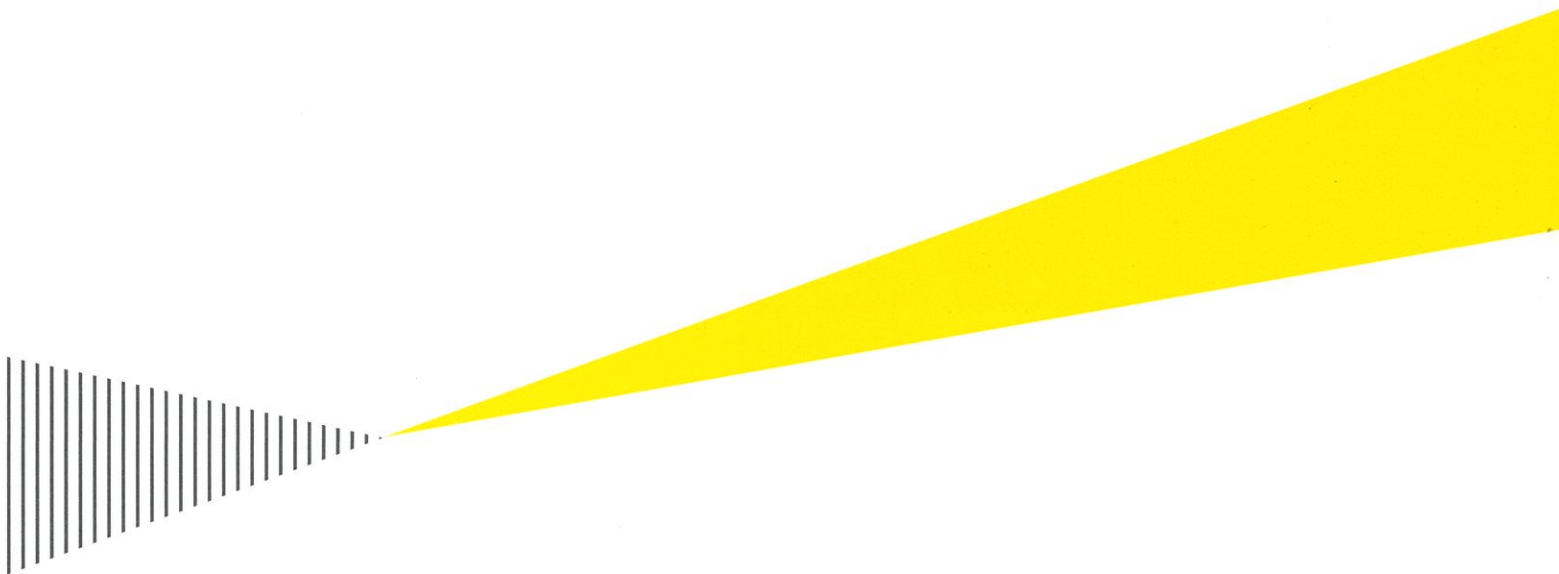


# Vinafco Joint Stock Company

Separate financial statements

31 December 2016



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 licenses, with the latest is the 27<sup>th</sup>, 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 the business licenses.

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 6<sup>th</sup> 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 year and at the date of this report are:

Mr Huynh Ba Thang Long	Chairman	
Mr Pham Dinh Huynh	Deputy Chairman	
Mr Phan Thanh Loc	Member	resigned on 19 December 2016
Mr Nguyen Hoang Giang	Member	
Mr Takashi Kajiwara	Member	
Mr Takeshi Osumi	Member	

### BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Mr Vu Duc Loi	Head	
Mr Duong Dinh Khoi	Member	
Ms Tran Hoang Ngoc Uyen	Member	resigned on 19 December 2016

### MANAGEMENT

Members of the Management during the year and at the date of this report are:

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

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year 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 its report and the separate financial statements of the Company for the year ended 31 December 2016.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Company and of the separate results of its operations and its separate cash flows for the year. In preparing those separate 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 separate financial statements; and
- ▶ prepare the separate 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 financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2016 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of separate financial statements.

For and on behalf of management:



General Director  
Nguyen Hoang Giang

Hanoi, Vietnam

29 March 2017

Reference: 60923724/18766558

## INDEPENDENT AUDITORS' REPORT

To: **The Shareholders of Vinafco Joint Stock Company**

We have audited the accompanying separate financial statements of Vinafco Joint Stock Company ("the Company"), as prepared on 29 March 2017 and set out on pages 5 to 45, which comprise the separate balance sheet as at 31 December 2016, and the separate income statement and separate cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

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

### *Auditors' responsibility*

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2016, and of the results of its separate operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of separate financial statements.

### ***Emphasis of matter***

We draw attention to Note 2.1 of the separate financial statements. The Company prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2016 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements. We have audited these consolidated financial statements and our auditor's report dated 29 March 2017 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

### ***Other matter***

The separate financial statements of the Company for the year ended 31 December 2015 were audited by another audit firm which expressed an unmodified opinion on those separate statements on 30 March 2016.

**Ernst & Young Vietnam Limited**



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



Nguyen Manh Hung  
Auditor  
Audit Practicing Registration  
Certificate No: 2401-2013-004-1

Hanoi, Viet Nam

29 March 2017

SEPARATE BALANCE SHEET  
as at 31 December 2016

Currency: VND

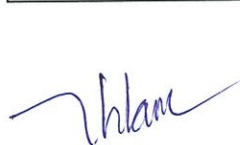
Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>169,239,245,260</b>	<b>257,109,925,539</b>
<b>110</b>	<b>I. Cash</b>	<b>4</b>	<b>17,585,139,971</b>	<b>26,913,553,031</b>
111	1. Cash		17,585,139,971	26,913,553,031
<b>130</b>	<b>II. Current accounts receivable</b>		<b>143,911,221,206</b>	<b>209,857,923,159</b>
131	1. Short-term trade receivables	5.1	101,446,812,503	175,354,482,032
132	2. Short-term advances to suppliers	5.2	2,379,351,800	7,283,636,077
135	3. Short-term loan receivables		-	13,300,000,000
136	4. Other short-term receivables	6	41,454,778,798	15,329,265,034
137	5. Provision for doubtful debts short term receivables	5.1, 6.2,6	(1,369,721,895)	(1,409,459,984)
<b>140</b>	<b>III. Inventories</b>	<b>7</b>	<b>104,451,320</b>	<b>16,514,246,441</b>
141	1. Inventories		104,451,320	16,514,246,441
<b>150</b>	<b>IV. Other current assets</b>		<b>7,638,432,763</b>	<b>3,824,202,908</b>
151	1. Short-term prepaid expenses	13	1,590,503,586	755,559,624
152	2. Value-added tax deductible	15	5,814,659,615	2,835,373,722
153	3. Tax and other receivables from the State	15	233,269,562	233,269,562
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>502,117,004,744</b>	<b>340,427,228,723</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>61,355,527,500</b>	<b>277,527,500</b>
211	1. Long-term trade receivables	28	59,758,000,000	-
216	2. Other long-term receivables	6	1,597,527,500	277,527,500
<b>220</b>	<b>II. Fixed assets</b>		<b>159,377,673,096</b>	<b>66,935,373,079</b>
221	1. Tangible fixed assets	8	117,328,566,255	23,990,771,694
222	Cost		142,591,839,684	46,616,021,596
223	Accumulated depreciation		(25,263,273,429)	(22,625,249,902)
224	2. Finance leases	9	2,302,038,823	3,222,854,419
225	Cost		6,445,709,005	6,445,709,005
226	Accumulated depreciation		(4,143,670,182)	(3,222,854,586)
227	3. Intangible fixed assets	10	39,747,068,018	39,721,746,966
228	Cost		47,470,612,124	45,326,913,099
229	Accumulated amortisation		(7,723,544,106)	(5,605,166,133)
<b>240</b>	<b>III. Long-term assets in progress</b>		<b>21,590,327,981</b>	<b>60,367,914,105</b>
242	1. Construction in progress	11	21,590,327,981	60,367,914,105
<b>250</b>	<b>IV. Long-term investments</b>	<b>12</b>	<b>254,389,495,764</b>	<b>208,291,829,308</b>
251	1. Investments in subsidiaries		247,601,750,000	214,665,774,783
252	2. Investments in jointly controlled entity		15,823,917,742	-
254	3. Provision for diminution in value of long-term investments		(9,036,171,978)	(6,373,945,475)
<b>260</b>	<b>V. Other long-term assets</b>		<b>5,403,980,403</b>	<b>4,554,584,731</b>
261	1. Long-term prepaid expenses	13	5,403,980,403	4,554,584,731
<b>270</b>	<b>TOTAL ASSETS</b>		<b>671,356,250,004</b>	<b>597,537,154,262</b>



