



SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

**INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017**



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SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

CORPORATE INFORMATION

Enterprise registration certificate joint stock company	No. 0301825452 dated 18 September 1999 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 16 th amendment dated 27 July 2017.	
Board of Management	Mr. Nguyen Huu Thinh Mr. Le Tan Phuoc Mr. Nguyen Thanh Son Mr. Nguyen The Hung Mr. Yoshinobu Tamura Mr. Ryota Fukuda	Chairman Member Member Member Member Member
Board of Supervision	Mr. Bui Van Quyet Ms. Lam Hoang Vu Nguyen Mr. Do Trong Hiep	Chief Supervisor Member Member
Board of Directors	Mr. Le Tan Phuoc Mr. Nguyen Quoc Cuong Mr. Mai Chanh Thanh Mr. Huynh Khoi Binh	General Director Director of Searee Director of Searefico M&E Director of Arico
Legal representative	Mr. Le Tan Phuoc	General Director
Registered office	14th Floor, Centec Tower 72-74 Nguyen Thi Minh Khai Street, Ward 6, District 3 Ho Chi Minh City, Vietnam	
Auditor	PwC (Vietnam) Limited	

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS OF THE COMPANY IN RESPECT OF INTERIM SEPARATE FINANCIAL STATEMENTS

The Board of Directors of Seaprodex Refrigeration Industry Corporation (“the Company”) is responsible for preparing the interim separate financial statements of the Company which give a true and fair view of the financial position of the Company as at 30 June 2017, and the results of its operations and its cash flows for the six-month period then ended. In preparing these interim separate financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the interim separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable interim separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the interim separate financial statements. The Board of Directors 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.

APPROVAL OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying interim separate financial statements as set out on pages 5 to 36 which give a true and fair view of the financial position of the Company as at 30 June 2017, and of the results of its operations and its cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim financial statements.

Users of these interim separate financial statements of the Company should read them together with the interim consolidated financial statements of the Company and its subsidiary (together, “the Group”) for the six-month period ended 30 June 2017 in order to obtain full information of the financial position and results of operations and cash flows of the Group as a whole.

On behalf of the Board of Directors



Le Tan Phuoc
General Director

Ho Chi Minh City, Vietnam
21 August 2017



REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL INFORMATION TO THE SHAREHOLDERS AND THE BOARD OF MANAGEMENT OF SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

We have reviewed the accompanying interim separate financial statements of Seaprodex Refrigeration Industry Corporation ("the Company") which were prepared on 30 June 2017 and approved by the Board of Directors on 21 August 2017. The interim separate financial statements comprise the separate balance sheet as at 30 June 2017, the separate income statement and the separate cash flow statement for the six-month period then ended, and explanatory notes to the interim separate financial statements including significant accounting policies, as set out on pages 5 to 36.

The Board of Directors' Responsibility

The Board of Directors of the Company is responsible for the preparation and the true and fair presentation of these interim separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim financial statements and for such internal control which the Board of Directors determines is necessary to enable the preparation and fair presentation of the interim separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity."

A review of interim financial statements 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.



Basis of qualified conclusion

As presented in Note 17 to the interim separate financial statements, the Company was sub-granted with machinery and equipment amounting to VND13,476,140,890 and recorded a part of the sub-granted amount of VND1,347,614,089 into the separate income statement for the six-month period ended 30 June 2017. However, in accordance with the guidance under the Vietnamese Accounting Standard No. 14 – Revenue and other income and Circular No. 200/2014/TT-BTC of the Ministry of Finance, this full sub-granted amount should be recorded into the interim separate income statement. Accordingly, had the Company recorded this sub-granted amount in accordance with the above-mentioned regulations, net profits before tax and after tax for the six-month period ended 30 June 2017 and undistributed earnings as at 30 June 2017 would have been increased by the same amount of VND12,128,526,801.

Qualified conclusion

Based on our review, except the effect of the matter described in the “Basis of qualified conclusion”, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements are not presented fairly, in all material respects, the financial position of the Company as at 30 June 2017, its financial performance and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim financial statements.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No:
0048-2017-006-1
Authorised signatory

Report reference number: HCM6406
Ho Chi Minh City, 21 August 2017

As indicated in Note 2.1 to the interim separate financial statements, the accompanying interim separate financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01a – DN

INTERIM SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2017 VND	31.12.2016 VND
100	CURRENT ASSETS		917,505,591,819	926,690,334,553
110	Cash and cash equivalents	3	81,795,145,504	87,633,885,746
111	Cash		25,145,145,504	24,489,237,746
112	Cash equivalents		56,650,000,000	63,144,648,000
120	Short-term investment		220,001,437,800	230,500,000,000
123	Investments held to maturity	4(a)	220,001,437,800	230,500,000,000
130	Short-term receivables		430,361,253,320	471,067,581,798
131	Short-term trade accounts receivable	5	381,176,783,017	450,647,732,913
132	Short-term prepayments to suppliers	6	19,999,301,371	9,586,161,567
136	Other short-term receivables	7(a)	41,531,451,565	18,986,723,931
137	Provision for short-term doubtful debts	8	(12,346,282,633)	(8,153,036,613)
140	Inventories		171,573,706,526	136,497,092,833
141	Inventories	9	172,325,424,511	137,251,522,226
149	Provision for decline in value of inventories	9	(751,717,985)	(754,429,393)
150	Other current assets		13,774,048,669	991,774,176
151	Short-term prepaid expenses	10(a)	6,424,925,445	991,774,176
152	Value Added Tax to be reclaimed		7,349,123,224	-
200	LONG-TERM ASSETS		171,471,566,354	196,476,012,948
210	Long-term receivable		1,334,501,840	27,970,088,005
216	Other long-term receivables	7(b)	1,334,501,840	27,970,088,005
220	Fixed assets		22,059,137,710	9,237,942,412
221	Tangible fixed assets	11(a)	21,329,023,632	8,402,379,456
222	Cost		43,172,739,813	30,488,972,591
223	Accumulated depreciation		(21,843,716,181)	(22,086,593,135)
227	Intangible fixed assets	11(b)	730,114,078	835,562,956
228	Cost		1,712,426,260	1,636,826,260
229	Accumulated amortisation		(982,312,182)	(801,263,304)
240	Long-term asset in progress		2,551,972,363	14,193,190,823
242	Construction in progress	12	2,551,972,363	14,193,190,823
250	Long-term investments		140,392,880,000	140,392,880,000
251	Investments in subsidiary	4(b)	70,000,000,000	70,000,000,000
252	Investments in associate	4(b)	51,392,880,000	51,392,880,000
253	Investments in other entity	4(b)	19,000,000,000	19,000,000,000
260	Other long-term assets		5,133,074,441	4,681,911,708
261	Long-term prepaid expenses	10(b)	1,765,253,440	1,702,310,515
262	Deferred income tax assets	22	3,367,821,001	2,979,601,193
270	TOTAL ASSETS		1,088,977,158,173	1,123,166,347,501

The notes on pages 9 to 36 are an integral part of these interim separate financial statements.

