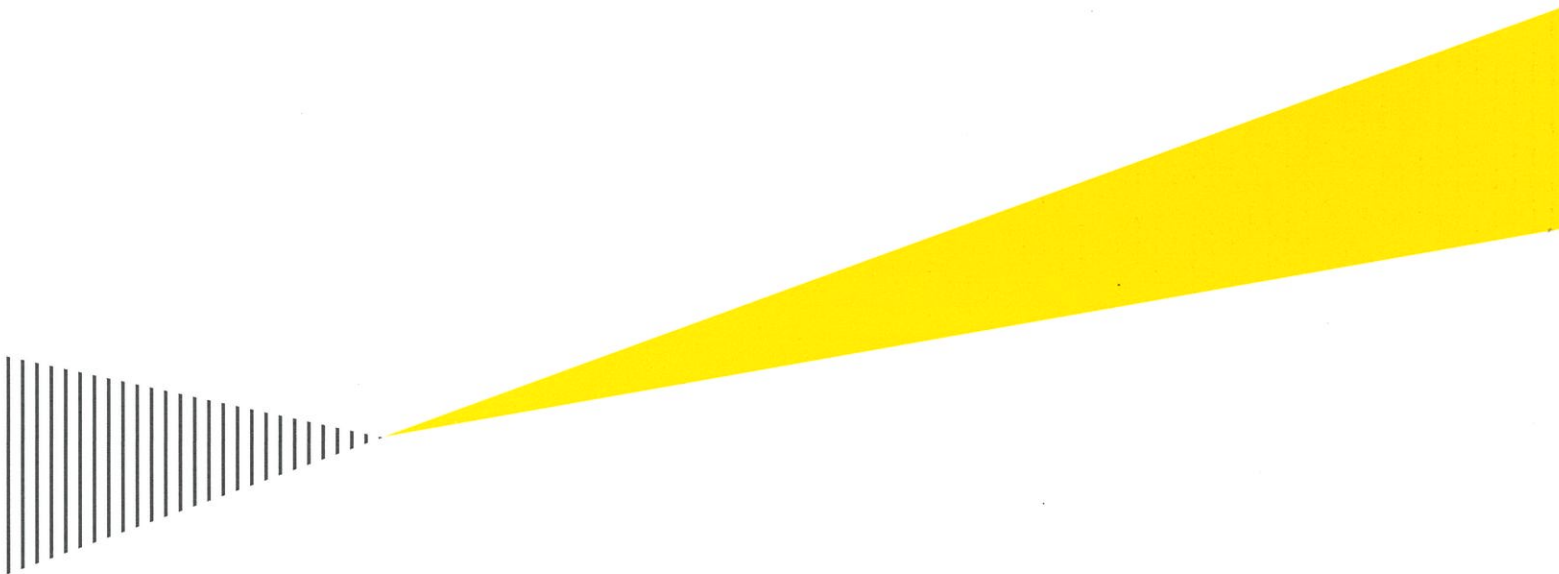


Vinafco Joint Stock Company

Consolidated 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/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 27th, 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 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 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 consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those 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 consolidated financial statements; and
- ▶ prepare the 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 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 consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of the consolidated results of its operations and its consolidated 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 consolidated financial statements.

For and on behalf of management:



General Director
Nguyen Hoang Giang

Hanoi, Vietnam

29 March 2017



**Building a better
working world**

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Reference: 60923724/18766558-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Vinafco Joint Stock Company

We have audited the accompanying consolidated financial statements of Vinafco Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group"), as prepared on 29 March 2017 and as set out on pages 5 to 52, which comprise the consolidated balance sheet as at 31 December 2016, and the consolidated income statement and consolidated 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 consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group'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 consolidated 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 consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2016, and of the consolidated results of its operations and its consolidated 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 consolidated financial statements.

Other matter

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

Ernst & Young Vietnam Limited



Bùi Anh Tuấn
Deputy General Director
Audit Practising Registration
Certificate No: 106 / 2013 004 / 1

Nguyen Manh Hung
Auditor
Audit Practising Registration
Certificate No. 240 / 2013-004-1

Hanoi, Viet Nam

29 March 2017

CONSOLIDATED BALANCE SHEET
as at 31 December 2016

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance (Restated)
100	A. CURRENT ASSETS		376,065,365,094	431,608,017,998
110	I. Cash and cash equivalents	4	37,707,258,807	91,466,408,824
111	1. Cash		36,207,258,807	58,846,450,102
112	2. Cash equivalents		1,500,000,000	32,619,958,722
120	II. Short-term investments		40,892,000,000	-
123	1. Held-to-maturity investments	5	40,892,000,000	-
130	III. Current accounts receivable		269,358,038,552	299,074,515,444
131	1. Short-term trade receivables	6.1	232,473,332,524	268,321,635,482
132	2. Short-term advances to suppliers	6.2	3,106,952,820	7,795,430,367
135	3. Short-term loan receivables	7	728,233,000	1,008,000,000
136	4. Other short-term receivables	8	43,720,196,994	32,440,757,401
137	5. Provision for doubtful short-term receivables	6.1, 6.2, 8	(10,670,676,786)	(10,491,307,806)
140	IV. Inventories	9	7,310,023,419	28,536,124,267
141	1. Inventories		7,310,023,419	28,536,124,267
150	V. Other current assets		20,798,044,316	12,530,969,463
151	1. Short-term prepaid expenses	15	3,916,718,470	3,232,481,894
152	2. Value-added tax deductible	17	16,503,306,645	7,423,573,472
153	3. Tax and other receivables from the State	17	378,019,201	1,874,914,097

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2016

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance (Restated)
200	B. NON-CURRENT ASSETS		620,042,049,521	396,057,634,718
210	I. Long-term receivables		86,027,344,914	15,727,827,914
211	1. Long-term trade receivables	6.1	59,758,000,000	-
215	2. Long-term loan receivables	7	17,821,750,000	14,028,233,000
216	3. Other long-term receivables	8	8,447,594,914	1,699,594,914
220	II. Fixed assets		370,015,231,924	249,008,659,646
221	1. Tangible fixed assets	10	292,575,620,056	160,835,649,577
222	Cost		454,203,429,128	313,346,869,459
223	Accumulated depreciation		(161,627,809,072)	(152,511,219,882)
224	2. Finance leases	11	35,194,740,997	43,936,610,629
225	Cost		61,193,085,134	61,193,085,134
226	Accumulated depreciation		(25,998,344,137)	(17,256,474,505)
227	3. Intangible fixed assets	12	42,244,870,871	44,236,399,440
228	Cost		55,368,093,879	55,138,093,879
229	Accumulated amortisation		(13,113,223,008)	(10,901,694,439)
240	III. Long-term assets in progress		21,701,327,981	60,478,914,105
242	1. Construction in progress	13	21,701,327,981	60,478,914,105
250	IV. Long-term investments		14,662,144,263	-
252	1. Investments in jointly controlled entity	14	14,662,144,263	-
260	V. Other long-term assets		127,636,000,439	70,842,233,053
261	1. Long-term prepaid expenses	15	126,894,599,373	70,658,142,663
262	2. Deferred tax assets	31.3	741,401,066	184,090,390
270	TOTAL ASSETS		996,107,414,615	827,665,652,716

