

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019**

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

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TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by the Board of Directors	2
Report on review of interim consolidated financial information	3
Interim consolidated balance sheet (Form B 01a – DN/HN)	5
Interim consolidated income statement (Form B 02a – DN/HN)	7
Interim consolidated cash flow statement (Form B 03a – DN/HN)	8
Notes to the interim consolidated financial statements (Form B 09a – DN/HN)	9

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 18 th amendment dated 15 May 2019.	
Board of Management	Mr. Le Tan Phuoc Mr. Nguyen Huu Thinh Mr. Ryota Fukuda Mr. Koji Sakate Mr. Nishi Masayuki Ms. Lee Men Leng Mr. Nguyen Thanh Son Mr. Yoshinobu Tamura Ms. Nguyen Diep Bich Huong	Chairman (appointed on 25.4.2019) Member (resigned on 25.4.2019) Member (appointed on 25.4.2019) Chairman (resigned on 25.4.2019) Member Member (appointed on 25.4.2019) Member (appointed on 25.4.2019) Member (appointed on 25.4.2019) Member (resigned on 24.4.2019) Member (resigned on 25.4.2019) Member (resigned on 24.4.2019)
Board of Supervision	Mr. Nguyen Chau Tran Ms. Duong Thi Kim Hoa Mr. Bui Van Quyet Mr. Lam Hoang Vu Nguyen Mr. Do Trong Hiep	Chief Supervisor (appointed on 25.4.2019) Member (appointed on 25.4.2019) Member (appointed on 25.4.2019) Chief Supervisor (resigned on 25.4.2019) Member (resigned on 25.4.2019) Member (resigned on 25.4.2019)
Board of Directors	Ms. Nguyen Thi Thanh Huong Mr. Le Tan Phuoc Mr. Nguyen Quoc Cuong Mr. Huynh Khoi Binh	General Director (appointed on 25.4.2019) General Director (resigned on 25.4.2019) Director of Searee Director of Arico
Legal representative	Ms. Nguyen Thi Thanh Huong Mr. Le Tan Phuoc	General Director (appointed on 25.4.2019) General Director (resigned on 25.4.2019)
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 CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of Seaprodex Refrigeration Industry Corporation ("the Company") is responsible for preparing the interim consolidated financial statements of the Company and its subsidiaries (together, "the Group") which give a true and fair view of the financial position of the Group as at 30 June 2019, and the results of its operations and its cash flows for the six-month period then ended. In preparing these 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 consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 Group and which enable interim consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the interim consolidated financial statements. The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying interim consolidated financial statements as set out on pages 5 to 41 which give a true and fair view of the financial position of the Group as at 30 June 2019, 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 consolidated financial statements.

On behalf of the Board of Directors



Nguyen Thi Thanh Huong
General Director

Ho Chi Minh City, SR Vietnam
14 August 2019



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

We have reviewed the accompanying interim consolidated financial statements of Seaprodex Refrigeration Industry Corporation ("the Company") and its subsidiaries (together, "the Group") which were prepared on 30 June 2019 and approved by the Board of Directors on 14 August 2019. The interim consolidated financial statements comprise the interim consolidated balance sheet as at 30 June 2019, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended, and explanatory notes to the interim consolidated financial statements including significant accounting policies, as set out on pages 5 to 41.

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 consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements and for such internal control which the Board of Directors determines is necessary to enable the preparation and fair presentation of interim consolidated 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 interim consolidated 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.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not presented fairly, in all material respects, the financial position of the Group as at 30 June 2019, its financial performance and 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 consolidated financial statements.

Other Matter

The report on review of interim consolidated financial information is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No:
0048-2018-006-1
Authorised signatory

Report reference number: HCM8577
Ho Chi Minh City, 14 August 2019

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01a – DN/HN

INTERIM CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2019 VND	31.12.2018 VND
100	CURRENT ASSETS		1,350,415,356,867	1,349,057,169,963
110	Cash and cash equivalents	3	41,088,766,135	54,943,544,508
111	Cash		28,000,154,167	25,763,081,494
112	Cash equivalents		13,088,611,968	29,180,463,014
120	Short-term investment		156,703,107,647	163,600,928,908
123	Investment held-to-maturity	4(a)	156,703,107,647	163,600,928,908
130	Short-term receivables		697,134,639,884	840,780,452,653
131	Short-term trade accounts receivable	5	633,040,488,514	819,754,089,339
132	Short-term prepayments to suppliers	6	62,693,062,644	24,507,191,632
136	Other short-term receivables	7(a)	34,892,269,472	27,219,128,301
137	Provision for short-term doubtful debts	8	(33,491,180,746)	(30,699,956,619)
140	Inventories	9	424,329,789,826	279,272,775,489
141	Inventories		428,380,915,164	283,325,535,945
149	Provision for decline in value of inventories		(4,051,125,338)	(4,052,760,456)
150	Other current assets		31,159,053,375	10,459,468,405
151	Short-term prepaid expenses	10(a)	11,445,988,374	3,263,721,135
152	Value Added Tax to be reclaimed		17,212,378,488	7,195,747,270
153	Other taxes receivables	15	2,500,686,513	-
200	LONG-TERM ASSETS		288,506,985,154	284,756,548,710
210	Long-term receivable		1,595,901,840	1,389,151,840
216	Other long-term receivables	7(b)	1,595,901,840	1,389,151,840
220	Fixed assets		100,207,190,153	104,741,906,093
221	Tangible fixed assets	11(a)	100,041,069,695	104,424,910,336
222	Historical cost		190,648,353,283	190,336,886,010
223	Accumulated depreciation		(90,607,283,588)	(85,911,975,674)
227	Intangible fixed assets	11(b)	166,120,458	316,995,757
228	Historical cost		2,264,776,660	2,264,776,660
229	Accumulated amortisation		(2,098,656,202)	(1,947,780,903)
240	Long-term asset in progress		11,336,071,721	7,769,207,504
242	Construction in progress	12	11,336,071,721	7,769,207,504
250	Long-term investments		133,818,940,369	130,425,411,105
252	Investments in associate	4(b)	125,722,940,369	124,229,411,105
253	Investments in other entities	4(c)	8,096,000,000	6,196,000,000
260	Other long-term assets		41,548,881,071	40,430,872,168
261	Long-term prepaid expenses	10(b)	36,305,762,698	34,069,570,720
262	Deferred income tax assets	22	5,243,118,373	6,361,301,448
	TOTAL ASSETS		1,638,922,342,021	1,633,813,718,673

