

Southern Seed Corporation

Interim financial statements

For the six-month period ended 30 June 2023



Southern Seed Corporation

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Southern Seed Corporation

GENERAL INFORMATION

THE COMPANY

Southern Seed Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate ("BRC") No. 4103001067 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 June 2002, and as amended subsequently.

The Company's current principal activities are to research, produce, and trade various kinds of seeds.

The Company's registered head office is located at No. 282 Le Van Sy Street, Ward 1, Tan Binh District, Ho Chi Minh City, Vietnam. In addition, the Company also has seed farms and branches which include Cu Chi Branch, Cai Lay Branch, Co Do Branch, Lam Ha Branch, Tan Hiep Branch, Central Area Branch, Tra Vinh Branch, Southern Seed Research Center and Center for Trading and Developing Vegetable and Flower Seeds.

BOARD OF DIRECTORS

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

Ms Tran Kim Lien	Chairwoman	
Mr Hang Phi Quang	Vice Chairman	
Mr Nguyen Dinh Nam	Member	
Mr Duong Quang Sau	Member	
Mr Nguyen Quoc Phong	Member	appointed on 21 April 2023
Mr Bui Quang Son	Member	resigned on 10 March 2023

BOARD OF SUPERVISION

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

Mr Phan The Ty	Head
Ms Nguyen Thi Thanh Ha	Member
Ms Van Thi Ngoc Anh	Member

MANAGEMENT

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

Mr Nguyen Dinh Nam	General Director	
Mr Nguyen Quoc Phong	Deputy General Director	
Ms Nguyen Thi Phong	Deputy General Director	appointed on 10 March 2023

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr Nguyen Dinh Nam.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Southern Seed Corporation

REPORT OF MANAGEMENT

Management of Southern Seed Corporation ("the Company") is pleased to present this report and the Company's interim financial statements for the six-month period ended 30 June 2023.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

Management is responsible for the interim financial statements of each financial period which give a true and fair view of the interim financial position of the Company and of the interim results of its operations and its interim cash flows for the period. In preparing those interim financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim financial statements; and
- ▶ prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying interim financial statements.

STATEMENTS BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim financial statements give a true and fair view of the interim financial position of the Company as at 30 June 2023 and of the interim results of its operations and its interim cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim financial statements.

For and on behalf of management:



Nguyễn Đình Nam
General Director

Ho Chi Minh City, Vietnam

14 August 2023

Reference: 0011658554/E-66922510-LR

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To: The Shareholders of Southern Seed Corporation

We have reviewed the accompanying interim financial statements of Southern Seed Corporation ("the Company") as prepared on 14 August 2023 and set out on pages 5 to 37, which comprise the interim balance sheet as at 30 June 2023, the interim income statement and the interim cash flow statement for the six-month period then ended, and the notes thereto.

Management's responsibility

The Company's management is responsible for the preparation and fair presentation of the interim financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the interim financial position of the Company as at 30 June 2023, and of the interim results of its operations and its interim cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim financial statements.

Ernst & Young Vietnam Limited



Nguyễn Ho Khanh Tan
Deputy General Director
Audit Practicing Registration Certificate
No. 3458-2020-004-1

Ho Chi Minh City, Vietnam

14 August 2023

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INTERIM BALANCE SHEET
as at 30 June 2023

VND

Code	ASSETS	Notes	30 June 2023	31 December 2022
100	A. CURRENT ASSETS		342,780,749,652	327,580,157,690
110	I. Cash and cash equivalents	4	47,443,108,837	78,816,574,850
111	1. Cash		35,443,108,837	19,816,574,850
112	2. Cash equivalents		12,000,000,000	59,000,000,000
130	II. Current accounts receivable		181,897,018,079	195,111,695,722
131	1. Short-term trade receivables	5.1	57,836,119,076	74,664,918,556
132	2. Short-term advances to suppliers	5.2	12,201,150,933	8,264,429,099
135	3. Short-term loan receivables	5.3	95,000,000,000	100,000,000,000
136	4. Other short-term receivables	5.4	18,374,964,257	13,741,877,582
137	5. Provision for doubtful short-term receivables	5.1, 5.2 5.5	(1,515,216,187)	(1,559,529,515)
140	III. Inventories	6	108,055,934,686	48,870,070,956
141	1. Inventories		113,583,625,427	56,184,556,739
149	2. Provision for obsolete inventories		(5,527,690,741)	(7,314,485,783)
150	IV. Other current assets		5,384,688,050	4,781,816,162
151	1. Short-term prepaid expenses	11	1,299,499,147	696,627,259
153	2. Tax and other receivables from the State	13	4,085,188,903	4,085,188,903
200	B. NON-CURRENT ASSETS		204,422,628,363	199,378,214,823
220	I. Fixed assets		84,268,801,021	86,351,022,384
221	1. Tangible fixed assets	7	38,453,191,215	40,083,522,722
222	Cost		166,889,541,784	166,026,577,691
223	Accumulated depreciation		(128,436,350,569)	(125,943,054,969)
227	2. Intangible fixed assets	8	45,815,609,806	46,267,499,662
228	Cost		55,042,809,344	55,042,809,344
229	Accumulated amortisation		(9,227,199,538)	(8,775,309,682)
240	II. Long-term assets in progress		14,423,474,276	7,733,244,604
242	1. Construction in progress	9	14,423,474,276	7,733,244,604
250	III. Long-term investments	10	99,000,000,000	99,000,000,000
251	1. Investment in a subsidiary		3,349,764,000	3,349,764,000
252	2. Investments in an associate		99,000,000,000	99,000,000,000
254	3. Provision for diminution in value of long-term investments		(3,349,764,000)	(3,349,764,000)
260	IV. Other long-term assets		6,730,353,066	6,293,947,835
261	1. Long-term prepaid expenses	11	2,121,069,656	2,082,528,892
262	2. Deferred tax assets	24.3	3,823,167,180	3,425,302,713
268	3. Other long-term assets		786,116,230	786,116,230
270	TOTAL ASSETS		547,203,378,015	526,958,372,513

