

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

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



SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

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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 18 th amendment dated 15 May 2019.	
Board of Management	Mr. Le Tan Phuoc	Chairman (appointed on 25.4.2019) Member (resigned on 25.4.2019)
	Mr. Nguyen Huu Thinh	Member (appointed on 25.4.2019) Chairman (resigned on 25.4.2019)
	Mr. Ryota Fukuda	Member
	Mr. Koji Sakate	Member (appointed on 25.4.2019)
	Mr. Nishi Masayuki	Member (appointed on 25.4.2019)
	Ms. Lee Men Leng	Member (appointed on 25.4.2019)
	Mr. Nguyen Thanh Son	Member (resigned on 24.4.2019)
	Mr. Yoshinobu Tamura	Member (resigned on 25.4.2019)
	Ms. Nguyen Diep Bich Huong	Member (resigned on 24.4.2019)
Board of Supervision	Mr. Nguyen Chau Tran	Chief Supervisor (appointed on 25.4.2019)
	Ms. Duong Thi Kim Hoa	Member (appointed on 25.4.2019)
	Mr. Bui Van Quyet	Member (appointed on 25.4.2019) Chief Supervisor (resigned on 25.4.2019)
	Mr. Lam Hoang Vu Nguyen	Member (resigned on 25.4.2019)
	Mr. Do Trong Hiep	Member (resigned on 25.4.2019)
Board of Directors	Ms. Nguyen Thi Thanh Huong	General Director (appointed on 25.4.2019)
	Mr. Le Tan Phuoc	General Director (resigned on 25.4.2019)
	Mr. Nguyen Quoc Cuong	Director of Searee
Legal representative	Ms. Nguyen Thi Thanh Huong	General Director (appointed on 25.4.2019)
	Mr. Le Tan Phuoc	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 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 2019, 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 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 separate 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 subsidiaries (together, "the Group") for the six-month period ended 30 June 2019 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



Nguyen Thi Thanh Huong
General Director

Ho Chi Minh City, Vietnam
14 August 2019

**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 2019 and approved by the Board of Directors on 14 August 2019. The interim separate financial statements comprise the interim separate balance sheet as at 30 June 2019, the interim separate income statement and the interim 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.

Conclusion

Based on our review, 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 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 separate financial statements.

Other Matter

The report on review of interim separate 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: HCM8576
Ho Chi Minh City, 14 August 2019

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01a – DN


INTERIM SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2019 VND	31.12.2018 VND
100	CURRENT ASSETS		1,133,746,158,321	1,173,361,653,481
110	Cash and cash equivalents	3	10,411,883,601	39,570,344,558
111	Cash		10,411,883,601	21,370,344,558
112	Cash equivalents		-	18,200,000,000
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		598,807,760,400	735,674,145,088
131	Short-term trade accounts receivable	5	548,880,781,564	709,864,175,295
132	Short-term prepayments to suppliers	6	40,422,424,115	17,942,238,052
136	Other short-term receivables	7(a)	29,423,724,215	24,995,677,108
137	Provision for short-term doubtful debts	8	(19,919,169,494)	(17,127,945,367)
140	Inventories	9	349,169,813,712	230,153,331,212
141	Inventories		350,162,971,543	231,148,124,161
149	Provision for decline in value of inventories		(993,157,831)	(994,792,949)
150	Other current assets		18,653,592,961	4,362,903,715
151	Short-term prepaid expenses	10(a)	6,559,490,273	1,075,993,036
152	Value Added Tax to be reclaimed		9,593,416,175	3,286,910,679
153	Other taxes receivable		2,500,686,513	-
200	LONG-TERM ASSETS		196,070,963,747	193,345,139,968
210	Long-term receivable		1,530,901,840	1,329,151,840
216	Other long-term receivables	7(b)	1,530,901,840	1,329,151,840
220	Fixed assets		2,863,923,296	3,393,717,286
221	Tangible fixed assets	11(a)	2,780,655,296	3,187,191,513
222	Historical cost		15,656,457,651	15,586,430,378
223	Accumulated depreciation		(12,875,802,355)	(12,399,238,865)
227	Intangible fixed assets	11(b)	83,268,000	206,525,773
228	Historical cost		1,712,426,260	1,712,426,260
229	Accumulated amortisation		(1,629,158,260)	(1,505,900,487)
240	Long-term asset in progress		2,747,796,238	2,737,876,462
242	Construction in progress	12	2,747,796,238	2,737,876,462
250	Long-term investments		183,573,068,754	181,639,198,754
251	Investments in subsidiaries	4(b)	124,084,188,754	124,050,318,754
252	Investments in associate	4(b)	51,392,880,000	51,392,880,000
253	Investments in other entities	4(b)	8,096,000,000	6,196,000,000
260	Other long-term assets		5,355,273,619	4,245,195,626
261	Long-term prepaid expenses	10(b)	3,519,970,207	1,302,819,454
262	Deferred income tax assets	22	1,835,303,412	2,942,376,172
270	TOTAL ASSETS		1,329,817,122,068	1,366,706,793,449

