5,717,466,236</u>
<b>TOTAL</b>	<b>38,571,742,853</b>	<b>86,722,237,487</b>
Provision for doubtful debts	<u>(551,777,603)</u>	<u>(551,777,603)</u>
<b>NET</b>	<b><u>38,019,965,250</u></b>	<b><u>86,170,459,884</u></b>

**8. INVENTORIES**

	VND			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Finished goods	167,522,803,604	(12,846,512,742)	240,214,761,395	(19,511,495,703)
Work-in-process	61,731,375,319	-	50,401,804,734	-
Raw materials	27,344,370,477	-	27,422,298,168	-
Tools and supplies	2,379,902,492	-	3,087,249,724	-
Goods in transit	-	-	-	-
Merchandise goods	7,711,744,000	-	29,541,281,538	-
Goods on consignment	570,480	-	3,047,890,696	-
<b>TOTAL</b>	<b><u>266,690,766,372</u></b>	<b><u>(12,846,512,742)</u></b>	<b><u>353,715,286,255</u></b>	<b><u>(19,511,495,703)</u></b>

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**9. PREPAID EXPENSE**

	<i>Ending balance</i>	<i>Beginning balance</i>	VND
<b>a) Short-term</b>			
Tool and equipment	1,276,049,312	2,810,111,986	
Other service fee	798,327,773	1,457,825,107	
<b>TOTAL</b>	<b><u>2,074,377,085</u></b>	<b><u>4,267,937,093</u></b>	
<b>b) Long-term</b>			
Fishery and fishery-related cost	32,320,714,795	31,187,131,579	
Tools and supplies	2,065,966,524	2,631,320,529	
Others	1,268,514,013	2,311,505,535	
<b>TOTAL</b>	<b><u>35,655,195,332</u></b>	<b><u>36,129,957,643</u></b>	

**10. OTHER CURRENT ASSETS**

	<i>Ending balance</i>	<i>Beginning balance</i>	VND
Short-term deposits	563,931,979	941,019,185	
Advances to employees	20,822,205,049	18,764,943,681	
Others	-	596,565,240	
<b>TOTAL</b>	<b><u>21,386,137,028</u></b>	<b><u>20,302,528,106</u></b>	

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11. Tangible fixed assets

					VND
	<i>Buildings and structures</i>	<i>Machineries and equipment</i>	<i>Means of transportation</i>	<i>Office equipment</i>	<i>Total</i>
<b>Cost</b>					
Beginning balance	92,241,301,782	112,031,853,835	23,484,788,863	2,451,625,910	230,209,570,390
Increase from acquisitions	-	-	-	-	-
New purchases	-	700,828,417	-	340,679,000	1,041,507,417
Disposal	-	-	-	-	-
<b>Ending balance</b>	<b>92,241,301,782</b>	<b>112,732,682,252</b>	<b>23,484,788,863</b>	<b>2,792,304,910</b>	<b>231,251,077,807</b>
<i>In which:</i>					
<i>Fully depreciated</i>	<i>9,805,603,912</i>	<i>25,702,978,844</i>	<i>3,307,699,199</i>	<i>1,614,457,189</i>	<i>40,430,739,144</i>
<b>Accumulated depreciation:</b>					
Beginning balance	40,437,497,391	70,604,711,181	14,215,359,591	2,171,537,609	127,429,105,772
Increase from acquisitions	-	-	-	-	-
Disposal	-	-	-	-	-
Depreciation for the period	1,160,211,713	2,872,006,500	555,703,927	47,167,535	4,635,089,675
<b>Ending balance</b>	<b>41,597,709,104</b>	<b>73,476,565,001</b>	<b>14,776,520,635</b>	<b>2,213,400,707</b>	<b>132,064,195,447</b>
<b>Net carrying amount:</b>					
Beginning balance	51,803,804,391	41,427,142,654	9,269,429,272	280,088,301	102,780,464,618
<b>Ending balance</b>	<b>50,643,592,678</b>	<b>39,256,117,251</b>	<b>8,708,268,228</b>	<b>578,904,203</b>	<b>99,186,882,360</b>

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12. INTANGIBLE FIXED ASSETS

					VND
	<i>Land use right</i>	<i>Computer software</i>	<i>Patents, inventions and copyright</i>	<i>Others</i>	Total
<b>Cost:</b>					
Beginning balance	134,600,703,211	718,276,388	8,511,600,000	134,851,488	143,965,431,087
New purchases	-	-	-	-	-
Increase from acquisitions	-	-	-	-	-
Disposal	-	(15,000,000)	-	-	(15,000,000)
<b>Ending balance</b>	<b>134,600,703,211</b>	<b>703,276,388</b>	<b>8,511,600,000</b>	<b>134,851,488</b>	<b>143,950,431,087</b>
<i>In which:</i>					
<i>Fully depreciated</i>	<i>120,000,000</i>	<i>113,256,288</i>	<i>1,500,000,000</i>	<i>134,851,488</i>	<i>1,868,107,776</i>
<b>Accumulated amortisation:</b>					
Beginning balance	1,985,498,193	433,503,867	4,763,616,665	134,851,488	7,317,470,213
Disposal	-	(15,000,000)	-	-	(15,000,000)
Increase from acquisitions	-	-	-	-	-
Charges for the period	236,574,009	19,976,625	377,995,833	-	634,546,467
<b>Ending balance</b>	<b>2,222,072,202</b>	<b>438,480,492</b>	<b>5,141,612,498</b>	<b>134,851,488</b>	<b>7,937,016,680</b>
<b>Net carrying amount:</b>					
Beginning balance	132,615,205,018	284,772,521	3,747,983,335	-	136,647,960,874
<b>Ending balance</b>	<b>132,378,631,009</b>	<b>264,795,896</b>	<b>3,369,987,502</b>	<b>-</b>	<b>136,013,414,407</b>

As disclosed in Note 16, the Group has pledged its a part of land used rights to secure the bank loan facilities.

