

**SEAPRODEX REFRIGERATION INDUSTRY CORPORATION**

**SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

# **SEAPRODEX REFRIGERATION INDUSTRY CORPORATION**

## **SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

### CORPORATE INFORMATION

#### Enterprise registration certificate joint stock company

No. 0301825452 dated 18 September 1999 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 17<sup>th</sup> amendment dated 21 December 2017.

#### Board of Management

Mr. Nguyen Huu Thinh	Chairman
Mr. Le Tan Phuoc	Member
Mr. Nguyen Thanh Son	Member
Mr. Nguyen The Hung	Member
Mr. Yoshinobu Tamura	Member
Mr. Ryota Fukuda	Member

#### Board of Supervision

Mr. Bui Van Quyet	Chief Supervisor
Ms. Lam Hoang Vu Nguyen	Member
Mr. Do Trong Hiep	Member

#### Board of Directors

Mr. Le Tan Phuoc	General Director
Mr. Nguyen Quoc Cuong	Director of Searee
Mr. Huynh Khoi Binh	Director of Arico

#### Legal representative

Mr. Le Tan Phuoc	General Director
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#### Registered office

14th Floor, Centec Tower  
72-74 Nguyen Thi Minh Khai Street, Ward 6, District 3  
Ho Chi Minh City, Vietnam

#### Auditor

PwC (Vietnam) Limited

## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

### STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS OF THE COMPANY IN RESPECT OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors of Seaprodex Refrigeration Industry Corporation ("the Company") is responsible for preparing the separate financial statements of the Company which give a true and fair view of the financial position of the Company as at 31 December 2017, and the results of its operations and its cash flows for the year then ended. In preparing these separate financial statements, the Board of Directors is required to:

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

The Board of Directors is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements as set out on pages 5 to 38 which give a true and fair view of the financial position of the Company as at 31 December 2017, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Company and its subsidiary (together, "the Group") for the year ended 31 December 2017 in order to obtain full information of the financial position and results of operations and cash flows of the Group as a whole.

On behalf of the Board of Directors



Le Tan Phuoc  
General Director

Ho Chi Minh City, Vietnam  
8 March 2018



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS AND BOARD OF MANAGEMENT OF  
SEAPRODEX REFRIGERATION INDUSTRY CORPORATION**

We have audited the accompanying separate financial statements of Seaprodex Refrigeration Industry Corporation ("the Company") which were prepared on 31 December 2017 and approved by the Board of Directors on 8 March 2018. The separate financial statements comprise the separate balance sheet as at 31 December 2017, the separate income statement and the separate cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 38.

**The Board of Directors' Responsibility**

The Board of Directors of the Company is responsible for the preparation and the true and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements and responsible for such internal control which the Board of Directors determines is necessary to enable the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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



### Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements.

### Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

### For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran  
Audit Practising Licence No:  
0048-2018-006-1  
Authorised signatory

Nguyen Thi Cam Nhung  
Audit Practising Licence No:  
2636-2018-006-1

Report reference number: HCM6618  
Ho Chi Minh City, 8 March 2018

As indicated in Note 2.1 to the separate financial statements, the accompanying separate financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.



## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01 – DN

## SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2017 VND	2016 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>1,323,053,814,398</b>	<b>926,690,334,553</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>123,450,814,815</b>	<b>87,633,885,746</b>
111	Cash		15,050,814,815	24,489,237,746
112	Cash equivalents		108,400,000,000	63,144,648,000
<b>120</b>	<b>Short-term investment</b>		<b>177,001,437,800</b>	<b>230,500,000,000</b>
123	Investments held-to-maturity	4(a)	177,001,437,800	230,500,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>797,451,009,747</b>	<b>471,067,581,798</b>
131	Short-term trade accounts receivable	5	747,288,214,385	450,647,732,913
132	Short-term prepayments to suppliers	6	23,049,260,748	9,586,161,567
136	Other short-term receivables	7(a)	41,102,171,101	18,986,723,931
137	Provision for short-term doubtful debts	8	(13,988,636,487)	(8,153,036,613)
<b>140</b>	<b>Inventories</b>	<b>9</b>	<b>219,120,451,228</b>	<b>136,497,092,833</b>
141	Inventories		219,915,183,884	137,251,522,226
149	Provision for decline in value of inventories		(794,732,656)	(754,429,393)
<b>150</b>	<b>Other current assets</b>		<b>6,030,100,808</b>	<b>991,774,176</b>
151	Short-term prepaid expenses	10(a)	1,314,252,482	991,774,176
152	Value Added Tax to be reclaimed		4,715,848,326	-
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>178,446,603,859</b>	<b>196,476,012,948</b>
<b>210</b>	<b>Long-term receivable</b>		<b>1,395,751,840</b>	<b>27,970,088,005</b>
216	Other long-term receivables	7(b)	1,395,751,840	27,970,088,005
<b>220</b>	<b>Fixed assets</b>		<b>21,179,099,670</b>	<b>9,237,942,412</b>
221	Tangible fixed assets	11(a)	20,633,376,149	8,402,379,456
222	Historical cost		44,039,065,786	30,488,972,591
223	Accumulated depreciation		(23,405,689,637)	(22,086,593,135)
227	Intangible fixed assets	11(b)	545,723,521	835,562,956
228	Historical cost		1,712,426,260	1,636,826,260
229	Accumulated amortisation		(1,166,702,739)	(801,263,304)
<b>240</b>	<b>Long-term asset in progress</b>		<b>2,645,053,437</b>	<b>14,193,190,823</b>
242	Construction in progress	12	2,645,053,437	14,193,190,823
<b>250</b>	<b>Long-term investments</b>		<b>148,573,068,754</b>	<b>140,392,880,000</b>
251	Investments in subsidiary	4(b)	79,584,188,754	70,000,000,000
252	Investments in associate	4(b)	51,392,880,000	51,392,880,000
253	Investments in other entity	4(b)	17,596,000,000	19,000,000,000
<b>260</b>	<b>Other long-term assets</b>		<b>4,653,630,158</b>	<b>4,681,911,708</b>
261	Long-term prepaid expenses	10(b)	1,506,454,392	1,702,310,515
262	Deferred income tax assets	22	3,147,175,766	2,979,601,193
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,501,500,418,257</b>	<b>1,123,166,347,501</b>

The notes on pages 9 to 38 are an integral part of these separate financial statements.

