

**SEAPRODEX REFRIGERATION INDUSTRY CORPORATION**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

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## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

### CORPORATE INFORMATION

<b>Enterprise registration certificate joint stock company</b>	No. 0301825452 was initially issued by the Department of Planning and Investment of Ho Chi Minh City on 18 September 1999 and the latest 18th amendment dated 15 May 2019.	
<b>Board of Directors</b>	Mr. Le Tan Phuoc Mr. Nguyen Huu Thinh Mr. Ryota Fukuda Mr. Koji Sakate	Chairman Member Member Member (from 25 April 2019 to 8 January 2020)
	Mr. Nishi Masayuki Ms. Lee Men Leng Mr. Le Quang Phuc	Member Member Member (from 19 June 2020)
<b>Board of Supervision</b>	Mr. Nguyen Chau Tran Ms. Duong Thi Kim Hoa Mr. Bui Van Quyet	Chief Supervisor Member Member
<b>Board of Management</b>	Ms. Nguyen Thi Thanh Huong Mr. Nguyen Quoc Cuong	Chief Executive Officer Director of Searee
<b>Legal representative</b>	Ms. Nguyen Thi Thanh Huong	Chief Executive Officer
<b>Registered office</b>	14th Floor, Centec Tower 72-74 Nguyen Thi Minh Khai Street, Ward 6, District 3 Ho Chi Minh City, Vietnam	
<b>Auditor</b>	PwC (Vietnam) Limited	

## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

### STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Seaprodex Refrigeration Industry Corporation (“the Company”) is responsible for preparing the interim consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2020, and the interim consolidated results of its operations and its cash flows for the six-month period then ended. In preparing these interim consolidated financial statements, the Board of Management is required to:

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

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim consolidated financial position of the Group and which enable interim consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the interim consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or errors.

### APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying interim consolidated financial statements as set out on pages 5 to 44 which give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2020, and of the interim consolidated results of its operations and its cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements.

On behalf of the Board of Management



*Jul*  
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Nguyen Thi Thanh Huong  
Chief Executive Officer *Thanh Huong*

Ho Chi Minh City, SR Vietnam  
14 August 2020



## REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

We have reviewed the accompanying interim consolidated financial statements of Seaprodex Refrigeration Industry Corporation (“the Company”) and its subsidiaries (together, “the Group”) which were prepared on 30 June 2020 and approved by the Board of Management on 14 August 2020. The interim consolidated financial statements comprise the interim consolidated balance sheet as at 30 June 2020, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended, and explanatory notes to the interim consolidated financial statements including significant accounting policies, as set out on pages 5 to 44.

### **The Board of Management’s Responsibility**

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

### **Auditor’s Responsibility**

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

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



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not presented fairly, in all material respects, the interim consolidated financial position of the Group as at 30 June 2020, its interim consolidated financial performance and interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements.

## Other Matters

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

For and on behalf of PwC (Vietnam) Limited



Quach Thanh Chau  
Audit Practising Licence No:  
0875-2018-006-1  
Authorised signatory

Report reference number: HCM9808  
Ho Chi Minh City, 14 August 2020

## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01a – DN/HN

## INTERIM CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2020 VND	31.12.2019 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>1,309,958,477,309</b>	<b>1,490,020,034,672</b>
<b>110</b>	<b>Cash and cash equivalents</b>	3	<b>37,897,134,846</b>	<b>51,399,276,846</b>
111	Cash		18,929,411,726	51,399,276,846
112	Cash equivalents		18,967,723,120	-
<b>120</b>	<b>Short-term investment</b>		<b>120,000,000,000</b>	<b>151,703,107,647</b>
123	Investment held-to-maturity	4(a)	120,000,000,000	151,703,107,647
<b>130</b>	<b>Short-term receivables</b>		<b>790,344,084,612</b>	<b>954,831,832,420</b>
131	Short-term trade accounts receivable	5	689,855,498,778	886,809,557,243
132	Short-term prepayments to suppliers	6	94,192,341,772	81,412,591,338
136	Other short-term receivables	7(a)	50,718,786,095	30,800,914,997
137	Provision for doubtful debts – short term	8	(44,422,542,033)	(44,191,231,158)
<b>140</b>	<b>Inventories</b>	9	<b>332,658,562,878</b>	<b>316,932,706,468</b>
141	Inventories		336,223,794,625	321,930,811,344
149	Provision for decline in value of inventories		(3,565,231,747)	(4,998,104,876)
<b>150</b>	<b>Other current assets</b>		<b>29,058,694,973</b>	<b>15,153,111,291</b>
151	Short-term prepaid expenses	10(a)	2,557,446,375	1,732,745,378
152	Value added tax ("VAT") to be reclaimed	15(a)	26,412,686,488	13,420,365,913
153	Tax and other receivables from the State	15(a)	88,562,110	-
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>450,454,537,182</b>	<b>419,692,116,091</b>
<b>210</b>	<b>Long-term receivable</b>		<b>1,736,808,840</b>	<b>1,775,901,840</b>
216	Other long-term receivables	7(b)	1,736,808,840	1,775,901,840
<b>220</b>	<b>Fixed assets</b>		<b>253,917,400,858</b>	<b>96,602,131,290</b>
221	Tangible fixed assets	11(a)	253,624,877,456	96,240,709,360
222	Historical cost		353,119,335,641	191,504,152,884
223	Accumulated depreciation		(99,494,458,185)	(95,263,443,524)
227	Intangible fixed assets	11(b)	292,523,402	361,421,930
228	Historical cost		2,535,276,660	2,535,276,660
229	Accumulated amortisation		(2,242,753,258)	(2,173,854,730)
<b>240</b>	<b>Long-term asset in progress</b>		<b>7,287,796,085</b>	<b>131,997,849,896</b>
242	Construction in progress	12	7,287,796,085	131,997,849,896
<b>250</b>	<b>Long-term investments</b>		<b>147,948,176,547</b>	<b>148,605,394,114</b>
252	Investments in associates	4(b)	141,671,817,866	140,509,394,114
253	Investments in other entities	4(b)	6,276,358,681	8,096,000,000
<b>260</b>	<b>Other long-term assets</b>		<b>39,564,354,852</b>	<b>40,710,838,951</b>
261	Long-term prepaid expenses	10(b)	34,806,416,909	34,931,636,875
262	Deferred income tax assets	21	4,757,937,943	5,779,202,076
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,760,413,014,491</b>	<b>1,909,712,150,763</b>

The notes on pages 9 to 44 are an integral part of these interim consolidated financial statements.

## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01a – DN/HN

INTERIM CONSOLIDATED BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at	
			30.6.2020 VND	31.12.2019 VND
<b>300</b>	<b>LIABILITIES</b>		<b>1,275,597,943,171</b>	<b>1,404,714,495,361</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>1,184,548,750,319</b>	<b>1,313,101,825,658</b>
311	Short-term trade accounts payable	13	201,668,266,962	319,054,831,374
312	Short-term advances from customers	14	105,992,734,694	111,830,494,979
313	Tax and other payables to the State	15(b)	3,590,010,969	21,931,424,989
314	Payables to employees		17,028,545,183	29,554,039,526
315	Short-term accrued expenses	16	123,320,129,501	141,789,497,859
319	Other short-term payables	17(a)	21,074,037,523	40,786,059,960
320	Short-term borrowings	18(a)	692,782,750,663	632,323,530,020
321	Provision for short-term liabilities	19(a)	3,207,587,354	3,021,765,657
322	Bonus and welfare funds		15,884,687,470	12,810,181,294
<b>330</b>	<b>Long-term liability</b>		<b>91,049,192,852</b>	<b>91,612,669,703</b>
337	Other long-term payables	17(b)	900,000,000	1,150,000,000
338	Long-term borrowings	18(b)	87,304,173,602	86,990,890,453
342	Provision for long-term liabilities	19(b)	2,845,019,250	3,471,779,250
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>484,815,071,320</b>	<b>504,997,655,402</b>
<b>410</b>	<b>Capital and reserves</b>		<b>484,815,071,320</b>	<b>504,997,655,402</b>
411	Owners' capital	22, 23	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	23	284,019,059	284,019,059
414	Owners' other capital	23	4,415,811,246	4,415,811,246
415	Treasury shares	23	(29,238,407,099)	(29,238,407,099)
418	Investment and development funds	23	8,308,963,938	5,427,578,589
421	Undistributed earnings	23	116,845,008,821	153,721,140,856
421a	- Undistributed post-tax profits of previous years		112,114,243,417	109,465,409,756
421b	- Post-tax profits of current period/year		4,730,765,404	44,255,731,100
429	Non-controlling interests		59,245,705,355	45,433,542,751
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>1,760,413,014,491</b>	<b>1,909,712,150,763</b>



Nguyen Thi  
Preparer



Vuong Tran Quoc Thanh  
Chief Accountant



Nguyen Thi Thanh Huong  
Chief Executive Officer  
14 August 2020



The notes on pages 9 to 44 are an integral part of these interim consolidated financial statements.



## INTERIM CONSOLIDATED INCOME STATEMENT

Code	Note	For the six-month period ended 30 June	
		2020 VND	2019 VND
01	Revenue from sales of goods and rendering of services	500,050,369,117	541,545,208,768
10	Net revenue from sales of goods and rendering of services	500,050,369,117	541,545,208,768
11	Cost of goods sold and services rendered	(457,126,480,781)	(486,086,067,516)
20	Gross profit from sales of goods and rendering of services	42,923,888,336	55,459,141,252
21	Financial income	6,467,003,239	6,404,793,857
22	Financial expenses	(22,661,803,952)	(17,951,287,536)
23	- Including: Interest expenses	(22,201,228,055)	(17,771,079,961)
24	Profit sharing from associates	9,395,263,752	9,726,369,264
25	Selling expenses	(1,347,023,409)	(388,206,526)
26	General and administration expenses	(25,200,225,035)	(26,778,865,406)
30	Net operating profit	9,577,102,931	26,471,944,905
31	Other income	1,278,334,097	901,828,904
32	Other expenses	(407,767,998)	(1,762,277)
40	Net other income	870,566,099	900,066,627
50	Net accounting profit before tax	10,447,669,030	27,372,011,532
51	Business income tax ("BIT") - current	(2,217,225,170)	(3,906,439,249)
52	BIT - deferred	(1,021,264,133)	(1,118,183,075)
60	Net profit after tax	7,209,179,727	22,347,389,208
	Attributable to:		
61	Owners of the Company	4,707,269,703	21,286,475,117
62	Non-controlling interests	2,501,910,024	1,060,914,091
70	Basic earnings per share	26(a)	153
71	Diluted earnings per share	26(b)	153

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 Nguyen Thi  
 Preparer

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 Vuong Tran Quoc Thanh  
 Chief Accountant

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 Nguyen Thi Thanh Huong  
 Chief Executive Officer  
 14 August 2020



The notes on pages 9 to 44 are an integral part of these interim consolidated financial statements.

## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 03a – DN/HN

INTERIM CONSOLIDATED CASH FLOW STATEMENT  
(Indirect method)

Code	Note	For the six-month period ended 30 June	
		2020 VND	2019 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>10,447,669,030</b>	<b>27,372,011,532</b>
	Adjustments for:		
02	Depreciation and amortisation	4,912,044,746	4,846,183,213
03	Provisions	(1,015,740,557)	2,463,849,199
04	Unrealised foreign exchange losses	241,559,009	4,357,319
05	Profits from investing activities	(15,548,825,945)	(16,081,539,667)
06	Interest expense	22,201,228,055	17,771,079,961
08	<b>Operating profit before changes in working capital</b>	<b>21,237,934,338</b>	<b>36,375,941,557</b>
09	Decrease in receivables	162,184,567,482	140,994,665,943
10	Increase in inventories	(13,921,144,822)	(145,055,379,219)
11	(Decrease)/increase in payables	(174,808,031,999)	30,671,745,237
12	Increase in prepaid expenses	(699,481,031)	(10,418,459,217)
14	Interest paid	(22,908,878,314)	(18,445,812,686)
15	BIT paid	(4,609,463,079)	(13,831,742,436)
17	Other payments on operating activities	(12,671,087,901)	(17,574,043,712)
20	<b>Net cash (outflows)/inflows from operating activities</b>	<b>(46,195,585,326)</b>	<b>2,716,915,467</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(30,853,375,966)	(25,503,833,398)
22	Proceeds from disposals of fixed assets	272,727,273	-
23	Term deposits at banks	-	(35,965,000,000)
24	Collection of term deposits at banks	31,703,107,647	42,909,419,257
25	Investments in other entities	-	(1,900,000,000)
26	Proceeds from divestment in other entities	1,819,641,319	11,800,000,000
27	Dividends and interest received	3,368,314,372	11,546,870,379
30	<b>Net cash inflows from investing activities</b>	<b>6,310,414,645</b>	<b>2,887,456,238</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issue of shares	14,550,000,000	6,850,000,000
32	Payments for share repurchases	(377,300,000)	(450,400,000)
33	Proceeds from borrowings	877,777,283,275	796,267,843,647
34	Repayments of borrowings	(817,004,779,483)	(775,071,902,769)
36	Dividends paid	(48,578,674,500)	(47,053,196,500)
40	<b>Net cash inflows/(outflows) from financing activities</b>	<b>26,366,529,292</b>	<b>(19,457,655,622)</b>
50	<b>Net decrease in cash and cash equivalents</b>	<b>(13,518,641,389)</b>	<b>(13,853,283,917)</b>
60	Cash and cash equivalents at beginning of period	51,399,276,846	54,943,544,508
61	Effect of foreign exchange differences	16,499,389	(1,494,456)
70	<b>Cash and cash equivalents at end of period</b>	<b>37,897,134,846</b>	<b>41,088,766,135</b>

  
\_\_\_\_\_  
Nguyen Thi  
Preparer

  
\_\_\_\_\_  
Vuong Tran Quoc Thanh  
Chief Accountant

  
\_\_\_\_\_  
Nguyen Thi Thanh Huong  
Chief Executive Officer  
14 August 2020



The notes on pages 9 to 44 are an integral part of these interim consolidated financial statements.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**1 GENERAL INFORMATION**

Seaprodex Refrigeration Industry Corporation (“the Company”) is a joint stock company established in SR Vietnam pursuant to enterprise registration certificate joint stock company (“ERCJSC”) No. 0301825452 initially issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 18 September 1999, 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 principal 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 and its subsidiaries (together, “the Group”) is 12 months.

