

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

Pan Pacific Corporation

30 June 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	resigned on 17 July 2015

MANAGEMENT

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

Mr. Michael Louis Rosen	General Director	from 1 January 2015 to 3 August 2015
Mr. Nguyen Van Khai	Acting General Director	from 3 August 2015

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 30 June 2015.

Pan Pacific Corporation

B01-DN/HN

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
as at 30 June 2015

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		2,097,072,763,411	1,270,794,463,917
110	I. Cash and cash equivalents	4	706,164,047,728	343,812,571,993
111	1. Cash		423,046,484,577	150,534,813,998
112	2. Cash equivalents		283,117,563,151	193,277,757,995
120	II. Short-term investments	13.1	214,532,266,236	201,332,893,648
121	1. Trading securities		117,050,967,422	76,824,861,415
122	2. Provision for trading securities		(2,518,701,186)	(7,818,447,579)
123	3. Held-to-maturity investments		100,000,000,000	132,326,479,812
130	III. Current accounts receivable		525,015,442,053	375,073,440,820
131	1. Trade receivables	5	367,287,015,163	205,236,595,975
132	2. Advances to suppliers	6	77,935,047,514	68,065,313,610
135	3. Short-term loan receivables		365,000,000	-
136	4. Other receivables	7	85,992,472,822	106,428,200,353
137	5. Provision for doubtful debts	5	(6,617,880,780)	(4,656,669,118)
139	6. Shortage of assets awaiting resolution		53,787,334	-
140	IV. Inventories	8	635,548,575,063	334,203,790,552
141	1. Inventories		658,796,815,795	353,715,286,255
149	2. Provision for inventories		(23,248,240,732)	(19,511,495,703)
150	V. Other current assets		15,812,432,331	16,371,766,904
151	1. Short-term prepaid expenses	9	4,646,991,418	4,267,937,093
152	2. Value-added tax deductible		10,874,726,276	11,507,264,571
153	3. Tax and other receivables from the State		182,843,277	-
155	4. Other current assets		107,871,360	596,565,240
200	B. NON-CURRENT ASSETS		1,535,151,824,081	982,409,741,475
210	I. Long-term accounts receivable		572,090,208	543,090,208
216	1. Other long-term receivable		572,090,208	543,090,208
220	II. Fixed assets		540,964,294,239	239,428,425,492
221	1. Tangible fixed assets	10	193,695,301,314	102,780,464,618
222	Cost		388,635,614,655	230,209,570,390
223	Accumulated depreciation		(194,940,313,341)	(127,429,105,772)
227	2. Intangible fixed assets	11	347,268,992,925	136,647,960,874
228	Cost		360,212,240,764	143,965,431,087
229	Accumulated amortisation		(12,943,247,839)	(7,317,470,213)
240	III. Long-term assets in progress		79,296,247,725	28,501,536,132
242	1. Construction in progress	12	79,296,247,725	28,501,536,132
250	IV. Long-term investments		418,070,694,584	432,288,048,691
252	1. Investments in associates	13.2	400,605,639,299	418,298,553,406
253	2. Other long-term investments	13.3	18,471,640,000	14,996,080,000
255	3. Provision for long-term investments	13.3	(1,006,584,715)	(1,006,584,715)
260	V. Other long-term assets		44,548,167,279	38,326,902,434
261	1. Long-term prepaid expenses	9	39,504,181,113	36,129,957,643
262	2. Deferred tax assets		5,043,986,166	2,196,944,791
269	VI. Goodwill	14	451,700,330,046	243,321,738,518
270	TOTAL ASSETS		3,632,224,587,492	2,253,204,205,392

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED) (continued)
as at 30 June 2015

