

**SEAPRODEX REFRIGERATION INDUSTRY CORPORATION**

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

## **SEAPRODEX REFRIGERATION INDUSTRY CORPORATION**

### **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

### CORPORATE INFORMATION

**Business 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. Yoshinobu Tamura	Member
Mr. Ryota Fukuda	Member
Ms. Nguyen Diep Bich Huong	Member (appointed on 30 March 2018)
Mr. Nguyen The Hung	Member (resigned on 30 March 2018)

**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 CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Directors of Seaprodex Refrigeration Industry Corporation ("the Company") is responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together, "the Group") which give a true and fair view of the financial position of the Group as at 31 December 2018, and of the results of its operations and its cash flows for the year then ended. In preparing these consolidated 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 consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 Group and which enable the consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 42 which give a true and fair view of the financial position of the Group 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 consolidated financial statements.

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 consolidated financial statements of Seaprodex Refrigeration Industry Corporation ("the Company") and its subsidiaries (together, "the Group") which were prepared on 31 December 2018 and approved by the Board of Directors on 20 March 2019. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 42.

### **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 consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements and for such internal control which the Board of Directors determines necessary to enable the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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



### **Auditor's Opinion**

In our opinion, the consolidated financial statements give true and fair view of, in all material respects, the financial position of the Group 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 consolidated 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: HCM7769  
Ho Chi Minh City, 20 March 2019



## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01 – DN/HN

## CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2018 VND	2017 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>1,349,057,169,963</b>	<b>1,420,604,129,110</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>54,943,544,508</b>	<b>140,300,413,484</b>
111	Cash		25,763,081,494	23,900,413,484
112	Cash equivalents		29,180,463,014	116,400,000,000
<b>120</b>	<b>Short-term investment</b>		<b>163,600,928,908</b>	<b>177,001,437,800</b>
123	Investments held-to-maturity	4(a)	163,600,928,908	177,001,437,800
<b>130</b>	<b>Short-term receivables</b>		<b>840,780,452,653</b>	<b>820,542,659,247</b>
131	Short-term trade accounts receivable	5	819,754,089,339	799,499,034,059
132	Short-term prepayments to suppliers	6	24,507,191,632	19,472,962,984
136	Other short-term receivables	7(a)	27,219,128,301	25,764,029,806
137	Provision for short-term doubtful debts	8	(30,699,956,619)	(24,193,367,602)
<b>140</b>	<b>Inventories</b>	<b>9</b>	<b>279,272,775,489</b>	<b>260,543,848,892</b>
141	Inventories		283,325,535,945	264,932,813,824
149	Provision for decline in value of inventories		(4,052,760,456)	(4,388,964,932)
<b>150</b>	<b>Other current assets</b>		<b>10,459,468,405</b>	<b>22,215,769,687</b>
151	Short-term prepaid expenses	10(a)	3,263,721,135	3,162,690,554
152	Value Added Tax to be reclaimed		7,195,747,270	18,662,326,660
153	Other taxes receivables	15	-	390,752,473
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>284,756,548,710</b>	<b>280,849,932,863</b>
<b>210</b>	<b>Long-term receivable</b>		<b>1,389,151,840</b>	<b>1,445,751,840</b>
216	Other long-term receivables	7(b)	1,389,151,840	1,445,751,840
<b>220</b>	<b>Fixed assets</b>		<b>104,741,906,093</b>	<b>104,322,214,437</b>
221	Tangible fixed assets	11(a)	104,424,910,336	103,610,785,880
222	Historical cost		190,336,886,010	180,863,165,990
223	Accumulated depreciation		(85,911,975,674)	(77,252,380,110)
227	Intangible fixed assets	11(b)	316,995,757	711,428,557
228	Historical cost		2,264,776,660	2,264,776,660
229	Accumulated amortisation		(1,947,780,903)	(1,553,348,103)
<b>240</b>	<b>Long-term asset in progress</b>		<b>7,769,207,504</b>	<b>8,982,272,058</b>
242	Construction in progress	12	7,769,207,504	8,982,272,058
<b>250</b>	<b>Long-term investments</b>		<b>130,425,411,105</b>	<b>128,003,278,024</b>
252	Investment in associate	4(b)	124,229,411,105	110,407,278,024
253	Investment in other entity	4(c)	6,196,000,000	17,596,000,000
<b>260</b>	<b>Other long-term assets</b>		<b>40,430,872,168</b>	<b>38,096,416,504</b>
261	Long-term prepaid expenses	10(b)	34,069,570,720	34,960,491,737
262	Deferred income tax assets	22	6,361,301,448	3,135,924,767
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,633,813,718,673</b>	<b>1,701,454,061,973</b>