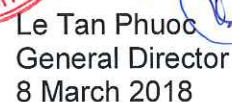
## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01 – DN

SEPARATE BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at 31 December	
			2017 VND	2016 VND
<b>300</b>	<b>LIABILITIES</b>		<b>1,101,489,927,501</b>	<b>730,951,968,530</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>1,094,338,663,330</b>	<b>724,169,610,280</b>
311	Short-term trade accounts payable	13	230,853,833,447	158,660,779,390
312	Short-term advances from customers	14	104,643,684,320	55,453,444,015
313	Tax and other payables to the State Budget	15	15,817,839,130	26,661,798,085
314	Payable to employees		40,800,547,332	28,471,742,354
315	Short-term accrued expenses	16	148,249,382,639	85,323,234,769
319	Other short-term payables	17	8,540,395,679	15,822,311,992
320	Short-term borrowings	18	538,001,806,186	350,289,833,627
321	Provision for short-term liabilities	19	3,154,631,543	2,186,323,717
322	Bonus and welfare fund	20	4,276,543,054	1,300,142,331
<b>330</b>	<b>Long-term liability</b>		<b>7,151,264,171</b>	<b>6,782,358,250</b>
337	Other long-term payables		-	142,000,000
342	Provision for long-term liabilities	21	7,151,264,171	6,640,358,250
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>400,010,490,756</b>	<b>392,214,378,971</b>
<b>410</b>	<b>Capital and reserves</b>		<b>400,010,490,756</b>	<b>392,214,378,971</b>
411	Owners' capital	23, 24	324,953,970,000	243,749,160,000
411a	- Ordinary shares with voting rights		324,953,970,000	243,749,160,000
412	Share premium	24	284,019,059	42,217,165,031
415	Treasury shares	24	(284,019,059)	(284,019,059)
418	Investment and development fund	24	5,427,578,589	42,876,161,885
421	Undistributed earnings	24	69,628,942,167	63,655,911,114
421a	- Undistributed post-tax profits of previous years		18,598,360,807	791,186,177
421b	- Post-tax profits of current year		51,030,581,360	62,864,724,937
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>1,501,500,418,257</b>	<b>1,123,166,347,501</b>


Pham Thanh Binh  
Preparer

Mai Thi Kim Dung  
Chief Accountant
  
Le Tan Phuoc  
General Director  
8 March 2018

The notes on pages 9 to 38 are an integral part of these separate financial statements.



## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 02 – DN

## SEPARATE INCOME STATEMENT

Code		Note	Year ended 31 December	
			2017 VND	2016 VND
01	Revenue from sales of goods and rendering of services		1,277,952,974,822	1,036,600,057,768
02	Less deductions		(806,566,949)	(114,947,335)
10	Net revenue from sales of goods and rendering of services	27	1,277,146,407,873	1,036,485,110,433
11	Cost of goods sold and services rendered	28	(1,147,835,370,316)	(930,676,145,512)
20	Gross profit sales of goods and rendering of services		129,311,037,557	105,808,964,921
21	Financial income	29	34,278,476,349	36,439,950,508
22	Financial expenses	30	(21,289,858,567)	(15,612,840,995)
23	- Including: Interest expense		(21,121,242,926)	(15,103,070,000)
26	General and administration expenses	31	(69,139,751,882)	(68,251,869,620)
30	Net operating profit		73,159,903,457	58,384,204,814
31	Other income	32	14,684,829,372	41,843,133,955
32	Other expenses		(891,270,850)	(532,927,645)
40	Net other income		13,793,558,522	41,310,206,310
50	Net accounting profit before tax		86,953,461,979	99,694,411,124
51	Business income tax - current	33	(13,352,805,292)	(18,517,470,918)
52	Business income tax - deferred	33	167,574,573	1,177,285,531
60	Net profit after tax		73,768,231,260	82,354,225,737



Pham Thanh Binh  
Preparer



Mai Thi Kim Dung  
Chief Accountant



Le Tan Phuoc  
General Director  
8 March 2018

The notes on pages 9 to 38 are an integral part of these separate financial statements.

## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 03 – DN

SEPARATE CASH FLOW STATEMENT  
(Indirect method)

		Year ended 31 December	
Code	Note	2017 VND	2016 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Net accounting profit before tax	86,953,461,979	99,694,411,124
	Adjustments for:		
02	Depreciation and amortisation	3,173,401,842	2,368,679,272
03	Provisions	7,355,116,884	5,454,673,271
04	Unrealised foreign exchange losses	30	8,862,207
05	Profits from investing activities	(34,087,274,154)	(76,889,729,821)
06	Interest expense	30	15,103,070,000
07	Other adjustment	32	-
08	Operating profit before changes in working capital	71,039,808,587	45,739,966,053
09	Increase in receivables	(334,050,790,159)	(162,628,238,898)
10	Increase in inventories	(82,654,462,888)	(39,851,745,539)
11	Increase in payables	196,019,866,454	130,805,138,873
12	(Increase)/decrease in prepaid expenses	(126,622,183)	352,877,015
13	Decrease in trading securities	-	1,007,003,913
14	Interest paid	(21,058,340,427)	(14,891,803,190)
15	Business income tax paid	15	(15,745,894,337)
17	Other payments on operating activities	20	(8,300,406,297)
20	Net cash outflows from operating activities	(199,827,964,628)	(63,513,102,407)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(3,575,620,484)	(15,047,827,046)
22	Proceeds from disposals of fixed assets	1,000,000,000	39,861,300,908
23	Term deposits at banks	(180,001,437,800)	(215,500,000,000)
24	Collection of term deposits at banks	233,500,000,000	171,000,000,000
25	Investments in other entities	(9,584,188,754)	(12,700,000,000)
27	Dividends and interest received	58,181,524,329	22,411,454,702
30	Net cash inflows/(outflows) from investing activities	99,520,277,291	(9,975,071,436)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Proceeds from borrowings	18	1,055,003,886,855
34	Repayments of borrowings	18	(867,291,914,296)
36	Dividends paid	25	(51,587,356,153)
40	Net cash inflows from financing activities	136,124,616,406	5,729,363,970
50	Net increase/(decrease) in cash and cash equivalents	35,816,929,069	(67,758,809,873)
60	Cash and cash equivalents at beginning of year	3	87,633,885,746
61	Effect of foreign exchange differences	-	217,337
70	Cash and cash equivalents at end of year	3	87,633,885,746

Pham Thanh Binh  
Preparer

Mai Thi Kim Dung  
Chief Accountant

Le Tan Phuoc  
General Director  
8 March 2018

The notes on pages 9 to 38 are an integral part of these separate financial statements.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****1 GENERAL INFORMATION**

SeaproDEX Refrigeration Industry Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business registration certificate ("BRC") No. 063592 dated 18 September 1999 initially issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City as amended.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") with the symbol "SRF" in accordance with License No. 117/QĐ-SGDHCM dated 29 September 2009, and the first trading date of the Company's shares was on 21 October 2009.

The Company's registered activities are to consult, survey, design, supply materials and equipment and provide installation services in relation to industrial refrigeration projects, air conditioning system, electricity system, fire prevention and fighting system, lift, water supply and drainage system, mechanics for industrial and household projects; produce and process, fabricate refrigeration machinery, equipment and materials; execute construction and interior, exterior decoration projects for civil works and industrial projects; provide maintenance and repair services of refrigeration equipment and transportation vehicles; trade materials and goods, machinery and equipment; execute construction of road and rail transportation infrastructures, public projects and houses.

