

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



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TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by the Board of Directors	2
Independent auditor's report	3
Separate balance sheet (Form B 01 – DN)	5
Separate income statement (Form B 02 – DN)	7
Separate cash flow statement (Form B 03 – DN)	8
Notes to the separate financial statements (Form B 09 – DN)	9

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 th amendment dated 21 December 2017.	
Board of Management	Mr. Nguyen Huu Thinh Mr. Le Tan Phuoc Mr. Nguyen Thanh Son Mr. Yoshinobu Tamura Mr. Ryota Fukuda Ms. Nguyen Diep Bich Huong Ms. Nguyen The Hung	Chairman Member Member Member Member Member (appointed on 30 March 2018) Member (resigned on 30 March 2018)
Board of Supervision	Mr. Bui Van Quyet Ms. Lam Hoang Vu Nguyen Mr. Do Trong Hiep	Chief Supervisor Member Member
Board of Directors	Mr. Le Tan Phuoc Mr. Nguyen Quoc Cuong	General Director Branch Director
Legal representative	Mr. Le Tan Phuoc	General Director
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 2018, and of 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 the 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 37 which give a true and fair view of the financial position of the Company as at 31 December 2018, 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 subsidiaries (together, “the Group”) for the year ended 31 December 2018 in order to obtain full information of the financial position and the 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
20 March 2019



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 2018 and approved by the Board of Directors on 20 March 2019. The separate financial statements comprise the separate balance sheet as at 31 December 2018, 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 37.

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 and 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 control. 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 2018, 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: HCM7770
Ho Chi Minh City, 20 March 2019

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01 – DN

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2018 VND	2017 VND
100	CURRENT ASSETS		1,173,361,653,481	1,323,053,814,398
110	Cash and cash equivalents	3	39,570,344,558	123,450,814,815
111	Cash		21,370,344,558	15,050,814,815
112	Cash equivalents		18,200,000,000	108,400,000,000
120	Short-term investment		163,600,928,908	177,001,437,800
123	Investments held-to-maturity	4(a)	163,600,928,908	177,001,437,800
130	Short-term receivables		735,674,145,088	797,451,009,747
131	Short-term trade accounts receivable	5	709,864,175,295	747,288,214,385
132	Short-term prepayments to suppliers	6	17,942,238,052	23,049,260,748
136	Other short-term receivables	7(a)	24,995,677,108	41,102,171,101
137	Provision for short-term doubtful debts	8	(17,127,945,367)	(13,988,636,487)
140	Inventories	9	230,153,331,212	219,120,451,228
141	Inventories		231,148,124,161	219,915,183,884
149	Provision for decline in value of inventories		(994,792,949)	(794,732,656)
150	Other current assets		4,362,903,715	6,030,100,808
151	Short-term prepaid expenses	10(a)	1,075,993,036	1,314,252,482
152	Value Added Tax to be reclaimed		3,286,910,679	4,715,848,326
200	LONG-TERM ASSETS		193,345,139,968	178,446,603,859
210	Long-term receivable		1,329,151,840	1,395,751,840
216	Other long-term receivables	7(b)	1,329,151,840	1,395,751,840
220	Fixed assets		3,393,717,286	21,179,099,670
221	Tangible fixed assets	11(a)	3,187,191,513	20,633,376,149
222	Historical cost		15,586,430,378	44,039,065,786
223	Accumulated depreciation		(12,399,238,865)	(23,405,689,637)
227	Intangible fixed assets	11(b)	206,525,773	545,723,521
228	Historical cost		1,712,426,260	1,712,426,260
229	Accumulated amortisation		(1,505,900,487)	(1,166,702,739)
240	Long-term asset in progress		2,737,876,462	2,645,053,437
242	Construction in progress	12	2,737,876,462	2,645,053,437
250	Long-term investments		181,639,198,754	148,573,068,754
251	Investments in subsidiaries	4(b)	124,050,318,754	79,584,188,754
252	Investment in associate	4(b)	51,392,880,000	51,392,880,000
253	Investment in other entity	4(b)	6,196,000,000	17,596,000,000
260	Other long-term assets		4,245,195,626	4,653,630,158
261	Long-term prepaid expenses	10(b)	1,302,819,454	1,506,454,392
262	Deferred income tax assets	22	2,942,376,172	3,147,175,766
270	TOTAL ASSETS		1,366,706,793,449	1,501,500,418,257