INTERIM SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at	
			30.6.2017 VND	31.12.2016 VND
300	LIABILITIES		713,923,706,027	730,951,968,530
310	Short-term liabilities		706,964,355,193	724,169,610,280
311	Short-term trade accounts payable	13	128,351,129,414	158,660,779,390
312	Short-term advances from customers	14	73,049,574,692	55,453,444,015
313	Tax and other payables to the State Budget	15	4,170,777,165	26,661,798,085
314	Payable to employees		17,776,258,336	28,471,742,354
315	Short-term accrued expenses	16	30,403,309,578	85,323,234,769
319	Other short-term payables	17	17,285,214,839	15,822,311,992
320	Short-term borrowings	18	423,546,409,448	350,289,833,627
321	Provision for short-term liabilities	19	2,033,793,015	2,186,323,717
322	Bonus and welfare fund	20	10,347,888,706	1,300,142,331
330	Long-term liabilities		6,959,350,834	6,782,358,250
337	Other long-term payables		72,200,000	142,000,000
342	Provision for long-term liabilities	21	6,887,150,834	6,640,358,250
400	OWNERS' EQUITY		375,053,452,146	392,214,378,971
410	Capital and reserves		375,053,452,146	392,214,378,971
411	Owners' capital	23, 24	324,953,970,000	243,749,160,000
411a	- Ordinary shares with voting rights		324,953,970,000	243,749,160,000
412	Share premium	24	284,019,059	42,217,165,031
415	Treasury shares	24	(284,019,059)	(284,019,059)
418	Investment and development fund	24	5,427,578,589	42,876,161,885
421	Undistributed earnings	24	44,671,903,557	63,655,911,114
421a	- Undistributed post-tax profits of the previous years		18,598,360,807	791,186,177
421b	- Post-tax profits of current period/year		26,073,542,750	62,864,724,937
440	TOTAL RESOURCES		1,088,977,158,173	1,123,166,347,501


Pham Thanh Binh
Preparer

Mai Thi Kim Dung
Chief Accountant

 Le Tan Phuoc
 General Director
 21 August 2017

INTERIM SEPARATE INCOME STATEMENT

Code		Note	Six-month period ended 30 June	
			2017 VND	2016 VND
01	Revenue from sales of goods and rendering of services		407,455,319,116	385,893,491,437
02	Less deductions		(520,123,909)	(114,947,335)
10	Net revenue from sales of goods and rendering of services	27	406,935,195,207	385,778,544,102
11	Cost of goods sold and services rendered	28	(370,379,501,974)	(346,373,417,572)
20	Gross profit		36,555,693,233	39,405,126,530
21	Financial income	29	20,371,311,586	16,519,071,129
22	Financial expenses	30	(9,680,186,264)	(7,732,285,211)
23	- Including: Interest expense		(9,643,443,480)	(7,354,782,236)
26	General and administration expenses	31	(19,048,157,971)	(19,855,502,903)
30	Net operating profit		28,198,660,584	28,336,409,545
31	Other income	32	2,243,713,763	304,485,833
32	Other expenses		(631,828,979)	(170,605,548)
40	Net other income		1,611,884,784	133,880,285
50	Net accounting profit before tax		29,810,545,368	28,470,289,830
51	Business income tax - current	33	(4,125,222,426)	(4,079,526,702)
52	Business income tax - deferred	33	388,219,808	(281,503,306)
60	Net profit after tax		26,073,542,750	24,109,259,822



Pham Thanh Binh
Preparer



Mai Thi Kim Dung
Chief Accountant



Le Tan Phuoc
General Director
21 August 2017

The notes on pages 9 to 36 are an integral part of these interim separate financial statements.

INTERIM SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	Six-month period ended 30 June	
		2017 VND	2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		29,810,545,368	28,470,289,830
		Adjustments for:	
02		1,199,581,984	1,139,987,931
03		4,284,796,494	2,019,400,010
04		-	(326,232,404)
05		(20,321,367,792)	(15,803,470,291)
06		9,643,443,480	7,354,782,236
08		24,616,999,534	22,854,757,312
09		40,997,652,827	59,032,187,988
10		(35,064,703,515)	(99,219,581,197)
11		(92,054,423,453)	27,534,958,097
12		(5,496,094,194)	(8,959,265,903)
13		-	1,007,003,913
14		(9,631,080,283)	(7,428,557,824)
15	15	(11,487,765,137)	(8,460,367,432)
17	20	(4,952,472,000)	(4,871,554,757)
20		(93,071,886,221)	(18,510,419,803)
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(2,439,080,006)	(1,979,396,334)
22		1,000,000,000	-
23		(105,501,437,800)	(104,061,000,000)
24		116,000,000,000	101,000,000,000
25	34(b)(ii)	(9,584,188,754)	(5,100,000,000)
27		43,707,449,118	12,793,276,837
30		43,182,742,558	2,652,880,503
CASH FLOWS FROM FINANCING ACTIVITIES			
33	18	470,499,884,191	359,935,930,843
34	18	(397,243,308,370)	(349,367,411,596)
36	25	(29,206,172,400)	(36,528,837,601)
40		44,050,403,421	(25,960,318,354)
50		(5,838,740,242)	(41,817,857,654)
60	3	87,633,885,746	155,392,478,282
61		-	(186,619)
70	3	81,795,145,504	113,574,434,009



 Pham Thanh Binh
 Preparer



 Mai Thi Kim Dung
 Chief Accountant


 Le Tan Phuoc
 General Director
 21 August 2017

The notes on pages 9 to 36 are an integral part of these interim separate financial statements.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017****1 GENERAL INFORMATION**

Seaprodex Refrigeration Industry Corporation (“the Company”) is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business registration certificate (“BRC”) No. 063592 dated 18 September 1999 initially issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City and subsequent amendments.

