SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

4th Quarter of 2019

Seaprodex Refrigeration Industry Corporation
72-74 Nguyen Thi Minh Khai Str., Ward 6, Dist.3, Ho Chi Minh City

Form: B 01-DN

CONSOLIDATED BALANCE SHEET

as at 31 December 2019

Unit: VND

Code	ASSETS	Notes	Ending Balance	Beginning Balance
100	**CURRENT ASSETS (100 = 110+120+130+140+150)**		**1,504,664,237,664**	**1,349,057,169,963**
110	**Cash and cash equivalents**	4	**51,399,276,846**	**54,943,544,508**
111	Cash		51,399,276,846	25,763,081,494
112	Cash equivalents		-	29,180,463,014
120	**Short-term investments**		**151,703,107,647**	**163,600,928,908**
123	Held-to-maturity investments	5.1	151,703,107,647	163,600,928,908
130	**Current accounts receivable**		**987,018,256,915**	**840,780,452,653**
131	Short-term trade receivables	6.1	896,031,398,208	819,754,089,339
132	Short-term advances to suppliers	6.2	81,749,432,550	24,507,191,632
136	Other short-term receivables	7.1	53,428,657,315	27,219,128,301
139	Provision for short-term doubtful receivables	6.1	(44,191,231,158)	(30,699,956,619)
140	**Inventories**	8	**299,522,924,715**	**279,272,775,489**
141	Inventories		304,521,029,591	283,325,535,945
149	Provision for obsolete inventories		(4,998,104,876)	(4,052,760,456)
150	**Other current assets**		**15,020,671,541**	**10,459,468,405**
151	Short-term prepaid expenses	14	1,866,433,876	3,263,721,135
152	Value-added tax deductible		13,154,237,665	7,195,747,270
200	**NON - CURRENT ASSETS (200 = 210+220+240+250+260)**		**415,994,739,792**	**284,756,548,710**
210	**Long-term receivable**		**1,775,901,840**	**1,389,151,840**
216	Other long-term receivables	7.2	1,775,901,840	1,389,151,840
220	**Fixed assets**		**96,602,131,290**	**104,741,906,093**
221	Tangible fixed assets	9	96,240,709,360	104,424,910,336
222	*Cost*		*191,504,152,884*	*190,336,886,010*
223	*Accumulated depreciation*		*(95,263,443,524)*	*(85,911,975,674)*
224	Fixed assets of financial leasing	10	-	-
227	Intangible assets	11	361,421,930	316,995,757
228	*Cost*		*2,535,276,660*	*2,264,776,660*
229	*Accumulated depreciation*		*(2,173,854,730)*	*(1,947,780,903)*
240	**Long-term assets in progress**		**129,336,567,415**	**7,769,207,504**
242	Construction in progress	12	129,336,567,415	7,769,207,504
250	**Long-term investments**	13	**147,702,988,794**	**130,425,411,105**
252	Investment in an associate	13.1	139,606,988,794	124,229,411,105
253	Investment in other entity	13.2	8,096,000,000	6,196,000,000

CONSOLIDATED BALANCE SHEET(continued)

as at 31 December 2019

Unit: VND

Code	ASSETS	Notes	Ending Balance	Beginning Balance
260	**Other long-term assets**		**40,577,150,453**	**40,430,872,168**
261	Long-term prepaid expenses	14	34,797,948,377	34,069,570,720
262	Deferred tax assets	15	5,779,202,076	6,361,301,448
270	**TOTAL ASSETS (270 = 100 + 200)**		**1,920,658,977,456**	**1,633,813,718,673**

Code	RESOURCES	Notes	Ending Balance	Beginning Balance
300	**LIABILITIES (300 = 310+330)**		**1,410,892,565,223**	**1,127,146,182,666**
310	**Current liabilities**		**1,319,279,895,520**	**1,110,719,373,696**
311	Short-term trade payables	16	313,471,624,845	250,980,097,410
312	Short-term advances from customers	17	109,646,368,263	69,585,032,103
313	Statutory obligations	19	22,167,417,251	21,233,686,977
314	Payables to employees		29,554,039,526	38,688,605,496
315	Short-term accrued expenses	20	140,330,006,704	129,723,927,060
319	Other short-term payables	21.1	54,954,961,960	22,088,890,382
320	Short-term loans	18.1	633,323,530,020	562,803,172,229
321	Short-term provision	22	3,021,765,657	1,502,465,068
322	Bonus and welfare fund	23	12,810,181,294	14,113,496,971
330	**Non-current liabilities**		**91,612,669,703**	**16,426,808,970**
337	Other long-term liabilities	21.2	1,150,000,000	1,000,000,000
338	Long-term loans	18.2	86,990,890,453	11,539,674,720
342	Long-term provision	24	3,471,779,250	3,887,134,250
400	**OWNERS' EQUITY**		**509,766,412,233**	**506,667,536,007**
410	**Capital**	25	**509,766,412,233**	**506,667,536,007**
411	Share capital		324,953,970,000	324,953,970,000
411.1	*- Shares with voting rights*		*324,953,970,000*	*324,953,970,000*
412	Share premium		284,019,059	284,019,059
414	Owners' other capital		4,415,811,246	4,415,811,246
415	Treasury shares		(29,238,407,099)	(29,238,407,099)
418	Investment and development fund		5,427,578,589	5,427,578,589
421	Undistributed earnings		154,091,718,134	171,961,989,599
421.1	*Undistributed earnings up to prior year-end*		*109,465,409,756*	*89,860,736,787*
421.2	*Undistributed earnings of current year*		*44,626,308,378*	*82,101,252,812*
429	Non-controlling shareholders	25.5	49,831,722,304	28,862,574,613
600	**EQUITY (600 = 300+400)**		**1,920,658,977,456**	**1,633,813,718,673**

Ho Chi Minh City, Jan 21 2020

PREPARER	CHIEF ACCOUNTANT	CHIEF EXECUTIVE OFFICER
Ly Quoc Tuan	Vuong Tran Quoc Thanh	Nguyen Thi Thanh Huong