The normal business cycle of the Company is 12 months.

The Company has two branches as follows:

- Danang Refrigeration Electrical Engineering – SeaproDEX Refrigeration Industry Corporation ("Searee") is incorporated under the Law on Enterprise of Vietnam pursuant to the Branch registration certificate No. 0301825452-001 dated 17 January 2000 initially issued by the DPI of Da Nang City as amended. Searee's registered office is located at Street 10, Hoa Khanh Industry zone, Lien Chieu District, Da Nang City, Vietnam.
- Branch of Mechanical and Electrical Engineering – SeaproDEX Refrigeration Industry Corporation ("Searefico M&E") is incorporated pursuant to the Branch registration certificate No. 0301825452-003 issued by the DPI of Ho Chi Minh City on 27 January 2014 as amended. Searefico M&E's registered office is located at 72-74 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Chi Minh City. From 1 October 2017, Searefico M&E was changed from a branch to a division of the Company.

As at 31 December 2017, the Company has a direct subsidiary, Asia Refrigeration Industry Joint Stock Company, an indirect subsidiary, Greenpan Joint Stock Company ("Greenpan") (\*), and an associate, Thua Thien Hue Construction Joint Stock Corporation as presented in Note 4.

- (\*) Greenpan is incorporated pursuant to the Enterprise registration certification joint stock company ("ERCJSC") No. 0314809049 dated 28 December 2017 issued by the DPI of Ho Chi Minh City. Greenpan's registered office is located at Lot No. 25-27, Trung Tam Street, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam. The principal activities of Greenpan is producing and trading of light materials. The charter capital of Greenpan is VND40 billion, in which, the Company owns 30% of the charter capital. However, as at 31 December 2017, the Company and other shareholders of Greenpan have not fulfilled any capital contribution obligations (Note 35(b)).

As at 31 December 2017, the Company had 623 employees (31 December 2016: 556 employees).



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation of separate financial statements**

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

Separately, the Company has also prepared the consolidated financial statements for the Company and its subsidiary ("the Group") in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. In the consolidated financial statements, subsidiary undertakings – which is company over which the Group has the power to govern the financial and operating policies – have been fully consolidated.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Group for the year ended 31 December 2017 in order to obtain full information of the financial position and results of operations and cash flows of the Group as a whole.

**2.2 Fiscal year**

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

**2.3 Currency**

The separate financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the separate income statement.

Monetary assets and liabilities denominated in foreign currencies at the separate balance sheet date are respectively translated at the buying and selling exchange rates at the separate balance sheet date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the separate balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the separate income statement.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

**2.5 Trade receivables**

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the separate balance sheet date. Bad debts are written off after 100% provisioning and approval by the Board of Management.

**2.6 Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost for each type of inventories is determined as follows:

Raw materials, tools and supplies	- cost of purchase on a weighted average basis.
Finished goods and work in progress	- cost of direct materials and labour plus manufacturing overheads directly attributable to specific projects.

Net realisable value represents the estimated selling price in the normal course of business less the estimated costs of completion and costs necessary to make the sale.

*Provision for decline in value of inventories*

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, deficiency, obsolescence, etc.) of inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Investments****(a) Trading securities**

Trading securities are securities, which are held for trading purpose to earn profit.

Trading securities are initially recorded at cost of acquisition. They are subsequently measured at cost less provision. The provision for diminution in value of trading securities is made when the cost is higher than its fair value.

Profit or loss from liquidation or disposal of trading securities is recorded in the separate income statement. The costs of trading securities disposed are determined by using the moving weighted average method.

**(b) Investments held-to-maturity**

Investments held-to-maturity are investments which the Board of Directors of the Company has positive intention and ability to hold until maturity.

Investments held-to-maturity include bank term deposits. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or the whole of the investment is uncollectible.

**(c) Investment in subsidiary**

Subsidiary is the entity over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investment in subsidiary is accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is an impairment of the investment.

**(d) Investment in associate**

Associate is the investment that the Company has significant influence but not control and would generally have from 20% to under 50% voting shares of the investee.

Investment in associate is accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is a reduction in value of the investment.

**(e) Investment in equity of other entity**

Investment in equity of other entity is investment in equity instruments of other entity without controlling rights or co-controlling rights, or without significant influence over the investee. This investment are initially recorded at cost. Provision for diminution in value of this investment is made when the entity make losses, except when the loss was anticipated in their business plan before the date of investment.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

*Depreciation and amortisation*

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives as follows:

Plants, buildings and structures	5 – 25 years
Machinery	5 – 20 years
Motor vehicles	6 – 10 years
Office equipment	3 – 8 years
Computer software	3 years
Others	5 – 20 years

*Disposals*

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

*Construction in progress*

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

**2.9 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the separate income statement on a straight-line basis over the term of the lease.

**2.10 Prepaid expenses**

Prepaid expenses include short-term or long-term prepayments on the separate balance sheet, mainly comprise of prepaid land rental, office rental, administration expenses, tools and supplies put in use. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives or the period which economic benefits are generated in relation to these expenses.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.11 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables are non-trade payables and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the separate balance sheet based on remaining period from the balance sheet date to the maturity date.

**2.12 Borrowing costs**

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the separate income statement when incurred.

**2.13 Accrued expenses**

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents; other payables to employees; accrued interest expenses and project costs in the reporting period. Accrued expenses are recorded as expenses in the reporting period.

**2.14 Provisions**

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provision is not recognised for future operating losses.

**2.15 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Company who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Company less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the separate balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in according with current regulations.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.16 Share capital**

Contributed capital of the shareholders is recorded according to actual amount contributed and is recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but these are not cancelled and shall be re-issued in the period in accordance with the Law on securities.

Undistributed earnings record the Company's results after business income tax and the appropriation of profit at the reporting date.

**2.17 Appropriation of net profit**

Net profit after income tax could be distributed to shareholders after approval at the Company's Shareholders' General Meeting, and after appropriation to funds in accordance with the Company's charter and Vietnamese regulations.

Dividend distribution: Dividend of the Company is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders' General Meeting.

The Company maintains the following reserves which are appropriated from the Company's net profit as proposed by the Board of Management and subject to approval by the Company's annual Shareholders' General Meeting:

**(a) Development and investment fund**

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

**(b) Bonus and welfare fund**

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.18 Revenue recognition****(a) Sales of goods**

Revenue from the sales of goods is recognised in the separate income statement when all five (5) following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

**(b) Revenue from construction contracts**

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers. Claimable receivable and other receivable are included in revenue to the extent that they have been agreed with customers, verified by the customers.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that it is probable that contract costs incurred will be recoverable. Contract costs are only recognised when incurred during the year.

