

SEAREFICO CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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SEAREFICO CORPORATION

CONSOLIDATED SEPERATE FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

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SEAREFICO CORPORATION

CORPORATE INFORMATION

Enterprise registration certificate joint stock company	No. 0301825452 was initially issued by the Department of Planning and Investment of Ho Chi Minh City on 18 September 1999 and the latest 21th amendment dated 28 September 2022.	
Board of Directors	Mr. Le Tan Phuoc	Chairman
	Mr. Nguyen Huu Thinh	Member
	Mr. Ryota Fukuda	Member
	Mr. Nishi Masayuki	Member
	Mr. Le Quang Phuc	Member
	Mr. Pham Kyle Anh Tuan	Member
		(from 25 February 2022)
	Mr Lee Men Leng	Member
		(to 24 February 2022)
Audit committee	Mr. Pham Kyle Anh Tuan	Chairman
	Mr. Nguyen Huu Thinh	Member
Science and technology Committee	Mr. Le Tan Phuoc	Chairman
	Mr. Nishi Masayuki	Member
Compensation and Organisation Development committee	Mr. Le Quang Phuc	Chairman
	Mr. Nguyen Huu Thinh	Member
Board of Internal Audit under Board of Directors	Ms. Huynh Nhu Phuong	Chief Supervisor
		(from 1 July 2022)
	Mr. Nguyen Chau Tran	Acting Chief Supervisor
		(to 30 June 2022)

SEAREFICO CORPORATION

GENERAL INFORMATION (continued)

Board of Management	Mr. Vu Xuan Thuc	Chief Executive Officer (from 1 Sep 2022)
	Mrs. Nguyen Thi Thanh Huong	Chief Executive Officer (to 4 Jul 2022)
	Mr. Tran Dinh Muoi	Deputy General Director
	Mr. Pham Ngoc Son	Deputy General Director
	Mr. Huynh Khoi Binh	Deputy General Director
	Mr. Nguyen Quoc Cuong	Deputy General Director (from 1 Jul 2022)
	Mr. Phan Thanh Long	Chief Financial Officer
	Mr. Dinh Ngoc Trien	Chief Accountant (from 12 Sep 2022)
	Mr. Vuong Tran Quoc Thanh	Chief Accountant (to 11 Sep 2022)
	Mr. Vu Xuan Thuc	Chairman of Board of Directors
Legal representative		
Registered office	14 th Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai, Vo Thi Sau Ward, District 3, Ho Chi Minh City, Vietnam	

SEAREFICO CORPORATION

STATEMENT OF THE BOARD OF MANAGEMENT

Statement of responsibility of the Board of Management of the Company in respect of 3rd Quarter consolidated financial statements

The Board of Management of Searefico Corporation (“the Company”) is responsible for preparing the 3rd Quarter consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the 3rd Quarter consolidated financial position of the Group as at 30 September 2022, and the 3rd Quarter consolidated results of its 3rd Quarter consolidated operations and its cash flows for the six-month period then ended. In preparing these 3rd Quarter consolidated financial statements, the Board of Management is required to:

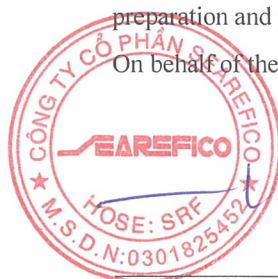
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the 3rd Quarter consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable 3rd Quarter consolidated financial statements to be prepared which comply with the basis of accounting. 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 error.

Approval of the 3rd Quarter consolidated financial statements

We hereby, approve the accompanying 3rd Quarter consolidated financial statements as set out on pages 4 to 42 which give a true and fair view of the 3rd Quarter consolidated financial position of the Group as at 30 September 2022, and of the 3rd Quarter consolidated results of its operations and its 3rd Quarter consolidated cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of the 3rd Quarter consolidated financial statements.

On behalf of the Board of Management



Vu Xuan Thuc

Chief Executive Officer

Ho Chi Minh City, SR Vietnam 29 October 2022

SEAREFICO CORPORATION

Form: B01-DN

CONSOLIDATED BALANCE SHEET
as at 30 September 2022

Unit: VND

Code	ASSETS	Note	Ending period	Beginning period
100	CURRENT ASSETS		1.486.542.944.139	1.332.532.232.066
110	Cash and cash equivalents	4	267.878.320.053	60.499.313.356
111	Cash		56.640.357.248	59.714.313.356
112	Cash equivalents		211.237.962.805	785.000.000
120	Short-term investments		117.992.162.805	110.359.200.000
123	Held-to-maturity investments	5.1	117.992.162.805	110.359.200.000
130	Current accounts receivable		668.565.004.295	782.001.895.799
131	Short-term trade receivables	6.1	577.917.193.258	726.004.583.852
132	Short-term advances to suppliers	6.2	100.363.103.006	49.671.980.022
136	Other short-term receivables	7.1	39.899.180.981	37.664.977.608
139	Provision for short-term doubtful receivables	6.1	(49.614.472.950)	(31.339.645.683)
140	Inventories	8	395.214.286.301	333.318.564.993
141	Inventories		396.081.216.141	334.185.494.833
149	Provision for obsolete inventories		(866.929.840)	(866.929.840)
150	Other current assets		36.893.170.685	46.353.257.918
151	Short-term prepaid expenses	14	3.583.565.585	2.582.141.019
152	Value-added tax deductible		31.981.868.571	42.787.280.422
153	Tax and other receivables from the State	19	1.327.736.529	983.836.477
200	NON - CURRENT ASSETS		353.394.724.501	520.729.143.686
210	Long-term receivable		1.772.391.000	1.836.601.000
216	Other long-term receivables	7.2	1.772.391.000	1.836.601.000
220	Fixed assets		261.004.298.501	272.811.914.314
221	Tangible fixed assets	9	258.354.744.058	269.843.368.020
222	<i>Historical Cost</i>		<i>386.727.388.317</i>	<i>385.602.156.131</i>
223	<i>Accumulated depreciation</i>		<i>(128.372.644.259)</i>	<i>(115.758.788.111)</i>
224	Fixed assets of financial leasing	10	-	-
227	Intangible assets	11	2.649.554.443	2.968.546.294
228	<i>Historical Cost</i>		<i>5.941.197.119</i>	<i>5.941.197.119</i>
229	<i>Accumulated depreciation</i>		<i>(3.291.642.676)</i>	<i>(2.972.650.825)</i>
240	Long-term assets in progress		35.624.197.726	33.417.126.812
242	Construction in progress	12	35.624.197.726	33.417.126.812
250	Long-term investments	13	5.556.717.362	165.955.372.698
252	Investment in an associate	13.2	2.100.000.000	161.498.655.336
253	Investment in other entity	13.3	3.456.717.362	4.456.717.362
260	Other long-term assets		49.437.119.912	46.708.128.862
261	Long-term prepaid expenses	14	34.784.701.699	31.983.351.721
262	Deferred tax assets	15	14.652.418.213	14.724.777.141
270	TOTAL ASSETS		1.839.937.668.640	1.853.261.375.752