M.S.D.N: 0301825... C.T.C.P CÔNG TY CỔ PHẦN KỸ NGHỆ LẠNH (SEAREFICO) QUẬN 3 - TP. HỒ CHÍ MINH

CONSOLIDATED INCOME STATEMENT

For the period: 4th Quarter of 2019

Unit: VND

Code	Items	Notes	This period	Previous period	Current year	Previous year
01	**Revenues from sale of goods and rendering of services**	26.1	**718,775,740,897**	**711,530,380,120**	**1,716,803,374,134**	**1,732,517,479,384**
02	Deductions	26.1	84,286,380	122,591,984	84,286,380	122,591,984
10	**Net revenues from sale of goods and rendering of services (10= 01-02)**	26.1	**718,691,454,517**	**711,407,788,136**	**1,716,719,087,754**	**1,732,394,887,400**
11	Costs of goods sold and services rendered	27	666,209,980,284	636,719,170,144	1,547,572,650,667	1,584,813,638,989
20	**Gross profit from sale of goods and rendering of services (20=10 - 11)**		**52,481,474,233**	**74,688,617,992**	**169,146,437,087**	**147,581,248,411**
21	Finance income	26.2	3,629,656,288	15,800,523,681	13,463,542,082	34,095,870,421
22	Finance expenses	29	10,362,751,472	10,205,204,719	37,948,164,288	39,225,685,442
23	*In which: interest expense*		*10,437,132,284*	*10,053,164,177*	*37,763,249,358*	*36,917,571,485*
24	Gain or loss from associate		6,461,714,338	6,733,749,228	21,360,417,689	22,054,973,081
25	Selling expenses	28	291,275,414	266,307,331	740,663,081	785,164,230
26	General and administrative expenses	28	34,901,636,279	27,849,842,191	84,514,530,417	66,715,958,093
30	**Operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}**		**17,017,181,694**	**58,901,536,660**	**80,767,039,072**	**97,005,284,148**
31	Other income	30	805,703,403	(43,935,589)	2,128,901,069	525,239,202
32	Other expenses	30	588,599,891	(391,068,851)	597,383,493	59,053,830
40	**Other profit (40 = 31 - 32)**	30	**217,103,512**	**347,133,262**	**1,531,517,576**	**466,185,372**
50	**Accounting profit before tax (50 = 30 + 40)**		**17,234,285,206**	**59,248,669,922**	**82,298,556,648**	**97,471,469,520**
51	Current corporate income tax expense	31	1,346,948,443	12,530,640,525	8,778,206,615	17,218,210,349
52	Deferred income tax income expense	31	(581,938,771)	(2,938,405,963)	582,099,372	(3,225,376,681)
60	**Net profit after tax (60 = 50 – 51 - 52)**		**16,469,275,534**	**49,656,435,360**	**72,938,250,661**	**83,478,635,852**
61	Profit after tax of shareholders of parent company		10,719,025,242	48,910,617,357	66,127,086,278	82,101,252,812
62	Profit after tax of non-controlling shareholders	25.5	5,750,250,292	745,818,003	6,811,164,383	1,377,383,040
70	**Basic earnings per share**	25.6			**1,701**	**2,181**
71	**Diluted earnings per share**	25.6			**1,701**	**2,181**

Ho Chi Minh City, Jan 21 2020

PREPARER	CHIEF ACCOUNTANT	CHIEF EXECUTIVE OFFICER
Ly Quoc Tuan	Vuong Tran Quoc Thanh	Nguyen Thi Thanh Huong

CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the period ended 31 December 2019

Unit: VND

Code	Items	Notes	Current period	Previous period
	CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Profit before tax**		**82,298,556,648**	**97,471,469,520**
	Adjustments for:			
02	Depreciation and amortisation		9,577,541,677	9,775,630,551
03	(Reversal of) provisions		15,540,564,548	5,359,404,748
04	Foreign exchange losses (gains) arising from revaluation of monetary accounts		55,410,088	151,353,762
05	Profits from investing activities		(34,688,754,584)	(55,349,223,112)
06	Interest expense	29	37,763,249,358	36,917,571,485
07	Other adjustments		-	-
08	**Operating profit before changes in working capital**		**110,546,567,735**	**94,326,206,954**
09	Decrease in receivables		(165,756,734,125)	(5,236,892,459)
10	Increase in inventories		(21,195,493,646)	(18,392,722,121)
11	Increase in payables		127,515,961,252	(52,907,519,517)
12	Increase (decrease) in prepaid expenses		668,909,602	789,890,436
13	Decrease (increase) in held-for-trading securities		-	-
14	Interest paid		(38,151,832,187)	(37,832,087,338)
15	Corporate income tax paid	19	(16,443,034,879)	(10,720,148,757)
16	Other cash inflows from operating activities		-	-
17	Other cash outflows for operating activities		(17,886,913,712)	(6,493,989,541)
20	**Net cash flows from (used in) operating activities**		**(20,702,569,960)**	**(36,467,262,343)**
	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets		(135,906,127,747)	(15,888,623,910)
22	Proceeds from disposals of fixed assets		-	146,816,450
23	Loans and purchases of debt instruments of other entities		(90,965,000,000)	(157,000,000,000)
24	Collections of bank deposits		102,909,419,257	170,500,000,000
25	Payments for investments in other entities		(4,150,000,000)	-
26	Receives from investments in other entities		11,800,000,000	11,000,000,000
27	Interest and dividends received		21,194,346,319	32,019,250,153
30	**Net cash flows used in investing activities**		**(95,117,362,171)**	**40,777,442,693**

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the period ended 31 December 2019

Code	Items	Notes	Current period	Previous period
	CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution and issuance of shares		13,810,000,000	12,748,200,000
32	Capital redemption		(450,400,000)	(30,559,288,040)
33	Drawdown of borrowings		1,679,674,225,611	1,569,434,809,623
34	Repayment of borrowings		(1,533,702,652,087)	(1,615,819,107,144)
35	Payment of principal of finance lease liabilities		-	-
36	Dividends paid	25.4	(47,053,196,500)	(25,470,904,647)
40	**Net cash flows from financing activities**		**112,277,977,024**	**(89,666,290,208)**
50	**Net decrease in cash and cash equivalents**		**(3,541,955,107)**	**(85,356,109,858)**
60	**Cash and cash equivalents at beginning of period**	**4**	**54,943,544,508**	**140,300,413,484**
61	Impact of exchange rate fluctuation		(2,312,555)	(759,118)
70	**Cash and cash equivalents at end of period**	**4**	**51,399,276,846**	**54,943,544,508**

Ho Chi Minh City, Jan 21 2020

PREPARER	CHIEF ACCOUNTANT	CHIEF EXECUTIVE OFFICER
Ly Quoc Tuan	Vuong Tran Quoc Thanh	Nguyen Thi Thanh Huong

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 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 and subsequent amendments.

