

**CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE SECOND QUARTER OF
THE FISCAL YEAR ENDING 31 DECEMBER 2019

GEMADEPT CORPORATION



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GEMADEPT CORPORATION

Address: No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the 2nd quarter of the fiscal year ending 31 December 2019

CONSOLIDATED BALANCE SHEET

As of 30 June 2019

Unit: VND

ITEMS	Code	Note	Ending balance	Beginning balance
A - CURRENT ASSETS	100		1.516.709.850.423	1.391.476.968.171
I. Cash and cash equivalents	110	V.1	215.437.456.243	172.567.048.493
1. Cash	111		184.037.456.243	152.567.048.493
2. Cash equivalents	112		31.400.000.000	20.000.000.000
II. Short-term financial investments	120		104.775.344.105	112.264.578.609
1. Trading securities	121	V.2a	140.694.265.680	140.694.265.680
2. Provisions for devaluation of trading securities	122	V.2a	(68.918.921.575)	(61.529.687.071)
3. Held-to-maturity investments	123	V.2b	33.000.000.000	33.100.000.000
III. Short-term receivables	130		1.052.620.434.615	948.717.189.064
1. Short-term trade receivables	131	V.3	438.104.123.275	415.572.537.439
2. Short-term prepayments to suppliers	132	V.4a	398.965.974.963	313.407.557.232
3. Short-term inter-company receivables	133		-	-
4. construction contract	134		-	-
5. Receivables for short-term loans	135	V.5	26.075.460.000	25.110.000.000
6. Other short-term receivables	136	V.6a	199.480.825.772	204.403.043.787
7. Allowance for short-term doubtful debts	137	V.7	(10.005.949.394)	(9.775.949.394)
8. Deficit assets for treatment	139		-	-
IV. Inventories	140		66.704.860.111	65.547.974.159
1. Inventories	141	V.8	69.836.594.279	68.666.483.779
2. Allowance for inventories	149	V.8	(3.131.734.168)	(3.118.509.620)
V. Other current assets	150		77.171.755.348	92.380.177.846
1. Short-term prepaid expenses	151	V.9a	10.385.018.206	18.685.914.248
2. Deductible VAT	152		60.000.830.838	67.247.820.601
3. Taxes and other receivables from the State	153	V.18	6.785.906.304	6.446.442.997
4. Trading Government bonds	154		-	-
5. Other current assets	155		-	-

CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Balance Sheet (cont.)

ITEMS		Code	Note	Ending balance	Beginning balance
B-	NON-CURRENT ASSETS	200		8,417,616,162.916	8,592,586,275.948
I.	Long-term receivables	210		30,676,061.350	54,548,228.370
1.	Long-term trade receivables	211		-	-
2.	Long-term prepayments to suppliers	212	V.4b	358,000.000	358,000.000
3.	Working capital in affiliates	213		-	-
4.	Long-term inter-company receivables	214		-	-
5.	Receivables for long-term loans	215		-	-
6.	Other long-term receivables	216	V.6b	30,318,061.350	54,190,228.370
7.	Allowance for long-term doubtful debts	219		-	-
II.	Fixed assets	220		3,295,722,711.059	3,404,108,820.531
1.	Tangible fixed assets	221	V.10	2,837,482,109.350	2,919,498,474.108
-	Historical cost	222		4,532,027,153.522	4,493,007,287.938
-	Accumulated depreciation	223		(1,694,545,044.172)	(1,573,508,813.830)
2.	Financial leased assets	224	V.11	181,898,349.026	203,471,422.418
-	Historical cost	225		259,738,889.560	259,292,255.153
-	Accumulated depreciation	226		(77,840,540.534)	(55,820,832.735)
3.	Intangible fixed assets	227	V.12	276,342,252.683	281,138,924.005
-	Initial cost	228		348,551,509.225	346,696,893.881
-	Accumulated amortization	229		(72,209,256.542)	(65,557,969.876)
III.	Investment property	230		-	-
-	Historical costs	231		-	-
-	Accumulated depreciation	232		-	-
IV.	Long-term assets in process	240		1,661,417,388.092	1,707,554,353.910
1.	Long-term work in process	241		-	-
2.	Construction-in-progress	242	V.13	1,661,417,388.092	1,707,554,353.910
V.	Long-term financial investments	250		2,660,753,003.871	2,631,526,440.205
1.	Investments in subsidiaries	251		-	-
2.	Investments in joint ventures and associates	252	V.2c	2,434,619,693.015	2,408,854,342.493
3.	Investments in other entities	253	V.2d	238,333,032.000	238,333,032.000
4.	Provisions for devaluation of long-term financial investments	254	V.2d	(12,199,721.144)	(15,660,934.288)
5.	Held-to-maturity investments	255	V.2b	-	-
VI.	Other non-current assets	260		769,046,998.545	794,848,432.932
1.	Long-term prepaid expenses	261	V.9b	698,354,304.348	709,062,974.706
2.	Deferred income tax assets	262	V.14	29,265,515.251	30,485,029.379
3.	Long-term components and spare parts	263		-	-
4.	Other non-current assets	268		-	-
5.	Goodwill	269	V.15	41,427,178.946	55,300,428.847
TOTAL ASSETS		270		9,934,326,013.339	9,984,063,244.119

This statement should be read in conjunction with the Notes to the Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Balance Sheet (cont.)


ITEMS	Code	Note	Ending balance	Beginning balance
C - LIABILITIES	300		3,122,996,697.722	3,455,080,797.582
I. Current liabilities	310		1,302,067,741.498	1,564,164,959.918
1. Short-term trade payables	311	V.16	374,879,936.201	403,579,649.960
2. Short-term advances from customers	312	V.17	9,761,893.731	4,780,274.288
3. Taxes and other obligations to the State Budget	313	V.18	46,271,962.832	31,037,822.817
4. Payables to employees	314	V.19	33,573,312.163	64,434,393.519
5. Short-term accrued expenses	315	V.20	169,691,758.528	167,617,217.603
6. Short-term inter-company payables	316		-	-
7. Payable according to the progress of	317		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.22a	106,994,323.900	108,740,670.393
10. Short-term borrowings and financial leases	320	V.23a	427,541,559.311	675,007,320.722
11. Provisions for short-term payables	321	V.24	66,726,495.831	66,507,460.107
12. Bonus and welfare funds	322	V.25	66,626,499.001	42,460,150.509
13. Price stabilization fund	323		-	-
14. Trading Government bonds	324		-	-
II. Non-current liabilities	330		1,820,928,956.224	1,890,915,837.664
1. Long-term trade payables	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Inter-company payables for working capital	334		-	-
5. Long-term inter-company payables	335		-	-
6. Long-term unearned revenue	336	V.21	227,083,183.400	230,488,858.099
7. Other long-term payables	337	V.22b	71,764,496.504	68,333,658.840
8. Long-term borrowings and financial leases	338	V.23b	1,520,627,027.381	1,591,981,449.040
9. Convertible bonds	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax liability	341	V.26	1,454,248.939	111,871.685
12. Provisions for long-term payables	342		-	-
13. Science and technology development fund	343		-	-

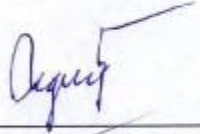
This statement should be read in conjunction with the Notes to the Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Balance Sheet (cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
D- OWNER'S EQUITY	400		6.811.329.315.617	6.528.982.446.537
I. Owner's equity	410		6.811.329.315.617	6.528.982.446.537
1. Capital	411	V.27a	2.969.249.570.000	2.969.249.570.000
- Ordinary shares carrying voting rights	411a		2.969.249.570.000	2.969.249.570.000
- Preferred shares	411b		-	-
2. Share premiums	412	V.27a	1.941.832.197.040	1.941.832.197.040
3. Bond conversion options	413		-	-
4. Other sources of capital	414	V.27a	71.797.775.902	71.797.775.902
5. Treasury stocks	415		-	-
6. Differences on asset revaluation	416		-	-
7. Foreign exchange differences	417	V.27a	73.198.047.913	88.120.738.511
8. Investment and development fund	418	V.27a	154.834.882.853	140.506.685.321
9. Business arrangement supporting fund	419		-	-
10. Other funds	420	V.27a	140.828.449.326	127.122.474.017
11. Retained earnings	421	V.27a	768.239.629.689	541.644.403.653
- Retained earnings accumulated to the end of the previous period	421a		479.283.403.127	541.644.403.653
- Retained earnings of the current period	421b		288.956.226.562	-
12. Construction investment fund	422		-	-
13. Benefits of non-controlling shareholders	429	V.28	691.348.762.894	648.708.602.093
II. Other sources and funds	430		-	-
1. Sources of expenditure	431		-	-
2. Fund to form fixed assets	432		-	-
TOTAL LIABILITIES AND OWNER'S EQUITY	440		9.934.326.013.339	9.984.063.244.119

Ho Chi Minh City, 29 July 2019


Pham Quang Huy
Preparer


Nguyen Minh Nguyet
Chief Accountant



Do Van Minh
General Director

GEMADEPT CORPORATION

Address: No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

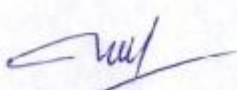
CONSOLIDATED FINANCIAL STATEMENTS

For the 2nd quarter of the fiscal year ending 31 December 2019

CONSOLIDATED INTERIM INCOME STATEMENT
For the 2nd quarter of the fiscal year ending 31 December 2019

Unit: VND

ITEMS	Code	Note	Quarter 2		Accumulated from the beginning of the year to the end of the current period	
			Current year	Previous year	Current year	Previous year
1. Sales	01	VI.1	668.239.883.990	597.312.243.855	1.297.231.593.286	1.299.074.551.073
2. Sales deductions	02		-	-	-	-
3. Net sales	10		668.239.883.990	597.312.243.855	1.297.231.593.286	1.299.074.551.073
4. Cost of sales	11	VI.2	402.873.351.631	317.600.324.572	781.925.728.942	813.979.917.999
5. Gross profit	20		265.366.532.359	279.711.919.283	515.305.864.344	485.094.633.074
6. Financial income	21	VI.3	93.863.828.576	147.245.889.975	105.404.619.337	1.546.133.686.333
7. Financial expenses	22	VI.4	37.715.660.231	(52.707.183.475)	81.799.873.418	(24.431.043.793)
In which: Loan interest expenses	23		38.201.714.277	30.016.165.125	74.048.109.380	53.630.625.584
8. Gain or loss in joint ventures, associates	24		74.828.723.579	32.197.787.480	117.746.905.119	53.974.186.700
9. Selling expenses	25	VI.5	35.170.810.419	52.528.643.700	64.232.024.728	79.207.983.735
10. General and administration expenses	26	VI.6	76.642.815.093	79.823.491.398	149.680.215.747	149.644.130.047
11. Net operating profit	30		284.529.798.771	379.510.645.116	442.745.274.907	1.880.781.436.118
12. Other income	31	VI.7	4.116.950.904	3.406.147.188	7.900.896.581	11.887.720.447
13. Other expenses	32	VI.8	51.758.773.802	101.429.116.180	52.657.406.191	103.163.323.072
14. Other profit/ (loss)	40		(47.641.822.898)	(98.022.968.992)	(44.756.509.610)	(91.275.602.625)
15. Total accounting profit before tax	50		236.887.975.873	281.487.676.124	397.988.765.297	1.789.505.833.493
16. Current income tax	51		35.458.825.356	6.201.982.328	50.523.112.821	238.263.659.738
17. Deferred income tax	52		(184.692.093)	(199.119.556)	(314.393.561)	(2.944.045.012)
18. Profit after tax	60		201.613.842.610	275.484.813.352	347.780.046.037	1.554.186.218.767
19. Profit after tax of the Parent Company	61		169.357.438.588	260.881.108.547	288.956.226.562	1.528.862.954.602
20. Profit after tax of non-controlling shareholders	62		32.256.404.022	14.603.704.805	58.823.819.475	25.323.264.165
21. Basic earnings per share	70	VI.9	524	886	895	5.243
22. Diluted earnings per share	71	VI.9	524	886	895	5.243