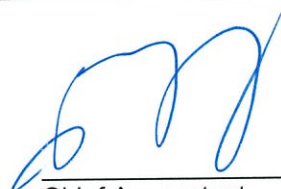
SEPARATE BALANCE SHEET (continued)  
as at 31 December 2016

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>242,434,914,025</b>	<b>172,451,552,344</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>184,918,775,439</b>	<b>155,714,233,632</b>
311	1. Short-term trade payables	14	78,860,045,632	59,505,012,018
312	2. Short-term advances from customers		-	50,000,000
313	3. Statutory obligations	15	802,487,496	1,183,132,965
314	4. Payables to employees		1,426,921,393	2,066,608,054
315	5. Short-term accrued expenses	16	17,236,738,730	1,086,828,001
319	7. Other short-term payables	17	8,236,954,871	41,646,293,313
320	8. Short-term loans and finance lease	18	78,303,354,124	50,090,510,088
322	9. Bonus and welfare fund		52,273,193	86,843,193
<b>330</b>	<b>II. Non-current liabilities</b>		<b>57,516,138,586</b>	<b>16,737,318,712</b>
337	1. Other long term liabilities	17	3,748,519,942	4,204,366,000
338	2. Long-term loans and finance lease	18	52,853,944,849	11,838,860,712
342	3. Long-term provisions		913,673,795	694,092,000
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>428,921,335,979</b>	<b>425,085,601,918</b>
<b>410</b>	<b>I. Capital</b>	<b>19</b>	<b>428,921,335,979</b>	<b>425,085,601,918</b>
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		45,847,272,500	45,847,272,500
414	3. Other owners' capital		8,197,444,920	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		1,729,495,242	1,729,495,242
421	7. Undistributed earnings		23,583,032,055	19,747,297,994
421a	- Undistributed earnings of prior year		19,597,297,994	25,662,484,204
421b	- Undistributed earnings/(accumulated losses) of current year		3,985,734,061	(5,915,186,210)
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>671,356,250,004</b>	<b>597,537,154,262</b>



Preparer  
Nguyen Thi Thanh Tam



Chief Accountant  
Le Thi Minh Phuong



General Director  
Nguyen Hoang Giang

29 March 2017




SEPARATE INCOME STATEMENT  
for the year ended 31 December 2016

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sales of goods and rendering of services	21.1	288,762,505,244	226,818,763,911
02	2. Deductions	21.1	-	-
10	3. Net revenue from sales of goods and rendering of services	21.1	288,762,505,244	226,818,763,911
11	4. Cost of goods sold and services rendered	22	(277,873,324,979)	(218,980,745,922)
20	5. Gross profit from sale of goods and rendering of services		10,889,180,265	7,838,017,989
21	6. Finance Income	21.2	23,440,643,466	2,349,405,700
22	7. Finance expenses	23	(8,614,560,037)	2,997,107,369
23	In which: Interest expenses		(5,918,411,964)	(3,791,341,346)
25	8. Selling expenses		-	-
26	9. General and administrative expenses	24	(21,915,382,331)	(17,261,288,402)
30	10. Operating profit/loss		3,799,881,363	(4,076,757,344)
31	11. Other Income	25	2,415,775,743	35,892,455,406
32	12. Other expenses	25	(2,229,923,045)	(37,730,884,272)
40	13. Other profit/(loss)	25	185,852,698	(1,838,428,866)
50	14. Accounting profit/(loss) before tax		3,985,734,061	(5,915,186,210)
51	15. Current corporate income tax expenses		-	-
52	16. Deferred tax income/(expenses)		-	-
60	17. Net profit/(loss) after tax		3,985,734,061	(5,915,186,210)

  
Preparer  
Nguyen Thi Thanh Tam

  
Chief Accountant  
Le Thi Minh Phuong

  
General Director  
Nguyen Hoang Giang



29 March 2017

SEPARATE CASH FLOW STATEMENT  
for the year ended 31 December 2016

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Profit/(loss) before tax</b>		<b>3,985,734,061</b>	<b>(5,915,186,210)</b>
	<i>Adjustments for:</i>			
02	Depreciation of fixed assets and amortisation of intangible assets	8,9,10	11,986,306,081	7,735,201,907
03	Provisions/(reversal of provisions)		2,842,070,209	(6,464,854,865)
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency		-	(6,842,663)
05	Profits from Investing activities		(24,602,029,330)	(1,082,176,544)
06	Interest expenses	23	5,918,411,964	3,791,341,346
08	<b>Operating profit/(loss) before changes in working capital</b>		<b>70,492,985</b>	<b>(1,941,517,029)</b>
09	Increase in receivables		(12,660,787,516)	(7,242,970,121)
10	Decrease/(increase) in inventories		16,409,795,121	(16,442,856,121)
11	Increase in payables		19,355,750,854	24,711,478,846
12	(Increase)/decrease in prepaid expenses		(1,684,339,634)	1,011,577,493
13	Decrease in held-for-trading securities		-	16,200,000,000
14	Interest paid		(5,825,957,364)	(3,429,806,215)
15	Corporate income tax paid		-	(11,390,546,860)
17	Other cash outflows from operating activities		(74,712,828)	(498,382,000)
20	<b>Net cash flows from operating activities</b>		<b>15,590,241,618</b>	<b>976,977,993</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets and other long-term assets		(68,030,122,910)	(25,398,928,715)
22	Proceeds from disposals of fixed assets and other long-term assets		1,237,090,910	18,214,545,456
25	Payments for investments in other entities		(17,393,712,904)	(5,000,000,000)
26	Proceeds from sales of investments in other entities		22,306,207,141	35,538,999,300
27	Interest and dividends received		4,813,188,420	157,631,088
30	<b>Net cash flows (used in)/from investing activities</b>		<b>(57,067,349,343)</b>	<b>23,512,247,129</b>

SEPARATE CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2016

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		252,991,749,081	133,091,084,992
34	Repayment of borrowings		(182,776,226,908)	(103,715,669,172)
35	Payment of principal of finance lease liabilities		(987,600,000)	(987,600,000)
36	Dividends paid		(37,081,813,480)	(30,288,740,050)
<b>40</b>	<b>Net cash flows from/(used in) financing activities</b>		<b>32,146,108,693</b>	<b>(1,900,924,230)</b>
<b>50</b>	<b>Net (decrease)/increase in cash for the year</b>		<b>(9,330,999,032)</b>	<b>22,588,300,892</b>
<b>60</b>	<b>Cash at beginning of the year</b>		<b>26,913,553,031</b>	<b>4,319,409,476</b>
61	Impact of exchange rate fluctuation		2,585,972	5,842,663
<b>70</b>	<b>Cash at end of the year</b>	<b>4</b>	<b>17,585,139,971</b>	<b>26,913,553,031</b>

  
Preparer  
Nguyen Thi Thanh Tam

  
Chief Accountant  
Le Thi Minh Phuong

  
General Director  
Nguyen Hoang Giang



29 March 2017

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
as at 31 December 2016 and for the year 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 licenses, with the latest is the 27<sup>th</sup>, 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 licenses.