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

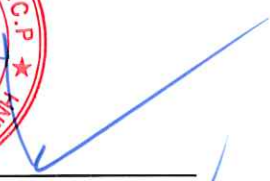
Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at 31 December	
			2018 VND	2017 VND
<b>300</b>	<b>LIABILITIES</b>		<b>1,127,146,182,666</b>	<b>1,219,876,539,614</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>1,110,719,373,696</b>	<b>1,200,437,071,443</b>
311	Short-term trade accounts payable	13	250,980,097,410	243,361,718,222
312	Short-term advances from customers	14	69,585,032,103	113,651,317,670
313	Tax and other payables to the State Budget	15	21,233,686,977	15,901,912,608
314	Payable to employees		38,688,605,496	44,860,633,333
315	Short-term accrued expenses	16	129,723,927,060	154,265,868,344
319	Other short-term payables	17(a)	22,088,890,382	11,357,144,987
320	Short-term borrowings	18(a)	562,803,172,229	608,438,940,470
321	Provision for short-term liabilities	19	1,502,465,068	3,483,377,861
322	Bonus and welfare fund	20	14,113,496,971	5,116,157,948
<b>330</b>	<b>Long-term liabilities</b>		<b>16,426,808,970</b>	<b>19,439,468,171</b>
337	Other long-term payables	17(b)	1,000,000,000	-
338	Long-term borrowings	18(b)	11,539,674,720	12,288,204,000
342	Provision for long-term liabilities	21	3,887,134,250	7,151,264,171
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>506,667,536,007</b>	<b>481,577,522,359</b>
<b>410</b>	<b>Capital and reserves</b>		<b>506,667,536,007</b>	<b>481,577,522,359</b>
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
414	Owners' other capital	24	4,415,811,246	4,415,811,246
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	171,961,989,599	130,438,270,951
421a	- Undistributed post-tax profits of previous years		89,860,736,787	68,918,855,088
421b	- Post-tax profits of current year		82,101,252,812	61,519,415,863
429	Non-controlling interest	25	28,862,574,613	16,341,891,573
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>1,633,813,718,673</b>	<b>1,701,454,061,973</b>

  
Ly Quoc Tuan  
Preparer

  
Nguyen Chau Tran  
Chief Accountant

  
Le Tan Phuoc  
General Director  
20 March 2019



The notes on pages 9 to 42 are an integral part of these consolidated financial statements.



## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 02 – DN/HN

## CONSOLIDATED INCOME STATEMENT

Code		Note	Year ended 31 December	
			2018 VND	2017 VND
01	Revenue from sales of goods and rendering of services		1,732,517,479,384	1,449,515,061,543
02	Less deductions		(122,591,984)	(806,566,949)
10	Net revenue from sales of goods and rendering of services	29	1,732,394,887,400	1,448,708,494,594
11	Cost of goods sold and services rendered	30	(1,584,813,638,989)	(1,310,809,728,441)
20	Gross profit from sales of goods and rendering of services		147,581,248,411	137,898,766,153
21	Financial income	31	34,095,870,421	18,891,175,521
22	Financial expenses	32	(39,225,685,442)	(24,543,857,663)
23	- Including: Interest expense		(36,917,571,485)	(24,257,573,083)
24	Profit sharing from associate		22,054,973,081	19,521,404,426
25	Selling expenses		(785,164,230)	(110,184,672)
26	General and administration expenses	33	(66,715,958,093)	(84,137,248,801)
30	Net operating profit		97,005,284,148	67,520,054,964
31	Other income	34	525,239,202	30,620,835,742
32	Other expenses		(59,053,830)	(323,040,273)
40	Net other income		466,185,372	30,297,795,469
50	Net accounting profit before tax		97,471,469,520	97,817,850,433
51	Business income tax ("BIT") - current	35	(17,218,210,349)	(13,389,849,775)
52	BIT - deferred	35	3,225,376,681	170,956,678
60	Net profit after tax		83,478,635,852	84,598,957,336
61	Attributable to Owners of the parent company		82,101,252,812	84,257,065,763
62	Non-controlling interests		1,377,383,040	341,891,573
70	Earnings per share	27	2,181	2,117
71	Diluted earnings per share	27	2,181	2,117

  
Ly Quoc Tuan  
Preparer

  
Nguyen Chau Tran  
Chief Accountant



  
Le Tan Phuoc  
General Director  
20 March 2019

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.



## SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT  
(Indirect method)

		Year ended 31 December	
Code	Note	2018 VND	2017 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Net profit before tax</b>	<b>97,471,469,520</b>	<b>97,817,850,433</b>
	Adjustments for:		
02	Depreciation and amortisation	9,775,630,551	8,451,921,938
03	Provisions	5,359,404,748	11,321,477,371
04	Unrealised foreign exchange loss	151,353,762	36,563,899
05	Profits from investing activities	(55,349,223,112)	(38,182,718,616)
06	Interest expense	36,917,571,485	24,257,573,083
07	Other adjustments	-	(29,899,921,566)
08	<b>Operating profit before changes in working capital</b>	<b>94,326,206,954</b>	<b>73,802,746,542</b>
09	Increase in receivables	(5,236,892,459)	(297,662,774,382)
10	Increase in inventories	(18,392,722,121)	(75,800,645,834)
11	(Decrease)/increase in payables	(52,907,519,517)	179,797,950,400
12	Decrease/(increase) in prepaid expenses	789,890,436	(509,738,750)
14	Interest paid	(37,832,087,338)	(24,215,783,467)
15	BIT paid	(10,720,148,757)	(18,701,221,671)
16	Other receipts from operating activities	-	3,166,381,796
17	Other payments on operating activities	(6,493,989,541)	(11,187,876,652)
20	<b>Net cash outflows from operating activities</b>	<b>(36,467,262,343)</b>	<b>(171,310,962,018)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(15,888,623,910)	(10,124,755,151)
22	Proceeds from disposals of fixed assets	146,816,450	1,000,000,000
23	Term deposits at banks	(157,000,000,000)	(180,001,437,800)
24	Collection of term deposits at banks	170,500,000,000	233,500,000,000
26	Proceeds from divestment in other entity	11,000,000,000	-
27	Dividends and interest received	32,019,250,153	28,857,334,745
30	<b>Net cash inflows from investing activities</b>	<b>40,777,442,693</b>	<b>73,231,141,794</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from reissuance of treasury shares and capital contribution	12,748,200,000	16,000,000,000
32	Payments for share repurchases (*)	(30,559,288,040)	-
33	Proceeds from borrowings	1,569,434,809,623	1,205,963,066,500
34	Repayments of borrowings	(1,615,819,107,144)	(1,039,590,130,952)
36	Dividends paid	(25,470,904,647)	(51,587,356,153)
40	<b>Net cash (outflows)/inflows from financing activities</b>	<b>(89,666,290,208)</b>	<b>130,785,579,395</b>
50	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(85,356,109,858)</b>	<b>32,705,759,171</b>
60	<b>Cash and cash equivalents at beginning of year</b>	<b>140,300,413,484</b>	<b>107,605,078,564</b>
61	Effect of foreign exchange differences	(759,118)	(10,424,251)
70	<b>Cash and cash equivalents at end of year</b>	<b>54,943,544,508</b>	<b>140,300,413,484</b>