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	
			30.6.2019 VND	31.12.2018 VND
300	LIABILITIES		965,117,463,171	962,023,998,905
310	Short-term liabilities		961,370,396,421	958,136,864,655
311	Short-term trade accounts payable	13	206,501,318,592	240,348,576,704
312	Short-term advances from customers	14	187,800,666,056	59,823,696,803
313	Tax and other payables to the State Budget	15	2,557,195,508	18,727,128,405
314	Payable to employees		13,864,259,023	33,758,612,298
315	Short-term accrued expenses	16	51,650,430,431	102,355,723,525
319	Other short-term payables	17	11,674,577,210	19,916,691,973
320	Short-term borrowings	18	473,803,511,800	468,514,676,717
321	Provision for short-term liabilities	19	405,017,991	687,182,168
322	Bonus and welfare fund	20	13,113,419,810	14,004,576,062
330	Long-term liability		3,747,066,750	3,887,134,250
342	Provision for long-term liabilities	21	3,747,066,750	3,887,134,250
400	OWNERS' EQUITY		364,699,658,897	404,682,794,544
410	Capital and reserves		364,699,658,897	404,682,794,544
411	Owners' capital	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
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	63,272,498,348	103,255,633,995
421a	- Undistributed post-tax profits of previous years		41,599,651,037	29,051,408,003
421b	- Post-tax profits of current period/year		21,672,847,311	74,204,225,992
440	TOTAL RESOURCES		1,329,817,122,068	1,366,706,793,449


 Ly Quoc Tuan
 Preparer



 Vuong Tran Quoc Thanh
 Chief Accountant

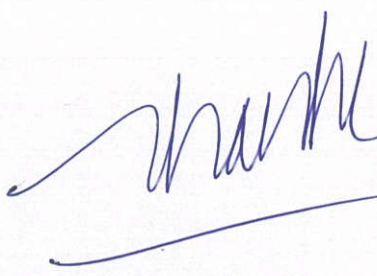

 Nguyen Thi Thanh Huong
 General Director
 14 August 2019



INTERIM SEPARATE INCOME STATEMENT

Code		Note	Six-month period ended 30 June	
			2019 VND	2018 VND
01	Revenue from sales of goods and rendering of services		563,628,628,359	649,163,677,644
02	Less deductions		-	-
10	Net revenue from sales of goods and rendering of services	27	563,628,628,359	649,163,677,644
11	Cost of goods sold and services rendered	28	(523,834,617,636)	(612,422,270,891)
20	Gross profit		39,794,010,723	36,741,406,753
21	Financial income	29	20,184,989,931	20,205,207,057
22	Financial expenses	30	(14,548,337,952)	(17,107,667,614)
23	- Including: Interest expense		(14,456,141,264)	(15,045,071,395)
26	General and administration expenses	31	(20,103,640,538)	(19,518,901,709)
30	Net operating profit		25,327,022,164	20,320,044,487
31	Other income	32	624,878,782	435,400,224
32	Other expenses		(947,432)	(392,227,342)
40	Net other income		623,931,350	43,172,882
50	Net accounting profit before tax		25,950,953,514	20,363,217,369
51	Business income tax - current	33	(3,171,033,443)	(3,482,655,152)
52	Business income tax – deferred	33	(1,107,072,760)	808,321,838
60	Net profit after tax		21,672,847,311	17,688,884,055