As at 30 June 2020, the Group had 773 employees (as at 31 December 2019: 824 employees).

**1 GENERAL INFORMATION (continued)**

As at 30 June 2020, the Company had subsidiaries and associates as follows:

	Principal activities	Place of incorporation and operation	Ownership and voting rights	
			2020 %	2019 %
<b>Direct subsidiaries</b>				
Asia Refrigeration Industry Joint Stock Company ("Arico")	Execution of refrigeration electrical mechanical systems; producing insulated materials	Binh Tan District, Ho Chi Minh City, Vietnam	84.0	84.0
Searee Refrigeration Electrical Engineering Corporation ("Searee")	Execution of refrigeration electrical mechanical systems	Lien Chieu District, Da Nang City, Vietnam	73.3	73.3
Seareal Real Estate Joint Stock Company ("Seareal") (*)	Trading real estate	District 3, Ho Chi Minh City, Vietnam	98.4	98.4
Searefeco Engineering and Construction Joint Stock Company ("Searefeco E&C")	Installation of industrial refrigeration projects, air conditioning systems	District 3, Ho Chi Minh City, Vietnam	99.0	99.0
<b>Indirect subsidiary</b>				
Greenpan Joint Stock Company ("Greenpan") (**)	Producing unburnt light materials, PIR fireproof panels (polyisocyanurate)	Binh Tan District, Ho Chi Minh City, Vietnam	31.5	30.0
<b>Associates</b>				
Thua Thien Hue Construction Joint Stock Corporation ("HCC")	Construction of civil and industrial projects	Hue City, Thua Thien – Hue Province, Vietnam	36.0	36.0
Phoenix Energy & Automation Joint Stock Company ("Phoenix")	Producing, transmitting and distributing electricity; installation of electrical systems	Binh Tan District, Ho Chi Minh City, Vietnam	45.0	45.0

(\*) As at 30 June 2020, the Company and other shareholders of Seareal and Searefeco E&C have not fulfilled any capital contribution obligations.

(\*\*) In the first half of 2020, the Company bought more shares to increase percentage of ownership.

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

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

The accompanying interim consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2 Fiscal year**

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

The interim consolidated financial statements have been prepared for the period from 1 January 2020 to 30 June 2020.

**2.3 Currency**

The interim consolidated financial statements are measured and presented in the Vietnamese Dong ("VND"). The Group determines its accounting currencies based on the currencies which are mainly used in sales of goods and rendering of services, which have a significant impact on selling prices of goods and services, which are normally used to list selling prices and receive payments; which are mainly used in purchases of goods or services, which have a significant impact on costs of labor, materials and other production or operating costs and normally used as payments for those costs.

Additionally, the Company and its subsidiaries also use these currencies to raise financial resources (such as via issuance of shares or bonds) and/or regularly collect these currencies from business operations and savings.

**2.4 Exchange rates**

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 interim consolidated income statement.

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

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

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. 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.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.5 Basis of consolidation (continued)****(a) Subsidiaries (continued)**

In a multi-phase acquisition, when determining goodwill or bargain purchase, the consideration is the sum of the total consideration on the date of acquiring control and previous considerations remeasured to fair value on the date of control acquisition.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the Group's subsidiaries are prepared for the same accounting period. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between periods.

**Non-controlling transactions and interests**

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

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

The divestment of the Group's interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received from divestment of Group's interest in the subsidiary is recorded directly in the undistributed earnings under equity.

In a divestment of the Group's interest in a subsidiary that results in a loss of control, the difference between the Group's share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the consolidated income statement. The retained interest in the entity will be accounted for as either an investment in an other entity or investment to be equity accounted for since the divestment date.

**(b) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and is initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.5 Basis of consolidation (continued)****(b) Associates (continued)**

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains or losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates.

**2.6 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.

**2.7 Receivables**

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties), or based on the expected loss that may arise. Bad debts are written off after 100% provisioning and approval by the Board of Management.

Receivables are classified into short-term and long-term receivables on the interim consolidated balance sheet based on the remaining period from the interim consolidated balance sheet date to the maturity date.

**2.8 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 of the materials and constructions in the normal course of business less the estimated costs of completion and costs necessary to make the sale.

The Group applies the perpetual system for inventories.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued).****2.8 Inventories (continued)**

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc.) of inventories owned by the Group, based on appropriate evidence of impairment available at the interim consolidated balance sheet date. The difference between the provision of this year and the provision of the previous year are recognised as an increase or decrease of cost of goods sold and services rendered in the period/year.

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

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

Investments held-to-maturity include bank term deposits. Those investments are initially accounted for at cost less provision. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period/year end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investments are uncollectible in whole or in part. Changes in the provision balance during the accounting period/year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

**(b) Investments in associates**

Investments in associates are accounted using the equity method when preparing the interim consolidated financial statements (Note 2.5).

**(c) Investments in other entities**

Investments in other entities are investments in equity instruments of other entity without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period/year end.

**(d) Provision for investments in associates and other entities**

Provision for investments in other entities is made when there is a diminution in value of the investments at the year end. Regarding investments in listed shares or the investments whose fair value can be determined reliably, the provision for diminution in value is made when the cost is higher than the market value. For other investments, provision for diminution in value is made when the entities make losses, except when the loss was anticipated by the Board of Management before date of investment. Changes in the provision balance during the accounting period/year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued).****2.10 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 bringing them to suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the interim consolidated income statement when incurred.

*Depreciation and amortisation*

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The estimated useful lives of each asset class are as follows:

Plant and buildings	5 - 35 years
Machinery and equipment	5 - 20 years
Motor vehicles	6 - 10 years
Office equipment	3 - 8 years
Computer software	3 - 13 years
Others	2 - 20 years

*Disposals*

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

*Construction in progress*

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, including including all necessary costs for new construction or repair, renovation, expansion or re-engineering of construction techniques such as construction costs; costs of tools and equipments; project management expenditures; and capitalised borrowing costs for qualifying assets in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

**2.11 Operating leases**

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 interim separate income statement on a straight-line basis over the term of the lease.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued).****2.12 Prepaid expenses**

Prepaid expenses include short-term or long-term prepayments on the interim consolidated balance sheet. 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.

Additionally, prepayments for land rental contracts, which are in effective after 2003, are also recorded as prepaid expenses in accordance with the guidance of Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance and allocated using the straight-line method over the term in the land use rights certificate, which is from 2 January 2008 to 16 August 2050.