(\*) Including shares of the Company (Note 24) and its subsidiary (Note 25).

  
 Ly Quoc Tuan  
Preparer

  
 Nguyen Chau Tran  
Chief Accountant

  
 Le Tan Phuoc  
General Director  
20 March 2019


The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED 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 registered activities of Company are to consult, survey, design, supply materials, 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 and its subsidiaries (together, "the Group") 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.



**1 GENERAL INFORMATION (continued)**

As at 31 December 2018, the Company had two direct subsidiaries, Asia Refrigeration Industry Joint Stock Company ("Arico") and Searee Refrigeration Electrical Engineering Corporation ("Searee"), one indirect subsidiary, Greenpan Joint Stock Company ("Greenpan"):

- (i) 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 Enterprise Registration Certificate Joint Stock Company ("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.

As at 31 December 2018 and 31 December 2017, the Company had 84% ownership and voting rights in Arico.

- (ii) 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.

As at 31 December 2018, the Company had 65% ownership and voting rights in Searee.

- (iii) 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.

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

As at 31 December 2018, the Company had 30% ownership and 81% voting rights in Greenpan.

and one associate, Thua Thien Hue Construction Joint Stock Corporation as presented in Note 4.

As at 31 December 2018, the Company had 825 employees (as at 31 December 2017: 813 employees).

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

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

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

**2.2 Fiscal year**

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

**2.3 Currency**

The consolidated 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 consolidated income statement.

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

**2.4 Basis of consolidation****(a) Subsidiaries**

Subsidiaries are all entities over which the Group 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 Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Basis of consolidation (continued)****(a) Subsidiaries (continued)**

Inter-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Non-controlling transactions and interests**

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

**(b) Associate**

Associate is the entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting and is initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associate post-acquisition profits or losses is recognised in the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains or losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

**2.5 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.

**2.6 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 consolidated balance sheet date. Bad debts are written off after 100% provisioning and approval by the Board of Management.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 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 Group 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 Group, based on appropriate evidence of impairment available at the consolidated balance sheet date.

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

**2.8 Investments****(a) Investments held-to-maturity**

Investments held-to-maturity are investments which the Board of Directors 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) Investment in associate**

Investment in associate is accounted using the equity method when preparing the consolidated financial statements (Note 2.4).

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Investments (continued)****(c) 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.

**2.9 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 - 35 years
Machinery and equipment	5 - 20 years
Motor vehicles	6 - 10 years
Office equipment	3 - 8 years
Computer software	3 - 10 years
Others	2 - 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 consolidated 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 Group'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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 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 consolidated income statement on a straight-line basis over the term of the lease.

**2.11 Prepaid expenses**

Prepaid expenses include short-term or long-term prepayments on the consolidated 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.

**2.12 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 consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

**2.13 Borrowings**

Borrowings include borrowings from banks.

Borrowings are classified into short-term and long-term based on remaining period from the consolidated 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 consolidated income statement when incurred.

**2.14 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.15 Provisions**

Provisions are recognised when: the Group 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.

**2.16 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Group 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 Group 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 Group.

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 year prior to the consolidated balance sheet date.

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

**2.17 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 Group's results after BIT and appropriation of profit at the reporting date.

**2.18 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.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.18 Appropriation of net profit (continued)**

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

The Group maintains the following reserves which are appropriated from the Group'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 Group'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 consolidated balance sheet.

**2.19 Revenue recognition****(a) Revenue from sales of goods**

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group 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 Group; 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.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Revenue recognition (continued)****(b) Revenue from construction contracts (continued)**

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

**2.20 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 period.

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

**2.21 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.

**2.22 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.

**2.23 Financial expenses**

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.24 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 costs and outside services expenses.

**2.25 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 or recoverable 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.

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 consolidated 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 consolidated 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.

**2.26 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 Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including the Board of 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 Group considers the substance of the relationship not merely the legal form.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.27 Use of estimates**

The preparation of the consolidated 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 consolidated 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.

**2.28 Segment reporting**

A segment is a component which can be separated by the Group engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments.