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		914,799,368,361	532,157,767,266
310	<i>I. Current liabilities</i>		810,172,014,096	499,623,159,574
312	1. Trade payables	16	182,694,223,742	105,038,706,578
313	2. Advances from customers		10,084,569,476	18,726,665,958
314	3. Statutory obligations	17	24,041,944,099	13,777,542,709
315	4. Payables to employees		69,755,131,437	83,567,078,985
316	5. Accrued expenses		6,329,725,654	1,078,481,586
319	6. Unearned revenue		124,664,000	-
320	7. Other payables	18	61,246,415,480	30,400,088,222
321	8. Short-term loans	15	409,784,784,785	221,604,631,678
322	9. Bonus and welfare funds		46,110,555,423	25,429,963,858
330	<i>II. Non-current liability</i>		104,627,354,265	32,534,607,692
336	1. Other long-term liabilities		344,583,300	323,730,500
337	2. Long-term loans	15	37,928,205,265	-
339	3. Deferred tax liabilities		58,193,224,950	23,245,723,942
340	4. Other long-term provision		8,161,340,750	8,965,153,250
400	B. OWNERS' EQUITY		2,008,586,878,687	1,214,969,339,442
410	<i>I. Capital</i>	19.1	2,008,586,878,687	1,214,969,339,442
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		49,959,381,642	14,380,125,701
421	4. Undistributed earnings		115,826,917,309	106,515,665,505
421a	- Previous year undistributed earnings		49,836,280,723	77,460,925,732
421b	- Current year undistributed earnings		65,990,636,586	29,054,739,773
439	C. MINORITY INTERESTS	20	708,838,340,444	506,077,098,684
440	TOTAL LIABILITIES AND OWNERS' EQUITY		3,622,224,587,492	2,253,204,205,392



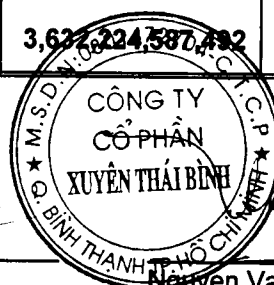
Nguyen Thi Thu Hong
Preparer



Tran Anh Phuong
Chief Accountant



Nguyen Van Khai
Acting General Director



14 August 2015

INTERIM CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the period ended 30 June 2015

VND

Code	ITEMS	Notes	Reporting period		Accumulative from the beginning of the year to the end of reporting period	
			Quarter 2/2015	Quarter 2/2014	Quarter 2/2015	Quarter 2/2014
01	1. Revenue from sale of goods and rendering of services	21.1	719,622,485,747	208,775,000,505	1,119,608,778,851	384,493,786,997
02	2. Deductions	21.1	40,986,418,257	-	59,766,968,622	1,316,656,880
10	3. Net revenue from sale of goods and rendering of services	21.1	678,636,067,490	208,775,000,505	1,059,841,810,229	383,177,130,117
11	4. Cost of goods sold and services rendered		471,709,519,077	163,113,867,880	745,383,066,900	301,332,943,456
20	5. Gross profit/(loss) from sale of goods and rendering of services		206,926,548,413	45,661,132,625	314,458,743,329	81,844,186,661
21	6. Finance income	21.2	19,447,699,413	12,731,304,409	32,956,406,492	23,676,514,351
22	7. Finance expenses	22	34,701,304,585	(822,815,925)	44,303,900,999	(389,842,855)
23	- In which: Interest expense		2,708,666,811	1,174,316,585	3,698,096,443	2,424,618,476
24	8. Selling expenses		51,888,943,753	6,469,988,064	75,054,577,049	14,791,561,438
25	9. General and administrative expenses		64,320,856,046	12,956,077,227	97,985,799,056	27,928,218,729
30	10. Operating profit/(loss)		75,463,143,442	39,789,187,668	130,070,872,717	63,190,763,700
31	11. Other income	23	5,630,503,414	619,136,291	7,172,670,874	1,990,805,458
32	12. Other expenses	23	779,932,119	92,655,813	873,241,688	356,157,083
40	13. Other profit/(loss)		4,850,571,295	526,480,478	6,299,429,186	1,634,648,375
45	14. Shares of profit of associates	13.2	6,853,868,710	4,704,638,128	10,480,992,374	4,704,638,128
50	15. Profit/(loss) before tax		87,167,583,447	45,020,306,274	146,851,294,277	69,530,050,203
51	16. Current corporate income tax expense	24	16,209,679,864	8,408,629,481	21,317,402,463	12,391,656,876
52	17. Deferred income tax income/(expense)	0	(1,158,744,056)	(501,456,185)	(1,158,744,056)	(501,456,185)
60	18. Net profit/(loss) after tax		72,116,647,639	37,113,132,978	126,692,635,870	57,639,849,512
61	18.1. Minority interests	20	34,207,446,318	8,502,442,896	54,602,583,707	18,728,172,746
62	18.2. Equity holders of the parent		37,909,201,321	28,610,690,082	72,090,052,163	38,911,676,766
70	19. Earnings per share	19.4	470	870	894	911

Nguyen Thi Thu Hong
Preparer

Tran Anh Phuong
Chief Accountant

Nguyen Van Khai
Acting General Director

14 August 2015

INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the period ended 30 June 2015