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2016

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance (Restated)
300	C. LIABILITIES		505,956,073,483	334,652,676,233
310	I. Current liabilities		330,498,375,036	262,917,705,696
311	1. Short-term trade payables	16	173,028,701,818	144,460,911,994
312	2. Short-term advances from customers		1,832,309,891	297,603,175
313	3. Statutory obligations	17	5,940,157,220	4,024,967,934
314	4. Payables to employees		8,781,049,811	11,587,877,399
315	5. Short-term accrued expenses	18	14,517,605,869	924,714,123
318	6. Short-term unearned revenue		461,613,687	758,549,742
319	7. Other short-term payables	19	18,947,767,247	44,383,802,631
320	8. Short term loans and finance lease	20	103,409,946,300	56,270,845,423
322	9. Bonus and welfare fund	21	3,579,223,193	208,433,275
330	II. Non-current liabilities		175,457,698,447	71,734,970,537
337	1. Other long-term liabilities	19	5,984,604,302	6,177,730,360
338	2. Long-term loans and finance lease obligations	20	165,986,407,700	63,372,268,563
342	3. Long-term provisions	22	3,486,686,445	2,184,971,614
400	D. OWNERS' EQUITY		490,151,341,132	493,012,976,483
410	I. Capital	23	490,151,341,132	493,012,976,483
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		8,197,444,920	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		3,944,983,714	3,351,405,177
421	7. Undistributed earnings		51,764,548,529	49,115,297,929
421a	- Undistributed earnings of prior year		46,043,163,715	34,753,419,610
421b	Undistributed earnings of current year		5,721,384,814	14,361,878,319
429	8. Non-controlling interests		29,734,543,757	35,839,008,245
440	TOTAL LIABILITIES AND OWNERS' EQUITY		996,107,414,615	827,665,652,716

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

29 March 2017

CONSOLIDATED 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	25.1	1,086,244,109,735	1,182,061,288,901
02	2. Deductions	25.1	(31,501,818)	(289,571,545)
10	3. Net revenue from sales of goods and rendering of services	25.1	1,086,212,607,917	1,181,771,717,356
11	4. Cost of goods sold and services rendered	26	(1,015,231,610,509)	(1,100,081,296,608)
20	5. Gross profit from sales of goods and rendering of services		70,980,997,408	81,690,420,748
21	6. Finance income	25.2	7,272,205,986	3,978,922,884
22	7. Finance expenses	27	(14,891,619,765)	(7,018,733,194)
23	In which: Interest expenses		(14,316,697,369)	(6,758,129,277)
24	8. Shares of loss of joint-venture	14	(1,161,773,479)	-
25	9. Selling expenses		(485,477,344)	(431,069,939)
26	10. General and administrative expenses	28	(52,327,962,733)	(46,836,925,498)
30	11. Operating profit		9,386,370,073	31,382,615,001
31	12. Other income	29	13,446,095,100	7,431,616,833
32	13. Other expenses	29	(4,906,542,810)	(8,819,427,230)
40	14. Other profit/(loss)	29	8,539,552,290	(1,387,810,397)
50	15. Accounting profit before tax		17,925,922,363	29,994,804,604
51	16. Current corporate income tax expenses	31.1	(7,177,868,393)	(6,634,864,847)
52	17. Deferred tax income/(expenses)	31.3	557,310,677	(114,159,971)
60	18. Net profit after tax		11,305,364,647	23,245,779,786
61	19. Net profit after tax attributable to shareholders of the parent	23.1	5,721,384,814	14,361,878,319
62	20. Net profit after tax attributable to non-controlling interests	23.1	5,583,979,832	8,883,901,467

CONSOLIDATED INCOME STATEMENT (continued)
for the year ended 31 December 2016

Currency: VND

Code	ITEMS	Notes	Current year	Previous year (Restated)
70	21. Basic earnings per share	33	169	352
71	22. Diluted earnings per share	33	169	352



Preparer
Nguyễn Thị Thanh Tam



Chief Accountant
Lê Thị Minh Phương




General Director
Nguyễn Hoàng Giang

29 March 2017

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2016

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		17,925,922,363	29,994,804,604
	<i>Adjustments for:</i>			
02	Depreciation of fixed assets and amortisation of intangible assets		42,426,524,193	34,573,294,620
03	Provisions/(reversal of provisions)		1,624,424,635	(2,555,559,722)
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		419,386,513	2,641,414,171
05	Profits from investing activities		(17,077,201,292)	(2,060,405,295)
06	Interest expenses	27	14,316,697,369	6,758,129,277
08	Operating profit before changes in working capital		59,635,753,781	69,351,677,655
09	Increase in receivables		(74,606,645,541)	(16,348,919,022)
10	Decrease/(increase) in inventories		21,226,100,848	(15,568,281,762)
11	Increase in payables		26,565,313,434	39,025,195,811
12	Increase in prepaid expenses		(7,320,637,190)	(1,356,082,811)
13	Decrease in held-for-trading securities		-	16,200,000,000
14	Interest paid		(14,227,629,019)	(6,725,764,524)
15	Corporate income tax paid		(3,965,729,555)	(16,477,707,770)
17	Other cash outflows from operating activities		(442,550,900)	(797,770,900)
20	Net cash flows from operating activities		6,863,975,859	67,302,346,677
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(137,643,713,625)	(31,211,121,447)
22	Proceeds from disposals of fixed assets and other long-term assets		11,233,531,075	977,734,911
23	Loans to other entities and payments for purchase of debt instruments of other entities		(40,892,000,000)	-
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		-	12,597,600,000
25	Payments for investments in other entities		(15,823,917,742)	-
26	Proceeds from sale of investments in other entities		21,642,000,000	-
27	Interest and dividends received		2,409,238,690	1,742,789,258
30	Net cash flows used in investing activities		(159,074,861,602)	(15,892,997,278)