**2.13 Payables**

Classifications of payables are based on their nature as follows:

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

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

**2.14 Borrowings**

Borrowings include borrowings from banks.

Borrowings are classified into short-term and long-term borrowings on the interim consolidated balance sheet based on the remaining period from the interim consolidated balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the interim consolidated income statement when incurred.

**2.15 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.16 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.

Provisions are measured at the expenditures expected to be required to settle the obligations. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting period/year are recorded as an increase or decrease in operating expenses.

**2.17 Provision for severance allowances**

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

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

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

**2.18 Share capital**

Owners' capital is recorded according to the actual amounts contributed and is recorded according to par value of the shares.

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 may be re-issued subsequently in accordance with the Law on securities.

Undistributed earnings record the Group's results (profit or loss) after BIT and appropriation of profit at the reporting date.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Appropriation of net profit**

The Group's dividends are recognised as a liability in the Group's interim consolidated financial statements in the period in which the dividends are approved by the Company's shareholders at the General Meeting.

Profit after BIT could be distributed to shareholders after approval of the Company's shareholders at the General Meeting, and after appropriation to funds in accordance with the Company's charter and Vietnamese regulations.

The Group maintains the following reserves which are appropriated from the Company's profit after BIT as proposed by the Board of Directors and subject to approval by the Company's shareholders at the General Meeting:

**(a) Development and investment fund**

Investment and development fund is appropriated for use in the Group's expansion or upgrading of its operation or in-depth investments.

**(b) Bonus and welfare fund**

Bonus and welfare fund is presented as a liability on the interim consolidated balance sheet. This fund is appropriated for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits.

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

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group 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 Group; 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.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sales obligation. If/In cases where the Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of goods sold in the consolidated income statement.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.20 Revenue recognition (continued)****(b) Revenue from construction contracts**

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

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers. 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 year.

**(c) Interest income**

Interest income is recognised on an earned basis.

**(d) Dividends/Profits income**

Income from dividends/profits is recognised when the Group has established the receiving right from investees.

**2.21 Sales deduction**

Sales deductions include trade discounts and allowances. Sales deductions 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 year but are incurred after the interim consolidated balance sheet date but before the issuance of the interim consolidated financial statements are recorded as deduction from revenue of the period.

**2.22 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 year, and recorded on the basis of matching with revenue and on prudent basis.

**2.23 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 Management and Division Management 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.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.24 Financial expenses**

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

**2.25 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include staff costs, provision for doubtful debts and outside services expenses.

**2.26 Current and deferred BIT**

BIT include all BIT which is 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. BIT expense comprises current BIT expense and deferred BIT expense.

Current BIT is the amount of BIT payable or recoverable in respect of the current year taxable profits at the current year BIT rates. Current and deferred BIT 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 BIT is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim consolidated financial statements. Deferred BIT 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 BIT 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 interim consolidated balance sheet date.

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

**2.27 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including the Board of Management 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 Group considers the substance of the relationship not merely the legal form.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.28 Segment reporting**

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

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group’s interim consolidated financial statements in order to help users of interim consolidated financial statements understand and evaluate the Group’s operations in a comprehensive way.

**2.29 Use of estimates**

The preparation of interim consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim separate financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the interim separate financial statements and the reported amounts of revenues and expenses during the financial year.

The areas involving significant estimates and assumptions are as follows:

- Estimated useful life of fixed assets (Note 11);
- Provision for doubtful debts (Note 8);
- Provision for decline in value of inventories (Note 9); and
- Accrued expenses and provisions (Note 16 and 19).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

**3 CASH AND CASH EQUIVALENTS**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	674,827,722	673,414,906
Cash at bank	18,254,584,004	50,725,861,940
Cash equivalents (*)	18,967,723,120	-
Total	<u>37,897,134,846</u>	<u>51,399,276,846</u>

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

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

	30.6.2020		31.12.2019	
	Cost VND	Book value VND	Cost VND	Book value VND
Bank deposits with original maturities of more than 3 months and less than 12 months	120,000,000,000	120,000,000,000	151,703,107,647	151,703,107,647

(\*) Included in the balance as at 30 June 2020 is VND75 billion at Bank for Investment and Development of Vietnam was pledged with this bank as security for the overdraft agreement granted from this bank.

**(b) Investment in associates**

	30.6.2020		31.12.2019	
	Cost VND	% of ownership	Cost VND	% of ownership
Thua Thien Hue Construction Joint Stock Corporation (*)	139,421,817,866	36.0	138,259,394,114	36.0
Phoenix Energy & Automation Joint Stock Company (**)	2,250,000,000	45.0	2,250,000,000	45.0
	<u>141,671,817,866</u>		<u>140,509,394,114</u>	

As at 30 June 2020 and 31 December 2019, the percentage of voting right in these associates held by the Group is equivalent to the percentage of ownership.

(\*) The fair value of the investment to HCC as at 30 June 2020 was VND98,300,109,600 (as at 31 December 2019: VND112,525,480,000).

(\*\*) As at 30 June 2020 and 31 December 2019, the Group has not determined the fair value of this investment as this entity has not listed on the stock market yet.

Movements in investment in associates are presented as follows:

	HCC VND	Phoenix VND	Total VND
As at 1 January 2020	138,259,394,114	2,250,000,000	140,509,394,114
Capital contribution	-	-	-
Profit sharing from associates	9,395,263,752	-	9,395,263,752
Dividend declared (Note 35(a))	(8,232,840,000)	-	(8,232,840,000)
As at 30 June 2020	<u>139,421,817,866</u>	<u>2,250,000,000</u>	<u>141,671,817,866</u>



## 4 INVESTMENTS (continued)

## (c) Investments in other entities

	30.6.2020		31.12.2019	
	Cost VND	% of ownership	Cost VND	% of ownership
International Investment and Water Technology Joint Stock Company ("Inwatek") (*)	4,376,358,681	4.86	6,196,000,000	6.88
Formtek Engineering Joint Stock Company ("Formtek")	1,900,000,000	19.00	1,900,000,000	19.00
	<u>6,276,358,681</u>		<u>8,096,000,000</u>	

As at 30 June 2020 and 31 December 2019, the percentage of voting right in these associates held by the Group is equivalent to the percentage of ownership.

(\*) In the first half of 2020, The Company divested a partial of investment in this company.

As at 30 June 2020 and 31 December 2019, the Group has not determined the fair value of this investment as this entity has not listed on the stock market yet.

## 5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.6.2020 VND	31.12.2019 VND
Third parties (*)	664,622,059,466	886,675,462,782
Related parties (Note 35(b))	25,233,439,312	134,094,461
Total	<u>689,855,498,778</u>	<u>886,809,557,243</u>

As at 30 June 2020 and 31 December 2019, there was no customer accounts for 10% or more of the total balance of short-term trade accounts receivable from third parties.

As at 30 June 2020 and 31 December 2019, the past due balances of short-term trade accounts receivable were presented in Note 8.