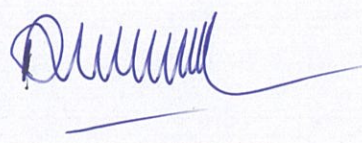
The notes on pages 9 to 41 are an integral part of these interim consolidated financial statements.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01a – DN/HN

INTERIM CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at	
			30.6.2019 VND	31.12.2018 VND
300	LIABILITIES		1,167,153,113,341	1,127,146,182,666
310	Short-term liabilities		1,151,742,274,919	1,110,719,373,696
311	Short-term trade accounts payable	13	222,799,492,286	250,980,097,410
312	Short-term advances from customers	14	221,810,832,193	69,585,032,103
313	Tax and other payables to the State Budget	15	4,785,026,094	21,233,686,977
314	Payable to employees		20,822,688,360	38,688,605,496
315	Short-term accrued expenses	16	68,512,945,970	129,723,927,060
319	Other short-term payables	17	13,246,437,509	22,088,890,382
320	Short-term borrowings	18(a)	585,325,008,455	562,803,172,229
321	Provision for short-term liabilities	19	1,316,792,758	1,502,465,068
322	Bonus and welfare fund	20	13,123,051,294	14,113,496,971
330	Long-term liabilities		15,410,838,422	16,426,808,970
337	Other long-term payables		1,449,992,300	1,000,000,000
338	Long-term borrowings	18(b)	10,213,779,372	11,539,674,720
342	Provision for long-term liabilities	21	3,747,066,750	3,887,134,250
400	OWNERS' EQUITY		471,769,228,680	506,667,536,007
410	Capital and reserves		471,769,228,680	506,667,536,007
411	Capital and reserves	23, 24	324,953,970,000	324,953,970,000
411a	- Ordinary shares with voting rights		324,953,970,000	324,953,970,000
412	Share premium	24	284,019,059	284,019,059
414	Owners' other capital	24	4,415,811,246	4,415,811,246
415	Treasury shares	24	(29,238,407,099)	(29,238,407,099)
418	Investment and development fund	24	5,427,578,589	5,427,578,589
421	Undistributed earnings	24	130,751,884,873	171,961,989,599
421a	- Undistributed post-tax profits of previous years		109,465,409,756	89,860,736,787
421b	- Post-tax profits of current period/year		21,286,475,117	82,101,252,812
429	Non-controlling interests	25	35,174,372,012	28,862,574,613
440	TOTAL RESOURCES		1,638,922,342,021	1,633,813,718,673


Ly Quoc Tuan
Preparer


Vuong Tran Quoc Thanh
Chief Accountant


Nguyen Thi Thanh Huong
General Director
14 August 2019




The notes on pages 9 to 41 are an integral part of these interim consolidated financial statements.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 02a – DN/HN

INTERIM CONSOLIDATED INCOME STATEMENT

Code	Note	Six-month period ended 30 June	
		2019 VND	2018 VND
01	Revenue from sales of goods and rendering of services	541,545,208,768	743,838,082,175
10	Net revenue from sales of goods and rendering of services	541,545,208,768	743,838,082,175
11	Cost of goods sold and services rendered	(486,086,067,516)	(697,065,277,693)
20	Gross profit	55,459,141,252	46,772,804,482
21	Financial income	6,404,793,857	12,532,995,422
22	Financial expenses	(17,951,287,536)	(19,389,124,186)
23	- Including: Interest expense	(17,771,079,961)	(17,267,533,829)
24	Profit sharing from investment in associate	9,726,369,264	9,908,357,976
25	Selling expenses	(388,206,526)	(372,118,419)
26	General and administration expenses	(26,778,865,406)	(25,417,250,817)
30	Net operating profit	26,471,944,905	24,035,664,458
31	Other income	901,828,904	73,140,517
32	Other expenses	(1,762,277)	(21,576,469)
40	Net other income	900,066,627	51,564,048
50	Net accounting profit before tax	27,372,011,532	24,087,228,506
51	Business income tax - current	(3,906,439,249)	(3,673,226,542)
52	Business income tax - deferred	(1,118,183,075)	806,773,011
60	Net profit after tax	22,347,389,208	21,220,774,975
61	Attributable to Owners of the parent company	21,286,475,117	20,924,279,440
62	Non-controlling interests	1,060,914,091	296,495,535
70	Basic earnings per share	693	665
71	Diluted earnings per share	693	665