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

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution from non-controlling interest		2,940,000,000	-
33	Drawdown of borrowings		348,403,987,024	116,951,084,992
34	Repayment of borrowings		(200,278,489,001)	(87,536,500,108)
35	Payment of principal of finance lease liabilities		(9,313,474,788)	(8,842,096,235)
36	Dividends paid		(43,302,873,480)	(33,032,740,050)
	<i>In which:</i>			
	<i>Dividends paid to shareholders of the parent</i>		(37,081,813,480)	(30,288,740,050)
	<i>Dividends paid to non-controlling interest</i>		(6,221,060,000)	(2,744,000,000)
40	Net cash flows from/(used in) financing activities		98,449,149,755	(12,460,251,401)
50	Net (decrease)/increase in cash for the year		(53,761,735,988)	38,949,097,998
60	Cash and cash equivalents at the beginning of the year		91,466,408,824	52,507,089,010
61	Impact of exchange rate fluctuation		2,585,971	10,221,816
70	Cash and cash equivalents at the end of the year	4	37,707,258,807	91,466,408,824


Preparer
Nguyen Thi Thanh Tam


Chief Accountant
Le Thi Minh Phuong


General Director
Nguyen Hoang Giang



29 March 2017

NOTES TO THE CONSOLIDATED 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 27th, 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 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 31 December 2016 is 525 (31 December 2015: 496).

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 CONSOLIDATED 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, Hal 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

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

2.5 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company (the parent company) and its subsidiaries for the year ended 31 December 2016.

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

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

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the 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.

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

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 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 Group, based on appropriate evidence of impairment available at the consolidated balance sheet date.

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

3.3 *Receivables*

Receivables are presented in the 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 consolidated 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 consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2016 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 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 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 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 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 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 Group will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the 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 consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the consolidated income statement as incurred.

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

NOTES TO THE CONSOLIDATED 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 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 consolidated 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 :

Buldings 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 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 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 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Prepaid expenses (continued)

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 consolidated income statement over the remaining lease period, according to Circular 45.

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 of 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 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 consolidated income statement.

3.11 Investments

Investments in jointly controlled entity

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 consolidated balance sheet at cost plus post joint venture changes in the Group's share of net assets of the jointly controlled entity. The 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 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 consolidated 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 consolidated income statement.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Investments (continued)

Held-to-maturity investments

After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as finance expenses in the consolidated financial statements and deducted against the value of such investments.

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 year for all employees who have been in service for more than 12 months up to the consolidated 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 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 (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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Foreign currency transactions (continued)

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 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 year and arisen from the translation of monetary accounts denominated in foreign currency at consolidated balance sheet date are taken to the consolidated income statement.

3.16 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 and subsidiaries maintain the following reserve funds which are appropriated from the Group'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 Group'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 consolidated balance sheet.

3.17 Business cooperation contract ("BCC")

BCC in the form of jointly controlled assets is recognized on the basis that each BCC partner records its share in the jointly controlled assets as assets on its financial statements, and its share in products and income from the use of the jointly controlled assets, as well as its share in costs incurred, in accordance with the terms of BCC, details as follows:

- ▶ The share in jointly controlled assets being classified by nature of each asset;
- ▶ Specific liabilities occurred separately to each BCC partner;
- ▶ The share in the liabilities occurred from the BCC operation;
- ▶ The share in the income from sales or use of products of BCC together with relevant cost incurred;
- ▶ Other costs related to capital contribution into the BCC.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Business cooperation contract ("BCC") (continued)

BCC in form of sharing of fixed profit after tax (regardless level of BCC performance), in which the Group controls substantial operations, is recognized as a lease contract as follows:

- ▶ The Group recognises entire revenue, expenses and profit after tax of the BCC into the consolidated income statement;
- ▶ The Group recognises entire profit after tax of the BCC into "Undistributed earnings" in the consolidated balance sheet; and
- ▶ The Group recognises entire assets and liabilities of the BCC into the 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.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated balance sheet date.

Current income tax is charged or credited to the 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 consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount in 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 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Taxation (continued)

Deferred income tax (continued)

Deferred tax is charged or credited to the 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 Group 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 Group 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

<i>Currency: VND</i>		
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	884,384,602	903,238,995
Cash at banks	35,322,874,205	57,943,211,107
Cash equivalents (*)	1,500,000,000	32,619,958,722
TOTAL	37,707,258,807	91,466,408,824

(*) Cash equivalents represent bank deposits in VND with term of less than 3 months and which earn interest at the rates from 4.5% to 5.5% per annum.

5. HELD-TO-MATURITY INVESTMENTS

<i>Currency: VND</i>				
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Book value</i>	<i>Cost</i>	<i>Book value</i>
Term deposits (*)	40,892,000,000	40,892,000,000	-	-
TOTAL	40,892,000,000	40,892,000,000	-	-

(*) Held-to-maturity investments comprise deposits at banks in VND, with term of six months and earn interest at the rates from 6.2% to 6.7% per annum.

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

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Trade receivables

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Trade receivables from customers	219,370,277,624	173,740,431,620
- Mien Trung Corporation	43,507,578,479	17,788,265,271
- 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
- Vietnam Construction Materials Co., Ltd	15,259,190,883	9,767,250,694
- Other customers	134,421,156,013	118,823,850,178
Trade receivables from related parties (Note 32)	13,103,054,900	94,581,203,862
TOTAL	232,473,332,524	268,321,635,482
Long-term		
Trade receivables from related parties (Note 32)	59,758,000,000	-
TOTAL	59,758,000,000	-
Provision for doubtful receivables	(4,872,568,347)	(4,902,172,205)
<i>In which</i>		
Short-term	(4,872,568,347)	(4,902,172,205)

6.2 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	1,068,960,420	1,934,765,950
TOTAL	3,106,952,820	7,795,430,367
Provision for doubtful advance	(221,065,000)	(221,065,000)

7. SHORT-TERM LOAN RECEIVABLES

	Currency: VND	
	Ending balance	Beginning balance (Restated)
Short-term		
Loan receivables from other company	728,233,000	1,008,000,000
TOTAL	728,233,000	1,008,000,000
Long-term		
Loan receivable from individual (*)	17,821,750,000	13,300,000,000
Loan receivables from other company	-	728,233,000
TOTAL	17,821,750,000	14,028,233,000

(*) This represents short-term loan receivable from an individual (who is also a shareholder of Vinafco Dinh Vu Logistics Company Limited, a subsidiary). This loan is unsecured and earn interest rate equal to interest rate for deposits in a commercial bank.