Pham Quang Huy
Preparer


Nguyen Minh Nguyet
Chief Accountant

Ho Chi Minh City, 29 July 2019




Do Van Minh
General Director

This statement should be read in conjunction with the Notes to the Consolidated Financial Statements

GEMADEPT CORPORATION

Address: No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the 2nd quarter of the fiscal year ending 31 December 2019

CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the 2nd quarter of the fiscal year ending 31 December 2019

Unit: VND

ITEMS	Code	Accumulated from the beginning of the year to the end of the current period	
		Current year	Previous year
I. Cash flows from operating activities		-	
1. Profit before tax	01	397.988.765.297	1.789.505.833.493
2. Adjustments			
- Depreciation of fixed assets and investment properties	02	179.631.475.469	151.333.962.072
- Provisions and allowances	03	4.710.465.298	(113.689.942.377)
- Exchange gain/ (loss) due to revaluation of monetary items in foreign currencies	04	2.473.403.986	7.579.590.554
- Gain/ (loss) from investing activities	05	(58.715.473.425)	(1.443.698.210.174)
- Interest expenses	06	74.048.109.380	53.630.625.584
- Others	07	-	-
3. Operating profit before changes of working capital	08	600.136.746.005	444.661.859.152
- Increase/ (decrease) of receivables	09	(253.702.936.152)	(68.705.324.769)
- Increase/ (decrease) of inventories	10	(27.785.006.530)	18.170.947.488
- Increase/ (decrease) of payables	11	260.360.265.516	(46.641.482.968)
- Increase/ (decrease) of prepaid expenses	12	19.009.566.400	7.031.661.949
- Increase/ (decrease) of trading securities	13	-	-
- Interests paid	14	(73.245.739.325)	(37.778.588.719)
- Corporate income tax paid	15	(37.988.690.775)	(106.390.517.499)
- Other cash inflows	16	-	-
- Other cash outflows	17	(26.447.342.637)	(15.278.046.602)
Net cash flows from operating activities	20	<u>460.336.862.502</u>	<u>195.070.508.032</u>
II. Cash flows from investing activities			
1. Purchases and construction of fixed assets and other non-current assets	21	(118.442.762.157)	(743.428.605.693)
2. Proceeds from disposals of fixed assets and other non-current assets	22	1.455.454.546	2.541.792.492
3. Cash outflow for lending, buying debt instruments of other entities	23	(30.865.460.000)	(36.330.000.000)
4. Cash recovered from lending, selling debt instruments of other entities	24	18.900.000.000	56.765.000.000
5. Investments into other entities	25	(96.770.850.000)	(230.649.000.000)
6. Withdrawals of investments in other entities	26	120.227.219.374	1.814.973.893.654
7. Interest earned, dividends and profits received	27	5.978.089.489	78.941.517.113
Net cash flows from investing activities	30	<u>(99.518.308.748)</u>	<u>942.814.597.566</u>

This statement should be read in conjunction with the Notes to the Consolidated Financial Statements

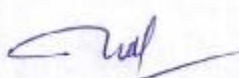
CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Cash Flow Statement (cont.)

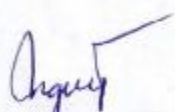
ITEMS	Code	Accumulated from the beginning of the year to the end of the current period	
		Current year	Previous year
III. Cash flows from financing activities			
1. Proceeds from issuing stocks and capital contributions from owners	31	-	-
2. Repayment for capital contributions and re-purchases of stocks already issued	32	-	-
3. Proceeds from borrowings	33	319.148.866.591	836.989.914.089
4. Repayment for loan principal	34	(609.584.575.823)	(216.032.074.526)
5. Payments for financial leased assets	35	(27.428.291.615)	(10.356.196.331)
6. Dividends and profit paid to the owners	36	-	(2.345.656.266.600)
<i>Net cash flows from financing activities</i>	<i>40</i>	<i>(317.864.000.847)</i>	<i>(1.735.054.623.368)</i>
Net cash flows during the year	50	42.954.552.907	(597.169.517.770)
Beginning cash and cash equivalents	60	172.567.048.493	779.802.200.597
Effects of fluctuations in foreign exchange rates	61	(84.145.157)	276.858.249
Ending cash and cash equivalents	70	215.437.456.243	182.909.541.076

Ho Chi Minh City, 29 July 2019



Do Van Minh
General Director


Pham Quang Huy
Preparer


Nguyen Minh Nguyet
Chief Accountant

GEMADEPT CORPORATION

Address: No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the 2nd quarter of the fiscal year ending 31 December 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 2nd quarter of the fiscal year ending 31 December 2019

I. GENERAL INFORMATION**1. Ownership form**

Gemadept Corporation (hereinafter referred to as “the Corporation” or “the Parent Company”) is a joint stock company.

2. Operating field

The Corporation operates in many different fields.

3. Principal business activities

Gemadept Corporation has been consistent with its strategy to develop core businesses and to selectively diversify business sectors. The Corporation’s business scopes include port operation, logistics, forestry and real estate.

- Port operation: Operating a port system stretching from the North to the South, in big cities and at major industrial zones: Phuoc Long Port, Nam Hai Port, Nam Hai Dinh Vu Port, Nam Dinh Vu Port, Dung Quat Port, Binh Duong Port and Nam Hai ICD Port; investing in the project of Gemalink Cai Mep Deep-sea Container Port;
- Logistics: Distribution centers; container liner services; project cargo transport; multi-modal transport, ship and crew management; shipping agency and freight forwarding services; air-cargo terminal, etc.
- Forestry: Planting, exploiting and processing rubber trees and other industrial crops in Cambodia.
- Real estate: Building and operating commercial centers, hotels, office buildings in big cities of Vietnam and Indochina including Saigon Gem Mixed-use Development project and Gemadept Mixed-use Development project in Vientiane - Laos.

4. Normal operating cycle

The Corporation’s normal operating cycle is within 12 months.

5. Effects of the Corporation’s operation during the period on the Consolidated Financial Statements

On 30 January 2019, the Corporation decided to increase the charter capital of Phuoc Long Port Co., Ltd. to expand business operation and to guarantee for loan of Gemadept - Terminal Link Cai Mep Terminal J.S.C. On 20 February 2019 the Corporation resumed the construction of Gemalink port, the largest deep-sea port of Viet Nam, in Ba Ria Vung Tau province.

During the period, the Corporation adjusted the principle business activities in accordance with the Resolution of Board of director on 16 May 2019.

During the period, the Corporation kept additionally investing in Pacific Pride Joint-Stock Company Limited, Pacific Rubber Industry Co., Ltd., and Phuoc Long Port Co., Ltd. At the same time, the Corporation has terminated the operation of Gemadept Cambodia Branch and completed the dissolution procedure of Vi Tin Service Computing Co., Ltd.

6. Structure of the Group

At the end of the period, the Group includes the Parent Company, 18 subsidiaries under the control of the Parent Company and 17 joint ventures, associates (at the beginning of the year, the Group had 19 subsidiaries and 17 joint ventures and associates). All the subsidiaries are consolidated in these Consolidated Financial Statements.

GEMADEPT CORPORATION

Address: No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTSFor the 2nd quarter of the fiscal year ending 31 December 2019**Notes to the Consolidated Financial Statements (cont.)****6a. List of subsidiaries to be consolidated**

Subsidiaries	Address	Benefit rate		Voting right	
		Ending balance	Beginning balance	Ending balance	Beginning balance
Nam Dinh Vu Port Joint Stock Company	Lot CA1, Nam Dinh Vu Industrial Park, Dong Hai 2 Ward, Hai An District, Hai Phong City, Vietnam	60,00%	60,00%	60,00%	60,00%
Nam Hai Dinh Vu Port J.S.C.	Km No. 6, Dinh Vu Street, Dong Hai 2 Ward, Hai An District, Hai Phong City, Vietnam	84,66%	84,66%	84,66%	84,66%
Nam Hai Port Corporation Joint Stock Company	No. 201, Ngo Quyen Street, May Chai Ward, Ngo Quyen District, Hai Phong City, Vietnam	99,98%	99,98%	99,98%	99,98%
Nam Hai ICD Joint Stock Company	Lot CN3, MP Dinh Vu Industrial Park, Dong Hai 2 Ward, Hai An District, Hai Phong City, Vietnam	65,00%	65,00%	65,00%	65,00%
Gemadept Dung Quat International Port J.S.C.	Port No. 1 – Dung Quat Port, Binh Thuan Commune, Binh Son District, Quang Ngai Province, Vietnam	80,40%	80,40%	80,40%	80,40%
Phuoc Long Port Co., Ltd.	No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Truong Tho Transportation Services Corporation ⁽ⁱ⁾	Quarter 7, Truong Tho Ward, Thu Duc District, Ho Chi Minh City, Vietnam	46,00%	46,00%	54,00%	54,00%
Pacific Marine Equipment and Service Company Limited	No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
ISS - Gemadept Co., Ltd.	No. 45 Vo Thi Sau Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam	51,00%	51,00%	51,00%	51,00%
Pacific Marine Company Limited	No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Pacific Rubber Industry Co., Ltd.	No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Pacific Pearl Joint Stock Company Limited	61 Road No. 468, Toul Tumpoung 2 Ward, Chamkarmon District, Phnom Penh City, Cambodia	100%	100%	100%	100%
Pacific Lotus Joint Stock Company Limited	18B Road No. 500, Phsar Deum Thkov Ward, Chamkarmon District, Phnom Penh City, Cambodia	100%	100%	100%	100%
Pacific Pride Joint-Stock Company Limited	947 Por Prok Khang Tbhong Hamlet, Kar Karb Ward, Po Sen Chey District, Phnom Penh City, Cambodia	100%	100%	100%	100%
V.N.M General Transport Services Co., Ltd.	No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%

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CONSOLIDATED FINANCIAL STATEMENTSFor the 2nd quarter of the fiscal year ending 31 December 2019**Notes to the Consolidated Financial Statements (cont.)**

Subsidiaries	Address	Benefit rate		Voting right	
		Ending balance	Beginning balance	Ending balance	Beginning balance
Gemadept Construction Infrastructure Investment and Development Corporation	No. 147 Nguyen Thai Binh Street, Ward 3, Tan An City, Long An Province, Vietnam	50,00%	50,00%	50,00%	50,00%
Gemadept – Vung Tau Corporation	No. 1/1A Pham Hong Thai Street, Ward 7, Vung Tau City, Ba Ria – Vung Tau Province, Vietnam	70,00%	70,00%	70,00%	70,00%
Gemadept Nhon Hoi International Port J.S.C.	No. 98 Pham Hung Street, Ly Thuong Kiet Ward, Quy Nhon City, Binh Dinh Province, Vietnam	53,20%	53,20%	53,20%	53,20%

- (i) The Corporation has taken control over Truong Tho Transportation Services Corporation since it has been authorized by some shareholders to reach the voting right rate of 54% at the General Meetings of Shareholders.