Ly Quoc Tuan
Preparer


Vuong Tran Quoc Thanh
Chief Accountant


Nguyen Thi Thanh Huong
General Director
14 August 2019

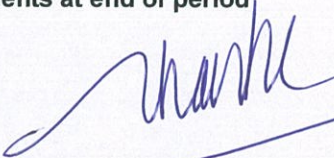


The notes on pages 9 to 41 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Six-month period ended 30 June	
		2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		27,372,011,532	24,087,228,506
		Net accounting profit before tax	
		Adjustments for:	
02		4,846,183,213	4,524,780,208
		Depreciation and amortisation	
03		2,463,849,199	(1,250,558,073)
		Provisions/(reversal of provisions)	
04		4,357,319	26,580,288
		Unrealised foreign exchange losses	
05		(16,081,539,667)	(21,970,364,219)
		Profits from investing activities	
06		17,771,079,961	17,267,533,829
		Interest expense	
08		36,375,941,557	22,685,200,539
		Operating profit before changes in working capital	
09		140,994,665,943	184,391,799,937
		Decrease in receivables	
10		(145,055,379,219)	(96,534,208,401)
		Increase in inventories	
11		30,671,745,237	(57,817,840,901)
		Decrease/(increase) in payables	
12		(10,418,459,217)	(3,569,124,153)
		Increase in prepaid expenses	
14		(18,445,812,686)	(16,845,678,104)
		Interest paid	
15	15	(13,831,742,436)	(6,773,465,053)
		Business income tax paid	
17	20	(17,574,043,712)	(6,430,433,985)
		Other payments on operating activities	
20		2,716,915,467	19,106,249,879
		Net cash inflows from operating activities	
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(25,503,833,398)	(8,559,148,008)
		Purchases of fixed assets	
23		(35,965,000,000)	(147,099,491,108)
		Term deposits at banks	
24		42,909,419,257	101,000,000,000
		Collection of term deposits at banks	
25		(1,900,000,000)	-
		Investments in other entities	
26		11,800,000,000	-
		Proceeds from divestment in other entities	
27		11,546,870,379	23,752,660,080
		Dividends and interest received	
30		2,887,456,238	(30,905,979,036)
		Net cash inflows/(outflows) from investing activities	
CASH FLOWS FROM FINANCING ACTIVITIES			
31		6,850,000,000	108,200,000
		Proceeds from reissue of treasury shares and capital contribution	
32		(450,400,000)	(21,673,572,533)
		Payments for share repurchases	
33	18	796,267,843,647	850,661,191,343
		Proceeds from borrowings	
34	18	(775,071,902,769)	(759,121,626,299)
		Repayments of borrowings	
36	26	(47,053,196,500)	(25,470,904,647)
		Dividends paid	
40		(19,457,655,622)	44,503,287,864
		Net cash (outflows)/inflows from financing activities	
50		(13,853,283,917)	32,703,558,707
		Net increase/(decrease) in cash and cash equivalents	
60	3	54,943,544,508	140,300,413,484
		Cash and cash equivalents at beginning of period	
61		(1,494,456)	(1,431,360)
		Effect of foreign exchange differences	
70	3	41,088,766,135	173,002,540,831
		Cash and cash equivalents at end of period	


 Ly Quoc Tuan
 Preparer


 Vuong Tran Quoc Thanh
 Chief Accountant


 Nguyen Thi Thanh Huong
 General Director
 14 August 2019



The notes on pages 9 to 41 are an integral part of these interim consolidated financial statements.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019****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, as amended.

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, exterior 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 Company had one branch, which is Danang Refrigeration Electrical Engineering – Seaprodex Refrigeration Industry Corporation (“the Branch”). The Branch is incorporated under the Law on Enterprise of Vietnam pursuant to the Branch registration certificate No. 0301825452-001 dated 17 January 2000 initially issued by the DPI of Da Nang City as amended. The Branch’s registered office is located at Street 10, Hoa Khanh Industry zone, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City, Vietnam.

1 GENERAL INFORMATION (continued)

As at 30 June 2019, the Company had two direct subsidiaries, Asia Refrigeration Industry Joint Stock Company (“Arico”) and Searee Refrigeration Electrical Engineering Corporation (“Searee”), one indirect subsidiary, Greenpan Joint Stock Company (“Greenpan”):

- (i) Arico is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4104002210 dated 22 October 2007 initially issued by the DPI of Ho Chi Minh City and the ERCJSC No. 0305429178 dated 2 August 2017. Arico’s registered office is located at Lot No. 25-27, Trung Tam Street, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam. As at 30 June 2019 and as at 31 December 2018, the Company had 84% ownership and voting rights in Arico.

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) Searee is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to ERCJSC No. 0401917298 dated 8 August 2018 which were issued by the DPI of Da Nang City. Searee’s registered office is located at Street 10, Hoa Khanh Industry Zone, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City, Vietnam. As at 30 June 2019 and as at 31 December 2018, the Company had 65% ownership and voting rights in Searee.

The registered activities of Searee 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 refrigeration thermal mechanical systems and equipment, automatic and controlled equipment, lift and rolling leader; to construct industrial and civil projects and interior, exterior decoration.

- (iii) Greenpan is a joint stock company incorporated pursuant to the ERCJSC No. 0314809049 dated 28 December 2017 initially issued by the DPI of Ho Chi Minh City, as amended. Greenpan’s registered office is located at Lot No. 25-27, Trung Tam Street, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam. As at 30 June 2019 and as at 31 December 2018, the Company had 30% ownership and 81% voting rights in Greenpan.

The registered activity of Greenpan is producing unburnt light materials: PIR fireproof panels (polyisocyanurate).

and an associate, Thua Thien Hue Construction Joint Stock Corporation as presented in Note 4.

The normal business cycle of the Company and its subsidiaries (together, “the Group”) is 12 months.

As at 30 June 2019, the Group had 824 employees (as at 31 December 2018: 825 employees).

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

The interim consolidated 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 consolidated financial statements. The interim consolidated financial statements have been prepared under the historical cost convention.

The accompanying interim consolidated 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.

The consolidated interim financial statements in Vietnamese language are the official statutory financial statements of the Company. The consolidated interim financial statements in English language have been translated from the Vietnamese language consolidated interim financial statements.

2.2 Fiscal year

The Group's fiscal year is from 1 January to 31 December.

The interim consolidated financial statements have been prepared for the period from 1 January 2019 to 30 June 2019.

2.3 Currency

The interim consolidated 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 consolidated income statement.

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

2.4 Basis of consolidation**(a) Subsidiaries**

Subsidiaries are the entities over which the Group 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 Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. It is de-consolidated from the date that control ceases.

Inter-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Basis of consolidation (continued)****(a) Subsidiaries (continued)****Non-controlling transactions and interests**

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

(b) Associate

Associate is the entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting and is initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associate post-acquisition profits or losses is recognised in the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains or losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 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.

2.6 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 consolidated balance sheet date. Bad debts are written off after full provisioning of 100% and approval by the Board of Management.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 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 manufacturing overheads directly attributable to 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 Group, 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 consolidated income statement.

2.8 Investments**(a) Investments held-to-maturity**

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

Investments held-to-maturity include bank 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.

(b) Investments in equity of other entities

Investments in equity of other entities are investments in equity instruments of other entity 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 investments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 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:

Plant, buildings and structures	5 - 35 years
Machinery and equipment	5 - 20 years
Motor vehicles	6 - 10 years
Office equipment	3 - 8 years
Computer software	3 - 13 years
Others	2 - 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 consolidated 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 Group'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.