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

8. OTHER RECEIVABLES

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Unbilled transportation revenue	18,628,890,642	7,416,215,838
Advances	10,649,485,235	12,231,784,952
Short-term deposits	3,661,325,400	3,722,826,200
Other receivable from Hai Duong Shipbuilding Industry Joint Stock Company	4,043,034,549	4,043,034,549
Claims for compensation from sub-contractor for goods damaged during transportation (*)	2,732,255,180	2,494,379,200
Receivables from Management Board of Quat Dong Industrial Zone for land clearance advance	464,958,000	464,958,000
Interest receivables	433,489,342	75,447,956
Others	3,106,758,646	1,992,110,706
TOTAL	43,720,196,994	32,440,757,401
Long-term		
Long-term deposits	8,447,594,914	1,699,594,914
TOTAL	8,447,594,914	1,699,594,914
Provision for doubtful receivables	(5,577,043,439)	(5,368,070,601)

(*) 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 related compensation from the sub-contractors.

9. INVENTORIES

	Currency: VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Raw materials	4,984,477,697	-	6,440,631,237	-
Tools and supplies	2,325,545,722	-	5,647,209,517	-
Real-estates inventories	-	-	16,448,283,513	-
TOTAL	7,310,023,419	-	28,536,124,267	-

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

10. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total
Currency: VND					
Cost:					
Beginning balance	107,311,314,234	28,976,647,103	174,656,601,608	2,402,306,514	313,346,869,459
- New purchase	340,650,400	12,288,828,077	36,407,334,301	2,619,860,523	51,656,723,301
- Transfer from construction in progress	99,303,263,141	-	-	-	99,303,263,141
- Other increase (*)	-	-	10,145,424,247	-	10,145,424,247
- Disposal	-	(1,268,403,992)	(18,980,447,028)	-	(20,248,851,020)
Ending balance	206,955,227,775	39,997,071,188	202,228,963,128	5,022,167,037	454,203,429,128
<i>In which:</i>					
Fully depreciated		1,261,992,475	14,801,917,284	1,125,041,059	17,188,950,818
Accumulated depreciation:					
Beginning balance	35,415,263,828	18,767,646,399	96,841,085,312	1,487,223,343	152,511,219,882
- Depreciation for the year	8,424,662,538	4,589,826,975	15,854,130,843	419,547,361	29,288,167,717
- Other increase (*)	-	-	77,272,493	-	77,272,493
- Disposals	-	(1,268,403,992)	(18,980,447,028)	-	(20,248,851,020)
Ending balance	43,839,926,366	22,089,069,382	93,792,042,620	1,906,770,704	161,627,809,072
Net carrying amount:					
Beginning balance	71,896,050,406	10,209,000,704	77,815,515,296	915,083,171	160,835,649,577
Ending balance	163,115,301,409	17,908,001,805	108,436,920,508	3,115,396,333	292,575,620,056

(*) This increase in tangible fixed assets is due to the change (which is effective from 1 January 2016) in the form of the business cooperation contract (for investment in transportation vehicles) from sharing of actual business performance to the form of sharing fixed profit after tax (see also Note 19);

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 20.

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

11. FINANCE LEASES

Currency: VND

*Means of
transportation*

Cost:

Beginning balance	61,193,085,134
Ending balance	<u>61,193,085,134</u>

Accumulated depreciation:

Beginning balance	17,256,474,505
Depreciation for the year	8,741,869,632
Ending balance	<u>25,998,344,137</u>

Net carrying amount:

Beginning balance	<u>43,936,610,629</u>
Ending balance	<u>35,194,740,997</u>

Finance lease assets 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 period is 84 months with floating interest rate being adjusted on 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 31 December 2016, the carrying amount of these containers is VND 32,892,702,174.
- 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. As at 31 December 2016, the carrying amount of these forklifts is VND 2,302,038,823.

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

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

12. INTANGIBLE FIXED ASSETS

	Currency: VND		
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
Cost			
Beginning balance	47,638,971,227	7,499,122,652	55,138,093,879
New purchase	-	220,000,000	220,000,000
Ending balance	47,638,971,227	7,719,122,652	55,358,093,879
<i>In which:</i>			
<i>Fully amortised</i>	-	192,000,000	192,000,000
Accumulated amortisation:			
Beginning balance	5,923,221,521	4,978,472,918	10,901,694,439
Amortisation for the year	982,959,369	1,228,569,200	2,211,528,569
Ending balance	6,906,180,890	6,207,042,118	13,113,223,008
Net carrying amount:			
Beginning balance	41,715,749,706	2,520,649,734	44,236,399,440
Ending balance	40,732,790,337	1,512,080,534	42,244,870,871

As at 31 December 2016, 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>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	4,212,743,618	1,064,657,191
TOTAL	21,701,327,981	60,478,914,105

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

14. LONG-TERM INVESTMENTS

	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.

Details of the investments in the jointly controlled entity are as follows:

Currency: VND

HTNS – Vinafco
Logistics Company
Limited

Cost:

Beginning balance	-
Capital contribution	15,823,917,742
Ending balance	15,823,917,742

Accumulated share in post-acquisition loss of the jointly controlled entity:

Beginning balance	-
Share in post-acquisition loss of the joint venture for the year	(1,161,773,479)
Ending balance	(1,161,773,479)

Net carrying amount:

Beginning balance	-
Ending balance	14,662,144,263

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

15. PREPAID EXPENSES

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Tools and supplies	1,602,109,171	1,354,995,457
Insurance premium	832,102,800	354,142,919
Others	1,482,506,499	1,523,343,518
TOTAL	3,916,718,470	3,232,481,894
Long-term		
Prepaid land rental (*)	108,612,011,301	56,947,151,302
Industrial zone management fee	6,816,114,541	7,022,663,473
Repair and maintenance cost	6,817,027,607	5,011,869,694
Tools and supplies	2,364,240,377	817,512,429
Thanh Tri office renovation expenses	1,521,851,985	-
Others	763,353,562	858,945,765
TOTAL	126,894,599,373	70,658,142,663

(*) As at 31 December 2016, certain prepaid land rental (with certificate of land use rights granted) are pledged as collaterals for bank loans as disclosed in Note 20.