INTERIM BALANCE SHEET (continued)
as at 30 June 2023

VND

Code	RESOURCES	Notes	30 June 2023	31 December 2022
300	C. LIABILITIES		190,008,339,611	147,757,748,260
310	I. Current liabilities		190,008,339,611	147,757,748,260
311	1. Short-term trade payables	12.1	21,966,804,140	23,048,312,780
312	2. Short-term advances from customers	12.2	1,056,093,773	541,065,701
313	3. Statutory obligations	13	6,425,099,188	2,106,514,898
314	4. Payables to employees		9,381,323	9,341,238,569
315	5. Short-term accrued expenses	14	11,669,768,349	9,612,629,835
319	6. Other short-term payables	15	140,539,253,541	101,655,708,469
320	7. Short-term loans	16	4,475,568,522	-
322	8. Bonus and welfare fund	17	3,866,370,775	1,452,278,008
400	D. OWNERS' EQUITY		357,195,038,404	379,200,624,253
410	I. Owners' equity	18.1	357,195,038,404	379,200,624,253
411	1. Issued share capital		149,923,670,000	149,923,670,000
411a	- Ordinary shares with voting rights		149,923,670,000	149,923,670,000
412	2. Share premium		8,520,414,412	8,520,414,412
415	3. Treasury shares		(116,847,528,444)	(116,847,528,444)
418	4. Investment and development fund		134,250,074,818	128,676,920,650
421	5. Undistributed earnings		181,348,407,618	208,927,147,635
421a	- Undistributed earnings up to prior period-end		158,644,856,875	158,262,109,748
421b	- Undistributed earnings for the current period		22,703,550,743	50,665,037,887
440	TOTAL LIABILITIES AND OWNERS' EQUITY		547,203,378,015	526,958,372,513


Ma Hoang Kim Trang
Preparer


Lam Tuan Lac
Chief Accountant


Nguyen Dinh Nam
General Director

Ho Chi Minh City, Viet Nam

14 August 2023

INTERIM INCOME STATEMENT
for the six-month period ended 30 June 2023

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
01	1. Revenue from sale of goods and rendering of services	19.1	152,254,820,750	190,906,529,475
02	2. Deductions	19.1	(4,902,307,256)	(6,449,826,075)
10	3. Net revenue from sale of goods and rendering of services	19.1	147,352,513,494	184,456,703,400
11	4. Costs of goods sold and services rendered	22	(98,932,854,533)	(118,598,511,318)
20	5. Gross profit from sale of goods and rendering of services		48,419,658,961	65,858,192,082
21	6. Finance income	19.2	3,947,201,944	3,293,965,171
22	7. Finance expenses	20	(301,286,000)	(635,695,609)
25	8. Selling expenses	21	(13,954,182,018)	(16,384,388,374)
26	9. General and administrative expenses	21	(10,703,812,767)	(18,182,762,985)
30	10. Operating profit		27,407,580,120	33,949,310,285
31	11. Other income	23	2,974,304,741	5,629,927,163
32	12. Other expenses	23	(1,847,480,241)	(660,334,214)
40	13. Other profit	23	1,126,824,500	4,969,592,949
50	14. Accounting profit before tax		28,534,404,620	38,918,903,234
51	15. Current corporate income tax expense	24.1	(6,228,718,344)	(8,955,409,463)
52	16. Deferred tax income	24.3	397,864,467	1,048,250,595
60	17. Net profit after tax		22,703,550,743	31,011,744,366
70	18. Basic earnings per share	25	1,574	2,150
71	19. Diluted earnings per share	25	1,574	2,150


Ma Hoang Kim Trang
Preparer


Lam Tuan Lac
Chief Accountant


Nguyen Dinh Nam
General Director

Ho Chi Minh City, Vietnam

14 August 2023

INTERIM CASH FLOW STATEMENT
for the six-month period ended 30 June 2023

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		28,534,404,620	38,918,903,234
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	7, 8	5,442,948,592	4,329,278,276
03	(Reversal of provisions) provisions		(1,831,108,370)	4,559,464,717
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency		-	(529,996)
05	Profits from investing activities		(3,947,083,340)	(3,235,324,795)
08	Operating profit before changes in working capital		28,199,161,502	44,571,791,436
09	Decrease (increase) in receivables		9,480,649,678	(27,923,459,676)
10	Increase in inventories		(57,399,068,688)	(33,942,807,265)
11	(Decrease) increase in payables		(5,501,217,022)	6,252,915,342
12	Increase in prepaid expenses		(641,412,652)	(284,912,280)
15	Corporate income tax paid	13	(1,949,849,921)	(6,064,726,906)
17	Other cash outflows for operating activities		(2,154,388,825)	(1,955,880,631)
20	Net cash flows used in operating activities		(29,966,125,928)	(19,347,079,980)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(15,582,107,033)	(3,161,618,008)
22	Proceeds from disposals of fixed assets		75,846,944	180,000,000
23	Loans provided to related parties		(20,000,000,000)	-
24	Collections from borrowers		25,000,000,000	-
27	Interest and dividend received		4,623,351,482	10,045,306,075
30	Net cash flows (used in) from investing activities		(5,882,908,607)	7,063,688,067
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		4,475,568,522	-
40	Net cash flows from financing activities		4,475,568,522	-

INTERIM CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2023

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
50	Net decrease in cash and cash equivalents for the period		(31,373,466,013)	(12,283,391,913)
60	Cash and cash equivalents at beginning of period		78,816,574,850	103,851,524,959
61	Impact of foreign exchange rate fluctuation		-	529,996
70	Cash and cash equivalents at end of period	4	47,443,108,837	91,568,663,042



Ma Hoang Kim Trang
Preparer



Lam Tuan Lac
Chief Accountant



Nguyen Dinh Nam
General Director

Ho Chi Minh City, Vietnam

14 August 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS
as at 30 June 2023 and for the six-month period then ended

1. CORPORATE INFORMATION

Southern Seed Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate ("BRC") No. 4103001067 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 June 2002, and as amended subsequently.

The Company's current principal activities are to research, produce, and trade various kinds of seeds.

The Company's registered head office is located at No. 282 Le Van Sy Street, Ward 1, Tan Binh District, Ho Chi Minh City, Vietnam. In addition, the Company also has seed farms and branches which include Cu Chi Branch, Cai Lay Branch, Co Do Branch, Lam Ha Branch, Tan Hiep Branch, Central Area Branch, Tra Vinh Branch, Southern Seed Research Center and Center for Trading and Developing Vegetable and Flower Seeds.

The number of the Company's employees as at 30 June 2023 was 136 (31 December 2022: 132).

Seasonality of interim operations

Seeds are produced in Winter-Spring, Spring-Summer crops and harvested in the first six months of the year for preservation and business purposes. During this period, the weather is dry, so the seed quality is good and long-lasting. The Company based on the characteristics of each seed and its business plan to produce. Since higher seed production quantities are usually expected in the first six months than in the second half of the year, the inventory balance at 30 June is generally larger than the inventory balance at December 31.

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The interim financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System, Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other 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 interim financial statements, 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 interim financial position and the interim results of operations and the interim cash flows of the Company in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

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 not more 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, merchandise - cost of purchase on a weighted average basis.
goods, tools and supplies

Finished goods and work-in - cost of direct materials and labour plus attributable
process 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 Company, based on appropriate evidence of impairment available at the interim balance sheet date.

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

3.3 *Receivables*

Receivables are presented in the interim 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 interim balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expenses in the interim 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 of 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 interim income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim income statement.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Leased assets*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Where the Company is the lessee

Rentals under operating leases are charged to the interim income statement on a straight-line basis over the lease term.