The notes on pages 9 to 37 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	
			2018 VND	2017 VND
300	LIABILITIES		962,023,998,905	1,101,489,927,501
310	Short-term liabilities		958,136,864,655	1,094,338,663,330
311	Short-term trade accounts payable	13	240,348,576,704	230,853,833,447
312	Short-term advances from customers	14	59,823,696,803	104,643,684,320
313	Tax and other payables to the State Budget	15	18,727,128,405	15,817,839,130
314	Payable to employees		33,758,612,298	40,800,547,332
315	Short-term accrued expenses	16	102,355,723,525	148,249,382,639
319	Other short-term payables	17	19,916,691,973	8,540,395,679
320	Short-term borrowings	18	468,514,676,717	538,001,806,186
321	Provision for short-term liabilities	19	687,182,168	3,154,631,543
322	Bonus and welfare fund	20	14,004,576,062	4,276,543,054
330	Long-term liability		3,887,134,250	7,151,264,171
342	Provision for long-term liabilities	21	3,887,134,250	7,151,264,171
400	OWNERS' EQUITY		404,682,794,544	400,010,490,756
410	Capital and reserves		404,682,794,544	400,010,490,756
411	Owners' capital	23, 24	324,953,970,000	324,953,970,000
411a	- Ordinary shares with voting rights		324,953,970,000	324,953,970,000
412	Share premium	24	284,019,059	284,019,059
415	Treasury shares	24	(29,238,407,099)	(284,019,059)
418	Investment and development fund	24	5,427,578,589	5,427,578,589
421	Undistributed earnings	24	103,255,633,995	69,628,942,167
421a	- Undistributed post-tax profits of previous years		29,051,408,003	18,598,360,807
421b	- Post-tax profits of current year		74,204,225,992	51,030,581,360
440	TOTAL RESOURCES		1,366,706,793,449	1,501,500,418,257



Ly Quoc Tuan
Preparer



Nguyen Chau Tran
Chief Accountant



Le Tan Phuoc
General Director
20 March 2019

The notes on pages 9 to 37 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	
			2018 VND	2017 VND
01	Revenue from sales of goods and rendering of services		1,526,972,640,040	1,277,952,974,822
02	Less deductions		-	(806,566,949)
10	Net revenue from sales of goods and rendering of services	27	1,526,972,640,040	1,277,146,407,873
11	Cost of goods sold and services rendered	28	(1,410,462,464,481)	(1,147,835,370,316)
20	Gross profit from sales of goods and rendering of services		116,510,175,559	129,311,037,557
21	Financial income	29	41,143,147,123	34,278,476,349
22	Financial expenses	30	(33,864,346,857)	(21,289,858,567)
23	- Including: Interest expense		(31,807,425,082)	(21,121,242,926)
26	General and administration expenses	31	(50,480,664,546)	(69,139,751,882)
30	Net operating profit		73,308,311,279	73,159,903,457
31	Other income	32	18,133,459,166	14,684,829,372
32	Other expenses		(603,402,183)	(891,270,850)
40	Net other income		17,530,056,983	13,793,558,522
50	Net accounting profit before tax		90,838,368,262	86,953,461,979
51	Business income tax ("BIT") - current	33	(16,429,342,676)	(13,352,805,292)
52	BIT – deferred	33	(204,799,594)	167,574,573
60	Net profit after tax		74,204,225,992	73,768,231,260



Ly Quoc Tuan
Preparer



Nguyen Chau Tran
Chief Accountant



Le Tan Phuoc
General Director
20 March 2019

The notes on pages 9 to 37 are an integral part of these separate financial statements.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 03 – DN

SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		90,838,368,262	86,953,461,979
		Net profit before tax	
		Adjustments for:	
02		2,983,955,018	3,173,401,842
03		2,041,852,798	7,355,116,884
04		55,518,403	-
05		(57,967,286,692)	(34,087,274,154)
06		31,807,425,082	21,121,242,926
07		-	(13,476,140,890)
08		69,759,832,871	71,039,808,587
		Operating profit before changes in working capital	
09		70,172,835,304	(334,050,790,159)
10		(11,232,940,277)	(82,654,462,888)
11		(84,213,313,765)	196,019,866,454
12		339,612,943	(126,622,183)
14		(31,383,442,899)	(21,058,340,427)
15		(10,720,148,757)	(17,973,606,360)
17		(5,763,295,556)	(11,023,817,652)
20		(3,040,860,136)	(199,827,964,628)
		Net cash outflows from operating activities	
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(542,242,027)	(3,575,620,484)
22		-	1,000,000,000
23		(157,000,000,000)	(180,001,437,800)
24		170,500,000,000	233,500,000,000
25		(12,000,000,000)	(9,584,188,754)
26		11,000,000,000	-
27		31,115,054,062	58,181,524,329
30		43,072,812,035	99,520,277,291
		Net cash inflows from investing activities	
CASH FLOWS FROM FINANCING ACTIVITIES			
32		(28,954,388,040)	-
33		1,326,323,050,519	1,055,003,886,855
34		(1,395,810,179,988)	(867,291,914,296)
36		(25,470,904,647)	(51,587,356,153)
40		(123,912,422,156)	136,124,616,406
		Net cash (outflows)/inflows from financing activities	
50		(83,880,470,257)	35,816,929,069
		Net (decrease)/increase in cash and cash equivalents	
60		123,450,814,815	87,633,885,746
		Cash and cash equivalents at beginning of year	
70		39,570,344,558	123,450,814,815
		Cash and cash equivalents at end of year	