6b. List of joint venture, associates reflected in the Consolidated Financial Statements in accordance with the equity method

Company	Address	Benefit rate		Voting right	
		Ending balance	Beginning balance	Ending balance	Beginning balance
CJ Gemadept Logistics Holdings Company Limited	No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	49,10%	100%	49,10%	100%
Gemadept Logistics One Member Company Limited	Lot J1, Road No. 8, Song Than 1 Industrial Zone, Di An Ward, Di An Town, Binh Duong Province, Vietnam	49,10%	100%	49,10%	100%
Mekong Logistics Company	Song Hau Industrial Park, Dong Phu Commune, Chau Thanh District, Hau Giang Province, Vietnam	25,02%	50,96%	25,02%	50,96%
Gemadept Hai Phong One Member Company Limited	6 th Floor, Lot 20A, TD Plaza Business Center, Le Hong Phong Street, Dong Khe Ward, Ngo Quyen District, Hai Phong City, Vietnam	49,10%	100%	49,10%	100%
CJ Gemadept Shipping Holdings Company Limited	No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	51,00%	100%	50,00%	100%
Gemadept Shipping Limited Company	No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	51,00%	100%	50,00%	100%
Gemadept Shipping Singapore Pte. Ltd.	63 Market Street #05 – 01A Bank of Singapore Centre, Singapore, 048942	51,00%	100%	50,00%	100%
Gemadept (Malaysia) Sdn. Bhd.	No.68B, Jalan Batai Laut 4, Taman Intan, 41300 Klang, Selangor Darul Ehsan, Malaysia	51,00%	100%	50,00%	100%

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Company	Address	Benefit rate		Voting right	
		Ending balance	Beginning balance	Ending balance	Beginning balance
Gemadept - Terminal Link Cai Mep Terminal J.S.C. ⁽ⁱ⁾	Cai Mep Area, Phuoc Hoa Commune, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam	65,13%	65,13%	50,00%	50,00%
Saigon Cargo Service Corporation (SCSC Corp.)	No. 30, Phan Thuc Duyen Street, Ward 4, Tan Binh District, Ho Chi Minh City, Vietnam	35,21%	36,43%	35,21%	36,43%
“K” Line – Gemadept Logistics Co., Ltd.	No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	50,00%	50,00%	50,00%	50,00%
Golden Globe Co., Ltd.	Sibunhuong Village, Chanthabouly District, Vientiane, Laos	40,00%	40,00%	40,00%	40,00%
Golden Globe Trading Co., Ltd.	No. 117 Le Loi Street, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam	45,00%	45,00%	45,00%	45,00%
Foodstuff Combina Torial Joint Stock Company	No. 267 Quang Trung Street, Quang Trung Ward, Ha Dong District, Hanoi City, Vietnam	26,56%	26,56%	26,56%	26,56%
Minh Dam Tourism J.S.C.	Cau Tum, Hai Tan Quarter, Phuoc Hai Town, Dat Do District, Ba Ria-Vung Tau Province, Vietnam	40,00%	40,00%	40,00%	40,00%
Vung Tau Commercial Port J.S.C. (VCP)	No. 973, 30/4 Street, Ward 11, Vung Tau City, Ba Ria – Vung Tau Province, Vietnam	26,78%	26,78%	26,78%	26,78%
OOCL Logistics (Vietnam) Co., Ltd.	13 th Floor, Saigon Trade Center Building, No. 37 Ton Duc Thang Street, District 1, Ho Chi Minh City, Vietnam	49,00%	49,00%	49,00%	49,00%

- ⁽ⁱ⁾ Although the ownership rate of the Group in Gemadept - Terminal Link Cai Mep Terminal J.S.C. is more than 50%, according to the Charter of Gemadept - Terminal Link Cai Mep Terminal J.S.C, the Resolutions of its General Meeting of Shareholders have to be approved by the shareholders who hold at least 76% of total voting shares. Therefore, this investment is presented in the item “Investments in joint ventures and associates” on the Consolidated Financial Statements.

7. Statement on information comparability on the Consolidated Financial Statements

The figures in the current period can be comparable with corresponding figures in the previous period.

8. Employees

As at 30 June 2019, there have been 1.479 employees working for the Group companies (at the beginning of the year: 1.481 employees).

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Notes to the Consolidated Financial Statements (cont.)

II. FISCAL YEAR AND ACCOUNTING CURRENCY

1. Fiscal year

The fiscal year of the Group is from 01 January to 31 December annually. The 2nd quarter of 2019 began on 1 April 2019 and ended on 30 June 2019.

2. Accounting currency unit

The accounting currency unit is Vietnamese Dong (VND).

III. ACCOUNTING STANDARDS AND SYSTEM

1. Accounting System

The Group applies the Vietnamese Accounting Standards and System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 guiding the Vietnamese Accounting System, the Circular No. 202/2014/TT-BTC dated 22 December 2014 guiding the preparation and presentation of the Consolidated Financial Statements as well as other Circulars guiding implementation of Vietnamese Accounting Standards of the Ministry of Finance in preparation and presentation of the Consolidated Financial Statements.

2. Statement on the compliance with the Accounting Standards and System

The Board of Directors ensures to follow all the requirements of the Vietnamese Accounting Standards and System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014, the Circular No. 202/2014/TT-BTC dated 22 December 2014 as well as other Circulars guiding the implementation of the Accounting Standards of the Ministry of Finance in the preparation and presentation of the Consolidated Financial Statements.

IV. ACCOUNTING POLICIES

1. Accounting convention

All the Consolidated Financial Statements are prepared on the accrual basis (except for the information related to cash flows).

2. Consolidation bases

The Consolidated Financial Statements include the Financial Statements of the Parent Company and those of its subsidiaries. A subsidiary is an enterprise that is controlled by the Parent Company. The control exists when the Parent Company has the power to directly or indirectly govern the financial and operating policies of the subsidiary to obtain economic benefits from its activities. In determining the control power, the potential voting right arising from options or debt and capital instruments that can be converted into common shares as of the balance sheet date should also be taken into consideration.

The financial performance of subsidiaries, which is bought or sold during the year, are included in the Consolidated Income Statement from the date of acquisition or until the date of selling investments in those subsidiaries.

The Financial Statements of the Parent Company and those of subsidiaries used for consolidation are prepared in the same fiscal year and apply consistently accounting policies to the same types of transactions and events in similar circumstances. In the case that the accounting policy of a subsidiary is different from the accounting policy applied consistently in the Group, the Financial

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Statements of that subsidiary will be properly adjusted before being used for the preparation of the Consolidated Financial Statements.

Intra-group balances in the Balance Sheet, intra-group transactions and unrealized profits resulting from these transactions must be completely eliminated. Unrealized losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

Benefits of non-controlling shareholders reflect profit or loss and net assets of subsidiaries, which are not held by the Group and presented in a separate item of the Consolidated Income Statement and Consolidated Balance Sheet (classified under "Owner's equity"). Benefits of non-controlling shareholders include the values of their non-controlling interest at the initial date of business combination and those arise within the ranges of changes in owner's equity from the date of business combination. The losses arising in the subsidiary are attributed equally to the ownership rate of non-controlling shareholders, even if such losses are higher than the interest owned by these shareholders in net assets of the subsidiaries.

In case the Group invests to raise its benefit rate held in the subsidiaries, the difference between the additional investment cost and the carrying value of the subsidiaries' net assets additionally purchased as at the acquisition date is directly recorded in item "Retained earnings" on the Consolidated Balance Sheet.

As the Group withdraws a part of its capital from subsidiaries:

- If the Group still holds the control right after its capital withdrawal: the result of capital withdrawal is recorded into item "Retained earnings" on the Consolidated Balance Sheet.
- If the Group loses its control right after its capital withdrawal and subsidiaries turn into its joint ventures, associates: the remaining investment is presented in item "Investments in joint ventures, associates" in the Consolidated Financial Statements in accordance the equity method and the result of capital withdrawal is recorded into Consolidated Income Statement.
- If the Group loses its control right after capital withdrawal and subsidiaries turn into normal investment: the remaining investment is presented at the carrying value in Consolidated Financial Statements and the result of capital withdrawal is recorded into Consolidated Income Statement.

In case where subsidiaries raise capital from the owners, if the additional capital contribution rate of the involved parties is not in correspondence with the current capital ownership rate, the difference between the additional capital contribution rate of the Group and the increase of the ownership share in the subsidiaries' net assets is recorded into item "Retained earnings" on the Consolidated Balance Sheet.

3. Foreign currency transactions

Transactions in foreign currencies are converted at the actual exchange rates ruling as of the transaction dates. The ending balances of monetary items in foreign currencies are converted at the actual exchange rates ruling as of the balance sheet date.

Foreign exchange differences arisen from foreign currency transactions during the year shall be included into financial income or financial expenses. Foreign exchange differences due to the revaluation of ending balances of the monetary items in foreign currencies after offsetting their positive differences against negative differences shall be included into financial income or financial expenses.

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Notes to the Consolidated Financial Statements (cont.)

The exchange rate used to convert foreign currency transactions is the actual exchange rate ruling as at the time of these transactions. The actual exchange rates applied to foreign currency transactions are as follows:

- For the foreign currency trading contract (including spot contract, forward contract, future contract, option contract, currency swap): the exchange rate stipulated in the contracts of trading foreign currency between the Group and the Bank.
- For capital contribution made or received: the buying rate of the bank where the Group opens its account to receive capital contributed from investors as of the date of capital contribution.
- For receivables: the buying rate of foreign currency ruling as at the time of transaction of the commercial bank where the Group designates the customers to make payments.
- For payables: the selling rate of foreign currency ruling as at the time of transaction of the commercial bank where the Group supposes to make payments.
- For acquisition of assets or immediate payments in foreign currency (not included into payable accounts): the buying rate of the commercial bank where the Group makes payments.

The exchange rate used to re-evaluate ending balances of monetary items in foreign currencies is determined in accordance with following principles:

- For foreign currency deposits: the buying rate of the bank where the Group opens its foreign currency account.
- For monetary items in foreign currencies classified as other assets: the buying rate of OCB where the Group frequently conducts transactions.
- For monetary items in foreign currencies classified as liabilities: the selling rate of OCB where the Group frequently conducts transactions.

Exchange rates used when converting the Financial Statements prepared in foreign currency of subsidiaries into the accounting currency of the Parent Company are as follows:

- For assets and goodwill incurred when acquiring subsidiary overseas, apply the buying rate of the bank as at the balance sheet date.
- For liabilities, apply the selling rate of the bank as at the balance sheet date.
- For net value of assets of subsidiary held by the Parent Company at the acquisition date, apply the carrying exchange rate at the acquisition date.
- For retained earnings incurred after the date of acquiring subsidiary, apply the calculation of the items of income and expenses in the Income Statement.
- For dividends shared, apply the actual exchange rate ruling as at the time of sharing dividends.
- For items in the Income Statement and Cash Flow Statement, apply the actual exchange rate at the time of the transactions. In case the average exchange rates of the accounting period is approximate the actual rate at the time of the transaction (the difference does not exceed 2%), apply the average exchange rate. In case the fluctuation margin of beginning and ending exchange rate exceeds 2%, apply the exchange rate as at the balance sheet date.