**3 CASH AND CASH EQUIVALENTS**

	2018 VND	2017 VND
Cash on hand	610,823,314	2,087,554,947
Cash at bank	25,152,258,180	21,812,858,537
Cash equivalents (*)	29,180,463,014	116,400,000,000
Total	<u>54,943,544,508</u>	<u>140,300,413,484</u>

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

**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	<u>163,600,928,908</u>	<u>163,600,928,908</u>	<u>177,001,437,800</u>	<u>177,001,437,800</u>

**(b) Investment in associate**

	2018		2017	
	Cost VND	% of ownership	Cost VND	% of ownership
Thua Thien Hue Construction Joint Stock Corporation ("HCC")	<u>124,229,411,105</u>	<u>36</u>	<u>110,407,278,024</u>	<u>36</u>

**4 INVESTMENTS (continued)****(b) Investment in associate (continued)**

Movements in investment in associate are presented as follows:

	2018 VND	2017 VND
Beginning of year	110,407,278,024	99,118,713,598
Share of profit of associate	22,054,973,081	19,521,404,426
Dividend declared (Note 36(a)(iv))	(8,232,840,000)	(8,232,840,000)
End of year	<u>124,229,411,105</u>	<u>110,407,278,024</u>

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.

**(c) Investment in other entity**

	2018	% of	2017	% of
	Cost VND	ownership	Cost VND	ownership
International Investment and Water Technology Joint Stock Company ("Inwatek")	<u>6,196,000,000</u>	<u>6.88</u>	<u>17,596,000,000</u>	<u>19.55</u>

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, 8<sup>th</sup> 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.

At the consolidated balance sheet date, the Group has not determined the fair value of the investment since the Group has no available information on the market value of this investment.

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**5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	2018 VND	2017 VND
Third parties	814,628,948,434	783,693,125,847
<i>Construction Joint Stock Company No.1 (COFICO)</i>	53,941,074,664	153,057,556,861
<i>Others</i>	760,687,873,770	630,635,568,986
Related parties (Note 36(b)(i))	5,125,140,905	15,805,908,212
Total	<u>819,754,089,339</u>	<u>799,499,034,059</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		
<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>	21,699,191,632	13,568,127,478
Total	<u>24,507,191,632</u>	<u>19,472,962,984</u>

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

	2018 VND	2017 VND
Advances to employees	6,727,552,771	5,328,566,911
Other receivables from employees	6,221,346,670	2,089,425,201
Interest income receivable from banks	6,207,112,876	7,675,636,112
Receivables from construction teams	2,803,291,656	4,841,545,246
Receivable from the State for borrowing interest incentive	2,652,119,542	1,286,840,590
Deposits	905,457,403	561,117,668
Receivables from a related party (Note 36(b)(ii))	-	2,073,944,444
Others	1,702,247,383	1,906,953,634
Total	<u>27,219,128,301</u>	<u>25,764,029,806</u>



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

	<b>2018 VND</b>	<b>2017 VND</b>
Deposit to a related party (Note 36(b)(iii))	1,268,281,840	1,309,881,840
Deposits to third parties	120,870,000	135,870,000
Total	<u>1,389,151,840</u>	<u>1,445,751,840</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**

	<b>2018</b>		<b>2017</b>	
	<b>Cost VND</b>	<b>Provision VND</b>	<b>Cost VND</b>	<b>Provision VND</b>
Receivables that are past due	<u>37,410,023,852</u>	<u>30,699,956,619</u>	<u>37,534,697,355</u>	<u>24,193,367,602</u>

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

	<b>2018 VND</b>	<b>2017 VND</b>
Beginning of year	24,193,367,602	13,529,088,610
Increase (Note 33)	6,506,589,017	10,664,278,992
End of year	<u>30,699,956,619</u>	<u>24,193,367,602</u>

**9 INVENTORIES**

	<b>2018</b>		<b>2017</b>	
	<b>Cost VND</b>	<b>Provision VND</b>	<b>Cost VND</b>	<b>Provision VND</b>
Work in progress	202,144,053,644	-	109,565,327,554	(2,427,693,665)
Raw materials	42,119,064,257	(4,052,760,456)	152,186,388,912	(1,858,590,223)
Goods in transit	37,336,713,277	-	150,051,000	-
Finished goods	1,725,704,767	-	3,031,046,358	(102,681,044)
Total	<u>283,325,535,945</u>	<u>(4,052,760,456)</u>	<u>264,932,813,824</u>	<u>(4,388,964,932)</u>

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**9 INVENTORIES (continued)**

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

	<b>2018 VND</b>	<b>2017 VND</b>
Beginning of year	4,388,964,932	4,111,675,654
(Reversal)/Provision (Note 30)	(336,204,476)	277,289,278
End of year	<u>4,052,760,456</u>	<u>4,388,964,932</u>

**10 PREPAID EXPENSES**
**(a) Short-term**

	<b>2018 VND</b>	<b>2017 VND</b>
Tools and supplies	281,106,881	1,594,214,541
Others	2,982,614,254	1,568,476,013
Total	<u>3,263,721,135</u>	<u>3,162,690,554</u>

**(b) Long-term**

	<b>2018 VND</b>	<b>2017 VND</b>
Land rental	30,466,108,779	31,428,196,431
Tools and supplies	1,976,170,942	1,699,120,237
Others	1,627,290,999	1,833,175,069
Total	<u>34,069,570,720</u>	<u>34,960,491,737</u>