**(c) Interest income**

Interest income is recognised on an earned basis.

**(d) Dividends and share of profits**

Income from dividend and profit sharing is recognised when the Company's entitlement as an investor to receive the dividend or profit is established.

**2.19 Sales deduction**

Sales deduction is allowance. Sales deduction incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that accounting period.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Sales deduction (continued)**

Sales deduction for products, goods or services which are sold in the period but are incurred after the separate balance sheet date but before the issuance of the separate financial statements are recorded as deduction from revenue of the period.

**2.20 Cost of goods sold and services rendered**

Cost of goods sold and services rendered are cost of finished goods, merchandises, materials sold and services provided during the year, and recorded on the basis of matching with revenue and on prudent concept.

**2.21 Cost of construction contracts**

Cost of construction contracts is recognised based on amount of work completed of construction projects and the estimated gross profit of the projects, and recorded on the basis of matching with revenue and on prudent concept. The Board of Directors and Division Directors have the responsibility to follow up, update and adjust the gross profit periodically.

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

**2.22 Financial expenses**

Financial expenses are expenses incurred in the year for financial activities including interest expense, losses from securities selling transactions; provision for diminution in value of trading security and losses from foreign exchange differences.

**2.23 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include expenses of administrative staffs, depreciation of fixed assets used for administration, provision for doubtful debts and outside services expenses.

**2.24 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.24 Current and deferred income tax (continued)**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2.25 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Company considers the substance of the relationship not merely the legal form.

**3 CASH AND CASH EQUIVALENTS**

	<b>2017</b> <b>VND</b>	<b>2016</b> <b>VND</b>
Cash on hand	1,135,060,808	104,777,074
Cash at bank	13,915,754,007	24,384,460,672
Cash equivalents (*)	108,400,000,000	63,144,648,000
Total	<u>123,450,814,815</u>	<u>87,633,885,746</u>

(\*) Cash equivalents include bank term deposits with an original maturity of three months or less.



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## 4 INVESTMENTS

## (a) Investments held-to-maturity

	2017		2016	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Bank deposits with original maturities of more than 3 months and within 12 months	177,001,437,800	177,001,437,800	230,500,000,000	230,500,000,000

## (b) Long-term investments

	2017		2016	
	Cost VND	% of ownership	Cost VND	% of ownership
(i) Investment in subsidiary Asia Refrigeration Industry Joint Stock Company ("Arico")	79,584,188,754	84.00	70,000,000,000	100.00
(ii) Investment in associate Thua Thien Hue Construction Joint Stock Corporation ("HCC")	51,392,880,000	36.00	51,392,880,000	36.00
(iii) Investment in other entity International Investment and Water Technology Joint Stock Company ("Inwatek")	17,596,000,000	19.55	19,000,000,000	19.00

At the separate balance sheet date, the Company has not determined the fair value of the investments since the Company has no available information on the market value of these investments.

## (i) Investment in subsidiary

Arico is formerly a one-member limited liability company named Asia Refrigeration Industry Company Limited, incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4104002210 dated 22 October 2007 initially issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City and the 5th amended Enterprise registration certificate one-member limited liability company No. 0305429178 dated 31 March 2015. On 2 August 2017, Arico was granted the Enterprise registration certification joint stock company ("ERCJSC") No. 0305429178 by the DPI of Ho Chi Minh City to transform Arico into a joint stock company.

Arico's registered office is located at Lot No. 25-27, Trung Tam Street, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam.

The principal activities of Arico are to manufacture, process, fabricate equipment, machines, spare parts of refrigeration industry, to provide consulting service, to assemble, supply materials and equipment, to provide execution, installation and maintenance, to repair thermal mechanical-electrical systems and equipment, automatic and controlled equipment, lift and rolling leader, to construct industrial and civil projects, interior, exterior decoration, to produce insulated panels and materials.

**4 INVESTMENTS (continued)****(b) Long-term investments (continued)****(ii) Investment in associate**

HCC is a joint stock company incorporated pursuant to the ERCJSC No. 3300101156 issued by the DPI of Thua Thien Hue Province on 5 January 2011, as amended.

HCC's registered office is located at Lot No. 9 Pham Van Dong Street, Hue City, Thua Thien Hue Province, Vietnam.

The principal activities of HCC are to construct civil, industrial, public, sport, traffic, irrigation and infrastructure projects; to provide services of consulting and supervision for the civil, industrial, traffic and irrigation projects; to engage in real estate trading, infrastructure of industrial zones and residential areas; to produce construction materials, and trade and exploit stones, sands and gravel; and to produce other wooden products.

**(iii) Investment in other entity**

Inwatek is a joint stock company incorporated pursuant to the BRC No. 0313029247 issued by the DPI of Ho Chi Minh City on 26 November 2014, as amended.

Inwatek's registered office is located at 72-74 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Chi Minh City, Vietnam.

The principal activities of Inwatek are trading machinery and equipment for water production, installing water processing, exploiting systems and investment consulting services.

**5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	<b>2017</b> <b>VND</b>	<b>2016</b> <b>VND</b>
Third parties	731,482,306,173	409,379,811,853
<i>Construction Joint Stock Company No.1</i>		
<i>(COFICO)</i>	153,057,556,861	22,008,785,993
<i>Viettel Real Estate Company</i>	33,431,836,048	65,913,818,909
<i>Others</i>	544,992,913,264	321,457,206,951
Related parties (Note 34(b)(i))	15,805,908,212	41,267,921,060
Total	<u>747,288,214,385</u>	<u>450,647,732,913</u>

As at 31 December 2017 and 31 December 2016, the past due balances of short-term trade accounts receivable were presented in Note 8.



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**6 SHORT-TERM PREPAYMENTS TO SUPPLIERS**

	<b>2017 VND</b>	<b>2016 VND</b>
Third parties	18,070,942,254	9,586,161,567
<i>Vietstar Industry Corporation</i>	4,716,835,506	-
<i>Yq-Vina Joint Stock Company</i>	-	1,577,560,941
<i>DOHOME Vietnam Trading and Construction</i>		
<i>Joint Stock Company</i>	-	1,332,485,338
<i>Daikin Air Conditioning (Viet Nam) Joint Stock</i>		
<i>Company</i>	-	1,027,490,680
<i>Others</i>	13,354,106,748	5,648,624,608
Related parties (Note 34(b)(ii))	4,978,318,494	-
Total	<u>23,049,260,748</u>	<u>9,586,161,567</u>

**7 OTHER RECEIVABLES****(a) Other short-term receivables**

	<b>2017 VND</b>	<b>2016 VND</b>
Subsidiary (Note 34(b)(iii))	17,772,316,386	-
Interest income receivable from banks	7,675,636,112	10,308,761,111
Receivables from construction teams	4,841,545,246	3,079,918,511
Advances to employees	4,373,786,375	3,457,823,015
Receivables from other related parties (Note 34(b)(iii))	2,073,944,444	-
Other receivables from employees	2,027,350,109	1,122,659,349
Deposits	561,117,668	445,421,557
Others	1,776,474,761	572,140,388
Total	<u>41,102,171,101</u>	<u>18,986,723,931</u>

**(b) Other long-term receivables**

	<b>2017 VND</b>	<b>2016 VND</b>
Deposits (Note 34(b)(iv))	1,309,881,840	1,331,881,840
Profit distributed (Note 34(b)(iv))	-	26,635,586,165
Others	85,870,000	2,620,000
Total	<u>1,395,751,840</u>	<u>27,970,088,005</u>

As at 31 December 2017 and 31 December 2016, there was no balance of other receivables that was past due or not past due but doubtful.