Exchange differences arising from the conversion of Financial Statements of the subsidiary are accumulated in the item of "owner's equity" on the Consolidated Balance Sheet under the following convention:

- Exchange differences attributable to the Parent Company are presented in the item "Foreign exchange differences" under the owner's equity item of the Consolidated Balance Sheet.
- Exchange differences attributable to non-controlling shareholders are presented in the item "Benefits of non-controlling shareholders".

The exchange differences arising in relation to the conversion of goodwill not fully allocated as of the balance sheet date are counted for the Parent Company and are recorded in the item "Foreign exchange differences" under the owner's equity item in the Consolidated Balance Sheet.

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4. Cash and cash equivalents

Cash includes cash on hand and demand deposits in banks. Cash equivalents are short-term investments of which the due dates cannot exceed 03 months from the dates of the investments and the convertibility into cash is easy, and which do not have a lot of risks in the conversion into cash as of the balance sheet date.

5. Financial investments

Trading securities

Investments classified as trading securities are those held for the trading purpose with the aim of making profit.

Trading securities are recognized at original costs. The original costs are determined by the fair value of the payments at the time of the transaction plus other costs related to the purchase of trading securities.

The time of recognizing trading securities is when the Group acquires the ownership, as follows:

- For listed securities: recognized at the time of order-matching (T+0).
- For unlisted securities: recognized at the time of acquiring official ownership as stipulated by law.

Interest, dividends, and profit of the periods prior to the acquisition of trading securities are recorded as a decrease in the value of such securities. Interest, dividends and profit of the periods after the acquisition of such securities are recorded in the revenues. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity is followed up.

Convertible shares are determined on the basis of the fair value at the date of exchange. The fair value of the shares is determined as follows:

- For shares of listed companies: the closing price listed on the stock market at the date of exchange. In case where the stock market is not available for making transaction at the date of exchange, the fair value of shares is the closing price of the preceding transaction section with the date of exchange.
- For unlisted shares traded on UPCOM: the closing price on UPCOM at the date of exchange. In case where the UPCOM is not available for transaction at the exchange date, the fair value of shares is the closing price of the preceding transaction section with the date of exchange.
- For other unlisted shares: the price agreed by the parties under the contracts or the carrying value at the time of exchange.

Provisions for devaluation of trading securities are made for each particular type of securities in the market of which the fair value is lower than original costs. The fair value of trading securities listed on the stock market or traded on UPCOM is the closing price at the balance sheet date. In case where the stock market or UPCOM is not available for transactions as at the balance sheet date, the fair value of shares is the closing price of the preceding transaction with the balance sheet date.

Increases/(decreases) in the provisions for devaluation of trading securities are recorded into "Financial expenses" as at the balance sheet date.

Gain or loss from transfer of trading securities is recorded into financial income or financial expenses. The costs are determined in accordance with the mobile weighted average method.

Held-to-maturity investments

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Investments are classified as held-to-maturity investments that the Group intends and is able to hold to maturity. Held-to-maturity investments include term deposits (including debentures and promissory note), bonds, preferred shares that the issuer are required to re-purchase at a certain date in the future and held-to-maturity loans for the purpose of receiving periodical interest as well as other held-to-maturity investments.

Held-to-maturity investments are initially recognized at cost including the purchase cost and other transaction costs. After initial recognition, these investments are recorded at recoverable value. Interest from these held-to-maturity investments after acquisition date is recognized in the profit or loss on the basis of the interest income to be received. Interests arising prior to the Group's acquisition of held-to-maturity investments are recorded as a decrease in the costs as at the acquisition time.

When there are reliable evidences proving that a part or the whole investment cannot be recovered and the loss are reliably determined, the loss is recognized as financial expenses during the year while the investment value is derecognized.

Loans

Loans are determined at original costs less allowance for doubtful debts, which is made on the basis of estimated losses.

Investments in joint ventures and associates

Joint ventures

A joint venture is an entity which is established by a contractual arrangement whereby the Group and the involved parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

The Group recognizes its interests in jointly-controlled entities in accordance with the equity method. Accordingly, contributed capital in joint ventures is initially recognized at original cost and then adjusted for the changes in the Group's ownership rate of net assets of jointly-controlled entities. The consolidated Income Statement reflects the Group's ownership in the financial performance of jointly-controlled entities. The Group stops using the equity method from the date it ceases to have the jointly-controlled right or significant influences on jointly-controlled entities.

The Financial Statements of the jointly controlled entity are prepared for the fiscal year that is the same with the Consolidated Financial Statements of the Group. In the case that the accounting policy of a jointly controlled entity is different from the accounting policy applied consistently in the Group, the Financial Statements of that jointly controlled entity will be properly adjusted before being used for the preparation of the Consolidated Financial Statements.

Unrealized profits/ (losses) arising from transactions with jointly-controlled entities are eliminated in proportion to the amount under the Group's ownership in the preparation of the Consolidated Financial Statements.

Associates

An associate is an entity which the Group has significant influence but not the control to govern the financial and operating policies. Significant influence is the right to participate in making the associate's financial and operating policies but not control those policies.

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Investments in associates are recorded as in the owner's equity method. Accordingly, the investment into associate is initially recorded at costs on the Consolidated Financial Statements and then adjusted for the post acquisition change in the Group's share of net assets of the associate. If the Group's share of loss of an associate exceeds or equals the carrying amount of an investment, the investment is then reported at nil (0) value on the Consolidated Financial Statements, except when the Group has obligations to pay on behalf of the associate to satisfy obligations of the associate.

The Financial Statements of the associate are prepared for the accounting period that is the same with the Consolidated Financial Statements of the Group. In the case that the accounting policy of an associate is different from the accounting policy applied consistently in the Group, the Financial Statements of that associate will be properly adjusted before being used for the preparation of the Consolidated Financial Statements.

Unrealized profits/(losses) arising from transactions with associates are eliminated in proportion to the amount under the Group's ownership in the preparation of the Consolidated Financial Statements.

Investments in equity instruments of other entities

Investments in equity instruments of other entities include such investments in equity instruments that the Group does not have the control, joint control or significant influence on these entities.

Investments in equity instruments of other entities are initially recognized at original costs, including the purchase price plus other directly attributable expenditure. Dividends and profits of the periods prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit of the periods after the purchase of investments are recorded into the sales. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity is followed up.

Provisions for investments in equity instruments of other entities are made as follows:

- For investments in listed shares or the reliably determined fair value of investments, provisions are made on the basis of the market value of shares.
- For investments of which the fair value is unable to determine at the time of reporting, provisions are made on the basis of the losses of the invested entities at the rate equal to the difference between the actual capital invested by parties and the actual owner's equity multiplying (x) by the Group's rate of capital contribution in comparison with the total actual capital invested by parties.

Increases/(decreases) in the provisions for investments in equity instruments of other entities as of the balance sheet date are recorded into "Financial expenses".

6. Receivables

Receivables are recognized at the carrying amounts less allowances for doubtful debts.

The classification of receivables as trade receivables and other receivables is made according the following principles:

- Trade receivables reflect receivables concerning the commercial nature arising from purchase and sale transactions between the Group and customers who are independent to the Group.
- Other receivables reflect receivables not concerning the commercial nature and irrelevant to purchase and sale transactions.

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Allowance is made for each doubtful debt on the basis of estimated loss.

Increases/(decreases) in the obligatory allowance for doubtful debts as of the balance sheet date are recorded into "General and administration expenses".

7. Inventories

Inventories are recognized at the lower of cost or net realizable value.

Cost of inventories is determined as follows:

- For materials and merchandises: Costs comprise costs of purchases and other directly relevant costs incurred in bringing the inventories to their present location and conditions.
- Work-in-process: The item reflects the arisen expenses related to unfinished projects.

Stock-out costs are determined in accordance with the weighted average method and recorded in line with the perpetual method.

Net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for inventories is recognized when their costs are higher than their net realizable values. For services in progress, allowance is recorded for each type of services with specific prices. Increases/(decreases) in the obligatory allowance for inventories as of the balance sheet date are recorded into "Costs of sales".

8. Prepaid expenses

Prepaid expenses comprise actual expenses arising but relevant to financial performance in several accounting periods. Prepaid expenses of the Group mainly include expenses for land use right transfer, land rental, repair expenses, expenses of dredging and maintaining ports and interest expenses for container financial lease. These prepaid expenses are allocated over the prepayment period or period of corresponding economic benefits generated from these expenses.

Expenses for land use right transfer

Expenses for land use right transfer represent the rental, consultancy fees and other expenses already prepaid for the land being used by the Group. Expenses for land use right transfer are allocated in line with the land lease period.

Land rental

Prepaid land rental reflects the rental already prepaid for the land being used by the Group. Prepaid land rental is allocated into expenses in accordance with the straight-line method corresponding with the lease term.

Repair expenses

Repair expenses arising once with high value are allocated into expenses in accordance with the straight-line method from 02 to 03 years.

Expenses of dredging and maintaining ports

Expenses of dredging and maintaining ports arising once with high value are allocated into expenses in accordance with the straight-line method for the maximum period of 12 months.

Interest expenses for container financial lease

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Interest expenses for container financial lease are allocated into expenses in accordance with the straight-line method for the maximum period of 06 years.

9. Operating leased assets

A lease is classified as an operating lease if it transfers substantially all the risks and rewards incident to ownership belonging to the lessor. The lease expenses are allocated in the Group's operation costs in accordance with the straight-line method over the lease term and do not depend on the method of lease payment.

10. Tangible fixed assets

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of tangible fixed assets include all the expenses paid by the Group to bring the asset to its working condition for its intended use. Other expenses arising subsequent to initial recognition are included into historical costs of fixed assets only if it can be clearly demonstrated that the expenditure has resulted in future economic benefits expected to be obtained from the use of these assets. Those which do not meet the above conditions will be recorded into operation expenses during the year.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years applied are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	05 – 40
Machinery and equipment	05 – 10
Vehicles	06 – 20
Office equipment	03 – 10

11. Financial leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership belonging to the lessee. Financial leased assets are determined by their historical costs less accumulated depreciation. Historical cost is the lower cost of the fair value of the leased asset at commencement of the lease term and the present value of the minimum lease payments. Discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease or else mentioned in the lease. If the interest rate implicit in the lease cannot be determined, the incremental borrowing rate at commencement of the lease term will be applied.

Financial leased assets are depreciated in accordance with the straight-line method over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the fixed asset shall be depreciated over the shorter of the lease term and the estimated useful life of the asset. The maximum depreciation years of vehicles are 06 years.

12. Intangible fixed assets

Intangible fixed assets are determined by their initial costs less accumulated amortization.

Initial costs of intangible fixed assets include all the costs paid by the Group to bring the asset to its working condition for its intended use. Other costs relevant to intangible fixed assets arising subsequent to initial recognition are included into operation costs during the period only if these costs are associated with a specific intangible fixed asset and result in future economic benefits expected to be obtained from the use of these assets.

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When an intangible fixed asset is sold or disposed, its initial costs and accumulated amortization are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

Intangible fixed assets of the Group include:

Land use right

Land use right includes all the actual expenses paid by the Corporation directly related to the land being used such as expenses to obtain the land use right, compensation for house removal, land clearance and ground leveling, registration fees, etc. The land use right is permanent, so it is not amortized.

Computer software

Expenses attributable to computer software, which is not a part associated with the relevant hardware, will be capitalized. Costs of computer software include all the expenses paid by the Corporation until the date the software is put into use. Computer software is amortized in accordance with the straight-line method for the period from 03 to 08 years.