Ly Quoc Tuan
Preparer


Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
General Director
14 August 2019

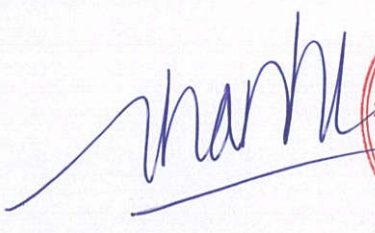


The notes on pages 9 to 36 are an integral part of these interim separate financial statements.

INTERIM SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	Six-month period ended 30 June	
		2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		25,950,953,514	20,363,217,369
		Adjustments for:	
02		599,821,263	1,823,055,318
03		2,367,357,332	(1,306,400,446)
04		(37,081,568)	131,510,948
05		(20,109,567,739)	(20,187,318,235)
06		14,456,141,264	15,045,071,395
08		23,227,624,066	15,869,136,349
09		127,984,431,494	209,303,779,823
10		(119,014,847,382)	(87,413,548,173)
11		7,154,061,192	(78,393,083,677)
12		(7,700,647,990)	(1,316,319,361)
14		(14,477,611,470)	(14,028,549,816)
15	15	(13,371,347,525)	(6,773,465,053)
17	20	(16,474,043,710)	(5,729,740,000)
20		(12,672,381,325)	31,518,210,092
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(9,665,627,273)	(378,649,002)
23		(35,965,000,000)	(147,099,491,108)
24		42,909,419,257	101,000,000,000
25		(1,933,870,000)	-
26		11,800,000,000	-
27		17,144,756,801	23,310,720,745
30		24,289,678,785	(23,167,419,365)
CASH FLOWS FROM FINANCING ACTIVITIES			
32		-	(21,221,472,533)
33	18	672,966,719,603	740,374,806,312
34	18	(667,677,884,520)	(685,883,689,350)
36	25	(46,064,593,500)	(25,470,904,647)
40		(40,775,758,417)	7,798,739,782
50		(29,158,460,957)	16,149,530,509
60	3	39,570,344,558	123,450,814,815
61		-	-
70	3	10,411,883,601	139,600,345,324


 Ly Quoc Tuan
 Preparer


 Vuong Tran Quoc Thanh
 Chief Accountant


 Nguyen Thi Thanh Huong
 General Director
 14 August 2019



**NOTES TO THE INTERIM SEPARATE 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 normal business cycle of the Company is 12 months.

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.

As at 30 June 2019, the Company had two direct subsidiaries, Asia Refrigeration Industry Joint Stock Company and Searee Refrigeration Electrical Engineering Corporation, one indirect subsidiary, Greenpan Joint Stock Company and one associate, Thua Thien Hue Construction Joint Stock Corporation as presented in Note 4.

As at 30 June 2019, the Company had 340 employees (as at 31 December 2018: 358 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.

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

Separately, the Company has also prepared the interim consolidated financial statements for the Company and its subsidiaries (“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, subsidiaries undertakings – which are 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 2019 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 2019 to 30 June 2019.

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 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 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) 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 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 subsidiaries

Subsidiaries are the entities 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.

Investments in subsidiaries are 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.

(c) Investment in associate

Associate is the 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 investment.

(d) 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 are 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)**2.8 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:

Plant, 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 term of the lease.

2.10 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the separate balance sheet, mainly comprise of prepaid 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 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 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 Company's Shareholders' Annual 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Revenue recognition****(a) Sales of goods**

Revenue from 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.

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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Sales deduction (continued)**

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 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.

2.21 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.

2.22 Financial expenses

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

2.23 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.

2.24 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 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 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.