The Company’s shares were listed on the Ho Chi Minh City Stock Exchange (“HOSE”) with the symbol SRF in accordance with License No. 117/QĐ-SGDHCM dated 29 September 2009, and the first trading date of the Company’s shares was on 21 October 2009.

The Company’s registered activities are to consult, survey, design, supply materials and equipment and provide installation services in relation to industrial refrigeration projects, air conditioning system, electricity system, fire prevention and fighting system, lift, water supply and drainage system, mechanics for industrial and household projects; produce and process, fabricate refrigeration machinery, equipment and materials; execute construction and interior decoration projects for civil works and industrial projects; provide maintenance and repair services of refrigeration equipment and transportation vehicles; trade materials and goods, machinery and equipment; execute construction of road and rail transportation infrastructures, public projects and houses.

The normal business cycle of the Company is 12 months.

The Company has two branches as follows:

- Danang Refrigeration Electrical Engineering Company – Seaprodex Refrigeration Industry Corporation (“Searee”) incorporated pursuant to the BRC No. 3213000275 issued by the DPI of Da Nang City on 17 January 2000 and the amendments. Searee’s registered office is located at Road 10, Hoa Khanh Industrial Zone, Lien Chieu District, Da Nang City.
- Branch of Mechanical and Electrical Engineering – Seaprodex Refrigeration Industry Corporation (“Searefico M&E”) incorporated pursuant to the BRC No. 0301825452-003 issued by the DPI of Ho Chi Minh City on 27 January 2014 and the amendment. Searefico M&E’s registered office is located at 72-74 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Chi Minh City.

As at 30 June 2017, the Company has a wholly owned subsidiary, Asia Refrigeration Industry Company Limited (“Arico”) and an associate, Thua Thien Hue Construction Joint Stock Corporation (“HCC”) as presented in Note 4.

As at 30 June 2017, the Company had 566 employees (As at 31 December 2016: 556 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of interim separate financial statements**

The interim separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim separate financial statements. The interim separate financial statements have been prepared under the historical cost convention.

The accompanying interim separate financial statements 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 and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

Separately, the Company has also prepared the interim consolidated financial statements for the Company and its subsidiary (“the Group”) in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements. In the interim consolidated financial statements, subsidiary undertakings – which is company over which the Group has the power to govern the financial and operating policies – have been fully consolidated.

Users of these interim separate financial statements of the Company should read them together with the interim consolidated financial statements of the Group for the six-month period ended 30 June 2016 in order to obtain full information of the financial position and results of operations and cash flows of the Group as a whole.

2.2 Fiscal year

The Company’s fiscal year is from 1 January to 31 December.

The interim separate financial statements have been prepared for the period from 1 January 2017 to 30 June 2017.

2.3 Currency

The interim separate financial statements are measured and presented in Vietnamese Dong (“VND”).

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the separate income statement.

Monetary assets and liabilities denominated in foreign currencies at the separate balance sheet date are respectively translated at the buying and selling exchange rates at the separate balance sheet date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the separate balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the separate income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.5 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the interim separate balance sheet date. Bad debts are written off after full provisioning of 100% and approval by the Board of Management.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost for each type of inventories is determined as follows:

- | | | |
|-------------------------------------|---|--|
| Raw materials, tools and supplies | - | cost of purchase on a weighted average basis. |
| Finished goods and work in progress | - | cost of direct materials and labour plus attributable manufacturing overheads for specific projects. |

Net realisable value represents the estimated selling price in the normal course of business less the estimated costs of completion and costs necessary to make the sale.

Provision for decline in value of inventories

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, deficiency, obsolescence, etc.) of inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Investments****(a) Trading securities**

Trading securities are securities, which are held for trading purpose to earn profit.

Trading securities are initially recorded at cost of acquisition. They are subsequently measured at cost less provision. The provision for diminution in value of trading securities is made when the cost is higher than its fair value.

Profit or loss from liquidation or disposal of trading securities is recorded in the separate income statement. The costs of trading securities disposed are determined by using the moving weighted average method.

(b) Investments held to maturity

Investments held to maturity are investments which the Board of Directors of the Company has positive intention and ability to hold until maturity.

Investments held to maturity include term deposits. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held to maturity is made when there is evidence that part or the whole of the investment is uncollectible.

(c) Investment in subsidiary

Subsidiary is entity over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investment in subsidiary is accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is an impairment of the investments.

(d) Investment in associate

Associate is investment that the Company has significant influence but not control and would generally have from 20% to under 50% voting shares of the investee.

Investment in associate is accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is a reduction in value of the investments.

(e) Investments in equity of other entities

Investments in equity of other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are initially recorded at cost. Provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated in their business plan before the date of investment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives as follows:

Buildings and structures	5 – 25 years
Machinery and equipment	5 – 20 years
Motor vehicles	6 – 10 years
Office equipment	3 – 8 years
Computer software	3 years
Others	5 – 20 years

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the separate income statement.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes construction costs, machinery, equipment and professional fees. For qualifying assets, borrowing costs dealt with in accordance with the Company's accounting policy. Construction in progress only transfers to fixed assets and depreciation of these assets commences when the assets are ready for their intended use.

2.9 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the separate income statement on a straight-line basis over the period of the lease.

2.10 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the separate balance sheet, mainly comprise of prepaid land rental, office rental, tools and supplies put in use. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives or the period which economic benefits are generated in relation to these expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables are non-trade payables and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the separate balance sheet based on remaining period from the separate balance sheet date to the maturity date.

2.12 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the separate income statement when incurred.

2.13 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents; other payables to employees; accrued interest expenses and project costs in the reporting period. Accrued expenses are recorded as expenses in the reporting period.

2.14 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provision is not recognised for future operating losses.

2.15 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Company less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the interim balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in according with current regulations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Share capital**

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but these are not cancelled and shall be re-issued in the period in accordance with the Law on securities.

Undistributed earnings record the Company's results after business income tax and the appropriation of profit at the reporting date.