2.10 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 consolidated income statement on a straight-line basis over the term of the lease.

2.11 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the consolidated 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)**2.12 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 consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

2.13 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 consolidated income statement when incurred.

2.14 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.

2.15 Provisions

Provisions are recognised when: the Group 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.

2.16 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group 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 Group 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 Group.

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 consolidated 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)

2.17 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 Group's results after business income tax and appropriation of profit at the reporting date.

2.18 Appropriation of net profit

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

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

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

(a) Development and investment fund

This fund is set aside for use in the Group'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 consolidated balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Revenue recognition****(a) Sales of goods**

Revenue from sale of goods is recognised in the consolidated 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.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(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. Claimable receivable and other receivable are included in revenue to the extent that they have been agreed with customers, verified by the customers.

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 share of profits

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

2.20 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 period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Sales deduction (continued)

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

2.21 Cost of goods sold and services rendered

Cost of goods sold and services rendered are cost of finished goods, merchandises, materials sold and services provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

2.22 Cost of construction contracts

Cost of construction contracts is recognised based on amount of work completed of construction projects 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 Divisional Directors 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.

2.23 Financial expenses

Finance expenses are expenses incurred in the period for financial activities including interest expenses and losses from foreign exchange differences.

2.24 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include expenses of administrative staffs, depreciation of fixed assets used for administration, provision for doubtful debts and outside services expenses.

2.25 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 or recoverable 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Current and deferred income tax (continued)

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 consolidated 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 consolidated 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.

2.26 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 Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including the Board of Directors of the Group 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 Group considers the substance of the relationship not merely the legal form.

2.27 Use of estimates

The preparation of the interim consolidated financial statements in conformity with Vietnamese Accounting Standards requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of interim consolidated financial statements and the amounts of revenues and expenses during the period. Although these estimates are based on the Board of Directors' best knowledge of current events and actions, actual results may differ from those estimates.

2.28 Segment reporting

A segment is a component which can be separated by the Group engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments.

3 CASH AND CASH EQUIVALENTS

	As at	
	30.6.2019 VND	31.12.2018 VND
Cash on hand	794,570,547	610,823,314
Cash at bank	27,205,583,620	25,152,258,180
Cash equivalents (*)	13,088,611,968	29,180,463,014
Total	41,088,766,135	54,943,544,508

(*) Cash equivalents include bank term deposits with the original maturity of three month or less.

4 INVESTMENTS**(a) Investment held-to-maturity**

	As at 30.6.2019		As at 31.12.2018	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Bank deposits with original maturities of more than 3 months and less than 12 months	156,703,107,647	156,703,107,647	163,600,928,908	163,600,928,908

(b) Investment in associate

	As at 30.6.2019		As at 31.12.2018	
	Cost VND	% of ownership	Cost VND	% of ownership
Thua Thien Hue Construction Joint Stock Corporation ("HCC")	125,722,940,369	36	124,229,411,105	36

Movements in investment in associate are presented as follows:

	Six-month period ended 30.6.2019 VND	Year ended 31.12.2018 VND
Beginning of period/year	124,229,411,105	110,407,278,024
Share of profit of associate	9,726,369,264	22,054,973,081
Dividend distributed	(8,232,840,000)	(8,232,840,000)
End of period/year	125,722,940,369	124,229,411,105

4 INVESTMENTS (continued)**(b) Investment in associate (continued)**

HCC is a joint stock company incorporated pursuant to the ERCJSC No. 3300101156 issued by the DPI of Thua Thien Hue Province on 5 January 2011, as amended. 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.

(c) Investments in other entities

	As at 30.6.2019		As at 31.12.2018	
	Cost VND	% of ownership	Cost VND	% of ownership
International Investment and Water Technology Joint Stock Company ("Inwatek") (*)	6,196,000,000	6.88	6,196,000,000	6.88
Formtek Engineering Joint Stock Company ("Formtek") (**)	1,900,000,000	19.00	-	-
	<u>8,096,000,000</u>		<u>6,196,000,000</u>	

(*) 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, as amended. Inwatek's registered office is located at Waseco Building office, Block B, 10 Pho Quang Street, Ward 2, Tan Binh District, 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.

(**) Formtek is a joint stock company incorporated pursuant to the BRC No. 0314622964 issued by the DPI of Ho Chi Minh City on 13 September 2017. Formtek's registered office is located at Waseco Building office, Block B, 10 Pho Quang Street, Ward 2, Tan Binh District, Ho Chi Minh City, Vietnam.

The principal activities of Formtek are production of metal utensils, civil equipment, installation of water supply and drainage systems and other specialized construction.

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

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	As at	
	30.6.2019 VND	31.12.2018 VND
Third parties	633,040,488,514	819,754,089,339
<i>Descon Industry Construction Corporation</i>	76,105,550,707	64,028,358,835
<i>Others</i>	556,934,937,807	755,725,730,504
Total	633,040,488,514	819,754,089,339

As at 30 June 2019 and 31 December 2018, the past due balances of short-term trade accounts receivable were presented in Note 8.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	As at	
	30.6.2019 VND	31.12.2018 VND
Third parties	61,033,062,644	24,507,191,632
<i>Bim Kien Giang Co., Ltd.</i>	9,595,600,000	-
<i>Tecnip Srl</i>	8,046,823,300	-
<i>Bach Dang Hotel Complex Trading - Service Joint Stock Company</i>	6,979,612,471	-
<i>Others</i>	36,411,026,873	24,507,191,632
Related parties (Note 36(b)(iv))	1,660,000,000	-
Total	62,693,062,644	24,507,191,632

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HH

7 OTHER RECEIVABLES

(a) Other short-term receivables

	As at	
	30.6.2019 VND	31.12.2018 VND
Advances to employees	10,126,600,621	6,727,552,771
Interest income receivable from banks	9,112,374,904	6,207,112,876
Other receivables from employees	7,351,263,810	6,221,346,670
Receivable from the State for borrowing interest incentive	3,305,923,448	2,652,119,542
Deposits	2,219,416,380	905,457,403
Receivables from construction teams	1,156,091,084	2,803,291,656
Others	1,620,599,225	1,702,247,383
Total	<u>34,892,269,472</u>	<u>27,219,128,301</u>

(b) Other long-term receivables

	As at	
	30.6.2019 VND	31.12.2018 VND
Deposits to third parties	<u>1,595,901,840</u>	<u>1,389,151,840</u>

As at 30 June 2019 and 31 December 2018, there was no balance of other receivables that was past due or not past due but doubtful.