Where the Company is the lessor

Lease income is recognised in the interim income statement on a straight-line basis over the lease term.

3.6 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of 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 interim income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim income statement.

Land use rights ("LURs")

LURs are recorded as intangible fixed assets if the land is held for use in the production or business, for rental to others by the enterprise and when the Company receives the LUR certificate. The cost of LUR comprises any directly attributable costs of preparing the land for its intended use.

The land use right is amortised over the useful life, except for land use right having indefinite useful life is not amortised.

3.7 *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	10 - 49 years
Buildings and structures	4 - 25 years
Machinery and equipment	3 - 12 years
Means of transportation	3 - 8 years
Office equipment	3 - 7 years
Patent	10 - 20 years
Computer software	3 - 6 years

3.8 *Borrowing costs*

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 *Prepaid expenses*

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

The following types of expenses are recorded as long-term prepaid expenses and are amortised to the interim income statement:

- ▶ Prepaid rental;
- ▶ Repair and renovation expenses; and
- ▶ Tools and consumables with large value issued into production and can be used for more than one year.

3.10 *Investments*

Investment in subsidiaries

Investment in subsidiaries over which the Company has control is carried at cost.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the interim income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investment in associates

Investment in associates over which the Company has significant influence is carried at cost.

Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised in the interim income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Provision for diminution in value of investments

Provision for diminution in value of investments is made when there are reliable evidences of the diminution in value of those investments at the interim balance sheet date.

Increases or decreases to the provision balance are recorded as finance expense in the interim income statement.

3.11 *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 Company.

3.12 *Provision*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.13 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency of (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ▶ Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Foreign currency transactions* (continued)

At the end of the period, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the interim balance sheet date, determined as follows:

- ▶ Monetary assets are translated at the buying exchange rate of the commercial bank where the Company conducts transactions regularly; and
- ▶ Monetary liabilities are translated at the selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred are taken to the interim income statement.

3.14 *Treasury shares*

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

3.15 *Appropriation of net profit*

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

Investment and development fund

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

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the interim balance sheet.

3.16 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 when the services have been performed and completed.

Interest

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Revenue recognition* (continued)

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

3.17 *Taxation*

Current income tax

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

Current income tax is charged or credited to the interim 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 Company to off-set current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

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

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 transaction affects neither the accounting profit nor taxable profit or loss.

Deferred 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 profits 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.

The carrying amount of deferred tax assets is reviewed at each interim 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 tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each interim 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 tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the interim balance sheet date.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax (continued)

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

3.18 *Earnings per share*

Basic earnings per share amounts are calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the period.

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.

3.19 *Segment information*

The Company's principal activities are to produce various kinds of seeds. In addition, these activities are mainly taking place within Vietnam. Therefore, the Company's risks and returns are not impacted by the Company's products that the Company is manufacturing or the locations where the Company is trading. As a result, the Company's management is of the view that there is only one segment for business and geography. Therefore presentation of segmental information is not required.

3.20 *Related parties*

Parties are considered to be related parties of the Company if one party has the ability to, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of the family of any such individual.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

4. CASH AND CASH EQUIVALENTS

	VND	
	30 June 2023	31 December 2022
Cash on hand	205,299,734	252,785,425
Cash in banks	35,237,809,103	19,563,789,425
Cash equivalents (*)	12,000,000,000	59,000,000,000
TOTAL	<u>47,443,108,837</u>	<u>78,816,574,850</u>

(*) Cash equivalents represent short-term deposits at commercial banks with original term to maturity of not more than (3) three months and earns interest rates ranging from 4.3% p.a to 6.0% p.a (31 December 2022: 4.0% p.a to 6% p.a).

5. SHORT-TERM TRADE RECEIVABLES

5.1 Short-term trade receivables

	VND	
	30 June 2023	31 December 2022
Due from customers	17,381,618,959	25,478,593,373
<i>Ms Pham Thi Giao Chi</i>	2,319,980,961	3,109,897,841
<i>Mr Nguyen Ngoc Nhung</i>	1,846,789,319	2,212,288,247
<i>Mr Le Hung Viet</i>	1,649,491,377	1,092,413,786
<i>Ms Lam Thi Thanh Huyen</i>	284,516,006	2,764,906,254
<i>Others</i>	11,280,841,296	16,299,087,245
Due from related parties (Note 26)	40,454,500,117	49,186,325,183
TOTAL	<u>57,836,119,076</u>	<u>74,664,918,556</u>
Provision for doubtful short-term trade receivables	(1,067,536,867)	(1,099,784,329)
NET	<u>56,768,582,209</u>	<u>73,565,134,227</u>

5.2 Short-term advances to suppliers

	VND	
	30 June 2023	31 December 2022
Minh Phu Trading development and Construction consulting Company Limited	4,527,063,800	2,940,170,200
Vietnam Travel and Marketing Transports Joint Stock Company - Vietravel	1,063,808,000	-
An Phu Bao Construction Company Limited	546,544,500	546,544,500
Others	6,063,734,633	4,777,714,399
TOTAL	<u>12,201,150,933</u>	<u>8,264,429,099</u>
Provision for doubtful short-term advances to suppliers	(447,679,320)	(459,745,186)
NET	<u>11,753,471,613</u>	<u>7,804,683,913</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

5. SHORT-TERM RECEIVABLES (continued)

5.3 Short-term loans receivable

	VND	
	30 June 2023	31 December 2022
Loans receivable from related parties (Note 26)	<u>95,000,000,000</u>	<u>100,000,000,000</u>

Unsecured loans to the related parties for the purpose of working capital financing are as follows:

Borrower	30 June 2023	Maturity date	Interest rate
	VND		%/pa
Vietnam National Seed Group Joint Stock Company	75,000,000,000	From 25 July 2023 to 7 September 2023	6.0
Vietnam Rice Company Limited	<u>20,000,000,000</u>	20 August 2023	7.3
TOTAL	<u>95,000,000,000</u>		

5.4 Other short-term receivables

	VND	
	30 June 2023	31 December 2022
Processing and rental fees receivable	10,859,369,600	6,930,518,411
Advances to employees	5,901,317,946	4,266,714,532
Loan interest receivable from a related party	399,452,054	1,189,041,097
Others	<u>1,214,824,657</u>	<u>1,355,603,542</u>
TOTAL	<u>18,374,964,257</u>	<u>13,741,877,582</u>
<i>In which:</i>		
<i>Related parties (Note 26)</i>	11,708,821,654	8,119,559,508
<i>Other parties</i>	6,666,142,603	5,622,318,074