2.17 Appropriation of net profit

Net profit after income tax could be distributed to shareholders after approval at Shareholders' General Meeting, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

Dividend distribution: Dividend of the Company is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders' General Meeting.

The Company maintains the following reserves which are appropriated from the Company's net profit as proposed by the Board of Management and subject to approval by the Shareholders' General Meeting.

(a) Development and investment fund

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

(b) Bonus and welfare fund

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

2.18 Revenue recognition**(a) Sales of goods**

Revenue from the sales of goods is recognised in the separate income statement when all five (5) following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Revenue recognition (continued)****(b) Revenue from construction contracts**

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers at the balance sheet date. Claimable receivable and other receivable are included in revenue to the extent that they have been agreed with customers, verified by the customers and issued invoices.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that it is probable that contract costs incurred will be recoverable. Contract costs are only recognised when incurred during the period.

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividends and appropriation of profits

Income from dividend and profit sharing is recognised when the Company's entitlement as an investor to receive the dividend or profit is established.

2.19 Sales deduction

Sales deduction is allowance. Sales deduction incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that accounting period.

Sales deduction for products, goods or services which are sold in the period but are incurred after the separate balance sheet date but before the issuance of the separate financial statements are recorded as deduction from revenue of the period.

2.20 Cost of construction contracts

Cost of construction contracts is recognised based on amount of work completed of construction projects at the interim balance sheet date and the estimated gross profit of the projects, and recorded on the basis of matching with revenue and on prudent concept. The Board of Directors and Directors of the Company's Divisions have the responsibility to follow up, update and adjust the gross profit periodically.

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2.21 Financial expenses

Finance expenses are expenses incurred in the period for financial activities including expenses of borrowing, losses from securities selling transactions; provision for diminution in value of trading security and losses from foreign exchange differences.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.22 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances,...); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, depreciation of fixed assets used for administration, provision for doubtful debts, outside services and other cash expenses.

2.23 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim separate financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the separate balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.24 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Company considers the substance of the relationship not merely the legal form.

3 CASH AND CASH EQUIVALENTS

	As at	
	30.6.2017	31.12.2016
	VND	VND
Cash on hand	464,052,303	104,777,074
Cash at bank	24,681,093,201	24,384,460,672
Cash equivalents (*)	56,650,000,000	63,144,648,000
Total	81,795,145,504	87,633,885,746

(*) Cash equivalents include term deposits with the original maturity of three months.

4 INVESTMENTS**(a) Investments held to maturity**

	As at 30.6.2017		As at 31.12.2016	
	Cost	Fair value	Cost	Fair value
	VND	VND	VND	VND
Bank deposits with original maturities of more than 3 months and less than 12 months	220,001,437,800	220,001,437,800	230,500,000,000	230,500,000,000

(b) Long-term investments

	As at 30.6.2017		As at 31.12.2016	
	Cost of investment	% of ownership	Cost of investment	% of ownership
	VND		VND	
Investment in subsidiary Asia Refrigeration Industry Company Limited (i)	70,000,000,000	100	70,000,000,000	100
Investment in associate Thua Thien Hue Construction Joint Stock Corporation (ii)	51,392,880,000	36	51,392,880,000	36
Investment in other entity International Investment and Water Technology Joint Stock Company ("Inwatek") (iii)	19,000,000,000	19	19,000,000,000	19

At the balance sheet date, the Company has not determined the fair value of the investments since the Company has no information on the market value of the investments.

4 INVESTMENTS (continued)**(b) Long-term investments (continued)****(i) Investment in subsidiary**

Arico is a one-member limited liability company incorporated pursuant to the BRC No. 4104002210 issued by the DPI of Ho Chi Minh City on 22 October 2007 and the amendments.

Arico's registered office is located at Lot No. 25-27 Central Road, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam.

The principal activities of Arico are to manufacture, process, fabricate equipment, machines, spare parts of refrigeration industry, to provide consulting service, to assemble, supply materials and equipment, to provide execution, installation and maintenance, to repair thermal mechanical-electrical systems and equipment, automatic and controlled equipment, lift and rolling leader, to construct industrial and civil projects, interior, exterior decoration, to produce insulated panels and materials.

(ii) Investment in associate

HCC is a joint stock company incorporated pursuant to the Enterprise registration certificate joint stock company No. 3300101156 issued by the DPI of Thua Thien Hue Province on 5 January 2011 and the amendments.

HCC's registered office is located at Lot No. 9 Pham Van Dong Street, Hue City, Thua Thien Hue Province, Vietnam.

The principal activities of HCC are to construct civil, industrial, public, sport, traffic, irrigation and infrastructure projects; to provide services of consulting and supervision for the civil, industrial, traffic and irrigation projects; to engage in real estate trading, infrastructure of industrial zones and residential areas; to produce construction materials, and trade and exploit stones, sands and gravel; and to produce other wooden products.

(iii) Investment in other entity

Inwatek is a joint stock company incorporated pursuant to the BRC No. 0313029247 issued by the DPI of Ho Chi Minh City on 26 November 2014 and the amendment.

Inwatek's registered office is located at 72-74 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Chi Minh City, Vietnam.

The principal activities of Inwatek are trading machinery and equipment for water production, installing water processing, exploiting systems and investing consultation service.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	As at	
	30.6.2017 VND	31.12.2016 VND
Third parties	349,152,470,480	409,379,811,853
<i>Anh Duong Construction Consultant Company Limited</i>	48,398,837,427	47,530,455,721
<i>Vinhomes Trading and Real Estate Management Joint Stock Company</i>	39,916,975,633	40,445,299,898
<i>Viettel Real Estate Company</i>	38,598,555,229	65,913,818,909
<i>Hoa Lam International Hospital Company Limited</i>	37,326,423,884	-
<i>Others</i>	184,911,678,307	255,490,237,325
Related parties (Note 34(b)(i))	32,024,312,537	41,267,921,060
Total	<u>381,176,783,017</u>	<u>450,647,732,913</u>

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	As at	
	30.6.2017 VND	31.12.2016 VND
Third parties	19,999,301,371	9,586,161,567
<i>Daikin Air Conditioning (Viet Nam) Joint Stock Company</i>	1,202,335,680	1,027,490,680
<i>Yq-Vina Joint Stock Company</i>	1,040,990,823	1,577,560,941
<i>DOHOME Vietnam Trading and Construction Joint Stock Company</i>	-	1,332,485,338
<i>Others</i>	17,755,974,868	5,648,624,608
Total	<u>19,999,301,371</u>	<u>9,586,161,567</u>