16. SHORT-TERM TRADE PAYABLES

	Currency: VND			
	Ending balance		Beginning balance	
	Balance	Payable amount	Balance	Payable amount
Ben Nghe Port Co., Ltd	9,090,536,317	9,090,536,317	6,538,519,392	6,538,519,392
Tan Cang Joint Stock Company	7,308,495,079	7,308,495,079	3,071,265,190	3,071,265,190
Trung Trung Bo Logistics Joint Stock Company	8,039,352,525	8,039,352,525	3,976,448,814	3,976,448,814
Viet Ship Quang Binh Co., Ltd	7,345,768,133	7,345,768,133	8,820,399,272	8,820,399,272
Other suppliers	141,244,549,764	141,244,549,764	122,054,279,326	122,054,279,326
TOTAL	173,028,701,818	173,028,701,818	144,460,911,994	144,460,911,994

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

17. STATUTORY OBLIGATIONS

				Currency: VND
	<i>Beginning balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending balance</i>
Receivables				
Value added tax	7,423,573,472	77,824,938,086	(68,745,204,913)	16,503,306,645
Corporate income tax	1,874,914,097	1,644,255,991	(3,141,150,887)	378,019,201
TOTAL	9,298,487,569	79,469,194,077	(71,886,355,800)	16,881,325,846
Payables				
Value added tax	560,337,913	68,745,204,913	(67,823,549,542)	1,481,993,284
Corporate income tax	1,816,379,605	5,636,790,833	(3,965,729,555)	3,487,440,883
Personal Income tax	1,325,897,550	3,884,780,428	(4,746,129,655)	464,548,323
Other taxes	322,352,866	2,162,244,775	(1,978,422,911)	506,174,730
TOTAL	4,024,967,934	80,429,020,949	(78,513,831,663)	5,940,157,220

18. SHORT-TERM ACCRUED EXPENSES

		Currency: VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Construction expenditure	11,581,923,448	-
Transportation expenses	2,220,869,676	409,729,892
Interest expenses	284,285,190	72,126,283
Others	430,527,555	442,857,948
TOTAL	14,517,605,869	924,714,123

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

19. OTHER PAYABLES

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Dividends payable	6,958,935,020	37,729,805,850
Payables related to business cooperation contract (BCC) (*)	3,376,261,839	-
Compensation to customers for goods damaged during transportation (see Note 8)	2,494,379,200	2,494,379,200
Social insurance, health insurance, unemployment insurance and trade union fee	631,657,331	526,513,794
Short-term deposits	2,747,485,185	1,442,900,000
Others	2,739,048,672	2,190,203,787
TOTAL	18,947,767,247	44,383,802,631
Long-term		
Long-term deposits	5,984,604,302	6,177,730,360
TOTAL	5,984,604,302	6,177,730,360

- (*) This is the payable amount related to the BCC contract between Vinafco Mien Trung Transport and Services Company Limited (a subsidiary of the Company) and other BCC partners for investment in trucks, including the principal amount of VND 2,976,492,535 contributed by other BCC partners and the fixed profit of VND 399,769,304. In accordance with the amendment of the BCC dated 1 January 2016, the BCC partners agreed to change the BCC's profit sharing method from actual profit to fixed profit, with effective date from 1 January 2016 onwards.

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

20. LOANS AND FINANCE LEASES

Note		Beginning balance (Restated)		Movement during the year		Ending balance	
		Amount	Payable amount	Increase	Decrease	Amount	Payable amount
Short-term							
20.1	Loans from banks	35,865,262,588	35,865,262,588	211,349,187,982	(182,893,060,054)	64,318,390,516	64,318,390,516
20.2	Current portion of long term loans	11,092,108,047	11,092,108,047	35,974,472,665	(16,867,512,926)	30,199,067,786	30,199,067,786
20.3	Current portion of finance lease obligations	9,313,474,788	9,313,474,788	8,892,487,998	(9,313,474,788)	8,892,487,998	8,892,487,998
TOTAL		56,270,845,423	56,270,845,423	256,216,148,645	(209,077,047,768)	103,409,946,300	103,409,946,300
Long-term							
20.2	Loans from banks	27,867,188,154	27,867,188,154	145,774,798,978	(36,489,388,686)	137,152,598,446	137,152,598,446
20.3	Finance lease obligations	35,505,080,409	35,505,080,409	2,221,216,843	(8,892,487,998)	28,833,809,254	28,833,809,254
TOTAL		63,372,268,563	63,372,268,563	147,996,015,821	(45,381,876,684)	165,986,407,700	165,986,407,700

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

20. LOANS AND FINANCE LEASES (continued)

20.1 Short-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	48,130,704,368	4 months, interest is payable on monthly basis. Last installment is due on 28 April 2017	6.50%	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
	3,499,717,010	11 months, interest is payable on monthly basis. Overdrawn is due on 30 November 2017	8.50%	10 tipper trucks and 10 trailers owned by the Company
Tien Phong Commercial Joint Stock Bank	502,361,905	6 months, interest is payable on monthly basis. Last installment is due on 22 January 2017	8.95%	Unsecured
	1,192,560,077	6 months, interest is payable on monthly basis. Last installment is due on 24 April 2017	8.95%	Unsecured
	6,811,678,333	6 months, principal and interest are payable on monthly basis. Last installment is due on 9 June 2017	6.45 – 6.50%	Land use right and property associated with land of Song Than 2 warehouse – 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.
	4,181,368,823	From 3 to 4 months, interest is payable on monthly basis, last installment is due on 10 March 2017	8.95%	Unsecured
TOTAL	64,318,390,516			

20.2 Long-term loans from banks

Bank	Ending balance VND	Maturity and due date	Interest rate (% p.a)	Collaterals
Military Commercial Joint Stock Bank – Transaction Center 1 Branch	33,735,995,016	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%-10.9%	Land use rights (41,308 m2) at Lot A, Ngu Hiep Commune, Thanh Tri District and building associated with the land lot owned by the Company
	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%-9.20%	Means of transportation funded by the loan owned by the Company
	10,464,000,000	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
In which:	53,940,869,016			
Current portion of long term loans	8,978,779,240			
Saigon – Hanoi Commercial Joint Stock Bank – Trung Yen Transaction Office	1,064,250,000	60 months, interest and principal are payable on quarterly basis. The final installment is due on 23 August 2019	10.60%	Building associated with land of Tien Son 1 and Tien Son 2 warehouses, owned by Vinafco Logistics Company Limited
In which:	1,064,250,000			
Current portion of long term loans	387,000,000			