Website design expenses

Website design expenses include all the expenses directly related to the development of website. These expenses are amortized in accordance with the straight-line method in 03 years.

13. Construction-in-progress

Construction-in-progress reflects the expenses (including relevant loan interest expenses following the accounting policies of the Group) directly related to assets under construction and machinery and equipment under installation to serve for production, leasing, and management as well as the repair of fixed assets in progress. These assets are recorded at historical costs and not depreciated.

Expenses incurred for poorly-grown trees shall be recorded as a decrease in other expenses during the year in the Income Statement.

14. Business combination and goodwill

The business combination is accounted by applying acquisition method. The costs of business combination include the fair values as at the acquisition date of the exchanged assets, the incurred or assumed liabilities as well as the equity instruments issued by the Group in exchange for control of the acquiree, plus any cost directly attributable to the business combination. The acquired assets, the identifiable and contingent liabilities assumed from the business combination are recognized at their fair values as at the acquisition date.

If the business combination covers some accounting periods, the cost of business combination equals the total investment made at the date of obtaining the control of subsidiaries plus the amount of previous investments which are re-evaluated at fair value as at the date of obtaining the control of subsidiaries. The difference between the re-evaluated amount and the cost of investment shall be recorded in the financial performance provided that the Group does not have any significant influence on subsidiaries prior the date of obtaining the control and the investment in subsidiaries is presented in line with the cost method. In case where the Group has significant influence on the subsidiaries prior the date of obtaining the control the investment in subsidiaries is presented in line with the equity method, the difference between the re-evaluated amount and the cost of investment determined in line with the equity method shall be recorded in the financial performance; and the difference between the investment determined in line with the equity method and the cost of investment shall be directly recorded in "Retained earnings" of the Consolidated Balance Sheet.

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The excess of the cost of business combination over the ownership share of the Group in the net fair value of the assets, the identifiable and contingent liabilities of acquiree which are recognized at the date obtaining the control of subsidiaries is recognized as goodwill. If the ownership share of the Group in the net fair value of the assets, the identifiable and contingent liabilities of acquiree which are recognized at the date of obtaining the control of subsidiaries exceeds the cost of business combination, the difference will be included in the financial performance.

The goodwill is allocated according the straight-line method in 10 years. When there is evidence that goodwill loss is more than the allocated amount, the allocated amount during the year is the loss incurred.

The benefit of non-controlling shareholders as at the date of business combination is initially measured on the basis of the ownership share of non-controlling shareholders in the fair values of the assets, the liabilities and the inherent liabilities recognized.

15. Payables and accrued expenses

Payables and accrued expenses are recorded for the amounts payable in the future associated with the goods and services already received. Accrued expenses are recorded based on reasonable estimates for the amounts payable.

The classification of payables as trade payables, accrued expenses and other payables is made on the basis of following principles:

- Trade payables reflect payables of commercial nature arising from the purchase of goods, services, or assets, of which the seller is an independent entity with the Group.
- Accrued expenses reflect expenses for goods, services received from suppliers or supplied to customers but have not been paid, invoiced or lack of accounting records and supporting documents; pay on leave payable to employees; and accrual of operation expenses.
- Other payables reflect payables of non-commercial nature and irrelevant to purchase, sales of goods or provisions of services.

The payables and accrued expenses are classified as short-term and long-term items in the Consolidated Balance Sheet on the basis of their remaining term as of the balance sheet date.

16. Provisions for payables

Provisions are recorded when the Group has present obligations (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.

If time causes material effects, the provisions will be determined by deducting the amount to be spent in future to settle the liability at the pre-tax discount rate that reflects the assessments of the time value of money and the specific risks from this liability in the current market. The increase in provisions due to the effect of time will be recognized as a financial expense.

Provisions payable of the Group is related to compensation for damages during transport.

17. Owner's equity

Capital

Capital is recorded according to the actual amounts invested by shareholders.

Share premiums

Share premiums are recorded in accordance with the difference between the issuance price and face value upon the IPO, additional issue or the difference between the re-issuance price and carrying

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value of treasury shares and the equity component of convertible bonds upon maturity date. Expenses directly related to the additional issue of shares and the re-issuance of treasury shares are recorded as a decrease in share premiums.

Other sources of capital

Other sources of capital are due to the supplementation from business profits, revaluation of assets and net carrying values between the fair values of the assets gifted or granted to the Group after deducting taxes payable (if any) related to these assets.

18. Profit distribution

Profit after tax is distributed to the shareholders after appropriation for funds under the Charter of the Corporation as well as legal regulations and approved by the General Meeting of Shareholders.

The distribution of profits to the shareholders is made with consideration toward non-cash items in the retained earnings that may affect cash flows and payment of dividends such as profit due to revaluation of assets contributed as investment capital, profit due to revaluation of monetary items, financial instruments and other non-cash items.

Dividends are recorded as payables upon approval of the General Meeting of Shareholders.

19. Recognition of sales and income

Sales of service provision

Sales of service provision shall be recognized when all of the following conditions are satisfied:

- The amount of sales can be measured reliably. When the contract stipulates that the buyer is entitled to return the services provided under specific conditions, sales is recognized only when these specific conditions are no longer existed and the buyer is not entitled to return the services provided.
- The Group received or shall probably receive the economic benefits associated with the provision of services.
- The stage of completion of the transaction at the end of reporting period can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

In the case that the services are provided in several accounting periods, the determination of sales during the period is done on the basis of the stage of completion as of the balance sheet date.

Income from leasing operating assets

Income from leasing operating assets is recognized in accordance with the straight-line method during the lease term. Rentals received in advance for several periods are allocated to revenues in consistence with the lease term.

Interest

Interest is recorded, based on the term and the actual interest rate applied in each particular period.

Dividends and profit shared

Dividends and profit shared are recognized when the Group has the right to receive dividends or profit from the capital contribution. Particularly, the dividends paid in form of shares are not recorded as an increase in value, but the increasing quantity is followed up.

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20. Sales deductions

Sales deductions include trade discounts, sales allowances incurred in the same period of providing merchandises, services, in which revenues are derecognized.

In case of merchandises, services provided in the previous years but trade discounts, sales allowances incurred in the current year, revenues are derecognized as follows:

- If trade discounts, sales allowances incur prior to the release of the Consolidated Financial Statements, revenues are derecognized on the Consolidated Financial Statements of the current year.
- If trade discounts, sales allowances incur after the release of the Consolidated Financial Statements, revenues are derecognized on the Consolidated Financial Statements of the following year.

21. Borrowing costs

Borrowing costs are interests and other costs that the Group directly incurs in connection with the borrowing.

Borrowing costs are recorded as an expense when it is incurred. In case the borrowing costs are directly attributable to the construction or the production of an asset in progress, which takes a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be included in the cost of that asset. To the extent that the borrowings are especially for the purpose of construction of fixed assets and investment properties, the borrowing cost is eligible for capitalization even if construction period is under 12 months. Incomes arisen from provisional investments as loans are recognized as a decrease in the costs of relevant assets.

In the event that general borrowings are partly used for the acquisition, construction or production of an asset in progress, the costs eligible for capitalization will be determined by applying the capitalization rate to average accumulated expenditure on construction or production of that asset. The capitalization rate is computed at the weighted average interest rate of the borrowings not yet paid during the year, except for particular borrowings serving the purpose of obtaining a specific asset.

22. Expenses

Expenses are those that result in outflows of the economic benefits and are recorded at the time of transactions or when incurrence of the transaction is reliable regardless of whether payment for expenses is made or not.

Expenses and their corresponding revenues are simultaneously recognized in accordance with matching principle. In the event that matching principle conflicts with prudence principle, expenses are recognized based on the nature and regulations of accounting standards in order to guarantee that transactions can be fairly and truly reflected.

23. Corporate income tax

Corporate income tax includes current income tax and deferred income tax.

Current income tax

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses brought forward.

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Deferred income tax

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the Financial Statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Carrying values of deferred corporate income tax assets are considered as of the balance sheet date and will be reduced to the rate that ensures enough taxable income against which the benefits from part of or all of the deferred income tax can be used. Deferred corporate income tax assets, which have not been recorded before, are considered as of the balance sheet date and are recorded when there is certainly enough taxable income to use these unrecognized deferred corporate income tax assets.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rate to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the Income Statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity.

The Group shall offset deferred tax assets and deferred tax liabilities if:

- The Group has the legal right to offset current income tax assets against current income tax liabilities; and
- Deferred income tax assets and deferred income tax liabilities are relevant to corporate income tax which is under the management of one tax authority either:
 - Of the same subject to corporate income tax; or
 - The Group has intention to pay current income tax liabilities and current income tax assets on a net basis or recover tax assets and settle tax liability simultaneously in each future period to the extent that the majority of deferred income tax liabilities or deferred income tax assets are paid or recovered.

24. Related parties

A party is considered a related party of the Group in case that party is able to control the Group or to cause material effects on the financial decisions as well as the operations of the Group. A party is also considered a related party of the Group in case that party is under the same control or is subject to the same material effects.

Considering the relationship of related parties, the nature of relationship is focused more than its legal form.

25. Segment reporting

A business segment is a distinguishable component of the Group that is engaged in manufacturing or providing products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Group that is engaged in manufacturing or providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

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The segment information is prepared and presented in conformity with the accounting policies applicable to the preparation and presentation of the Consolidated Financial Statements of the Group.

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET**1. Cash and cash equivalents**

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	13.608.171.956	8.735.160.738
Cash in banks	142.688.240.614	140.433.501.718
Cash in transit	27.741.043.673	3.398.386.037
Cash equivalents (Bank deposits of which the principal maturity is under 03 months)	31.400.000.000	20.000.000.000
Total	215.437.456.243	172.567.048.493

2. Financial investments

The financial investments of the Group include trading securities, held-to-maturity investments, investments in joint ventures, associates and investments in other entities. The Group's financial investments are as follows:

2a. Trading securities

	<u>Ending balance</u>			<u>Beginning balance</u>		
	<u>Original costs</u>	<u>Fair values</u>	<u>Provisions</u>	<u>Original costs</u>	<u>Fair values</u>	<u>Provisions</u>
<i>Shares</i>						
National Citizen Bank (NCB)	94.971.030.000	56.818.947.455	(38.152.082.545)	94.971.030.000	62.645.063.159	(32.325.966.841)
Thu Duc Steel J.S.C.	31.488.264.362	14.956.109.200	(16.532.155.162)	31.488.264.362	16.519.218.000	(14.969.046.362)
Manganese Mineral Joint Stock Company	14.234.321.100		-(14.234.321.100)	14.234.321.100		-(14.234.321.100)
Other shares	650.218	339.800	(362.768)	650.218	365.900	(352.768)
Total	140.694.265.680	71.775.396.455	(68.918.921.575)	140.694.265.680	79.164.647.059	(61.529.687.071)

Fluctuations in provisions for impairments of trading securities are as follows:

	<u>Current period</u>	<u>Previous period</u>
Beginning balance	(61.529.687.071)	(74.153.531.152)
Reversal	(7.389.234.504)	3.689.740.500
Ending balance	(68.918.921.575)	(70.463.790.652)

2b. Held-to-maturity investments

This item reflects deposits of which term is from over 03 months to 12 months.