7 OTHER RECEIVABLES**(a) Short-term**

	As at	
	30.6.2017 VND	31.12.2016 VND
Subsidiary (Note 34(b)(ii))	12,448,849,437	-
Interest income receivables	9,948,269,443	10,308,761,111
Receivables from construction teams	8,820,318,157	3,079,918,511
Advances to employees	5,208,970,892	3,457,823,015
Other receivables from employees	2,318,591,361	1,122,659,349
Deposits	278,269,305	445,421,557
Others	2,508,182,970	572,140,388
Total	<u>41,531,451,565</u>	<u>18,986,723,931</u>

7 OTHER RECEIVABLES (continued)

(b) Long-term

	As at	
	30.6.2017 VND	31.12.2016 VND
Deposits (Note 34(b)(iii))	1,309,881,840	1,331,881,840
Profit distributed (Note 34(b)(iii))	-	26,635,586,165
Others	24,620,000	2,620,000
Total	<u>1,334,501,840</u>	<u>27,970,088,005</u>

8 PROVISION FOR SHORT-TERM DOUBTFUL DEBTS

	As at 30.6.2017		As at 31.12.2016	
	Cost VND	Provision VND	Cost VND	Provision VND
Receivables that are past due	<u>24,904,849,639</u>	<u>12,346,282,633</u>	<u>18,639,463,551</u>	<u>8,153,036,613</u>

Movements in provision for short-term doubtful debts during the period/year are as follows:

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Opening balance	8,153,036,613	2,680,467,591
Increase	4,193,246,020	5,472,569,022
Closing balance	<u>12,346,282,633</u>	<u>8,153,036,613</u>

9 INVENTORIES

	As at 30.6.2017		As at 31.12.2016	
	Cost VND	Provision VND	Cost VND	Provision VND
Work in progress	168,289,055,220	-	128,327,328,591	-
Raw materials	3,772,231,203	(751,717,985)	2,985,941,030	(754,429,393)
Goods in transit	253,529,150	-	5,927,494,319	-
Finished goods	10,608,938	-	10,758,286	-
Total	<u>172,325,424,511</u>	<u>(751,717,985)</u>	<u>137,251,522,226</u>	<u>(754,429,393)</u>

9 INVENTORIES (continued)

Movements in the provision for decline in value of inventories during the period/year are as follows:

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Opening balance	754,429,393	609,855,740
Increase	-	218,489,549
Reversal (Note 28)	(2,711,408)	(73,915,896)
Closing balance	<u>751,717,985</u>	<u>754,429,393</u>

10 PREPAID EXPENSES

	As at	
	<u>30.6.2017 VND</u>	<u>31.12.2016 VND</u>
(a) Short-term		
Tools and supplies	280,730,363	19,594,432
Others	6,144,195,082	972,179,744
Total	<u>6,424,925,445</u>	<u>991,774,176</u>
(b) Long-term		
Tools and supplies	572,351,595	767,131,561
Others	1,192,901,845	935,178,954
Total	<u>1,765,253,440</u>	<u>1,702,310,515</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN

11	FIXED ASSETS	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
(a)	Tangible fixed assets						
	Historical cost						
	As at 1 January 2017	10,456,745,089	4,432,700,902	11,533,364,985	2,391,037,756	1,675,123,859	30,488,972,591
	Transfers from construction in progress (Note 12)	-	13,945,177,282	-	-	-	13,945,177,282
	Disposal	-	(1,261,410,060)	-	-	-	(1,261,410,060)
	As at 30 June 2017	10,456,745,089	17,116,468,124	11,533,364,985	2,391,037,756	1,675,123,859	43,172,739,813
	Accumulated depreciation						
	As at 1 January 2017	6,672,742,565	4,167,504,120	7,682,914,432	2,243,013,517	1,320,418,501	22,086,593,135
	Charge for the period	258,764,104	73,520,360	550,169,790	67,822,778	68,256,074	1,018,533,106
	Disposal	-	(1,261,410,060)	-	-	-	(1,261,410,060)
	As at 30 June 2017	6,931,506,669	2,979,614,420	8,233,084,222	2,310,836,295	1,388,674,575	21,843,716,181
	Net book value						
	As at 1 January 2017	3,784,002,524	265,196,782	3,850,450,553	148,024,239	354,705,358	8,402,379,456
	As at 30 June 2017	3,525,238,420	14,136,853,704	3,300,280,763	80,201,461	286,449,284	21,329,023,632

Historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2017 was VND8,068,090,129 (As at 31 December 2016: VND9,122,476,192).

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Computer software VND
Historical cost	
As at 1 January 2017	1,636,826,260
Purchases	75,600,000
As at 30 June 2017	<u>1,712,426,260</u>
Accumulated amortisation	
As at 1 January 2017	801,263,304
Charge for the period	181,048,878
As at 30 June 2017	<u>982,312,182</u>
Net book value	
As at 1 January 2017	<u>835,562,956</u>
As at 30 June 2017	<u>730,114,078</u>

Historical cost of fully amortised intangible fixed assets but still in use as at 30 June 2017 was VND502,509,000 (as at 31 December 2016: VND502,509,000).

12 CONSTRUCTION IN PROGRESS

	As at	
	30.6.2017 VND	31.12.2016 VND
ERP system	2,488,972,363	1,487,547,245
Machinery upgrading	-	12,642,643,578
Others	63,000,000	63,000,000
Total	<u>2,551,972,363</u>	<u>14,193,190,823</u>

Movements in the construction in progress during the period/year are as follows:

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Opening balance	14,193,190,823	140,231,488
Purchases	2,303,958,822	1,550,547,245
Increase from sub-grant	-	12,680,253,841
Transfers to tangible fixed assets (Note 11(a))	(13,945,177,282)	(177,841,751)
Closing balance	<u>2,551,972,363</u>	<u>14,193,190,823</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	As at	
	30.6.2017 VND	31.12.2016 VND
Third parties	125,904,136,179	156,341,577,390
Related parties (Note 34(b)(iv))	2,446,993,235	2,319,202,000
Total	<u>128,351,129,414</u>	<u>158,660,779,390</u>

As at 30 June 2017 and 31 December 2016, the Company did not have any short-term trade payables were past due.