8 PROVISION FOR SHORT-TERM DOUBTFUL DEBTS

	As at 30.6.2019		As at 31.12.2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Receivables that are past due	<u>37,416,908,476</u>	<u>33,491,180,746</u>	<u>37,410,023,852</u>	<u>30,699,956,619</u>

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

	Six-month period ended 30.6.2019 VND	Year ended 31.12.2018 VND
Beginning of period/year	30,699,956,619	24,193,367,602
Increase	2,791,224,127	6,506,589,017
End of period/year	<u>33,491,180,746</u>	<u>30,699,956,619</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HN

9 INVENTORIES

	As at 30.6.2019		As at 31.12.2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Work in progress	356.207.920.892	(2,427,693,665)	202,144,053,644	(2,427,693,665)
Raw materials	61,591,578,496	(1,516,543,421)	42,119,064,257	(1,518,178,539)
Goods in transit	8,809,770,858	-	37,336,713,277	-
Finished goods	1,771,644,918	(106,888,252)	1,725,704,767	(106,888,252)
Total	<u>428.380.915.164</u>	<u>(4,051,125,338)</u>	<u>283,325,535,945</u>	<u>(4,052,760,456)</u>

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

	Six-month period ended 30.6.2019 VND	Year ended 31.12.2018 VND
Beginning of period/year	4,052,760,456	4,388,964,932
Increase (Note 30)	(1,635,118)	(336,204,476)
End of period/year	<u>4,051,125,338</u>	<u>4,052,760,456</u>

10 PREPAID EXPENSES

(a) Short-term

	As at	
	30.6.2019 VND	31.12.2018 VND
Tools and supplies	49,611,371	281,106,881
Others	11,396,377,003	2,982,614,254
Total	<u>11,445,988,374</u>	<u>3,263,721,135</u>

(b) Long-term

	As at	
	30.6.2019 VND	31.12.2018 VND
Land rental	29,985,064,954	30,466,108,779
Tools and supplies	2,518,006,165	1,976,170,942
Others	3,802,691,579	1,627,290,999
Total	<u>36,305,762,698</u>	<u>34,069,570,720</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HN

11	FIXED ASSETS	Plant, 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 2018	73,454,122,916	96,916,638,506	13,336,909,963	4,590,090,766	2,039,123,859	190,336,886,010
	Purchases	-	196,440,000	-	115,027,273	-	311,467,273
	As at 30 June 2018	73,454,122,916	97,113,078,506	13,336,909,963	4,705,118,039	2,039,123,859	190,648,353,283
	Accumulated depreciation						
	As at 1 January 2018	31,679,101,995	37,653,108,825	11,037,661,023	3,740,332,753	1,801,771,078	85,911,975,674
	Charge for the period	1,111,356,030	3,005,504,028	362,687,512	104,179,790	111,580,554	4,695,307,914
	As at 30 June 2018	32,790,458,025	40,658,612,853	11,400,348,535	3,844,512,543	1,913,351,632	90,607,283,588
	Net book value						
	As at 1 January 2018	41,775,020,921	59,263,529,681	2,299,248,940	849,758,013	237,352,781	104,424,910,336
	As at 30 June 2018	40,663,664,891	56,454,465,653	1,936,561,428	860,605,496	125,772,227	100,041,069,695

Historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2019 was VND19,545,359,888 (as at 31 December 2018: VND18,468,019,888).

As at 30 June 2019, tangible fixed assets with a carrying value of VND22,415,804,049 (as at 31 December 2018: VND23,287,429,617) were pledged with banks as mortgaged assets for long-term borrowings granted to the Group (Note 18(b)).

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HH

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

Computer software
VND

Historical cost

As at 1 January 2019 and 30 June 2019

2,264,776,660

Accumulated amortisation

As at 1 January 2019

1,947,780,903

Charge for the period

150,875,299

As at 30 June 2019

2,098,656,202

Net book value

As at 1 January 2019

316,995,757

As at 30 June 2019

166,120,458

Historical cost of fully amortised intangible fixed assets but still in use as at 30 June 2019 was VND1,422,266,260 (as at 31 December 2018: VND609,009,000).

12 CONSTRUCTION IN PROGRESS

As at

	30.6.2019 VND	31.12.2018 VND
Factory construction at Greenpan	7,366,002,761	3,889,270,988
ERP system	2,684,796,238	2,674,876,462
Machinery upgrading	1,041,606,619	1,013,929,351
Purchases	180,666,103	128,130,703
Others	63,000,000	63,000,000
Total	11,336,071,721	7,769,207,504

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

	Six-month period ended 30.6.2019 VND	Year ended 31.12.2018 VND
Beginning of period/year	7,769,207,504	8,982,272,058
Purchases	3,566,864,217	8,383,155,101
Transfers from tangible fixed assets for upgrade purpose (Note 11(a))	-	(9,596,219,655)
End of period/year	11,336,071,721	7,769,207,504

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	As at	
	30.6.2019 VND	31.12.2018 VND
Third parties	222,799,492,286	250,980,097,410
<i>Daifuku (Thailand) Limited</i>	18,386,079,976	40,169,574,086
<i>Others</i>	204,413,412,310	210,810,523,324
Total	<u>222,799,492,286</u>	<u>250,980,097,410</u>

As at 30 June 2019 and 31 December 2018, there was no balance of short-term trade payables which was past due.