2c. Investments in joint-ventures, associates

	<u>Ending balance</u>			<u>Beginning balance</u>		
	<u>Original costs</u>	<u>Profit arising after the investment date</u>	<u>Total</u>	<u>Original costs</u>	<u>Profit arising after the investment date</u>	<u>Total</u>
Golden Globe Trading Co., Ltd.	62.538.064.097	3.650.391.846	66.188.455.943	62.538.064.097	1.474.981.345	64.013.045.442

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	Ending balance Profit arising after the investment date			Beginning balance Profit arising after the investment date		
	Original costs		Total	Original costs		Total
Vung Tau Commercial Port J.S.C. (VCP)	9.642.000.000	1.356.473.043	10.998.473.043	9.642.000.000	1.498.525.617	11.140.525.617
Saigon Cargo Service Corporation (SCSC Corp.)	409.172.029.720	99.988.421.498	509.160.451.218	423.398.893.817	68.814.681.326	492.213.575.143
Foodstuff Combinatorial Joint Stock Company	49.825.280.000	(21.059.835.449)	28.765.444.551	49.825.280.000	(20.376.321.648)	29.448.958.352
Gemadept – Terminal Link Cai Mep Terminal J.S.C.	1.477.350.000.000	(131.390.154.994)	1.345.959.845.006	1.477.350.000.000	(123.045.215.437)	1.354.304.784.563
Golden Globe Co., Ltd.	94.992.157.496	(151.959.664)	94.840.197.832	94.992.157.496	(396.573.410)	94.595.584.086
“K” Line – Gemadept Logistics Co., Ltd.	108.001.500.000	2.278.072.027	110.279.572.027	108.001.500.000	3.613.274.743	111.614.774.743
CJ Gemadept Logistics Holdings Company Limited	131.555.876.205	34.430.693.377	165.986.569.582	131.555.876.205	28.469.974.465	160.025.850.670
CJ Gemadept Shipping Holdings Company Limited	104.620.023.000	(2.179.339.186)	102.440.683.814	104.620.023.000	(13.122.779.123)	91.497.243.877
Other joint ventures, associates	19.783.608.143	(19.783.608.143)	-	19.783.608.143	(19.783.608.143)	-
Total	2.467.480.538.661	(32.860.845.646)	2.434.619.693.015	2.481.707.402.758	(72.853.060.265)	2.408.854.342.493

Transactions with joint ventures and associates

Significant transactions between the Group and its joint-ventures and associates are as follows:

	Accumulated from the beginning of the year to the end of this period	
	Current period	Previous period
Saigon Cargo Services Corporation		
Dividends shared	77.079.750.500	55.885.920.000
Loan	50.000.000.000	80.000.000.000
Loan interest	2.386.574.562	804.821.918
Gemadept - Terminal Link Cai Mep Terminal J.S.C.		
Loan interest	328.142.924	639.917.450
Sales from leasing offices	132.701.962	132.000.000
Vung Tau Commercial Port J.S.C.		
Dividends shared	674.940.000	1.157.040.000
Minh Dam Tourism J.S.C.		
Loans given	180.000.000	330.000.000
“K” Line – Gemadept Logistics Co., Ltd.		
Capital contribution	-	36.649.000.000

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	Accumulated from the beginning of the year to the end of this period	
	Current period	Previous period
Sales from service provision	2.518.413.155	1.231.417.200
Loan	-	15.000.000.000
Loan interest	-	174.246.575
<i>Gemadept Logistics One Member Company Limited</i>		
Interest on loans given	-	299.916.438
Loans given	-	5.000.000.000
Collection on this company's behalf	1.638.382.444	17.224.309.463
Sales from service provision	9.985.634.825	5.625.636.710
Sales from leasing assets	2.188.353.404	1.437.954.545
Payment on this company's behalf	351.759.050	577.584.570
Service charges	46.800.000	-
<i>Gemadept Hai Phong One Member Company Limited</i>		
Sales from leasing assets	3.073.090.909	2.710.909.091
Sales from service provision	32.413.153.202	14.931.566.052
Service charges	27.634.801.598	27.806.641.721
Payment on this company's behalf	21.662.046	27.019.386
<i>Mekong Logistics Company</i>		
Interest on loans given	282.849.316	70.767.123
Loans given	-	3.000.000.000
<i>Gemadept Shipping Limited Company</i>		
Sales from leasing assets, service provision, leasing office	45.903.862.871	35.906.177.612
Service charges	429.090.911	1.941.147.277
Payment on this company's behalf	15.520.125.200	1.923.876.909
Collection on this company's behalf	19.281.214.961	22.930.490.921
<i>CJ Gemadept Logistics Holdings Company Limited</i>		
Loans given	6.000.000.000	-
Interest on loan given	184.986.302	-
<i>CJ Gemadept Shipping Holdings Company Limited</i>		
Loans given	2.785.460.000	-
Interest on loan given	46.258.709	-

2d. Investments in other entities

	Ending balance		Beginning balance	
	Original costs	Provisions	Original costs	Provisions
Maritime Bank	165.581.032.000	-	165.581.032.000	-

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	Ending balance		Beginning balance	
	Original costs	Provisions	Original costs	Provisions
Indochina Sun Infrastructure Development Construction Investment Corporation	36.000.000.000	-	36.000.000.000	-
Vietnam Industry Securities Company ⁽ⁱ⁾	31.752.000.000	(9.022.859.999)	31.752.000.000	(12.493.645.455)
Intellectual Vietnam Asset Management Joint-Stock Company	5.000.000.000	(3.176.861.145)	5.000.000.000	(3.167.288.833)
Total	238.333.032.000	(12.199.721.144)	238.333.032.000	(15.660.934.288)

3. Short-term trade receivables

	Ending balance	Beginning balance
<i>Receivables from related parties</i>	34.556.608.615	51.457.623.017
“K” Line – Gemadept Logistics Co., Ltd.	440.361.438	993.762.000
Gemadept Shipping Limited Company	16.157.171.273	28.751.453.446
Gemadept Logistics One Member Company Limited	4.644.983.597	4.201.998.876
Gemadept Hai Phong One Member Company Limited	13.314.092.307	17.231.228.695
OOCL Logistics (Vietnam) Co., Ltd.	-	279.180.000
<i>Receivables from other customers</i>	403.547.514.660	364.114.914.422
Binh Duong Port J.S.C.	51.528.279.238	-
Other customers	352.019.235.422	364.114.914.422
Total	438.104.123.275	415.572.537.439

4. Short-term/long-term prepayments to suppliers**4a. Short-term prepayments to suppliers**

	Ending balance	Beginning balance
Golden Lotus Corporation	58.274.181.296	58.274.181.296
Galaxy Maritime Corporation	13.749.058.064	16.633.824.821
Binh Duong Port J.S.C.	12.694.962.702	22.435.940.990
Other suppliers	314.247.772.901	216.063.610.125
Total	398.965.974.963	313.407.557.232

4b. Long-term prepayments to suppliers

This item reflects prepayment to Vuong Song Construction Service Trading Co., Ltd.

5. Receivables for short-term loans

	Ending balance	Beginning balance
<i>Loans given to related parties</i>	15.075.460.000	14.110.000.000
Minh Dam Tourism J.S.C.	2.290.000.000	2.110.000.000
CJ Gemadept Logistics Holdings Company	10.000.000.000	4.000.000.000

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	<u>Ending balance</u>	<u>Beginning balance</u>
Limited		
CJ Gemadept Shipping Holdings Company Limited	2.785.460.000	-
Mekong Logistics Company	-	8.000.000.000
Loans given to other organizations	11.000.000.000	14.000.000.000
Total	26.075.460.000	25.110.000.000
6. Other short-term/long-term receivables		
6a. Other short-term receivables		
	<u>Ending balance</u>	<u>Beginning balance</u>
Receivables from related parties	49.598.076.228	68.636.960.655
Minh Dam Tourism J.S.C.	206.882.222	206.882.222
Golden Globe Trading Co., Ltd.	300.000.000	300.000.000
Power Transportation and Service J.S.C.	-	1.072.446.000
Gemadept Shipping Limited Company	18.918.962.062	31.478.017.357
Gemadept Logistics One Member Company Limited	579.715.409	327.961.655
Mekong Logistics Company	139.835.617	82.328.766
Gemadept Hai Phong One Member Company Limited	3.092.203.856	9.132.443.155
Golden Globe Co., Ltd	26.200.245.750	26.036.881.500
CJ Gemadept Shipping Holdings Company Limited	46.258.709	-
CJ Gemadept Logistics Holdings Company Limited	113.972.603	-
Receivables from other organizations and individuals	149.882.749.543	135.766.083.132
Payments on other's behalf	16.870.671.172	6.383.871.743
Advances	68.407.358.242	76.383.333.617
Hang River Co., Ltd. – Capital contribution to develop the project of Le Chan General Port	19.000.000.000	19.000.000.000
Short-term deposits	5.942.955.618	6.416.987.018
Other short-term receivables	39.661.764.512	27.581.890.754
Total	199.480.825.772	204.403.043.787
6b. Other long-term receivables		
	<u>Ending balance</u>	<u>Beginning balance</u>
Galaxy Maritime Corporation – Capital support	-	24.000.000.000
Indochina Sun Infrastructure Development Construction Investment Corporation – Capital contribution to develop the project of Logistics Service Area	18.000.000.000	18.000.000.000
Receipt of long-term deposits	6.621.304.080	9.424.688.070
Other long-term receivables	5.696.757.270	2.765.540.300
Total	30.318.061.350	54.190.228.370

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Fluctuations in allowances for doubtful debts are as follows:

	Current period	Previous period
Beginning balance	(9.775.949.394)	(13.885.718.489)
(Allowance)/Reversal of allowance	(230.000.000)	(370.941.795)
Decrease due to capital withdrawal from subsidiaries	-	3.097.397.830
Ending balance	(10.005.949.394)	(11.159.262.454)

8. Inventories

	Ending balance		Beginning balance	
	Original costs	Allowance	Original costs	Allowance
Materials and supplies	33.769.731.706	-	30.445.778.818	-
Fuel in ships	3.668.876.927	-	1.152.441.000	-
Spare parts	11.144.123.346	-	12.423.586.653	-
Tools	353.976.771	-	352.473.720	-
Work-in-process	14.240.519.846	-	15.448.609.291	-
Merchandises, finished goods	6.659.365.683	(3.131.734.168)	8.843.594.297	(3.118.509.620)
Total	69.836.594.279	(3.131.734.168)	68.666.483.779	(3.118.509.620)

9. Short-term/long-term prepaid expenses**9a. Short-term prepaid expenses**

	Ending balance	Beginning balance
Repair expenses	1.192.609.789	2.198.619.817
Supplies	1.854.703.440	261.666.669
Insurance premiums	3.186.416.162	2.810.437.695
Expenses on port dredging and maintaining	1.200.433.000	9.360.321.092
Other short-term prepaid expenses	2.950.855.815	4.054.868.975
Total	10.385.018.206	18.685.914.248

9b. Long-term prepaid expenses

	Ending balance	Beginning balance
Expenses on transferring land use right ⁽ⁱ⁾	138.344.413.176	140.397.901.459
Land rental ⁽ⁱⁱ⁾	441.421.990.440	447.067.932.252
Expenses on frontage road investment	25.129.521.560	23.467.404.134
Supplies, spare parts	7.569.352.524	3.859.164.753
Expenses of warehouse, office repair	13.391.280.141	-
Interest expenses for container financial lease	44.308.089.797	49.467.126.156
Other long-term prepaid expenses	28.189.656.710	44.803.445.952
Total	698.354.304.348	709.062.974.706

⁽ⁱ⁾ This is the expenses on transferring the land use right of Nam Hai Dinh Vu Port J.S.C. This land use right has been mortgaged to secure the loan from Techcombank – Hai Phong Branch.

