



Vinafco Joint Stock Company

Interim consolidated financial statements

30 June 2017



Building a better
working world

Vinafco Joint Stock Company

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Vinafco Joint Stock Company

GENERAL INFORMATION

THE COMPANY

Vinafco Joint Stock Company ("the Company") was previously known as Vietnam Freight Forwarding Corporation, a state-owned company which was established in accordance with Decision No. 2339A/TCCB dated 16 December 1987 issued by the Ministry of Transportation of Vietnam. The Company was transformed into a joint stock company in pursuant with the Decision No. 211/2001/QD/BGTVT dated 18 January 2001 issued by the Ministry of Transportation of Vietnam. The Company also received its subsequent amended business registration certificates, with the latest is the 27th amendment being granted by Hanoi Department of Planning and Investment on 25 August 2016.

The current principal activities of the Company are to provide multimodal transport services including domestic ground transportation and shipping; warehouse rental, operating and management services; forwarding agent services and other activities as registered in business registration certificate.

The Company's head office is located at Tu Khoat Village, Ngu Hiep Ward, Thanh Tri District, Hanoi.

The Company has a branch in Ho Chi Minh City, which is located on 6th Floor, AVS Building, No.14, Truong Quyen Street, Ward 6, District 3, Ho Chi Minh City.

BOARD OF DIRECTORS

Members of the Board of Directors during the period and at the date of this report are:

Mr Huynh Ba Thang Long	Chairman	
Mr Pham Dinh Huynh	Deputy Chairman	
Mr Nguyen Hoang Giang	Member	
Mr Takashi Kajiwara	Member	
Mr Takeshi Osumi	Member	
Mr Phan Minh Tuan	Member	Appointed on 4 May 2017
Mr Atsushi Watanabe	Member	Appointed on 4 May 2017

BOARD OF SUPERVISION

Members of the board of supervision during the period and at the date of this report are:

Mr Vu Duc Loi	Head	
Mr Duong Dinh Khoi	Member	
Ms Ngo Thi Thu Linh	Member	Appointed on 4 May 2017

MANAGEMENT

Members of the management during the period and at the date of this report are:

Mr Nguyen Hoang Giang	General Director
Mrs Nguyen Thi Minh Thuan	Deputy General Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr Nguyen Hoang Giang, General Director.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Vinafco Joint Stock Company

REPORT OF MANAGEMENT

Management of Vinafco Joint Stock Company ("the Company") is pleased to present this report and the interim consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the six-month period ended 30 June 2017.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the interim consolidated financial statements of each financial period which give a true and fair view of the interim consolidated financial position of the Group and of the interim consolidated results of its operations and its interim consolidated cash flows for the period. In preparing those interim consolidated financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim consolidated financial statements; and
- ▶ prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

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 to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying interim consolidated financial statements.

STATEMENT BY THE MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2017 and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.

For and on behalf of management, 



General Director
Nguyen Hoang Giang

Hanoi, Viet Nam

25 August 2017

Reference: 60923724/19317623-HN/LR

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The shareholders of Vinafco Joint Stock Company

We have reviewed the accompanying interim consolidated financial statements of Vinafco Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group"), as prepared on 25 August 2017 and as set out on pages 5 to 50, which comprise the interim consolidated balance sheet as at 30 June 2017, and the interim consolidated income statement and interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of interim consolidated financial statements, and for such internal control as the management determines is necessary to enable the preparation and presentation of the interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim consolidated financial information 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 do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Group as at 30 June 2017, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of interim consolidated financial statements.

Ernst & Young Vietnam Limited



Bùi Anh Tuấn
Deputy General Director
Audit Practising Registration
Certificate No: 1067-2013-004-1

Hanoi, Viet Nam

25 August 2017

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2017

Currency: VND

Code	ASSETS	Notes	30 June 2017	31 December 2016
100	A. CURRENT ASSETS		342,799,913,249	376,065,365,094
110	I. Cash and cash equivalents	4	58,289,105,272	37,707,258,807
111	1. Cash		46,565,281,880	36,207,258,807
112	2. Cash equivalents		11,723,823,392	1,500,000,000
120	II. Short-term investments		21,180,388,250	40,892,000,000
123	1. Held-to-maturity investments	5	21,180,388,250	40,892,000,000
130	III. Current accounts receivable		234,199,966,213	269,358,038,552
131	1. Short-term trade receivables	6.1	196,131,619,418	232,473,332,524
132	2. Short-term advances to suppliers	6.2	2,188,316,207	3,106,952,820
135	3. Short-term loan receivables	7	224,233,000	728,233,000
136	4. Other short-term receivables	8	46,317,424,374	43,720,196,994
137	5. Provision for doubtful short-term receivables	6.1, 6.2, 8	(10,661,626,786)	(10,670,676,786)
140	IV. Inventories	9	8,165,606,622	7,310,023,419
141	1. Inventories		8,165,606,622	7,310,023,419
150	V. Other current assets		20,964,846,892	20,798,044,316
151	1. Short-term prepaid expenses	15	5,301,526,152	3,916,718,470
152	2. Value-added tax deductible	17	15,600,534,513	16,503,306,645
153	3. Tax and other receivables from the State	17	62,786,227	378,019,201

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2017

Currency: VND

Code	ASSETS	Notes	30 June 2017	31 December 2016
200	B. NON-CURRENT ASSETS		595,171,668,422	620,042,049,521
210	I. Long-term receivables		86,098,344,914	86,027,344,914
211	1. Long-term trade receivables	6.1	59,758,000,000	59,758,000,000
215	2. Long-term loan receivables	7	17,821,750,000	17,821,750,000
216	3. Other long-term receivables	8	8,518,594,914	8,447,594,914
220	II. Fixed assets		346,055,998,124	370,015,231,924
221	1. Tangible fixed assets	10	276,226,536,387	292,575,620,056
222	Cost		425,792,944,529	454,203,429,128
223	Accumulated depreciation		(149,566,408,142)	(161,627,809,072)
224	2. Finance leases	11	28,982,175,156	35,194,740,997
225	Cost		54,747,376,129	61,193,085,134
226	Accumulated depreciation		(25,765,200,973)	(25,998,344,137)
227	3. Intangible fixed assets	12	40,847,286,581	42,244,870,871
228	Cost		55,358,093,879	55,358,093,879
229	Accumulated amortisation		(14,510,807,298)	(13,113,223,008)
240	III. Long-term assets in progress		16,071,845,880	21,701,327,981
242	1. Construction in progress	13	16,071,845,880	21,701,327,981
250	IV Long-term investments		14,285,378,088	14,662,144,263
252	1. Investments in jointly controlled entity	14	14,285,378,088	14,662,144,263
260	V. Other long-term assets		132,660,101,416	127,636,000,439
261	1. Long-term prepaid expenses	15	131,918,700,350	126,894,599,373
262	2. Deferred tax assets	31.3	741,401,066	741,401,066
270	TOTAL ASSETS		937,971,581,671	996,107,414,615

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2017

Currency: VND

Code	RESOURCES	Notes	30 June 2017	31 December 2016
300	C. LIABILITIES		451,256,388,750	505,956,073,483
310	I. Current liabilities		287,904,714,807	330,498,375,036
311	1. Short-term trade payables	16	157,798,710,170	173,028,701,818
312	2. Short-term advances from customers		292,850,003	1,832,309,891
313	3. Statutory obligations	17	2,844,623,840	5,940,157,220
314	4. Payables to employees		6,248,435,198	8,781,049,811
315	5. Short-term accrued expenses	18	5,525,134,045	14,517,605,869
318	6. Short-term unearned revenues		734,407,053	461,613,687
319	7. Other short-term payables	19	14,618,266,887	18,947,767,247
320	8. Short-term loans and finance lease obligations	20	96,185,564,418	103,409,946,300
322	9. Bonus and welfare fund	21	3,656,723,193	3,579,223,193
330	II. Non-current liabilities		163,351,673,943	175,457,698,447
337	1. Other long-term liabilities	19	4,675,354,302	5,984,604,302
338	2. Long-term loans and finance lease obligations	20	155,681,819,627	165,986,407,700
342	3. Long-term provisions	22	2,994,500,014	3,486,686,445
400	D. OWNERS' EQUITY		486,715,192,921	490,151,341,132
410	I. Capital	23	486,715,192,921	490,151,341,132
411	1. Share capital		340,000,000,000	340,000,000,000
411a	- Shares with voting rights		340,000,000,000	340,000,000,000
412	2. Share premium		46,945,728,950	46,945,728,950
414	3. Other owners' capital		8,396,731,623	8,197,444,920
415	4. Treasury shares		(1,729,495,242)	(1,729,495,242)
418	5. Investment and development fund		11,293,586,504	11,293,586,504
420	6. Other funds belonging to owners' equity		4,122,367,084	3,944,983,714
421	7. Undistributed earnings		45,640,242,795	51,764,548,529
421a	- Undistributed earnings by the end of prior period		51,076,678,456	46,043,163,715
421b	- (Loss)/undistributed earnings of the period		(5,436,435,661)	5,721,384,814
429	8. Non-controlling interests		32,046,031,207	29,734,543,757
440	TOTAL LIABILITIES AND OWNERS' EQUITY		937,971,581,671	996,107,414,615