14 SHORT-TERM ADVANCES FROM CUSTOMERS

	As at	
	30.6.2019 VND	31.12.2018 VND
Third parties	221,810,832,193	69,585,032,103
<i>Vietnam Dairy Products Joint Stock Company</i>	77,752,559,302	10,890,527,496
<i>Kien A Corporation</i>	22,372,000,000	-
<i>Saigon Binh Chau Travel Joint Stock Company</i>	21,342,013,521	-
<i>Others</i>	100,344,259,370	58,694,504,607
Total	<u>221,810,832,193</u>	<u>69,585,032,103</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HN

15 TAX AND OTHER RECEIVABLE FROM/PAYABLES TO THE STATE BUDGET

Movements in tax and other receivable from/payables to the State Budget during the period are as follows:

	As at 1.1.2019		Payable during the period VND	Payment during the period VND	As at 30.6.2019	
	Receivable VND	Payables VND			Receivable VND	Payables VND
Business income tax (*)	-	12,274,291,343	3,906,439,249	(13,831,742,436)	521,722,692	2,870,710,848
VAT on domestic sales	-	8,216,397,129	6,276,467,093	(13,292,427,766)	-	1,200,436,456
VAT on importation (*)	-	-	10,906,991,508	(11,086,897,309)	179,905,801	-
Personal income tax	-	732,287,179	10,627,455,732	(10,646,206,053)	-	713,536,858
Import tax (*)	-	-	2,156,969,334	(3,940,885,226)	1,784,257,824	341,932
Foreign contractor tax	-	-	820,972,700	(820,972,700)	-	-
Excise tax (*)	-	-	64,274,260	(79,074,456)	14,800,196	-
Business license tax	-	-	13,000,000	(13,000,000)	-	-
Other tax	-	10,711,326	-	(10,711,326)	-	-
Total	-	21,233,686,977	34,772,569,876	(53,721,917,272)	2,500,686,513	4,785,026,094

(*) Tax receivable represents the over-paid tax at the Company.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HH

16 SHORT-TERM ACCRUED EXPENSES

	As at	
	30.6.2019 VND	31.12.2018 VND
Accrued project costs	66,407,683,006	127,543,492,707
Interest expense	776,489,994	797,418,813
Others	1,328,772,970	1,383,015,540
Total	<u>68,512,945,970</u>	<u>129,723,927,060</u>

17 OTHER SHORT-TERM PAYABLES

	As at	
	30.6.2019 VND	31.12.2018 VND
Payables to construction teams	7,444,551,699	11,048,346,991
Social, health and unemployment insurance and trade union fees	3,073,505,153	2,039,868,157
Other payables to employees	702,456,006	1,511,211,502
Dividends payable (Note 26)	587,898,800	579,396,800
Others	1,438,025,851	6,910,066,932
Total	<u>13,246,437,509</u>	<u>22,088,890,382</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HN

18 BORROWINGS

	As at 1.1.2019 VND	Increase VND	Decrease VND	Current portion of long-term borrowings VND	As at 30.6.2019 VND
Short-term bank loans	562,803,172,229	794,296,689,075	775,071,902,769	3,297,049,920	585,325,008,455
Long-term bank loan	11,539,674,720	1,971,154,572	-	3,297,049,920	10,213,779,372

Details of borrowings are as follows:

(a) Short-term borrowings (*)

	30.6.2019 VND	31.12.2018 VND
Vietnam Joint Stock Commercial Bank for Industry and Trade	312,440,304,135	302,036,829,491
Joint Stock Commercial Bank for Foreign Trade of Vietnam	256,153,515,574	197,998,946,644
Standard Chartered Bank (Vietnam) Limited	16,731,188,746	29,856,255,129
HSBC Bank (Vietnam) Limited	-	29,535,061,984
Vietnam Maritime Commercial Joint Stock Bank	-	3,376,078,981
Total	585,325,008,455	562,803,172,229

(b) Long-term borrowing (**)

Joint Stock Commercial Bank for Foreign Trade of Vietnam	10,213,779,372	11,539,674,720
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(*) These loans are unsecured and bear the floating interest rates in accordance with each draw-down. The purpose of these loans is to support the working capital of the Group.

(**) This loan has the term of 60 months and is secured by the assets forming from the loan. The loan bears the incentive interest rate in accordance with the investment stimulus program under the Decision No. 5592/QĐ-UBND dated 25 October 2016 and Decision No. 5940/QĐ-UBND dated 25 December 2018 of the People's Committee of Ho Chi Minh City. The purpose of this loan is for investment in machinery upgrading and production technology transformation in Arico and investment in the factory producing non-baked light materials of Greenpan.

19 PROVISION FOR SHORT-TERM LIABILITIES

	Six-month period ended 30.6.2019 VND	Year ended 31.12.2018 VND
Beginning of period/year	1,502,465,068	3,483,377,861
Provision	726,487,414	1,653,114,657
Utilisation and reversal	(912,159,724)	(3,634,027,450)
End of period/year	<u>1,316,792,758</u>	<u>1,502,465,068</u>

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 30.6.2019 VND	Year ended 31.12.2018 VND
Beginning of period/year	14,113,496,971	5,116,157,948
Increase during the period/year (Note 24 and Note 25)	16,583,598,035	15,491,328,564
Utilisation during the period/year	(17,574,043,712)	(6,493,989,541)
End of period/year	<u>13,123,051,294</u>	<u>14,113,496,971</u>

21 PROVISION FOR LONG-TERM LIABILITIES

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

22 DEFERRED INCOME TAX ASSETS

	As at	
	30.6.2019 VND	31.12.2018 VND
Deferred tax assets to be recovered after more than 12 months	4,922,700,631	5,068,466,106
Deferred tax assets to be recovered within 12 months	320,417,742	1,292,835,342
Total	<u>5,243,118,373</u>	<u>6,361,301,448</u>

Movements in the deferred income tax assets are as follows:

	Six-month period ended 30.6.2019 VND	Year ended 31.12.2018 VND
Beginning of period/year	6,361,301,448	3,135,924,767
Income statement credit (Note 35)	(1,118,183,075)	3,225,376,681
End of period/year	<u>5,243,118,373</u>	<u>6,361,301,448</u>

Deferred income tax assets mainly arise from deductible temporary differences in relation to accrued expenses and provisions.