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**13. CONSTRUCTION IN PROGRESS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Phuong Mai office building project	28,692,395,741	17,958,604,405
Dong Van factory project	23,920,945,158	8,427,268,000
National stockpile	3,517,687,000	-
Phuong Mai house project	2,113,446,664	-
Others	2,819,139,665	2,115,663,727
<b>TOTAL</b>	<b><u>61,063,614,228</u></b>	<b><u>28,501,536,132</u></b>

**14. INVESTMENTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term investments (Note 14.1)</b>		
Trading securities (i)	98,145,763,773	76,825,165,625
Investment held to maturity		
Short-term deposits (ii)	50,000,000,000	110,000,000,000
Investment cooperation contracts (iii)	125,498,000,000	22,326,479,812
Provision for diminution in value of short-term investments (i)	(11,118,963,242)	(7,818,447,579)
<b>NET</b>	<b><u>262,524,800,531</u></b>	<b><u>201,332,893,648</u></b>
<b>Long-term investments</b>		
Investments in associates (Note 14.2)	585,042,624,314	418,298,553,406
Other long-term investments (Note 14.3)	14,996,080,000	14,996,080,000
Provision for other long-term investments (Note 14.3)	(1,006,584,715)	(1,006,584,715)
<b>NET</b>	<b><u>599,032,119,599</u></b>	<b><u>432,288,048,691</u></b>

Short-term deposits represent deposits at commercial banks with original maturity of more than three months and earn interest at the applicable interest rates.

As disclosed in Note 16, the Group has pledged its short-term deposits at bank to secure the bank loan facilities.

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#### 14.1 Short-term investments

(i) Details of marketable equity securities are presented as follows:

	Ending balance			Beginning balance		
	Cost	Fair value	Provision	Cost	Fair value	Provision
Marketable equity securities						
- Listed shares	93,984,713,773	84,038,282,731	(9,946,431,042)	72,663,184,469	66,510,601,190	(6,152,583,279)
- Unlisted shares	4,161,050,000	2,988,517,800	(1,172,532,200)	4,161,050,000	2,495,185,700	(1,665,864,300)
<b>TOTAL</b>	<b>98,145,763,773</b>	<b>87,026,800,531</b>	<b>(11,118,963,242)</b>	<b>76,824,861,415</b>	<b>69,005,786,890</b>	<b>(7,818,447,579)</b>

(ii) Details of short-term bank deposits are presented as follows:

	Ending balance		Beginning balance		VND
	Historical amount	Carrying amount	Historical amount	Carrying amount	
Dong A Commercial Joint Stock Bank – Ben Tre Branch (*)	50,000,000,000	50,000,000,000	40,000,000,000	40,000,000,000	
The Vietnam Development Bank – Ben Tre Branch	-	-	20,000,000,000	20,000,000,000	
Lien Viet Post Joint Stock Commercial Bank	-	-	50,000,000,000	50,000,000,000	
Vietnam International Bank	-	-	-	-	
<b>TOTAL</b>	<b>50,000,000,000</b>	<b>50,000,000,000</b>	<b>110,000,000,000</b>	<b>110,000,000,000</b>	

(\*) As disclosed in Note 16, the Group has pledged its short-term deposits at this bank to secure the bank loan facilities.

(iii) Other short-term investments represent trusted investments in securities under cooperation contracts with Saigon Securities Incorporation.

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#### 14.2 Investments in associates

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>% of ownership</u>	<u>Cost of investment (VND)</u>	<u>% of ownership</u>	<u>Cost of investment (VND)</u>
LILAMA Electrics, Mechanics & Environmental Corporation	21	11,138,567,632	21	11,050,984,837
Long An Food Processing Export Joint Stock Company	23	36,005,249,769	23	35,833,010,747
Southern Seed Joint Stock Company	40	365,744,575,386	23	371,414,557,822
Bibica Joint Stock Company	21	172,154,231,527	-	-
<b>TOTAL</b>		<b><u>585,042,624,314</u></b>		<b><u>418,298,553,406</u></b>

LILAMA Electrics, Mechanics & Environment Corporation (“LILAMA”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 6503000020 issued by the Board of Economic Management of Dung Quat on 25 July 2007, as amended. Its registered office is located in Public Service Area, Dung Quat Economic Zone, Binh Dong Commune, Binh Son District, Quang Ngai Province, Vietnam. Its principal activities are to provide waste treatment and environmental protection.

Long An Food Processing Export Joint Stock Company is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 1100107301 issued by the DPI of Long An Province on 1 January 2000, as amended. Its registered office is located at 81B National Road 62, Ward 2, Tan An City, Long An Province, Vietnam. Its principal activities are processing, production, import and export of goods and services in the agricultural, fisheries, food, machinery, raw materials for production.

Southern Seed Joint Stock Company is a joint stock company incorporated in the form of transferred from the state enterprise to joint stock company pursuant to the BRC No. 4103001067 issued by the DPI of Ho Chi Minh City on 24 June 2002, as amended. Its registered office is located at 286 Le Van Sy Street, Ward 1, Tan Binh District, Ho Chi Minh City. Its principal activities are in the agricultural, industry and trade, services.