VND

Code	ITEMS	Notes	For the period ended 30 June 2015	For the period ended 30 June 2014
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		146,851,294,277	69,530,050,203
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10,11	32,332,457,274	6,767,936,167
03	Provisions		(405,602,202)	957,901,683
04	Unrealised foreign exchange gains		818,921,000	64,136,624
05	Losses (profits) from investing activities		(13,126,212,565)	(25,967,271,003)
06	Interest expense		3,698,096,443	2,424,628,476
08	Operating profit before changes in working capital		170,168,954,227	53,777,382,150
09	Decrease in receivables		20,971,633,907	(8,762,276,675)
10	Decrease in inventories		(108,584,523,195)	(14,375,391,581)
11	Increase (decrease) in payables		43,471,562,544	(59,198,542,901)
12	Decrease in prepaid expenses		(3,753,277,795)	(2,021,476,674)
13	Increase (decrease) in trading securities		59,773,893,993	-
14	Interest paid		(5,634,301,749)	(2,317,840,811)
15	Corporate income tax paid		(8,242,801,898)	(13,798,546,813)
16	Other cash inflows from operating activities		23,744,097,321	416,882,880
17	Other outflows from operating activities		(37,579,538,045)	(5,994,346,730)
20	Net cash flows from operating activities		154,335,699,310	(52,274,157,155)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long- term assets		(61,295,040,714)	(2,540,493,648)
22	Proceeds from disposals of fixed assets and other long- term assets		205,990,909	130,000,000
23	Payments for purchase of shares in other entities		(985,066,000,000)	(505,356,981,235)
24	Proceeds from sale of shares in other entities		889,492,479,812	591,002,981,235
25	Payments for investments in other entities		(544,349,029,888)	(421,387,231,683)
26	Proceeds from sale of investments in other entity		-	241,842,515,581
27	Interest and dividends received, gain		48,496,507,614	16,887,345,000
30	Net cash flows used in investing activities		(652,515,092,267)	(79,421,864,750)


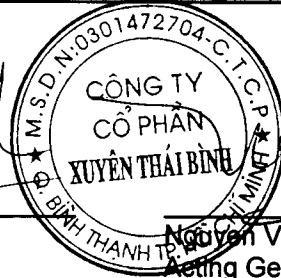

INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) (continued)
for the year ended 30 June 2015

VND

Code	ITEMS	Notes	For the period ended 30 June 2015	For the period ended 30 June 2014
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares	19.1	749,564,156,500	645,389,644,000
33	Drawdown of borrowings		601,934,862,105	222,009,756,192
34	Repayment of borrowings		(455,373,352,333)	(348,756,414,374)
36	Dividends paid to equity holders of the parent	19.2	-	(20,048,166,500)
	Dividends paid to minority interest		(35,617,505,364)	(15,656,697,000)
40	Net cash flows from (used in) financing activities		860,508,160,908	482,938,122,318
50	Net increase (decrease) in cash and cash equivalents		362,328,767,951	351,242,100,413
60	Cash and cash equivalents at beginning of period		343,812,571,993	171,452,034,042
61	Impact of exchange rate fluctuation		22,707,784	204,101,888
70	Cash and cash equivalents at end of period		706,164,047,728	522,898,236,343



Nguyen Thi Thu Hong
Preparer

Tran Anh Phuong
Chief Accountant

Nguyen Van Khai
Acting General Director

14 August 2015

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the period ended 30 June 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 30 June 2015 was 5,948 (31 December 2014: 5,686).

Corporate structure

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

<i>Name</i>	<i>% of interest</i>	<i>Location</i>	<i>Business activities</i>
Direct subsidiaries			
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
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	3 rd Floor, 1C Ngo Quyen Street, Hoan Kiem District, Ha Noi City, Vietnam	Provide cleaning services
Pan Food Joint Stock Company ("PANFOOD")	99.99	236/43/2 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam	Agriculture and foods
Indirect subsidiaries			
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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the period ended 30 June 2015

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
Southern Seed Joint Stock Company	35.5	286 Le Van Sy Street, Ward 1, Tan Binh District, Ho Chi Minh City	Agricultural, industry and trade, services

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 30 June 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the period ended 30 June 2015

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.

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 period ended 30 June 2015

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.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the period ended 30 June 2015

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 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
as at and for the period ended 30 June 2015**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.

Dividends

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