Preparer
Nguyen Thi Thanh TamChief Accountant
Le Thi Minh PhuongGeneral Director
Nguyen Hoang Giang

Hanoi, Vietnam

25 August 2017

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2017


Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
01	1. Revenue from sales of goods and rendering of services	25.1	499,169,693,441	514,906,904,531
02	2. Deductions	25.1	-	(31,501,818)
10	3. Net revenue from sales of goods and rendering of services	25.1	499,169,693,441	514,875,402,713
11	4. Cost of goods sold and services rendered	26	(466,278,280,397)	(478,062,402,039)
20	5. Gross profit from sales of goods and rendering of services		32,891,413,044	36,813,000,674
21	6. Finance income	25.2	1,452,030,382	5,682,215,804
22 23	7. Finance expenses In which: Interest expenses	27	(10,124,931,598) (10,082,932,190)	(3,964,373,244) (3,931,398,451)
24	8. Shares of loss of joint-venture	14	(376,766,175)	(335,531,686)
25	9. Selling expenses		(171,642,566)	(213,375,339)
26	10. General and administrative expenses	28	(26,103,937,029)	(24,779,779,140)
30	11. Operating (loss)/profit		(2,433,833,942)	13,202,157,069
31	12. Other income	29	2,927,069,118	4,810,007,588
32	13. Other expenses	29	(1,597,393,244)	(1,598,176,746)
40	14. Other profit	29	1,329,675,874	3,211,830,842
50	15. (Loss)/profit before tax		(1,104,158,068)	16,413,987,911
51	16. Current corporate income tax expenses	31.1	(2,020,790,143)	(3,845,896,104)
52	17. Deferred tax expenses	31.3	-	-
60	18. Net (loss)/profit after tax		(3,124,948,211)	12,568,091,807
61	19. Net (loss)/profit after tax attributable to shareholders of the parent		(5,436,435,661)	9,689,649,737
62	20. Net profit after tax attributable to non-controlling interests	23.1	2,311,487,450	2,878,442,070

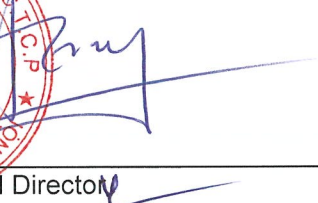
INTERIM CONSOLIDATED INCOME STATEMENT (continued)
for the six-month period ended 30 June 2017

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
70	21. Basic (loss)/earnings per share	33	(161)	282
71	22. Diluted (loss)/earnings per share	33	(161)	282


Preparer
Nguyen Thi Thanh Tam


Chief Accountant
Le Thi Minh Phuong


General Director
Nguyen Hoang Giang



Hanoi, Vietnam

25 August 2017

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 June 2017

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	(Loss)/profit before tax		(1,104,158,068)	16,413,987,911
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		27,078,608,837	17,717,574,753
03	(Reversal of provisions)/provisions		(501,236,431)	368,792,150
05	Profits from investing activities		(1,414,030,073)	(6,259,884,525)
06	Interest expenses	27	10,082,932,190	3,931,398,451
08	Operating profit before changes in working capital		34,142,116,455	32,171,868,740
09	Decrease/(increase) in receivables		43,226,451,223	(9,558,890,544)
10	(Increase)/decrease in inventories		(855,583,203)	16,112,510,584
11	Decrease in payables		(26,640,215,219)	(1,629,320,592)
12	Increase in prepaid expenses		(2,419,810,322)	(1,534,709,928)
14	Interest paid		(10,127,258,284)	(3,961,241,634)
15	Corporate income tax paid		(4,119,850,850)	(2,698,552,606)
17	Other cash outflows from operating activities		(122,500,000)	(254,363,660)
20	Net cash flows from operating activities		33,083,349,800	28,647,300,360
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(14,528,710,866)	(83,505,110,776)
22	Proceeds from disposals of fixed assets and other long-term assets		370,454,545	948,454,547
23	Loans to other entities and payments for purchase of debt instruments of other entities		-	(22,000,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		19,711,611,750	-
25	Payments for investments in other entities		-	(10,978,000,000)
26	Proceeds from sale of investments in other entities		200,000,000	-
27	Interest and dividends received		1,598,184,791	912,223,512
30	Net cash flows from/(used in) investing activities		7,351,540,220	(114,622,432,717)

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2017

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		155,921,716,844	153,052,535,629
34	Repayment of borrowings		(168,795,156,312)	(98,454,416,223)
35	Repayment of principal of finance lease liabilities		(4,655,530,487)	(4,656,737,394)
36	Dividends paid for equity holders		(2,324,073,600)	(3,967,102,200)
	<i>In which:</i>			
	<i>Dividends paid for shareholders of the parent</i>		(23,013,600)	(47,102,200)
	<i>Dividends paid for non- controlling interests</i>		(2,301,060,000)	(3,920,000,000)
40	Net cash flows (used in)/from financing activities		(19,853,043,555)	45,974,279,812
50	Net increase/(decrease) in cash for the period		20,581,846,465	(40,000,852,545)
60	Cash and cash equivalents at beginning of the period		37,707,258,807	91,466,408,824
70	Cash and cash equivalents at end of the period	4	58,289,105,272	51,465,556,279


Preparer
Nguyen Thi Thanh Tam


Chief Accountant
Le Thi Minh Phuong


General Director
Nguyen Hoang Giang



Hanoi, Vietnam

25 August 2017

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2017 and for the six-month period then ended

1. CORPORATE INFORMATION

Vinafco Joint Stock Company ("the Company") was previously known as Vietnam Freight Forwarding Corporation, a state-owned company which was established in accordance with Decision No. 2339A/TCCB dated 16 December 1987 issued by the Ministry of Transportation of Vietnam. The Company was transformed into a joint stock company in pursuant with the Decision No. 211/2001/QĐ/BGTVT dated 18 January 2001 issued by the Ministry of Transportation of Vietnam. The Company also received its subsequent amended business registration certificate, with the latest is the 27th amendment being granted by Hanoi Department of Planning and Investment on 25 August 2016.

The current principal activities of the Company are to provide multimodal transport services including domestic ground transportation and shipping; warehouse rental, operating and management services; forwarding agent services and other activities as registered in business registration certificates.

The Company's normal course of business cycle is 12 months.

The Company's head office is located at Tu Khoat Village, Ngu Hiep Ward, Thanh Tri District, Hanoi.

The Company has a branch in Ho Chi Minh City, which is located on 6th Floor, AVS Building, No.14, Truong Quyen Street, Ward 6, District 3, Ho Chi Minh City.

The number of the Company's employees as at 30 June 2017 is 609 (31 December 2016: 525).