Bibica Joint Stock Company (BBC) is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No.4103010755 issued by the DPI of Ho Chi Minh City on 5 July 2008, as amended. Its registered office is located at 443 Ly Thuong Kiet Street, Ward 8, Tan Binh District, Ho Chi Minh City, Vietnam. Its principal activities are the production and sale of sugar products, confectionery, malt, wine (alcoholic beverage), nutritious powder, milk and dairy products, soy milk, soft drinks, powdered beverage (no production at company headquarters) and real estate business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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Details of these investments in associates as at 31 March 2015 are presented as follows:

VND

	Long An Food Processing Export Joint Stock Company	LILAMA Electrics, Mechanics & Environment Corporation	Southern Seed Joint Stock Company	Bibica Joint Stock Company	Total
<b>Cost of investments:</b>					
Beginning balance	33,968,446,355	7,500,000,000	366,011,502,720	-	407,479,949,075
Increase in the period	-	-	660,213,838	169,671,165,560	170,331,379,398
Increase from acquisition	-	-	-	-	-
Transfer to investments in subsidiaries	-	-	-	-	-
<b>Ending balance</b>	<b>33,968,446,355</b>	<b>7,500,000,000</b>	<b>366,671,716,558</b>	<b>169,671,165,560</b>	<b>577,811,328,473</b>
<b>Accumulated share in post-acquisition profit of the associates:</b>					
Beginning balance	1,864,564,393	3,550,984,837	5,403,055,102	-	10,818,604,331
Share in profit of the associates for the period:	347,024,748	87,582,795	3,871,860,921	3,052,905,741	7,359,374,205
Amortization of goodwill	(174,785,727)	-	(4,205,117,195)	(569,839,774)	(4,949,742,696)
Dividends for the period	-	-	(5,996,940,000)	-	(5,996,940,000)
<b>Ending balance</b>	<b>2,036,803,414</b>	<b>3,638,567,632</b>	<b>(927,141,172)</b>	<b>2,483,065,967</b>	<b>7,231,295,841</b>
<b>Carrying amount:</b>					
Beginning balance	35,833,010,748	11,050,984,837	365,744,575,386	-	418,298,553,406
<b>Ending balance</b>	<b>36,005,249,769</b>	<b>11,138,567,632</b>	<b>371,414,557,822</b>	<b>172,154,231,527</b>	<b>585,042,624,314</b>

**14.3 Other long-term investments**

	Ending balance			Beginning balance		
	Cost	Fair value	Provision	Cost	Fair value	Provision
Long-term investment						
- Listed shares	-	-	-	-	-	-
- Unlisted shares	14.996.080.000	13.989.495.285	(1.006.584.715)	14.996.080.000	13.989.495.285	(1.006.584.715)
<b>TOTAL</b>	<b>14.996.080.000</b>	<b>13.989.495.285</b>	<b>(1.006.584.715)</b>	<b>14.996.080.000</b>	<b>13.989.495.285</b>	<b>(1.006.584.715)</b>



# Pan Pacific Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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## 15. GOODWILL

VND

	<u>Goodwill</u>
<b>Cost:</b>	
As at 31 December 2014	271,689,030,248
Increase from acquisition	-
As at 31 March 2015	<u>271,689,030,248</u>
<b>Accumulated amortisation:</b>	
As at 31 December 2014	28,367,291,730
Amortization for the period	4,601,663,636
As at 31 March 2015	<u>32,968,955,366</u>
<b>Ending balance</b>	
As at 31 December 2014	<u>243,321,738,518</u>
As at 31 March 2015	<u><b>238,720,074,882</b></u>

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**16. LOANS**

VND

	Ending balance		During the period		Beginning balance	
	Amount	Capable repayment amount	Increase	Decrease	Amount	Capable repayment amount
<b>a) Short-term loans</b>						
HSBC Bank (Vietnam) Ltd. (HSBC) – Ho Chi Minh Branch	48,577,363,405	48,577,363,405	50,665,560,413	(57,160,828,686)	55,072,631,678	55,072,631,678
Vietnam Export Import Commercial Joint Stock Bank - Ben Tre Branch	-	-	-	(44,898,000,000)	44,898,000,000	44,898,000,000
Vietinbank Commercial Joint Stock Bank – Branch 4	96,705,000,000	96,705,000,000	96,705,000,000	(96,210,000,000)	96,210,000,000	96,210,000,000
BIDV bank- Hoan Kiem Branch	122,137,471,300	122,137,471,300	122,137,471,300	(24,044,000,000)	24,044,000,000	24,044,000,000
Saigon Hanoi Commercial Joint Stock Bank – Quang Nam Branch	-	-	-	(1,380,000,000)	1,380,000,000	1,380,000,000
<b>TOTAL</b>	<b>267,419,834,705</b>	<b>267,419,834,705</b>	<b>269,508,031,713</b>	<b>(223,692,828,686)</b>	<b>221,604,631,678</b>	<b>221,604,631,678</b>
<b>b) Long-term loans</b>						
Vietinbank Commercial Joint Stock Bank – Hoang Mai Branch	13,071,964,163	13,071,964,163	13,071,964,163	-	-	-
Shinhanbank- Ha Noi Branch	2,676,169,000	2,676,169,000	2,676,169,000	-	-	-
<b>TOTAL</b>	<b>15,748,133,163</b>	<b>15,748,133,163</b>	<b>15,748,133,163</b>	<b>-</b>	<b>-</b>	<b>-</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
as at and for the period ended 31 March 2015

**17. TRADE PAYABLES**

	<i>Ending balance</i>	<i>Beginning balance</i>	VND
Third parties	81,019,452,544	104,927,143,211	
The related parties (Note 27)	<u>1,809,300,000</u>	<u>111,563,367</u>	
<b>TOTAL</b>	<b><u>82,828,752,544</u></b>	<b><u>105,038,706,578</u></b>	

**18. STATUTORY OBLIGATIONS**

	<i>Beginning balance</i>	<i>Increase payable</i>	<i>Settled</i>	<i>Ending balance</i>	VND
Deductible VAT	3,102,278,897	7,829,293,900	(7,870,980,137)	3,060,592,660	
Import and export tax	25,745,490	-	-	25,745,490	
Corporate income tax	7,617,266,463	5,107,722,599	(7,021,434,313)	5,703,554,749	
Personal income tax	1,955,770,450	4,289,964,884	(5,653,612,462)	592,122,872	
Tax and land lease	1,076,481,409	109,000	(151,978,955)	924,611,454	
Other statutory obligations	-	35,622,334	(35,622,334)	-	
<b>TOTAL<sup>(*)</sup></b>	<b><u>13,777,542,709</u></b>	<b><u>17,262,712,717</u></b>	<b><u>(20,733,628,201)</u></b>	<b><u>10,306,627,225</u></b>	

<sup>(\*)</sup> In which, at the ending, statutory obligations of period was VND 10,336,754,153, and tax and other receivables was VND 30,126,928; at the beginning, statutory obligations of period was VND 13,777,542,709, and tax and other receivables was VND nil.