**8 PROVISION FOR SHORT-TERM DOUBTFUL DEBTS**

	<b>2017</b>		<b>2016</b>	
	<b>Cost VND</b>	<b>Provision VND</b>	<b>Cost VND</b>	<b>Provision VND</b>
Receivables that are past due	<u>23,707,358,219</u>	<u>13,988,636,487</u>	<u>18,639,463,551</u>	<u>8,153,036,613</u>

Movements in provision for short-term doubtful debts during the year are as follows:

	<b>2017 VND</b>	<b>2016 VND</b>
Beginning of year	8,153,036,613	2,680,467,591
Increase (Note 31)	<u>5,835,599,874</u>	<u>5,472,569,022</u>
End of year	<u>13,988,636,487</u>	<u>8,153,036,613</u>

**9 INVENTORIES**

	<b>2017</b>		<b>2016</b>	
	<b>Cost VND</b>	<b>Provision VND</b>	<b>Cost VND</b>	<b>Provision VND</b>
Raw materials	123,506,976,317	(794,732,656)	2,985,941,030	(754,429,393)
Work in progress	96,247,547,629	-	128,327,328,591	-
Goods in transit	150,051,000	-	5,927,494,319	-
Finished goods	10,608,938	-	10,758,286	-
Total	<u>219,915,183,884</u>	<u>(794,732,656)</u>	<u>137,251,522,226</u>	<u>(754,429,393)</u>
Provision for decline in value of inventories	<u>(794,732,656)</u>		<u>(754,429,393)</u>	
Total	<u>219,120,451,228</u>		<u>136,497,092,833</u>	

Movements in the provision for decline in value of inventories during the year are as follows:

	<b>2017 VND</b>	<b>2016 VND</b>
Beginning of year	754,429,393	609,855,740
Increase (Note 28)	<u>40,303,263</u>	<u>144,573,653</u>
End of year	<u>794,732,656</u>	<u>754,429,393</u>



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**10 PREPAID EXPENSES**

	<b>2017 VND</b>	<b>2016 VND</b>
<b>(a) Short-term prepaid expenses</b>		
Tools and supplies	786,060,363	19,594,432
Others	528,192,119	972,179,744
Total	<u>1,314,252,482</u>	<u>991,774,176</u>
<b>(b) Long-term prepaid expenses</b>		
Tools and supplies	425,732,448	767,131,561
Others	1,080,721,944	935,178,954
Total	<u>1,506,454,392</u>	<u>1,702,310,515</u>

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## 11 FIXED ASSETS

## (a) Tangible fixed assets

	Plants, buildings and structures VND	Machinery VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
<b>Historical cost</b>						
As at 1 January 2017	10,456,745,089	4,432,700,902	11,533,364,985	2,391,037,756	1,675,123,859	30,488,972,591
New purchases	-	57,600,000	-	724,181,818	312,000,000	1,093,781,818
Transfers from construction in progress (Note 12)	-	13,945,177,282	-	-	-	13,945,177,282
Write-off	-	(1,303,076,727)	-	(185,789,178)	-	(1,488,865,905)
As at 31 December 2017	10,456,745,089	17,132,401,457	11,533,364,985	2,929,430,396	1,987,123,859	44,039,065,786
<b>Accumulated depreciation</b>						
As at 1 January 2017	6,672,742,565	4,167,504,120	7,682,914,432	2,243,013,517	1,320,418,501	22,086,593,135
Charge for the year	512,867,104	879,783,311	1,100,339,577	121,043,601	193,928,814	2,807,962,407
Write-off	-	(1,303,076,727)	-	(185,789,178)	-	(1,488,865,905)
As at 31 December 2017	7,185,609,669	3,744,210,704	8,783,254,009	2,178,267,940	1,514,347,315	23,405,689,637
<b>Net book value</b>						
As at 1 January 2017	3,784,002,524	265,196,782	3,850,450,553	148,024,239	354,705,358	8,402,379,456
As at 31 December 2017	3,271,135,420	13,388,190,753	2,750,110,976	751,162,456	472,776,544	20,633,376,149

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2017 was VND8,459,938,966 (31 December 2016: VND9,122,476,192).



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## 11 FIXED ASSETS (continued)

## (b) Intangible fixed assets

Computer  
software  
VND**Historical cost**

As at 1 January 2017

1,636,826,260

New purchases

75,600,000

As at 31 December 2017

1,712,426,260

**Accumulated amortisation**

As at 1 January 2017

801,263,304

Charge for the year

365,439,435

As at 31 December 2017

1,166,702,739

**Net book value**

As at 1 January 2017

835,562,956

As at 31 December 2017

545,723,521

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2017 was VND609,009,000 (31 December 2016: VND502,509,000).

## 12 CONSTRUCTION IN PROGRESS

	2017 VND	2016 VND
ERP system	2,582,053,437	1,487,547,245
Machinery upgrading	-	12,642,643,578
Others	63,000,000	63,000,000
Total	2,645,053,437	14,193,190,823

Movements in the construction in progress during the year are as follows:

	2017 VND	2016 VND
Beginning of year	14,193,190,823	140,231,488
Purchases	2,397,039,896	1,550,547,245
Increase from sub-granting	-	12,680,253,841
Transfers to tangible fixed assets (Note 11(a))	(13,945,177,282)	(177,841,751)
End of year	2,645,053,437	14,193,190,823

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**13 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	2017 VND	2016 VND
Third parties	228,577,201,447	156,341,577,390
<i>Sunlight Electrical (Vietnam) Company Ltd.</i>	5,054,709,903	16,618,962,018
<i>Others</i>	223,522,491,544	139,722,615,372
Related parties (Note 34(b)(v))	2,276,632,000	2,319,202,000
Total	<u>230,853,833,447</u>	<u>158,660,779,390</u>

As at 31 December 2017 and 31 December 2016, there was no balance of short-term trade accounts payable that was past due.