5.5 Overdue debts

	VND			
	30 June 2023		31 December 2022	
	Cost	Provision	Cost	Provision
Mr Nguyen Ngoc Duc	142,247,462	(142,247,462)	142,247,462	(142,247,462)
Mr Huynh Tuan Kiet	358,162,654	(342,670,654)	358,162,654	(342,670,654)
Sinh Tan Agent	141,805,896	(141,805,896)	141,805,896	(141,805,896)
Others	888,492,175	(888,492,175)	932,805,503	(932,805,503)
TOTAL	<u>1,530,708,187</u>	<u>(1,515,216,187)</u>	<u>1,575,021,515</u>	<u>(1,559,529,515)</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

6. INVENTORIES

	VND			
	<i>30 June 2023</i>		<i>31 December 2022</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Finished goods	92,603,107,621	(3,583,658,643)	38,495,906,481	(5,782,291,249)
Raw materials	18,984,676,585	(1,874,035,439)	16,059,294,674	(1,532,194,534)
Tools and supplies	1,125,538,195	-	763,446,621	-
Merchandise goods	870,303,026	(69,996,659)	865,908,963	-
TOTAL	<u>113,583,625,427</u>	<u>(5,527,690,741)</u>	<u>56,184,556,739</u>	<u>(7,314,485,783)</u>

Details of movements of provision for obsolete inventories are as follows:

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
At beginning of period	7,314,485,783	6,058,785,813
Add: Provision made during the period	5,527,690,741	8,371,635,250
Less: Reversal of provision during the period	<u>(7,314,485,783)</u>	<u>(3,916,751,404)</u>
At the end of period	<u>5,527,690,741</u>	<u>10,513,669,659</u>

Southern Seed Corporation

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

7. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total
Cost:					VND
31 December 2022	105,095,328,976	38,796,978,315	18,285,613,819	3,848,656,581	166,026,577,691
Newly purchased	422,878,181	1,026,898,291	330,000,000	-	1,779,776,472
Transferred from construction in progress	-	1,647,736,800	-	-	1,647,736,800
Disposal	(116,806,358)	(2,163,080,821)	(237,500,000)	(47,162,000)	(2,564,549,179)
30 June 2023	105,401,400,799	39,308,532,585	18,378,113,819	3,801,494,581	166,889,541,784
<i>In which:</i>					
Fully depreciated	36,587,846,158	26,544,535,328	9,725,813,925	3,413,552,119	76,271,747,530
Accumulated depreciation:					
31 December 2022	(73,428,337,768)	(34,914,066,923)	(14,045,121,597)	(3,555,528,681)	(125,943,054,969)
Depreciation for the period	(3,343,173,324)	(968,511,075)	(632,667,967)	(46,706,370)	(4,991,058,736)
Disposal	116,806,358	2,153,690,617	180,104,161	47,162,000	2,497,763,136
30 June 2023	(76,654,704,734)	(33,728,887,381)	(14,497,685,403)	(3,555,073,051)	(128,436,350,569)
Net carrying amount:					
31 December 2022	31,666,991,208	3,882,911,392	4,240,492,222	293,127,900	40,083,522,722
30 June 2023	28,746,696,065	5,579,645,204	3,880,428,416	246,421,530	38,453,191,215

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

8. INTANGIBLE FIXED ASSETS

	Land use rights (*)	Computer software	Patent	VND Total
Cost:				
31 December 2022 and 30 June 2023	<u>49,827,385,520</u>	<u>1,351,673,824</u>	<u>3,863,750,000</u>	<u>55,042,809,344</u>
<i>In which:</i>				
<i>Fully amortised</i>	1,629,311,770	1,351,673,824	-	2,980,985,594
Accumulated amortisation:				
31 December 2022	<u>(5,670,292,057)</u>	<u>(1,351,673,824)</u>	<u>(1,753,343,801)</u>	<u>(8,775,309,682)</u>
Amortisation for the period	<u>(214,952,352)</u>	-	<u>(236,937,504)</u>	<u>(451,889,856)</u>
30 June 2023	<u>(5,885,244,409)</u>	<u>(1,351,673,824)</u>	<u>(1,990,281,305)</u>	<u>(9,227,199,538)</u>
Net carrying amount:				
31 December 2022	<u>44,157,093,463</u>	-	<u>2,110,406,199</u>	<u>46,267,499,662</u>
30 June 2023	<u>43,942,141,111</u>	-	<u>1,873,468,695</u>	<u>45,815,609,806</u>

(*) Including in this balance is land use right for a piece of land located at No. 282 Le Van Sy Street, Ward 1, Tan Binh District, Ho Chi Minh City ("Le Van Sy Land"). The Company had contributed part of Land use right at Le Van Sy as charter capital into Cantavil Housing Development Co., Ltd ("Cantavil") according to the Joint Venture Contract ("JV Contract") dated 3 September 2014 and appendices to this contract signed with Daewon - Thu Duc Housing and Development Joint Stock Company ("Daewon - Thu Duc"). The variance between agreed value of Le Van Sy Land and the Company's capital contribution in Cantavil will be refunded to the Company. In addition, the Company had signed the Contract of Capital Contribution Transfer ("the CCCT") and appendices to this contract to transfer its share capital in Cantavil to Daewon - Thu Duc. The progress of this contract depends on conditions stated in the CCCT and the said JV Contract.

As at 30 June 2023, due to the incomplete procedures in transforming the land use purpose of Le Van Sy Land, as well as other conditions of the JV Contract and the CCCT, the Company has not yet neither handed over Le Van Sy Land to Cantavil nor recorded the benefits and costs associated with the implementation of the said JV Contract and the CCCT (Note 15).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

9. CONSTRUCTION IN PROGRESS

	VND	
	30 June 2023	31 December 2022
Machinery and equipment	7,070,128,672	1,399,724,400
Renovation and repairment factories	5,926,650,480	4,906,825,080
Software	1,426,695,124	1,426,695,124
TOTAL	<u>14,423,474,276</u>	<u>7,733,244,604</u>

10. LONG-TERM INVESTMENTS

	VND	
	30 June 2023	31 December 2022
Investment in a subsidiary (Note 10.1)	3,349,764,000	3,349,764,000
Investment in an associate (Note 10.2)	99,000,000,000	99,000,000,000
TOTAL	<u>102,349,764,000</u>	<u>102,349,764,000</u>
Provision for long-term investment in subsidiary	(3,349,764,000)	(3,349,764,000)
NET	<u>99,000,000,000</u>	<u>99,000,000,000</u>

10.1 Investment in a subsidiary

Name of subsidiary	30 June 2023		31 December 2022	
	% of interest	Cost (VND)	% of interest	Cost (VND)
Southern Seed Equipment Joint Stock Company	83.74	<u>3,349,764,000</u>	83.74	<u>3,349,764,000</u>

Southern Seed Equipment Corporation ("SSE")

SSE is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0309966504 issued by the Department of Planning and Investment of Ho Chi Minh City on 26 April 2010, as amended. SSE's head office is registered at 282 Le Van Sy Street, Ward 1, Tan Binh District, Ho Chi Minh City, Vietnam. SSE's principal activities are to produce agriculture and forestry machines; food and beverages machines; and to provide repairing, maintenance and installation services of machinery and equipment.