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- (ii) This is the land rentals of Nam Hai ICD Joint Stock Company and Nam Dinh Vu Port Joint Stock Company. This land rental has been mortgaged to secure the loans from Indovina Bank Ltd. – Hai Phong Branch and VIB – Saigon Branch.

10. Tangible fixed assets

	Buildings and structures	Machinery and equipment	Vehicles	Office equipment	Total
Historical costs					
Beginning balance	1.952.413.828.616	1.301.233.553.805	1.211.574.132.018	27.785.773.499	4.493.007.287.938
Increase	140.975.000	688.318.438	46.025.284.979	663.992.050	47.518.570.467
Decrease	(1.164.309.090)	(4.417.989.232)	(2.916.406.561)	-	(8.498.704.883)
Ending balance	1.951.390.494.526	1.297.503.883.011	1.254.683.010.436	28.449.765.549	4.532.027.153.522
Depreciation					
Beginning balance	568.975.610.116	421.771.970.570	569.848.412.040	12.912.821.104	1.573.508.813.830
Increase	56.647.006.483	47.396.680.551	22.667.387.216	2.138.247.465	128.849.321.715
Decrease	(543.583.496)	(4.328.812.673)	(2.940.695.204)	-	(7.813.091.373)
Ending balance	625.079.033.103	464.839.838.448	589.575.104.052	15.051.068.569	1.694.545.044.172
Net book values					
Beginning balance	1.383.438.218.500	879.461.583.235	641.725.719.978	14.872.952.395	2.919.498.474.108
Ending balance	1.326.311.461.423	832.664.044.563	665.107.906.384	13.398.696.980	2.837.482.109.350

11. Financial leased assets

	Vehicles
Historical costs	
Beginning balance	259.292.255.153
Financial lease during the period	446.634.407
Ending balance	259.738.889.560
Depreciation	
Beginning balance	55.820.832.735
Depreciation during the period	22.019.707.799
Ending balance	77.840.540.534
Net book values	
Beginning balance	203.471.422.418
Ending balance	181.898.349.026

12. Intangible fixed assets

	Land use right	Computer software	Website design expenses	Total
Initial costs				
Beginning balance	307.313.481.530	39.278.412.351	105.000.000	346.696.893.881
Increase	1.267.615.344	587.000.000	-	1.854.615.344
Ending balance	308.581.096.874	39.865.412.351	105.000.000	348.551.509.225
Amortization				
Beginning balance	46.254.682.073	19.244.174.900	59.112.903	65.557.969.876
Increase	3.317.501.479	3.333.785.187	-	6.651.286.666
Ending balance	49.572.183.552	22.577.960.087	59.112.903	72.209.256.542

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	Land use right	Computer software	Website design expenses	Total
Net book values				
Beginning balance	261,058,799,457	20,034,237,451	45,887,097	281,138,924,005
Ending balance	259,008,913,322	17,287,452,264	45,887,097	276,342,252,683

13. Construction-in-progress

	Beginning Balance	Increase during the period	Decrease during the period	Ending balance
Acquisition of fixed assets	67,895,408,765	25,124,202,958	(65,527,685,220)	27,491,926,503
Construction-in-progress	1,639,658,945,145	44,589,800,948	(50,323,284,504)	1,633,925,461,589
- <i>Rach Chiec Residential Area</i>	51,165,085,825	-	-	51,165,085,825
- <i>Pacific Pearl Rubber Trees</i>	381,155,471,670	12,642,795,443	(251,268,374)	393,546,998,739
- <i>Pacific Lotus Rubber Trees</i>	465,400,319,020	11,674,233,027	(17,832,505,697)	459,242,046,350
- <i>Pacific Pride Rubber Trees</i>	741,938,068,630	19,999,310,205	(32,171,410,433)	729,765,968,402
- <i>Nam Dinh Vu Port</i>	-	273,462,273	(68,100,000)	205,362,273
Total	1,707,554,353,910	69,714,003,906	(115,850,969,724)	1,661,417,388,092

14. Deferred income tax assets

This item reflects deferred income tax assets related to temporarily deductible differences. Details of increases/(decreases) during the period are as follows:

	Accumulated from the beginning of the year to the end of current period	
	Current period	Previous period
Beginning balance	30,485,029,379	33,016,627,000
Inclusion into operation results during the period	(1,219,514,128)	(3,207,154,518)
Ending balance	29,265,515,251	29,809,472,482

The corporate income tax rate used for determining deferred income tax assets is 20%.

15. Goodwill

The goodwill is generated from the investment Nam Hai Port Corporation and Nam Hai Dinh Vu Port J.S.C. Details are as follows:

	Initial costs	Amount allocated	Net book values
Beginning balance	282,481,409,458	227,180,980,611	55,300,428,847
Allocation during the period	-	13,873,249,901	
Ending balance	282,481,409,458	241,054,230,512	41,427,178,946

16. Short-term trade payables

	Ending balance	Beginning balance
Payables to related parties	9,861,085,062	22,323,790,221
Gemadept Shipping Limited Company	3,163,741,211	13,680,978,518
Gemadept Hai Phong One Member Company Limited	4,116,222,423	6,756,869,342
Gemadept Logistics One Member Company Limited	2,581,121,428	1,885,942,361
Payables to other suppliers	365,018,851,139	381,255,859,739
Rich Mountain Trading Co., Ltd.	67,119,794,376	67,221,748,900

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	<u>Ending balance</u>	<u>Beginning balance</u>
V.K.S Capital Investment Co., Ltd.	24.836.756.619	72.638.886.600
Other suppliers	273.062.300.144	241.395.224.239
Total	374.879.936.201	403.579.649.960

The Group has no outstanding trade payable.

17. Short-term advances from customers

	<u>Ending balance</u>	<u>Beginning balance</u>
Khanh Duy Co., Ltd.	-	2.000.000.000
Petro China International (S) Pte. Ltd	-	489.442.015
Other customers	9.761.893.731	2.290.832.273
Total	9.761.893.731	4.780.274.288

18. Taxes and other obligations to the State Budget

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Payables</u>	<u>Receivables</u>	<u>Payable</u>	<u>Receivables</u>
VAT on local sales	5.306.445.011	-	3.747.986.304	-
Corporate income tax	38.366.931.470	5.238.138.250	24.034.072.457	4.297.173.786
Personal income tax	1.575.372.703	1.225.219.635	2.836.629.727	1.334.404.945
Other taxes	1.023.213.648	322.548.419	419.134.329	814.864.266
Total	46.271.962.832	6.785.906.304	31.037.822.817	6.446.442.997

Value added tax (VAT)

The Group companies have to pay VAT in accordance with the deduction method at the rate of 10%.

Corporate income tax

The Group companies have to pay corporate income tax on taxable income at the rate of 20%. Particularly, overseas companies are responsible for paying corporate income tax at the rate as stipulated by each country.

Determination of corporate income tax liability of the Group companies is based on prevailing regulations on tax. Nonetheless, these tax regulations may change from time to time and tax regulations applicable to variety of transactions can be interpreted differently. Hence, the tax amounts presented in the Consolidated Financial Statements can be changed upon the inspection of tax authorities.

Other taxes

The Group companies have declared and paid these taxes in line with the prevailing regulations.

19. Payables to employees

This item reflects the salary and others payables to employees.

20. Short-term accrued expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Payables to related parties	310.212.860	782.782.029
Gemadep – Terminal Link Cai Mep Terminal		
J.S.C – Loan interest expenses	-	497.616.332

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	<u>Ending balance</u>	<u>Beginning balance</u>
Gemadept Hai Phong One Member Company Limited – Service charges	310.212.860	285.165.697
<i>Payables to other organizations and individuals</i>	<i>169.381.545.668</i>	<i>166.834.435.574</i>
Loan interest expenses	14.050.243.966	12.842.721.477
Expenses on rubber tree cultivation project	69.396.155.676	65.543.237.520
Expenses on repairing and building	2.446.314.604	6.572.991.382
Expenses on goods loading, unloading and transport	14.178.533.540	6.861.219.604
Expenses on port dredging and maintaining	20.248.259.727	41.239.898.651
Other expenses	49.062.038.155	33.774.366.940
Total	<u>169.691.758.528</u>	<u>167.617.217.603</u>
21. Long-term unearned revenues		
	<u>Ending balance</u>	<u>Beginning balance</u>
Deferred interest due to revaluation of fixed assets contributed as capital to associate and jointly controlled entities	224.797.683.828	227.705.328.879
Other unearned revenues	2.285.499.572	2.783.529.220
Total	<u>227.083.183.400</u>	<u>230.488.858.099</u>
22. Other short-term/long-term payables		
22a. Other short-term payables		
	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payables to related parties</i>	<i>6.941.684.402</i>	<i>8.550.868.709</i>
Gemadept Hai Phong One Member Company Limited	321.868.893	1.066.094.645
Gemadept Logistics One Member Company Limited	4.418.387.484	5.117.063.590
Gemadept Shipping Limited Company	2.201.428.025	2.295.405.974
“K” Line – Gemadept Logistics Co., Ltd. – Gemadept	-	72.304.500
<i>Payables to other organizations and individuals</i>	<i>100.052.639.498</i>	<i>580.661.971.703</i>
Trade Union’s expenditures, social insurance, health insurance and unemployment insurance premiums	1.329.035.507	1.385.933.964
Receipts of short-term deposits	6.175.354.216	3.887.393.840
Dividends payable	10.118.601.025	866.923.926
Payable for agency service	9.967.406.421	6.666.007.893
Land rental ⁽ⁱ⁾	9.019.378.963	7.140.331.540
Other short-term payables	63.442.863.365	80.243.210.521
Total	<u>106.994.323.900</u>	<u>108.740.670.393</u>
22b. Other long-term payables		
	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payables to related parties</i>	<i>2.000.000.000</i>	<i>2.000.000.000</i>
Gemadept Logistics One Member Company Limited – Receipt of deposits for warehouse lease	2.000.000.000	2.000.000.000
<i>Payables to other organizations and individuals</i>	<i>69.764.496.504</i>	<i>66.333.658.840</i>

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	<u>Ending balance</u>	<u>Beginning balance</u>
Land rental ⁽ⁱ⁾	69.764.496.504	66.333.658.840
Total	71.764.496.504	68.333.658.840

- (i) Land rentals incurred at Pacific Pearl Joint Stock Company Limited, Pacific Lotus Joint Stock Company Limited and Pacific Pride Joint-Stock Company Limited have been allocated for the period accumulated from 2011 to 30 June 2019. These expenses will be paid after the period of 05 years since the signing date of Land Leasing Contract.

Outstanding debts

The Group has no other outstanding payable.

23. Short-term/long-term borrowings and financial lease**23a. Short-term borrowings and financial lease**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Short-term borrowings payables to related parties</i>	-	273.775.223.876
Loan from Gemadept – Terminal Link Cai Mep		
Terminal J.S.C. at fixed interest rate as stipulated in the Contract	-	220.320.963.876
Loan from Saigon Cargo Service Corporation at fixed interest rate as stipulated in the Contract	-	53.454.260.000
<i>Short-term borrowings payables to organizations</i>	144.417.948.748	123.051.121.582
Loan from Techcombank – Hai Phong Branch	32.798.903.356	78.630.679.430
Loan from Vietinbank – Branch 1 in Ho Chi Minh City	62.793.954.883	44.420.442.152
Loan from LienVietPostBank	33.840.661.387	-
Loan from OCB – Tan Binh Branch.	14.984.429.122	-
<i>Current portions of borrowings and financial lease payables to organizations</i>	283.123.610.563	278.180.975.264
Current portions of long-term loans	226.768.168.924	222.276.002.552
Current portions of financial lease	56.355.441.639	55.904.972.712
Total	427.541.559.311	675.007.320.722

The Group is solvent over short-term loans and financial leases.