**14 SHORT-TERM ADVANCES FROM CUSTOMERS**

	2017 VND	2016 VND
Third parties	104,643,684,320	55,295,944,015
<i>Hoa Binh Construction Group Joint Stock Company</i>	39,143,820,782	-
<i>Vietnam Dairy Products Joint Stock Company</i>	17,737,500,000	331,253,712
<i>Projects Construction and Management No.1 Joint Stock Company</i>	17,382,764,966	-
<i>Dai Quang Minh Real Estate Investment Joint Stock Company</i>	15,368,835,039	-
<i>Sai Gon – Cam Ranh Joint Stock Company</i>	12,459,959,000	-
<i>Viet Hung Urban Development and Investment Joint Stock Company</i>	-	16,753,200,000
<i>Construction No.1 Joint Stock Company (COFICO)</i>	-	12,784,006,024
<i>Coteccons Construction Joint Stock Company</i>	-	7,559,090,000
<i>NOVA Festival Joint Stock Company</i>	-	7,018,430,415
<i>Others</i>	2,550,804,533	10,849,963,864
Related parties (Note 34(b)(vi))	-	157,500,000
Total	<u>104,643,684,320</u>	<u>55,453,444,015</u>



**15 TAX AND OTHER PAYABLES TO THE STATE BUDGET**

Movements in tax and other payables to the State Budget during the year are as follows:

	As at 1.1.2017 VND	Payable during the year VND	Payment during the year VND	As at 31.12.2017 VND
VAT on domestic sales	14,244,341,801	16,782,094,052	(22,129,499,174)	8,896,936,679
Business income tax	10,716,912,771	13,423,675,813	(17,973,606,360)	6,166,982,224
Personal income tax	1,700,543,513	10,355,010,103	(11,301,633,389)	753,920,227
VAT on importation	-	3,458,393,385	(3,458,393,385)	-
Import tax	-	1,097,259,248	(1,097,259,248)	-
Excise tax	-	9,830,689	(9,830,689)	-
Business license tax	-	5,000,000	(5,000,000)	-
Total	26,661,798,085	45,131,263,290	(55,975,222,245)	15,817,839,130

**16 SHORT-TERM ACCRUED EXPENSES**

	2017 VND	2016 VND
Accrued project costs	145,856,764,938	78,654,851,109
Interest expense	274,169,309	211,266,810
Others	2,118,448,392	6,457,116,850
Total	148,249,382,639	85,323,234,769

**17 OTHER SHORT-TERM PAYABLES**

	2017 VND	2016 VND
Social, health and unemployment insurance and trade union fees	1,379,168,234	1,155,681,960
Dividends payable (Note 25)	964,095,847	579,550,900
Other payables to employees	774,868,753	236,870,729
Sub-granted fixed assets (Note 32)	-	12,642,642,578
Others	5,422,262,845	1,207,565,825
Total	8,540,395,679	15,822,311,992

**18 SHORT-TERM BORROWINGS**

	As at 1.1.2017 VND	Increase VND	Decrease VND	As at 31.12.2017 VND
Bank loans	<u>350,289,833,627</u>	<u>1,055,003,886,855</u>	<u>(867,291,914,296)</u>	<u>538,001,806,186</u>

Details of short-term borrowings are as follows:

	2017 VND	2016 VND
Vietnam Joint Stock Commercial Bank for Industry and Trade	240,644,505,821	222,943,820,386
Joint Stock Commercial Bank for Foreign Trade of Vietnam	206,709,482,248	104,494,433,342
HSBC Bank (Vietnam) Limited	87,564,877,272	13,645,603,684
Standard Chartered (Vietnam) Bank Limited	3,082,940,845	-
Joint Stock Commercial Bank for Investment and Development of Vietnam	-	9,205,976,215
Total	<u>538,001,806,186</u>	<u>350,289,833,627</u>

These loans are unsecured and bear the floating interest rates in accordance with each draw-down. The purpose of these loans is to support the working capital of the Company.

**19 PROVISION FOR SHORT-TERM LIABILITIES**

	2017 VND	2016 VND
Beginning of year	2,186,323,717	2,913,522,321
Provision	1,950,966,331	2,721,873,905
Utilisation and reversal	(982,658,505)	(3,449,072,509)
End of year	<u>3,154,631,543</u>	<u>2,186,323,717</u>

Provision for short-term liabilities represents warranty for projects that have been completed and handed over at the balance sheet date.



**20 BONUS AND WELFARE FUND**

	<b>2017 VND</b>	<b>2016 VND</b>
Beginning of year	1,300,142,331	2,930,879,867
Increase during the year (Note 24)	14,000,218,375	6,307,137,094
Utilisation during the year	(11,023,817,652)	(7,937,874,630)
End of year	<u>4,276,543,054</u>	<u>1,300,142,331</u>

**21 PROVISION FOR LONG-TERM LIABILITY**

Provision for long-term liability represents provision for severance allowance.

**22 DEFERRED INCOME TAX ASSETS**

	<b>2017 VND</b>	<b>2016 VND</b>
Deferred tax assets to be recovered after more than 12 months	1,430,252,834	1,328,071,650
Deferred tax assets to be recovered within 12 months	1,716,922,932	1,651,529,543
Total	<u>3,147,175,766</u>	<u>2,979,601,193</u>

Movements in the deferred income tax assets are as follows:

	<b>2017 VND</b>	<b>2016 VND</b>
Beginning of year	2,979,601,193	1,802,315,662
Separate income statement credit (Note 33)	167,574,573	1,177,285,531
End of year	<u>3,147,175,766</u>	<u>2,979,601,193</u>

Deferred income tax asset mainly arises from deductible temporary differences in relation to accrued expenses and provisions.

The Company uses tax rate of 20% in year 2017 and year 2016 for determining deferred tax assets.

**23 OWNERS' CAPITAL****(a) Number of ordinary shares**

	2017	2016
Number of shares registered	32,495,397	24,374,916
Number of shares issued	32,495,397	24,374,916
Number of shares repurchased	(13,040)	(13,040)
Number of existing shares in circulation	32,482,357	24,361,876

**(b) Details of owners' shareholding**

	2017		2016	
	Ordinary shares	(%)	Ordinary shares	(%)
Taisei Oncho Co., Ltd	8,099,506	24.92	6,074,630	24.92
Sao Phuong Nam Corporation	7,860,028	24.19	5,895,021	24.19
Vietnam Seaproducts Joint Stock Corporation	4,152,000	12.78	3,114,000	12.78
Other shareholders	12,370,823	38.07	9,278,225	38.06
Treasury shares	13,040	0.04	13,040	0.05
Total	32,495,397	100.00	24,374,916	100.00

**(c) Movement of owners' capital**

	Ordinary shares	
	Shares	VND
As at 1 January 2016	24,374,916	243,749,160,000
As at 31 December 2016	24,374,916	243,749,160,000
New shares issued (Note 24)	8,120,481	81,204,810,000
As at 31 December 2017	32,495,397	324,953,970,000

Par value per share: VND10,000. Each ordinary share represents the voting right at the Company's Shareholders' General Meeting. The shareholders receive dividends at any time the Company noticed. All the ordinary shares have the same priority with the remaining assets of the Company.