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

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

The normal business cycle of the Group is 12 months.

The Company has one branch as follows: Danang Refrigeration Electrical Engineering Company – Seaprodex Refrigeration Industry Corporation ("Searee") incorporated pursuant to the BRC No. 3213000275 issued by the DPI of Da Nang City on 17 January 2000 and the amendments. Searee's registered office is located at Road 10, Hoa Khanh Industrial Zone, Lien Chieu District, Da Nang City.

The Company has four direct subsidiaries, Asia Refrigeration Industry JSC ("Arico"), Searee Refigeration Electrical Engineering Corporration ("Searee Corporation"), Seareal Real Estate JSC ("Seareal") and SEAREFICO Engineering and Construction JSC ("SEC"); an indirect subsidiary, Greenpan Joint Stock Company ("Greenpan"); two associates, Thua Thien Hue Construction Joint Stock Corporation and Phoenix Energy & Automation JSC. (Note 13.1):

(i) Arico is formerly a one-member limited liability company named Asia Refrigeration Industry Company Limited, 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 5th amended Enterprise registration certificate one-member limited liability company No. 0305429178 dated 31 March 2015. On 2 August 2017, Arico was granted the Enterprise registration certification joint stock company ("ERCJSC") No. 0305429178 by the DPI of Ho Chi Minh City to transform Arico into a joint stock company. 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.

1 GENERAL INFORMATION (continued)

(ii) Searee Corporation was incorporated pursuant to the ERCJSC No. 0401917298 dated 8 August 2018 issued by the DPI of Da Nang City. Searee Corporation's registered office is located at Street No.10, Hoa Khanh Industrial Park, Bac Hoa Khanh Ward, Lien Chieu District, Da Nang City, Vietnam. The charter capital of Searee Corporation is VND 50 billion, in which, the Company owns 73,3% of the charter capital.

The principal activities of Searee Corporation 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.

(iii) Greenpan was incorporated pursuant to the ERCJSC No. 0314809049 dated 28 December 2017 issued by the DPI of Ho Chi Minh City. 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. The charter capital of Greenpan is VND 70 billion, in which, the Company and Arico own 30% and 51%, respectively, of the charter capital.

The principal activities of Greenpan are producing and trading of light materials.

(iv) Seareal was incorporated pursuant to the ERCJSC No. 0315917167 dated 21 September 2019 issued by the DPI of Ho Chi Minh City. Seareal's registered office is located at 72-74 Nguyen Thi Minh Khai, Ward 6, District 3, Ho Chi Minh City, Vietnam. The charter capital of Seareal is VND 100 billion, in which, the Company owns 98.4% of the charter capital.

The principal activities of Seareal are businesses of Real Estate, the ownership of land use rights, leasehold land use rights.

(v) SEC was incorporated pursuant to the ERCJSC No. 0315937244 dated 10 October 2019 issued by the DPI of Ho Chi Minh City. Seareal's registered office is located at 72-74 Nguyen Thi Minh Khai, Ward 6, District 3, Ho Chi Minh City, Vietnam. The charter capital of Seareal is VND 70 billion, in which, the Company owns 100% of the charter capital.

The principal activities of SEC are 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.

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

2 BASIS OF PREPARATION

2.1 Basis of preparation of consolidated financial statements

The 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 consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention except for investments in associates.

The accompanying 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.

2 BASIS OF PREPARATION (continued)

2.2 Fiscal year

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

2.3 Currency (continued)

The 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 Company 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 Company opens the foreign currency accounts. Foreign

2.4 Basis of consolidation (continued)

Exchange differences arising from these translations are recognised in the consolidated income statement.

(a) Subsidiary

Subsidiary is an entity 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. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are 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 subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associate

Associate is 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

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

3.3 Inventories

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

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

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

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

Provision for decline in value of inventories

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, deficiency, obsolescence, etc.) of inventories owned by the 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 consolidated income statement.

3.4 Investments

(a) Trading securities

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

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

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

(b) Investment in associate

Investment in associate is accounted using the equity method when preparing the consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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 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.

(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 is made when the entities make losses, except when the loss was anticipated in their business plan before the date of investment.

3.5 Fixed assets

Tangible and intangible fixed assets

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

Depreciation and amortisation

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

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

Disposals

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 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 period of the lease.

3.7 Prepaid expenses

Prepaid expenses include short-term or 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Provision for severance allowances (continued)

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.

3.13 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 Group 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.

3.14 Appropriation of net profit

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue recognition

(a) Sales of goods

Revenue from the 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.

(b) Revenue from construction contracts

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

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

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

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividends and appropriation of profits

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

3.16 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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Cost of construction contracts

Cost of construction contracts is recognised based on amount of work completed of construction projects at the consolidated balance sheet date and the estimated gross profit of the projects, and recorded on the basis of matching with revenue and on prudent concept. The Board of Directors and Directors of the Company's Divisons 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.

3.18 Financial expenses

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

3.19 General and administration expenses

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

3.20 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.

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 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 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 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.

3.22 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.