Ly Quoc Tuan
Preparer



Nguyen Chau Tran
Chief Accountant



Le Tan Phuoc
General Director
20 March 2019

The notes on pages 9 to 37 are an integral part of these separate financial statements.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 one branch, which is Danang Refrigeration Electrical Engineering – Seaprodex Refrigeration Industry Corporation (“the Branch”). The Branch 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. The Branch’s registered office is located at Street 10, Hoa Khanh Industry zone, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City, Vietnam.

As at 31 December 2018, the Company had two direct subsidiaries, Asia Refrigeration Industry Joint Stock Company and Searee Refrigeration Electrical Engineering Corporation, one indirect subsidiary, Greenpan Joint Stock Company and one associate, Thua Thien Hue Construction Joint Stock Corporation as presented in Note 4.

As at 31 December 2018, the Company had 358 employees (as at 31 December 2017: 623 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.

The separate financial statements in Vietnamese language are the official statutory separate financial statements of the Company. The separate financial statements in English language have been translated from the Vietnamese language separate financial statements.

Separately, the Company has also prepared the consolidated financial statements for the Company and its subsidiaries (“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 are those companies 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 2018 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.

The Company applies the perpetual method for inventories.

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 separate balance sheet date.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investments

(a) 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.

(b) Investments in subsidiaries

Subsidiaries are all entities 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.

Investments in subsidiaries are accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is an impairment of the investments.

(c) 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.

(d) 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 is initially recorded at cost. Provision for diminution in value of this investment is made when the entity makes losses, except when the loss was anticipated in its 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. The estimated useful lives of each asset class are 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. 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 short-term and long-term payables on the separate balance sheet based on remaining period from the balance sheet date to the maturity date.

2.12 Borrowings

Borrowings include borrowings from banks.

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

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 Owners' capital

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are 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 BIT and the appropriation of profit at the reporting date.

2.17 Appropriation of net profit

Net profit after BIT 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 at the General Meeting.

The Company maintains the following reserves which are appropriated from the Company's net profit after tax as proposed by the Board of Management and subject to approval by the Company's shareholders at the 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) Revenue from sales of goods**

Revenue from 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 year 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.

2.22 Financial expenses

Financial expenses are expenses incurred in the year for financial activities including interest expense, losses from foreign exchange differences and payment discount.

2.23 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include staff costs, depreciation and amortisation, provision for doubtful debts, tools and supplies and outside services expenses.

2.24 Current and deferred business income tax

BIT include all BIT which is 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. BIT expense comprises current BIT expense and deferred BIT expense.

Current BIT is the amount of BIT payable in respect of the current year taxable profits at the current year BIT rates. Current and deferred BIT 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 business income tax (continued)**

Deferred BIT 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 BIT 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 BIT 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 separate 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 the Board of Directors 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.

2.26 Use of estimates

The preparation of the separate financial statements in conformity with Vietnamese Accounting Standards requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of separate financial statements and the amounts of revenues and expenses during the period. Although these estimates are based on the Board of Directors' best knowledge of current events and actions, actual results may differ from those estimates.

3 CASH AND CASH EQUIVALENTS

	2018 VND	2017 VND
Cash on hand	177,390,296	1,135,060,808
Cash at bank	21,192,954,262	13,915,754,007
Cash equivalents (*)	18,200,000,000	108,400,000,000
Total	<u>39,570,344,558</u>	<u>123,450,814,815</u>

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

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

4 INVESTMENTS

(a) Investments held-to-maturity

	2018		2017	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Bank deposits with original maturities of more than 3 months and within 12 months	163,600,928,908	163,600,928,908	177,001,437,800	177,001,437,800

(b) Long-term investments

	2018		2017	
	Cost VND	% of ownership	Cost VND	% of ownership
(i) Investments in subsidiaries				
Asia Refrigeration Industry Joint Stock Company ("Arico") (*)	79,584,188,754	84.00	79,584,188,754	84.00
Searee Refrigeration Electrical Engineering Corporation ("Searee") (**)	32,466,130,000	65.00	-	-
Greenpan Joint Stock Company ("Greenpan") (***)	12,000,000,000	30.00	-	-
Total	124,050,318,754		79,584,188,754	
(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")	6,196,000,000	6.88	17,596,000,000	19.55

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) Investments in subsidiaries

(*) Arico is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4104002210 dated 22 October 2007 initially issued by the DPI of Ho Chi Minh City and the ERCJSC No. 0305429178 dated 2 August 2017. 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 registered 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**(b) Long-term investments (continued)****(i) Investments in subsidiaries (continued)**

(**) Searee is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to ERCJSC No. 0401917298 dated 8 August 2018 which were issued by the DPI of Da Nang City. Searee's registered office is located at Street 10, Hoa Khanh Industry Zone, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City, Vietnam.