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

20. LOANS AND FINANCE LEASES (continued)

20.2 Long-term loans from banks (continued)

<i>Bank</i>	<i>Ending balance</i>	<i>Maturity and due date</i>	<i>Interest rate (% p.a)</i>	<i>Collaterals</i>
	VND			
Vietnam Technological and Commercial Joint Stock Bank	2,063,272,625	48 months, interest is payable on monthly basis and principal payable on quarterly basis. Last installment is due on 9 September 2018	10%-12.73%	Means of transportation funded by the loan, owned by the Company
	<u>2,063,272,625</u>			
<i>In which:</i>				
<i>Current portion of long term loans</i>	1,398,815,500			
Vietnam Prosperity Commercial Joint Stock Bank	3,833,333,333	60 months, interest and principal are payable on monthly basis. Last installment is due on 7 February 2019	11.35% - 13.15%	Ship Vinafco 26 of Vinafco Shipping Joint Stock Company
	8,136,818,182	60 months, interest and principal are payable on monthly basis. Last installment is due on 24 July 2019	10.75% -11.35%	Ship Vinafco 26 of Vinafco Shipping Joint Stock Company
	<u>11,970,151,515</u>			
<i>In which:</i>				
<i>Current portion of long term loans</i>	5,595,454,536			

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

20. LOANS AND FINANCE LEASES (continued)

20.2 Long-term loans from banks (continued)

<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 – Hochiminh city branch	72,294,200,271	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.1416, 11st TDH map, Song Than 2 Industrial Zone, Tan Dong Hiep Ward, Di An District, Binh Duong Province, owned by Vinafco Binh Duong One- member Limited Liability Company; and the warehouses in Hau Giang Province, owned by Vinafco Hau Giang One-member Limited Liability Company
	18,980,700,544	60 months, interest and principal are payable on the 24 th each month. Last installment is due on 23 December 2021	8.05% – 8.30%	Means of transportation funded by the loan, owned by the Company
	91,274,900,815			
<i>In which:</i>				
<i>Current portion of long term loans</i>	11,553,494,888			

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

20. LOANS AND FINANCE LEASES (continued)

20.2 Long-term loans from banks (continued)

<i>Bank</i>	<i>Ending balance VND</i>	<i>Maturity and due date</i>	<i>Interest rate (% p.a)</i>	<i>Collaterals</i>
Vietnam Bank for Agriculture and Rural Development	5,316,000,000	42 months, interest and principal are payable on monthly basis. Last installment is due on 2 June 2020	7%	Means of transportation funded by the loan, owned by Bac Viet Logistics Joint Stock Company
	1,722,222,261	36 months, interest and principal are payable on monthly basis. Last installment is due on 8 July 2019	11%	Means of transportation funded by the loan, owned by Vinafco Shipping Joint Stock Company
	<u>7,038,222,261</u>			
<i>In which:</i>				
<i>Current portion of long term loans</i>	<u>2,185,523,622</u>			
TOTAL	<u>167,351,666,232</u>			
<i>In which:</i>				
<i>Current portion of long term loans</i>	30,199,067,786			

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

20. LOANS AND FINANCE LEASES (continued)

20.3 Finance lease

	Ending balance		Beginning balance (Restated)		Currency: VND
	Total minimum lease payments	Finance charges	Lease liabilities	Total minimum lease payments	
Current portion of non-current liabilities					
Less than 1 year	10,226,599,371	1,334,111,373	8,892,487,998	11,003,724,366	1,690,249,578
					9,313,474,788
Non-current liabilities					
From 1-5 years	30,456,321,615	1,622,512,361	28,833,809,254	36,354,111,211	2,828,829,315
More than 5 years	-	-	-	1,987,033,853	7,235,340
					1,979,798,513
TOTAL	40,682,920,986	2,956,623,734	37,726,297,252	49,344,839,430	4,526,314,233
					44,818,555,197

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

21. BONUS AND WELFARE FUND

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	208,433,275	386,033,275
Appropriation during the year	3,669,999,998	531,480,000
Used during the year	<u>299,210,080</u>	<u>709,080,000</u>
Ending balance	<u>3,579,223,193</u>	<u>208,433,275</u>

22. LONG-TERM PROVISION

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Provision for severance allowance	<u>3,486,686,445</u>	<u>2,184,971,614</u>
TOTAL	<u>3,486,686,445</u>	<u>2,184,971,614</u>

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

23. OWNERS' EQUITY

23.1 Increase and decrease in owners' equity

	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
Currency: VND									
Previous year									
Beginning balance	340,000,000,000	46,945,728,950	3,299,299,536	(1,729,495,242)	11,293,586,504	2,832,602,269	40,627,382,632	29,773,572,048	473,042,676,697
- Profit for the year	-	-	-	-	-	-	14,361,878,319	8,883,901,467	23,245,779,786
- Reserve appropriation	-	-	4,898,145,384	-	-	518,802,908	(5,416,948,292)	-	-
- Appropriation to bonus and welfare fund	-	-	-	-	-	-	(457,014,730)	(74,465,270)	(531,480,000)
- Dividends	-	-	-	-	-	-	-	(2,744,000,000)	(2,744,000,000)
Ending balance	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
Current year									
Beginning balance	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
- Contributed capital by non-controlling interest	-	-	-	-	-	-	-	2,940,000,000	2,940,000,000
- Profit for the year	-	-	-	-	-	-	5,721,384,814	5,583,979,833	11,305,364,647
- Reserve appropriation (i)	-	-	-	-	-	593,578,537	(593,578,537)	-	-
- Appropriation to bonus and welfare fund (i)	-	-	-	-	-	-	(2,478,555,677)	(1,191,444,321)	(3,669,999,998)
- Dividends (i)	-	-	-	-	-	-	-	(13,437,000,000)	(13,437,000,000)
Ending balance	340,000,000,000	46,945,728,950	8,197,444,920	(1,729,495,242)	11,293,586,504	3,944,983,714	51,764,548,529	29,734,543,757	490,151,341,132

(*) 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 includes the Company's provisional fund of VND 1,729,495,242 for purchase of treasury shares and the capital supplemental reserve of VND 2,215,488,472 of Vinafco Shipping Joint Stock Company, the Company's subsidiary. The provision and utilisation of these funds are approved by the General Meeting of Shareholders of the Company and Vinafco Shipping Joint Stock Company.