4. CASH AND CASH EQUIVALENTS

Unit: VND

	Ending balance	Beginning balance
Cash on hand	673,414,906	610,823,314
Cash at banks	50,725,861,940	25,152,258,180
Cash equivalents (*)	-	29,180,463,014
TOTAL	**51,399,276,846**	**54,943,544,508**

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

5.1 Held-for-trading securities

Held-to-maturity securities include term bank deposits with original maturity of more than three months and less than one year as follows:

Unit: VND

	Ending balance		Beginning balance	
	Cost	Fair value	Cost	Fair value
Short- term				
- Term bank deposit with the original maturity of more than three months	151,703,107,647	151,703,107,647	163,600,928,908	163,600,928,908
TOTAL	**151,703,107,647**	**151,703,107,647**	**163,600,928,908**	**163,600,928,908**

6. SHORT-TERM TRADE RECEIVABLES AND SHORT-TERM ADVANCE TO SUPPLIERS

6.1 Short-term trade receivables

Unit: VND

	Ending balance	Beginning balance
Trade receivables from customers	895,955,878,747	819,754,089,339
Trade receivables from related parties (Note 32)	75,519,461	-
TOTAL	**896,031,398,208**	**819,754,089,339**
Provision for doubtful short-term receivables	(44,191,231,158)	(30,699,956,619)
NET	**851,840,167,050**	**789,054,132,720**

6.2 Short-term advances to suppliers

Unit: VND

	Ending balance	Ending balance
Advances to suppliers	81,412,591,338	24,507,191,632
Advances to related parties (Note 32)	336,841,212	-
TOTAL	**81,749,432,550**	**24,507,191,632**

7. OTHER RECEIVABLES

Unit: VND

7.1 Other short-term receivables

	Ending balance	Beginning balance
- Advance to employees	9,670,473,532	6,727,552,771
- Other receivables from construction team	4,415,047,344	2,803,291,656
- Other receivables from employees	3,526,265,971	6,221,346,670
- Short-term deposit	1,907,252,438	905,457,403
- Interest income receivables	5,668,482,740	6,207,112,876
- Interest income receivables from investment scheme	6,173,657,495	2,652,119,542
- Others	22,067,477,795	1,702,247,383
TOTAL	**53,428,657,315**	**27,219,128,301**
In which:		
- Other receivables from a related parties (Note 32)	*139,902,352*	-
- Other receivables from other parties	*53,288,754,963*	*27,219,128,301*

7. OTHER RECEIVABLES (continued)

7.2 Other long - term receivables

Unit: VND

	Ending balance	Beginning balance
- Long-term deposit	1,775,901,840	1,389,151,840
TOTAL	**1,775,901,840**	**1,389,151,840**

8. INVENTORIES

Unit: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
- Work in process	212,815,929,525	(2,357,246,828)	202,144,053,644	(2,427,693,665)
- Raw materials	52,658,236,866	(2,637,444,531)	42,119,064,257	(1,518,178,539)
- Goods in transit	12,956,386,076	-	37,336,713,277	-
- Finished goods	4,271,580,220	(3,413,517)	1,725,704,767	(106,888,252)
- Goods;	21,818,896,904	-	-	-
TOTAL	**304,521,029,591**	**(4,998,104,876)**	**283,325,535,945**	**(4,052,760,456)**

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

Unit: VND

	Current year	Previous year
Beginning balance	(4,052,760,456)	(4,388,964,932)
Add: Provision created during the year	(1,120,901,110)	(204,267,501)
Less: Utilisation and reversal of provision during the year	175,556,690	540,471,977
Ending balance	**(4,998,104,876)**	**(4,052,760,456)**

9. TANGIBLE FIXED ASSETS

Unit: VND

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Other assets	Total
Cost:						
Beginning balance	73,454,122,916	96,916,638,506	13,336,909,963	4,590,090,766	2,039,123,859	**190,336,886,010**
- New purchase	-	709,425,364	-	269,095,273	-	**978,520,637**
- Other increase	-	147,228,055	-	41,518,182	-	**188,746,237**
Ending balance	73,454,122,916	97,773,291,925	13,336,909,963	4,900,704,221	2,039,123,859	**191,504,152,884**
In which:						
Fully depreciated	*2,823,280,474*	*7,386,846,526*	*8,639,579,461*	*2,661,544,631*	*1,518,123,859*	***23,029,374,951***
Accumulated depreciation:						
Beginning balance	31,679,101,995	37,653,108,825	11,037,661,023	3,740,332,753	1,801,771,078	**85,911,975,674**
- Depreciation for the period	2,118,096,080	6,154,332,536	666,178,393	222,091,385	190,769,456	**9,351,467,850**
Ending balance	33,797,198,075	43,807,441,361	11,703,839,416	3,962,424,138	1,992,540,534	**95,263,443,524**
Net carrying amount:						
Beginning balance	41,775,020,921	59,263,529,681	2,299,248,940	849,758,013	237,352,781	**104,424,910,336**
Ending balance	39,656,924,841	53,965,850,564	1,633,070,547	938,280,083	46,583,325	**96,240,709,360**

10. FIXED ASSETS OF FINANCIAL LEASING

The Group has no fixed assets of financial leasing in the period

11. INTANGIBLE ASSETS

Unit: VND

	Computer software	Total
Cost:		
Beginning balance	2,264,776,660	**2,264,776,660**
- New purchase	270,500,000	**270,500,000**
Ending balance	2,535,276,660	**2,535,276,660**
In which:		
Fully amortised	*1,422,266,260*	***1,422,266,260***
Accumulated amortisation:		
Beginning balance	1,947,780,903	**1,947,780,903**
- Amortisation for the year	226,073,827	**226,073,827**
Ending balance	2,173,854,730	**2,173,854,730**
Net carrying amount:		
Beginning balance	316,995,757	**316,995,757**
Ending balance	361,421,930	**361,421,930**

12. CONSTRUCTION IN PROGRESS

Unit: VND

	Ending balance	Beginning balance
Factory upgrade	17,470,712,285	3,889,270,988
Machinery purchasing	92,107,076,064	128,130,703
ERP System	2,959,128,345	2,674,876,462
Others	16,799,650,721	1,076,929,351
TOTAL	**129,336,567,415**	**7,769,207,504**

12. CONSTRUCTION IN PROGRESS (continued)

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

Unit: VND

	Ending balance	Beginning balance
Opening balance	7,769,207,504	8,982,272,058
Purchases	121,567,359,911	8,383,155,101
Transfers to tangible fixed assets (Note 9)	-	(9,596,219,655)
Closing balance	**129,336,567,415**	**7,769,207,504**