The registered activities of Searee 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 refrigeration thermal mechanical systems and equipment, automatic and controlled equipment, lift and rolling leader; to construct industrial and civil projects and interior, exterior decoration.

(***) Greenpan is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to ERCJSC No. 0314809049 dated 28 December 2017 initially issued by the DPI of Ho Chi Minh City, as amended. Greenpan's registered office is located at Lot 25-27 Trung Tam Street, Tan Tao Industrial Zone, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam. As at 31 December 2018, 51% and 31% of the charter capital of Greenpan is owned by Arico and the Company, respectively.

The registered activity of Greenpan is producing unburnt light materials: PIR fireproof panels (polyisocyanurate).

(ii) Investment in associate

HCC is a joint stock company incorporated under the Law on Enterprise of Vietnam 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 under the Law on Enterprise of Vietnam 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 Room 802, 8th Floor, Block B, Waseco Building, 10 Pho Quang Street, Ward 2, Tan Binh District, 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.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2018 VND	2017 VND
Third parties	704,739,034,390	731,482,306,173
<i>Construction Joint Stock Company No.1</i> <i>(COFICO)</i>	53,941,074,664	153,057,556,861
<i>Others</i>	650,797,959,726	578,424,749,312
Related parties (Note 34(b)(i))	5,125,140,905	15,805,908,212
Total	<u>709,864,175,295</u>	<u>747,288,214,385</u>

As at 31 December 2018 and 31 December 2017, the past due balances of short-term trade accounts receivable were presented in Note 8.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2018 VND	2017 VND
Third parties	17,942,238,052	18,070,942,254
<i>ESS Vietnam Company Limited</i>	2,808,000,000	1,188,000,000
<i>Vietstar Industry Corporation</i>	-	4,716,835,506
<i>Others</i>	15,134,238,052	12,166,106,748
Related parties (Note 34(b)(ii))	-	4,978,318,494
Total	<u>17,942,238,052</u>	<u>23,049,260,748</u>

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

	2018 VND	2017 VND
Interest income receivable from banks	6,207,112,876	7,675,636,112
Advances to employees	5,563,913,803	4,373,786,375
Subsidiary (Note 34(b)(iii))	4,584,288,895	17,772,316,386
Other receivables from employees	3,391,324,892	2,027,350,109
Receivables from construction teams	2,803,291,656	4,841,545,246
Deposits	905,457,403	561,117,668
Receivables from other related party (Note 34(b)(iii))	-	2,073,944,444
Others	1,540,287,583	1,776,474,761
Total	<u>24,995,677,108</u>	<u>41,102,171,101</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

7 OTHER RECEIVABLES (continued)**(b) Other long-term receivables**

	2018 VND	2017 VND
Deposit to a related party (Note 34(b)(iv))	1,268,281,840	1,309,881,840
Deposits to third parties	60,870,000	85,870,000
Total	<u>1,329,151,840</u>	<u>1,395,751,840</u>

As at 31 December 2018 and 31 December 2017, there was no balance of other receivables that was past due or not past due but doubtful.

8 PROVISION FOR SHORT-TERM DOUBTFUL DEBTS

	2018		2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Receivables that are past due	<u>23,448,988,916</u>	<u>17,127,945,367</u>	<u>23,707,358,219</u>	<u>13,988,636,487</u>

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

	2018 VND	2017 VND
Beginning of year	13,988,636,487	8,153,036,613
Increase (Note 31)	3,139,308,880	5,835,599,874
End of year	<u>17,127,945,367</u>	<u>13,988,636,487</u>

9 INVENTORIES

	2018		2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Work in progress	187,852,390,603	-	96,247,547,629	-
Goods in transit	34,704,921,880	-	150,051,000	-
Raw materials	8,580,501,437	(994,792,949)	123,506,976,317	(794,732,656)
Finished goods	10,310,241	-	10,608,938	-
Total	<u>231,148,124,161</u>	<u>(994,792,949)</u>	<u>219,915,183,884</u>	<u>(794,732,656)</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

9 INVENTORIES (continued)

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

	2018 VND	2017 VND
Beginning of year	794,732,656	754,429,393
Increase (Note 28)	200,060,293	40,303,263
End of year	<u>994,792,949</u>	<u>794,732,656</u>