23b. Long-term borrowings and financial lease

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Long-term loans from banks</i>	1.342.702.564.542	1.387.108.882.336
Loan from VIB – Saigon Branch	877.841.775.929	879.771.023.425
Loan from OCB – Tan Binh Branch	203.976.080.713	184.457.549.999
Loan from Indovina Bank Ltd. – Hai Phong Branch	121.476.773.350	155.708.641.250
Loan from ACB – Saigon Branch	70.000.000.000	80.000.000.000
Loan from BIDV – Quang Ngai Branch	46.000.000.000	64.000.000.000
Loan from Techcombank – Hai Phong Branch	-	23.171.667.662
Loan from Vietcombank Ho Chi Minh City	23.407.934.550	-
<i>Financial leases</i>	177.924.462.839	204.872.566.704
Financial lease from Trac Container Ltd.	143.272.703.818	159.396.923.957
Financial lease from Intermodal Investment Fund IV LLC	34.651.759.021	45.475.642.747
Total	1.520.627.027.381	1.591.981.449.040

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The Group is solvent over long-term loans and financial leases.

23c. Outstanding borrowings and financial leases

The Group has no outstanding loan and financial lease.

24. Provisions for short-term payables

This item reflects the amounts payable related to compensations for loss during transportation process.

25. Bonus and welfare funds

Bonus and welfare funds of the Corporation include bonus fund, welfare fund and operating fund of the Board of Management.

26. Deferred income tax liabilities

	<u>Current period</u>	<u>Previous period</u>
Beginning balance	111.871.685	6.567.021.758
Inclusion into operation result during the period	1.342.377.254	(6.202.136.830)
Ending balance	1.454.248.939	364.884.928

The corporate income tax rate used for determining value of deferred income tax is 20%.

27. Owner's equity**27a. Statement on fluctuations in owner's equity**

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Capital	2.969.249.570.000	-	-	2.969.249.570.000
Share premium	1.941.832.197.040	-	-	1.941.832.197.040
Other sources of capital	71.797.775.902	-	-	71.797.775.902
Differences on asset revaluation	88.120.738.511	-	(14.922.690.598)	73.198.047.913
Investment and development fund	140.506.685.321	14.328.197.532	-	154.834.882.853
Other funds	127.122.474.017	13.705.975.309	-	140.828.449.326
Retained earnings	541.644.403.653	288.956.226.562	(62.361.000.526)	768.239.629.689
Total	5.880.273.844.444	316.990.399.403	(77.283.691.124)	6.119.980.552.724

27b. Shares

	<u>Ending balance</u>	<u>Beginning balance</u>
Number of shares already sold to the public	296.924.957	288.276.957
- Common shares	296.924.957	288.276.957
- Preferred shares	-	-
Number of shares repurchased	-	-
- Common shares	-	-
- Preferred shares	-	-
Number of outstanding shares	296.924.957	288.276.957
- Common shares	296.924.957	288.276.957
- Preferred shares	-	-

Face value of outstanding shares: VND 10.000.

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Exchange difference arises due to converting the Financial Statements of subsidiaries prepared in USD into those in VND.

28. Benefits of non-controlling shareholders

Benefits of non-controlling shareholders present the benefit of non-controlling shareholders in net assets of subsidiaries.

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT**1. Sales****1a. Gross sales**

	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year
Sales from port operation	1.133.362.888.931	1.023.013.458.188
Sales from logistics services, leasing office,...	163.868.704.354	276.061.092.885
Total	1.297.231.593.286	1.299.074.551.073

1b. Sales to related parties

Apart from sales of goods and service provisions with joint ventures and associates presented in Note No. V.2c, the Group has no sales of goods and service provisions with related parties which are not joint ventures and associates.

2. Costs of sales

	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year
Costs of port operation	651.240.741.675	595.446.535.561
Costs of logistics services	130.684.987.267	218.533.382.438
Total	781.925.728.942	813.979.917.999

3. Financial income

	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year
Bank deposit interest	879.116.734	13.120.073.230
Exchange gain arising	1.662.500.504	3.876.680.717
Dividends and profit shared	4.122.590.757	8.778.483.883
Proceeds from transfer of investments	97.755.602.938	1.519.922.732.049
Other financial income	984.808.404	435.716.454
Total	105.404.619.337	1.546.133.686.333

4. Financial expenses

	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year

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	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year
Loan interest expenses	74.048.109.380	53.630.625.584
Exchange loss arising	3.364.351.687	20.749.827.324
(Reversal of)/ Provision for financial investments	4.261.429.573	(114.060.884.172)
Other financial expenses	125.982.778	15.249.387.471
Total	81.799.873.418	(24.431.043.793)

5. Selling expenses

Selling expenses include commission and other expenses for sales activity.

6. General and administration expenses

	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year
Salary for office staff	68.136.128.577	57.526.843.110
Materials and stationery	5.797.210.952	3.296.491.014
Depreciation/(amortization) of fixed assets	9.230.425.244	7.508.240.595
Allocation of goodwill	13.873.249.901	16.485.090.292
External services rendered	30.722.711.300	23.504.665.461
Other expenses	21.920.489.773	41.322.799.575
Total	149.680.215.747	149.644.130.047

7. Other income

	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year
Proceeds from liquidation of fixed assets	848.201.754	2.492.292.492
Unearned revenues to be allocated (*)	3.124.543.431	2.907.645.051
Other income	3.928.151.396	6.487.782.904
Total	7.900.896.581	11.887.720.447

(*) Unearned revenues to be allocated include:

- Revaluation of the land use right contributed as capital to Gemadept – Terminal Link Cai Mep Terminal J.S.C., which generated from 2008 for the amount of VND 283.980.000.000 with the allocation period of 48 years and 10 months.
- Revaluation of the fixed assets contributed as capital to CJ Gemadept Logistics Holdings Company Limited, which generated from 2017 for the amount of VND 5.622.625.365 with the allocation period of 10 years.

8. Other expenses

	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year
Expenses on ineffective investment	50.255.644.643	100.615.371.480
Other expenses	2.401.761.548	2.547.951.592
Total	52.657.406.191	103.163.323.072

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	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year
Accounting profit after corporate income tax of shareholders of the Parent Company	288.956.226.562	1.528.862.954.602
Appropriation for bonus and welfare funds	(23.116.498.125)	(17.503.688.024)
Profit used to calculate basic and diluted earnings per share	265.839.728.437	1.511.359.266.578
The average number of ordinary shares outstanding during the period	296.924.957	288.276.957
Basic earnings per share (*)	895	5.243
Diluted earnings per share	895	5.243

(*) Earnings per share of previous period was adjusted in accordance with the rate of appropriation for bonus and welfare funds approved by General Meeting of Shareholders.

10. Operating costs

	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year
Materials and supplies	115.171.843.034	116.134.274.477
Labor	179.624.063.060	150.145.821.471
Depreciation/(amortization) of fixed assets and goodwill allocated	179.631.475.469	151.333.962.072
External services rendered	465.041.252.467	550.549.288.090
Other expenses	56.369.335.387	74.668.685.671
Total	995.837.969.417	1.042.832.031.781

VII. OTHER DISCLOSURES**1. Transactions and balances with related parties**

The Group's related parties include the key managers, their related individuals and other related parties.

1a. Transactions and balances with the key managers and their related individuals

The key managers include members of the Board of Management and the Executive Officers (the Board of Directors and the Chief Accountant). The key managers' related individuals are their close family members.

Transactions with the key managers and their related individuals

The Group has no sales of goods and service provisions as well as other transactions with the key managers and their related individuals.

Receivables from and payables to the key managers and their related individuals

The Group has no receivables from and payables to the key managers and their related individuals.

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Address: No. 6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTSFor the 2nd quarter of the fiscal year ending 31 December 2019**Notes to the Consolidated Financial Statements (cont.)***Income of the key managers*

	Accumulated from the beginning of the year to the end of current period	
	Current year	Previous year
Salary	5.152.448.000	4.139.655.000
Other income	189.317.646	189.317.646
Total	5.341.765.646	4.328.972.646

1b. Transactions and balances with other related parties

Other related parties of the Group include:

Other related parties	Relationship
Gemadept - Terminal Link Cai Mep Terminal J.S.C.	Jointly-controlled entity
"K" Line - Gemadept Logistics Co., Ltd.	Jointly-controlled entity
CJ Gemadept Shipping Holdings Company Limited	Jointly-controlled entity
Saigon Cargo Service Corporation	Associate
CJ Gemadept Logistics Holdings Company Limited	Associate
Golden Globe Co., Ltd.	Associate
Vung Tau Commercial Port J.S.C. (VCP)	Associate
Golden Globe Trading Co., Ltd.	Associate
Foodstuff Combina Torial Joint Stock Company	Associate
Minh Dam Tourism J.S.C.	Associate
Gemadept Hai Phong One Member Company Limited	Subsidiary of associate
Gemadept Logistics One Member Company Limited	Subsidiary of associate
Mekong Logistics Company	Subsidiary of associate
Gemadept Shipping Limited Company	Subsidiary of Jointly-controlled entity
Gemadept Shipping Singapore Pte. Ltd.	Subsidiary of Jointly-controlled entity
Gemadept (Malaysia) Sdn. Bhd.	Subsidiary of Jointly-controlled entity
OOCL Logistics (Vietnam) Co., Ltd.	Associate
Power Transportation and Service J.S.C.	Associate of associate

Transactions with other related parties

Apart from transactions with joint ventures and associates presented in Note No. V.2c, the Group has no transaction with other related parties.

Receivables from and payables to other related parties

Receivables from and payables to other related parties are presented in Notes No. V.3, V.5, V.6, V.16, V.17, V.20, V.22, and V.23.

The receivables from other related parties are unsecured and will be paid in cash. No provision has been made for the receivables from other related parties.

GEMADEPT CORPORATION

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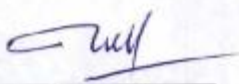

CONSOLIDATED FINANCIAL STATEMENTSFor the 2nd quarter of the fiscal year ending 31 December 2019**Notes to the Consolidated Financial Statements (cont.)****2. Notes to the differences of consolidate profit**

	<u>Quarter 2/2019</u>	<u>Quarter 2/2018</u>	<u>Differences</u>
Profit after tax of shareholders of the Parent Company	169.357.438.588	260.881.108.547	(91.523.669.959)

Profit after tax of shareholders of the Parent Company 2nd quarter of 2019 is over 169,3 billion dong, decreases 91,5 billion dongs compared with the same period last year. The main reasons are:

- Accounting profit before tax from normal business activity increases over 18,5 billion dong due to the increase in the core businesses including ports and logistics;
- Profit from transfer of the investments decreases over 63,1 billion dong compared with the same period last year;
- Income tax expenses and NCI increase over 46,9 billion dong.

Ho Chi Minh City, 29 July 2019


Pham Quang Huy
Preparer
Nguyen Minh Nguyet
Chief Accountant
Do Van Minh
General Director