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**11 FIXED ASSETS**

**(a) Tangible fixed assets**

	Plants, buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
<b>Historical cost</b>						
As at 1 January 2018	73,919,924,316	87,100,617,086	13,336,909,963	4,466,590,766	2,039,123,859	180,863,165,990
Purchases	-	622,419,002	-	123,500,000	-	745,919,002
Transfers from construction in progress (Note 12)	-	9,596,219,655	-	-	-	9,596,219,655
Disposals	(465,801,400)	(402,617,237)	-	-	-	(868,418,637)
As at 31 December 2018	73,454,122,916	96,916,638,506	13,336,909,963	4,590,090,766	2,039,123,859	190,336,886,010
<b>Accumulated depreciation</b>						
As at 1 January 2018	30,026,807,226	31,971,622,475	10,164,039,262	3,523,563,832	1,566,347,315	77,252,380,110
Charge for the year	2,118,096,169	5,937,287,137	873,621,761	216,768,921	235,423,763	9,381,197,751
Disposals	(465,801,400)	(255,800,787)	-	-	-	(721,602,187)
As at 31 December 2018	31,679,101,995	37,653,108,825	11,037,661,023	3,740,332,753	1,801,771,078	85,911,975,674
<b>Net book value</b>						
As at 1 January 2018	43,893,117,090	55,128,994,611	3,172,870,701	943,026,934	472,776,544	103,610,785,880
As at 31 December 2018	41,775,020,921	59,263,529,681	2,299,248,940	849,758,013	237,352,781	104,424,910,336

As at 31 December 2018, tangible fixed assets with a carrying value of VND23,287,429,617 (as at 31 December 2017: VND15,288,243,677) were pledged with banks as mortgaged assets for long-term borrowings granted to the Company (Note 18(b)).

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2018 was VND18,468,019,888 (as at 31 December 2017: VND12,944,677,153).

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**11 FIXED ASSETS (continued)**
**(b) Intangible fixed assets**
**Computer software  
VND**
**Historical cost**

As at 1 January 2018 and 31 December 2018

2,264,776,660

**Accumulated amortisation**

As at 1 January 2018

1,553,348,103

Charge for the year

394,432,800

As at 31 December 2018

1,947,780,903

**Net book value**

As at 1 January 2018

711,428,557

As at 31 December 2018

316,995,757

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**

	<b>2018 VND</b>	<b>2017 VND</b>
Factory construction at Greenpan	3,889,270,988	-
ERP system	2,674,876,462	2,582,053,437
Machinery upgrading	1,013,929,351	275,511,940
Purchases	128,130,703	6,061,706,681
Others	63,000,000	63,000,000
<b>Total</b>	<b>7,769,207,504</b>	<b>8,982,272,058</b>



**12 CONSTRUCTION IN PROGRESS**

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

	2018 VND	2017 VND
Beginning of year	8,982,272,058	22,301,050,396
Purchases	8,383,155,101	9,767,548,689
Increase from sub-granting	-	13,257,398,880
Transfers to tangible fixed assets (Note 11(a))	(9,596,219,655)	(36,216,568,907)
Transfers to long-term prepaid expenses	-	(127,157,000)
End of year	<u>7,769,207,504</u>	<u>8,982,272,058</u>

**13 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	2018 VND	2017 VND
Third parties	250,980,097,410	241,085,086,222
<i>Daifuku (Thailand) Limited</i>	40,169,574,086	-
<i>Others</i>	210,810,523,324	241,085,086,222
Related parity (Note 36(b)(iv))	-	2,276,632,000
Total	<u>250,980,097,410</u>	<u>243,361,718,222</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	69,502,687,108	113,651,317,670
<i>Pymepharco Joint Stock Company</i>	20,000,000,000	-
<i>Dai Quang Minh Real Estate 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>Pacific Civil Trading and Construction Joint Stock 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>	12,411,605,047	11,558,437,883
Related party (Note 36(b)(v))	82,344,995	-
Total	<u>69,585,032,103</u>	<u>113,651,317,670</u>

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**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:

	Payables as at 1.1.2018 VND	Receivable as at 1.1.2018 VND	Payables during the year VND	Payment during the year VND	Payables as at 31.12.2018 VND
VAT on domestic sales	8,896,936,679	-	29,249,952,319	(29,930,491,869)	8,216,397,129
BIT (*)	6,166,982,224	390,752,473	17,218,210,349	(10,720,148,757)	12,274,291,343
Personal income tax	837,993,705	-	13,997,496,594	(14,103,203,120)	732,287,179
VAT on importation	-	-	19,740,016,271	(19,740,016,271)	-
Import tax	-	-	3,980,246,870	(3,980,246,870)	-
Foreign contractor tax	-	-	651,325,142	(651,325,142)	-
Excise tax	-	-	138,911,269	(138,911,269)	-
Business license tax	-	-	8,500,000	(8,500,000)	-
Other tax	-	-	101,582,271	(90,870,945)	10,711,326
Total	15,901,912,608	390,752,473	85,086,241,085	(79,363,714,243)	21,233,686,977

(\*) Tax receivable as at 1 January 2018 represents the 2017 over-paid BIT of Arico.

**16 SHORT-TERM ACCRUED EXPENSES**

	2018 VND	2017 VND
Accrued project costs	127,543,492,707	151,545,728,424
Interest expense	797,418,813	358,727,740
Others	1,383,015,540	2,361,412,180
Total	129,723,927,060	154,265,868,344

**17 OTHER PAYABLES****(a) 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	2,039,868,157	1,459,914,156
Other payables to employees	1,511,211,502	1,002,765,530
Dividends payable (Note 26)	579,396,800	964,095,847
Others	6,910,066,932	3,799,819,261
Total	22,088,890,382	11,357,144,987

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

Other long-term payables represents payables to construction teams.