SEAREFICO CORPORATION

Form: B01-DN

CONSOLIDATED BALANCE SHEET (continued)

As at 30 September 2022

Unit: VND

Code	RESOURCES	Note	Ending period	Beginning period
300	LIABILITIES		1.263.729.072.965	1.279.580.524.672
310	Short-term liabilities		1.169.648.477.652	1.182.852.743.920
311	Short-term trade payables	16	246.725.077.378	306.522.366.234
312	Short-term advances from customers	17	189.761.197.497	109.448.135.163
313	Statutory obligations	19	38.771.352.480	8.622.944.187
314	Payables to employees		11.168.183.298	14.636.229.315
315	Short-term accrued expenses	20.1	150.218.163.020	90.617.043.576
319	Other short-term payables	21.1	20.522.331.675	31.005.707.596
320	Short-term loans	18	504.623.702.174	607.247.979.184
321	Short-term provision	22	709.610.352	1.376.538.681
322	Bonus and welfare fund	23	7.148.859.778	13.375.799.984
330	Non-current liabilities		94.080.595.313	96.727.780.752
337	Other long-term liabilities		3.389.631.649	3.625.454.585
338	Long-term loans	18.2	88.578.551.914	90.578.404.417
342	Long-term provision	24	2.112.411.750	2.523.921.750
400	OWNERS' EQUITY		576.208.595.675	573.680.851.080
410	Capital	25	576.208.595.675	573.680.851.080
411	Share capital		355.667.800.000	355.667.800.000
411.1	Shares with voting rights		355.667.800.000	355.667.800.000
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		8.308.963.938	8.308.963.938
421	Undistributed earnings		145.260.328.978	144.650.123.767
421.1	Undistributed earnings up to prior year-end		141.706.737.914	115.185.462.889
421.2	Undistributed earnings of current year		3.553.591.064	29.464.660.878
429	Non-controlling shareholders	25.5	91.510.079.553	89.592.540.169
600	TOTAL RESOURCES		1.839.937.668.640	1.853.261.375.752

Preparer



Nguyen Thanh Tam

Chief Accountant



Dinh Ngoc Trien

Ho Chi Minh, October 29 2022

Chief Executive Officer



Vu Xuan Thuc

CONSOLIDATED INCOME STATEMENT
For the period 3th Quarter 2022

Unit: VND

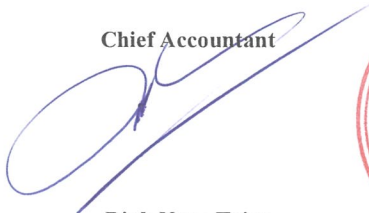
Code	Items	Notes	This period	Previous period	Current year	Previous year
01	Revenues from sale of goods and rendering of services	26.1	299.332.849.119	157.584.381.294	769.954.923.128	496.498.764.896
02	Deductions	26.1	-	-	-	-
10	Net revenues from sale of goods and rendering of services	26.1	299.332.849.119	157.584.381.294	769.954.923.128	496.498.764.896
11	Costs of goods sold and services rendered	27	282.431.139.821	143.819.418.779	711.820.901.385	438.115.941.736
20	Gross profit from sale of goods and rendering of services		16.901.709.298	13.764.962.515	58.134.021.743	58.382.823.160
21	Finance income	26.2	3.425.323.068	3.112.162.202	99.879.932.949	8.854.217.823
22	Finance expenses	29	9.625.039.552	8.437.569.608	36.925.599.838	27.911.297.977
23	In which: interest expense		9.311.875.134	8.161.802.678	28.778.471.725	27.543.813.868
24	Gain or loss from associate		-	4.909.007.324	-	14.241.358.464
25	Selling expenses		879.259.266	611.983.814	2.347.506.607	2.444.711.049
26	General and administrative expenses	28	7.662.892.254	7.043.703.492	76.460.149.784	34.957.934.344
30	Operating profit		2.159.841.294	5.692.875.127	42.280.698.463	16.164.456.077
31	Other income	30	463.489.553	19.424.260	1.378.606.130	1.794.620.074
32	Other expenses	30	384.562.334	197.738.622	1.351.002.497	1.989.138.483
40	Other profit	30	78.927.219	(178.314.362)	27.603.633	(194.518.409)
50	Accounting profit before tax		2.238.768.513	5.514.560.765	42.308.302.096	15.969.937.668
51	Current corporate income tax expense	31	509.947.525	177.519.260	36.346.287.898	1.454.657.739
52	Deferred tax income (expense)	31	186.893.584	33.138.503	72.358.928	181.643.145
60	Net profit after tax		1.541.927.404	5.303.903.002	5.889.655.270	14.333.636.784
61	Profit after tax of shareholders of parent company		965.462.673	5.506.755.623	3.553.591.064	13.113.376.593
62	Profit after tax of non-controlling shareholders	25.5	576.464.731	(202.852.621)	2.336.064.206	1.220.260.191
70	Basic earnings per share	25.6			105	388
71	Diluted earnings per share	25.6			105	388