**6 SHORT-TERM PREPAYMENTS TO SUPPLIERS**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>VND</b>	<b>VND</b>
Third parties	93,991,342,110	80,627,373,812
<i>System Logistics Spa</i>	17,147,340,000	17,147,340,000
<i>Bach Dang Hotel Complex Trading - Service Joint Stock Company</i>	14,371,871,250	13,761,880,766
<i>Bim Kien Giang</i>	9,595,600,000	9,595,600,000
<i>The Minh Co., Ltd</i>	9,427,581,032	-
<i>Mayekawa Vietnam One Member Company Limited</i>	-	12,561,525,020
<i>Others</i>	43,448,949,828	27,561,028,026
Related parties (Note 35(b))	200,999,662	785,217,526
Total	<u>94,192,341,772</u>	<u>81,412,591,338</u>

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

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>VND</b>	<b>VND</b>
Third parties	28,776,709,117	20,327,286,825
<i>Advances to employees</i>	12,836,827,534	9,670,473,532
<i>Receivable from the State for borrowing interest incentive</i>	10,335,043,147	6,173,657,495
<i>Interest income receivable from banks</i>	8,181,003,288	5,668,482,740
<i>Other receivables from employees</i>	2,641,421,411	3,526,265,971
<i>Deposits</i>	1,628,317,673	1,907,252,438
<i>Receivables from construction teams</i>	1,269,267,276	1,252,305,026
<i>Others</i>	4,721,656,322	1,799,323,155
Related parties (Note 35(b))	9,105,249,444	803,154,640
Total	<u>50,718,786,095</u>	<u>30,800,914,997</u>

**(b) Long-term**

The balance represents long-term deposits and guarantees.

As at 30 June 2020 and 31 December 2019, there was no balance of other receivables that was past due or not past due but doubtful.

## 8 PROVISION FOR SHORT-TERM DOUBTFUL DEBTS

	30.6.2020		31.12.2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Receivables that were past due	69,662,727,107	44,422,542,033	55,678,272,551	44,191,231,158

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

	For the six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	44,191,231,158	30,699,956,619
Increase	2,718,413,256	14,181,012,902
Reversal	(2,487,102,381)	(689,738,363)
End of period/year	44,422,542,033	44,191,231,158

## 9 INVENTORIES

	30.6.2020		31.12.2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	1,707,573,001	-	12,956,386,076	-
Raw materials	62,780,982,866	(1,204,571,402)	52,658,236,866	(2,637,444,531)
Tools and supplies	432,322,678	-	381,630,460	-
Work in progress	263,964,864,798	(2,357,246,828)	230,225,711,278	(2,357,246,828)
Finished goods	6,300,723,495	(3,413,517)	3,234,252,433	(3,413,517)
Merchandises	-	-	21,437,266,444	-
Goods on consignment	1,037,327,787	-	1,037,327,787	-
	336,223,794,625	(3,565,231,747)	321,930,811,344	(4,998,104,876)

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

	For the six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	4,998,104,876	4,052,760,456
Increase	-	1,120,901,110
Decrease	(1,432,873,129)	(175,556,690)
End of period/year	3,565,231,747	4,998,104,876

## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

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## 10 PREPAID EXPENSES

## (a) Short-term

	30.6.2020 VND	31.12.2019 VND
Tools and supplies	738,428,878	117,486,815
Others	1,819,017,497	1,615,258,563
Total	<u>2,557,446,375</u>	<u>1,732,745,378</u>

## (b) Long-term

	30.6.2020 VND	31.12.2019 VND
Land rental	29,022,977,304	29,504,021,130
Tools and supplies	3,265,745,985	2,169,301,507
Others	2,517,693,620	3,258,314,238
Total	<u>34,806,416,909</u>	<u>34,931,636,875</u>

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11	FIXED ASSETS	Plant and buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
(a)	Tangible fixed assets						
	<b>Historical cost</b>						
	As at 1 January 2020	73,454,122,916	97,773,291,925	13,336,909,963	4,900,704,221	2,039,123,859	191,504,152,884
	New purchases	-	220,088,000	2,485,665,455	33,045,455	-	2,738,798,910
	Transfers from construction in progress (Note 12)	23,935,244,117	123,519,225,323	12,034,045,964	-	-	159,488,515,404
	Disposals	-	-	(612,131,557)	-	-	(612,131,557)
	As at 30 June 2020	97,389,367,033	221,512,605,248	27,244,489,825	4,933,749,676	2,039,123,859	353,119,335,641
	<b>Accumulated depreciation</b>						
	As at 1 January 2020	33,797,198,075	43,807,441,361	11,703,839,416	3,962,424,138	1,992,540,534	95,263,443,524
	Charge for the period	1,049,542,978	3,258,820,436	368,443,579	132,394,774	33,944,451	4,843,146,218
	Disposals	-	-	(612,131,557)	-	-	(612,131,557)
	As at 30 June 2020	34,846,741,053	47,066,261,797	11,460,151,438	4,094,818,912	2,026,484,985	99,494,458,185
	<b>Net book value</b>						
	As at 1 January 2020	39,656,924,841	53,965,850,564	1,633,070,547	938,280,083	46,583,325	96,240,709,360
	As at 30 June 2020	62,542,625,980	174,446,343,451	15,784,338,387	838,930,764	12,638,874	253,624,877,456

Historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2020 was VND24,242,637,394 (as at 31 December 2019: VND23,238,374,951).

As at 30 June 2020, tangible fixed assets with a carrying value of VND20,672,552,752 (as at 31 December 2019: VND21,544,178,481) were pledged with banks as mortgaged assets for long-term borrowings granted to the Group (Note 18(b)).

## 11 FIXED ASSETS (continued)

## (b) Intangible fixed assets

Computer software  
VND**Historical cost**

As at 1 January 2020

2,535,276,660

**Accumulated amortisation**

As at 1 January 2020

2,173,854,730

Charge for the period

68,898,528

As at 30 June 2020

2,242,753,258

**Net book value**

As at 1 January 2020

361,421,930

As at 30 June 2020

292,523,402

Historical cost of fully amortised intangible fixed assets but still in use as at 30 June 2020 was VND1,497,866,260 (as at 31 December 2019: VND1,422,266,260).

## 12 CONSTRUCTION IN PROGRESS

30.6.2020  
VND31.12.2019  
VND

ERP system

2,969,048,121

2,959,128,345

Machinery upgrading

2,961,115,305

1,352,137,929

Purchases of machinery

1,294,632,659

1,294,632,659

Others

63,000,000

63,000,000

Factory construction at Greenpan

-

126,328,950,963

Total

7,287,796,085

131,997,849,896

**12 CONSTRUCTION IN PROGRESS (continued)**

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

	For the six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	131,997,849,896	7,769,207,504
Purchase	34,778,461,593	124,228,642,392
Transfers to fixed assets (Note 11(a))	(159,488,515,404)	-
End of period/year	<u>7,287,796,085</u>	<u>131,997,849,896</u>

**13 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	30.6.2020 VND	31.12.2019 VND
Third parties (*)	197,893,706,374	312,195,059,773
Related parties (Note 35(b))	3,774,560,588	6,859,771,601
Total	<u>201,668,266,962</u>	<u>319,054,831,374</u>

(\*) As at 30 June 2020 and 31 December 2019, there was no third-party customer who had a balance accounting from for 10% or more of the total balance of short-term trade accounts payable from third parties.