Corporate structure

As at 30 June 2017, the Company has the following subsidiaries:

No.	Name of subsidiary	% equity share	% voting right	Address	Principal activities
1	Vinafco Shipping Joint Stock Company	66.15%	66.15%	33C Cat Linh, Dong Da District, Hanoi.	Provide commodity waterway and marine transportation services.
2	Vinafco Logistics Company Limited	100%	100%	Head office is located at 33C Cat Linh, Ba Dinh District, Hanoi and transaction office is located at Tu Khoat Village, Ngu Hiep Commune, Thanh Tri District, Hanoi.	Provide warehouse rental, operating and management services and commodity ground transportation services.
3	Vinafco Transport and Services Company Limited	100%	100%	Head office is located at 33C Cat Linh, Dong Da District, Hanoi. Transaction office is located at Tu Khoat Village, Ngu Hiep Commune, Thanh Tri District, Hanoi.	Provide commodity ground transportation services, custom and entrusted import services.
4	Vinafco Dinh Vu Logistics Company Limited (i)	94.74%	94.74%	2/254 Van Cao, Dang Giang Ward, Ngo Quyen District, Hai Phong City.	Provide warehouse rental, operating and management services; and commodity ground transportation services.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

No.	Name of subsidiary	% equity share	% voting right	Address	Principal activities
5	Vinafco Da Nang One-member Limited Liability Company	100%	100%	Road No. 2, Hoa Cam Industrial Park, Hoa Tho Tay Ward, Cam Le District, Da Nang City.	Provide warehouse rental, operating and management services; and commodity ground transportation services.
6	Bac Viet Logistics Joint Stock Company (ii)	33.74%	51%	Room No.9, Tan Cang 128, No. 8-10 Ha Doan, Dong Hai 2 Ward, Hai An District, Hai Phong City.	Provide supporting services for transportation.
7	Vinafco Binh Duong One-member Limited Liability Company	100%	100%	Lot N, Road No. 26, Song Than 2 Industrial Park, Tan Dong Hiep Ward, Di An Town, Binh Duong Province.	Provide warehouse rental, operating and management services; and commodity ground transportation services.
8	Vinafco Hau Giang One-member Limited Liability Company	100%	100%	Dong Phu Centralized Industrial Zone – Phase 1, Chau Thanh District, Hau Giang Province.	Provide warehouse rental, operating and management services; and commodity ground transportation services.
9	Vinafco Mien Trung Transport and Services Company Limited (iii)	51%	51%	Cuong Trung C Hamlet, Tien Hoa Commune, Tuyen Hoa District, Quang Binh Province, Vietnam.	Provide commodity ground transportation services, custom and entrusted import services.

(i) As at 30 June 2017, Vinafco Dinh Vu Logistics Company Limited is still in pre-operating stage.

(ii) Bac Viet Logistics Joint Stock Company was established in accordance with the Law on Enterprises of Vietnam and the Business Registration Certificate No. 0201750242 issued by Hai Phong Department of Planning and Investment on 4 November 2016. As at 31 December 2016, Vinafco Shipping Joint Stock Company (a subsidiary of the Company) holds 51% equity interest in this subsidiary.

(iii) Vinafco Transport and Services Company Limited (a wholly owned subsidiary) holds 51% equity interest in this subsidiary.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The interim consolidated financial statements of the Group, which are expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

Accordingly, the accompanying interim consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore 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 other than Vietnam.

2.2 Applied accounting documentation system

The Group's applied accounting documentation system is General Journal System.

2.3 Fiscal year

The Group's fiscal year applicable for the preparation of its financial statements starts on 1 January and ends on 31 December.

2.4 Accounting currency

The interim consolidated financial statements are prepared in VND, which is also the Group's accounting currency.

2.5 Basis of consolidation

The interim consolidated financial statements comprise the interim financial statements of the parent company and its subsidiaries for the six-month period ended 30 June 2017.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The interim financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-company interim balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

2. BASIS OF PREPARATION (continued)

2.5 Basis of consolidation (continued)

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the interim consolidated income statement and within equity in the interim consolidated balance sheet, separately from parent shareholders' equity.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Cost includes its purchase price and any directly relevant costs to bring the inventory to its present location and condition. Net realisable value ("NRV") represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, fuel, tools and supplies - cost of purchase on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials and other inventories owned by the Group, based on appropriate evidence of impairment available at the interim consolidated balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the interim consolidated income statement.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and being discounted for the time value of money (if significant) less estimated costs to complete and to make the sale.

3.3 Receivables

Receivables are presented in the interim consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the interim consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim consolidated income statement.

3.5 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Group is the lessee

Assets held under finance leases are capitalised in the interim consolidated balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the interim consolidated income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful lives of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the interim consolidated income statement on a straight-line basis over the lease term.

Where the Group is the lessor

Assets subject to operating leases are included as the Group's fixed assets in the interim consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the interim consolidated income statement as incurred.

Lease income is recognised in the interim consolidated income statement on a straight-line basis over the lease term.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the interim consolidated income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim consolidated income statement.

3.7 *Depreciation and amortisation*

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows :

Buildings and structures	5 - 20 years
Machinery and equipment	3 - 20 years
Means of transportation	5 - 10 years
Office equipment	3 - 7 years
Computer software	3 - 5 years
Land use rights	39 - 48 years

3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the period in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim consolidated balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expense and are amortised to the interim consolidated income statement:

- ▶ Tools, with significant value, issued into production and can be used for more than one year;
- ▶ Substantial expenditure on fixed asset overhaul; and
- ▶ Others.

Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contracts. Such prepaid rental is classified as long-term prepaid expenses for allocation to the interim consolidated income statement over the remaining lease period, according to Circular 45/2013/TT-BTC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the interim consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the interim consolidated income statement.

3.11 Investments

Investments in joint ventures

The Group's investment in jointly controlled entity is accounted for using the equity method of accounting. Under the equity method, the investment is carried in the interim consolidated balance sheet at cost plus post joint venture changes in the Group's share of net assets of the jointly controlled entity. The interim consolidated income statement reflects the share of the post-acquisition results of operation of the jointly controlled entity.

The share of profit/(loss) of the jointly controlled entity is presented on face of the interim consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends/profit sharing receivable from jointly controlled entities reduces the carrying amount of the investment.

The financial statements of the jointly controlled entities are prepared for the same reporting period and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Provision for investments

Provision is made for any diminution in value of the held-for-trading securities and investments in capital of other entities at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the interim consolidated income statement.

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the interim consolidated financial statements and deducted against the value of such investments.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

3.13 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employee will be taken to the interim consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.15 Foreign currency transactions

Transactions in currencies other than the Group's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ▶ Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- ▶ Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- ▶ Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the reporting date, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the reporting dates which are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred during the period and arisen from the translation of monetary accounts denominated in foreign currency at interim consolidated balance sheet date are taken to the interim consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Appropriation of net profits

Net profit after tax (excluding unrealised exchange gains as at the balance sheet date) is available for appropriation to investors/shareholders after approval by the appropriate level of authority/in the annual general meeting, and after making appropriation to reserve funds in accordance with the Charter of the Company and the subsidiaries and Vietnam's regulatory requirements.

The Company and subsidiaries maintain the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting:

Investment development fund

This fund is set aside for use in the Company's expansion of its operation or of in-depth investment.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the interim consolidated balance sheet.

3.17 Business cooperation contract ("BCC")

BCC under the form of sharing of fixed profit (regardless of the BCC's business performance), in which the Group controls the BCC operations, is accounted for under leasing method as follows:

- ▶ The Company recognises all revenue, expenses and profit after tax of the BCC in its interim consolidated income statement;
- ▶ The Company recognises all profit after tax of the BCC in "Undistributed earnings" in the interim consolidated balance sheet; and
- ▶ The Company recognises all assets and liabilities of the BCC in its interim consolidated balance sheet.

3.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion, which is determined by the percentage of work done.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Revenue recognition (continued)

Dividends

Income is recognised when the Group's entitlement as an investor to receive the dividend is established.

3.19 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the reporting date.

Current income tax is charged or credited to the interim consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to set off current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amount in interim consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Taxation (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the reporting date.

Deferred tax is charged or credited to the interim consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. CASH AND CASH EQUIVALENTS

Currency: VND

	30 June 2017	31 December 2016
Cash on hand	865,891,769	884,384,602
Cash at banks	45,699,390,111	35,322,874,205
Cash equivalents (*)	11,723,823,392	1,500,000,000
TOTAL	58,289,105,272	37,707,258,807

(*) Cash equivalents represent bank deposits in VND with term below 3 months and earn interest ranging from 5% to 5.2% per annum.

5. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise deposits at banks in VND, with terms of six months and earn interest at the rates ranging from 6.5% to 6.7% per annum.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Trade receivables

	Currency: VND	
	30 June 2017	31 December 2016
Short-term		
Trade receivables from customers	171,424,139,647	207,159,038,694
<i>In which:</i>		
- Mien Trung Corporation Joint Stock Company	53,674,512,426	43,507,578,479
- Akzonobel Paints Vietnam Co., Ltd	12,157,106,475	13,855,824,286
- Jotun Paints Vietnam Co., Ltd	9,941,990,916	12,326,527,963
- Vietnam Construction Materials Co., Ltd	433,060,468	15,259,190,883
- Other customers	95,217,469,362	122,209,917,083
Trade receivables from related parties (Note 32)	24,707,479,771	25,314,293,830
TOTAL	196,131,619,418	232,473,332,524
<i>Provision for doubtful receivables</i>	<i>(4,863,518,347)</i>	<i>(4,872,568,347)</i>
Long-term		
Trade receivables from related parties (Note 32)	59,758,000,000	59,758,000,000
TOTAL	59,758,000,000	59,758,000,000

6.2 Short-term advances to suppliers

	Currency: VND	
	30 June 2017	31 December 2016
Tan Phuong Phat Production and Trading Co., Ltd	245,300,000	-
Van Trung Co., Ltd	-	2,037,992,400
Others	1,943,016,207	1,068,960,420
TOTAL	2,188,316,207	3,106,952,820
<i>Provision for doubtful advance</i>	<i>(221,065,000)</i>	<i>(221,065,000)</i>

7. LOAN RECEIVABLES

	Currency: VND	
	30 June 2017	31 December 2016
Short-term		
Loan receivables from other company	224,233,000	728,233,000
TOTAL	224,233,000	728,233,000
Long-term		
Loan receivables from individual (*)	17,821,750,000	17,821,750,000
TOTAL	17,821,750,000	17,821,750,000

(*) This represents short-term loan receivable due from an individual (who is also a shareholder of Vinafco Dinh Vu Logistics Company Limited, a subsidiary). This loan is unsecured and earns interest rate as agreed upon maturity.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

8. OTHER RECEIVABLES

<i>Currency: VND</i>		
	<i>30 June 2017</i>	<i>31 December 2016</i>
Short-term		
Transportation revenue awaiting for billing	23,343,207,705	18,628,890,642
Advance to employees	10,105,233,300	10,649,485,235
Deposits	1,208,882,200	3,661,325,400
Claims for compensation from sub-contractors for goods damaged during transportation (*)	2,494,379,200	2,732,255,180
Other receivable from Hai Duong Shipbuilding Industry Joint Stock Company (**)	4,043,034,549	4,043,034,549
Receivables from Management Board of Quat Dong Industrial Zone for land clearance advance (**)	464,958,000	464,958,000
Interest receivables	255,646,254	433,489,342
Others	4,402,083,166	3,106,758,646
TOTAL	46,317,424,374	43,720,196,994
<i>Provision for doubtful other receivables</i>	<i>(5,577,043,439)</i>	<i>(5,577,043,439)</i>
Long-term		
Long-term deposits	8,518,594,914	8,447,594,914
TOTAL	8,518,594,914	8,447,594,914

(*) This is the receivable relating to claims for compensation from sub-contractors for goods damaged during transportation. The Group plans to pay the compensation to its customers upon collection of the related compensation from the sub-contractors.

(**) The Company has fully provided for these receivables as at the date of these interim consolidated financial statements.

9. INVENTORIES

<i>Currency: VND</i>				
	<i>30 June 2017</i>		<i>31 December 2016</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Raw materials	5,700,421,684	-	4,984,477,697	-
Tools and supplies	2,465,184,938	-	2,325,545,722	-
TOTAL	8,165,606,622	-	7,310,023,419	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

10. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total
Currency: VND					
Cost:					
As at 31 December 2016	206,955,227,775	39,997,071,188	202,228,963,128	5,022,167,037	454,203,429,128
- New purchase	-	-	178,000,000	-	178,000,000
- Repurchase of finance lease assets (*)	-	6,445,709,006	-	-	6,445,709,006
- Reclassification and adjustment (**)	(1,298,557,122)	1,380,388,706	-	-	81,831,584
- Transfer from construction in progress	792,902,826	549,700,818	-	57,000,000	1,399,603,644
- Disposal	-	-	(36,515,628,833)	-	(36,515,628,833)
As at 30 June 2017	206,449,573,479	48,372,869,718	165,891,334,295	5,079,167,037	425,792,944,529
<i>In which:</i>					
<i>Fully depreciated</i>	410,893,280	1,261,992,475	17,630,204,683	1,261,991,059	20,565,081,497
Accumulated depreciation:					
As at 31 December 2016	43,839,926,366	22,089,069,382	93,792,042,620	1,906,770,704	161,627,809,072
- Repurchase of finance lease assets (*)	-	4,450,608,714	-	-	4,450,608,714
- Depreciation for the period	6,296,521,461	3,830,994,961	9,565,705,162	310,397,605	20,003,619,189
- Disposal	-	-	(36,515,628,833)	-	(36,515,628,833)
As at 30 June 2017	50,136,447,827	30,370,673,057	66,842,118,949	2,217,168,309	149,566,408,142
Net carrying amount:					
As at 31 December 2016	163,115,301,409	17,908,001,806	108,436,920,508	3,115,396,333	292,575,620,056
As at 30 June 2017	156,313,125,652	18,002,196,661	99,049,215,346	2,861,998,728	276,226,536,387

(*) See Note 11.

(**) These are post-finalization adjustments to fixed assets costs of Thanh Tri Warehouse Project (Phase II), in pursuant to Decision No. 43/QĐ-TGD dated 29 April 2017 upon acceptance and contract finalization with the contractors.

As at 30 June 2017, certain tangible fixed assets (including building and structures and means of transportation) are pledged as collaterals for bank loans as disclosed in Note 20.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

11. FINANCE LEASES

Currency: VND

*Means of
transportation*

Cost:

As at 31 December 2016	61,193,085,134
- Other decrease (*)	(6,445,709,005)
As at 30 June 2017	<u>54,747,376,129</u>

Accumulated depreciation:

As at 31 December 2016	25,998,344,137
- Depreciation for the period	4,217,465,550
- Other decrease (*)	(4,450,608,714)
As at 30 June 2017	<u>25,765,200,973</u>

Net carrying amount:

As at 31 December 2016	<u>35,194,740,997</u>
As at 30 June 2017	<u>28,982,175,156</u>

Finance lease assets, which are means of transportation, as at 30 June 2017 consist of containers which are leased by Vinafco Shipping Joint Stock Company, a subsidiary, under the finance lease agreement signed with Seacube Containers LLC ("the Lessor"). The lease term is 84 months, with floating interest rate being adjusted on a monthly basis upon notice of the Lessor. In accordance with the lease agreement, Vinafco Shipping Joint Stock Company has the right to purchase these containers at the end of the lease term. As at 30 June 2017, the carrying amount of these containers is VND 28,982,175,156.

The leased assets are also pledged as collaterals for the finance lease obligations.

(*) These are forklifts which were leased by the Company under the finance lease agreement No. 148/2011/TSC-CTTC dated 3 October 2011 and Annex No. 2 dated 28 July 2012 with Vietcombank Leasing Company Limited ("the Lessor"). In accordance with Appendix No. 02 dated 9 March 2017 and the Liquidation Minutes of the finance lease agreement dated 10 March 2017, the Company has early terminated the contract and exercised the right to purchase these assets from the Lessor.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

12. INTANGIBLE FIXED ASSETS

	Currency: VND		
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
Cost			
As at 31 December 2016	47,638,971,227	7,719,122,652	55,358,093,879
As at 30 June 2017	47,638,971,227	7,719,122,652	55,358,093,879
<i>In which:</i>			
<i>Fully amortised</i>	-	1,900,125,115	1,900,125,115
Accumulated amortisation:			
As at 31 December 2016	6,906,180,890	6,207,042,118	13,113,223,008
Amortisation for the period	456,612,720	940,971,570	1,397,584,290
As at 30 June 2017	7,362,793,610	7,148,013,688	14,510,807,298
Net carrying amount:			
As at 31 December 2016	40,732,790,337	1,512,080,534	42,244,870,871
As at 30 June 2017	40,276,177,617	571,108,964	40,847,286,581

As at 30 June 2017, certain intangible fixed assets (i.e. land use rights) are pledged as collaterals for bank loans as disclosed in Note 20.