2.25 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 the Board of 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.

2.26 Use of estimates

The preparation of the interim separate 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 separate interim 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.

3 CASH AND CASH EQUIVALENTS

	As at	
	30.6.2019	31.12.2018
	VND	VND
Cash on hand	184,185,520	177,390,296
Cash at bank	10,227,698,081	21,192,954,262
Cash equivalents (*)	-	18,200,000,000
Total	10,411,883,601	39,570,344,558

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

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

	As at 30.6.2019		As at 31.12.2018	
	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	156,703,107,647	156,703,107,647	163,600,928,908	163,600,928,908

4 INVESTMENTS (continued)**(b) Long-term investments**

	As at 30.6.2019		As at 31.12.2018	
	Cost VND	% of ownership	Cost VND	% of ownership
(i) Investments in subsidiaries				
Asia Refrigeration Industry Joint Stock Company ("Arico") (*)	79,584,188,754	84.00	79,584,188,754	84.00
Searee Refrigeration Electrical Engineering ("Searee") (**)	32,500,000,000	65.00	32,466,130,000	65.00
Greenpan Joint Stock Company ("Greenpan") (***)	12,000,000,000	30.00	12,000,000,000	30.00
	<u>124,084,188,754</u>		<u>124,050,318,754</u>	
(ii) Investment in associate				
Thua Thien Hue Construction Joint Stock Corporation ("HCC")	<u>51,392,880,000</u>	<u>36.00</u>	<u>51,392,880,000</u>	<u>36.00</u>
(iii) Investments in other entities				
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") (**)	<u>1,900,000,000</u>	<u>19.00</u>	<u>-</u>	<u>-</u>

At the separate 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 these investments.

(i) Investments in subsidiaries

(*) 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.

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.

4 INVESTMENTS (continued)**(b) Long-term investments (continued)****(i) Investments in subsidiaries (continued)**

(**) 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.

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.

(***) Greenpan is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to 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 25-27 Trung Tam Street, Tan Tao Industrial Zone, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam. As at 30 June 2019, 51% and 30% of the charter capital of Greenpan is owned by Arico and the Company, respectively.

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

(ii) Investment in associate

HCC is a joint stock company incorporated pursuant to the ERCJSC No. 3300101 156 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.

(iii) Investments in other entities

(*) 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 Buidling 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.

4 INVESTMENTS (continued)**(b) Long-term investments (continued)**

(iii) Investment in other entities (continued)

(**) 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 Buidling 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.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	As at	
	30.6.2019 VND	31.12.2018 VND
Third parties	548,880,781,564	709,864,175,295
<i>Descon Industry Construction Corporation</i>	76,105,550,707	64,028,358,835
<i>Others</i>	472,775,230,857	645,835,816,460
Total	<u>548,880,781,564</u>	<u>709,864,175,295</u>

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	40,422,424,115	17,942,238,052
<i>Bim Kien Giang Co., Ltd</i>	9,595,600,000	-
<i>Bach Dang Hotel Complex Trading - Service Joint Stock Company</i>	6,979,612,471	-
<i>Others</i>	23,847,211,644	17,942,238,052
Total	<u>40,422,424,115</u>	<u>17,942,238,052</u>

7 OTHER RECEIVABLES**(a) Other short-term receivables**

	As at	
	30.6.2019 VND	31.12.2018 VND
Interest income receivable from banks	9,112,374,904	6,207,112,876
Advances to employees	8,037,186,633	5,563,913,803
Other receivables from employees	4,312,833,103	3,391,324,892
Subsidiary (Note 34(b)(i))	3,130,743,100	4,584,288,895
Deposits	2,219,416,380	905,457,403
Receivables from construction teams	1,156,091,084	2,803,291,656
Others	1,455,079,011	1,540,287,583
Total	29,423,724,215	24,995,677,108

(b) Other long-term receivables

	As at	
	30.6.2019 VND	31.12.2018 VND
Deposits	1,530,901,840	1,268,281,840
Others	-	60,870,000
Total	1,530,901,840	1,329,151,840