As at 30 June 2020 and 31 December 2019, there was no balance of short-term trade payables that was past due.

**14 SHORT-TERM ADVANCES FROM CUSTOMERS**

	30.6.2020 VND	31.12.2019 VND
Third parties	105,992,734,694	111,830,494,979
<i>Vietnam Dairy Products Joint Stock Company – Tien Son Dairy Factory</i>	47,250,000,000	47,250,000,000
<i>Ngoc Son Nam Investment Joint Stock Company</i>	13,399,200,000	-
<i>Soc Trang Seafood Joint Stock Company</i>	-	21,372,127,325
<i>Dai Quang Minh Real Estate Investment Corporation</i>	-	11,300,817,974
<i>Others</i>	45,343,534,694	31,907,549,680
Total	<u>105,992,734,694</u>	<u>111,830,494,979</u>

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15 TAX AND OTHER RECEIVABLE FROM/PAYABLES TO THE STATE

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

	1.1.2020 VND	Receivable/payable during the period VND	Payment during the period VND	Net off VND	30.6.2020 VND
<b>(a) Tax receivables</b>					
VAT input	13,420,365,913	49,479,521,797	-	(36,487,201,222)	26,412,686,488
CIT (*)	-	-	88,562,110	-	88,562,110
<b>(b) Tax payables</b>					
CIT	4,373,470,817	2,062,863,665	(4,520,900,969)	-	1,915,433,513
Personal income tax	2,017,628,608	8,355,541,241	(8,721,440,734)	-	1,651,729,115
VAT on domestic sales	15,540,325,564	51,309,725,707	(30,340,001,708)	(36,487,201,222)	22,848,341
VAT on importation	-	6,709,002,215	(6,709,002,215)	-	-
Foreign contractor tax	-	999,452,194	(999,452,194)	-	-
Import, export tax	-	1,737,493,251	(1,737,493,251)	-	-
Excise tax	-	-	-	-	-
Business license tax	-	10,000,000	(10,000,000)	-	-
Other taxes	-	156,562,500	(156,562,500)	-	-
<b>Total</b>	<b>21,931,424,989</b>	<b>71,340,640,773</b>	<b>(53,194,853,571)</b>	<b>(36,487,201,222)</b>	<b>3,590,010,969</b>

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



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## 16 SHORT-TERM ACCRUED EXPENSES

	30.6.2020 VND	31.12.2019 VND
Accrued project costs	103,048,498,271	137,621,854,938
Accrued cost of production line	16,215,200,381	-
Interest expense	484,975,426	1,192,625,685
Others	3,571,455,423	2,975,017,236
Total	<u>123,320,129,501</u>	<u>141,789,497,859</u>

## 17 OTHER SHORT-TERM PAYABLES

## (a) Short-term

	30.6.2020 VND	31.12.2019 VND
Payables to construction teams	8,119,111,446	8,774,098,061
Social, health and unemployment insurance and trade union fees	3,786,246,299	2,026,673,977
Other payables to employees	934,940,249	-
Dividends payable (Note 25)	596,400,800	22,088,676,700
Others	7,637,338,729	7,896,611,222
Total	<u>21,074,037,523</u>	<u>40,786,059,960</u>

## (b) Long-term

The balances represent payables to construction teams.

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18 BORROWINGS	1.1.2020 VND	Increase VND	Decrease VND	Current portion of long-term borrowings VND	30.6.2020 VND
(a) Short-term					
Bank loans (*)	632,323,530,020	874,166,950,206	(817,004,779,483)	3,297,049,920	692,782,750,663
Details of borrowings are as follows:					
				30.6.2020 VND	31.12.2019 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam				255,303,490,162	254,413,615,126
Vietnam Joint Stock Commercial Bank for Industry and Trade				340,473,196,797	327,356,226,802
Joint Stock Commercial Bank for Investment and Development of Vietnam				69,958,666,234	10,451,325,840
Vietnam International Commercial Joint Stock Bank				16,443,999,934	-
Vietnam - Russia Joint Venture Bank				6,043,556,992	15,063,695,646
Military Commercial Joint Stock Bank				4,559,840,544	2,479,400,000
Standard Chartered Bank Vietnam Limited				-	22,559,266,606
Total				692,782,750,663	632,323,530,020

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

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18 BORROWINGS

(b) Long-term

	1.1.2020 VND	Increase VND	Decrease VND	Current portion of long-term borrowings VND	30.6.2020 VND
Bank loans	86,990,890,453	3,610,333,069	-	(3,297,049,920)	87,304,173,602

Details of bank borrowings are as follows:

	30.6.2020 VND	31.12.2019 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam	87,304,173,602	86,990,890,453

(\*\*) These borrowings have the term of 60 months to 84 months and are secured by the assets forming from the borrowings. The borrowings bear the incentive interest rate in accordance with the investment stimulus program under the Decision No. 5592/QĐ-UBND dated 25 October 2016 and Decision No. 5940/QĐ-UBND dated 25 December 2018 of the People's Committee of Ho Chi Minh City. The purpose of these borrowings is for investment in machinery upgrading and production technology transformation in Arico and construction of factory of producing unburnt light materials in Greenpan.

**19 PROVISION FOR LIABILITIES****(a) Short-term**

	<b>30.6.2020</b> <b>VND</b>	<b>31.12.2019</b> <b>VND</b>
Beginning of period/year	3,021,765,657	1,502,465,068
Provision	1,177,707,594	3,322,678,485
Utilisation and reversal	(991,885,897)	(1,803,377,896)
End of period/year	<u>3,207,587,354</u>	<u>3,021,765,657</u>

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

**(b) Long-term**

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

**20 BONUS AND WELFARE FUND**

	<b>30.6.2020</b> <b>VND</b>	<b>31.12.2019</b> <b>VND</b>
Beginning of period/year	12,810,181,294	14,113,496,971
Increase during the period/year	15,118,834,077	16,583,598,035
Utilisation during the period/year	(12,044,327,901)	(17,886,913,712)
End of period/year	<u>15,884,687,470</u>	<u>12,810,181,294</u>

**21 DEFERRED INCOME TAX ASSETS**

	<b>30.6.2020</b> <b>VND</b>	<b>31.12.2019</b> <b>VND</b>
Deferred tax assets to be recovered after more than 12 months	4,691,311,816	4,848,957,617
Deferred tax assets to be recovered within 12 months	66,626,127	930,244,459
	<u>4,757,937,943</u>	<u>5,779,202,076</u>

**21 DEFERRED INCOME TAX ASSETS (continued)**

Movements in the deferred income tax assets are as follows:

	<b>For the six-month period ended 30.6.2020 VND</b>	<b>For the year ended 31.12.2019 VND</b>
Beginning of period/year	5,779,202,076	6,361,301,448
Income statement (charge) (Note 34)	(1,021,264,133)	(582,099,372)
End of period/year	<u>4,757,937,943</u>	<u>5,779,202,076</u>

Details for deferred income tax assets:

	<b>30.6.2020 VND</b>	<b>31.12.2019 VND</b>
Gain from capital contribution in form of fixed assets	3,348,557,289	3,384,250,438
Deductible temporary differences in relation to accrued expenses and provisions	<u>1,409,380,654</u>	<u>2,394,951,638</u>
Total	<u>4,757,937,943</u>	<u>5,779,202,076</u>

Tax rates used for determining deferred tax assets in the years 2020 and 2019 of the Company and Arico are 20% and 7.5%, respectively.