Preparer



Nguyen Thanh Tam

Chief Accountant



Dinh Ngoc Trien

Ho Chi Minh, October 29 2022

Chief Executive Officer



Vu Xuan Thuc

SEAREFICO CORPORATION

Form: B03-DN

CONSOLIDATED CASH FLOW STATEMENT
For the period 3th quarter 2022

Code	ITEMS	Note	Unit: VND	
			Current period	Previous period
	CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		42.308.302.096	15.969.937.668
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	9	12.932.847.999	11.053.088.620
03	(Reversal of) provisions	28	17.607.898.938	1.386.896.781
04	Foreign exchange losses (gains) arising from revaluation of monetary accounts	26.2; 29	281.318.720	(1.943.634.997)
05	Profits from investing activities	26.2; 29	(90.776.993.033)	(21.000.619.837)
06	Interest expense	29	28.778.471.725	27.543.813.868
07	Other Adjustments		-	(69.194.041)
08	Operating profit before changes in working capital		11.131.846.445	32.940.288.062
09	Increase (decrease) in receivables		96.125.150.409	195.449.225.501
10	Decrease (increase) in inventories		(61.939.783.208)	(127.430.450.107)
11	Increase (decrease) in payables		65.632.170.974	(1.087.000.001)
12	(Increase) decrease in prepaid expenses		(3.802.774.544)	504.004.488
13	Decrease (increase) in held-for-trading securities		-	-
14	Interest paid		(28.222.072.037)	(26.886.476.031)
15	Corporate income tax paid	19	(6.066.970.468)	(8.501.035.091)
16	Other cash inflows from operating activities		-	-
17	Other cash outflows for operating activities		(9.808.360.881)	(8.341.501.827)
20	Net cash flows from (used in) operating activities		63.049.206.690	56.647.054.994
	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets		(3.288.241.200)	(14.132.830.336)
22	Proceeds from disposals of fixed assets		-	214.090.909
23	Loans and purchases of debt instruments of other entities		(267.226.841.189)	(359.200.000)
24	Collections of bank deposits		259.593.878.384	68.250.000.000
25	Payments for investments in other entities		-	-
26	Receives from investments in other entities		52.392.880.000	-
27	Interest and dividends received		208.242.199.285	19.893.474.731
30	Net cash flows used in investing activities		249.713.875.280	73.865.535.304

CONSOLIDATED CASH FLOW STATEMENT
For the period 3th quarter 2022

Code	ITEMS	Note	Current period	Unit: VND
				Previous period
	CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution and issuance of shares		-	10.739.040.000
32	Capital redemption		-	-
33	Drawdown of borrowings		678.646.012.621	1.205.760.976.238
34	Repayment of borrowings		(783.270.142.134)	(1.327.027.046.605)
35	Payment of principal of finance lease liabilities		-	-
36	Dividends paid	25.4	(778.272.250)	(54.332.250)
40	Net cash flows from financing activities		(105.402.401.763)	(110.581.362.617)
50	Net decrease in cash and cash equivalents		207.360.680.207	19.931.227.681
60	Cash and cash equivalents at beginning of period	4	60.499.313.356	63.100.216.101
61	Impact of exchange rate fluctuation		18.326.490	9.045.112
70	Cash and cash equivalents at end of period	4	267.878.320.053	83.040.488.894

Preparer



Nguyen Thanh Tam

Chief Accountant



Dinh Ngoc Trien

Ho Chi Minh, October 29 2022

Chief Executive Officer



Vu Xuan Thuc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2022

1 GENERAL INFORMATION

Searefico 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 the latest amended on 28 September 2022.

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 September 2022, the Group had 535 employees (as at 30 June 2022: 532 employees)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 September 2022

1 GENERAL INFORMATION (continued)

As at 30 September 2022 and 31 December 2021, the Company had subsidiaries and associates as follows:

	Principal activities	Place of incorporation and operation	30.9.2022		31.12.2021	
			Owner-ship (%)	Voting Rights (%)	Owner-ship (%)	Voting Rights (%)
Direct subsidiaries						
Searefico Engineering and Construction Joint Stock Company (“Searefico E&C”)	Installation of industrial refrigeration projects, air conditioning systems	District 3, Ho Chi Minh City, Vietnam	99.31	99.31	99.31	99.31
Seareal Real Estate Joint Stock Company (“Seareal”)	Trading real estate	District 3, Ho Chi Minh City, Vietnam	98.40	98.40	98.40	98.40
Asia Refrigeration Industry Joint Stock Company (“Arico”)	Execution of refrigeration electrical mechanical systems; producing insulated materials	Binh Tan District, Ho Chi Minh City, Vietnam	84.00	84.00	84.00	84.00
Indirect subsidiaries						
Searee Refrigeration Electrical Engineering Corporation (“Searee”)	Execution of refrigeration electrical mechanical systems	Lien Chieu District, Da Nang City, Vietnam	73.19	73.19	73.19	73.19
Phoenix Energy & Automation Joint Stock Company (“Phoenix”)	Producing, transmitting and distributing electricity; installation of electrical systems	Binh Tan District, Ho Chi Minh City, Vietnam	37.80	37.80	37.80	37.80
Greenpan Joint Stock Company (“Greenpan”)	Producing unburnt light materials, PIR fireproof panels (polyisocyanurate)	Binh Tan District, Ho Chi Minh City, Vietnam	48.64	48.64	48.64	48.64
Associate						
Quang Phu Investment and Solution Joint Stock Company (“Quang Phu”)	Electricity production	Hue City, Thua Thien – Hue Province, Vietnam	11.34	30.00	11.34	30.00
SEA MH Solar Limited Company (“Solar”)	Power production	Bac Lieu City, Bac Lieu Province, Vietnam	11.34	30.00	11.34	30.00
Thua Thien Hue Construction Joint Stock Corporation (“HCC”) (*)	Construction of civil and industrial projects	Hue City, Thua Thien – Hue Province, Vietnam	0.00	0.00	0.00	0.00