13. LONG-TERM INVESTMENTS

13.1 Investment in an associate

Unit: VND

	Ending balance		Beginning balance	
	Cost of investment	*% of ownership*	*Cost of investment*	*% of ownership*
Thua Thien Hue Construction Joint Stock Corporation ("HCC")	137,356,988,794	36.00%	124,229,411,105	36.00%
Phoenix Energy & Automation Joint Stock Company ("PHOENIX")	2,250,000,000	45.00%	-	0.00%
TOTAL	**139,606,988,794**		**124,229,411,105**	

Unit: VND

	HCC	PHOENIX
Cost of investment:		
Beginning balance and ending balance	51,392,880,000	2,250,000,000
Accumulated share profit of the associates:		
Beginning balance	72,836,531,105	-
Share in post-acquisition profit of associates	21,360,417,689	-
Dividend for the year	(8,232,840,000)	-
Ending balance	85,964,108,794	-
Net carrying amount:		
Beginning balance	124,229,411,105	-
Ending balance	137,356,988,794	2,250,000,000

(a) HCC is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 3300101156 issued by the DPI of Thua Thien Hue Province on 5 January 2011, as amended. HCC's office is located at 9 Pham Van Dong Street, Hue City, Thua Thien Hue Province, Vietnam.

The current 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.

(b) PHOENIX incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0315869795 issued by the DPI of Ho Chi Minh City on 28 August 2019, its office is located at 72-74 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Chi Minh City, Vietnam. The charter capital of Phoenix is VND 5 billion, in which, Arico owns 45% of the charter capital.

The current principal activities of Phoenix are electricity production, electric power transmission & distribution, electric installations including electricity systems, anti-thief , lightning protection, fire protection, automation systems, measurement & monitoring systems.

13. LONG-TERM INVESTMENTS (continued)

13.2 Investment in other entity

Unit: VND

	Ending balance		Beginning balance	
	Cost of investment	*% of ownership*	*Cost of investment*	*% 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%	0	0.00%
	8,096,000,000		**6,196,000,000**	

(a) Inwatek is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313029247 issued by the DPI of Ho Chi Minh City on 26 November 2014, with its office located at Room No.802, 8th Floor, Area B, Waseco building, No. 10 Pho Quang, Ward 2, Tan Binh District, Ho Chi Minh City, Vietnam. The current major business lines of Inwatek are trading machinery and equipment to be used for water production, installing water processing and exploiting systems.

(b) Formtek is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0314622964 issued by the DPI of Ho Chi Minh City on 13 September 2017, with its office located at the 8th Floor, Area B, Waseco building, No. 10 Pho Quang, Ward 2, Tan Binh District, Ho Chi Minh City, Vietnam. The current major business lines of Formtek are manufacturing metal tools and domestic appliances, installation of the system water supply and other construction.

14. PREPAID EXPENSES

Unit: VND

	Ending balance	Beginning balance
Short-term		
- Tools and supplies	117,486,815	281,106,881
- Others	1,748,947,061	2,982,614,254
Total	**1,983,920,691**	**3,544,828,016**
Long-term		
- Tools and supplies	2,169,301,507	1,976,170,942
- Land rental	29,504,021,130	30,466,108,779
- Others	3,124,625,740	1,627,290,999
Total	**34,797,948,377**	**34,069,570,720**

15. DEFERRED INCOME TAX ASSETS

Deferred income tax asset mainly arises from deductible temporary differences in relation to accrual expense and provisions. The movement in the deferred income tax, is as follows:

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	Ending balance	Beginning balance
Opening Balance	6,361,301,448	3,135,924,767
Income statement credit	(582,099,372)	3,225,376,681
Closing balance	**5,779,202,076**	**6,361,301,448**

16. SHORT- TERM TRADE ACCOUNTS PAYABLE

Unit: VND

	Ending balance	Beginning balance
Third parties	309,202,422,761	250,980,097,410
Related parties (Note 32)	4,269,202,084	-
TOTAL	**313,471,624,845**	**250,980,097,410**

17. SHORT-TERM ADVANCES FROM CUSTOMERS

Unit: VND

	Ending balance	Beginning balance
Third parties	109,646,368,263	69,585,032,103
TOTAL	**109,646,368,263**	**69,585,032,103**

18. LOANS

Unit: VND

	Beginning balance	Increase in year	Payment in year	Ending balance
18.1 Short-term loans (*)	**562,803,172,229**	**1,603,223,009,878**	**1,533,702,652,087**	**632,323,530,020**
Short-term loans from banks	**559,054,647,269**	**1,596,628,910,038**	**1,529,954,127,127**	**625,729,430,180**
- Vietnam Joint Stock Commercial Bank for Industry and Trade - Branch No. 6	302,036,829,491	739,676,018,034	714,356,620,723	327,356,226,802
- Joint Stock Commercial Bank for Foreign Trade of Vietnam - HCM Branch	133,576,322,722	551,157,974,653	438,205,326,845	246,528,970,530
- Joint Stock Commercial Bank for Foreign Trade of Vietnam - Da Nang	60,674,098,962	93,379,069,810	152,762,624,016	1,290,544,756
- HSBC (Vietnam)	29,535,061,984	-	29,535,061,984	-
- Military Commercial Joint Stock Bank - Saigon Branch	-	2,479,400,000	-	2,479,400,000
- Vietnam Maritime Commercial Stock Bank - Ho Chi Minh Branch	3,376,078,981	29,825,342,418	33,201,421,399	-
- Bank for Investment and Development of Vietnam Joint Stock Company - HCM Branch	-	121,955,859,022	111,504,533,182	10,451,325,840
- Standard Chartered - HCM Branch	29,856,255,129	43,091,550,455	50,388,538,978	22,559,266,606
- Vietnam - Russia Joint Venture Bank - Da Nang Branch	-	15,063,695,646	-	15,063,695,646
Short-term loans from others	-	**1,000,000,000**	-	**1,000,000,000**
- Other	-	1,000,000,000	-	1,000,000,000
Due long-term loans	**3,748,524,960**	**6,594,099,840**	**3,748,524,960**	**6,594,099,840**
- Joint Stock Commercial Bank for Foreign Trade of Vietnam - HCM Branch	3,748,524,960	6,594,099,840	3,748,524,960	6,594,099,840
18.2 Long-term Loans from banks (**)	**11,539,674,720**	**82,045,315,573**	**6,594,099,840**	**86,990,890,453**
- Joint Stock Commercial Bank for Foreign Trade of Vietnam - HCM Branch	11,539,674,720	82,045,315,573	6,594,099,840	86,990,890,453
TOTAL	**574,342,846,949**	**1,686,268,325,451**	**1,540,296,751,927**	**720,314,420,473**

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

(**) This borrowing has the term of 60 months and is secured by the assets forming from the loans. The loan bears the incentive interest rates in accordance with the investment stimulus program of Ho Chi Minh City under the Decision No. 5592/QD-UBND and Decision No. 5940/QD-UBND. The purpose of this borrowing is for invesment in machinery upgrading and the production technology transformation in Arico and investment in the factory producing non-baked light meterials of Greenpan.