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## 24 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2016	243,749,160,000	42,217,165,031	(284,019,059)	42,104,023,390	44,413,275,766	372,199,605,128
Net profit for the year	-	-	-	-	82,354,225,737	82,354,225,737
Appropriation to funds	-	-	-	772,138,495	(7,079,275,589)	(6,307,137,094)
Dividends declared	-	-	-	-	(56,032,314,800)	(56,032,314,800)
As at 31 December 2016	243,749,160,000	42,217,165,031	(284,019,059)	42,876,161,885	63,655,911,114	392,214,378,971
Capital increase during the year (*)	81,204,810,000	(41,933,145,972)	-	(39,271,664,028)	-	-
Net profit for the year	-	-	-	-	73,768,231,260	73,768,231,260
Appropriation to funds (*)	-	-	-	1,823,080,732	(15,823,299,107)	(14,000,218,375)
Dividends declared (*) (**) (Note 25)	-	-	-	-	(51,971,901,100)	(51,971,901,100)
As at 31 December 2017	324,953,970,000	284,019,059	(284,019,059)	5,427,578,589	69,628,942,167	400,010,490,756

(\*) The Shareholder's General Meeting Resolution No. 01/ĐHĐCĐ/NQ/17 dated 31 March 2017 of the Company approved:

- Issuance of shares to increase the owners' capital from the share premium and investment and development fund under exercise rate 3:1. Accordingly, the number of new shares issued is 8,120,481 shares, amounting to VND81,204,810,000;
- Appropriation profit to bonus and welfare fund, investment and development fund and declaration of the final 2016 dividends.

(\*\*) The Company announced the first 2017 dividends advance according to the Board of Management's Resolution No. 09/NQ/HDQT/17 dated 5 September 2017.

## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

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## 25 DIVIDENDS

	2017 VND	2016 VND
Beginning of year	579,550,900	588,835,126
Dividends payable during the year (Note 24)	51,971,901,100	56,032,314,800
<i>First dividend for year 2017: VND700 per share</i>	22,737,649,900	-
<i>Final dividend for year 2016: VND1,200 per share</i>	29,234,251,200	-
<i>First dividend for year 2016: VND800 per share</i>	-	19,489,500,800
<i>Final dividend for year 2015: VND1,500 per share</i>	-	36,542,814,000
Dividends paid in cash	(51,587,356,153)	(56,041,599,026)
End of year (Note 17)	<u>964,095,847</u>	<u>579,550,900</u>

## 26 OFF BALANCE SHEET ITEMS

	2017	2016
Bad debts written off (VND)	27,592,321,012	27,592,321,012
Foreign currencies		
United States Dollar (USD)	1,104.80	1,085.29
Great British Pound (GBP)	7.16	7.16
Australian Dollar (AUD)	0.67	0.67
Euro (EUR)	-	0.42
	<u></u>	<u></u>

## 27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2017 VND	2016 VND
<b>Revenue from sales of goods and rendering of services</b>		
Revenue from construction contracts	1,274,746,961,413	1,033,979,875,950
Revenue from sales of goods	3,206,013,409	-
Revenue from leasing	-	2,620,181,818
Total	<u>1,277,952,974,822</u>	<u>1,036,600,057,768</u>
<b>Deduction</b>		
Allowance from construction contracts	<u>(806,566,949)</u>	<u>(114,947,335)</u>
<b>Net revenue from sales of goods and rendering of services</b>		
Net revenue from construction contracts	1,273,940,394,464	1,033,864,928,615
Net revenue from sales of goods	3,206,013,409	-
Net revenue from leasing	-	2,620,181,818
Total	<u>1,277,146,407,873</u>	<u>1,036,485,110,433</u>



## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

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**28 COST OF GOODS SOLD AND SERVICES RENDERED**

	<b>2017 VND</b>	<b>2016 VND</b>
Cost of construction contracts	1,144,503,593,649	926,108,359,500
Cost of goods sold	3,291,473,404	-
Cost of leasing	-	4,423,212,359
Provision for decline in value of inventories (Note 9)	40,303,263	144,573,653
<b>Total</b>	<b>1,147,835,370,316</b>	<b>930,676,145,512</b>

**29 FINANCIAL INCOME**

	<b>2017 VND</b>	<b>2016 VND</b>
Interest income from deposits and loans	19,089,383,643	20,834,944,039
Dividends	8,519,651,953	5,013,602,000
Profit received from the subsidiary (Note 34(a)(iv))	6,478,238,558	9,867,097,142
Realised foreign exchange gains	186,776,117	415,993,050
Gain from disposal of trading securities	-	308,314,277
Others	4,426,078	-
<b>Total</b>	<b>34,278,476,349</b>	<b>36,439,950,508</b>

**30 FINANCIAL EXPENSES**

	<b>2017 VND</b>	<b>2016 VND</b>
Interest expense	21,121,242,926	15,103,070,000
Realised foreign exchange losses	168,615,641	415,992,324
Net loss from sale of trading securities	-	17,184,597
Net loss from foreign currency translation at year-end	-	8,862,207
Reversal of provision for diminution in value of trading securities	-	(34,207,267)
Others	-	101,939,134
<b>Total</b>	<b>21,289,858,567</b>	<b>15,612,840,995</b>

**SEAPRODEX REFRIGERATION INDUSTRY CORPORATION**
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**31 GENERAL AND ADMINISTRATION EXPENSES**

	<b>2017</b> <b>VND</b>	<b>2016</b> <b>VND</b>
Staff costs	51,335,230,933	45,368,129,538
Outside service expenses	12,438,927,068	12,215,642,992
Provision for doubtful debts (Note 8)	5,835,599,874	5,472,569,022
Depreciation and amortisation	1,480,145,830	1,546,520,400
Tools and equipment costs	542,846,147	712,133,657
Reversal of accrued staff costs	(4,818,058,569)	-
Others	2,325,060,599	2,936,874,011
<b>Total</b>	<b>69,139,751,882</b>	<b>68,251,869,620</b>

**32 OTHER INCOME**

	<b>2017</b> <b>VND</b>	<b>2016</b> <b>VND</b>
Sub-granted fixed assets (i)	13,476,140,890	-
Gains on disposal of fixed assets (ii)	-	41,174,086,640
Others	1,208,688,482	669,047,315
<b>Total</b>	<b>14,684,829,372</b>	<b>41,843,133,955</b>

- (i) Machinery and equipment amounting to VND13,476,140,890 was sub-granted by the Multilateral Fund according to the sub-grant agreement between the Company and the Vietnam HCFC (hydrochlorofluorocarbon, an ozone depleting substance) Elimination Project Management Unit Phase I, belonging to the Ministry of Natural Resources and Environment of Vietnam relating to the conversion of the Polyure Insulation Foam from HCFC-141B to cyclo-pentane foaming technology in an attempt to eliminate HCFC.
- (ii) Income from transferring assets associated with the land at 127 An Duong Vuong Street, District 6, Ho Chi Minh City.