(*) According to the resolution of the Board of Directors No. 01/QĐ/SRF/HĐQT/22 dated 17 January 2022, the Company has divested all the shares that the Company owned in Thua Thien Hue Construction Joint Stock Corporation. This divestment was completed on 21 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2022

2. BASIS OF PREPARATION

For the period ended 30 September 2022

2.1 Basis of preparation of 3rd Quarter 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.

2.2 Fiscal year

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

2.3 Currency (continued)

The 3rd Quarter consolidated financial statements are measured and presented in the Vietnamese Dong ("VND"), which is the Company's accounting currency. The Company determines its accounting currencies based on the currencies which is mainly used in sales of goods and rendering of services, which has a significant impact on the selling prices of goods and services, which is normally used to list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on costs of labor, materials and other production or operating costs and which is normally used as payments for those costs.

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

2.4 Basis of consolidation

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 September 2022

2 BASIS OF PREPARATION (continued)

(b) Associates

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 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.

Accounting policies of joint ventures and 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 September 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 September 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Disposals

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

Construction in progress

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 September 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 consolidated balance sheet date.

This allowance will be paid as a lump sum when 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 September 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.15 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 September 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.17 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 Divisions have the responsibility to follow up, update and adjust the gross profit periodically.

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 September 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.21 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

4. CASH AND CASH EQUIVALENTS

	Unit: VND	
	Ending balance	Beginning balance
Cash on hand	424,113,545	361,986,356
Cash at banks	56,216,243,703	59,352,327,000
Cash equivalents (*)	211,237,962,805	785,000,000
TOTAL	267,878,320,053	60,499,313,356

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

5. SHORT-TERM INVESTMENTS

5.1 Held-for-trading securities

Held-to-maturity securities include term bank deposits, bonds 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	117,992,162,805	117,992,162,805	110,359,200,000	110,359,200,000
- Bonds	-	-	-	-
TOTAL	117,992,162,805	117,992,162,805	110,359,200,000	110,359,200,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

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	577,917,193,258	726,004,583,852
- Hai Dang Real Estate Investment Joint Stock Company	13,399,399,950	18,853,173,147
- Industrial Construction Joint Stock Company	84,360,709,259	84,360,709,259
- Saigon Binh Chau Corporation	52,825,907,834	61,437,508,486
Trade receivables from related parties (Note 32)	427,331,176,215	561,353,192,960
TOTAL	577,917,193,258	726,004,583,852
Provision for doubtful short-term receivables	(49,614,472,950)	(31,339,645,683)
NET	528,302,720,308	694,664,938,169

6.2 Short-term advances to suppliers*Unit: VND*

	Ending balance	Ending balance
Advances to suppliers	100,162,103,344	49,470,980,360
Advances to related parties (Note 32)	200,999,662	200,999,662
TOTAL	100,363,103,006	49,671,980,022

7. OTHER RECEIVABLES*Unit: VND***7.1 Other short-term receivables**

	Ending balance	Beginning balance
- Advance to employees	21,431,383,761	17,643,977,279
- Other receivables from construction team	1,369,364,252	1,312,164,252
- Other receivables from employees	2,806,171,850	5,947,819,014
- Short-term deposit	4,724,248,871	2,515,176,829
- Interest income receivables	1,214,699,710	2,691,587,949
- Interest income receivables from investment scheme	2,188,053,151	6,553,989,388
- Others	6,165,259,386	1,000,262,897
TOTAL	39,899,180,981	37,664,977,608

In which:

- Other receivables from a related parties (Note 32)	658,643,288	658,643,288
- Other receivables from other parties	39,240,537,693	37,006,334,320

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

7. OTHER RECEIVABLES (continued)

7.2 Other long - term receivables

Unit: VND

	Ending balance	Beginning balance
- Long-term deposit	1,772,391,000	1,836,601,000
TOTAL	1,772,391,000	1,836,601,000

8. INVENTORIES

Unit: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
- Work in process	290,248,677,807	-	241,319,785,509	-
- Raw materials	74,207,831,391	(858,592,878)	72,615,376,534	(858,592,878)
- Goods in transit	3,021,968,532	-	7,575,330,718	-
- Finished goods	25,880,658,639	(8,336,962)	9,524,188,785	(8,336,962)
- Goods;	317,927,257	-	222,858,312	-
- Goods on consignment;	1,037,327,787	-	1,890,627,188	-
- Tools and supplies;	1,366,824,728	-	1,037,327,787	-
TOTAL	396,081,216,141	(866,929,840)	334,185,494,833	(866,929,840)

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

Unit: VND

	Current year	Previous year
Beginning balance	(866,929,840)	(1,003,684,008)
Add: Provision created during the year	-	(5,215,929)
Less: Utilisation and reversal of provision during the year	-	(2,215,276,731)
Written off	-	2,357,246,828
Ending balance	(866,929,840)	(866,929,840)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

9. TANGIBLE FIXED ASSETS

	<i>Unit: VND</i>				
	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Other assets
					Total
Historical cost:					
Beginning balance	101,019,395,973	253,588,948,177	24,206,777,620	5,255,806,956	1,531,227,405
- New purchase	-	874,656,807	1,045,167,273	37,500,000	37,000,000
- Transfer from construction in progress	-	79,700,000	-	-	-
- Disposal	-	-	-	-	-
- Other Reduction	-	(948,791,894)	-	-	-
Ending balance	101,019,395,973	253,594,513,090	25,251,944,893	5,293,306,956	1,568,227,405
Accumulated depreciation:					
Beginning balance	38,664,812,048	64,050,652,252	7,199,148,218	4,503,443,859	1,340,731,734
- Depreciation for the period	1,854,067,764	9,445,684,083	1,060,934,010	234,063,959	19,106,332
- Disposal	-	-	-	-	-
Ending balance	40,518,879,812	73,496,336,335	8,260,082,228	4,737,507,818	1,359,838,066
Net carrying amount:					
Beginning balance	62,354,583,925	189,538,295,925	17,007,629,402	752,363,097	190,495,671
Ending balance	60,500,516,161	180,098,176,755	16,991,862,665	555,799,138	208,389,339