Unit: VND

19. STATUTORY OBLIGATIONS

	Beginning balance	Increase in year	Payment in year	Ending balance
Payables				
- Domestic value-added tax	8,216,397,129	28,106,026,339	20,782,097,904	15,540,325,564
- Import value-added tax	-	27,878,502,028	27,878,502,028	-
- Special sales tax	-	64,274,260	64,274,260	-
- Import, export duties	-	3,012,840,510	3,012,840,510	-
- Corporate income tax	12,274,291,343	8,778,206,615	16,443,034,879	4,609,463,079
- Non-agricultural land use tax	-	11,342,885	11,342,885	-
- Others	742,998,505	20,577,446,120	19,302,816,017	2,017,628,608
+ Personal income tax	*732,287,179*	*16,509,132,132*	*15,223,790,703*	*2,017,628,608*
+ Withholding taxe	-	*4,036,543,276*	*4,036,543,276*	-
+ Business tax	-	*13,000,000*	*13,000,000*	-
+ Other tax	*10,711,326*	*18,770,712*	*29,482,038*	-
TOTAL	**21,233,686,977**	**88,428,638,757**	**87,494,908,483**	**22,167,417,251**

20. ACCRUED EXPENSES

20.1 Short- term accrued expenses

Unit: VND

	Ending balance	Beginning balance
- Accrued project costs	136,162,363,783	127,543,492,707
- Interest expense	1,192,625,685	797,418,813
- Others	2,975,017,236	1,383,015,540
TOTAL	**140,330,006,704**	**129,723,927,060**

21. OTHER PAYABLES

21.1 Other short - term payables

Unit: VND

	Ending balance	Beginning balance
- Other payables to employees	1,201,384,075	1,511,211,502
- Social insurance, health insurance and trade union fees	2,026,673,977	2,039,868,157
- Dividends payable (Note 25.4)	22,088,676,700	579,396,800
- Others	29,638,227,208	17,958,413,923
TOTAL	**54,954,961,960**	**22,088,890,382**

21.2 Other long - term payables

Unit: VND

	Ending balance	Beginning balance
- Other long-term payables	1,150,000,000	1,000,000,000
TOTAL	**1,150,000,000**	**1,000,000,000**

22. SHORT-TERM PROVISION

Unit: VND

	Ending balance	Beginning balance
- Beginning balance	1,502,465,068	3,483,377,861
- Provision during the year	3,322,678,485	1,653,114,657
- Utilised and reversed during the year	(1,803,377,896)	(3,634,027,450)
- Ending balance	**3,021,765,657**	**1,502,465,068**

Short-term provision represents warranty for projects that have been completed and handed over at the balance sheet date.

23. BONUS AND WELFARE FUND

Unit: VND

	Ending balance	Beginning balance
- Beginning balance	14,113,496,971	5,116,157,948
- Appropriation during the year	16,583,598,035	15,491,328,564
- Utilised during the year	(17,886,913,712)	(6,493,989,541)
- Ending balance	**12,810,181,294**	**14,113,496,971**

24. LONG-TERM PROVISION

Long-term provision mainly represents provision for severance allowance.

Unit: VND

	Ending balance	Beginning balance
- Beginning balance	3,887,134,250	7,151,264,171
- Provision during the year	58,042,500	1,546,491,500
- Utilised and reversed during the year	(473,397,500)	(376,558,500)
- Transfer to employee payables	-	(4,434,062,921)
- Ending balance	**3,471,779,250**	**3,887,134,250**

25. OWNERS' EQUITY

25.1 Increase and decrease in owners' equity

Unit: VND

	Contributed share capital	Share premium	Treasury shares	Other capital of the owner	Investment and development fund	Undistributed earnings	Total
For period ended 31 December 2018							
Beginning balance	**324,953,970,000**	**284,019,059**	**(284,019,059)**	**4,415,811,246**	**5,427,578,589**	**130,438,270,951**	**465,235,630,786**
- Net profit for the year	-	-	-	-	-	82,101,252,812	82,101,252,812
- Profit appropriation to bonus funds	-	-	-	-	-	(15,491,328,564)	(15,491,328,564)
- Dividends declared	-	-	-	-	-	(25,086,205,600)	(25,086,205,600)
- Re-purchase of shares	-	-	(28,954,388,040)	-	-	-	(28,954,388,040)
Ending balance	**324,953,970,000**	**284,019,059**	**(29,238,407,099)**	**4,415,811,246**	**5,427,578,589**	**171,961,989,599**	**477,804,961,394**
For period ended 31 December 2019							
Beginning balance	**324,953,970,000**	**284,019,059**	**(29,238,407,099)**	**4,415,811,246**	**5,427,578,589**	**171,961,989,599**	**477,804,961,394**
- Net profit for the year	-	-	-	-	-	66,127,086,278	66,127,086,278
- Profit appropriation to bonus funds	-	-	-	-	-	(16,423,484,343)	(16,423,484,343)
- Dividends declared	-	-	-	-	-	(67,573,873,400)	(67,573,873,400)
Ending balance	**324,953,970,000**	**284,019,059**	**(29,238,407,099)**	**4,415,811,246**	**5,427,578,589**	**154,091,718,134**	**459,934,689,929**

25. OWNERS' EQUITY (continued)

25.2 Details of contributed share capital

	Ending balance		
	Shares	*VND*	*%*
Taisei Oncho Co., Ltd	8,099,506	80,995,060,000	24.93
SANYO Engineering & Construction Vietnam Co.,Ltd	6,500,000	65,000,000,000	20.00
Vietnam Seaproducts Joint Stock Corporation	4,152,000	41,520,000,000	12.78
Other shareholders	11,963,891	119,638,910,000	36.81
Treasury shares	1,780,000	17,800,000,000	5.48
TOTAL	**32,495,397**	**324,953,970,000**	**100.00**