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**18 BORROWINGS**

	As at 1.1.2018 VND	Increase VND	Decrease VND	Current portion of long-term borrowings VND	As at 31.12.2018 VND
<b>(a) Short-term</b>					
Bank loans	608,438,940,470	1,565,934,813,943	(1,615,319,107,144)	3,748,524,960	562,803,172,229
<b>(b) Long-term</b>					
Bank loans	12,288,204,000	3,499,995,680	(500,000,000)	(3,748,524,960)	11,539,674,720

Details of borrowings are as follows:

**(a) Short-term borrowings (\*)**

Vietnam Joint Stock Commercial Bank for Industry and Trade  
 Joint Stock Commercial Bank for Foreign Trade of Vietnam  
 Standard Chartered Bank (Vietnam) Limited  
 HSBC Bank (Vietnam) Limited  
 Vietnam Maritime Commercial Joint Stock Bank  
 Total

	2018 VND	2017 VND
	302,036,829,491	285,513,341,839
	197,998,946,644	214,632,410,287
	29,856,255,129	3,082,940,845
	29,535,061,984	105,210,247,499
	3,376,078,981	-
Total	562,803,172,229	608,438,940,470

**(b) Long-term borrowing (\*\*)**

Joint Stock Commercial Bank for Foreign Trade of Vietnam

	11,539,674,720	12,288,204,000
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**18 BORROWINGS (continued)**

- (\*) 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 Group.
- (\*\*) This loan has the term of 60 months and is secured by the assets forming from the loan. The loan bears the incentive interest rate in accordance with the investment stimulus program under the Decision No. 5592/QĐ-UBND dated 25 October 2016 of the People's Committee of Ho Chi Minh City. The purpose of this loan is for investment in machinery upgrading and production technology transformation in Arico.

**19 PROVISION FOR SHORT-TERM LIABILITIES**

	2018 VND	2017 VND
Beginning of year	3,483,377,861	3,614,374,681
Provision	1,653,114,657	2,653,688,651
Utilisation and reversal	(3,634,027,450)	(2,784,685,471)
End of year	<u>1,502,465,068</u>	<u>3,483,377,861</u>

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

**20 BONUS AND WELFARE FUND**

	2018 VND	2017 VND
Beginning of year	5,116,157,948	1,436,334,965
Increase during the year (Note 24)	15,491,328,564	14,867,699,635
Utilisation during the year	(6,493,989,541)	(11,187,876,652)
End of year	<u>14,113,496,971</u>	<u>5,116,157,948</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	5,068,466,106	1,430,252,834
Deferred income tax assets to be recovered within 12 months	1,292,835,342	1,705,671,933
Total	<u>6,361,301,448</u>	<u>3,135,924,767</u>



**22 DEFERRED INCOME TAX ASSETS (continued)**

Movements in the deferred income tax assets are as follows:

	<b>2018 VND</b>	<b>2017 VND</b>
Beginning of year	3,135,924,767	2,964,968,089
Consolidated income statement credit (Note 35)	3,225,376,681	170,956,678
End of year	<u>6,361,301,448</u>	<u>3,135,924,767</u>

Details for deferred income tax assets:

	<b>2018 VND</b>	<b>2017 VND</b>
Gain from capital contribution in form of fixed assets	3,418,925,276	-
Deductible temporary differences in relation to accrued expenses and provisions.	2,942,376,172	3,135,924,767
Total	<u>6,361,301,448</u>	<u>3,135,924,767</u>

Tax rates used for determining deferred tax assets in the years 2018 and 2017 of the Company and Arico are 20% and 7.5%, respectively.

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

	<b>2018</b>	<b>2017</b>
Number of shares registered	<u>32,495,397</u>	<u>32,495,397</u>
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	<u>30,715,397</u>	<u>32,482,357</u>

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**23 OWNERS' CAPITAL (continued)****(b) Details of owners' shareholding**

	<b>2018</b>		<b>2017</b>	
	<b>Ordinary shares</b>	<b>(%)</b>	<b>Ordinary shares</b>	<b>(%)</b>
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
<b>Total</b>	<b>32,495,397</b>	<b>100.00</b>	<b>32,495,397</b>	<b>100.00</b>

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

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

Par value per share: VND10,000. Each ordinary share represents the voting right at the Company's shareholders' General Meeting. The shareholders receives dividend 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	Owners' other capital 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)	47,021,973,131	115,113,886,655	447,818,165,758
Capital increase during the year	81,204,810,000	(41,933,145,972)	-	-	(39,271,664,028)	-	-
Net profit for the year	-	-	-	-	-	84,257,065,763	84,257,065,763
Appropriation to funds	-	-	-	-	2,093,080,732	(16,960,780,367)	(14,867,699,635)
Dividends declared	-	-	-	-	-	(51,971,901,100)	(51,971,901,100)
Other capital increase during the year	-	-	4,415,811,246	-	(4,415,811,246)	-	-
As at 31 December 2017	324,953,970,000	284,019,059	4,415,811,246	(284,019,059)	5,427,578,589	130,438,270,951	465,235,630,786
Net profit for the year	-	-	-	-	-	82,101,252,812	82,101,252,812
Appropriation to fund (*)	-	-	-	-	-	(15,491,328,564)	(15,491,328,564)
Dividends declared (*) (Note 26)	-	-	-	-	-	(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	4,415,811,246	(29,238,407,099)	5,427,578,589	171,961,989,599	477,804,961,394

(\*) The shareholders' General Meeting Resolution No. 01/ĐHĐCĐ/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 and 642,360 shares, respectively.