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 6<sup>th</sup> 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 31 December 2016 is 125 (31 December 2015: 94).

**Corporate structure**

As at 31 December 2016, the Company's subsidiaries are as follows:

No.	Name of subsidiary	% equity share	% voting right	Address	Principal activities
1	Vinafco Shipping Joint Stock Company	66.2%	66.2%	Head office is located at 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 and 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%	Head office is located at 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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year 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%	Head office is located at 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)	51%	51%	Head office is located at 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%	Head office is located at 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%	Head office is located at 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%	Head office is located at 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 31 December 2016, Vinafco Dinh Vu Logistics Company Limited is still in pre-operating stage. Besides, as at the reporting date, Vinafco Dinh Vu Logistics Company Limited is in the process of registering for an increase in its chartered capital to reflect the additional capital contribution from the Company into this subsidiary during the year.

(ii) Bac Viet Logistics Joint Stock Company is 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.

In addition, on 30 June 2016, Vinafco Thanh Tri One-member Limited Liability Company, a subsidiary, has transferred its entire assets, liabilities and capital to the Company following its liquidation in accordance with the Decision of the Company's Board of Directors dated 5 October 2015. Subsequently, on 4 July 2016, Vinafco Thanh Tri One-member Limited Liability Company has completed its closure procedures with the local tax authority.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 2. BASIS OF PREPARATION

### 2.1 *Purpose of preparing the separate financial statements*

The company has subsidiaries as disclosed in Note 1 and Note 12. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2016 dated 29 March 2017.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries

### 2.2 *Accounting standards and system*

The separate financial statements of the Company, 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 separate 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.

### 2.3 *Applied accounting documentation system*

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

### 2.4 *Fiscal year*

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

### 2.5 *Accounting currency*

The separate financial statements are prepared in VND which is also the Company's accounting currency.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash

Cash comprises cash on hand and cash in banks.

#### 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 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, 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 Company, based on appropriate evidence of impairment available at the separate balance sheet date.

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

##### *Real-estates inventory*

Real-estates acquired or being constructed for sales in the ordinary course of business, rather than to be held for rental or capital appreciation, are recorded as real-estates inventory and measured at the lower of their cost and net realisable value.

Costs of real estate inventory include its purchase price and other related costs.

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.

The cost of real-estate inventory sold is recorded in the separate income statement.

#### 3.3 Receivables

Receivables are presented in the separate 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 separate balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the separate income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year 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 separate 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 separate 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 Company is the lessee*

Assets held under finance leases are capitalised in the separate 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 separate 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 7 years, which is the shorter of the estimated useful lives of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

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

*Where the Company is the lessor*

The net investment under finance lease contracts is included as a receivable in the separate balance sheet. The interest amount of the leased payments are recognized in the separate income statement over the period of the lease contracts to achieve a constant rate of interest on the net investment outstanding.

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year 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 separate 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 separate income statement.

*Land use rights*

The advance payment for land rental, of which the land lease contracts have effectiveness prior to 2003 and Land use right certificate being issued, are recorded as intangible fixed asset according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets.

**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	6 - 20 years
Machinery and equipment	6 - 10 years
Means of transportation	3 - 8 years
Office equipment	3 years
Computer software	3 - 5 years
Land use rights	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 year 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 separate 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 separate 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.10 Investments**

*Investments in subsidiaries*

Investments in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

*Investments in jointly controlled entity*

Investments in jointly controlled entity over which the Company has joint control are carried at cost

Distributions from accumulated net profits of the jointly controlled entity arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment

*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 separate 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 expenses in the separate income statement.

**3.11 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 Company.

**3.12 Accrual for severance pay**

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to the separate 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 and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year 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 separate 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.

**3.13 Provisions**

Provisions are recognised when the Company 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.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.14 Foreign currency transactions**

Transactions in currencies other than the Company's reporting currency (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 end of the year, 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 Company conducts transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the translation of monetary accounts denominated in foreign currency at the balance sheet date are taken to the separate Income statement.

**3.15 Appropriation of net profits**

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after approval by the general shareholders, and after making appropriation to reserve funds in accordance with the Charter of the Company and Vietnam's regulatory requirements.

The Company 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 separate balance sheet.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.16 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

*Sales of real-estate properties*

Revenue is recognised when the significant risks and rewards of ownership of the real-estate properties have passed to the buyer.

*Interest*

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

*Dividends*

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

**3.17 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 separate balance sheet date.

Current income tax is charged or credited to the separate 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 Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.17 Taxation (continued)**

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the separate balance sheet date between the tax base of assets and liabilities and their carrying amount in separate 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 temporarily differences associated with Investments in subsidiaries and interests in jointly controlled entity 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 temporarily differences associated with investments in subsidiaries and interests in jointly controlled entity, 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.

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 year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the separate balance sheet date.

Deferred tax is charged or credited to the separate 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

4. CASH

	Currency: VND	
	Ending balance	Beginning balance
Cash on hand	21,792,398	409,889,558
Cash in banks	17,563,347,573	26,503,663,473
<b>TOTAL</b>	<b>17,585,139,971</b>	<b>26,913,553,031</b>

5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

5.1 Short-term trade receivables

	Currency: VND	
	Ending balance	Beginning balance
Short-term trade receivables from customers	66,615,481,177	62,330,383,722
- Akzonobel Paints (Vietnam) Co., Ltd	13,855,824,286	11,121,018,772
- Jotun Paints (Vietnam) Co., Ltd	12,326,527,963	16,240,046,705
- Masan Consumer Corporation	7,162,185,032	14,566,775,909
- EB Service Co., Ltd	11,836,923,279	3,664,741,980
- Others	21,434,020,617	16,737,800,356
Trade receivables from related parties (Note 28)	34,831,331,326	113,024,098,310
<b>TOTAL</b>	<b>101,446,812,503</b>	<b>175,354,482,032</b>
Provision for doubtful receivables	(339,766,881)	(379,504,970)

5.2 Short-term advances to suppliers

	Currency: VND	
	Ending balance	Beginning balance
Van Trung Co., Ltd	2,037,992,400	-
Hau Giang Industrial Infrastructure Development Company	-	3,660,664,417
B.M.B Steel Co., Ltd	-	2,200,000,000
Others	341,359,400	1,422,971,660
<b>TOTAL</b>	<b>2,379,351,800</b>	<b>7,283,636,077</b>
Provision for doubtful advance	(221,065,000)	(221,065,000)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 6. OTHER RECEIVABLES