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

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	5,941,197,119	5,941,197,119
- New purchase	-	-
Ending balance	5,941,197,119	5,941,197,119
Accumulated amortisation:		
Beginning balance	2,972,650,825	2,972,650,825
- Amortisation for the year	318,991,851	318,991,851
Ending balance	3,291,642,676	3,291,642,676
Net carrying amount:		
Beginning balance	2,968,546,294	2,968,546,294
Ending balance	2,649,554,443	2,649,554,443

12. CONSTRUCTION IN PROGRESS*Unit: VND*

	Ending balance	Beginning balance
Factory upgrade	2,586,347,247	2,033,003,736
Machinery purchasing	865,764,499	309,770,633
Apartments, ERP System	29,740,503,417	29,740,503,417
<i>In which:</i>		
<i>ERP system</i>	2,970,701,405	2,970,701,405
<i>Phu Quoc Apartments</i>	13,704,464,512	13,704,464,512
<i>Da Nang Apartments</i>	13,065,337,500	13,065,337,500
Others	2,431,582,563	1,333,849,026
TOTAL	35,624,197,726	33,417,126,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

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	33,417,126,812	35,697,071,058
Purchases	2,286,770,914	12,570,157,266
Transfers to tangible fixed assets (Note 9)	(79,700,000)	(14,850,101,512)
Closing balance	35,624,197,726	33,417,126,812

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")	-	0.00%	159,398,655,336	36.00%
Quang Phu Investment and Solution Joint Stock Company ("Quang Phu")	1,200,000,000	11.34%	1,200,000,000	11.34%
SEA MH Solar Limited Company ("SEA MH Solar")	900,000,000	11.34%	900,000,000	11.34%
TOTAL	2,100,000,000		161,498,655,336	

Unit: VND

Cost of investment:	Quang Phu	SEA MH Solar	HCC*
Ending balance	1,200,000,000	900,000,000	-
Accumulated share profit of the associates:			
Beginning balance	1,200,000,000	900,000,000	159,398,655,336
Share in post-acquisition profit of associates			-
Divestments			(159,398,655,336)
Ending balance	1,200,000,000	900,000,000	-
Net carrying amount:			
Beginning balance	1,200,000,000	900,000,000	159,398,655,336
Ending balance	1,200,000,000	900,000,000	-

On 17 January 2022, the Board of Management of Searefico Corporation issued Decision No. 01/QD/SRF/HĐQT/22 on the divestment of all investment capital in Thua Thien Hue Construction Joint Stock Company and it was completed on 21 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2022

13. LONG-TERM INVESTMENTS (continued)

13.2 Investment in other entity

Unit: VND

	Ending balance		Beginning balance	
	<i>Cost of investment</i>	<i>% of ownership</i>	<i>Cost of investment</i>	<i>% of ownership</i>
International Investment and Water Technology Joint Stock Company ("Inwatek")	1,556,717,362	1.73%	2,556,717,362	6.88%
Formtek Engineering Joint Stock Company ("Formtek")	1,900,000,000	19.00%	1,900,000,000	19.00%
	3,456,717,362		4,456,717,362	

14. PREPAID EXPENSES

Unit: VND

	Ending balance	Beginning balance
Short-term		
- Tools and supplies	572,549,359	774,670,372
- Prepaid expenses of overheads;	1,150,923,806	994,104,681
- Others	1,860,092,420	813,365,966
Total	3,583,565,585	2,582,141,019
Long-term		
- Tools and supplies	3,359,034,180	2,129,479,916
- Land rental	26,782,700,544	27,615,179,422
- Others	4,642,966,975	2,238,692,383
Total	34,784,701,699	31,983,351,721

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

15. SHORT- TERM TRADE ACCOUNTS PAYABLE

	<i>Unit: VND</i>	
	Ending balance	Beginning balance
Third parties	246,725,077,379	296,714,656,159
Related parties (Note 32)	-	9,807,710,075
TOTAL	246,725,077,379	306,522,366,234

16. SHORT-TERM ADVANCES FROM CUSTOMERS

	<i>Unit: VND</i>	
	Ending balance	Beginning balance
Third parties	189,761,197,497	109,448,135,163
TOTAL	189,761,197,497	109,448,135,163

17. LOANS

	<i>Unit: VND</i>			
	Beginning balance	Increase in year	Payment in year	Ending balance
17.1 Short-term loans (*)	607,247,979,184	677,861,012,621	780,485,289,631	504,623,702,174
Short-term loans from banks	607,247,979,184	675,657,694,813	778,781,971,823	504,123,702,174
- Vietnam Joint Stock Commercial Bank for Industry and Trade - Branch No. 6	185,080,648,192	386,306,684,005	363,893,503,464	207,493,828,733
- Joint Stock Commercial Bank for Foreign Trade of Vietnam - HCM Branch	104,184,698,047	-	95,217,409,442	8,967,288,605
- Viet Nam Bank for Social Policies- Transaction Office Lien Chieu Dist.	207,760,000	-	207,760,000	-
- Vietnam Technological and Commercial Joint Stock Bank - Saigon Branch	-	64,849,493,847	19,198,641,844	45,650,852,003
- Military Commercial Joint Stock Bank - Saigon Branch	51,757,120,149	27,516,390,884	69,094,437,378	10,179,073,655
- Vietnam Maritime Commercial Stock Bank - Ho Chi Minh Branch	80,824,212,842	165,238,235,588	136,894,538,834	109,167,909,596
- Bank for Investment and Development of Vietnam Joint Stock Company - HCM Branch	185,193,539,954	31,746,890,489	94,275,680,861	122,664,749,582
Short-term loans from others	-	2,203,317,808	1,703,317,808	500,000,000
- Other	-	2,203,317,808	1,703,317,808	500,000,000
17.2 Long-term Loans from banks	90,578,404,417	785,000,000	2,784,852,503	88,578,551,914
- Military Commercial Joint Stock Bank- Branch No. 1	9,949,633,876	-	1,210,090,599	8,739,543,277
- Joint Stock Commercial Bank for Foreign Trade of Vietnam - HCM Branch(**)	76,628,770,541	-	1,500,000,000	75,128,770,541
- Tien Phong Commercial Joint Stock Bank- Da Nang Branch	4,000,000,000	-	-	4,000,000,000
- Other	-	785,000,000	74,761,904	710,238,096
TOTAL	697,826,383,601	678,646,012,621	783,270,142,134	593,202,254,088