On 13 April 2013, the Company's General Shareholders Meeting approved the bankruptcy plan of SSE under Resolution No. 03/NQ-DHDCD and the Company submitted documents for the bankruptcy. Accordingly, the People's Court of Ho Chi Minh City issued a decision to activate bankruptcy procedures and is in process of settling bankruptcy as required by prevailing regulations. Therefore, the Company's management decided not to prepare the interim consolidated financial statements of the Company and its sole subsidiary for the period ended 30 June 2023.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

10. LONG-TERM INVESTMENTS (continued)

10.2 Investment in an associate

Name of subsidiary	30 June 2023		31 December 2022	
	% of interest	Cost (VND)	% of interest	Cost (VND)
Vietnam Rice Company Limited	30	<u>99,000,000,000</u>	30	<u>99,000,000,000</u>

Vietnam Rice Company Limited ("Vinarice")

Vinarice is a limited liability company with two members incorporated under the Law on Enterprise of Vietnam pursuant to Investment Registration Certificate ("IRC") No. 740732160 and BRC No. 140213347 issued by the Department of Planning and Investment of Dong Thap Province on 13 September 2018 and 1 November 2019 respectively, and as amended subsequently. Vinarice's head office is registered at Truong Xuan Industrial Zone, Truong Xuan Commune, Thap Muoi District, Dong Thap Province. Its current principal activities are to produce and trade various kinds of seeds and agricultural products.

11. PREPAID EXPENSES

	VND	
	30 June 2023	31 December 2022
Short-term	1,299,499,147	696,627,259
Tools and supplies	748,212,511	210,592,757
Repair and improvement expenses	304,422,613	486,034,502
Others	246,864,023	-
Long-term	2,121,069,656	2,082,528,892
Land rental	1,297,534,529	1,317,968,147
Repair and improvement expenses	476,238,634	527,807,062
Tools and supplies	191,980,939	142,564,795
Others	155,315,554	94,188,888
TOTAL	<u>3,420,568,803</u>	<u>2,779,156,151</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

12. SHORT-TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

12.1 Short-term trade payables

	VND	
	30 June 2023	31 December 2022
Due to other parties	18,273,757,940	23,048,312,780
<i>Mr Nguyen Quoc Tram</i>	3,931,935,176	3,578,445,000
<i>Trung Dong Corporation</i>	1,258,406,875	451,849,514
<i>Others</i>	13,083,415,889	19,018,018,266
Due to a related party (Note 26)	3,693,046,200	-
TOTAL	<u>21,966,804,140</u>	<u>23,048,312,780</u>

12.2 Short-term advances from customers

	VND	
	30 June 2023	31 December 2022
Ms Do Thi Trinh	513,877,517	-
Others	542,216,256	541,065,701
TOTAL	<u>1,056,093,773</u>	<u>541,065,701</u>

13. STATUTORY OBLIGATIONS

	VND			
	31 December 2022	Payable for the period	Payment/net-off during the period	30 June 2023
Payables				
Corporate income tax	1,949,849,921	6,228,718,344	(1,949,849,921)	6,228,718,344
Value-added tax	93,179,365	568,693,586	(520,856,406)	141,016,545
Personal income tax	63,485,612	1,511,406,517	(1,519,527,830)	55,364,299
Others	-	456,809,708	(456,809,708)	-
TOTAL	<u>2,106,514,898</u>	<u>8,765,628,155</u>	<u>(4,447,043,865)</u>	<u>6,425,099,188</u>
Receivables				
Land rental fee	4,085,188,903	-	-	4,085,188,903

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

14. SHORT-TERM ACCRUED EXPENSES

	VND	
	30 June 2023	31 December 2022
Land rental	8,060,687,041	6,901,584,745
Copyright fees	1,072,635,000	843,672,720
Promotion and customer care expenses	996,590,342	454,985,653
Packing and delivery fees	952,938,532	802,620,512
Others	586,917,434	609,766,205
TOTAL	<u>11,669,768,349</u>	<u>9,612,629,835</u>

15. OTHER SHORT-TERM PAYABLES

	VND	
	30 June 2023	31 December 2022
Daewon – Thu Duc (i)	60,000,000,000	60,000,000,000
Joint venture contract (ii)	30,473,500,000	30,473,500,000
Transfer of capital contribution (ii)	9,526,500,000	9,526,500,000
Dividend payable	39,925,644,375	110,289,375
Borrowing goods	-	1,275,000,000
Others	613,609,166	270,419,094
TOTAL	<u>140,539,253,541</u>	<u>101,655,708,469</u>
<i>In which:</i>		
<i>Other parties</i>	102,154,667,541	100,380,708,469
<i>Related party (Note 26)</i>	38,384,586,000	1,275,000,000

- (i) This is the residual value of the Le Van Sy Land and the remaining value of the Contract of Capital Contribution Transfer ("the CCCT") which was voluntarily transferred to the Company's bank account by the counterpart (although the Company has neither requested nor received the notice prior to receiving this amount). As at 30 June 2023, the procedures in transforming the land use purpose for Le Van Sy Land and other conditions of the JV Contract and the CCCT have not been completed. (Note 8)
- (ii) This is the value of the JV Contract and the CCCT prepaid to the Company by Cantavil and Daewon - Thu Duc. As at 30 June 2023, these contracts have not been completed and the Company is in discussion with the counter parties on the feasibility of implementation of these contracts. (Note 8)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

16. SHORT-TERM LOANS

	<i>31 December 2022</i>	<i>Increase</i>	<i>Decrease</i>	<i>30 June 2023</i>
Short-term loans from banks	-	<u>4,475,568,522</u>	-	<u>4,475,568,522</u>

The Company obtained these unsecured loans from banks for the purpose of financing its working capital requirements. Details are as follows:

<i>Name of bank</i>	<i>30 June 2023</i>	<i>Maturity date</i>	<i>Interest rate</i>
	<i>(VND)</i>		<i>(%/p.a.)</i>
Vietnam Joint Stock Commercial Bank for Industry and Trade – Sai Gon Brand	<u>4,475,568,522</u>	From 22 December 2023 to 28 December 2023	8.5%

17. BONUS AND WELFARE FUND

	<i>VND</i>	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
At beginning of period	1,452,278,008	453,833,006
Appropriation during the period (Note 18.1)	4,053,203,031	4,355,741,902
Utilisation during the period	<u>(1,639,110,264)</u>	<u>(1,031,350,000)</u>
At end of period	<u>3,866,370,775</u>	<u>3,778,224,908</u>