25.3 Shares

	Ending balance	Beginning balance
	Quantity	*Quantity*
Authorized shares	**32,495,397**	**32,495,397**
Issued shares		
Issued and paid-up shares	32,495,397	32,495,397
Ordinary shares	*32,495,397*	*32,495,397*
Treasury shares		
Ordinary shares	*(1,780,000)*	*(1,780,000)*
Shares in circulation		
Ordinary shares	*30,715,397*	*30,715,397*

The par value is VND 10,000/share (Last year: VND 10,000/share)

25.4 Dividends

Unit: VND

	Current year	Previous year
Beginning balance	**579,396,800**	**964,095,847**
Dividends declared during the period	**67,573,873,400**	**25,086,205,600**
Last dividends payment for 2017 FY: 800 VND per share	-	*25,086,205,600*
First dividends payment for 2018 FY: 700 VND per share	21,500,777,900	-
Last dividends payment for 2018 FY: 800 VND per share	24,572,317,600	-
First dividends payment for 2019 FY: 700 VND per share	21,500,777,900	-
Dividends paid during the period	**(46,064,593,500)**	**(25,470,904,647)**
Ending balance	**22,088,676,700**	**579,396,800**

25. OWNERS' EQUITY (continued)

25.5 Non-controlling interests

Unit: VND

	Year ended 31/12/2019	Year ended 31/12/2018
Opening Balance	**28,862,574,613**	**16,341,891,573**
- Owner's capital	13,810,000,000	12,640,000,000
- Undistributed post-tax profit	6,811,164,383	1,377,383,040
- Appropriation to bonus and welfare fund	(160,113,692)	-
- Dividend paid	(988,603,000)	-
- Repurchase of shares	1,947,100,000	(1,604,900,000)
- Reissuance treasury shares	(450,400,000)	108,200,000
Closing balance	**49,831,722,304**	**28,862,574,613**

25.6 Earnings per share

Unit: VND

	Current year	Previous year
Net profit after tax attributable to ordinary equity holders (VND)	66,127,086,278	82,101,252,812
Distribution to bonus and welfare fund (VND)	(13,886,688,118)	(13,548,500,405)
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	52,240,398,160	68,552,752,407
Weighted average number of ordinary shares (share)	30,715,397	31,426,633
Basic and diluted earnings per share (VND)	1,701	2,181

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

26. REVENUES

26.1 Revenues from sale of goods and rendering of services

Unit: VND

	This period	Previous period	Current year	Previous year
Gross revenues	**718,775,740,897**	**711,530,380,120**	**1,716,803,374,134**	**1,732,517,479,384**
Of which:				
- Revenue from construction contracts	707,041,777,355	701,761,875,625	1,679,702,695,709	1,696,704,637,399
- Revenue from lease	593,153,513	-	1,737,392,284	1,189,973,804
- Revenue from sale of goods	11,140,810,029	8,861,295,944	35,363,286,141	33,715,659,630
- Others	-	907,208,551	-	907,208,551
Revenue reduction	**84,286,380**	**122,591,984**	**84,286,380**	**122,591,984**
Net revenues	**718,691,454,517**	**711,407,788,136**	**1,716,719,087,754**	**1,732,394,887,400**
Of which:				
- Revenue from other parties	718,622,800,462	711,407,788,136	1,716,650,433,699	1,732,394,887,400
- Revenue from related parties	68,654,055	-	68,654,055	-

26.2 Finance income

Unit: VND

	This period	Previous period	Current year	Previous year
- Interest income	3,843,615,939	4,192,072,327	13,328,336,895	20,617,781,365
- Gain on disposal of investment	-	11,400,000,000	-	11,400,000,000
- Dividends earned	-	-	-	1,129,652,216
- Foreign exchange gains incurred during the period	(1,897,012)	270,582,506	135,205,187	948,436,840
- Foreign exchange gains from revaluation	(212,062,639)	(62,131,152)	-	-
TOTAL	**3,629,656,288**	**15,800,523,681**	**13,463,542,082**	**34,095,870,421**

27. COSTS OF GOODS SOLD AND SERVICES RENDERED

Unit: VND

	This period	Previous period	Current year	Previous year
- Cost of construction contracts	656,307,663,790	628,413,234,048	1,518,590,421,286	1,553,539,832,732
- Cost of lease	507,860,292	(15,359,250)	1,561,384,473	1,095,633,367
- Cost of goods sold	8,377,029,827	7,252,223,046	26,475,500,488	29,088,669,356
- (Reversal of) provision for obsolete inventories	1,017,426,375	(356,635,710)	945,344,420	(336,204,476)
- Others	-	1,425,708,010	-	1,425,708,010
TOTAL	**666,209,980,284**	**636,719,170,144**	**1,547,572,650,667**	**1,584,813,638,989**

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

28.1 General and Administrative expenses

Unit: VND

	This period	Previous period	Current year	Previous year
- Staff costs	25,122,053,580	18,709,233,787	48,827,504,630	42,226,314,441
- Tools and equipment costs	179,019,544	223,087,564	928,362,409	829,044,213
- Depreciation and amortisation	457,347,182	439,419,847	1,795,249,279	1,558,177,267
- (Reversal of provision) provisions	2,471,780,710	5,558,525,573	13,491,274,539	6,506,589,017
- External service expenses	5,879,447,068	3,021,304,125	18,589,632,271	15,513,157,633
- Others	791,988,195	3,444,476,655	3,491,233,809	6,688,762,315
- Reversal of employee's accrued expenses	-	(3,546,205,360)	(2,608,726,520)	(6,606,086,793)
TOTAL	**34,901,636,279**	**27,849,842,191**	**84,514,530,417**	**66,715,958,093**

28.2 Selling Expenses

Unit: VND

	This period	Previous period	Current year	Previous year
- Staff costs	34,221,919	60,123,760	182,220,519	161,876,494
- External service expenses	257,053,495	186,123,306	298,399,637	600,989,702
- Others	-	20,060,265	260,042,925	22,298,034
TOTAL	**291,275,414**	**266,307,331**	**740,663,081**	**785,164,230**