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	23,455,873,540	19,919,169,494	23,448,988,916	17,127,945,367

Movements in provision for short-term doubtful debts 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	17,127,945,367	13,988,636,487
Increase	2,791,224,127	3,139,308,880
End of period/year	19,919,169,494	17,127,945,367

9 INVENTORIES

	As at 30.6.2019		As at 31.12.2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Work in progress	327,117,560,132	-	187,852,390,603	-
Raw materials	23,035,101,170	(993,157,831)	8,580,501,437	(994,792,949)
Finished goods	10,310,241	-	10,310,241	-
Goods in transit	-	-	34,704,921,880	-
	<u>350,162,971,543</u>	<u>(993,157,831)</u>	<u>231,148,124,161</u>	<u>(994,792,949)</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	994,792,949	794,732,656
Increase (Note 28)	-	200,060,293
Decrease	(1,635,118)	-
End of period/year	<u>993,157,831</u>	<u>994,792,949</u>

10 PREPAID EXPENSES

	As at	
	30.6.2019 VND	31.12.2018 VND
(a) Short-term		
Tools and supplies	28,502,612	235,184,896
Others	6,530,987,661	840,808,140
Total	<u>6,559,490,273</u>	<u>1,075,993,036</u>
(b) Long-term		
Tools and supplies	934,321,558	336,839,058
Others	2,585,648,649	965,980,396
Total	<u>3,519,970,207</u>	<u>1,302,819,454</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09a – DN

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 2019	67,000,000	2,879,083,961	8,973,459,478	2,639,308,734	1,027,578,205	15,586,430,378
	New purchases	-	-	-	70,027,273	-	70,027,273
	As at 30 June 2019	<u>67,000,000</u>	<u>2,879,083,961</u>	<u>8,973,459,478</u>	<u>2,709,336,007</u>	<u>1,027,578,205</u>	<u>15,656,457,651</u>
	Accumulated depreciation						
	As at 1 January 2019	67,000,000	2,529,589,240	6,992,435,921	2,019,988,280	790,225,424	12,399,238,865
	Charge for the period	-	39,053,808	235,096,302	90,832,826	111,580,554	476,563,490
	As at 30 June 2019	<u>67,000,000</u>	<u>2,568,643,048</u>	<u>7,227,532,223</u>	<u>2,110,821,106</u>	<u>901,805,978</u>	<u>12,875,802,355</u>
	Net book value						
	As at 1 January 2019	-	349,494,721	1,981,023,557	619,320,454	237,352,781	3,187,191,513
	As at 30 June 2019	<u>-</u>	<u>310,440,913</u>	<u>1,745,927,255</u>	<u>598,514,901</u>	<u>125,772,227</u>	<u>2,780,655,296</u>

Historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2019 was VND9,667,436,831 (as at 31 December 2018: VND9,574,936,831).

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

Computer software
VND**Historical cost**

As at 1 January 2019 and 30 June 2019

1,712,426,260

Accumulated amortisation

As at 1 January 2019

1,505,900,487

Charge for the period

123,257,773

As at 30 June 2019

1,629,158,260

Net book value

As at 1 January 2019

206,525,773

As at 30 June 2019

83,268,000

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
ERP system	2,684,796,238	2,674,876,462
Others	63,000,000	63,000,000
Total	2,747,796,238	2,737,876,462

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	2,737,876,462	2,645,053,437
Purchases	9,919,776	92,823,025
End of period/year	2,747,796,238	2,737,876,462

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	As at	
	30.6.2019 VND	31.12.2018 VND
Third parties	191,695,423,012	229,438,599,307
<i>Daifuku (Thailand) Limited</i>	18,386,079,976	40,169,574,086
<i>Others</i>	173,309,343,036	189,269,025,221
Related parties (Note 34(b)(ii))	14,805,895,580	10,909,977,397
Total	206,501,318,592	240,348,576,704