14 SHORT-TERM ADVANCES FROM CUSTOMERS

	As at	
	30.6.2017 VND	31.12.2016 VND
Third parties	72,906,074,692	55,295,944,015
<i>Thanh pho Ho Chi Minh Investment Service Trading Joint Stock Company</i>	18,778,416,670	-
<i>Huu Viet Construction Trading Joint Stock Company</i>	17,469,691,850	-
<i>Thanh Do Investment Development and Construction Joint Stock Company</i>	13,179,065,817	-
<i>Viet Hung Urban Development and Investment Joint Stock Company</i>	445,693,903	16,753,200,000
<i>Construction Joint Stock Company No.1 (COFICO)</i>	-	12,784,006,024
<i>Coteccons Construction Joint Stock Company</i>	-	7,559,090,000
<i>NOVA Festival Corporation</i>	-	7,018,430,415
<i>Others</i>	23,033,206,452	11,181,217,576
Related parties (Note 34(b)(v))	143,500,000	157,500,000
Total	<u>73,049,574,692</u>	<u>55,453,444,015</u>

15 TAX AND OTHER PAYABLES TO THE STATE BUDGET

	As at	
	30.6.2017 VND	31.12.2016 VND
Business income tax	3,354,370,060	10,716,912,771
Value added tax	457,918,278	14,244,341,801
Personal income tax	358,488,827	1,700,543,513
Total	<u>4,170,777,165</u>	<u>26,661,798,085</u>

15 TAX AND OTHER PAYABLES TO THE STATE BUDGET (continued)

Movements in taxes and other payables to the State Budget during the period are as follows:

	As at 1.1.2017 VND	Payable during the period VND	Payment during the period VND	As at 30.6.2017 VND
Business income tax	10,716,912,771	4,125,222,426	(11,487,765,137)	3,354,370,060
Value added tax	14,244,341,801	4,036,991,932	(17,823,415,455)	457,918,278
Personal income tax	1,700,543,513	6,474,307,026	(7,816,361,712)	358,488,827
Value added tax on importation	-	1,010,227,557	(1,010,227,557)	-
Import tax	-	220,413,292	(220,413,292)	-
Excise tax	-	5,000,000	(5,000,000)	-
Total	<u>26,661,798,085</u>	<u>15,872,162,233</u>	<u>(38,363,183,153)</u>	<u>4,170,777,165</u>

16 SHORT-TERM ACCRUED EXPENSES

	As at	
	30.6.2017 VND	31.12.2016 VND
Accrued project costs	25,978,627,389	78,654,851,109
Interest expense	223,630,007	211,266,810
Others	4,201,052,182	6,457,116,850
Total	<u>30,403,309,578</u>	<u>85,323,234,769</u>

17 OTHER SHORT-TERM PAYABLES

	As at	
	30.6.2017 VND	31.12.2016 VND
Sub-granted fixed assets (*)	12,128,526,801	12,642,642,578
Social insurance, health insurance and trade union fees	1,667,222,729	1,155,681,960
Dividends payable (Note 25)	607,629,700	579,550,900
Other payables to employees	948,751,434	236,870,729
Others	1,933,084,175	1,207,565,825
Total	<u>17,285,214,839</u>	<u>15,822,311,992</u>

17 OTHER SHORT-TERM PAYABLES (continued)

(*) Machinery and equipment amounting to VND13,476,140,890 was sub-granted by the Multilateral Fund according to the sub-grant agreement between the Company and the Vietnam HCFC (hydrochlorofluorocarbon, an ozone depleting substance) Elimination Project Management Unit Phase I, belonging to the Ministry of Natural Resources and Environment of Vietnam relating to the conversion of the Polyure Insulation Foam from HCFC-141B to cyclo-pentane foaming technology in an attempt to eliminate HCFC. The Company recorded a part of this sub-granted amount into the separate income statement (Note 32).

18 SHORT-TERM BORROWINGS

	As at 1.1.2017 VND	Increase during the period VND	Decrease during the period VND	As at 30.6.2017 VND
Bank loans	350,289,833,627	470,499,884,191	(397,243,308,370)	423,546,409,448

Details of short-term borrowings are as follows:

	As at	
	30.6.2017 VND	31.12.2016 VND
Vietnam Joint Stock Commercial Bank for Industry and Trade	265,212,258,822	222,943,820,386
Joint Stock Commercial Bank for Foreign Trade of Vietnam	118,922,434,529	104,494,433,342
HSBC Bank (Vietnam) Ltd	39,411,716,097	13,645,603,684
Joint Stock Commercial Bank for Investment and Development of Vietnam	-	9,205,976,215
Total	423,546,409,448	350,289,833,627

These loans are unsecured and bear the floating interest rates in accordance with each draw-down. The purpose of these borrowings is to support the working capital of the Company.

19 PROVISION FOR SHORT-TERM LIABILITIES

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Opening balance	2,186,323,717	2,913,522,321
Provision	221,271,734	2,721,873,905
Utilisation and reversal	(373,802,436)	(3,449,072,509)
Closing balance	2,033,793,015	2,186,323,717

Provision for short-term liabilities represents warranty for projects that have been completed and handed over at the balance sheet date.

20 BONUS AND WELFARE FUND

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Opening balance	1,300,142,331	2,930,879,867
Increase during the period/year (Note 24)	14,000,218,375	6,307,137,094
Utilisation during the period/year	(4,952,472,000)	(7,937,874,630)
Closing balance	<u>10,347,888,706</u>	<u>1,300,142,331</u>

21 PROVISION FOR LONG-TERM LIABILITIES

Provision for long-term liabilities represents provision for severance allowance.

22 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The offset amounts are as follows:

	As at	
	30.6.2017 VND	31.12.2016 VND
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	1,377,430,167	1,328,071,650
Deferred tax assets to be recovered within 12 months	1,990,390,834	1,651,529,543
Total	<u>3,367,821,001</u>	<u>2,979,601,193</u>

The movement in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	As at	
	30.6.2017 VND	31.12.2016 VND
Opening balance	2,979,601,193	1,802,315,662
Separate income statement credit (Note 33)	388,219,808	1,177,285,531
Closing balance	<u>3,367,821,001</u>	<u>2,979,601,193</u>

Deferred income tax asset mainly arises from deductible temporary differences in relation to accrual expense and provisions.