29. FINANCE EXPENSES

Unit: VND

	This period	Previous period	Current year	Previous year
- Loan interest	10,437,132,284	10,053,164,177	37,763,249,358	36,917,571,485
- Foreign exchange losses incurred	(1,045,785)	56,205,183	129,504,842	278,340,607
- Foreign exchange losses from revaluation	(73,335,027)	95,835,359	55,410,088	151,353,762
- Settlement discount	-	-	-	1,878,419,588
TOTAL	**10,362,751,472**	**10,205,204,719**	**37,948,164,288**	**39,225,685,442**

30. OTHER INCOME AND EXPENSES

Unit: VND

	This period	Previous period	Current year	Previous year
Other income	**805,703,403**	**384,606,222**	**2,128,901,069**	**525,239,202**
- Others	805,703,403	384,606,222	2,128,901,069	525,239,202
Other expenses	**588,599,891**	**37,472,960**	**597,383,493**	**59,053,830**
- Penalties	18,770,712	7,301,729	26,956,215	8,015,971
- Others	569,829,179	30,171,231	570,427,278	51,037,859
NET OTHER PROFIT	**217,103,512**	**347,133,262**	**1,531,517,576**	**466,185,372**

31. CORPORATE INCOME TAX

31.1 CIT expenses

Unit: VND

	This period	Previous period	Current year	Previous year
- Current CIT expense	1,346,948,443	12,530,640,525	9,232,966,567	17,218,210,349
- Adjustment of CIT from prior year	-	-	(454,759,952)	-
- Deferred CIT (income) expense	(581,938,771)	(2,938,405,963)	582,099,372	(3,225,376,681)
TOTAL	**765,009,672**	**9,592,234,562**	**9,360,305,987**	**13,992,833,668**

31.2 Current CIT

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

31. CORPORATE INCOME TAX (continued)

31.2 Current CIT (continued)

A reconciliation between the accounting profit before tax as reported in the consolidated income statement and the taxable profit is presented below:

Unit: VND

	This period	Previous period	Current year	Previous year
Net profit before tax	**17,234,285,206**	**59,248,669,922**	**82,298,556,648**	**97,471,469,520**
Adjustments:				
Non-deductible expenses	758,287,502	(1,729,633,495)	4,928,762,562	1,511,553,641
Temporary differences	2,909,693,865	(2,458,851,558)	(2,910,496,848)	(1,023,997,970)
Non-taxable income	-	(1,129,652,216)	-	(1,129,652,216)
Shares of profit of an associate	(6,461,714,338)	(6,733,749,228)	(21,360,417,689)	(22,054,973,081)
Estimated taxable profit	**14,440,552,235**	**47,196,783,425**	**62,956,404,673**	**74,774,399,894**
In which:				
Estimated current taxable profit	*1,238,679,318*	*42,140,794,115*	*33,883,713,319*	*64,894,652,798*
Incentive taxable income exemption	*13,201,872,917*	*5,055,989,310*	*29,072,691,354*	*9,879,747,096*
Estimated CIT payable	**2,337,088,911**	**13,044,601,132**	**11,413,418,419**	**18,093,952,790**
CIT exemption	(990,140,468)	(379,199,198)	(2,180,451,851)	(740,981,032)
Estimated CIT after exemption	**1,346,948,443**	**12,665,401,934**	**9,232,966,568**	**17,352,971,758**
Adjustment for CIT from prior period	-	(134,761,409)	(454,759,953)	(134,761,409)
Current corporate income tax expense	**1,346,948,443**	**12,530,640,525**	**8,778,206,615**	**17,218,210,349**
Deferred income tax income expense	(581,938,771)	(2,938,405,963)	582,099,372	(3,225,376,681)
Total corporate income tax expense	**765,009,672**	**9,592,234,562**	**9,360,305,987**	**13,992,833,668**

32. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties in the current year and previous year were as follows: *Unit: VND*

Related parties	Relationship	Transaction	Transaction amount	
			Current year	Previous year
Thua Thien Hue Construction Joint Stock Corporation	Associate	Dividend received	8,232,840,000	8,232,840,000
		Construction services	4,562,616,513	739,421,818
			12,795,456,513	**8,972,261,818**
Revenues from sale of goods and rendering of services (No 26.1)				
Phoenix Energy & Automation Joint Stock Company	Associate	Selling	68,654,055	-
			68,654,055	**-**

Amounts due to related parties at the balance sheet dates were as follows:

Unit: VND

Related party	Relationship		Ending balance	Beginning balance
Short-term trade receivables (Note 6.1)				
Phoenix Energy & Automation Joint Stock Company	Associate	Selling	75,519,461	-
			75,519,461	**-**
Short-term advances to suppliers (Note 6.2)				
Thua Thien Hue Construction Joint Stock Corporation	Associate	Purchase of construction	336,841,212	-
			336,841,212	**-**
Other short-term receivables (Note 7)				
Phoenix Energy & Automation Joint Stock Company	Associate	Other	139,902,352	-
			139,902,352	**-**
Trade payable (Note 16)				
Thua Thien Hue Construction Joint Stock Corporation	Associate	Purchase of construction services	4,269,202,084	-

32. TRANSACTIONS WITH RELATED PARTIES (Continued)

Remuneration to members of the Boards of Directors and Supervision, salaries and benefits of management and key executives were as follows:

Unit: VND

	This period	Previous period	Current year	Previous year
Allowance for the Boards of Directors and Supervision	597,000,000	483,000,000	2,556,000,000	1,929,333,333
Salaries and benefits of the Board of Directors, management and key executives	959,778,461	889,667,500	6,731,381,657	6,992,794,848
TOTAL	**1,556,778,461**	**1,372,667,500**	**9,287,381,657**	**8,922,128,181**

33. 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.

Ho Chi Minh City, Jan 21 2020

PREPARER	CHIEF ACCOUNTANT	CHIEF EXECUTIVE OFFICER
Ly Quoc Tuan	Vuong Tran Quoc Thanh	Nguyen Thi Thanh Huong