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
<b>Short-term</b>				
Unbilled transportation revenue	17,951,774,668	-	6,518,163,876	-
Advances to employees	5,320,163,293	(301,486,404)	5,042,719,031	(301,486,404)
Receivables from Management Board of Quat Dong Industrial Zone for land clearance advance	464,958,000	(464,958,000)	464,958,000	(464,958,000)
Short-term deposits	295,750,000	-	236,000,000	-
Others	909,168,554	(42,445,610)	974,518,967	(42,445,610)
Short term other receivables from related parties (Note 28)	18,512,984,283	-	2,092,905,100	-
<b>TOTAL</b>	<b>41,454,778,798</b>	<b>(808,890,014)</b>	<b>15,329,265,034</b>	<b>(808,890,014)</b>
<b>Long-term</b>				
Long-term other receivables from related parties (Note 28)	1,380,000,000	-	-	-
Others	217,527,500	-	277,527,500	-
<b>TOTAL</b>	<b>1,597,527,500</b>	<b>-</b>	<b>277,527,500</b>	<b>-</b>

## 7. INVENTORIES

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Raw materials	90,633,138	-	65,962,928	-
Tools and supplies	13,818,182	-	-	-
Real-estates inventories	-	-	16,448,283,513	-
<b>TOTAL</b>	<b>104,451,320</b>	<b>-</b>	<b>16,514,246,441</b>	<b>-</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 8. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total
Cost:					
Beginning balance	227,049,665	2,150,117,521	43,162,468,133	1,076,386,277	46,616,021,596
- New purchase	-	7,531,179,815	24,920,666,825	377,176,624	32,829,023,265
- Transfer from subsidiary (*)	20,709,194,254	3,486,049,580	-	-	24,195,243,834
- Transferr from construction in progress	45,260,639,958	-	-	-	45,260,639,958
- Disposal	-	(1,268,403,992)	(5,040,634,977)	-	(6,309,088,969)
Ending balance	66,196,883,877	11,898,942,925	63,042,449,981	1,453,562,901	142,591,839,684
In which:					
Fully depreciated	-	-	2,583,403,152	980,546,277	3,563,949,429
Accumulated depreciation:					
Beginning balance	109,075,366	1,674,612,794	19,757,122,144	1,044,439,598	22,625,249,902
- Depreciation for the year	1,723,882,863	1,801,314,018	5,383,682,682	38,232,949	8,947,112,512
- Disposals	-	(1,268,403,992)	(5,040,684,993)	-	(6,309,088,985)
Ending balance	1,832,958,229	2,207,522,820	20,140,119,833	1,082,672,547	25,263,273,429
Net carrying amount:					
Beginning balance	117,974,299	475,504,727	23,365,345,989	31,946,679	23,990,771,694
Ending balance	64,363,925,648	9,691,420,105	42,902,330,148	370,890,354	117,328,566,255

(\*) On 30 June 2016, Vinafco Thanh Tri One-member Company Limited, a subsidiary of the Company, transferred entire its tangible fixed assets (net book value) to the Company in accordance with the liquidation decision approved by the Board of Directors. See Note 1 for details.

As at 31 December 2016, certain tangible fixed assets (including building and structures and means of transportation) are pledged as collaterals for bank loans as disclosed in Note 18.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 9. FINANCE LEASES

	Currency: VND
	<i>Means of transportation</i>
<b>Cost:</b>	
Beginning balance	6,445,709,005
Ending balance	6,445,709,005
<b>Accumulated depreciation:</b>	
Beginning balance	3,222,854,586
Depreciation for the year	920,815,596
Ending balance	4,143,670,182
<b>Net carrying amount:</b>	
Beginning balance	3,222,854,419
Ending balance	2,302,038,823

Forklifts which are leased by the Company under the finance lease agreement No. 148/2011/TSC-CTTC dated 3 October 2011 and Appendix No. 2 dated 28 July 2012 signed with Vietcombank Leasing Company Limited ("the Lessor"). The lease period is 60 months with floating interest rate being adjusted every quarter upon the notice of the Lessor. In accordance with the lease agreement, the Company has the right to purchase these forklifts at the end of the lease term. The leased assets are also pledged as collaterals for the finance lease obligations.

## 10. INTANGIBLE FIXED ASSETS

		Currency: VND	
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost</b>			
Beginning balance	43,454,310,744	1,872,602,355	45,326,913,099
Transfer from subsidiary (*)	-	2,143,699,025	2,143,699,025
Ending balance	43,454,310,744	4,016,301,380	47,470,612,124
<i>In which:</i>			
Fully amortised	-	84,000,000	84,000,000
<b>Accumulated amortisation:</b>			
Beginning balance	4,109,514,487	1,495,651,646	5,605,166,133
Amortisation for the year	913,225,437	1,205,152,536	2,118,377,973
Ending balance	5,022,739,924	2,700,804,182	7,723,544,106
<b>Net carrying amount:</b>			
Beginning balance	39,344,796,257	376,950,709	39,721,746,966
Ending balance	38,431,570,820	1,315,497,198	39,747,068,018

(\*) See Note 1 and Note 8 for further details.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 11. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trau Quy Logistics Center Project	15,563,457,996	11,130,798,806
Thanh Tri Warehouse Project (Phase II)	1,925,126,367	4,365,998,103
Mekong General Warehouse – Hau Giang Project	-	43,917,460,005
Others	4,101,743,618	953,657,191
<b>TOTAL</b>	<b><u>21,590,327,981</u></b>	<b><u>60,367,914,105</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 12. LONG-TERM INVESTMENTS

	Ending balance			Beginning balance			Currency: VND
	Costs	Provision	Book value (*)	Costs	Provision	Book value (*)	
<b>Investments in subsidiaries</b>	<b>247,601,750,000</b>	<b>(7,874,398,499)</b>	<b>239,727,351,501</b>	<b>214,665,774,783</b>	<b>(6,373,945,475)</b>	<b>208,291,829,308</b>	
Vinafco Hau Giang One-member Company Limited	42,000,000,000	(4,484,244,735)	37,515,755,265	-	-	-	
Vinafco Dinh Vu Logistics Company Limited	37,601,750,000	-	37,601,750,000	19,780,000,000	-	19,780,000,000	
Vinafco Transport and Services Company Limited	20,000,000,000	-	20,000,000,000	20,000,000,000	-	20,000,000,000	
Vinafco Logistics Company Limited	25,000,000,000	-	25,000,000,000	25,000,000,000	(2,465,230,482)	22,534,769,518	
Vinafco Shipping Joint Stock Company	30,000,000,000	-	30,000,000,000	30,000,000,000	-	30,000,000,000	
Vinafco Thanh Tri One-member Company Limited (**)	-	-	-	27,000,000,000	-	27,000,000,000	
Vinafco Binh Duong One-member Company Limited	45,000,000,000	-	45,000,000,000	45,000,000,000	-	45,000,000,000	
Vinafco Da Nang One-member Company Limited	48,000,000,000	(3,390,153,764)	44,609,846,236	47,885,774,783	(3,908,714,993)	43,977,059,790	
<b>Investments in jointly controlled entity</b>	<b>15,823,917,742</b>	<b>(1,161,773,479)</b>	<b>14,662,144,263</b>	-	-	-	
HTNS – Vinafco Logistics Company Limited	15,823,917,742	(1,161,773,479)	14,662,144,263	-	-	-	
<b>TOTAL</b>	<b>263,425,667,742</b>	<b>(9,036,171,978)</b>	<b>254,389,495,764</b>	<b>214,665,774,783</b>	<b>(6,373,945,475)</b>	<b>208,291,829,308</b>	

(\*) The Company cannot determine the fair value of subsidiaries and associates because shares of these companies are not traded on stock market.