**22 OWNERS' CAPITAL****(a) Number of ordinary shares**

	<b>30.06.2020</b>	<b>31.12.2019</b>
Number of shares registered	<u>32,495,397</u>	<u>32,495,397</u>
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	<u>30,715,397</u>	<u>30,715,397</u>

## 22 OWNERS' CAPITAL (continued)

## (b) Details of owners' shareholding

	30.6.2020		31.12.2019	
	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	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	4.12
Other shareholders	11,963,891	36.81	10,627,591	32.69
Treasury shares	1,780,000	5.48	1,780,000	5.48
Number of shares	<u>32,495,397</u>	<u>100.00</u>	<u>32,495,397</u>	<u>100.00</u>

## (c) Movement of owners' capital

	Ordinary shares	
	Shares	VND
As at 1 January 2019	32,495,397	324,953,970,000
As at 31 December 2019	32,495,397	324,953,970,000
As at 30 June 2020	<u>32,495,397</u>	<u>324,953,970,000</u>

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

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## 23 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Owners' other capital VND	Treasury shares VND	Investment and development funds VND	Post-tax undistributed earnings VND	Total VND
As at 1 January 2019	324,953,970,000	284,019,059	4,415,811,246	(29,238,407,099)	5,427,578,589	171,961,989,599	477,804,961,394
Profit for the period	-	-	-	-	-	21,286,475,117	21,286,475,117
Appropriation to Bonus and welfare funds	-	-	-	-	-	(16,423,484,343)	(16,423,484,343)
Dividends declared	-	-	-	-	-	(46,073,095,500)	(46,073,095,500)
As at 30 June 2019	<u>324,953,970,000</u>	<u>284,019,059</u>	<u>4,415,811,246</u>	<u>(29,238,407,099)</u>	<u>5,427,578,589</u>	<u>130,751,884,873</u>	<u>436,594,856,668</u>
As at 1 January 2020	324,953,970,000	284,019,059	4,415,811,246	(29,238,407,099)	5,427,578,589	153,721,140,856	459,564,112,651
Profit for the period	-	-	-	-	-	4,730,765,404	4,730,765,404
Appropriation to Bonus and welfare funds	-	-	-	-	-	(14,153,194,490)	(14,153,194,490)
Appropriation to Investment and development funds	-	-	-	-	2,881,385,349	(2,881,385,349)	-
Dividends declared (*) (Note 25)	-	-	-	-	-	(24,572,317,600)	(24,572,317,600)
As at 30 June 2020	<u>324,953,970,000</u>	<u>284,019,059</u>	<u>4,415,811,246</u>	<u>(29,238,407,099)</u>	<u>8,308,963,938</u>	<u>116,845,008,821</u>	<u>425,569,365,965</u>

(\*) The Board of Directors' Resolution No. 005/NQ/HQQT/20 dated 28 April 2020 of the Company, The Board of Directors has approved the declaration of the second cash dividend payment for year 2019 equivalent to VND24,572,317,600.

**24 NON-CONTROLLING INTERESTS**

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

	<b>30.6.2020</b> <b>VND</b>	<b>31.12.2019</b> <b>VND</b>
Beginning of period/year	45,433,542,751	28,862,574,613
Capital increase during the year	14,550,000,000	13,810,000,000
Net profit for the period/year	2,498,771,191	6,709,082,830
Repurchase of shares	(377,300,000)	(450,400,000)
Reissuance of treasury shares	-	1,947,100,000
Appropriation to bonus and welfare fund	(965,639,587)	(160,113,692)
Dividends declared	(1,893,669,000)	(5,284,701,000)
Ending of period/year	<u>59,245,705,355</u>	<u>45,433,542,751</u>

**25 DIVIDENDS**

	<b>30.6.2020</b> <b>VND</b>	<b>31.12.2019</b> <b>VND</b>
Beginning of period/year	22,088,676,700	579,396,800
Dividends payable during the period/year (Note 23)	24,572,317,600	67,573,873,400
<i>Second dividend for year 2019: VND800 per share</i>	24,572,317,600	-
<i>First dividend for year 2019: VND700 per share</i>	-	21,500,777,900
<i>Final dividend for year 2018: VND800 per share</i>	-	24,572,317,600
<i>First dividend for year 2018: VND700 per share</i>	-	21,500,777,900
Dividends paid in cash	(46,064,593,500)	(46,064,593,500)
End of period/year	<u>596,400,800</u>	<u>22,088,676,700</u>

**26 EARNINGS PER SHARE****(a) Basic earnings per share**

	<b>For the six-month period ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
Net profit attributable to shareholders (VND)	4,730,765,404	21,286,475,117
Weighted average number of ordinary shares in issue (shares)	30,715,397	30,715,397
Basic earnings per share (VND)	<u>154</u>	<u>693</u>

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



## 26 EARNINGS PER SHARE

## (b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued.

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

## 27 OFF BALANCE SHEET ITEMS

	30.6.2020	31.12.2019
Bad debts written off (VND)	30,079,423,393	27,592,321,012
Foreign currencies		
United States Dollar (USD)	9,691.75	2,012.71
Euro (EUR)	530.64	-
Great British Pound (GBP)	7.16	7.16
Australia Dollar (AUD)	0.67	0.67
	30,079,423,393	27,592,321,012

## 28 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	<u>For the six-month period ended 30 June</u>	
	2020	2019
	VND	VND
Revenue from construction contracts	466,784,861,689	527,626,567,843
Revenue from sales of goods	31,588,194,867	12,774,402,154
Revenue from leasing activity	1,901,138,250	1,144,238,771
	500,274,194,806	541,545,208,768
Total	500,274,194,806	541,545,208,768

## 29 COST OF GOODS SOLD AND SERVICES RENDERED

	<u>For the six-month period ended 30 June</u>	
	2020	2019
	VND	VND
Cost of construction contracts	432,995,447,927	475,977,570,831
Cost of goods sold	23,966,664,680	8,952,965,184
Cost of leasing activity	1,800,710,124	1,157,166,619
(Reversal)/Make provision for decline in value of inventories (Note 9)	(1,432,873,129)	(1,635,118)
	457,329,949,602	486,086,067,516
Total	457,329,949,602	486,086,067,516