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**25 NON-CONTROLLING INTERESTS**

Details of non-controlling interests are as follows:

	<b>2018 VND</b>	<b>2017 VND</b>
Owners' capital	28,640,000,000	16,000,000,000
Undistributed post-tax profit	1,719,274,613	341,891,573
Treasury shares	(1,496,700,000)	-
	<u>28,862,574,613</u>	<u>16,341,891,573</u>

Movements in non-controlling interests during the year are as follows:

	<b>2018 VND</b>	<b>2017 VND</b>
Beginning of year	16,341,891,573	-
Capital increase during the year	12,640,000,000	16,000,000,000
Net profit attributable to non-controlling interests during the year	1,377,383,040	341,891,573
Reissuance of treasury shares	108,200,000	
Repurchase of shares	(1,604,900,000)	-
	<u>28,862,574,613</u>	<u>16,341,891,573</u>
End of year	<u>28,862,574,613</u>	<u>16,341,891,573</u>

**26 DIVIDENDS**

	<b>2018 VND</b>	<b>2017 VND</b>
Beginning of year	964,095,847	579,550,900
Dividends payable during the year (Note 24)	25,086,205,600	51,971,901,100
<i>Final dividend for year 2017: VND800 per share</i>	25,086,205,600	-
<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
Dividends paid in cash	(25,470,904,647)	(51,587,356,153)
	<u>579,396,800</u>	<u>964,095,847</u>
End of year (Note 17)	<u>579,396,800</u>	<u>964,095,847</u>

**27 EARNINGS PER SHARE****(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares:

	<b>2018</b>	<b>2017</b>
Net profit attributable to shareholders (VND)	82,101,252,812	84,257,065,763
Less amount allocated to bonus and welfare fund (VND)	(13,548,500,404)	(15,491,328,565)
	<u>68,552,752,408</u>	<u>68,765,737,198</u>
Weighted average number of ordinary shares in issue (shares)	<u>31,426,633</u>	<u>32,482,357</u>
Basic earnings per share (VND)	<u>2,181</u>	<u>2,117</u>

(\*) Estimated bonus and welfare fund for the year ended 31 December 2018 is based on the 2018 profit distribution plan in accordance with the Shareholders' General Meeting Resolution No. 01/ĐHĐCĐ/NQ/18 dated 30 March 2018 of the Company and the Shareholders' General Meeting Resolution No. 01/ĐHĐCĐ/NQ/18 dated 30 June 2018 of Arico. Searee and Greenpan have not had appropriation plans of the bonus and welfare fund for 2018 and up to the date of preparation of the consolidated financial statements.

**(b) Diluted earnings per share**

The Company had no potential ordinary shares which can dilute earnings per share.

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## 28 OFF BALANCE SHEET ITEMS

	2018	2017
Bad debts written off (VND)	27,592,321,012	27,592,321,012
Foreign currencies		
United States Dollar (USD)	1,881.03	15,569.05
Euro (EUR)	628.79	1,232.49
Great British Pound (GBP)	7.16	7.16
Australia Dollar (AUD)	0.67	0.67

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

	2018 VND	2017 VND
<b>Revenue</b>		
Revenue from construction contracts	1,696,704,637,399	1,413,109,581,839
Revenue from sales of goods	33,715,659,630	36,405,479,704
Revenue from leasing activity	1,189,973,804	-
Revenue from sales of scrap	907,208,551	-
Total	1,732,517,479,384	1,449,515,061,543
<b>Deductions</b>		
Sales allowance from sale of goods	(122,591,984)	-
Sales allowance from construction contracts	-	(806,566,949)
Total	(122,591,984)	(806,566,949)
<b>Net revenue</b>		
Net revenue from construction contracts	1,696,704,637,399	1,412,303,014,890
Net revenue from sales of goods	33,593,067,646	36,405,479,704
Net revenue from leasing activity	1,189,973,804	-
Net revenue from sales of scrap	907,208,551	-
Total	1,732,394,887,400	1,448,708,494,594



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

	<b>2018 VND</b>	<b>2017 VND</b>
Cost of construction contracts	1,553,539,832,731	1,279,582,941,352
Cost of goods sold	29,088,669,356	30,949,497,811
Cost of leasing activity	1,095,633,367	-
Cost of scrap sold	1,425,708,011	-
(Reversal of provision)/provision for decline in value of inventories (Note 9)	(336,204,476)	277,289,278
<b>Total</b>	<b>1,584,813,638,989</b>	<b>1,310,809,728,441</b>

**31 FINANCIAL INCOME**

	<b>2018 VND</b>	<b>2017 VND</b>
Interest income from deposits and loans	20,617,781,365	18,374,502,237
Gain from disposal of financial investment	11,400,000,000	-
Dividends (Note 36(a)(iv))	1,129,652,216	286,811,953
Realised foreign exchange gains	948,436,840	225,435,253
Others	-	4,426,078
<b>Total</b>	<b>34,095,870,421</b>	<b>18,891,175,521</b>

**32 FINANCIAL EXPENSES**

	<b>2018 VND</b>	<b>2017 VND</b>
Interest expense	36,917,571,485	24,257,573,083
Payment discount	1,878,419,588	-
Realised foreign exchange losses	278,340,607	249,720,681
Net losses from foreign currency translation at year-end	151,353,762	36,563,899
<b>Total</b>	<b>39,225,685,442</b>	<b>24,543,857,663</b>

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**33 GENERAL AND ADMINISTRATION EXPENSES**

	<b>2018 VND</b>	<b>2017 VND</b>
Staff costs	42,226,314,441	58,827,176,248
Outside service expenses	15,513,157,633	14,083,993,725
Provision for doubtful debts (Note 8)	6,506,589,017	10,664,278,992
Depreciation and amortisation	1,558,177,267	1,882,136,166
Tools and supplies	829,044,213	850,058,861
Reversal of accrued staff costs	(6,606,086,793)	(5,216,350,804)
Others	6,688,762,315	3,045,955,613
Total	<u>66,715,958,093</u>	<u>84,137,248,801</u>