(i) Appropriation of undistributed earnings (including reserves and dividends) is made in accordance with the Resolution of the Company's Annual General Shareholder Meeting dated 26 April 2016 and the Resolution of Annual General Shareholder Meeting dated 21 April 2016 of Vinafco Shipping Joint Stock Company.

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

23. OWNERS' EQUITY (continued)

23.2 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	46,945,728,950	46,945,728,950	-	46,945,728,950	46,945,728,950	-
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)	-
TOTAL	393,413,678,628	393,413,678,628	-	393,413,678,628	393,413,678,628	-

23.3 Capital transactions with owners and distribution of dividends, profits

Currency: VND

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

23.4 Shares

	Quantity as at	
	Ending balance	Beginning balance
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 (2015: VND 10,000).

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

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

24. OFF BALANCE SHEET ITEMS

<i>ITEMS</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Foreign currencies:		
- United States dollar (USD)	8,732	19,306
- Euro (EUR)	32	81
- Great Britain Pound (GBP)	100	100

25. REVENUE**25.1 Revenue from sales of goods and rendering of services**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Gross revenue	1,086,244,109,735	1,182,061,288,901
<i>In which:</i>		
Revenue from rendering of services	1,072,275,855,190	1,182,061,288,901
Revenue from sale of apartments	13,968,254,545	-
Deductions	(31,501,818)	(289,571,545)
Net revenue	1,086,212,607,917	1,181,771,717,356
<i>Of which:</i>		
Sales to others	1,079,978,692,041	1,175,207,192,313
Sales to related parties (Note 32)	6,233,915,876	6,564,525,043

25.2 Finance income

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest income from bank deposits	2,641,488,304	1,712,034,008
Interest income on loan receivables	4,521,750,000	-
Foreign exchange gains	108,967,682	98,903,876
Gain from disposal of investment	-	2,167,985,000
TOTAL	7,272,205,986	3,978,922,884

26. COST OF GOODS SOLD AND SERVICE RENDERED

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost of services rendered	998,611,537,711	1,100,081,296,608
Cost of apartments sold	16,620,072,798	-
TOTAL	1,015,231,610,509	1,100,081,296,608

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

27. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Loan interest expenses	14,316,697,369	6,758,129,277
Loss on disposal of investments	-	602,400,000
Provision for diminution in value of held-for-trading securities and impairment loss of investments	-	(3,195,000,000)
Foreign exchange losses	542,699,203	2,654,392,421
Other finance expenses	32,223,193	198,811,496
TOTAL	14,891,619,765	7,018,733,194

28. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Labour cost	32,046,448,166	29,258,687,693
Materials cost	1,831,298,728	1,832,858,245
Depreciation and amortisation	1,088,857,613	1,259,985,510
Expenses for external services	13,718,702,758	11,382,724,344
Others	3,642,655,468	3,102,669,706
TOTAL	52,327,962,733	46,836,925,498

29. OTHER INCOME AND EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Other income	13,446,095,100	7,431,616,833
Gain from disposal of fixed assets	11,152,005,258	987,734,911
Compensation for goods damaged during transportation	2,110,140,126	5,682,340,669
Others	183,949,716	761,541,253
Other expense	4,906,542,810	8,819,427,230
Compensation for goods damaged during transportation	2,656,975,999	5,804,512,187
Tax penalty	809,590,204	-
Additional land rental	833,522,032	2,662,582,370
Others	606,454,575	352,332,673
NET OTHER PROFIT/(LOSS)	8,539,552,290	(1,387,810,397)

30. 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	89,058,800,970	83,640,857,864
Depreciation and amortisation	40,241,565,918	34,573,294,620
Expenses for external services	907,372,545,662	999,979,518,516
Other expenses	14,752,065,238	29,155,621,045
TOTAL	1,068,045,050,586	1,147,349,292,045

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

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.

In accordance with Investment Certificate No. 642041000006 issued by Hau Giang Industrial Zone Management Board 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 subsidiary 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 11 December 2008 of the 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 of earning taxable profit (i.e. 2012) and 50% CIT reduction in the following 9 years since this subsidiary is established and operates in the area with highly difficult economic-social conditions.

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

31.1 CIT expenses

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

	Currency: VND	
	Current year	Previous year
Accounting profit before tax	17,925,922,363	29,994,804,604
At CIT rate applicable to companies in the Group	2,776,990,573	6,615,324,190
<i>Adjustments:</i>		
Non-deductible expenses	529,987,527	876,011,371
Penalties	161,918,041	-
Adjustment for under accrual of tax from prior years following result of tax inspection	530,454,931	-
Losses of the parent company and subsidiaries	2,770,935,441	126,249,524
Tax losses carried forward	(149,370,716)	(868,560,267)
Foreign exchange difference of monetary assets	(358,081)	-
CIT expenses	6,620,557,716	6,749,024,818

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

31. CORPORATE INCOME TAX (continued)

31.2 Current tax

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

31.3 Deferred tax

	<i>Consolidated balance sheet</i>		<i>Currency: VND Consolidated income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Deferred tax assets				
Accrued interest on finance lease liabilities	360,366,066	-	360,366,066	-
Provision for severance allowance	381,035,000	184,090,390	196,944,611	(114,159,971)
	<u>741,401,066</u>	<u>184,090,390</u>		
Net deferred tax credit/(charge) to consolidated income statement			<u>557,310,677</u>	<u>(114,159,971)</u>

31.4 Unrecognised 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 was incurred. At the balance sheet date, the Company and its subsidiaries have aggregated accumulated tax losses of VND 23,136,389,796 available for offset against future taxable profits. Details are as follows:

<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>Currency: VND</i>	
				<i>Forfeited</i>	<i>Unutilized at 31 December 2016</i>
2011	2016	(570,561,213)	518,561,229	51,999,984	-
2012	2017	(1,001,853,028)	-	-	(1,001,853,028)
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)
		<u>(23,935,243,371)</u>	<u>746,853,591</u>	<u>51,999,984</u>	<u>(23,136,389,796)</u>

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

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

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

32. 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
Mascon Company Limited	Major shareholder	Revenue from rendering transportation services	5,721,700,162	5,592,360,900
		Dividends payment	3,520,000,000	2,464,000,000
HB Investment Trading JSC	Other related party	Revenue from rendering transportation services	512,215,714	972,164,143
		Collection of investment transfer	21,642,000,000	-
HTNS – Vinafco Logistics JV Company Limited	Joint venture	Capital contribution	15,823,917,742	-

Terms and conditions of transactions with related parties

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

Outstanding balances due from related parties at 31 December 2016 are unsecured, interest-free and will be settled in cash. For the year ended 31 December 2016, the Group 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.