10 PREPAID EXPENSES

	2018 VND	2017 VND
(a) Short-term		
Tools and supplies	235,184,896	786,060,363
Others	840,808,140	528,192,119
Total	<u>1,075,993,036</u>	<u>1,314,252,482</u>
(b) Long-term		
Tools and supplies	336,839,058	425,732,448
Others	965,980,396	1,080,721,944
Total	<u>1,302,819,454</u>	<u>1,506,454,392</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

11 FIXED ASSETS

(a) Tangible fixed assets

	Plants, buildings and structures VND	Machinery VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost						
As at 1 January 2018	10,456,745,089	17,132,401,457	11,533,364,985	2,929,430,396	1,987,123,859	44,039,065,786
New purchases	-	392,919,002	-	56,500,000	-	449,419,002
Disposals	(465,801,400)	-	-	-	-	(465,801,400)
Contribution to Greenpan	(9,923,943,689)	(14,646,236,498)	(2,559,905,507)	(346,621,662)	(959,545,654)	(28,436,253,010)
As at 31 December 2018	67,000,000	2,879,083,961	8,973,459,478	2,639,308,734	1,027,578,205	15,586,430,378
Accumulated depreciation						
As at 1 January 2018	7,185,609,669	3,744,210,704	8,783,254,009	2,178,267,940	1,514,347,315	23,405,689,637
Charge for the year	381,154,500	1,149,325,770	690,511,235	188,342,002	235,423,763	2,644,757,270
Disposals	(465,801,400)	-	-	-	-	(465,801,400)
Contribution to Greenpan	(7,033,962,769)	(2,363,947,234)	(2,481,329,323)	(346,621,662)	(959,545,654)	(13,185,406,642)
As at 31 December 2018	67,000,000	2,529,589,240	6,992,435,921	2,019,988,280	790,225,424	12,399,238,865
Net book value						
As at 1 January 2018	3,271,135,420	13,388,190,753	2,750,110,976	751,162,456	472,776,544	20,633,376,149
As at 31 December 2018	-	349,494,721	1,981,023,557	619,320,454	237,352,781	3,187,191,513

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2018 was VND9,574,936,831 (as at 31 December 2017: VND8,459,938,966).

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Computer software VND
Historical cost	
As at 1 January 2018 and 31 December 2018	1,712,426,260
Accumulated amortisation	
As at 1 January 2018	1,166,702,739
Charge for the year	339,197,748
As at 31 December 2018	1,505,900,487
Net book value	
As at 1 January 2018	545,723,521
As at 31 December 2018	206,525,773

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2018 was VND609,009,000 (as at 31 December 2017: VND609,009,000).

12 CONSTRUCTION IN PROGRESS

	2018 VND	2017 VND
ERP system	2,674,876,462	2,582,053,437
Others	63,000,000	63,000,000
Total	2,737,876,462	2,645,053,437

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

	2018 VND	2017 VND
Beginning of year	2,645,053,437	14,193,190,823
Purchases	92,823,025	2,397,039,896
Transfers to tangible fixed assets	-	(13,945,177,282)
End of year	2,737,876,462	2,645,053,437

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2018 VND	2017 VND
Third parties	229,438,599,307	228,577,201,447
<i>Daifuku (Thailand) Limited</i>	40,169,574,086	-
<i>Others</i>	189,269,025,221	228,577,201,447
Related parties (Note 34(b)(v))	10,909,977,397	2,276,632,000
Total	<u>240,348,576,704</u>	<u>230,853,833,447</u>

As at 31 December 2018 and 31 December 2017, there was no balance of short-term trade accounts payable that was past due.

14 SHORT-TERM ADVANCES FROM CUSTOMERS

	2018 VND	2017 VND
Third parties	59,741,351,808	104,643,684,320
<i>Pymepharco Joint Stock Company</i>	20,000,000,000	-
<i>Dai Quang Minh Real Estate Investment Joint Stock Company</i>	18,833,714,389	15,368,835,039
<i>Vietnam Dairy Products Joint Stock Company</i>	10,257,367,672	17,737,500,000
<i>Thai Duong Civil Construction Limited Liability Company</i>	8,000,000,000	-
<i>Hoa Binh Construction Group Joint Stock Company</i>	-	39,143,820,782
<i>Projects Construction and Management No.1 Joint Stock Company</i>	-	17,382,764,966
<i>Sai Gon – Cam Ranh Joint Stock Company</i>	-	12,459,959,000
<i>Others</i>	2,650,269,747	2,550,804,533
Related party (Note 34(b)(vi))	82,344,995	-
Total	<u>59,823,696,803</u>	<u>104,643,684,320</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