**19. OTHER PAYABLES**

	<i>Ending balance</i>	<i>Beginning balance</i>	VND
Social, health and trade union	5,307,359,232	3,090,821,787	
Dividend payable	932,342,810	10,894,149,910	
Land compensation	-	5,063,862,886	
Payable on equitization	728,073,914	-	
Other	<u>14,666,426,194</u>	<u>11,351,253,639</u>	
<b>TOTAL</b>	<b><u>21,634,202,150</u></b>	<b><u>30,400,088,222</u></b>	

In which:

<i>Third parties</i>	21,574,202,150	30,340,088,222
<i>A related party (Note 27)</i>	60,000,000	60,000,000

**20. OTHER LONG-TERM LIABILITIES**

	<i>Ending balance</i>	<i>Beginning balance</i>	VND
Provision for severance allowance	8,161,340,750	8,965,153,250	
Long-term deposits received	157,466,500	284,978,500	
Others	<u>1,028,802,275</u>	<u>38,752,000</u>	
<b>TOTAL</b>	<b><u>9,487,692,325</u></b>	<b><u>9,288,883,750</u></b>	
<i>In which:</i>			
<i>- Related parties (Note 27)</i>	78,262,800	78,262,800	
<i>- Third parties</i>	9,409,429,525	9,210,620,950	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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**21. OWNERS' EQUITY****21.1 Movement in owners' equity**

	VND				
	<i>Share capital</i>	<i>Share premium</i>	<i>Investment and development fund</i>	<i>Undistributed earnings</i>	<i>Total</i>
<b>For the year ended 31 December 2014</b>					
Beginning balance	200,500,000,000	226,238,904,236	13,674,212,636	77,460,925,732	517,874,042,604
Increase in capital (*)	214,125,000,000	457,875,000,000	-	-	672,000,000,000
Increase in capital from equity	201,812,480,000	(201,812,480,000)	-	-	-
Cost of share issuance	-	(4,665,356,000)	-	-	(4,665,356,000)
Net profit for the year	-	-	-	100,274,078,710	100,274,078,710
Transfer to bonus and welfare fund	-	-	-	(5,439,835,902)	(5,439,835,902)
Remuneration of the Boards of Directors ("BOD") and Supervision	-	-	-	(985,000,000)	(985,000,000)
Dividends declared	-	-	-	(60,412,500,000)	(60,412,500,000)
Profit appropriation	-	-	705,913,065	(705,913,065)	-
Others	-	-	-	(3,676,089,970)	(3,676,089,970)
<b>Ending balance</b>	<b>616,437,480,000</b>	<b>477,636,068,236</b>	<b>14,380,125,701</b>	<b>106,515,665,505</b>	<b>1,214,969,339,442</b>
<b>For the period ended 31 March 2015</b>					
Beginning balance	616,437,480,000	477,636,068,236	14,380,125,701	106,515,665,505	1,214,969,339,442
Increase in capital (*)	215,000,000,000	537,500,000,000	-	-	752,500,000,000
Cost of share issuance	-	(3,772,968,500)	-	-	(3,772,968,500)
Net profit/(loss) for the period	-	-	-	32,963,358,687	32,963,358,687
Transfer to bonus and welfare fund	-	-	-	(3,061,569,399)	(3,061,569,399)
Investment and development fund	-	-	980,530,096	(980,530,096)	-
Remuneration of the Boards of Directors ("BOD") and Supervision	-	-	-	(151,879,875)	(151,879,875)
Dividend declared	-	-	-	-	-
Effect of capital increase in subsidiaries	-	-	-	(6,099,415,577)	(6,099,415,577)
Others	-	-	-	(674,978,954)	(674,978,954)
<b>Ending balance</b>	<b>831,437,480,000</b>	<b>1,011,363,099,736</b>	<b>15,360,655,797</b>	<b>128,510,650,291</b>	<b>1,986,671,885,824</b>

During the period, the Company issued 21,500,000 new ordinary shares to its strategic investors to increase its charter capital to VND 831,437,480,000 in accordance with the Shareholder's Extraordinary Resolution No. 01-05/2014/NQ-DHDCD dated 10 May 2014 and the Board of Directors' Resolutions No. 19-09/2014/NQ-HDQT dated 13 September 2014. The share issuance was approved by the State Securities Commission under Certificate No. 6483/UBCK-QLPH dated 21 November 2014. The Company is conducting the formalities on amendment of its business registration.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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### 21.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	<i>For the period ended 31 March 2015</i>	<i>Previous year</i>
<b>Issued share capital</b>		
Beginning balance	616,437,480,000	200,500,000,000
Increase	215,000,000,000	415,937,480,000
<b>Ending balance</b>	<b>831,437,480,000</b>	<b>616,437,480,000</b>
<b>Dividends</b>		
Paid by cash	-	60,410,666,500
Unpaid	-	1,833,500

### 21.3 Shares

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Quantity</u>	<u>Amount (VND)</u>	<u>Quantity</u>	<u>Amount (VND)</u>
<b>Authorized shares</b>			<b>61,643,748</b>	<b>616,437,480,000</b>
<b>Issued shares</b>				
<i>Issued and paid-up shares</i>				
- Ordinary shares	83,143,748	831,437,480,000	61,643,748	616,437,480,000
<b>Shares in circulation</b>				
- Ordinary shares	83,143,748	831,437,480,000	61,643,748	616,437,480,000