(\*\*) Liquidated in 2016. See Note 1.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**12. LONG-TERM INVESTMENTS (continued)**

**12.1 Investments in subsidiaries**

	Ownership (%)	
	Ending balance	Beginning balance
Vinafco Hau Glang One-member Company Limited	100%	100%
Vinafco Dinh Vu Logistics Company Limited (*)	94,74%	70%
Vinafco Transport and Services Company Limited	100%	100%
Vinafco Logistics Company Limited	100%	100%
Vinafco Shipping Joint Stock Company	66.15%	66.15%
Vinafco Thanh Tri One-member Company Limited	-	100%
Vinafco Binh Duong One-member Company Limited	100%	100%
Vinafco Da Nang One-member Company Limited	100%	100%

(\*) During the year, the Company contributed additional capital into Vinafco Dinh Vu Logistics Company Limited by transferring loan receivables and interest receivables (see Note 21) which are due from an individual, to Vinafco Dinh Vu Logistics Company Limited, based on the contract liquidation and agreement on liability transfer signed by the three parties dated 31 January 2016. Besides, as at reporting date, Vinafco Dinh Vu Logistics Company Limited is in process of updating its Business Registration Certificate to register additional capital contribution from the Company into this subsidiary during the year.

**12.2 Investments in jointly controlled entity**

	Ownership (%)	
	Ending balance	Beginning balance
HTNS – Vinafco Logistics Company Limited	49.90%	-

HTNS – Vinafco Logistics Company Limited is a joint venture company which was established in accordance with the joint venture agreement signed between HANARO TNS Vietnam Company Limited and the Company in November 2015. HTNS – Vinafco Logistics Company Limited is incorporated in pursuant to the Business Registration Certificate No. 2300933480 issued by the Department of Planning and Investment in Bac Ninh Province on 16 March 2016. The head office of HTNS – Vinafco Logistics Company Limited 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 and management services and other support services related to transportation.

During the year, the Company has fully contributed capital into this company. In addition, in accordance with the joint venture agreement, such investment is not transferrable within 2 years since the date of capital contribution.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 13. PREPAID EXPENSES

		Currency: VND	
		Ending balance	Beginning balance
<b>Short-term</b>			
Tools and supplies		570,264,086	305,903,052
Insurance premium		332,293,970	-
Others		687,945,530	449,656,572
<b>TOTAL</b>		<b>1,590,503,586</b>	<b>755,559,624</b>
<b>Long-term</b>			
Thanh Tri office renovation expenses		1,521,851,985	-
Tools and supplies		913,948,731	497,979,737
Prepaid land rental		2,794,429,992	3,350,859,996
Others		173,749,695	705,744,998
<b>TOTAL</b>		<b>5,403,980,403</b>	<b>4,554,584,731</b>

## 14. SHORT-TERM TRADE PAYABLES

		Currency: VND	
		Ending balance	Beginning balance
		Balance Payable amount	Balance Payable amount
Trade payables to suppliers		29,557,685,562	29,557,685,562
- Hoang Truc Commercial and Transport Services Co., Ltd		5,111,258,913	5,111,258,913
- Hoang Son Long Transportation Services One-member Co., Ltd		3,151,630,870	3,151,630,870
- Tuyen Nam Commercial and Transport Services Co., Ltd		3,152,136,761	3,450,679,741
- Other suppliers		18,082,659,018	12,147,857,216
Trade payables to related parties (Note 28)		49,302,360,070	49,302,360,070
<b>TOTAL</b>		<b>78,860,045,632</b>	<b>59,505,012,018</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 15. STATUTORY OBLIGATIONS

	Currency: VND			
	<i>Beginning balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending balance</i>
<b>Receivables</b>				
Value added tax	3,068,643,284	45,844,112,556	(42,864,826,663)	6,047,929,177
<b>TOTAL</b>	<b>3,068,643,284</b>	<b>45,844,112,556</b>	<b>(42,864,826,663)</b>	<b>6,047,929,177</b>
<b>Payables</b>				
Value added tax	143,896,976	42,864,826,663	(42,714,319,850)	294,403,789
Personal income tax	767,011,348	2,051,753,175	(2,589,914,816)	228,849,707
Other taxes	272,224,641	879,573,738	(872,564,379)	279,234,000
<b>TOTAL</b>	<b>1,183,132,965</b>	<b>5,064,270,258</b>	<b>(5,444,915,727)</b>	<b>802,407,496</b>

## 16. SHORT-TERM ACCRUED EXPENSES

	Currency: VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Construction expenditure	11,581,923,448	-
Transportation expenses	5,365,702,538	786,730,020
Interest expenses	161,194,633	68,740,033
Others	127,918,111	231,357,948
<b>TOTAL</b>	<b>17,236,738,730</b>	<b>1,086,828,001</b>
<i>In which:</i>		
Short-term accruals to related parties (Note 28)	4,200,047,673	-
Other accruals	13,036,691,057	1,086,828,001

## 17. OTHER PAYABLES

	Currency: VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
Social insurance, health insurance and trade union fee	584,377,405	412,444,980
Dividends payable	252,992,370	37,334,805,850
Short-term deposits	908,211,835	-
Others	922,479,321	794,530,103
Other payables to related parties (Note 28)	5,568,893,940	3,104,512,380
<b>TOTAL</b>	<b>8,236,954,871</b>	<b>41,646,293,313</b>
<b>Long-term</b>		
Long-term deposits	3,748,519,942	4,204,366,000
<b>TOTAL</b>	<b>3,748,519,942</b>	<b>4,204,366,000</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

18. LOANS AND FINANCE LEASES

Currency: VND

Note	Beginning balance		Movement during the year		Ending balance	
	Amount	Payable amount	Increase	Decrease	Amount	Payable amount
<b>Short-term</b>						
18.1 Loans from banks	35,865,262,588	35,865,262,588	195,183,318,635	(~ 76,106,198,522)	54,942,382,701	54,942,382,701
Current portion of finance lease obligations	987,600,000	987,600,000	494,074,087	(987,600,000)	494,074,087	494,074,087
18.2 Current portion of long term loans	4,237,653,500	4,237,653,500	13,584,356,265	(6,155,112,429)	11,666,897,336	11,666,897,336
18.3 Loans from related parties	9,000,000,000	9,000,000,000	2,200,000,000	-	11,200,000,000	11,200,000,000
<b>TOTAL</b>	<b>50,090,516,088</b>	<b>50,090,516,088</b>	<b>211,461,748,987</b>	<b>(183,248,910,951)</b>	<b>78,303,354,124</b>	<b>78,303,354,124</b>
<b>Long-term</b>						
18.2 Loans from banks	11,344,786,625	11,344,786,625	55,608,430,446	(14,099,272,222)	52,853,944,849	52,853,944,849
18.4 Finance lease obligations	494,074,087	494,074,087	-	(494,074,087)	-	-
<b>TOTAL</b>	<b>11,838,860,712</b>	<b>11,838,860,712</b>	<b>55,608,430,446</b>	<b>(14,593,346,309)</b>	<b>52,853,944,849</b>	<b>52,853,944,849</b>

## 18. LOANS AND FINANCE LEASES (continued)

Bank

**Ending balance**   **Maturity and due date**

Interest rate  
(% p.a.)