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 1.1.2018 VND	Payable during the year VND	Payment during the year VND	As at 31.12.2018 VND
VAT on domestic sales	8,896,936,679	17,044,064,670	(19,382,194,228)	6,558,807,121
BIT	6,166,982,224	16,429,342,676	(10,720,148,757)	11,876,176,143
Personal income tax	753,920,227	12,353,744,816	(12,815,519,902)	292,145,141
VAT on importation	-	9,549,385,174	(9,549,385,174)	-
Foreign contractor tax	-	651,325,142	(651,325,142)	-
Import tax	-	369,155,670	(369,155,670)	-
Excise tax	-	138,911,269	(138,911,269)	-
Business license tax	-	4,000,000	(4,000,000)	-
Others	-	90,870,945	(90,870,945)	-
Total	<u>15,817,839,130</u>	<u>56,630,800,362</u>	<u>(53,721,511,087)</u>	<u>18,727,128,405</u>

16 SHORT-TERM ACCRUED EXPENSES

	2018 VND	2017 VND
Accrued project costs	100,493,329,463	145,856,764,938
Interest expense	698,151,492	274,169,309
Others	1,164,242,570	2,118,448,392
Total	<u>102,355,723,525</u>	<u>148,249,382,639</u>

17 OTHER SHORT-TERM PAYABLES

	2018 VND	2017 VND
Payables to construction teams	11,048,346,991	4,130,550,193
Social, health and unemployment insurance and trade union fees	1,406,111,489	1,379,168,234
Other payables to employees	1,119,401,106	774,868,753
Dividends payable (Note 25)	579,396,800	964,095,847
Others	5,763,435,587	1,291,712,652
Total	<u>19,916,691,973</u>	<u>8,540,395,679</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

18 SHORT-TERM BORROWINGS

	As at 1.1.2018 VND	Increase VND	Decrease VND	As at 31.12.2018 VND
Bank loans	538,001,806,186	1,326,323,050,519	(1,395,810,179,988)	468,514,676,717

Details of short-term borrowings are as follows:

	2018 VND	2017 VND
Vietnam Joint Stock Commercial Bank for Industry and Trade	268,058,624,573	240,644,505,821
Joint Stock Commercial Bank for Foreign Trade of Vietnam	137,688,656,050	206,709,482,248
Standard Chartered (Vietnam) Bank Limited	29,856,255,129	3,082,940,845
HSBC Bank (Vietnam) Limited	29,535,061,984	87,564,877,272
Vietnam Maritime Commercial Joint Stock Bank	3,376,078,981	-
Total	<u>468,514,676,717</u>	<u>538,001,806,186</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

	2018 VND	2017 VND
Beginning of year	3,154,631,543	2,186,323,717
Provision	894,289,046	1,950,966,331
Utilisation and reversal	(3,361,738,421)	(982,658,505)
End of year	<u>687,182,168</u>	<u>3,154,631,543</u>

Provision for short-term liabilities represents warranty for projects that have been completed and handed over.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

20 BONUS AND WELFARE FUND

	2018 VND	2017 VND
Beginning of year	4,276,543,054	1,300,142,331
Increase during the year (Note 24)	15,491,328,564	14,000,218,375
Utilisation during the year	(5,763,295,556)	(11,023,817,652)
End of year	<u>14,004,576,062</u>	<u>4,276,543,054</u>

21 PROVISION FOR LONG-TERM LIABILITY

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

22 DEFERRED INCOME TAX ASSETS

	2018 VND	2017 VND
Deferred income tax assets to be recovered after more than 12 months	1,664,239,434	1,430,252,834
Deferred income tax assets to be recovered within 12 months	1,278,136,738	1,716,922,932
Total	<u>2,942,376,172</u>	<u>3,147,175,766</u>

Movements in the deferred income tax assets are as follows:

	2018 VND	2017 VND
Beginning of year	3,147,175,766	2,979,601,193
Separate income statement (charge)/credit (Note 33)	(204,799,594)	167,574,573
End of year	<u>2,942,376,172</u>	<u>3,147,175,766</u>

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

The Company uses tax rate of 20% in the years 2018 and 2017 for determining deferred tax assets.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

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

	2018	2017
Number of shares registered	32,495,397	32,495,397
Number of shares issued	32,495,397	32,495,397
Number of shares repurchased	(1,780,000)	(13,040)
Number of existing shares in circulation	30,715,397	32,482,357

(b) Details of owners' shareholding

	2018		2017	
	Ordinary shares	%	Ordinary shares	%
Taisei Oncho Co., Ltd	8,099,506	24.92	8,099,506	24.92
Mr. Nguyen Thanh Son	7,500,000	23.08	-	-
Vietnam Seaproducts Joint Stock Corporation	4,152,000	12.78	4,152,000	12.78
Sao Phuong Nam Corporation	-	-	7,860,028	24.19
Other shareholders	10,963,891	33.74	12,370,823	38.07
Treasury shares	1,780,000	5.48	13,040	0.04
Total	32,495,397	100.00	32,495,397	100.00