Southern Seed Corporation

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

18. OWNERS' EQUITY

18.1 Movements in owners' equity

	Issued share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
						VND
For the six-month period ended 30 June 2022						
31 December 2021	149,923,670,000	8,520,414,412	(116,847,528,444)	120,509,904,583	211,524,753,348	373,631,213,899
Net profit for the period	-	-	-	-	31,011,744,366	31,011,744,366
Appropriation to investment and development fund	-	-	-	8,167,016,067	(8,167,016,067)	-
Appropriation to bonus and welfare fund	-	-	-	-	(4,355,741,902)	(4,355,741,902)
Remuneration of the Board of Directors and Supervisors	-	-	-	-	(924,530,631)	(924,530,631)
Dividend declared	-	-	-	-	(39,815,355,000)	(39,815,355,000)
30 June 2022	149,923,670,000	8,520,414,412	(116,847,528,444)	128,676,920,650	189,273,854,114	359,547,330,732
For the six-month period ended 30 June 2023						
31 December 2022	149,923,670,000	8,520,414,412	(116,847,528,444)	128,676,920,650	208,927,147,635	379,200,624,253
Net profit for the period	-	-	-	-	22,703,550,743	22,703,550,743
Appropriation to investment and development fund (*)	-	-	-	5,573,154,168	(5,573,154,168)	-
Appropriation to bonus and welfare fund (*)	-	-	-	-	(4,053,203,031)	(4,053,203,031)
Remuneration of the Board of Directors and Supervisors	-	-	-	-	(840,578,561)	(840,578,561)
Dividend declared (*)	-	-	-	-	(39,815,355,000)	(39,815,355,000)
30 June 2023	149,923,670,000	8,520,414,412	(116,847,528,444)	134,250,074,818	181,348,407,618	357,195,038,404

(*) According to the Resolution of the Annual General Meeting No. 01/NG-ĐHĐCĐ on 21 April 2023, the Company's Board of Directors has approved the plan to appropriate investment and development fund with the rate of 11% of profit after tax of 2022, to appropriate bonus and welfare fund with the ratio of 8% of profit after tax of 2022 and to pay dividends of 2022 by cash to existing shareholders at the rate of 30% of par value, equivalent to VND 39,815,355,000.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

18. OWNERS' EQUITY (continued)

18.2 Capital transactions with owners and distribution of dividends

	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
		VND
Contributed capital		
Beginning and ending balances	<u>149,923,670,000</u>	<u>149,923,670,000</u>
Dividends		
Dividends declared	39,815,355,000	39,815,355,000
Dividends paid	-	-

18.3 Share capital

	<i>30 June 2023</i>	<i>31 December 2022</i>
		Shares
Authorised shares	14,992,367	14,992,367
Shares issued and fully paid		
<i>Ordinary shares</i>	14,992,367	14,992,367
Treasury shares	(1,720,582)	(1,720,582)
Shares in circulation		
<i>Ordinary shares</i>	13,271,785	13,271,785

Par value of outstanding share: VND 10,000 (31 December 2022: VND 10,000). The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share represents a voting right without restriction.

19. REVENUE

19.1 Revenue from sale of goods and rendering of services

	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
		VND
Gross revenues	152,254,820,750	190,906,529,475
<i>Of which:</i>		
<i>Sale of finished goods</i>	151,737,591,783	189,095,295,592
<i>Sale of merchandises</i>	311,211,896	722,883,000
<i>Rendering of processing services</i>	206,017,071	1,088,350,883
Less:	(4,902,307,256)	(6,449,826,075)
<i>Trade discounts</i>	(4,266,209,279)	(5,444,188,663)
<i>Sale returns</i>	(212,759,577)	(690,339,000)
<i>Sale allowances</i>	(423,338,400)	(315,298,412)
NET	<u>147,352,513,494</u>	<u>184,456,703,400</u>
<i>Of which:</i>		
<i>Sales to others</i>	116,626,192,068	165,046,069,640
<i>Sales to related parties (Note 26)</i>	30,726,321,426	19,410,633,760

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

19. REVENUE (continued)

19.2 Finance income

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Interest income from deposits and lending	3,833,762,439	3,062,144,431
Late payment interest	113,439,505	231,647,510
Foreign exchange gains	-	173,230
TOTAL	<u>3,947,201,944</u>	<u>3,293,965,171</u>

20. FINANCE EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Payment discounts	300,718,800	616,064,996
Foreign exchange losses	567,200	19,630,613
TOTAL	<u>301,286,000</u>	<u>635,695,609</u>

21. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Selling expenses	13,954,182,018	16,384,388,374
Expenses for external services	6,805,397,603	5,981,120,265
Labour costs	4,936,241,269	7,530,940,613
Depreciation and amortisation expenses	723,351,262	1,248,658,980
Packing material	538,911,427	773,174,620
Others	950,280,457	850,493,896
General and administrative expenses	10,703,812,767	18,182,762,985
Labour costs	5,917,565,806	13,285,657,458
Expenses for external services	1,091,622,014	1,028,666,257
Depreciation and amortisation expenses	849,091,501	769,245,515
Others	2,845,533,446	3,099,193,755
TOTAL	<u>24,657,994,785</u>	<u>34,567,151,359</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

22. PRODUCTION AND OPERATING COSTS BY ELEMENTS

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Raw materials	86,752,798,145	104,778,580,838
Labour costs	17,293,275,153	30,214,039,715
Expenses for external services	9,350,469,322	5,724,506,743
Depreciation and amortisation	4,158,321,948	4,329,278,276
Provision expenses	1,831,108,370	4,559,464,717
Others	4,204,876,380	3,559,792,388
TOTAL	<u>123,590,849,318</u>	<u>153,165,662,677</u>

23. OTHER INCOME AND OTHER EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Other income	2,974,304,741	5,629,927,163
Income from leasing of assets	2,671,858,213	907,607,661
Income from disposal assets	113,320,901	-
Income from provide consulting services	-	3,750,000,000
Collecting doubtful debts which have been written off	-	736,969,000
Others	189,125,627	235,350,502
Other expenses	(1,847,480,241)	(660,334,214)
Expenses on leasing assets	(1,844,916,285)	(628,794,929)
Others	(2,563,956)	(31,539,285)
OTHER PROFIT	<u>1,126,824,500</u>	<u>4,969,592,949</u>

24. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits.

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the interim financial statements could be changed at a later date upon final determination by the tax authorities.