Tax rate used for determining deferred tax assets in period and year 2018 of the Company is 20%, Arico is 7.5%.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HN

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

	As at	
	30.6.2019	31.12.2018
Number of shares registered	32,495,397	32,495,397
Number of shares issued	32,495,397	32,495,397
Number of shares repurchased	(1,780,000)	(1,780,000)
Number of existing shares in circulation	30,715,397	30,715,397

(b) Details of owners' shareholding

	As at 30.6.2019		As at 31.12.2018	
	Ordinary shares	%	Ordinary shares	%
Taisei Oncho Co., Ltd	8,099,506	24.93	8,099,506	24.93
Sanyo Engineering & Construction Vietnam Co., Ltd.	6,500,000	20.00	-	-
Vietnam Seaproducts Joint Stock Corporation	4,152,000	12.78	4,152,000	12.78
Mr. Nguyen Thanh Son	1,336,300	4.11	7,836,300	24.12
Other shareholders	10,627,591	32.70	10,627,591	32.69
Treasury shares	1,780,000	5.48	1,780,000	5.48
Total	32,495,397	100,00	32,495,397	100.00

(c) Movement of owners' capital

	Ordinary shares	
	Shares	VND
As at 1 January 2018	32,495,397	324,953,970,000
As at 31 December 2018	32,495,397	324,953,970,000
As at 30 June 2019	32,495,397	324,953,970,000

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

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HN

24 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Share premium VND	Owners' others capital VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2018	324,953,970,000	-	284,019,059	4,415,811,246	(284,019,059)	5,427,578,589	130,438,270,951	465,235,630,786
Net profit for the period	-	-	-	-	-	-	20,924,279,440	20,924,279,440
Appropriation to bonus and welfare fund (*)	-	-	-	-	-	-	(15,491,328,564)	(15,491,328,564)
Dividends declared (*) (Note 26)	-	-	-	-	-	-	(25,086,205,600)	(25,086,205,600)
Shares repurchased	-	-	-	-	(21,510,348,533)	-	-	(21,510,348,533)
As at 30 June 2018	324,953,970,000	-	284,019,059	4,415,811,246	(21,794,367,592)	5,427,578,589	110,785,016,227	424,072,027,529
As at 1 January 2019	324,953,970,000	-	284,019,059	4,415,811,246	(29,238,407,099)	5,427,578,589	171,961,989,599	477,804,961,394
Net profit for the period	-	-	-	-	-	-	21,286,475,117	21,286,475,117
Appropriation to bonus and welfare fund (*)	-	-	-	-	-	-	(16,423,484,343)	(16,423,484,343)
Dividends declared (*) (Note 26)	-	-	-	-	-	-	(46,073,095,500)	(46,073,095,500)
As at 30 June 2019	324,953,970,000	-	284,019,059	4,415,811,246	(29,238,407,099)	5,427,578,589	130,751,884,873	436,594,856,668

(*) The Shareholder's General Meeting Resolution No. 01/ĐHĐCĐ/NQ/19 dated 25 April 2019 of the Company and Shareholder's General Meeting Resolution No. 01/ĐHĐCĐ/NQ/19 dated 25 June 2019 of Arico approved the appropriation of profit to Bonus and welfare fund and the final 2018 dividends declared.

25 NON-CONTROLLING INTERESTS

Details of non-controlling interests are as follows:

	As at	
	30.6.2019 VND	31.12.2018 VND
Owners' capital	35,490,000,000	28,640,000,000
Undistributed post-tax profit	1,631,472,012	1,719,274,613
Treasury shares	(1,947,100,000)	(1,496,700,000)
	<u>35,174,372,012</u>	<u>28,862,574,613</u>

Movements in non-controlling interests during the period/year are as follows:

	Six-month period ended 30.6.2019 VND	Year ended 31.12.2018 VND
	Beginning of year	28,862,574,613
Capital increase during the year	6,850,000,000	12,640,000,000
Net profit attributable to non-controlling interests during the year	1,060,914,091	1,377,383,040
Appropriation to bonus and welfare fund	(160,113,692)	-
Repurchase of shares	(450,400,000)	(1,604,900,000)
Dividend declared	(988,603,000)	-
Reissuance of treasury shares	-	108,200,000
End of period/year	<u>35,174,372,012</u>	<u>28,862,574,613</u>

26 DIVIDENDS

	Six-month period ended 30.6.2019 VND	Year ended 31.12.2018 VND
	Beginning of period/year	579,396,800
Dividends payable during the year (Note 24)	46,073,095,500	25,086,205,600
<i>First dividend for year 2018: VND700 per share</i>	21,500,777,900	-
<i>Final dividend for year 2018: VND800 per share</i>	24,572,317,600	-
<i>Final dividend for year 2017: VND800 per share</i>	-	25,086,205,600
Dividends paid in cash	(46,064,593,500)	(25,470,904,647)
End of period/year (Note 17)	<u>587,898,800</u>	<u>579,396,800</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HN

27 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares repurchased by the Company and held as treasury shares:

	Six-month period ended 30 June	
	2019	2018
Net profit attributable to shareholders (VND)	21,286,475,117	20,924,279,440
Weighted average number of ordinary shares in issue (shares)	30,715,397	31,463,071
Basic earnings per share (VND)	<u>693</u>	<u>665</u>

(b) Diluted earnings per share

The Company had no potential ordinary shares which can dilute earnings per share.