**SEAPRODEX REFRIGERATION INDUSTRY CORPORATION**
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**33 BUSINESS INCOME TAX**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	<b>2017 VND</b>	<b>2016 VND</b>
Net accounting profit before tax	86,953,461,979	99,694,411,124
Tax calculated at a rate of 20%	17,390,692,396	19,938,882,224
Effect of:		
Income not subject to tax	(5,694,806,280)	(2,976,139,828)
Expenses not deductible for tax purposes	1,093,269,004	341,854,976
Adjustment for previous year	396,075,599	35,588,015
Temporary differences	167,574,573	1,177,285,531
Business income tax – current (*)	13,352,805,292	18,517,470,918
Business income tax – deferred (Note 22)	(167,574,573)	(1,177,285,531)
Total	<u>13,185,230,719</u>	<u>17,340,185,387</u>

(\*) The business income tax charge for the separate is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

**34 RELATED PARTY DISCLOSURES**
**(a) Related party transactions**

During the year, the following transactions were carried out with related parties:

Related party	Relationship	Nature of transaction	<b>2017 VND</b>	<b>2016 VND</b>
<b>i) Revenue from sales of goods and rendering of services</b>				
Sao Phuong Nam Investment Corporation	Related party	Providing construction services	1,895,999,640	34,118,846,666
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Sales of goods	1,414,772,000	-
Sao Phuong Nam Corporation	Major shareholder	Providing construction services	385,098,650	-
International Diplomat Corporation	Related party	Providing construction services	-	3,676,143,371
Total			<u>3,695,870,290</u>	<u>37,794,990,037</u>

**34 RELATED PARTY DISCLOSURES (continued)****(a) Related party transactions (continued)**

Related party	Relationship	Nature of transaction	2017 VND	2016 VND
<b>ii) Purchases of goods and services</b>				
Sao Phuong Nam Corporation	Major shareholder	Office rental	4,558,470,840	4,443,999,120
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Purchases of goods	893,321,048	-
		Purchases of construction services	285,201,249	2,488,692,966
Thua Thien Hue Construction Joint Stock Corporation	Associate	Purchases of construction services	-	21,083,659,182
Total			<u>5,736,993,137</u>	<u>28,016,351,268</u>
<b>iii) Compensation of key management</b>				
Salaries and benefits of the Board of Directors			7,974,915,986	8,494,278,602
Allowance for the Boards of Management and Supervision			1,932,000,000	966,000,000
Total			<u>9,906,915,986</u>	<u>9,460,278,602</u>
<b>iv) Other transactions</b>				
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Profit distributed (Note 29)	6,478,238,558	9,867,097,142
		Interest income	890,938,590	995,188,118
		Other services	583,971,999	373,785,609
Total			<u>7,953,149,147</u>	<u>11,236,070,869</u>
Thua Thien Hue Construction Joint Stock Corporation	Associate	Dividend declared	<u>8,232,840,000</u>	<u>4,989,600,000</u>
International Investment and Water Technology Joint Stock Company	Related party	Dividend declared	286,811,953	-
		Interest income	669,944,444	-
Total			<u>956,756,397</u>	<u>-</u>

## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

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## 34 RELATED PARTY DISCLOSURES (continued)

## (b) Year end balances with related parties

Related party	Relationship	Nature of transaction	2017 VND	2016 VND
<b>i) Short-term trade accounts receivable (Note 5)</b>				
Sao Phuong Nam Investment Corporation	Related party	Providing construction services	15,313,414,079	37,530,731,334
International Diplomat Corporation	Related party	Providing construction services	476,665,213	949,674,264
Sao Phuong Nam Corporation	Major shareholder	Providing construction services	15,828,920	-
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Other services	-	2,787,515,462
Total			<u>15,805,908,212</u>	<u>41,267,921,060</u>
<b>ii) Short-term prepayments to suppliers (Note 6)</b>				
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Purchase of construction services	<u>4,978,318,494</u>	<u>-</u>
<b>iii) Other short-term receivables (Note 7(a))</b>				
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Loan	10,000,000,000	-
		Profit distributed	3,613,577,955	-
		Other services	4,158,738,431	-
Total			<u>17,772,316,386</u>	<u>-</u>
International Investment and Water Technology Joint Stock Company	Related party	Capital collection	1,404,000,000	-
		Interest income	669,944,444	-
Total			<u>2,073,944,444</u>	<u>-</u>
<b>iv) Other long-term receivables (Note 7(b))</b>				
Sao Phuong Nam Corporation	Major shareholder	Deposits	1,309,881,840	1,331,881,840
Asia Refrigeration Industry Company Limited	Subsidiary	Profit distributed	-	26,635,586,165
Total			<u>1,309,881,840</u>	<u>27,967,468,005</u>
<b>v) Short-term trade accounts payable (Note 13)</b>				
Thua Thien Hue Construction Joint Stock Corporation	Associate	Purchase of construction services	<u>2,276,632,000</u>	<u>2,319,202,000</u>
<b>vi) Short-term advances from customers (Note 14)</b>				
Sao Phuong Nam Investment Corporation	Related party	Providing construction services	<u>-</u>	<u>157,500,000</u>



**35 COMMITMENTS****(a) Operating leases**

The future minimum lease payments under non-cancellable operating leases as at 31 December 2017 are as follows:

	2017 VND	2016 VND
Within one year	4,418,500,000	4,122,505,600
Between one and five years	16,926,700,000	3,086,386,000
Over five years	15,879,233,333	16,570,705,556
Total minimum payments	<u>37,224,433,333</u>	<u>23,779,597,156</u>

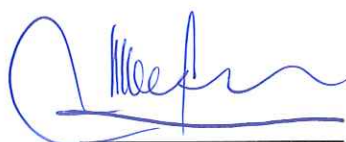
**(b) Capital contribution**

As at 31 December 2017, the Company had a capital contribution amounting to VND12 billion to Greenpan Joint Stock Company (Note 1).

**36 EVENT AFTER THE SEPARATE BALANCE SHEET DATE**

Pursuant to the Notice No. 07/TB/KNL/2018 dated 22 February 2018, the Company repurchased its 1,124,600 shares, accordingly, the number of ordinary shares with voting rights in circulation of the Company decreased from 32,482,357 shares to 31,357,757 shares.

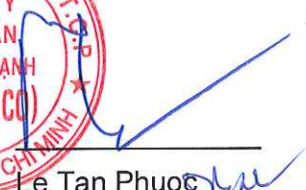
The separate financial statements were approved by the Board of Directors on 8 March 2018.



Pham Thanh Binh  
Preparer



Mai Thi Kim Dung  
Chief Accountant

Le Tan Phuoc  
General Director