€:50% Land use right, ownership of building associated with Land Lot No.1, 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.

6.45 -- €:50% Land use right and property associated with land of Song Than 2 warehouses -- Binh Duong Province which belong to Vinafco Binh Duong One-member Company Limited and properties in Hau Giang Project owned by Vinafco Hau Giang One-member Company Limited.

**54,942,382,701**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**18. LOANS AND FINANCE LEASES (continued)**

**18.2 Long-term loans from banks**

<i>Bank</i>	<i>Ending balance VND</i>	<i>Maturity and due date</i>	<i>Interest rate (% p.a)</i>	<i>Collaterals</i>
Military Commercial Joint Stock Bank – Transaction Center 1 Branch	33,735,995,016	120 months, interest is payable on the 25 <sup>th</sup> each month and principal is payable on quarterly basis. Last installment is due on 14 January 2026	9.3%-10.9%	Land use rights (41,308 m <sup>2</sup> ) at Lot A, Ngu Hiep Commune, Thanh Tri District and building associated with the land of
	9,740,874,000	60 months, interest is payable on monthly basis and principal is payable on quarterly basis. Last installment is due on 12 April 2021	8%-9.2%	Means of transportation funded by the loan
	<b>43,476,869,016</b>			
<i>In which:</i>				
<i>Current portion of long term loans</i>	6,362,779,240			
Vietnam Technological and Commercial Joint Stock Bank	2,063,272,625	48 months, interest is payable on the 26 <sup>th</sup> each month and principal is payable on quarterly basis. Last installment is due on 9 September 2018	10%-12.78%	Means of transportation funded by the loan
	<b>2,063,272,625</b>			
<i>In which:</i>				
<i>Current portion of long term loans</i>	1,398,815,500			

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**18. LOANS AND FINANCE LEASES (continued)**

**18.2 Long-term loans from banks (continued)**

Details of long-term loans from banks as follow:

<i>Bank</i>	<i>Ending balance VND</i>	<i>Maturity and due date</i>	<i>Interest rate (% p.a)</i>	<i>Collaterals</i>
Tien Phong Commercial Joint Stock Bank	18,980,700,544	60 months, interest and principal are payable on the 24 <sup>th</sup> each month. Last installment is due on 23 December 2021	8.05 – 8.3%	Means of transportation funded by the loan
	<b><u>18,980,700,544</u></b>			
<i>In which:</i>				
<i>Current portion of long term loans</i>	3,905,302,596			
<b>TOTAL</b>	<b><u>64,520,842,185</u></b>			
<i>In which:</i>				
<i>Current portion of long term loans</i>	11,666,897,336			

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

# 18. LOANS AND FINANCE LEASES (continued)

## 18.3 Loans from related parties

Lender	Ending balance VND	Maturity and due date	Interest rate (% p.a)	Collaterals
Vinafco Dinh Vu Logistics Company Limited	9,000,000,000	Interest and principal are due on 30 September 2017	4.5%	Unsecured
Vinafco Da Nang One- member Company Limited	2,200,000,000	Interest and principal are due on 31 March 2017	4.5%	Unsecured
<b>TOTAL</b>	<b>11,200,000,000</b>			

## 18.4 Finance lease

	Ending balance		Beginning balance			Currency: VND
	Total minimum lease payments	Finance charges	Lease liabilities	Total minimum lease payments	Finance charges	Lease liabilities
Current portion of finance lease obligations	625,432,135	131,358,048	494,074,087	1,202,001,020	214,401,020	987,600,000
Non-current finance lease obligations	-	-	-	531,555,229	37,481,142	494,074,087
<b>TOTAL</b>	<b>625,432,135</b>	<b>131,358,048</b>	<b>494,074,087</b>	<b>1,733,556,249</b>	<b>251,882,162</b>	<b>1,481,674,087</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

19. OWNERS' EQUITY

19.1 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	Total
<b>Previous year</b>								
Beginning balance	340,000,000,000	45,847,272,500	3,299,299,536	(1,729,495,242)	11,293,586,504	1,729,495,242	30,872,109,588	431,312,268,128
- Loss for the year	-	-	-	-	-	-	(5,915,186,210)	(5,915,186,210)
- Reserve appropriation	-	-	4,398,145,384	-	-	-	(4,898,145,384)	-
- Appropriation to bonus and welfare fund	-	-	-	-	-	-	(311,480,000)	(311,480,000)
Ending balance	340,000,000,000	45,847,272,500	8,197,444,920	(1,729,495,242)	11,293,586,504	1,729,495,242	19,747,297,994	425,085,601,918
<b>Current year</b>								
Beginning balance	340,000,000,000	45,847,272,500	8,197,444,920	(1,729,495,242)	11,293,586,504	1,729,495,242	19,747,297,994	425,085,601,918
- Profit for the year	-	-	-	-	-	-	3,985,734,061	3,985,734,061
- Appropriation to bonus and welfare fund	-	-	-	-	-	-	(150,000,000)	(150,000,000)
Ending balance	340,000,000,000	45,847,272,500	8,197,444,920	(1,729,495,242)	11,293,586,504	1,729,495,242	23,583,032,055	428,921,335,979

(\*) This is the capital supplemental reserve which is set up in accordance with the Company's charter and approved by the General Shareholder Meeting. 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 is the provisional fund for purchase of treasury share under the approval of the General Shareholder Meeting.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

19. OWNERS' EQUITY (continued)

19.2 Share capital

Details of shares are as below:

Currency: VND

	Ending balance			Beginning balance		
	Total	Ordinary shares	Preference shares	Total	Ordinary shares	Preference shares
Share capital	340,000,000,000	340,000,000,000	-	340,000,000,000	340,000,000,000	-
Share premium	45,847,272,500	45,847,272,500	-	45,847,272,500	45,847,272,500	-
Other capital	8,197,444,920	8,197,444,920	-	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)	-
<b>TOTAL</b>	<b>392,315,222,178</b>	<b>392,315,222,178</b>	<b>-</b>	<b>392,315,222,178</b>	<b>392,315,222,178</b>	<b>-</b>

19.3 Capital transactions with owners and distribution of dividends, profits

Currency: VND

	Current year	Previous year
<b>Contributed share capital</b>		
Beginning balance	340,000,000,000	340,000,000,000
<b>Ending balance</b>	<b>340,000,000,000</b>	<b>340,000,000,000</b>
<b>Dividends/profit paid</b>	<b>-</b>	<b>-</b>

19.4 Shares

	Ending balance		Beginning balance	
	Quantity	Amount VND	Quantity	Amount VND
<b>Authorized shares</b>	<b>34,000,000</b>	<b>340,000,000,000</b>	<b>34,000,000</b>	<b>340,000,000,000</b>
<b>Issued shares</b>	<b>34,000,000</b>	<b>340,000,000,000</b>	<b>34,000,000</b>	<b>340,000,000,000</b>
Ordinary shares	34,000,000	340,000,000,000	34,000,000	340,000,000,000
Preference shares	-	-	-	-
<b>Treasury shares</b>	<b>(198,938)</b>	<b>(1,729,495,242)</b>	<b>(198,938)</b>	<b>(1,729,495,242)</b>
Ordinary shares	(198,938)	(1,729,495,242)	(198,938)	(1,729,495,242)
Preference shares	-	-	-	-
<b>Shares in circulation</b>	<b>33,801,062</b>	<b>338,270,504,758</b>	<b>33,801,062</b>	<b>338,270,504,758</b>
Ordinary shares	33,801,062	338,270,504,758	33,801,062	338,270,504,758
Preference shares	-	-	-	-

Par value of outstanding shares is VND 10,000 (2015: VND 10,000).