**34 OTHER INCOME**

	<b>2018 VND</b>	<b>2017 VND</b>
Sub-granted fixed assets	-	29,899,921,566
Others	525,239,202	720,914,176
Total	<u>525,239,202</u>	<u>30,620,835,742</u>

**35 BUSINESS INCOME TAX**

Pursuant to Circular No. 96/2015/TT-BTC dated 22 June 2015 issued by the Ministry of Finance, the Group has the obligation to pay BIT at the rate of 20% of taxable profit. However, for Arico, in accordance with the Investment certificate No. 41221000103 issued by the DPI of Ho Chi Minh City on 2 April 2008, tax inspection minutes dated 23 September 2013 for the period from 2010 to 2012 and other current tax regulations, the Board of Directors assessed that Arico is entitled to BIT incentives at tax rate of 15% for 12 years from the date of arising revenue from BIT incentive activities (2010), BIT exemption for 3 years from the date of arising taxable income (2010 – 2012) and a 50% BIT reduction for 7 years thereafter (2013 – 2019).

**35 BUSINESS INCOME TAX (continued)**

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

	2018 VND	2017 VND
Net accounting profit before tax	97,471,469,520	97,817,850,433
Tax calculated at a rate of 20%	19,494,293,904	19,563,570,086
Effect of:		
Income not subject to tax	(4,920,253,111)	(7,888,655,004)
Tax incentives	(1,342,104,476)	(756,757,823)
Expenses not deductible for tax purposes	681,523,870	1,315,861,341
Adjustment for previous year	(134,761,409)	433,120,082
Temporary differences	3,255,376,681	170,956,678
Tax losses in subsidiaries for which no deferred income tax asset was recognised	214,134,890	551,754,415
BIT – current (*)	17,218,210,349	13,389,849,775
BIT – deferred (Note 22)	(3,225,376,681)	(170,956,678)
Total	13,992,833,668	13,218,893,097

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

**36 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
<b>i) Revenue from rendering of services</b>				
Sao Phuong Nam Investment Corporation (*)	Related party	Construction services	5,450,545,526	1,895,999,640
Sao Phuong Nam Corporation (*)	Major shareholders	Construction services	671,000,100	385,098,650
Total			6,121,545,626	2,281,098,290
<b>ii) Purchases of services</b>				
Sao Phuong Nam Corporation (*)	Major shareholder	Office rental	4,681,955,340	4,558,470,840
Thua Thien Hue Construction Joint Stock Corporation	Associate	Construction services	739,421,818	-
Total			5,421,377,158	4,558,470,840



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## 36 RELATED PARTY DISCLOSURES (continued)

## (a) Related party transactions (continued)

Related party	Relationship	Nature of transaction	2018 VND	2017 VND
<b>iii) Compensation of key management</b>				
Salaries and benefits of the Board of Directors			6,992,794,848	9,241,291,991
Allowance for the Boards of Management and Supervision			1,929,333,333	1,932,000,000
Total			<u>8,922,128,181</u>	<u>11,173,291,991</u>
<b>iv) Other transactions</b>				
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>

## (b) Year end balances with related parties

Related party	Relationship	Nature of transaction	2018 VND	2017 VND
<b>i) Short-term trade accounts receivable (Note 5)</b>				
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>
<b>ii) Other short-term receivables (Note 7(a))</b>				
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>
<b>iii) Other long-term receivables (Note 7(b))</b>				
Sao Phuong Nam Corporation (*)	Major shareholder	Deposits	1,268,281,840	1,309,881,840

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**36 RELATED PARTY DISCLOSURES (continued)****(b) Year end balances with related parties (continued)**

Related party	Relationship	Nature of transaction	2018 VND	2017 VND
<i>iv) Short-term trade accounts payable (Note 13)</i>				
Thua Thien Hue Construction Joint Stock Corporation	Associate	Construction services	-	2,276,632,000
<i>v) Short-term advances from customers (Note 14)</i>				
Sao Phuong Nam Investment Corporation (*)	Related party	Construction services	82,344,995	-

(\*) 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.

**37 COMMITMENTS****(a) 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	4,745,208,093	4,745,208,093
Between one and five years	14,870,682,374	18,233,532,374
Over five years	24,391,651,826	24,911,593,252
Total minimum payments	44,007,542,293	47,890,333,719

**(b) Capital expenditure**

Capital expenditure contracted for at the consolidated balance sheet date but not recognised in the consolidated financial statements was as follows:

	2018 VND	2017 VND
Machinery and equipment	90,728,317,400	-

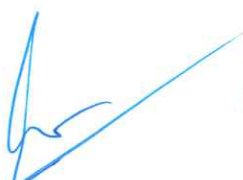
**38 SEGMENT REPORT**

Segment information is presented in respect of business activity or geography. The Group is not operating in more than one segment of business activity nor geographic area other than mainly operating in the only activity to consult, supply and provide installation services in relation to industrial refrigeration projects, and in Vietnam only. Therefore, the Group does not present segmental information.

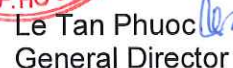
The consolidated financial statements were approved by the Board of Directors on 20 March 2019.



Ly Quoc Tuan  
Preparer



Nguyen Chau Tran  
Chief Accountant



Le Tan Phuoc  
General Director