The Company uses tax rate of 20% in year 2017 (2016: 20%) for determining deferred tax assets.

23 OWNERS' CAPITAL**(a) Number of shares**

	As at	
	30.6.2017	31.12.2016
Number of shares registered	32,495,397	24,374,916
Number of shares issued	32,495,397	24,374,916
Number of shares repurchased	(13,040)	(13,040)
Number of existing shares in circulation	32,482,357	24,361,876

(b) Details of owners' shareholding

	As at 30.6.2017		As at 31.12.2016	
	Ordinary shares (shares)	Proportion (%)	Ordinary shares (shares)	Proportion (%)
Taisei Oncho Co., Ltd	8,099,506	24.92	6,074,630	24.92
Vietnam Seaproducts Joint Stock Corporation	4,152,000	12.78	3,114,000	12.78
Sao Phuong Nam Corporation	7,860,028	24.19	5,895,021	24.19
Other shareholders	12,370,823	38.07	9,278,225	38.06
Treasury shares	13,040	0.04	13,040	0.05
Total	32,495,397	100.00	24,374,916	100.00

(c) Movement of owners' capital

	Ordinary shares	
	Shares	VND
At 1 January 2016	24,374,916	243,749,160,000
At 31 December 2016	24,374,916	243,749,160,000
New shares issued (Note 24(*))	8,120,481	81,204,810,000
At 30 June 2017	32,495,397	324,953,970,000

Par value per share: VND10,000. Each ordinary share represents the voting right at the Shareholders' General Meeting of the Company. The shareholders receive dividends at any time the Company noticed. All the ordinary shares have the same priority with the remaining asset of the company.

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24 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2016	243,749,160,000	42,217,165,031	(284,019,059)	42,104,023,390	44,413,275,766	372,199,605,128
Net profit for the year	-	-	-	-	24,109,259,822	24,109,259,822
Profit appropriation to funds	-	-	-	772,138,495	(7,079,275,589)	(6,307,137,094)
Dividends declared	-	-	-	-	(36,542,814,000)	(36,542,814,000)
As at 30 June 2016	<u>243,749,160,000</u>	<u>42,217,165,031</u>	<u>(284,019,059)</u>	<u>42,876,161,885</u>	<u>24,900,445,999</u>	<u>353,458,913,856</u>
As at 1 January 2017	243,749,160,000	42,217,165,031	(284,019,059)	42,876,161,885	63,655,911,114	392,214,378,971
Capital increase during the period (*)	81,204,810,000	(41,933,145,972)	-	(39,271,664,028)	-	-
Net profit for the period	-	-	-	-	26,073,542,750	26,073,542,750
Profit appropriation to funds (*)	-	-	-	1,823,080,732	(15,823,299,107)	(14,000,218,375)
Dividends declared (*)	-	-	-	-	(29,234,251,200)	(29,234,251,200)
As at 30 June 2017	<u>324,953,970,000</u>	<u>284,019,059</u>	<u>(284,019,059)</u>	<u>5,427,578,589</u>	<u>44,671,903,557</u>	<u>375,053,452,146</u>

(*) The Shareholder's General Meeting Resolution No. 01/ĐHĐCĐ/NQ/17 dated 31 March 2017 of the Company approved:

- Issuance of shares to increase the owners' capital from the Share premium and Investment and development fund under execution rate 3:1. Accordingly, the number of new shares issued is 8,120,481 shares, amounting to VND81,204,810,000;
- Appropriation profit to Bonus and welfare fund and Investment and development fund and declaration of final dividends for 2016.

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25 DIVIDENDS

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Opening balance	579,550,900	588,835,126
Dividends payable during the period/year	29,234,251,200	56,032,314,800
<i>Final dividend for 2016: VND1,200 per share</i>	29,234,251,200	-
<i>First dividend for 2016: VND800 per share</i>	-	19,489,500,800
<i>Final dividend for 2015: VND1,500 per share</i>	-	36,542,814,000
Dividends paid in cash	(29,206,172,400)	(56,041,599,026)
	<u>607,629,700</u>	<u>579,550,900</u>

26 OFF BALANCE SHEET ITEMS

	As at	
	30.6.2017	31.12.2016
Bad debts written off (VND)	27,592,321,012	27,592,321,012
Foreign currencies		
United States Dollar (USD)	1,073.25	1,085.29
Great British Pound (GBP)	7.16	7.16
Australian Dollar (AUD)	0.67	0.67
Euro (EUR)	-	0.42
	<u></u>	<u></u>

27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	Six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Revenue		
Revenue from construction contracts	405,220,667,335	384,318,491,437
Revenue from sales of goods	2,234,651,781	-
Revenue from lease	-	1,575,000,000
	<u>407,455,319,116</u>	<u>385,893,491,437</u>
Deduction		
Sales allowance from construction contracts	(520,123,909)	(114,947,335)
	<u></u>	<u></u>
Net revenue		
Net revenue from construction contracts	404,700,543,426	384,203,544,102
Net revenue from sales of goods	2,234,651,781	-
Net revenue from lease	-	1,575,000,000
	<u>406,935,195,207</u>	<u>385,778,544,102</u>

28 COST OF GOODS SOLD AND SERVICES RENDERED

	Six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Cost of construction contracts	368,147,561,601	344,179,539,168
Cost of goods sold	2,234,651,781	-
Cost of lease	-	2,199,335,428
Reversal of provision for decline in value of inventories (Note 9)	(2,711,408)	(5,457,024)
Total	<u>370,379,501,974</u>	<u>346,373,417,572</u>

29 FINANCIAL INCOME

	Six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Interest income from deposits and loans	9,223,867,109	9,631,102,348
Dividends	8,232,840,000	5,013,602,000
Profit received from the subsidiary (Note 34(a)(iv))	2,864,660,683	1,158,765,943
Realised foreign exchange gains	45,517,716	81,054,157
Gain from disposal of trading securities	-	308,314,277
Net gain from foreign currency translation at period end	-	326,232,404
Others	4,426,078	-
Total	<u>20,371,311,586</u>	<u>16,519,071,129</u>