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

14 SHORT-TERM ADVANCES FROM CUSTOMERS

	As at	
	30.6.2019 VND	31.12.2018 VND
Third parties	187,800,666,056	59,823,696,803
<i>Vietnam Dairy Products Joint Stock Company</i>	74,602,979,302	10,257,367,672
<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>	69,483,673,233	49,566,329,131
Total	187,800,666,056	59,823,696,803

15 TAX AND OTHER PAYABLES TO THE STATE BUDGET

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

	Payable as at 1.1.2019 VND	Payable during the period the period VND	Payment during the period the period VND	Payable as at 30.6.2019 VND	Receivable as at 30.6.2019 VND
VAT on domestic sales	6,558,807,121	4,055,060,438	(10,613,867,559)	-	-
BIT (*)	11,876,176,143	3,171,033,443	(13,371,347,525)	2,197,584,753	521,722,692
Personal income tax	292,145,141	9,012,914,514	(8,945,448,900)	359,610,755	-
VAT on importation (*)	-	7,209,948,596	(7,389,854,397)	-	179,905,801
Import tax (*)	-	1,140,192,790	(2,924,450,614)	-	1,784,257,824
Foreign contractor tax	-	739,355,469	(739,355,469)	-	-
Excise tax (*)	-	64,274,260	(79,074,456)	-	14,800,196
Business license tax	-	4,000,000	(4,000,000)	-	-
Total	18,727,128,405	25,396,779,510	(44,067,398,920)	2,557,195,508	2,500,686,513

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

16 SHORT-TERM ACCRUED EXPENSES

	As at	
	30.6.2019 VND	31.12.2018 VND
Accrued project costs	49,863,749,145	100,493,329,463
Interest expense	676,681,286	698,151,492
Others	1,110,000,000	1,164,242,570
Total	51,650,430,431	102,355,723,525

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	2,232,660,739	1,406,111,489
Dividends payable (Note 25)	587,898,800	579,396,800
Other payables to employees	412,908,722	1,119,401,106
Others	996,557,250	5,763,435,587
Total	11,674,577,210	19,916,691,973

18 SHORT-TERM BORROWINGS

	As at 1.1.2019 VND	Increase VND	Decrease VND	As at 30.6.2019 VND
Bank loans	468,514,676,717	672,966,719,603	(667,677,884,520)	473,803,511,800

Details of short-term borrowings are as follows:

	As at	
	30.6.2019 VND	31.12.2018 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam	231,736,569,567	137,688,656,050
Vietnam Joint Stock Commercial Bank for Industry and Trade	225,335,753,487	268,058,624,573
Standard Chartered (Vietnam) Bank 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	473,803,511,800	468,514,676,717

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 Company.

19 PROVISION FOR SHORT-TERM LIABILITIES

	Six-month period ended 30.6.2019 VND	Year ended 31.12.2018 VND
Beginning of period/year	687,182,168	3,154,631,543
Provision	185,640,158	894,289,046
Utilisation and reversal	(467,804,335)	(3,361,738,421)
End of period/year	<u>405,017,991</u>	<u>687,182,168</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	14,004,576,062	4,276,543,054
Increase during the period/year (Note 24)	15,582,887,458	15,491,328,564
Utilisation during the period/year	(16,474,043,710)	(5,763,295,556)
End of period/year	<u>13,113,419,810</u>	<u>14,004,576,062</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	1,581,015,934	1,664,239,434
Deferred tax assets to be recovered within 12 months	254,287,478	1,278,136,738
Total	<u>1,835,303,412</u>	<u>2,942,376,172</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	2,942,376,172	3,147,175,766
Separate income statement credit (Note 33)	(1,107,072,760)	(204,799,594)
End of period/year	<u>1,835,303,412</u>	<u>2,942,376,172</u>

22 DEFERRED INCOME TAX ASSETS (Continued)

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

The Company uses tax rate of 20% in the period (2018: 20%) for determining deferred tax assets.