24.1 CIT expense

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Current CIT expense	6,228,718,344	8,955,409,463
Deferred CIT income	(397,864,467)	(1,048,250,595)
TOTAL	<u>5,830,853,877</u>	<u>7,907,158,868</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

24. CORPORATE INCOME TAX (continued)

24.1 CIT expense (continued)

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate is presented below:

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Accounting profit before tax	28,534,404,620	38,918,903,234
At CIT rate of 20% applicable to the Company	5,706,880,924	7,783,780,647
<i>Adjustments:</i>		
Non-deductible expenses	123,972,953	123,378,221
CIT expense	5,830,853,877	7,907,158,868

24.2 Current CIT

The current tax payable is based on taxable profit for the current period. The taxable profit of the Company for the period differs from the profit as reported in the interim income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the interim balance sheet date.

24.3 Deferred tax

The following are deferred tax assets recognized by the Company, and the movements thereon, during the current and previous periods:

	VND			
	<i>Interim balance sheet</i>		<i>Interim income statement</i>	
	<i>30 June 2023</i>	<i>31 December 2022</i>	<i>For the six- month period ended 30 June 2023</i>	<i>For the six- month period ended 30 June 2022</i>
Short-term accrued expenses	2,333,953,670	1,922,525,967	411,427,702	1,496,357,418
Accrual for trade discounts	853,241,855	896,565,805	(43,323,949)	(448,106,823)
Provision for obsolete inventories	635,971,655	606,210,941	29,760,714	-
Deferred tax assets	3,823,167,180	3,425,302,713		
Deferred tax income			397,864,467	1,048,250,595

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

25. EARNINGS PER SHARE

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

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Net profit after tax	22,703,550,743	31,011,744,366
Transferred to bonus and welfare fund (*)	(1,816,284,059)	(2,480,939,549)
Net profit attributable to ordinary equity holders of the Company	20,887,266,684	28,530,804,817
Weighted average number of ordinary shares	13,271,785	13,271,785
Basic earnings per share (VND/share)	1,574	2,150
Diluted earnings per share (VND/share)	1,574	2,150

(*) Profit used to compute earnings per share for the six-month period end 30 June 2022 was adjusted to reflect the actual allocation to bonus and welfare fund from 2022 retained earnings following the Resolution of the Shareholders Meeting Minutes No. 01/NQ-HĐQT dated 21 April 2023.

Profit used to compute earnings per share for the six-month period ended 30 June 2023 was adjusted for the provisional allocation to bonus and welfare fund from 2023 profit following the approval by the Resolution of the Shareholders Meeting Minutes No. 01/NQ-HĐQT dated 21 April 2023.

There have been no dilutive potential ordinary shares during the period and up to the date of these interim financial statements.

26. TRANSACTIONS WITH RELATED PARTIES

List of related parties as at 30 June 2023 is as follows

<i>Related parties</i>	<i>Relationship</i>
PAN FARM Joint Stock Company	Parent of Parent company
Vietnam National Seed Group Joint Stock Company	Parent company
Ha Tay Seed Joint Stock Company	Affiliate
Quang Nam National Seed Joint Stock Company	Affiliate
Ha Nam High Tech Agricultural Development and Investment Joint Stock Company	Affiliate
Vietnam Rice Limited Company	Associate
Southern Seed Equipment Corporation	Subsidiary (under bankruptcy process)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

26. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related company	Transaction	VND	
		For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
Vietnam National Seed Group Joint Stock Company	Sale of goods	27,669,202,771	15,204,161,100
	Collection from lending	25,000,000,000	-
	Advance dividend	19,192,293,000	38,384,586,000
	Dividend declared	19,192,293,000	-
	Offsetting debts	13,779,522,970	5,420,538,000
	Purchase of goods	13,779,522,970	5,420,538,000
	Rendering of services	2,688,401,950	917,358,660
	Rental income	1,245,966,995	593,846,185
	Interest income	2,428,767,120	1,586,849,313
Vietnam Rice Company Limited	Lending	20,000,000,000	-
	Purchase of goods	9,430,447,400	3,244,026,484
	Offset debts	2,948,935,263	3,051,165,824
	Interest income	524,000,000	-
	Rental income	310,779,375	333,084,550
	Sale of goods	244,736,000	3,124,344,000
	Rendering of services	123,980,705	164,770,000

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

Related parties	Transaction	VND	
		30 June 2023	31 December 2022
Short-term trade receivables (Note 5.1)			
Vietnam National Seed Group Joint Stock Company	Sale of goods	40,454,500,117	47,564,820,316
Vietnam Rice Company Limited	Sale of goods	-	1,421,504,867
Ha Tay Seed Joint Stock Company	Sale of goods	-	200,000,000
		40,454,500,117	49,186,325,183
Short-term loans receivables (Note 5.3)			
Vietnam National Seed Group Joint Stock Company	Lending	75,000,000,000	100,000,000,000
Vietnam Rice Company Limited	Sale of goods	20,000,000,000	-
		95,000,000,000	100,000,000,000

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

26. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due from and due to related companies at the interim balance sheet date were as follows (continued):

<i>Related parties</i>	<i>Transaction</i>	<i>30 June 2023 31 December 2022</i>	
<i>Other short-term receivables (Note 5.4)</i>			
Vietnam National Seed Group Joint Stock Company	Rendering of services	11,309,369,600	6,043,521,955
	Lending interest	399,452,054	1,189,041,097
Vietnam Rice Company Limited	Others	-	886,996,456
		<u>11,708,821,654</u>	<u>8,119,559,508</u>
<i>Short-term trade payables (Note 12.1)</i>			
Vietnam Rice Company Limited	Purchase of goods	3,693,046,200	-
<i>Other short-term payables (Note 15)</i>			
Vietnam National Seed Group Joint Stock Company	Advance dividend	19,192,293,000	-
	Dividend declared	19,192,293,000	-
	Borrowing goods	-	1,275,000,000
		<u>38,384,586,000</u>	<u>1,275,000,000</u>

Remuneration for members of the Board of Directors ("BOD"), management and the Board of Supervision are as follows:

<i>Name</i>	<i>Position</i>	<i>Remuneration</i>	
		<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Board of Directors			
Ms Tran Kim Lien	Chairwoman	100,722,196	56,404,843
Mr Hang Phi Quang	Vice Chairman	91,148,131	133,333,333
Mr Bui Quang Son	Member	100,722,196	56,404,843
Mr Nguyen Dinh Nam	Member of BOD cum General Director	1,253,993,004	979,167,689
Mr Duong Quang Sau	Member	100,722,196	56,404,843
Mr Nguyen Quoc Phong	Member of BOD cum Deputy General Director	620,991,924	552,332,116
Management			
Ms Nguyen Thi Phong	Deputy General Director	357,536,537	-
Mr Le Minh Chanh	Deputy General Director until 1 July 2022	-	419,589,756
Board of Supervision			
		185,263,842	109,982,771
TOTAL		<u>2,811,100,026</u>	<u>2,363,620,194</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

27. COMMITMENTS

Operating lease commitments

The Company as a lessee

The Company leases office premises, warehouses and land rental under operating lease arrangements, with minimum lease commitments due as follows:

	VND	
	30 June 2023	31 December 2022
Less than 1 year	3,098,628,750	3,442,147,071
From 1 to 5 years	4,123,404,081	5,801,493,837
Over 5 years	<u>17,943,343,762</u>	<u>25,182,644,485</u>
TOTAL	<u>25,165,376,593</u>	<u>34,426,285,393</u>

The Company is in the process of renewing land lease contract at Hamlet 5, Phan Van Coi Commune, Cu Chi District, Ho Chi Minh City with the lease term ended on 30 December 2020, land lease contract at Tan Hiep Commune, Phu Giao District, Binh Duong Province with the lease term ended on 23 March 2022 and land lease contract at EaTu Commune, Buon Ma Thuoc City, Dak Lak Province with the lease term ended on 23 March 2022

The Company as a lessor

The Company lets out its office, land rental and assets under an operating lease arrangements, with future minimum rental receivables collectible as follows:

	VND	
	30 June 2023	31 December 2022
Less than 1 year	2,333,838,562	2,858,032,860
From 1 to 5 years	9,851,649,838	7,545,985,700
Over 5 years	<u>8,083,448,874</u>	<u>11,115,321,966</u>
TOTAL	<u>20,268,937,274</u>	<u>21,519,340,526</u>

Capital commitment

As at 30 June 2023, the Company has contractual commitments for the Renovation and repairment factories as follows:

	VND	
	30 June 2023	31 December 2022
Renovation and repairment factories	<u>2,695,319,980</u>	<u>4,531,667,200</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

28. OFF BALANCE SHEET ITEMS

ITEMS	30 June 2023	31 December 2022
Goods held by the Company on consignment from third parties (VND) (*)	50,397,885,000	50,397,885,000
Bad debts written off (VND)	7,824,041,432	7,824,041,432
Foreign currency:		
- United States dollar (USD)	675	701

(*) This represents the merchandise of the Department of Cultivation Ministry of Agriculture and Rural Development held by the Company in accordance with the Contract for purchase and sale of corn and rice seeds for the National Reserve No. 03/HĐMT/DTQG/2021 dated 16 September 2021 and No. 03/HĐMB/DTQG/2021 date 12 May 2022.

29. CONTINGENT LIABILITIES

Land rental at Pham Van Coi Commune, Cu Chi District, Ho Chi Minh City

In 2013, the Company purchases fixed assets of East-West Seed Joint Venture Company ("EW") including the land use rights. According to Decision No. 3201/QĐ-UBND dated 28 June 2014, the Company is approved by Ho Chi Minh City People's Committee for using the land parcel of 259,717.2 m² at Pham Van Coi Commune, Cu Chi District, Ho Chi Minh City for the purpose of researching and manufacturing vegetables seeds. Therefore, the Company has the obligation to pay the land fees from the date of this Decision until 30 December 2020. Currently, the aforementioned land area has been used by the Company since then. However, the Department of Natural Resources and Environment and the Tax Department of Ho Chi Minh City have not yet determined the official land rental fee. As the result, the Company and local authorities have not been able to determine the amount of land rental fee for the entire relevant rental periods. The land rental has been accrued by the Company annually based on land rental unit price of EW, previous lessee, under the land lease contract No. 9018/HDD-GTD dated 29 June 2000 between EW and Ho Chi Minh City People's Committee. At the issuance date of these interim financial statements, the Company has accrued the land rental for financial years from 2014 to 2023 amounting to VND 5,231,470,812. When there is an official land rental price and notice of land rental adjustment from relevant authorities, the Company will adjust the land rental amount accordingly and pay additional fee thereof in the next payment period (if any).

Land rental at Tan Hiep Commune, Phu Giao District, Binh Duong Province

On 27 May 2005, the Company signed the Land rental contract with People's Committee of Binh Duong Province to rent the land parcel of 776,947 m² at at Tan Hiep Commune, Phu Giao District, Binh Duong Province for the purpose of agricultural land with the term of 20 years from 27 May 2005 to 25 March 2022. In 2020, the Company carried out the procedures for renewal land lease contract and has been approved by People's Committee of Binh Duong Province under Decision No. 685/QĐ-UBND dated 13 March 2020.

On 21 April 2022, the Company received the Notification of tentative payment for the land rental No. 12/TB-CCT issued by Tan Uyen Tax Department for the above land area with the land rental unit price of 192 VND/m². Accordingly, on 7 June 2022, Tan Uyen Tax Department issued Official Letter No. 3424/BPMCPG-CCTKV confirming that the Company has fulfilled its financial obligations regarding land rental from years from 2006 to 2021.

However, on 15 July 2022, the Company received the Notification of payment for the land rent No. 11989/TB-CTBDU from Binh Duong Province Tax Department. According to this notification, the adjusted land rental unit price increases from 192 VND/m² to 5,258 VND/m² for the price-stable-period from 13 March 2020 to 13 March 2025.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

29. CONTINGENT LIABILITIES (continued)

Land rental at Tan Hiep Commune, Phu Giao District, Binh Duong Province (continued)

In addition, the Company also received the Official Letter from the Tax Department of Binh Duong Province No. 1513/CCTBDU-HKDCN dated 5 October 2022 confirming that the Company is exemption of land rent in accordance with the regulations Point a, Clause 3, Article 19, Section 2, Chapter II Decree No. 46/2014/ND-CP dated May 15, 2014 of the Government regulating the collection of land and water surface rents: "Three (3) years with regard to the projects on the List of domains entitled to investment incentives."

On 28 October 2022, the Company sent Official Letter No. 334/CV-SSC to People's Committee of Binh Duong Province and Department Of Natural Resources and Environment of Binh Duong Province ("DNR") to request these departments to revise the land rental fee and People's Committee of Binh Duong Province assigned DNR to review and respond to the Company.

As the result, the Company and local authorities have not been able to determine the amount of land rental fee for the parcel as mentioned above. At the issuance date of these interim financial statements, the Company paid the temporary amount of VND 4,085,188,903 according to the Notification No. 11989/TB-CTBDU. When there is an official land rental price and notice of land rental adjustment from relevant authorities, the Company will adjust the land rental amount accordingly and pay additional fee thereof in the next payment period (if any).

Due to uncertainty about the value of the land rental, the Board of Directors decided to present this land rental as contingent liabilities in accordance with Vietnamese Accounting Standard 18 - Provisions, assets and contingent liabilities.

30. EVENTS AFTER THE INTERIM BALANCE SHEET DATE

There have been no significant events occurring after the interim balance sheet date which would require adjustments or disclosures to be made in the interim financial statements.



Ma Hoang Kim Trang
Preparer



Lam Tuan Lac
Chief Accountant



Nguyen Dinh Nam
General Director

Ho Chi Minh City, Vietnam

14 August 2023