### 21.4 Earnings per share

The following reflects the (loss) income and share data used in the basic and diluted earnings per share computations:

	<i>For the period ended 31 March 2015</i>	<i>For the period ended 31 March 2014</i>
Net (loss) profit attributable to ordinary equity holders of the parent (VND)	32,963,358,687	10,300,986,684
Issued ordinary shares at the beginning of the period	61,643,748	20,050,000
Effect of shares issued during the year	16,483,333	4,743,473
Weighted average number of ordinary shares	78,127,081	24,793,473
<b>Earnings per share before adjustment the effect of bonus shares (VND)</b>	<b>422</b>	<b>415</b>
Effect of bonus shares issued during the period to previous period	-	12,396,737
Weighted average number of ordinary shares after effect of bonus shares	78,127,081	37,190,210
<b>Earnings per share after adjustment the effect of bonus shares (VND)</b>	<b>422</b>	<b>277</b>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
as at and for the period ended 31 March 2015

**22. MINORITY INTERESTS**

	VND
	Amount
<b>Beginning balance</b>	<b>506,077,098,684</b>
<b>Changes in the period</b>	
- Minority interest at subsidiary	6,060,309,132
- Increase from PAN FOOD	100,000,000
- Change in capital contribution	(2,964,182,194)
- Change in share premium	(6,276,609,307)
- Change in treasury shares	795,244,839
- Change in development fund	(1,585,632,967)
- Change in retain earnings	(2,277,998,103)
- Net profit for the year	20,032,840,856
- Dividends declared	(6,336,903,000)
- Transfer to bonus and welfare funds	(1,778,430,601)
- Transfer to Remuneration of BOD and Supervision	(101,138,400)
- Transfer to development fund	(569,578,704)
- Others	1,401,468,063
<b>Ending balance</b>	<b>506,850,893,986</b>

**23. REVENUES****23.1 Revenues from sale of goods and rendering of services**

	VND	
	<i>For the period ended 31 March 2015</i>	<i>For the period ended 31 March 2014</i>
<b>Gross revenues</b>	<b>399,986,293,104</b>	<b>175,718,786,492</b>
<i>Of which:</i>		
<i>Sale of merchandise</i>	51,975,000	79,139,230,161
<i>Sale of finished goods</i>	310,228,497,421	96,556,556,331
<i>Rendering of services</i>	89,705,820,683	23,000,000
<b>Less</b>	<b>(18,780,550,365)</b>	<b>(1,316,656,880)</b>
<i>Sales returns</i>	(18,780,550,365)	(1,316,656,880)
<b>Net revenues</b>	<b>381,205,742,739</b>	<b>174,402,129,612</b>

**23.2 Finance income**

	VND	
	<i>For the period ended 31 March 2015</i>	<i>For the period ended 31 March 2014</i>
Dividends income	744,674,000	35,208,000
Profit from investment cooperation contracts	1,926,576,575	126,704,861
Bank interest income	6,971,640,677	6,961,236,872
Realised foreign exchange gains	1,982,938,281	110,943,755
Unrealized foreign exchange gains	81,344,036	-
Gains from disposal of bonds, stocks and others	1,801,533,510	3,711,116,454
<b>TOTAL</b>	<b>13,508,707,079</b>	<b>10,945,209,942</b>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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**24. FINANCE EXPENSES**

	VND	
	<i>For the period ended 31 March 2015</i>	<i>For the period ended 31 March 2014</i>
Loss from investments in securities	3,128,235,320	2,530,251,413
Expenses from investment cooperation contracts	-	4,340,193
Realised foreign exchange losses	1,312,638,196	384,701,926
Unrealised foreign exchange losses	-	-
Expense on financial investment	77,996,595	-
Interest expense	985,868,424	1,250,301,891
Expense on late payment, and others	797,342,216	34,203,356
Reversal of diminution in value of investments	3,300,515,663	(3,770,825,709)
<b>TOTAL</b>	<b><u>9,602,596,414</u></b>	<b><u>432,973,070</u></b>

**25. OTHER INCOME AND OTHER EXPENSES**

	<i>For the period ended 31 March 2015</i>	<i>For the period ended 31 March 2014</i>
Rental income	880,000,000	820,000,000
Scrap income	502,894,219	421,659,554
Disposal income	-	130,000,000
Other income	159,273,241	9,613
Net book value of fixed assets disposal	-	(169,170,666)
Other expenses	(93,309,569)	(94,330,604)
<b>NET INCOME</b>	<b><u>1,448,857,891</u></b>	<b><u>1,108,167,897</u></b>

**26. CORPORATE INCOME TAX**

The Group has the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profits, exemption some cases as below.

For the aqua-cultural product processing activity of ABT, the Company has obligated to pay CIT with the current tax rate 22% for the next years. In addition, ABT is entitled to a 50% reduction of CIT rate up to the year 2015 in accordance with the Official Letter No. 588/CT-THDT dated 14 October 2005 issued by the Department of Tax of Ben Tre Province.

On 1 March 2011, the Department of Science and Technology of Hanoi issued the certificate of scientific enterprise and technology for National Seed Corporation ("NSC"). According to current tax regulations, the Company is obligated to pay for state corporate income tax is 10% on taxable profits for 15 years from 2011 (the first year of taxable income since the company is now recognized science and technology) and 20% for the following years. The current regulations allow tax-exempt company for 4 years (from 2011 to 2014) and a 50% income tax for the next 9 years. Deals on conditions applied to the proportion of revenue from the production and trading of commodity products formed from the results of science and technology on the Company's total revenue in the first year is 30 % or more, the second year, 50% or more, and from the third year onwards obtaining 70% or more. During preferential CIT, in certain conditions the Company achieved turnover rate above shall be entitled to, in conditions that do not meet the turnover rate is not preferential, and remit corporate income tax at the current applied CIT rate.