30 FINANCIAL EXPENSES

	Six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Interest expense	9,643,443,480	7,354,782,236
Realised foreign exchange losses	36,742,784	394,525,645
Loss on sale of trading securities	-	17,184,597
Reversal of provision for diminution in value of trading securities	-	(34,207,267)
Total	<u>9,680,186,264</u>	<u>7,732,285,211</u>

31 GENERAL AND ADMINISTRATION EXPENSES

	Six-month period ended	
	30.6.2017	30.6.2016
	VND	VND
Staff costs	11,120,561,670	10,852,384,635
Outside service expenses	6,813,179,568	5,823,901,686
Provision for doubtful debts	4,193,246,020	1,034,866,811
Depreciation and amortisation	724,023,456	841,961,337
Tools and equipment costs	295,047,401	422,606,609
Reversal of accrued staff costs	(4,818,058,569)	-
Others	720,158,425	879,781,825
Total	19,048,157,971	19,855,502,903

32 OTHER INCOME

	Six-month period ended	
	30.6.2017	30.6.2016
	VND	VND
Sub-granted fixed assets (Note 17)	1,347,614,089	-
Others	896,099,674	304,485,833
Total	2,243,713,763	304,485,833

33 BUSINESS INCOME TAX

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	Six-month period ended	
	30.6.2017	30.6.2016
	VND	VND
Net accounting profit before tax	29,810,545,368	28,470,289,830
Tax calculated at a rate of 20% (2016: 20%)	5,962,109,074	5,694,057,966
Effect of:		
Income not subject to tax	(2,489,022,957)	(1,234,473,589)
Expenses not deductible for tax purposes	231,477,264	189,496,350
Temporary differences	388,219,808	(548,639,245)
Adjustment for previous year	32,439,237	(20,914,780)
Business income tax – current (*)	4,125,222,426	4,079,526,702
Business income tax – deferred (Note 22)	(388,219,808)	281,503,306
Total	3,737,002,618	4,361,030,008

(*) The business income tax charge for the separate is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

34 RELATED PARTY DISCLOSURES

(a) Related party transactions

During the period, the following transactions were carried out with related parties:

Related party	Relationship	Nature of transaction	Six-month period ended	
			30.6.2017 VND	30.6.2016 VND
<i>ij) Revenue from sales of goods and rendering of services</i>				
Asia Refrigeration Industry Company Limited	Subsidiary	Sales of goods	1,414,772,000	-
Sao Phuong Nam Investment Corporation	Related party	Providing construction services	1,190,982,321	12,874,363,142
International Diplomat Corporation	Related party	Providing construction services	-	3,676,143,371
Total			<u>2,605,754,321</u>	<u>16,550,506,513</u>
<i>ii) Purchases of services</i>				
Sao Phuong Nam Corporation	Major shareholder	Office rental	<u>2,688,276,600</u>	<u>2,862,095,520</u>
<i>iii) Compensation of key management</i>				
Salaries and benefits of the Board of Directors			5,311,496,560	5,216,855,170
Allowance for the Boards of Management and Supervision			966,000,000	468,000,000
Total			<u>6,277,496,560</u>	<u>5,684,855,170</u>
<i>iv) Other transactions</i>				
Asia Refrigeration Industry Company Limited	Subsidiary	Profit received	2,864,660,683	1,158,765,943
		Interest income	745,335,824	-
		Other services	474,467,445	631,865,261
Total			<u>4,084,463,952</u>	<u>1,790,631,204</u>
Thua Thien Hue Construction Joint Stock Corporation	Associate	Dividend declared	<u>8,232,840,000</u>	<u>4,989,600,000</u>

34 RELATED PARTY DISCLOSURES (continued)

(b) Period/year end balances with related parties

Related party	Relationship	Nature of transaction	As at	
			30.6.2017 VND	31.12.2016 VND
i) Short-term trade accounts receivable (Note 5)				
Sao Phuong Nam Investment Corporation	Related party	Providing construction services	27,014,749,499	37,530,731,334
Asia Refrigeration Industry Company Limited	Subsidiary	Other services	4,532,897,825	2,787,515,462
International Diplomat Corporation	Related party	Providing construction services	476,665,213	949,674,264
Total			<u>32,024,312,537</u>	<u>41,267,921,060</u>
ii) Other short-term receivables (Note 7(a))				
Asia Refrigeration Industry Company Limited	Subsidiary	Profit distributed	2,864,660,683	-
		Capital contribution (Note 36)	9,584,188,754	-
Total			<u>12,448,849,437</u>	<u>-</u>
iii) Other long-term receivables (Note 7(b))				
Sao Phuong Nam Corporation	Major shareholder	Deposits	1,309,881,840	1,331,881,840
Asia Refrigeration Industry Company Limited	Subsidiary	Profit distributed	-	26,635,586,165
Total			<u>1,309,881,840</u>	<u>27,967,468,005</u>
iv) Short-term trade accounts payable (Note 13)				
Thua Thien Hue Construction Joint Stock Corporation	Associate	Purchase of construction services	2,319,202,000	2,319,202,000
Asia Refrigeration Industry Company Limited	Subsidiary	Purchase of goods	127,791,235	-
Total			<u>2,446,993,235</u>	<u>2,319,202,000</u>
v) Short-term advances from customers (Note 14)				
Sao Phuong Nam Investment Corporation	Related party	Providing construction services	143,500,000	157,500,000

35 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:

	As at	
	30.6.2017 VND	31.12.2016 VND
Within one year	2,760,638,800	4,122,505,600
Between one and five years	2,728,000,000	3,086,386,000
Over five years	15,879,233,333	16,570,705,556
Total minimum payments	<u>21,367,872,133</u>	<u>23,779,597,156</u>

36 OTHER INFORMATION

The Resolution No. 01B/NQ/HĐQT/2017 dated 5 April 2017 of the Board of Management of the Company approved the plan of increasing the owner's capital of Arico and converting it into Asia Refrigeration Industry Corporation. The owner's capital increases from VND70 billion to VND100 billion, in which VND4,415,811,246 from the Investment and development fund, VND16 billion from the contribution of Arico's employees and VND9,584,188,754 from the additional contribution of the Company. The capital contribution and the conversion are currently in progress.

The interim separate financial statements were approved by the Board of Directors on 21 August 2017.



Pham Thanh Binh
Preparer



Mai Thi Kim Dung
Chief Accountant



Le Tan Phuoc
General Director