13. CONSTRUCTION IN PROGRESS

	Currency: VND	
	<i>30 June 2017</i>	<i>31 December 2016</i>
Trau Quy Logistics Center Project	15,606,491,635	15,563,457,996
Thanh Tri Warehouse Project (Phase II)	-	1,925,126,367
Others	465,354,245	4,212,743,618
TOTAL	16,071,845,880	21,701,327,981

14. LONG-TERM INVESTMENTS

	Ownership (%)	
	<i>30 June 2017</i>	<i>31 December 2016</i>
HTNS – Vinafco Logistics Company Limited	49,9%	49,9%

HTNS - Vinafco Logistics Company Limited is a joint venture company, which was established in accordance with the joint venture agreement between HANARO TNS Vietnam Company Limited and the Company in December 2015 and in pursuant to the Business Registration Certificates No. 2300933480 issued by the Department of Planning and Investment in Bac Ninh province on 16 March 2016. The head office of this company is located at Lot CN3, Yen Phong Industrial Zone, Bac Ninh Province, Vietnam. The principal activities of this company are to provide ground transportation services, warehouse operating and management services and other support services related to transportation.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

14. LONG-TERM INVESTMENTS (continued)

The Company has fully contributed capital into this company. In addition, in accordance with the joint venture agreement, the Company is restricted from transferring this investment within 2 years from the date of capital contribution (2016).

Details of the investments in the joint venture are as follows:

Currency: VND

*HTNS – Vinafco
Logistics Company
Limited*

Cost

As at 31 December 2016	15,823,917,742
As at 30 June 2017	15,823,917,742

Accumulated share in post-acquisition loss of the joint ventures:

As at 31 December 2016	(1,161,773,479)
Share in post-acquisition loss of the joint venture for the period	(376,766,175)
As at 30 June 2017	(1,538,539,654)

Net carrying amount:

As at 31 December 2016	14,662,144,263
As at 30 June 2017	14,285,378,088

15. PREPAID EXPENSES

Currency: VND

	30 June 2017	31 December 2016
Short-term		
Tools and supplies cost	1,905,255,573	1,602,109,171
Insurance premium	1,593,603,447	832,102,800
Others	1,802,667,132	1,482,506,499
TOTAL	5,301,526,152	3,916,718,470
Long-term		
Prepaid land rental (*)	106,509,791,532	108,612,011,301
Industrial zone management fee	6,712,840,075	6,816,114,541
Repair cost	8,786,610,419	6,817,027,607
Tools and supplies cost	2,530,500,393	2,364,240,377
Asset renovation expenses	1,950,680,950	1,521,851,985
Consulting fees for supply-chain strategies, 2017-2022 period	4,640,669,285	-
Others	787,607,696	763,353,582
TOTAL	131,918,700,350	126,894,599,373

(*) As at 30 June 2017, certain prepaid land rental (with certificate of land use rights) are pledged as collaterals for bank loans as disclosed in Note 20.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

16. SHORT-TERM TRADE PAYABLES

Currency: VND

	30 June 2017		31 December 2016	
	Balance	Payable amount	Balance	Payable amount
Ben Nghe Port Co., Ltd	10,434,177,433	10,434,177,433	9,090,536,317	9,090,536,317
Tan Cang Joint Stock Company	9,357,014,109	9,357,014,109	7,308,495,079	7,308,495,079
Trung Trung Bo Logistics Joint Stock Company	3,926,505,165	3,926,505,165	8,039,352,525	8,039,352,525
Viet Ship Quang Binh Co., Ltd	3,987,694,111	3,987,694,111	7,345,768,133	7,345,768,133
Ha Thinh Co., Ltd	5,750,782,538	5,750,782,538	7,369,085,306	7,369,085,306
Tu Luc Joint Stock Company	5,238,958,960	5,238,958,960	4,624,356,935	4,624,356,935
Nguyen Loi Co., Ltd	8,740,347,218	8,740,347,218	3,775,694,467	3,775,694,467
Other suppliers	110,363,230,636	110,363,230,636	125,475,413,056	125,475,413,056
TOTAL	157,798,710,170	157,798,710,170	173,028,701,818	173,028,701,818

17. STATUTORY OBLIGATIONS

Currency: VND

	31 December 2016	Increase	Offset	30 June 2017
Receivables				
Value added tax	16,503,306,645	57,501,157,558	(58,403,929,690)	15,600,534,513
Corporate income tax	378,019,201	21,998,126	(337,231,100)	62,786,227
TOTAL	16,881,325,846	57,501,157,558	(58,719,162,664)	15,663,320,740
	31 December 2016	Increase	Payment and offset	30 June 2017
Payables				
Value added tax	1,481,993,284	58,414,462,218	(58,834,332,285)	1,062,123,217
Corporate income tax	3,487,440,883	2,020,790,143	(4,435,053,825)	1,073,177,201
Personal income tax	464,548,323	1,433,995,672	(1,531,335,062)	367,208,933
Other taxes	506,174,730	1,280,877,291	(1,444,937,532)	342,114,489
TOTAL	5,940,157,220	63,150,125,324	(66,245,658,704)	2,844,623,840

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

18. SHORT-TERM ACCRUED EXPENSES

	<i>Currency: VND</i>	
	<i>30 June 2017</i>	<i>31 December 2016</i>
Construction costs	169,090,910	11,581,923,448
Transportation costs	1,124,348,414	2,220,869,676
Interest expenses	239,959,096	284,285,190
Salaries and bonus	1,202,142,563	-
Land and ships rental	1,994,771,998	-
Others	794,821,064	430,527,555
TOTAL	5,525,134,045	14,517,605,869

19. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>30 June 2017</i>	<i>31 December 2016</i>
Short-term		
Dividends payable	5,509,858,770	6,958,935,020
Payables related to business cooperation contract (BCC) (*)	3,614,578,689	3,376,261,839
Compensation to customers for goods damaged during transportation	-	2,494,379,200
Social insurance, health insurance, unemployment insurance and trade union fee	1,638,080,121	631,657,331
Short-term deposits	2,794,391,585	2,747,485,185
Others	1,061,357,722	2,739,048,672
TOTAL	14,618,266,887	18,947,767,247
Long-term		
Long-term deposits	4,675,354,302	5,984,604,302
TOTAL	4,675,354,302	5,984,604,302

(*) This is the payable amount related to the BCC contract (under the form of fixed profit sharing) between Vinafco Mien Trung Transport and Services Company Limited (a subsidiary of the Company) and other BCC partners for investment in trucks, including the initial capital contribution of VND 2,976,492,535 and the fixed profit payable of VND 638,086,154.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS AND FINANCE LEASES

Currency: VND

Note	31 December 2016		Movement during the period		30 June 2017	
	Amount	Payable amount	Increase	Decrease	Amount	Payable amount
Short-term						
Loans from banks	20.1	64,318,390,516	64,318,390,516	145,873,193,160	(153,390,638,573)	56,800,945,103
Current portion of long term loans	20.2	30,199,067,797	30,199,067,797	15,809,769,944	(15,176,591,614)	30,832,246,127
Current portion of finance lease obligations	20.3	8,892,487,987	8,892,487,987	4,315,415,688	(4,655,530,487)	8,552,373,188
TOTAL		103,409,946,300	103,409,946,300	165,998,378,792	(173,222,760,674)	96,185,564,418
Long-term						
Loans from banks	20.2	137,152,598,435	137,152,598,435	10,048,523,684	(16,037,696,069)	131,163,426,050
Finance lease obligations	20.3	28,833,809,265	28,833,809,265	-	(4,315,415,688)	24,518,393,577
TOTAL		165,986,407,700	165,986,407,700	10,048,523,684	(20,353,111,757)	155,681,819,627

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS AND FINANCE LEASES (continued)

20.1 Short-term loans from banks

Bank	30 June 2017 VND	Maturity and payment term	Interest rate (% p.a)	Collaterals
Military Commercial Joint Stock Bank	46,989,131,203	4 months, interest is payable on monthly basis. Last installment is due on 30 October 2017	6.3-6.5%	Land lot No.1, map no. 73 as per land certificate No. BX442013, at street No.2, Hoa Cam Industrial Zone, Hoa Tho Tay Ward, Cam Le District. Da Nang City, owned by Vinafco Da Nang One-member Company Limited
	1,499,300,000	4 months, interest is payable on monthly basis. Last installment is due on 23 October 2017	8.00%	Unsecured
Tien Phong Commercial Joint Stock Bank	1,125,463,526	4 months, interest is payable on monthly basis. Last installment is due on 23 September 2017	9.00%	Unsecured
	2,000,000,000	4 months, interest is payable on monthly basis. Last installment is due on 30 September 2017	9.00%	Unsecured
	5,187,050,374	From 3 to 4 months, interest is payable on monthly basis. Last installment is due on 19 September 2017	8.95%	Unsecured