(*) 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/QĐ-UBND and Decision No. 5940/QĐ-UBND. The purpose of this borrowing is for investment in the factory producing non-baked light materials of Greenpan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2022

Unit: VND

18. STATUTORY OBLIGATIONS

	Beginning balance	Increase in year	Payment in year	Ending balance
Payables				
- Domestic value-added tax	2,263,489,204	25,815,169,823	25,960,372,020	2,118,287,007
- Import value-added tax	-	16,040,660,437	16,040,660,437	-
- Special sales tax	-	-	-	-
- Import, export duties	-	2,286,719,021	2,286,719,021	-
- Corporate income tax	5,956,883,739	36,346,287,898	6,066,970,468	36,236,201,169
- Non-agricultural land use tax	-	18,904,808	18,904,808	-
- Others	402,571,244	7,561,015,594	7,546,722,534	416,864,304
+ <i>Personal income tax</i>	402,071,244	7,543,015,594	7,528,222,534	416,864,304
+ <i>Withholding tax</i>	-	-	-	-
+ <i>Business tax</i>	500,000	18,000,000	18,500,000	-
TOTAL	8,622,944,187	88,068,757,581	57,920,349,288	38,771,352,480
Receivables				
- Corporate income tax	-	-	-	-
- <i>Other taxes:</i>	983,836,477	1,146,915,817	1,490,815,869	1,327,736,529
- <i>Personal income tax</i>	983,836,477	1,143,915,817	1,318,795,998	1,158,716,658
- <i>Other tax</i>	-	3,000,000	172,019,871	169,019,871
TOTAL	983,836,477	1,362,879,233	1,706,779,285	1,327,736,529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

19. ACCRUED EXPENSES**19.1 Short- term accrued expenses**

	Ending balance	<i>Unit: VND</i> Beginning balance
- Pre-deduction of vacation wages	-	-
- Accrued project costs	143,249,609,943	86,173,263,527
- Interest expense	1,399,976,979	986,349,517
- Others	5,568,576,098	3,457,430,532
TOTAL	150,218,163,020	90,617,043,576

20. OTHER PAYABLES**20.1 Other short - term payables**

	Ending balance	<i>Unit: VND</i> Beginning balance
- Other payables to employees	2,651,253,337	6,304,865,564
- Social insurance, health insurance and trade union fees	4,713,507,606	3,617,225,699
- Dividends payable (Note 25.4)	596,400,800	596,400,800
- Dividend paid to non-controlling interest	1,255,501,750	1,841,774,000
- Others	11,276,789,476	18,645,441,533
TOTAL	20,522,331,675	31,005,707,596

20.2 Other long - term payables

	Ending balance	<i>Unit: VND</i> Beginning balance
- Long-term deposits receiving	-	-
- Allowances for unemployment benefits for employees	2,229,631,649	3,625,454,585
- Other long-term payables	1,160,000,000	-
TOTAL	3,389,631,649	3,625,454,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

21. SHORT-TERM PROVISION*Unit: VND*

	Ending balance	Beginning balance
- Beginning balance	1,376,538,681	2,011,567,497
- Provision during the year	282,599,686	1,489,854,877
- Utilised and reversed during the year	(949,528,015)	(2,124,883,693)
- Ending balance	709,610,352	1,376,538,681

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

22. BONUS AND WELFARE FUND*Unit: VND*

	Ending balance	Beginning balance
- Beginning balance	13,375,799,984	15,814,687,470
- Appropriation during the year	3,169,910,675	6,574,730,988
- Utilised during the year	(9,396,850,881)	(9,013,618,474)
- Ending balance	7,148,859,778	13,375,799,984

23. LONG-TERM PROVISION

Long-term provision mainly represents provision for severance allowance.

Unit: VND

	Ending balance	Beginning balance
- Beginning balance	2,523,921,750	2,613,001,750
- Provision during the year	-	45,515,400
- Utilised and reversed during the year	(411,510,000)	(134,595,400)
- Transfer to employee payables	-	-
- Ending balance	2,112,411,750	2,523,921,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

24. DEFERRED TAX ASSETS

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

	Ending balance	<i>Unit: VND</i> Beginning balance
Opening balance	14,724,777,141	12,602,901,507
Income statement credit	(72,358,928)	2,121,875,634
Closing balance	<u>14,652,418,213</u>	<u>14,724,777,141</u>

Movements in the deferred income tax assets during the period are as follows:

	Ending balance	<i>Unit: VND</i> Beginning balance
Deductible temporary differences in relation to accrued expenses and long-term provisions	3,190,503,292	3,091,404,557
subsidiary	6,300,000,000	6,300,000,000
Income from capital contribution by fixed assets	3,082,908,498	3,255,938,995
Interest expenses excess of 30% EBITDA	2,077,433,589	2,077,433,589
	<u>14,650,845,379</u>	<u>14,724,777,141</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2022