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**20. OFF BALANCE SHEET ITEMS**

<i>ITEMS</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Foreign currencies:		
- United States dollar (USD)	5,614	15,099
- Euro (EUR)	32	81
- Great Britain Pound (GBP)	100	100

**21. REVENUE**

**21.1 Revenue from sales of goods and rendering of services**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
<b>Gross revenue</b>	<b>288,762,505,244</b>	<b>226,818,763,911</b>
<i>In which:</i>		
Revenue from rendering of services	274,794,250,699	226,818,763,911
Revenue from sale of apartments	13,968,254,545	-
<b>Deductions</b>	<b>-</b>	<b>-</b>
<b>Net revenue</b>	<b>288,762,505,244</b>	<b>226,818,763,911</b>
<i>Of which:</i>		
Sales to others	273,691,994,902	215,079,827,391
Sales to related parties (Note 28)	15,070,510,342	11,738,936,520

**21.2 Finance income**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest income from bank deposits	201,890,489	157,631,088
Interest income on loan receivables	4,521,750,000	-
Dividends income	18,712,441,001	-
Foreign exchange gains	4,561,976	23,789,612
Gain from disposal of investment	-	2,167,985,000
<b>TOTAL</b>	<b>23,440,643,466</b>	<b>2,349,405,700</b>

**22. COST OF GOODS SOLD AND SERVICE RENDERED**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost of services rendered	261,253,252,181	218,980,745,922
Cost of apartments sold	16,620,072,798	-
<b>TOTAL</b>	<b>277,873,324,979</b>	<b>218,980,745,922</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**23. FINANCE EXPENSES**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Loan interest expenses	5,918,411,964	3,791,341,346
Provision/(reversal of provision) for investments	2,662,226,503	(6,861,158,954)
Foreign exchange losses	3,407,024	2,565,781
Other finance expenses	30,514,546	70,144,458
<b>TOTAL</b>	<b>8,614,560,037</b>	<b>(2,997,107,369)</b>

**24. GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Labour cost	13,105,966,131	10,603,192,287
Materials cost	648,062,449	716,273,043
Depreciation and amortisation	434,453,185	635,874,744
Expenses for external services	7,198,827,409	4,675,405,719
Others	528,073,157	630,542,609
<b>TOTAL</b>	<b>21,915,382,331</b>	<b>17,261,288,402</b>

**25. OTHER INCOME AND EXPENSES**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
<b>Other income</b>	<b>2,415,775,743</b>	<b>35,892,455,406</b>
Gains from disposal of fixed assets	1,125,149,082	924,545,456
Transfer of land use rights to Vinafco Binh Duong One-member Company Limited	-	34,050,642,521
Compensation for goods damaged during transportation	1,118,300,888	848,042,413
Others	172,325,773	69,225,016
<b>Other expenses</b>	<b>2,229,923,045</b>	<b>37,730,884,272</b>
Carrying value of land use rights transferred to Vinafco Binh Duong One-member Company Limited	-	34,050,642,521
Compensation for goods damaged during transportation	1,189,616,780	966,224,578
Additional land rental	833,522,032	2,602,458,000
Others	206,784,233	111,559,173
<b>NET OTHER PROFIT/(LOSS)</b>	<b>185,852,698</b>	<b>(1,838,428,866)</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**26. PRODUCTION AND OPERATING COSTS**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost of apartments sold	16,620,072,798	-
Labour costs	18,407,696,684	15,761,808,719
Depreciation and amortization	11,986,306,081	7,735,201,907
Expenses for external services	244,595,142,392	205,719,507,064
Other expenses	8,179,489,355	7,025,516,634
<b>TOTAL</b>	<b>299,788,707,310</b>	<b>236,242,034,324</b>

**27. CORPORATE INCOME TAX**

The CIT rate applicable to the Company is 20% of the taxable profits (2015: 22%).

The tax returns filed by the Company 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 separate financial statements could change at a later date upon final determination by the tax authorities.

**27.1 CIT expenses**

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

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Accounting profit/(loss) before tax	3,985,734,061	(5,915,180,210)
At the Company's applicable CIT rate	797,146,812	(1,301,340,966)
<i>Adjustments to increase</i>		
Expenses without eligible supporting documents	359,256,355	651,762,034
Increase in severance allowance	43,916,359	71,780,280
Losses of the Company	2,542,526,754	577,798,652
<i>Adjustments to decrease</i>		
Dividends income	(3,742,488,200)	-
Foreign exchange difference of monetary assets	(358,080)	-
<b>CIT expenses</b>	<b>-</b>	<b>-</b>

**27.2 Current tax**

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**27. CORPORATE INCOME TAX (continued)**

**27.3 Unrecognised deferred tax assets**

***Tax losses carried forward***

The Company is entitled to carry tax loss forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. As at the balance sheet date, the Company had aggregated accumulated tax losses of VND 15,338,991,281 (31 December 2015: VND 2,626,357,511) 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 31 December 2016</i>	<i>Forfeited</i>	<i>Unutilized at 31 December 2016</i>
2015	2020	(2,626,357,511)	-	-	(2,626,357,511)
2016	2021	(12,712,633,770)	-	-	(12,712,633,770)
		<b>(15,338,991,281)</b>	-	-	<b>(15,338,991,281)</b>

(\*) These are estimated tax loss amounts as per the declarations of the Company which have not been finalised by the tax authority at of the date of these separate financial statements

The Company has not recognized deferred tax assets related to these accumulated losses because future taxable profit cannot be ascertained at this stage.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**28. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties during the year were as follows:

				Currency: VND	
Related parties	Relationship	Transactions	Current year	Previous year	
Vinafco Logistics Company Limited	Subsidiary	Warehouse rental fee, loading expense	35,503,051,546	26,222,221,670	
		Revenue from leasing of warehouse and vehicles, transportation services	7,342,987,227	1,880,810,391	
		Income from asset disposal	180,000,000	-	
		Truck rental expense	166,389,400	-	
		Gain from compensation of goods damage	71,515,384	-	
		Other income	26,165,044	-	
Vinafco Dinh Vu Logistics Company Limited	Subsidiary	Capital contribution by transferring loan and interest receivables	17,821,750,000	-	
		Interest expense	411,750,000	317,250,000	
		Short-term loan	-	9,000,000,000	
Vinafco Shipping Joint Stock Company	Subsidiary	Warehouse rental, transportation fees	8,113,386,366	13,156,286,367	
		Revenue from leasing of warehouse and vehicles, transportation services	377,636,364	1,109,938,184	
Vinafco Transport and Services Company Limited	Subsidiary	Warehouse rental fee and loading expense	83,130,217,350	75,107,819,695	
		Revenue from leasing of warehouse and vehicle, transportation services	7,349,886,751	3,765,278,184	
		Gain from compensation of goods damage	232,631,348	-	
		Office supplies expense	11,590,150	-	
		Truck rental expense	6,220,000	-	
Vinafco Hau Giang One-member Company Limited	Subsidiary	Capital contribution	42,000,000,000	-	
		Transfer of construction in progress	10,810,860,406	-	
		Long-term deposit for warehouse rental	2,149,391,200	-	
		Warehouse services fee	2,110,777,000	-	
		Short-term deposit for warehouse rental	1,350,000,000	-	
		Transfer of expense of Hau Giang project	018,790,050	-	
Vinafco Da Nang One-member Company Limited	Subsidiary	Short-term loan	2,200,000,000	-	
		Capital contribution	114,225,217	22,885,774,783	
		Interest expense	550,000	-	
		Revenue from operating lease	-	2,228,000,000	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**28. TRANSACTIONS WITH RELATED PARTIES (continued)**