TOTAL

56,800,945,103

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS AND FINANCE LEASES (continued)

20.2 Long-term loans from banks

<i>Bank</i>	<i>30 June 2017 VND</i>	<i>Maturity and payment term</i>	<i>Interest rate (% p.a)</i>	<i>Collaterals</i>
Military Commercial Joint Stock Bank – Transaction Center 1 Branch	41,937,247,080	120 months, interest is payable on the monthly basis and principal is payable on quarterly basis. Last installment is due on 14 January 2026	9.3%-11.2%	Land use rights (41,308 m ²) at Lot A, Ngu Hiep Commune, Thanh Tri District and building associated with the land lot, owned by the Company
	8,383,040,000	60 months, interest is payable on monthly basis and principal is payable on quarterly basis. Last installment is due on 12 April 2021	9.2-9.7%	Means of transportation funded by the loan, owned by the Company
	9,156,000,000	48 months, interest is payable on monthly basis and principal payable on quarterly basis. Last installment is due on 25 November 2020	9%	Means of transportation funded by the loan, owned by Vinafco Mien Trung Transport and Services Company Limited
<i>In which:</i>	59,476,287,080			
<i>Current portion of long term loans</i>	10,124,464,320			
Saigon – Hanoi Commercial Joint Stock Bank – Trung Yen Transaction Office	870,750,000	60 months, interest and principal are payable on quarterly basis. The final installment is due on 27 August 2019	11.50%	Building associated with land of Tien Son 1 and Tien Son 2 warehouses on land lots No. 53 and 54, 1 st TDH map at Tien Son Industrial Zone, Bac Ninh Province, Vietnam, owned by Vinafco Logistics Company Limited
<i>In which:</i>	870,750,000			
<i>Current portion of long term loans</i>	387,000,000			

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS AND FINANCE LEASES (continued)

20.2 Long-term loans from banks (continued)

<i>Bank</i>	<i>30 June 2017 VND</i>	<i>Maturity and payment term</i>	<i>Interest rate (% p.a)</i>	<i>Collaterals</i>
Vietnam Technological and Commercial Joint Stock Bank	727,557,000	48 months, interest is payable on monthly basis and principal payable or quarterly basis. Last installment is due on 10 September 2018	10%	Means of transportation funded by the loan, owned by the Company
<i>In which:</i>	<u>727,557,000</u>			
<i>Current portion of long term loans</i>	727,557,000			
Vietnam Prosperity Commercial Joint Stock Bank	2,913,333,347	60 months, interest and principal are payable on monthly basis. Last installment is due on 7 February 2019	11.55%	Ship Vinafco 26 of Vinafco Shipping Joint Stock Company
	6,259,090,925	60 months, interest and principal are payable on monthly basis. Last installment is due on 24 July 2019	11.35%	Ship Vinafco 26 of Vinafco Shipping Joint Stock Company
<i>In which:</i>	<u>9,172,424,272</u>			
<i>Current portion of long term loans</i>	5,595,454,547			

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS AND FINANCE LEASES (continued)

20.2 Long-term loans from banks (continued)

Currency: VND

Bank	30 June 2017 VND	Maturity and payment term	Interest rate (% p.a)	Collaterals
Tien Phong Commercial Joint Stock Bank – Hochiminh city branch	68,420,104,125	120 months, interest and principal are payable on monthly basis. Last installment is due on 8 April 2026	8.40%	Land use rights, ownership of building and other assets associated with land lot No.2048, 6th TDH map, Phu Hung Village, Dong Phu Commune, Chau Thanh District, Hau Giang Province (owned by Vinafco Hau Giang LLC); and the warehouses in Hau Giang Province (owned by Vinafco Hau Giang LLC)
	17,010,644,800	60 months, interest and principal are payable on the 24 th each month. Last installment is due on 23 December 2021	8.3% – 8.6%	Means of transportation funded by the loan, owned by the Company
	85,430,748,925			
<i>In which:</i>				
<i>Current portion of long term loans</i>	11,688,303,780			
Vietnam Bank for Agriculture and Rural Development	4,929,016,000	42 months, interest is payable on monthly basis. Last installment is due on 2 June 2020	7% (preferred rate)	Means of transportation funded by the loan, owned by Bac Viet Logistics Joint Stock Company
	1,388,888,900	36 months, interest and principal are payable on monthly basis. Last installment is due on 18 July 2019	9.5-10.5%	Means of transportation funded by the loan, owned by Vinafco Shipping Joint Stock Company
	6,317,904,900			
<i>In which:</i>				
<i>Current portion of long term loans</i>	2,309,466,480			
TOTAL	161,995,672,177			
<i>In which:</i>				
<i>Current portion of long term loans</i>	30,832,246,127			

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS AND FINANCE LEASES (continued)

20.3 Finance lease

Currency: VND

	30 June 2017			31 December 2016		
	Total minimum lease payments	Finance charges	Lease liabilities	Total minimum lease payments	Finance charges	Lease liabilities
Current portion of non- current liabilities						
Less than 1 year	9,599,774,525	1,047,401,337	8,552,373,188	10,226,599,371	1,334,111,384	8,892,487,987
Non-current liabilities						
From 1-5 years	25,654,251,756	1,135,858,179	24,518,393,577	30,456,321,615	1,622,512,350	28,833,809,265
TOTAL	35,254,026,281	2,183,259,516	33,070,766,765	40,682,920,986	2,956,623,734	37,726,297,252

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

21. BONUS AND WELFARE FUND

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Beginning balance	3,579,223,193	208,433,275
Appropriation during the year	311,200,000	3,670,000,000
Utilised during the year	(233,700,000)	(190,450,000)
Ending balance	<u>3,656,723,193</u>	<u>3,687,983,275</u>

22. LONG-TERM PROVISION

	<i>Currency: VND</i>	
	<i>30 June 2017</i>	<i>31 December 2016</i>
Provision for severance allowance	<u>2,994,500,014</u>	<u>3,486,686,445</u>
TOTAL	<u>2,994,500,014</u>	<u>3,486,686,445</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

23. OWNERS' EQUITY

23.1 Increase and decrease in owners' equity

Currency: VND

	Share capital	Share premium	Other capital (*)	Treasury shares	Investment and development fund	Other funds belonging to Owner's equity (**)	Undistributed earnings	Non-controlling interests	Total
For the six-month period ended 30 June 2016									
As at 31 December 2015	340,000,000,000	46,945,728,950	8,197,444,920	(1,729,495,242)	11,293,586,504	3,351,405,177	49,115,297,929	35,839,008,245	493,012,976,483
- Profit for the period	-	-	-	-	-	-	9,689,649,737	2,878,442,070	12,568,091,807
- Reserve appropriation	-	-	-	-	-	593,578,537	(593,578,537)	-	-
- Provision of bonus and welfare fund	-	-	-	-	-	-	(2,478,555,678)	(1,191,444,322)	(3,670,000,000)
- Dividends	-	-	-	-	-	-	-	(13,437,000,000)	(13,437,000,000)
As at 30 June 2016	340,000,000,000	46,945,728,950	8,197,444,920	(1,729,495,242)	11,293,586,504	3,944,983,714	55,732,813,451	24,089,005,993	488,474,088,290
For the six-month period ended 30 June 2017									
As at 31 December 2016	340,000,000,000	46,945,728,950	8,197,444,920	(1,729,495,242)	11,293,586,504	3,944,983,714	51,754,548,529	29,734,543,757	490,151,341,132
- (Loss)/profit for the period	-	-	-	-	-	-	(5,436,435,661)	2,311,487,450	(3,124,948,211)
- Reserve appropriation	-	-	199,286,703	-	-	177,383,370	(376,670,073)	-	-
- Provision of bonus and welfare fund	-	-	-	-	-	-	(311,200,000)	-	(311,200,000)
As at 30 June 2017	340,000,000,000	46,945,728,950	8,396,731,623	(1,729,495,242)	11,293,586,504	4,122,367,084	45,640,242,795	32,046,031,207	486,715,192,921

(*) This is the capital supplemental reserve which is set up in accordance with the Company's charter and approved by the General Shareholders. In accordance with the Company's charter, the annual provision of capital supplemental reserve fund does not exceed 5% profit after tax of the previous year and is made until the balance equals to 10% of the charter capital of the Company.