The tax returns filed by Group are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the interim consolidated financial statements could change at a later date upon final determination by the tax authorities.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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**26.1 CIT expense**

	<i>For the period ended 31 March 2015</i>	<i>VND For the period ended 31 March 2014</i>
Current CIT expense	5,107,722,599	3,983,027,395
Deferred CIT expense (benefit)	-	-
<b>TOTAL</b>	<b><u>5,107,722,599</u></b>	<b><u>3,983,027,395</u></b>

**27. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties during the year were as follows:

<i>Related parties – Relationship</i>	<i>Transactions</i>	<i>VND For the period ended 31 March 2015</i>
Saigon Securities Incorporation – Major shareholder	Consultancy fees	1,920,000,000
	Cooperation contracts	222,266,000,000
	Supply service of cleaning	178,880,751
	Supply service of office rental	122,760,140
	Fee of managing account	52,009,411
	Profit from investment cooperation contracts	1,926,576,575
CSC Vietnam Joint Stock Company	Supply service of cleaning	45,300,000
	Office rental	461,553,990
	Capital contribution	35,000,000,000
Mutual Fund Populus – Major shareholder	Capital contribution	73,500,000,000
NDH Vietnam Limited Company	Capital contribution	17,500,000,000
SSI Asset Management Co., Ltd	Capital contribution	150,500,000,000
	Consultancy fees	54,300,000
TAEL TWO PARTNERS LTD (acting in its capacity as the General Partner of the Asian Entrepreneur Legacy Two, L.P.) – Major shareholder	Capital contribution	158,173,750,000
GIC Private Limited– Major shareholder	Capital contribution	45,926,650,000
Mr. Michael Louis Rosen– Member of BOD, CEO	Capital contribution	4,208,750,000
Mrs. Ha Thi Thanh Van – Member of BOD	Office rental	163,800,000
	Supply service of cleaning	11,550,000
	Capital contribution	-



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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The sales of goods to related parties are made at the Group's usual list prices. Purchases are made at market price discounted to reflect the quantity of goods purchased.

Outstanding balances at 31 March 2015 are unsecured, interest free and will be settled in cash. For the *period ended 31 March 2015*, the Group has not made any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

Amounts due from and due to related parties at the balance sheet date were as follows:

		<i>VND</i>
		<i>Ending balance</i>
Saigon Securities Incorporation	Cleaning service receivable	54,691,054
	Advance	50,107,255,912
	Rental income receivable	135,036,154
CSC Vietnam Joint Stock Company	Office rental deposit	304,700,560
Sunway Investment Joint Stock Company	Cleaning service receivable	59,958,800
	Office rental deposit	99,189,648
Mrs. Ha Thi Thanh Van	Office rental deposit	79,200,000
	<b>Receivables</b>	<b><u>50,840,032,128</u></b>
Saigon Securities Incorporation	Office rental deposit	78,262,800
	Consultancy fees	1,755,000,000
SSI Asset Management Co., Ltd	Consultancy fees	54,300,000
Mr. Michael Sng Beng Hock	Remuneration payable	60,000,000
	<b>Payables</b>	<b><u>1,887,562,800</u></b>

*Transactions with other related parties*

The key management members of the Group and thier related person include: members of the Boards of Directors, Supervisory Board, Board of Management and Chief Accountant and their closed related person.

Remuneration paid by the Group to members of the Boards of Directors, Supervisory Board, Board of Management and Chief Accountant were as follows:

		<i>VND</i>
		<i>For the period ended 31 March 2015</i>
Salaries, wage		3,346,495,778
Bonus		1,036,654,556
<b>TOTAL</b>		<b><u>4,383,150,334</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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**28. SEGMENT INFORMATION**

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products, services produced and trading. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

**28.1 Business segment**

The following tables present revenue and profit and certain assets and liabilities information regarding the Group's business segment:

	<i>VND</i>				
	<i>Aquaculture product</i>	<i>Cleaning service and others</i>	<i>Agriculture product</i>	<i>Elimination</i>	<i>Total</i>
As at and for the period ended 31 March 2015					
Revenue					
<i>Sales to external customers</i>	111,878,804,719	180,165,818,770	89,161,119,250	-	381,205,742,739
<i>Inter-segment sales</i>	-	-	3,250,721,482	(3,250,721,482)	-
<i>Total revenue</i>	111,878,804,719	180,165,818,770	92,411,840,732	(3,250,721,482)	381,205,742,739
Results					
<i>Segment net profit/(loss) before tax</i>	23,536,223,841	31,361,402,274	3,568,592,560	-	58,466,218,675
<i>Estimated income tax expense</i>	(2,587,082,000)	(1,261,421,262)	(1,259,219,337)	-	(5,107,722,599)
<i>Estimated net profit for the period</i>	20,949,141,841	30,099,981,012	2,309,373,223	-	53,358,496,076
Assets and liabilities					
<i>Segment assets</i>	585,184,754,046	1,023,631,008,446	1,387,914,118,794	-	2,996,729,881,286
<i>Unallocated assets</i>	-	-	-	-	2,196,944,791
<i>Total assets</i>	585,184,754,046	1,023,631,008,446	1,387,914,118,794	-	2,998,926,826,077
<i>Segment liabilities</i>	172,669,660,631	242,824,120,468	66,664,541,226	-	482,158,322,325
<i>Unallocated liabilities</i>	-	-	-	-	23,245,723,942
<i>Total liabilities</i>	172,669,660,631	242,824,120,468	66,664,541,226	-	505,404,046,267
Other segment information					
Capital expenditure					
<i>Tangible fixed assets</i>	431,588,091	-	609,919,326	-	1,041,507,417
<i>Intangible fixed assets</i>	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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The following tables present revenue and profit and certain assets and liabilities information regarding the Group's business segment (continued):