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 2021							
Beginning balance	324,953,970,000	284,019,059	(29,238,407,099)	4,415,811,246	8,308,963,938	151,993,358,462	460,717,715,606
- Net profit for the year	-	-	-	-	-	29,464,660,878	29,464,660,878
- Profit appropriation to bonus funds	-	-	-	-	-	(6,094,065,573)	(6,094,065,573)
- Dividends declared	30,713,830,000	-	-	-	-	(30,713,830,000)	-
- Re-purchase of shares	-	-	-	-	-	-	-
Ending balance	355,667,800,000	284,019,059	(29,238,407,099)	4,415,811,246	8,308,963,938	144,650,123,767	484,088,310,911

For period ended 30 June 2022

Beginning balance	355,667,800,000	284,019,059	(29,238,407,099)	4,415,811,246	8,308,963,938	144,650,123,767	484,088,310,911
- Net profit for the year	-	-	-	-	-	3,553,591,064	3,553,591,064
- Profit appropriation to bonus funds	-	-	-	-	-	(2,943,385,853)	(2,943,385,853)
- Dividends declared	-	-	-	-	-	-	-
Ending balance	355,667,800,000	284,019,059	(29,238,407,099)	4,415,811,246	8,308,963,938	145,260,328,978	484,698,516,122

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

25. OWNERS' EQUITY (continued)

25.2 Details of contributed share capital

	Ending balance		
	Shares	VND	%
Taisei Oncho Co., Ltd	8,909,456	89,094,560,000	25.05
SANYO Engineering & Construction Vietnam Co.,Ltd	7,150,000	71,500,000,000	20.10
Vietnam Seaproducts Joint Stock Corporation	4,567,200	45,672,000,000	12.84
Other shareholders	13,160,124	131,601,240,000	37.00
Treasury shares	1,780,000	17,800,000,000	5.00
TOTAL	35,566,780	355,667,800,000	100.00

25.3 Shares

	Ending balance	Beginning balance
	Quantity	Quantity
Authorized shares	35,566,780	35,566,780
Issued shares		
Issued and paid-up shares	35,566,780	35,566,780
<i>Ordinary shares</i>	35,566,780	35,566,780
Treasury shares		
<i>Ordinary shares</i>	(1,780,000)	(1,780,000)
Shares in circulation		
<i>Ordinary shares</i>	33,786,780	33,786,780

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

25.4 Dividends

	Unit: VND	
	Ending balance	Beginning balance
Beginning balance	596,400,800	596,400,800
Dividends declared during the period	-	30,713,830,000
<i>Dividends payment for 2020: 10% by common stock</i>		30,713,830,000
Dividends paid during the period	-	(30,713,830,000)
Ending balance	596,400,800	596,400,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

25. OWNERS' EQUITY (continued)**25.5 Non-controlling interests**

	<i>Unit: VND</i>	
	Ending balance	Beginning balance
Opening Balance	89,592,540,169	76,029,718,906
- Owner's capital	-	10,391,740,000
- Undistributed post-tax profit and dividend	2,336,064,206	4,895,127,679
- Appropriation to bonus and welfare fund	(226,524,823)	(480,665,414)
- Dividend paid	(192,000,000)	(1,620,681,002)
- Repurchase of shares	-	377,300,000
- Reissuance treasury shares	-	-
Closing balance	91,510,079,552	89,592,540,169

25.6 Earnings per share

	<i>Unit: VND</i>	
	Ending balance	Beginning balance
Net profit after tax attributable to ordinary equity holders (VND)	3,553,591,064	13,113,376,593
Distribution to bonus and welfare fund (VND)	-	-
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	3,553,591,064	13,113,376,593
Weighted average number of ordinary shares (share)	33,786,780	33,786,780
Basic and diluted earnings per share (VND)	105	388

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

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	299,332,849,119	157,584,381,294	769,954,923,128	496,498,764,896
<i>Of which:</i>				
- Revenue from construction contracts	223,844,004,033	129,887,438,465	567,498,462,100	414,146,443,923
- Revenue from lease	252,603,381	-	252,603,381	-
- Revenue from sale of goods	68,539,249,134	28,132,959,710	191,266,134,215	81,524,857,502
- Others	6,696,992,571	(436,016,881)	10,937,723,432	827,463,471
Revenue reduction	-	-	-	-
Net revenues	299,332,849,119	157,584,381,294	769,954,923,128	496,498,764,896

Of which:

- Revenue from other parties	299,332,849,119	157,584,381,294	769,954,923,128	496,498,764,896
- Revenue from related parties	-	-	-	-

26.2 Finance income

Unit: VND

	This period	Previous period	Current year	Previous year
- Interest income	2,131,410,953	1,865,250,251	5,050,698,088	6,460,993,415
- Gain on disposal of investment	-	-	87,586,544,664	-
- Bond interest received	252,040,787	-	3,761,238,549	-
- Foreign exchange gains incurred during the period	150,220,645	250,828,106	1,744,012,775	365,412,362
- Foreign exchange gains from revaluation	14,106,898	911,906,796	14,106,898	1,943,634,997
- Other	877,543,785	84,177,049	1,723,331,975	84,177,049
TOTAL	3,425,323,068	3,112,162,202	99,879,932,949	8,854,217,823

27. COSTS OF GOODS SOLD AND SERVICES RENDERED

Unit: VND

	This period	Previous period	Current year	Previous year
- Cost of construction contracts	224,339,536,406	120,147,376,095	540,591,800,385	373,915,324,919
- Cost of goods sold	58,091,603,415	23,672,042,684	171,229,101,000	64,277,861,204
- (Reversal of) provision for obsolete inventories	-	-	-	(77,244,387)
- Others	-	-	-	-
TOTAL	282,431,139,821	143,819,418,779	711,820,901,385	438,115,941,736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**28.1 General and Administrative expenses***Unit: VND*