(**) This includes the Company's fund of VND 1,729,495,242 for purchase of treasury shares and the capital supplemental reserve of VND 2,392,871,842 of Vinafco Shipping Joint Stock Company, a subsidiary. The provision and utilisation of these funds are approved by the General Shareholders of the Company and Vinafco Shipping Joint Stock Company.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

23. OWNERS' EQUITY (continued)

23.2 Contributed charter capital

Details of shares are as below:

Currency: VND

	30 June 2017			31 December 2016		
	Total	Ordinary shares	Preferred shares	Total	Ordinary shares	Preferred shares
Share capital	340,000,000,000	340,000,000,000	-	340,000,000,000	340,000,000,000	-
Share premium	46,945,728,950	46,945,728,950	-	46,945,728,950	46,945,728,950	-
Other capital	8,396,731,623	8,396,731,623	-	8,197,444,920	8,197,444,920	-
Treasury shares	(1,729,495,242)	(1,729,495,242)	-	(1,729,495,242)	(1,729,495,242)	-
TOTAL	393,612,965,331	393,612,965,331	-	393,413,678,628	393,413,678,628	-

23.3 Shares

	Quantity as at	
	30 June 2017	31 December 2016
Authorized shares	34,000,000	34,000,000
Issued shares	34,000,000	34,000,000
Ordinary shares	34,000,000	34,000,000
Preference shares	-	-
Treasury shares	(198,938)	(198,938)
Ordinary shares	(198,938)	(198,938)
Preference shares	-	-
Shares in circulation	33,801,062	33,801,062
Ordinary shares	33,801,062	33,801,062
Preference shares	-	-

Par value of outstanding shares is VND 10,000 (2016: VND 10,000).

Shares of the Company are traded on UPCOM under ticker VFC.

24. OFF BALANCE SHEET ITEMS

ITEMS	30 June 2017	31 December 2016
Foreign currencies:		
- United States dollar (USD)	9,022.57	8,732.36
- Euro (EUR)	12.60	32.40
- Great Britain Pound (GBP)	100.14	100.14

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

25. REVENUES

25.1 Revenue from sales of goods and rendering of services

	Currency: VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Gross revenue	499,169,693,441	514,906,904,531
<i>In which:</i>		
Revenue from rendering of services	499,169,693,441	502,602,140,895
Revenue from sales of apartments	-	12,304,763,636
Deductions	-	(31,501,818)
Net revenue	499,169,693,441	514,875,402,713
<i>Of which:</i>		
Sales to others	497,895,741,503	511,957,999,805
Sales to related parties (Note 32)	1,273,951,938	2,917,402,908

25.2 Finance income

	Currency: VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Interest income from bank deposits	1,395,804,445	1,128,211,667
Loan interest income	24,537,258	4,521,750,000
Foreign exchange gains	31,688,679	32,254,137
TOTAL	1,452,030,382	5,682,215,804

26. COST OF GOODS SOLD AND SERVICE RENDERED

	Currency: VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Cost of services rendered	466,278,280,397	463,327,058,472
Cost of apartments sold	-	14,735,343,567
TOTAL	466,278,280,397	478,062,402,039

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

27. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Loan interest	10,082,932,190	3,931,398,451
Foreign exchange losses	7,186,942	8,682,520
Other finance expenses	34,812,466	24,292,273
TOTAL	10,124,931,598	3,964,373,244

28. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Labour cost	16,413,151,418	15,246,305,837
Tools and supplies cost	591,777,071	725,143,084
Depreciation and amortisation	513,770,332	604,809,258
Expenses for external services	6,832,449,575	5,644,389,969
Others	1,752,788,633	2,559,130,992
TOTAL	26,103,937,029	24,779,779,140

29. OTHER INCOME AND EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Other income	2,927,069,118	4,810,007,588
Gain from disposal of fixed assets	1,716,732,039	945,454,547
Penalty on other entities	1,019,811,593	498,436,546
Others	190,525,486	184,298,313
Gain from transfer of properties	-	3,181,818,182
Other expense	1,597,393,244	1,598,176,746
Penalty by other entities	1,437,052,330	886,248,673
Additional land rental	4,400,000	199,431,182
Others	155,940,914	512,496,891
NET OTHER PROFIT	1,329,675,874	3,211,830,842

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

30. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Raw materials and fuel cost	70,227,689,149	61,353,482,478
Cost of apartments sold	-	14,563,554,282
Labour costs	48,146,897,027	43,698,812,193
Depreciation and amortisation	27,078,608,837	16,798,728,867
Expenses for external services	340,467,401,298	359,816,045,618
Other expenses	6,633,263,681	6,824,933,080
TOTAL	492,553,859,992	503,055,556,518

31. CORPORATE INCOME TAX

Except for Vinafco Hau Giang One-member Limited Liability Company and Vinafco Mien Trung Transport and Services Company Limited, the corporate income tax ("CIT") rate applicable to the Company and its subsidiaries is 20% of the taxable profits (2016: 20%).

In accordance with Investment Certificates No. 642041000006 issued by Hau Giang Industrial Park Management dated 29 December 2010, Vinafco Hau Giang One-member Limited Liability Company is eligible for CIT rate of 10% within 15 years from the first year of earning revenue from its main business activities. This company is also entitled to an exemption from CIT for 4 years commencing from the first year of earning taxable profit and a 50% reduction of CIT in the following 9 years.

In accordance with Decree No. 124/2008/NĐ-CP dated on 11 December 2008 of Vietnamese Government, Vinafco Mien Trung Transport and Services Company Limited is entitled to incentive CIT rate of 10% within 15 years commencing from the year of establishment (i.e. 2012), and an exemption from CIT for 4 years commencing from the first year earning taxable profit (i.e. 2012) and 50% CIT reduction in the following 9 years since this company is established and operates in the area with highly difficult economic-social conditions.

The tax returns filed by the Company and subsidiaries are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the interim consolidated financial statements could change at a later date upon final determination by the tax authorities.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

31. CORPORATE INCOME TAX (continued)

31.1 CIT expenses

The reconciliation between CIT expenses and the accounting profit/(loss) multiplied by CIT rate is presented below:

	Currency: VND	
	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
Accounting (loss)/profit before tax	(1,104,158,068)	16,413,987,911
At the Group's applicable CIT rate	(827,876,441)	3,520,509,085
<i>Adjustments</i>		
Expenses without eligible supporting documents	115,220,982	57,209,907
Remuneration of non-executive members of Board of Director and Supervisory Board	27,280,000	25,800,000
Penalties	574,728	90,560,213
Utilization of brought forwards tax losses	(79,351,124)	(144,968,188)
CIT expenses exemption	(235,771,167)	(157,067,720)
Adjustment for under accrual of tax from prior years	41,000,000	401,907,405
Unrecognised deferred tax assets relating to tax losses	2,979,713,165	51,945,402
CIT expenses	2,020,790,143	3,845,896,104

31.2 Current tax

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

31.3 Deferred tax

	Currency: VND			
	Interim consolidated balance sheet		Interim consolidated income statement	
	30 June 2017	31 December 2016	Current period	Previous period
Deferred tax assets				
Accrued Interest on finance lease liabilities	360,366,066	360,366,066	-	-
Provision for severance allowance	381,035,000	381,035,000	-	-
	741,401,066	741,401,066		
Net deferred tax expense credit to interim consolidated income statement			-	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

31. CORPORATE INCOME TAX (continued)

31.4 Unrecognized deferred tax assets

Tax losses carried forward

The Company and its subsidiaries are entitled to carry each individual tax loss forward to offset against taxable profits arising within five years subsequent to the year in which the loss incurred. At the interim consolidated balance sheet date, the Company and its subsidiaries have aggregated accumulated tax losses available for offset against future taxable profits. Details are as follows:

Currency: VND

<i>Originating year</i>	<i>Can be utilized up to</i>	<i>Estimated tax losses (*)</i>	<i>Utilized up to 30 June 2017</i>	<i>Forfeited</i>	<i>Unutilized at 30 June 2017</i>
2012	2017	(1,001,853,028)	326,663,045	-	(675,189,983)
2013	2018	(1,010,877,480)	-	-	(1,010,877,480)
2014	2019	(1,042,220,040)	-	-	(1,042,220,040)
2015	2020	(3,156,238,105)	228,292,362	-	(2,927,945,743)
2016	2021	(17,153,493,505)	-	-	(17,153,493,505)
The six-month period ended 30 June 2017	2022	(18,685,323,567)	-	-	(18,685,323,567)
		(42,050,005,725)	554,955,407	-	(41,495,050,318)

(*) These are the estimated tax loss amounts as per the tax declarations of the Company and its subsidiaries which have not been finalised by the tax authority as at the date of these interim consolidated financial statements.