28 OFF BALANCE SHEET ITEMS

	As at	
	30.6.2019	31.12.2018
Bad debts written off (VND)	27,592,321,012	27,592,321,012
Foreign currencies		
United States Dollar (USD)	6,373.90	1,881.03
Euro (EUR)	541.56	628.79
Great British Pound (GBP)	7.16	7.16
Australia Dollar (AUD)	0.67	0.67

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HN

29 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	<u>Six-month period ended 30 June</u>	
	2019 VND	2018 VND
Revenue from construction contracts	527,626,567,843	725,722,016,209
Revenue from sales of goods	12,774,402,155	17,253,422,304
Revenue from leasing activity	1,144,238,771	862,643,662
Total	<u>541,545,208,768</u>	<u>743,838,082,175</u>

30 COST OF GOODS SOLD AND SERVICES RENDERED

	<u>Six-month period ended 30 June</u>	
	2019 VND	2018 VND
Cost of construction contracts	475,977,570,831	680,707,866,862
Cost of goods sold	8,952,965,184	15,559,996,451
Cost of leasing activity	1,157,166,619	776,983,146
(Reversal of provision)/provision for decline in value of inventories (Note 9)	(1,635,118)	20,431,234
Total	<u>486,086,067,516</u>	<u>697,065,277,693</u>

31 FINANCIAL INCOME

	<u>Six-month period ended 30 June</u>	
	2019 VND	2018 VND
Interest income from deposits and loans	6,355,170,403	11,406,247,641
Realised foreign exchange gains	49,623,454	366,058,519
Dividends	-	655,758,602
Net gains from foreign currency translation at period-end	-	104,930,660
Total	<u>6,404,793,857</u>	<u>12,532,995,422</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN/HN

32 FINANCIAL EXPENSES

	Six-month period ended 30 June	
	2019 VND	2018 VND
Interest expense	17,771,079,961	17,267,533,829
Realised foreign exchange losses	175,850,256	111,659,821
Net loss from foreign currency translation at period-end	4,357,319	131,510,948
Payment discounts	-	1,878,419,588
Total	<u>17,951,287,536</u>	<u>19,389,124,186</u>

33 GENERAL AND ADMINISTRATION EXPENSES

	Six-month period ended 30 June	
	2019 VND	2018 VND
Staff costs	15,794,546,065	16,244,658,459
Outside service expenses	8,046,480,681	8,970,467,153
Provision for doubtful debts	2,791,224,127	920,324,284
Depreciation and amortisation	889,684,058	826,871,353
Tools and equipment	576,945,471	398,097,540
Reversal of accrued staff costs	(2,608,726,520)	(3,059,881,433)
Others	1,288,711,524	1,116,713,461
Total	<u>26,778,865,406</u>	<u>25,417,250,817</u>

34 OTHER INCOME

	Six-month period ended 30 June	
	2019 VND	2018 VND
Fines	591,704,656	-
Others	310,124,248	73,140,517
Total	<u>901,828,904</u>	<u>73,140,517</u>

35 BUSINESS INCOME TAX*The Company*

Pursuant to Circular No. 96/2015/TT-BTC dated 22 June 2015 issued by the Ministry of Finance, the Company has the obligation to pay business income tax ("BIT") at the rate of 20% of taxable profit.

Arico

In accordance with the Investment certificate No. 41221000103 issued by the DPI of Ho Chi Minh City on 2 April 2008, tax inspection minutes dated 23 September 2013 for the period from 2010 to 2012 and other current regulations, the Board of Directors assessed that Arico is entitled to BIT incentives at tax rate of 15% for 12 years from the first year of arising revenue from BIT incentive activities (2010), BIT exemption for 3 years from the first year of arising taxable income (2010 – 2012) and a 50% BIT reduction for 7 years thereafter (2013 – 2019). In 3 consecutive years (2020 – 2022), Arico is entitled to BIT incentives at tax rate of 15%, and from 2022 onwards, Arico has the obligation to pay business income tax at common tax rate.

The BIT on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	Six-month period ended 30 June	
	2019	2018
	VND	VND
Net accounting profit before tax	27,372,011,532	24,087,228,506
Tax calculated at a rate of 20%	5,474,402,306	4,817,445,701
Effect of:		
Income not subject to tax	(1,945,273,854)	(2,112,823,315)
Expenses not deductible for tax purposes	422,537,814	418,479,861
Tax losses for which no deferred income tax asset was recognised	2,091,310,335	-
Temporary differences	(1,118,183,075)	806,773,011
Tax incentives	(563,594,325)	(256,648,716)
Over-provision in previous years	(454,759,952)	-
BIT – current (*)	3,906,439,249	3,673,226,542
BIT – deferred (Note 22)	1,118,183,075	(806,773,011)
Total	<u>5,024,622,324</u>	<u>2,866,453,531</u>

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

36 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 June	
			2019	2018
			VND	VND
i) Purchases of services				
Thua Thien Hue Construction Joint Stock Corporation	Associate	Purchase construction services	-	739,421,818
ii) Compensation of key management				
Salaries and benefits of the Board of Directors			4,800,546,558	4,312,423,164
Allowance for the Boards of Management and Supervision			1,362,000,000	1,347,333,333
Total			6,162,546,558	5,659,756,497
iii) Other transactions				
Thua Thien Hue Construction Joint Stock Corporation	Associate	Dividend declared	8,232,840,000	8,232,840,000
International Investment and Water Technology Joint Stock Company	Related party	Dividend declared	-	655,758,602
		Interest income	-	36,203,182
Total			-	691,961,784

(b) Period/year end balances with related parties

Related party	Relationship	Nature of transaction	As at	
			30.6.2019	31.12.2018
			VND	VND
i) Short-term prepayments to suppliers (Note 6)				
Thua Thien Hue Construction Joint Stock Corporation	Associate	Purchase construction services	1,660,000,000	-

37 COMMITMENTS**(a) Operating leases**

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

	As at	
	30.6.2019 VND	31.12.2018 VND
Within one year	4,745,208,093	4,745,208,093
Between one and five years	12,628,782,374	14,870,682,374
Over five years	23,547,640,415	24,391,651,826
Total minimum payments	<u>40,921,630,882</u>	<u>44,007,542,293</u>

(b) Capital expenditure


Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	As at	
	30.6.2019 VND	31.12.2018 VND
Plant and equipment	<u>103,021,092,528</u>	<u>90,728,317,400</u>

38 SEGMENT REPORT

Segment information is presented in respect of business activity or geography. The Group is not operating in more than one segment of business activity nor geographic area other than mainly operating in the only activity to consult, supply and provide installation services in relation to industrial refrigeration projects, and in Vietnam only. Therefore, the Group does not present segmental information.

The interim consolidated financial statements were approved by the Board of Directors on 14 August 2019.


Ly Quoc Tuan
Preparer


Vuong Tran Quoc Thanh
Chief Accountant


Nguyen Thi Thanh Huong
General Director