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 receive dividends at any time the Company noticed. All the ordinary shares have the same priority with the remaining assets 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 2018	324,953,970,000	284,019,059	(284,019,059)	5,427,578,589	69,628,942,167	400,010,490,756
Net profit for the period	-	-	-	-	17,688,884,055	17,688,884,055
Appropriation to funds	-	-	-	-	(15,491,328,564)	(15,491,328,564)
Dividends declared	-	-	-	-	(25,086,205,600)	(25,086,205,600)
Repurchase of shares	-	-	(21,221,472,533)	-	-	(21,221,472,533)
As at 31 Dec 2018	324,953,970,000	284,019,059	(21,505,491,592)	5,427,578,589	46,740,292,058	355,900,368,114
As at 1 January 2019	324,953,970,000	284,019,059	(29,238,407,099)	5,427,578,589	103,255,633,995	404,682,794,544
Net profit for the period	-	-	-	-	21,672,847,311	21,672,847,311
Appropriation to fund (*)	-	-	-	-	(15,582,887,458)	(15,582,887,458)
Dividends declared (*) (Note 25)	-	-	-	-	(46,073,095,500)	(46,073,095,500)
As at 30 June 2019	324,953,970,000	284,019,059	(29,238,407,099)	5,427,578,589	63,272,498,348	364,699,658,897

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

25 DIVIDENDS

	Six-month period ended 30.6.2019 VND	Year ended 31.12.2018 VND
Beginning of period/year	579,396,800	964,095,847
Dividends payable during the period/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>

26 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)	1,374.11	1,013.51
Great British Pound (GBP)	7.16	7.16
Australian Dollar (AUD)	0.67	0.67

27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	Six-month period ended 30 June	
	2019 VND	2018 VND
Revenue		
Revenue from construction contracts	562,243,365,435	648,015,786,902
Revenue from leasing activity	1,144,238,771	862,643,662
Revenue from sales of goods	241,024,153	285,247,080
Total	<u>563,628,628,359</u>	<u>649,163,677,644</u>

28 COST OF GOODS SOLD AND SERVICES RENDERED

	Six-month period ended 30 June	
	2019 VND	2018 VND
Cost of construction contracts	522,541,157,147	611,344,439,590
Cost of leasing activity	1,053,524,181	776,983,146
Cost of goods sold	241,571,426	280,416,921
(Reversal of provision)/provision for decline in value of inventories (Note 9)	(1,635,118)	20,431,234
Total	<u>523,834,617,636</u>	<u>612,422,270,891</u>

29 FINANCIAL INCOME

	Six-month period ended 30 June	
	2019	2018
	VND	VND
Dividends	8,232,840,000	8,888,598,602
Interest income from deposits and loans	5,996,727,739	11,298,719,633
Profit received from the subsidiary (Note 34(a)(iv))	5,880,000,000	-
Realised foreign exchange gains	38,340,624	17,888,822
Net gain from foreign currency translation at cyear-end	37,081,568	-
Total	20,184,989,931	20,205,207,057

30 FINANCIAL EXPENSES

	Six-month period ended 30 June	
	2019	2018
	VND	VND
Interest expense	14,456,141,264	15,045,071,395
Realised foreign exchange losses	92,196,688	52,665,683
Payment discounts	-	1,878,419,588
Net loss from foreign currency translation at period-end	-	131,510,948
Total	14,548,337,952	17,107,667,614

31 GENERAL AND ADMINISTRATION EXPENSES

	Six-month period ended 30 June	
	2019	2018
	VND	VND
Staff costs	11,721,692,702	12,162,204,050
Outside service expenses	6,185,763,199	7,680,658,262
Provision for doubtful debts	2,791,224,127	878,715,544
Depreciation and amortisation	656,665,662	643,881,019
Tools and equipment	418,305,307	325,288,118
Reversal of accrued staff costs	(2,608,726,520)	(3,059,881,433)
Others	938,716,061	888,036,149
Total	20,103,640,538	19,518,901,709

32 OTHER INCOME

	<u>Six-month period ended 30 June</u>	
	2019 VND	2018 VND
Fines	591,704,656	-
Others	33,174,126	435,400,224
Total	<u>624,878,782</u>	<u>435,400,224</u>