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## 30 FINANCIAL INCOME

	<u>For the six-month period ended 30 June</u>	
	<u>2020</u> <u>VND</u>	<u>2019</u> <u>VND</u>
Interest income from deposits and loans	5,880,834,920	6,355,170,403
Realised foreign exchange gains	536,168,319	49,623,454
Others	50,000,000	-
Total	<u>6,467,003,239</u>	<u>6,404,793,857</u>

## 31 FINANCIAL EXPENSES

	<u>For the six-month period ended 30 June</u>	
	<u>2020</u> <u>VND</u>	<u>2019</u> <u>VND</u>
Interest expense	22,201,228,055	17,771,079,961
Realised foreign exchange losses	219,016,888	175,850,256
Net loss from foreign currency translation at period-end	241,559,009	4,357,319
Total	<u>22,661,803,952</u>	<u>17,951,287,536</u>

## 32 GENERAL AND ADMINISTRATION EXPENSES

	<u>For the six-month period ended 30 June</u>	
	<u>2020</u> <u>VND</u>	<u>2019</u> <u>VND</u>
Staff costs	13,690,742,686	15,794,546,065
Outside service expenses	7,452,740,045	8,046,480,681
Provision for doubtful debts	2,718,413,256	2,791,224,127
Depreciation and amortisation	1,041,790,398	889,684,058
Tools and equipment	640,348,978	576,945,471
Reversal of accrued staff costs	(1,975,870,761)	(2,608,726,520)
Others	1,632,060,433	1,288,711,524
Total	<u>25,200,225,035</u>	<u>26,778,865,406</u>

**33 OTHER INCOME**

	<u>For the six-month period ended 30 June</u>	
	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Payables written off	823,780,546	-
Gains on disposal of fixed assets	272,727,273	-
Fines	275,369,246	591,704,656
Others	181,826,278	310,124,248
Total	<u>1,553,703,343</u>	<u>901,828,904</u>

**34 BIT***Arico*

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

*Greenpan*

Pursuant to Investment registration certificate No. 6748616720 dated 24 October 2018 issued by the People's Committee of Ho Chi Minh City and current tax regulations, the Director assessed that the Company obliged to pay BIT on the income from the investment project at incentive tax rate of 10% for 15 years from the first year of having taxable revenue from the project, BIT exemption for 4 years from the first year of having taxable income from the project and a 50% BIT reduction for 9 years thereafter.

No provision for BIT has been made for the year/period as the Company has no accessible income.

*The Company and other subsidiaries*

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

**34 BUSINESS INCOME TAX (continued)**

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

	<u>For the six-month period ended 30 June</u>	
	2020 VND	2019 VND
Net accounting profit before tax	10,468,025,898	27,372,011,532
Tax calculated at a rate of 20%	2,093,605,179	5,474,402,306
Effect of:		
Income not subject to tax	(1,949,429,121)	(1,945,273,854)
Expenses not deductible for tax purposes	462,963,943	422,537,814
Utilisation of previously unrecognised tax losses	(390,852,775)	-
Tax losses for which no deferred income tax asset was recognised	3,416,517,563	2,091,310,335
Tax incentive	(644,378,491)	(563,594,325)
Under-provision/(Over-provision) in previous years	250,063,005	(454,759,952)
Temporary differences	(1,021,264,133)	(1,118,183,075)
Charged to income statement:		
BIT – current	2,217,225,170	3,906,439,249
BIT– deferred (Note 21)	1,021,264,133	1,118,183,075
	<u>3,238,489,303</u>	<u>5,024,622,324</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.

**35 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	<u>For the six-month period ended 30 June</u>	
			2020 VND	2019 VND
<b>i) Sales of goods and services</b>				
Phoenix	Related party	Sales of goods	22,817,586,228	-

## 35 RELATED PARTY DISCLOSURES

## (a) Related party transactions (continued)

Related party	Relationship	Nature of transaction	For the six-month period ended 30 June	
			2020 VND	2019 VND
<b>ii) Purchases of goods and services</b>				
HCC	Associate	Construction services	6,193,681,696	-
Formtek	Related party	Construction services	1,419,458,049	-
		Total	<u>7,613,139,745</u>	<u>-</u>
<b>iii) Compensation of key management</b>				
		Salaries and benefits of the Board of Management	4,826,604,045	4,800,546,558
		Allowance for the Boards of Directors and Supervision	1,176,900,000	1,362,000,000
		Total	<u>6,003,504,045</u>	<u>6,162,546,558</u>
<b>iv) Other transactions</b>				
HCC	Associate	Dividend declared	8,232,840,000	8,232,840,000
Inwatek	Related party	Capital withdrawn	1,819,641,319	-

## (b) Period/year end balances with related parties

Related party	Relationship	Nature of transaction	30.6.2020 VND	31.12.2019 VND
<b>i) Short-term trade accounts payable (Note 5)</b>				
Phoenix	Related party	Goods	25,233,439,312	134,094,461
<b>ii) Prepayments to suppliers (Note 6)</b>				
Formtek	Related party	Construction services	200,999,662	785,217,526
<b>iii) Other short-term receivables (Note 7(a))</b>				
HCC	Associate	Dividend declared	8,232,840,000	-
Inwatek	Related party	Interest income	658,643,288	658,643,288
Phoenix	Related party	Other services	206,157,156	139,902,352
Seareal	Subsidiary	Other services	7,609,000	4,609,000
		Total	<u>9,105,249,444</u>	<u>803,154,640</u>
<b>iv) Short-term trade accounts payable (Note 13)</b>				
HCC	Associate	Construction services	3,731,591,213	6,859,771,601
Formtek	Related party	Construction services	42,969,375	-
		Total	<u>3,774,560,588</u>	<u>6,859,771,601</u>

**36 OPERATING LEASE COMMITMENTS**

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

	30.6.2020 VND	31.12.2019 VND
Within one year	4,054,814,161	4,736,814,161
Between one and five years	6,130,706,644	11,100,606,644
Over five years	8,004,947,079	23,167,668,113
Total minimum payments	<u>18,190,467,884</u>	<u>39,005,088,918</u>

**37 SEGMENT REPORTING**

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.

**38 IMPACT OF COVID-19 OUTBREAK**

The outbreak of the Covid-19 since the beginning of 2020 is a fluid and challenging situation facing all industries, specifically in relation to the Group's principal activities. The Group has performed a preliminary assessment of the overall impact of the situation on the Group's operations, including the recoverability of the carrying amount of assets, measurements of its assets and liabilities, hypothetical assessments of sales and corresponding costs to control the cash flow balance, serious and careful considerations on investment projects to protect the cash flow in the short and medium term, finding solutions to minimize operating costs, including negotiation with the landlords and restructuring, rearranging employees appropriately in the new normal of economic. At the approval date of these the consolidated financial statements of the Group, there is not enough information to enable the Board of Management's reliable estimation, in all respect to the financial impact on the Group's results for the next period. The Group will continue to monitor the situation, take appropriate timely actions to minimise the impact.

The interim consolidated financial statements were approved by the Board of Management on 14 August 2020.

Nguyen Thi  
Preparer

Vuong Tran Quoc Thanh  
Chief Accountant



Nguyen Thi Thanh Huong  
Chief Executive Officer