	<i>Aquaculture products</i>	<i>Cleaning service</i>	<i>Agriculture product</i>	<i>Elimination</i>	<i>Total</i>
<b>As at and for the period ended 31 March 2014</b>					
Revenues					
<i>Sales to external customers</i>	95,239,899,451	79,162,230,161	-	-	174,402,129,612
<i>Inter-segment sales</i>	-	-	-	-	-
Total revenues	95,239,899,451	79,162,230,161	-	-	174,402,129,612
Results					
<i>Segment net profit before income tax</i>	14,205,916,830	10,303,827,099	-	-	24,509,743,929
<i>Income tax expense</i>	(1,420,591,683)	(2,562,435,712)	-	-	(3,983,027,395)
Net profit for the period	12,785,325,147	7,741,391,387	-	-	20,526,716,534
Assets and liabilities					
<i>Segment assets</i>	626,813,491,220	970,324,192,905	-	-	1,597,137,684,125
<i>Unallocated assets</i>	-	-	-	-	-
Total assets	626,813,491,220	970,324,192,905	-	-	1,597,137,684,125
Total liabilities	210,775,071,040	235,053,910,744	-	-	445,828,981,784
Other segment information					
Capital expenditure					
<i>Tangible fixed assets</i>	62,000,000	1,869,666,968	-	-	1,931,666,968
<i>Intangible fixed assets</i>	-	-	-	-	-

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## 28.2 Geographical segment

The Group's geographical segments are based on the Group's sales markets. Sales to external customers disclosed in geographical segments are based on the geographical location of the Group's customers.

The following tables present revenue, expenditure and certain assets information regarding the Group's geographical segments.

	<i>VND</i>			
	<i>Export sale</i>	<i>Domestic sales</i>	<i>Elimination</i>	<i>Total</i>
<b>As at and for the period ended 31 March 2015</b>				
<i>Sales to external customers</i>	111,878,804,719	269,326,938,020	-	381,205,742,739
<i>Inter-segment sales</i>	-	3,250,721,482	(3,250,721,482)	-
<b>Total revenues</b>	<b>111,878,804,719</b>	<b>272,577,659,502</b>	<b>(3,250,721,482)</b>	<b>381,205,742,739</b>
<b>Other segment information</b>				
<i>Segment assets</i>	585,184,754,046	2,411,545,127,240	-	2,996,729,881,286
<i>Unallocated assets</i>	-	-	-	2,196,944,791
<b>Total assets</b>	<b>585,184,754,046</b>	<b>2,411,545,127,240</b>	<b>-</b>	<b>2,998,926,826,077</b>
Capital expenditure				
<i>Tangible fixed assets</i>	431,588,091	609,919,326	-	1,041,507,417
<i>Intangible fixed assets</i>	-	-	-	-
<b>As at and for the period ended 31 March 2014</b>				
<i>Sales to external customers</i>	89,933,098,665	84,469,030,947	-	174,402,129,612
<i>Inter-segment sales</i>	-	-	-	-
<b>Total revenues</b>	<b>89,933,098,665</b>	<b>84,469,030,947</b>	<b>-</b>	<b>174,402,129,612</b>
<b>Other segment information</b>				
<i>Segment assets</i>	626,813,491,220	970,324,192,905	-	1,597,137,684,125
<i>Unallocated assets</i>	-	-	-	-
<b>Total assets</b>	<b>626,813,491,220</b>	<b>970,324,192,905</b>	<b>-</b>	<b>1,597,137,684,125</b>
Capital expenditure				
<i>Tangible fixed assets</i>	62,000,000	1,869,666,968	-	1,931,666,968
<i>Intangible fixed assets</i>	-	-	-	-

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## 29. OPERATING LEASE COMMITMENTS

The Group leases office premises under operating lease arrangements. The minimum lease commitments as at the balance sheet date are as follows:

	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	5,303,502,229	4,565,509,361
More than 1 to 5 years	8,018,471,022	7,134,358,639
Over five years	8,533,046,053	8,694,690,789
<b>TOTAL</b>	<b><u>21,855,019,304</u></b>	<b><u>20,394,558,789</u></b>

VND

## 30. OFF BALANCE SHEET ITEMS

<i>ITEMS</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Operating lease assets	42,548,386,527	80,647,386,527
Bad debts written off	-	208,213,500
Foreign currencies		
- United States dollar (US\$)	1,507,729	838,317
- Euro (EUR)	-	-
- China Renminbi (CNY)	100,934	86,068
LAK	1,000,000	1,000,000

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also hold available-for-sale investments. The Group does not hold or issue derivative financial instruments.

The Group is exposed to market risk, credit risk and liquidity risk.

Management reviews and agrees policies for managing each of these risks which are summarized below.

### **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans, deposits and available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2015 and 31 December 2014.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that:

- the statement of the balance sheet relates to available-for-sale debt instrument;
- the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2015 and 31 December 2014.

# Pan Pacific Corporation

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## *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rate relates primarily to the Group's cash and short-term deposits and borrowings. These investments are mainly short term in nature and they are not held for speculative purposes.

The Group manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favorable for its purposes within its risk management limits.

## *Interest rate sensitivity*

A sensitivity analysis is not performed for interest rate risk as the Group's exposure to the interest-rate risk is minimal at the reporting date as the loans from banks are short-term with fixed interest rates.

## *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. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's accounting currency).

The Group is exposed to foreign currency risk in relation to purchases and sales of goods which are denominated in currencies other than its accounting currency as disclosed in Note 2.4. The Group manages its foreign currency exposure by considering the prevailing and expected market situation when it plans for future purchases and sales of goods denominated in foreign currencies, other than increasing natural-hedged proportion. The Group does not employ any derivative financial instruments to hedge its foreign currency exposure.

## *Foreign currency sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Group's exposure to foreign currency changes for all other currencies are not material.