(c) Movement of owners' capital

	Ordinary shares	
	Shares	VND
As at 1 January 2017	24,374,916	243,749,160,000
New shares issued	8,120,481	81,204,810,000
As at 31 December 2017	32,495,397	324,953,970,000
As at 31 December 2018	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.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

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 2017	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	-	-	-	-	(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
Net profit for the year	-	-	-	-	74,204,225,992	74,204,225,992
Appropriation to fund (*)	-	-	-	-	(15,491,328,564)	(15,491,328,564)
Dividends declared (*) (Note 25)	-	-	-	-	(25,086,205,600)	(25,086,205,600)
Repurchase of shares (**)	-	-	(28,954,388,040)	-	-	(28,954,388,040)
As at 31 December 2018	324,953,970,000	284,019,059	(29,238,407,099)	5,427,578,589	103,255,633,995	404,682,794,544

(*) The shareholders' General Meeting Resolution No. 01/DHĐCĐ/NQ/18 dated 30 March 2018 of the Company approved the appropriation to bonus and welfare fund and the declaration of the final 2017 dividends in cash.

(**) According to the trading result reports dated 22 February 2018 and 26 December 2018, the Company repurchased 1,124,600 shares and 642,360 shares, respectively.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

28 COST OF GOODS SOLD AND SERVICES RENDERED

	2018	2017
	VND	VND
Cost of construction contracts	1,408,886,353,900	1,144,503,593,649
Cost of leasing activity	1,095,633,367	-
Cost of goods sold	280,416,921	3,291,473,404
Provision for decline in value of inventories (Note 9)	200,060,293	40,303,263
	<u>1,410,462,464,481</u>	<u>1,147,835,370,316</u>
Total	<u>1,410,462,464,481</u>	<u>1,147,835,370,316</u>

29 FINANCIAL INCOME

	2018	2017
	VND	VND
Interest income from deposits and loans	20,091,794,841	19,089,383,643
Income from divestment	11,400,000,000	-
Dividends (Noted 34(a)(iv))	9,362,492,216	8,519,651,953
Realised foreign exchange gains	288,860,066	186,776,117
Profit received from the subsidiary (Note 34(a)(iv))	-	6,478,238,558
Others	-	4,426,078
	<u>41,143,147,123</u>	<u>34,278,476,349</u>
Total	<u>41,143,147,123</u>	<u>34,278,476,349</u>

30 FINANCIAL EXPENSES

	2018	2017
	VND	VND
Interest expense	31,807,425,082	21,121,242,926
Payment discount	1,878,419,588	-
Realised foreign exchange losses	122,983,784	168,615,641
Net loss from foreign currency translation at year-end	55,518,403	-
	<u>33,864,346,857</u>	<u>21,289,858,567</u>
Total	<u>33,864,346,857</u>	<u>21,289,858,567</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

31 GENERAL AND ADMINISTRATION EXPENSES

	2018	2017
	VND	VND
Staff costs	35,157,191,287	51,335,230,933
Outside service expenses	13,404,841,429	12,438,927,068
Provision for doubtful debts (Note 8)	3,139,308,880	5,835,599,874
Depreciation and amortisation	1,168,111,164	1,480,145,830
Tools and supplies	640,251,304	542,846,147
Reversal of accrued staff costs	(6,606,086,793)	(4,818,058,569)
Others	3,577,047,275	2,325,060,599
	<hr/>	<hr/>
Total	50,480,664,546	69,139,751,882
	<hr/> <hr/>	<hr/> <hr/>

32 OTHER INCOME

	2018	2017
	VND	VND
Gain from revaluation of assets contributed	17,112,999,635	-
Sub-granted fixed assets	-	13,476,140,890
Others	1,020,459,531	1,208,688,482
	<hr/>	<hr/>
Total	18,133,459,166	14,684,829,372
	<hr/> <hr/>	<hr/> <hr/>

33 BUSINESS INCOME TAX

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

	2018	2017
	VND	VND
Net accounting profit before tax	90,838,368,262	86,953,461,979
	<hr/>	<hr/>
Tax calculated at a rate of 20%	18,167,673,652	17,390,692,396
Effect of:		
Income not subject to tax	(1,872,498,444)	(5,694,806,280)
Expenses not deductible for tax purposes	473,728,470	1,093,269,004
Adjustment for previous years	(134,761,409)	396,075,599
Temporary differences	(204,799,594)	167,574,573
	<hr/>	<hr/>
BIT – current (*)	16,429,342,676	13,352,805,292
BIT – deferred (Note 22)	204,799,594	(167,574,573)
	<hr/>	<hr/>
Total	16,634,142,270	13,185,230,719
	<hr/> <hr/>	<hr/> <hr/>