Significant transactions with related parties during the year were as follows (continued):

Currency: VND				
Related parties	Relationship	Transactions	Current year	Previous year
Vinafco Thanh Tri One-member Company Limited	Subsidiary	Capital returned	27,000,000,000	14,000,000,000
		Assets take-back	24,195,243,834	134,090,909
		Accumulated profit returned	112,441,001	-
		Loan payment	-	10,000,000,000
		Short-term loan	-	5,000,000,000
		Revenue from operating lease	-	232,121,421
HTNS - Vinafco Logistics Company Limited	Joint venture	Capital contribution	15,823,917,742	-
Vinafco Hanoi Investment Co., Ltd	Subsidiary	Capital contribution	-	10,000,000,000
Vinafco Binh Duong One-member Company Limited	Subsidiary	Transfer of land use right	-	34,050,642,521
		Short-term loans	-	6,500,000,000
		Revenue from operating lease	-	1,966,500,000
		Interest expense	-	465,439,171
HB Investment Trading JSC	Other related party	Revenue from rendering transportation services	-	837,048,690
		Collection of investment transfer	21,642,000,000	-

*Terms and conditions of transactions with related parties*

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

Except for interest-bearing borrowing and loan receivables, outstanding balances due from/to related parties at 31 December 2016 are unsecured, interest-free and will be settled in cash. For the year ended 31 December 2016, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (as at 31 December 2015: nil). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**28. TRANSACTIONS WITH RELATED PARTIES (continued)**

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

Related parties	Relationship	Transactions	Currency: VND	
			Ending balance	Beginning balance
<b>Trade receivables (Note 5.1)</b>				
Vinafco Logistics Company Limited	Subsidiary	Revenue from leasing of trucks and warehouse	96,822,000	69,849,300
Vinafco Shipping Joint Stock Company	Subsidiary	Revenue from asset leasing	59,850,000	113,729,000
Vinafco Transport and Services Company Limited	Subsidiary	Revenue from leasing of trucks and warehouse	-	554,373,527
Vinafco Binh Duong One-member Company Limited	Subsidiary	Transfer of land use rights	16,462,042,521	17,712,042,521
Vinafco Hau Giang One-member Company Limited	Subsidiary	Transfer of construction expenditure	5,080,675,655	-
HB Investment Trading JSC	Other related party	Transfer of investments	13,000,000,000	94,400,000,000
		Revenue from rendering transportation and custom services	103,054,900	174,103,862
Vinafco Logistics Company Limited	Subsidiary	Truck and warehouse rental	16,016,250	-
Vinafco Mien Trung transportation and services Co., Ltd	Subsidiary	Truck and warehouse rental	12,870,000	-
			<b>34,831,331,326</b>	<b>113,024,098,310</b>



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

28. TRANSACTIONS WITH RELATED PARTIES (continued):

Amounts due to and due from related parties at the reporting date were as follows (continued):

Related parties	Relationship	Transactions	Ending balance	Currency, VND Beginning balance
<b>Other receivables (Note 6)</b>				
Vinafco Logistics Company Limited	Subsidiary	CIT payment on behalf	-	1,874,914,097
Vinafco Shipping Joint Stock Company	Subsidiary	Dividends income	14,100,495,000	-
		Other receivables	38,562,350	39,057,350
Vinafco Transport and Services Company Limited	Subsidiary	Other receivables	170,638,733	73,010,713
Vinafco Hau Giang One-member Company Limited	Subsidiary	Payment of construction expenditure on behalf	53,877,000	105,923,000
		Deposits for warehouse rental	2,149,391,200	-
<b>Other long-term receivables (Note 6)</b>			<b>16,512,964,283</b>	<b>2,092,905,160</b>
Vinafco Hau Giang One-member Company Limited	Subsidiary	Deposit for warehouse rental	1,350,000,000	-
Vinafco Shipping Joint Stock Company	Subsidiary	Miscellaneous receivables	30,000,000	-
<b>Long-term receivables</b>			<b>1,380,000,000</b>	<b>-</b>
HB Trading and Investment Joint Stock Company	Other related party	Receivables from transfer of investments	59,758,000,000	-
			<b>59,758,000,000</b>	<b>-</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 28. TRANSACTIONS WITH RELATED PARTIES (continued):

Amounts due to and due from related parties at the balance sheet date were as follows (continued):

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Currency: VND</i>
<b>Trade payables (Note 14)</b>					
Vinafco Logistics Co., Ltd	Subsidiary	Warehouse rental and management fees	14,919,463,962	4,361,015,850	
Vinafco Shipping Joint Stock Company	Subsidiary	Transportation fees	944,459,999	3,079,979,999	
Vinafco Transport and Services Co., Ltd	Subsidiary	Transportation fees	32,188,369,574	28,676,234,820	
Vinafco Dinh Vu Logistics Co., Ltd	Subsidiary	Interest expense	729,000,000	317,250,000	
Vinafco Binh Duong One-member Co., Ltd	Subsidiary	Interest expense	-	9,183,445	
Vinafco Hau Giang One-member Co., Ltd	Subsidiary	Warehouse rental and management fees	521,066,535	-	
			<b>49,302,360,070</b>	<b>36,443,664,114</b>	
<b>Other payables (Note 17)</b>					
Vinafco Transport and Services Company Limited	Subsidiary	Payment on behalf	5,567,693,940	3,034,512,380	
Vinafco Dinh Vu Logistics Company Limited	Subsidiary	Other payables	-	70,000,000	
Vinafco Hau Giang One-member Company Limited	Subsidiary	Other payables	1,200,000	-	
			<b>5,568,893,940</b>	<b>3,104,512,380</b>	
<b>Accrued expenses (Note 16)</b>					
Vinafco Transport and Services Company Limited	Subsidiary	Transportation fees	4,199,497,673	-	
Vinafco Da Nang One-member Company Limited	Subsidiary	Interest expense	550,000	-	
			<b>4,200,047,673</b>	<b>-</b>	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

28. TRANSACTIONS WITH RELATED PARTIES (continued):

*Transactions with other related parties*

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

	Currency: VND	
	Current year	Previous year
Salaries and bonus	2,386,000,000	2,317,477,644
<b>TOTAL</b>	<b>2,386,000,000</b>	<b>2,317,477,644</b>

29. COMMITMENTS

*Operating lease commitment*

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

	Currency: VND	
	Ending balance	Beginning balance
Less than 1 year	1,374,097,074	1,283,033,305
From 1 – 5 years	2,306,621,948	3,036,210,164
More than 5 years	20,634,315,768	20,587,494,120
<b>TOTAL</b>	<b>24,315,034,790</b>	<b>24,906,737,589</b>

30. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the separate balance sheet date that requires adjustment or disclosure in the separate financial statements of the Company.

  
 Preparer  
 Nguyen Thi Thanh Tam

  
 Chief Accountant  
 Le Thi Minh Phuong

  
 General Director  
 Nguyen Hoang Giang



Hanoi, Vietnam

29 March 2017