The Company and its subsidiaries have not recognized deferred tax assets in respect of these tax losses because future taxable profit cannot be ascertained at this stage.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

32. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Group with related parties during the six-month period ended 30 June 2017 and 30 June 2016 were as follows:

			Currency: VND	
Related parties	Relationship	Transactions	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
Mascon Company Limited	Major shareholder	Revenue from rendering transportation services	893,608,200	2,750,107,655
		Dividends payment	-	3,520,000,000
HB Investment Trading JSC	Affiliate of major shareholder	Revenue from rendering transportation services	380,343,738	167,295,253
		Dividends payment	-	400,000,000
		Receipt from transfer of investments	200,000,000	21,642,000,000
HTNS – Vinafco Logistics JV Company Limited	Joint venture	Capital contribution	-	10,978,000,000

Terms and conditions of transactions with related parties

The Group purchases and sells goods and services with related parties on the basis of contract negotiation.

Outstanding balances at 30 June 2017 are unsecured, interest-free and will be settled in cash. For the six-month period ended 30 June 2017, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (as at 31 December 2016: nil). This assessment is undertaken each financial period through the examination of the financial position of the related party and the market in which the related party operates.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

32. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties at the reporting dates were as follows:

			Currency: VND	
<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>30 June 2017</i>	<i>31 December 2016</i>
Short-term trade receivables (Note 6.1)				
HB Investment Trading JSC	Affiliate of major shareholder	Receivables from transfer of investments	12,800,000,000	13,000,000,000
		Revenue from rendering transportation and custom services	118,760,271	103,054,900
HTNS – Vinafco Logistics JV Company Limited	Joint venture	Revenue from rendering transportation and custom services	11,788,719,500	12,211,238,930
			24,707,479,771	25,314,293,830
Long-term trade receivables (Note 6.1)				
HB Investment and Trading JSC	Affiliate of major shareholder	Receivables from transfer of investments	59,758,000,000	59,758,000,000
			59,758,000,000	59,758,000,000

Transactions with other related parties

Remuneration to members of the Board of Directors, Management and Supervisory Board of the Company:

			Currency: VND	
			<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Salaries and bonus			1,590,208,057	1,641,611,793
TOTAL			1,590,208,057	1,641,611,793

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

33. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Group (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Currency: VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016 (Restated)</i>
Net (loss)/profit after tax, attributable to ordinary shareholders	(5,436,435,661)	9,689,649,737
Adjusted provision of bonus and welfare fund (*)	-	(155,600,000)
Net (loss)/profit after tax, attributable to ordinary shareholders for basic earnings	<u>(5,436,435,661)</u>	<u>9,534,049,737</u>
Weighted average number of ordinary shares for basic earnings per share	33,801,062	33,801,062
Effect of dilution	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>33,801,062</u>	<u>33,801,062</u>
Earnings per share		
- Basic (loss)/earnings per share	(161)	282
- Diluted (loss)/earnings per share	(161)	282

(*) Net profit used for calculation of the earnings per share for the six-month period ended 30 June 2016 was adjusted to reflect the provision of bonus and welfare fund from profit after tax of 2016, at the rate based on the profit for the six-month period ended 30 June 2016 out of total profit for the whole year 2016.

Net profit used calculation of earnings per share for the six-month period ended 30 June 2017 is not subject to similar adjustment since there is no resolution of the general shareholders on the provision of the fund for current period.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

34. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business segments comprise of the following:

- ▶ Commercial trading, ground transportation, warehouse services; and
- ▶ Marine transportation.

The Group does not disclose geographical segment because the management determines that the Group currently operates in only one geographical segment, i.e. Vietnam territory.

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segments.

As at 30 June 2017 and for the six-month period then ended

Currency: VND

	Ground transportation, warehouse services	Marine transportation	Adjustment and elimination	Total
For the six-month period ended 30 June 2017				
Revenue				
Sales to external customers	308,402,941,291	190,766,752,150	-	499,169,693,441
Inter-segment sales	83,746,335,229	3,089,695,450	(86,836,030,679)	-
Cost of sales	282,853,839,262	183,424,441,135	-	466,278,280,397
Result				
Segment gross profit	25,549,102,029	7,342,311,015	-	32,891,413,044
Unallocated expenses (*)				(33,995,571,112)
Net profit before CIT				(1,104,158,068)
CIT expenses				(2,020,790,143)
Net loss for the period				(3,124,948,211)
As at 30 June 2017				
Assets and liabilities				
Segment assets	466,625,460,471	288,637,401,422	-	755,262,861,893
Unallocated assets (*)				182,708,719,778
Total assets				937,971,581,671
Segment liabilities	111,268,666,185	68,826,717,331	-	180,095,383,516
Unallocated liabilities (*)				271,161,005,234
Total liabilities				451,256,388,750
Other segment information for the six-month period ended 30 June 2017				
Capital expenditure (**)	1,659,435,229	-	-	1,659,435,229
Tangible fixed assets	1,659,435,229	-	-	1,659,435,229
Depreciation	16,879,687,857	7,341,396,882	-	24,221,084,739
Amortisation	1,397,584,290	-	-	1,397,584,290

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

34. SEGMENT INFORMATION (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segments: (continued)

As at 31 December 2016 and for the six-month period ended 30 June 2016

Currency: VND

	Goods trading, ground transportation, warehouse services	Marine transportation	Adjustment and elimination	Total
For the six-month period ended 30 June 2016				
Revenue				
Sales to external customers	290,796,347,917	224,079,054,796	-	514,875,402,713
Inter-segment sales	61,466,639,324	4,047,031,822	(65,513,671,146)	-
Cost of sales	268,505,809,306	209,556,592,733	-	478,062,402,039
Result				
Segment gross profit	22,290,538,611	14,522,462,063	-	36,813,000,674
Unallocated expenses (*)				(20,399,012,763)
Net profit before CIT				16,413,987,911
CIT expenses				(3,845,896,104)
Net profit for the period				12,568,091,807
As at 31 December 2016				
Assets and liabilities				
Segment assets	488,005,643,646	322,421,265,010		810,426,908,656
Unallocated assets (*)				185,680,505,959
Total assets				996,107,414,615
Segment liabilities	127,433,256,520	84,194,091,414		211,627,347,934
Unallocated liabilities (*)				294,328,725,549
Total liabilities				505,956,073,483
Other segment information for the six-month period ended 30 June 2016				
Capital expenditure (**)	86,089,891,766	3,862,493,000	-	89,952,384,766
Tangible fixed assets	85,909,891,766	3,862,493,000	-	89,772,384,766
Intangible fixed assets	180,000,000	-	-	180,000,000
Depreciation	8,677,385,505	7,438,803,442	-	16,116,188,947
Amortisation	682,539,920	-	-	682,539,920

(*) Unallocated income/(expenses) mainly comprise finance income, finance expenses, administrative expenses, selling expenses and other incomes and other expenses.

Unallocated assets comprise cash and cash equivalents, short-term and long-term investments, other receivables and other fixed assets.

Unallocated liabilities comprise loans from banks and other payables.

(**) Capital expenditure includes construction in progress, which has not been transferred to fixed assets.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

35. COMMITMENTS

Operating lease commitment

The Group leases machines, equipment and land under operating lease arrangements. The minimum lease commitment as at the reporting dates under the operating lease agreements are as follows:

	Currency: VND	
	30 June 2017	31 December 2016 (Restated)
Less than 1 year	46,629,346,501	34,079,445,215
From 1 – 5 years	147,836,422,948	80,872,125,708
More than 5 years	58,300,128,441	115,297,943,838
TOTAL	<u>252,765,897,890</u>	<u>230,249,514,761</u>

36. EVENTS AFTER THE BALANCE SHEET DATE

There is no significant matter or circumstance that has arisen since the interim consolidated balance sheet date that requires adjustment or disclosure in the interim consolidated financial statements of the Group.



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25 August 2017