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

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION
Form B 09 – DN
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	2018 VND	2017 VND
i) Revenue from sales of goods and rendering of services				
Searee Refrigeration Electrical Engineering Corporation	Subsidiary	Sales of goods Providing	47,162,343,113	-
Sao Phuong Nam Investment Corporation (*)	Related party	construction services Providing	5,450,545,526	1,895,999,640
Sao Phuong Nam Corporation (*)	Major shareholder	construction services	671,000,100	385,098,650
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Sales of goods	285,247,080	1,414,772,000
Total			<u>53,569,135,819</u>	<u>3,695,870,290</u>
ii) Purchases of goods and services				
Searee Refrigeration Electrical Engineering Corporation	Subsidiary	Purchases of construction services	63,747,867,742	-
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Purchases of construction services	40,221,837,920	285,201,249
		Purchases of goods	-	893,321,048
Sao Phuong Nam Corporation (*)	Major shareholder	Office rental	4,681,955,340	4,558,470,840
Thua Thien Hue Construction Joint Stock Corporation	Associate	Purchases of construction services	739,421,818	-
Total			<u>109,391,082,820</u>	<u>5,736,993,137</u>
iii) Compensation of key management				
		Salaries and benefits of the Board of Directors	5,695,830,970	7,974,915,986
		Allowance for the Boards of Management and Supervision	1,929,333,333	1,932,000,000
Total			<u>7,625,164,303</u>	<u>9,906,915,986</u>
iv) Other transactions				
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Interest income	378,209,567	890,938,590
		Profit distributed	-	6,478,238,558
		Other services	594,356,105	583,971,999
Total			<u>972,565,672</u>	<u>7,953,149,147</u>
Thua Thien Hue Construction Joint Stock Corporation	Associate	Dividend declared	8,232,840,000	8,232,840,000
International Investment and Water Technology Joint Stock Company	Related party	Dividend declared	1,129,652,216	286,811,953
		Interest income	706,147,626	669,944,444
Total			<u>1,835,799,842</u>	<u>956,756,397</u>

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

34 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

Related party	Relationship	Nature of transaction	2018 VND	2017 VND
i) Short-term trade accounts receivable (Note 5)				
Sao Phuong Nam Investment Corporation (*)	Related party	Construction services	4,886,808,298	15,313,414,079
International Diplomat Corporation (*)	Related party	Construction services	238,332,607	476,665,213
Sao Phuong Nam Corporation (*)	Major shareholder	Construction services	-	15,828,920
Total			<u>5,125,140,905</u>	<u>15,805,908,212</u>
ii) Short-term prepayments to suppliers (Note 6)				
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Construction services	-	4,978,318,494
Total			<u>-</u>	<u>4,978,318,494</u>
iii) Other short-term receivables (Note 7(a))				
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Profit distributed	3,613,577,955	3,613,577,955
		Loan	-	10,000,000,000
		Other services	970,710,940	4,158,738,431
Total			<u>4,584,288,895</u>	<u>17,772,316,386</u>
International Investment and Water Technology Joint Stock Company	Related party	Capital collection	-	1,404,000,000
		Interest income	-	669,944,444
Total			<u>-</u>	<u>2,073,944,444</u>
iv) Other long-term receivables (Note 7(b))				
Sao Phuong Nam Corporation (*)	Major shareholder	Deposits	1,268,281,840	1,309,881,840
v) Short-term trade accounts payable (Note 13)				
Asia Refrigeration Industry Joint Stock Company	Subsidiary	Construction services	6,616,354,970	-
Searee Refrigeration Electrical Engineering Corporation	Subsidiary	Construction services	4,293,622,427	-
Thua Thien Hue Construction Joint Stock Corporation	Associate	Construction services	-	2,276,632,000
Total			<u>10,909,977,397</u>	<u>2,276,632,000</u>
vi) Short-term advances from customers (Note 14)				
Sao Phuong Nam Investment Corporation (*)	Related party	Construction services	82,344,995	-

34 RELATED PARTY DISCLOSURES (continued)

(*) From 9 May 2018, Sao Phuong Nam Corporation, Sao Phuong Nam Investment Corporation and International Diplomat Corporation are no longer the Company's related parties.

35 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases as at 31 December 2018 are as follows:

	2018 VND	2017 VND
Within one year	3,736,500,000	4,418,500,000
Between one and five years	10,835,850,000	16,926,700,000
Over five years	-	15,879,233,333
Total minimum payments	<u>14,572,350,000</u>	<u>37,224,433,333</u>

The separate financial statements were approved by the Board of Directors on 20 March 2019.

Ly Quoc Tuan
Preparer

Nguyen Chau Tran
Chief Accountant



Le Tan Phuoc
General Director