33 BUSINESS INCOME TAX

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

	<u>Six-month period ended 30 June</u>	
	2019 VND	2018 VND
Net accounting profit before tax	25,950,953,514	20,363,217,369
Tax calculated at a rate of 20%	5,190,190,703	4,072,643,474
Effect of:		
Income not subject to tax	(2,822,568,000)	(1,777,719,720)
Expenses not deductible for tax purposes	352,153,065	379,409,560
Over-provision in previous years	(454,759,952)	-
Tax losses for which no deferred income tax asset was recognised	2,013,090,387	-
Temporary differences	(1,107,072,760)	808,321,838
BIT – current (*)	3,171,033,443	3,482,655,152
BIT – deferred (Note 22)	1,107,072,760	(808,321,838)
Total	<u>4,278,106,203</u>	<u>2,674,333,314</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.

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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 June 2019 VND	2018 VND
i) Revenue from sales of goods and rendering of services				
Searee Refrigeration Electrical Engineering Corporation	Subsidiary	Sales of goods	125,160,985,548	-
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Sales of goods	-	285,247,080
Total			125,160,985,548	285,247,080
ii) Purchases of services				
Searee Refrigeration Electrical Engineering Corporation	Subsidiary	Purchase of construction services	150,981,983,530	-
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Purchase of construction services	457,060,400	18,971,048,148
Thua Thien Hue Construction Joint Stock Corporation	Associate	Purchase of construction services	-	739,421,818
Total			151,439,043,930	19,710,469,966
iii) Compensation of key management				
Salaries and benefits of the Board of Directors			3,817,966,206	3,777,720,686
Allowance for the Boards of Management and Supervision			966,000,000	963,333,333
Total			4,783,966,206	4,741,054,019
iv) Other transactions				
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Profit distributed	5,880,000,000	-
		Interest income	12,950,914	366,077,994
		Other services	-	390,802,805
Total			5,892,950,914	756,880,799
Thua Thien Hue Construction Joint Stock Corporation	Associate	Dividend declared	8,232,840,000	8,232,840,000
Searee Refrigeration Electrical Engineering Corporation	Subsidiary	Capital contribution	33,870,000	-
International Investment and Water Technology Joint Stock Company	Related party	Dividend declared	-	655,758,602
		Interest income	-	36,203,182
Total			-	691,961,784

34 RELATED PARTY DISCLOSURES (continued)

(b) Period/year end balances with related parties

Related party	Relationship	Nature of transaction	As at	
			30.6.2019 VND	31.12.2018 VND
i) Other short-term receivables (Note 7(a))				
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Profit distributed Other services	2,985,220,756 -	3,613,577,955 970,710,940
Total			<u>2,985,220,756</u>	<u>4,584,288,895</u>
Searee Refrigeration Electrical Engineering Corporation	Subsidiary	Other services	<u>75,150,000</u>	-
Greenpan Joint Stock Company	Subsidiary	Other services	<u>70,372,344</u>	-
ii) Short-term trade accounts payable (Note 13)				
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Construction services	5,536,214,413	6,616,354,970
Searee Refrigeration Electrical Engineering Corporation	Subsidiary	Construction services	<u>9,269,681,167</u>	<u>4,293,622,427</u>
Total			<u>14,805,895,580</u>	<u>10,909,977,397</u>

35 COMMITMENTS UNDER OPERATING LEASES

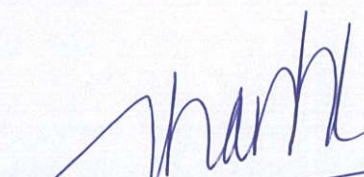
The future minimum lease payments under non-cancellable operating leases are as follows:

	As at	
	30.6.2019 VND	31.12.2018 VND
Within one year	3,736,500,000	3,736,500,000
Between one and five years	8,593,950,000	10,835,850,000
Total minimum payments	<u>12,330,450,000</u>	<u>14,572,350,000</u>

The interim separate 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