	<i>Change in US\$ rate</i>	<i>Effect on profit before tax</i>
	<i>%</i>	<i>VND</i>
For the three-month period ended 31 March 2015		
	+2	(1,254,196,704)
	-2	1,254,196,704
For the year ended 31 December 2014		
	+2	(4,257,052,574)
	-2	4,257,052,574

## *Equity price risk*

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Group manages equity price risk by placing a limit on equity investments. The Board of Directors reviews and approves all equity investment decisions.

## **Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

# Pan Pacific Corporation

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## *Bank deposits*

The Group's bank balances are mainly maintained with well-known banks in Vietnam. The Group's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Notes 5. The Group evaluates the concentration of credit risk in respect to bank deposit as low.

## *Trade receivables*

Customer credit risk is managed by the Group based on its established policy, procedures and control relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

## *Other financial instruments*

Management evaluates all financial assets are neither past due nor impaired as they related to recognized and creditworthy counterparties except for the following trade receivable which are past due but not impaired as at 31 March 2015.

		VND			
		<u>Past due but not impaired</u>			
		<i>Neither past due nor impaired</i>	<i>&lt; 6 months</i>	<i>6 months to less than 1 year</i>	<i>More than 1 year</i>
<i>Total</i>					
Ending balance	1,170,871,301,422	1,166,843,134,907	-	26,305,000	4,001,861,515
Beginning balance	545,021,001,453	544,923,056,133	-	19,452,000	78,493,320

## *Liquidity risk*

The liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligation due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Group monitors its liquidity risk by maintain a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual discounted payments:

		VND		
		<u>Below 1 year</u>	<u>Above 1 year</u>	<u>Total</u>
<b>Ending balance</b>				
Loans		267,419,834,705	-	267,419,834,705
Trade payables		82,828,752,544	-	82,828,752,544
Other payables and accrued expenses		23,293,873,730	-	23,293,873,730
<b>TOTAL</b>		<b>373,542,460,979</b>	<b>-</b>	<b>373,542,460,979</b>
<b>Beginning balance</b>				
Loans		221,604,631,678	-	221,604,631,678
Trade payables		105,038,706,578	-	105,038,706,578
Other payables and accrued expenses		31,478,569,808	-	31,478,569,808
<b>TOTAL</b>		<b>358,121,908,064</b>	<b>-</b>	<b>358,121,908,064</b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

## ***Collateral***

The Group has pledged its short-term deposits in banks, land used rights in order to fulfil the collateral requirements for the loan obtained from bank (*Note 16*).

The Group did not hold collateral at 31 March 2015 and 31 December 2014.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)  
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### 32. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the consolidated financial statements.

VND

	<i>Carrying amount</i>				<i>Fair value</i>	
	<i>Ending balance</i>		<i>Beginning balance</i>		<i>Ending balance</i>	<i>Beginning balance</i>
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>		
<b>Financial assets</b>						
Held for trading investments						
- Listed shares	93,984,713,773	(9,946,431,042)	76,607,811,415	(7,601,397,579)	84,038,282,731	151,468,159,346
- Unlisted shares	4,161,050,000	(1,172,532,200)	217,050,000	(217,050,000)	2,988,517,800	108,525,000
Short-term bank deposits	50,000,000,000	-	110,000,000,000	-	50,000,000,000	110,000,000,000
Other short-term investments	125,498,000,000	-	22,326,479,812	-	125,498,000,000	22,326,479,812
Trade receivables	213,727,477,496	(4,028,166,515)	205,128,678,892	(4,028,166,515)	209,699,310,981	201,100,512,377
Receivable from related parties	253,651,008	-	107,917,083	-	253,651,008	107,917,083
Other receivables	38,571,742,853	(551,777,603)	86,722,237,487	(551,777,603)	38,019,965,250	86,170,459,884
Cash and cash equivalents	956,890,172,918	-	343,812,571,993	-	956,890,172,918	343,812,571,993
<b>TOTAL</b>	<b>1,483,086,808,048</b>	<b>(15,698,907,360)</b>	<b>844,922,746,682</b>	<b>(12,398,391,697)</b>	<b>1,467,387,900,688</b>	<b>915,094,625,495</b>

VND

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Ending balance</i>	<i>Beginning balance</i>
	<b>Financial liabilities</b>			
Loan	267,419,834,705	221,604,631,678	267,419,834,705	221,604,631,678
Trade payables	82,828,752,544	105,038,706,578	82,828,752,544	105,038,706,578
Other current liabilities	23,293,873,730	31,478,569,808	23,293,873,730	31,478,569,808
<b>TOTAL</b>	<b>373,542,460,979</b>	<b>358,121,908,064</b>	<b>373,542,460,979</b>	<b>358,121,908,064</b>

# Pan Pacific Corporation

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The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2013, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

### 33. EXPLANATION FOR CHANGES IN BUSINESS RESULT

As stipulated in Circular No. 52/2012/TT-BTC dated on 5 April 2012 by Ministry of Finance about periodic announcement and explanation for changes in business result of listed company, the Group hereafter gives the explanation for changes in business result:

Net revenue of Quarter 1/2015 was 381.2 billion (increased by 206.8 billion against 174.4 billion of Quarter 1/2014). This increase is mainly because of contributing by agriculture activity from beginning of the year while the previous period this activity only impacted from July 2014.

Profit before tax of Quarter 1/2015 was 58.4 billion (increased by 33.9 billion against the loss of 24.5 billion of Quarter 1/2014). This growth is mainly because of contributing by agriculture activity since Quarter 1/2015 while the previous period this activity only impacted from July 2014.

\_\_\_\_\_  
Nguyen Thi Thu Hong  
Preparer

\_\_\_\_\_  
Tran Anh Phuong  
Chief Accountant

\_\_\_\_\_  
Nguyen Van Khai  
Deputy General Director

14 May 2015