	This period	Previous period	Current year	Previous year
- Staff costs	8,960,237,994	6,748,771,893	41,221,384,169	20,995,442,022
- Tools and equipment costs	245,291,064	217,353,264	527,547,207	605,202,489
- Depreciation and amortisation	535,980,542	602,156,765	1,664,031,528	1,623,535,996
- (Reversal of provision) provisions	(6,944,728,648)	(3,348,372,806)	18,274,827,267	2,274,764,038
- External service expenses	4,102,624,602	2,508,125,068	13,056,995,116	7,630,696,463
- Others	763,486,700	315,669,308	1,715,364,497	1,828,793,336
- Reversal of employee's accrued expenses	-	-	-	(500,000)
TOTAL	7,662,892,254	7,043,703,492	76,460,149,784	34,957,934,344

28.2 Selling Expenses*Unit: VND*

	This period	Previous period	Current year	Previous year
- Staff costs	308,583,277	253,411,258	896,225,322	805,301,317
- Material costs	-	7,341,249	-	8,021,299
- Depreciation and amortisation	7,109,847	7,109,847	21,329,541	14,219,694
- External service expenses	563,566,142	303,241,305	1,423,446,744	1,547,451,259
- Others	-	40,880,155	6,505,000	60,368,998
- Provision	-	-	-	9,348,482
TOTAL	879,259,266	611,983,814	2,347,506,607	2,444,711,049

29. FINANCE EXPENSES*Unit: VND*

	This period	Previous period	Current year	Previous year
- Loan interest	9,311,875,134	8,161,802,678	28,778,471,725	27,543,813,868
- Foreign exchange losses incurred	549,827	1,581,570	33,657,564	47,751,549
- Foreign exchange losses from revaluation	269,573,281	-	295,425,618	-
- Settlement discount	43,041,310	274,185,360	160,145,319	319,732,560
- Divestment costs	-	-	7,657,899,612	-
TOTAL	9,625,039,552	8,437,569,608	36,925,599,838	27,911,297,977

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

30. OTHER INCOME AND EXPENSES*Unit: VND*

	This period	Previous period	Current year	Previous year
Other income	463,489,553	19,424,260	1,378,606,130	1,794,620,074
- Income from disposal	313,079,369		313,079,369	902,965,909
- Others	150,410,184	19,424,260	1,065,526,761	891,654,165
Other expenses	384,562,334	197,738,622	1,351,002,497	1,989,138,483
- The carrying value of fixed assets from liquidation and selling			-	688,875,000
- Penalties	73,018,534	-	204,922,567	32,769,691
- Others	311,543,800	197,738,622	1,146,079,930	1,267,493,792
NET OTHER PROFIT	78,927,219	(178,314,362)	27,603,633	(194,518,409)

31. CORPORATE INCOME TAX**31.1 CIT expenses***Unit: VND*

	This period	Previous period	Current year	Previous year
- Current CIT expense	(403,046,380)	432,241,490	35,433,293,993	986,091,938
- Adjustment of CIT from prior year	912,993,905	(254,722,230)	912,993,905	468,565,801
- Deferred CIT (income) expense	186,893,584	33,138,503	72,358,928	181,643,145
TOTAL	696,841,109	210,657,763	36,418,646,826	1,636,300,884

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

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:

	<i>Unit: VND</i>			
	This period	Previous period	Current year	Previous year
Net profit before tax	2,238,768,513	5,514,560,765	42,308,302,096	15,969,937,668
<i>Adjustments:</i>				
Non-deductible expenses	1,283,580,856	318,957,377	4,172,306,419	2,148,844,108
Temporary differences	7,864,173	(165,692,519)	618,247,904	(711,215,725)
Shares of profit of an associate	-	(4,909,007,324)	108,005,775,336	(14,241,358,464)
Estimated taxable profit	3,530,213,542	758,818,299	155,104,631,755	3,166,207,587
<i>In which:</i>				
<i>Estimated current taxable profit</i>	<i>(22,228,414,520)</i>	<i>1,354,353,127</i>	<i>155,066,232,514</i>	<i>2,561,253,827</i>
<i>Incentive taxable income exemption</i>	-	93,378,208	-	93,378,208
<i>Estimated tax loss</i>	-	<i>(688,913,036)</i>	38,399,241	511,575,552
Estimated CIT payable	553,835,661	63,605,411	35,508,442,430	757,991,075
CIT exemption	(48,691,022)	4,747,179	(75,148,437)	(8,252,536)
Estimated CIT after exemption	505,144,639	68,352,590	35,433,293,993	749,738,539
Adjustment for CIT from prior period	4,802,886	109,166,670	912,993,905	704,919,200
Current corporate income tax expense	509,947,525	177,519,260	36,346,287,898	1,454,657,739
Deferred income tax income expense	186,893,584	33,138,503	72,358,928	181,643,145
Total corporate income tax expense	696,841,109	210,657,763	36,418,646,826	1,636,300,884

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2022

32. TRANSACTIONS WITH RELATED PARTIES

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

Unit: VND

Related party	Relationship		Ending balance	Beginning balance
Short-term advances to suppliers (Note 6.2)				
Formtek Engineering Joint Stock Company ("Formtek")	Related party	Construction services	200,999,662	200,999,662
			200,999,662	200,999,662
Other short-term receivables (Note 7)				
International Investment and Water Technology Joint Stock Company	Related party	Interest income	658,643,288	658,643,288
			658,643,288	658,643,288

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	480,000,000	483,000,000	1,440,000,000	1,449,000,000
Salaries and benefits of the Board of Directors, management and key executives	1,652,104,874	1,128,834,745	6,992,130,386	5,062,149,537
TOTAL	2,132,104,874	1,611,834,745	8,432,130,386	6,511,149,537

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.

PREPARER

Nguyen Thanh Tan

CHIEF ACCOUNTANT

Dinh Ngoc Trien

Ho Chi Minh City, October 29, 2022
CHIEF EXECUTIVE OFFICER



Vu Xuan Thuc