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

			Currency: VND	
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade receivables (Note 6.1)				
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	181,203,862
			13,103,054,900	94,581,203,862
Long-term trade receivables (Note 6.1)				
HB Investment Trading JSC	Other related party	Transfer of investments	59,758,000,000	-
			59,758,000,000	-

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

32. 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
TOTAL	2,386,000,000	2,317,477,644

33. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the year 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 year.

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 year 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	
	Current year	Previous year (Restated)
Net profit after tax, attributable to ordinary equity holders	5,721,384,814	14,361,878,319
Adjusted provision of bonus and welfare fund (*)	-	(2,478,555,677)
Net profit after tax, attributable to ordinary equity holders for basic earnings	5,721,384,814	11,883,322,642
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	33,801,062	33,801,062
Earnings per share		
- Basic earnings per share	169	352
- Diluted earnings per share	169	352

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

33. EARNINGS PER SHARE (continued)

(*) Net profit used for calculation of earnings per share for the year ended 31 December 2015 was adjusted due to the provision of bonus and welfare fund made in accordance with the Resolution No.001/2016/NQ-ĐHĐCĐ dated 26 April 2016 of the Company's general shareholder meeting and the Resolution No. 14/NQ-ĐHĐCĐ dated 21 April 2016 of the general shareholder meeting of Vinafco Shipping Joint Stock Company, at the rate corresponding to the profit attributable to parent company for the year ended 31 December 2015.

Net profit used for calculation of earnings per share for the year ended 31 December 2016 is not subject to similar adjustment since there is no resolution of the general shareholders on provision of the fund for the current year.

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

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 comprises business segments as follows:

- ▶ Trading, ground transportation, warehouse services; and
- ▶ Marine transportation.

The Group does not disclose information on geographical segment because the management determines that the Group currently operates in only one geographical segment – Vietnam territory.

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

34. SEGMENT INFORMATION (continued)

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

As at 31 December 2016 and for the year then ended

Currency: VND

	Trading, road transportation, warehouse services	Sea transportation	Elimination	Total
Revenue				
Sales to external customers	654,072,411,962	432,140,195,955	-	1,086,212,607,917
Inter-segment sales	146,270,038,525	8,200,204,546	(154,470,243,071)	-
Cost of sales	602,909,147,455	412,322,463,054	-	1,015,231,610,509
Result				
Segment gross profit	51,163,264,507	19,817,732,901	-	70,980,997,408
Unallocated income/(expenses) (*)				(53,055,075,045)
Profit before tax				17,925,922,363
CIT expenses				(6,620,557,717)
Net profit for the year				<u>11,305,364,647</u>
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				<u>996,107,414,615</u>
Segment liabilities	127,433,256,520	84,194,091,414	-	211,627,347,934
Unallocated liabilities (*)				294,328,725,540
Total liabilities				<u>505,956,073,483</u>
Other segment information				
Capital expenditure (**)	108,539,907,302	3,862,493,000	-	112,402,400,302
Tangible fixed assets	108,319,907,302	3,862,493,000	-	112,182,400,302
Intangible fixed assets	220,000,000	-	-	220,000,000
Depreciation	23,179,715,145	14,850,322,204	-	38,030,037,349
Amortisation	2,211,528,569	-	-	2,211,528,569

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

34. SEGMENT INFORMATION (continued)

As at 31 December 2015 and for the year then ended

Currency: VND

	Trading, road transportation, warehouse services	Sea transportation	Elimination	Total
Revenue				
Sales to external customers	736,283,724,198	445,487,993,158		1,181,771,717,356
Inter-segment sales	127,815,447,678	13,405,831,822	(141,221,279,500)	-
Cost of sales	681,831,364,873	418,249,931,735		1,100,081,296,608
Result				
Segment gross profit	54,452,359,325	27,238,061,423	-	81,690,420,748
Unallocated expenses (*)				(51,695,616,144)
Net profit before CIT				29,994,804,604
CIT expenses				(6,749,024,818)
Net profit for the year				<u>23,245,779,786</u>
Assets and liabilities				
Segment assets	277,857,195,664	168,117,317,296	-	445,974,512,960
Unallocated assets (*)				<u>381,691,139,756</u>
Total assets				<u>827,665,652,716</u>
Segment liabilities	140,887,630,532	85,243,970,122	-	226,131,600,654
Unallocated liabilities (*)				<u>108,521,075,579</u>
Total liabilities				<u>334,652,676,233</u>
Other segment information				
Capital expenditure (**)	30,895,745,899	55,500,000	-	30,951,245,899
Tangible fixed assets	30,895,745,899	55,500,000	-	30,951,245,899
Intangible fixed assets	-	-	-	-
Depreciation	8,047,771,748	7,302,251,956	-	15,350,023,704
Amortisation	1,215,048,006	6,250,011	-	1,221,298,017

(*) Unallocated income/(expenses) mainly comprise of finance income, finance expenses, administrative expenses, selling expenses and other income 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year 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 date under the operating lease agreements are as follows:

	Currency: VND	
	Ending balance	Beginning balance
Less than 1 year	10,263,649,606	6,603,853,966
From 1 – 5 years	19,076,932,328	15,168,615,984
More than 5 years	97,000,201,542	107,444,423,860
TOTAL	126,340,783,476	129,216,893,810

36. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the consolidated balance sheet as at 31 December 2015 has been reclassified to conform with the presentation of the current year's consolidated financial statements. Details are as follows:

	As previously presented	Reclassification	Currency: VND As reclassified
Short-term loan receivables	13,300,000,000	(12,292,000,000)	1,008,000,000
Long-term loan receivables	1,736,233,000	12,292,000,000	14,028,233,000
Value-added tax deductible	7,145,341,246	278,232,226	7,423,573,472
Tax and other receivables from the State	2,153,146,323	(278,232,226)	1,874,914,097
Short-term loans and finance lease obligations	55,398,845,423	872,000,000	56,270,845,423
Long-term loans and finance lease obligations	64,244,268,563	(872,000,000)	63,372,268,563

37. EVENTS AFTER THE BALANCE SHEET DATE

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

 Preparer Nguyen Thi Thanh Tam	 Chief Accountant Le Thi Minh Phuong	 General Director Nguyen Hoang Giang
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Hanoi, Vietnam

29 March 2017