



CONSOLIDATED FINANCIAL STATEMEN

SEA & AIR FREIGHT INTERNATIONAL

For the fiscal year ended as at 31/12/2016
(audited)

SEA & AIR FREIGHT INTERNATIONAL

No. 209, Nguyen Van Thu Street,
Dakao Ward, District 1, Ho Chi Minh City

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SEA & AIR FREIGHT INTERNATIONAL

No. 209, Nguyen Van Thu Street,
Dakao Ward, District 1, Ho Chi Minh City

REPORT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Sea & Air Freight International (“the Company”) presents its report and the Company’s Consolidated Financial Statements for the fiscal year ended as at 31 December 2016.

THE COMPANY

Sea & Air Freight International was transformed from State enterprises to Joint stock company under Decision No. 1247/1998/QĐ-BGTVT dated 25/05/1998 by Ministry of Transport and operates under business registration license number 0301471330 dated 31/08/1998, the 29th amended registration license dated 01/11/2016 by Department of Planning and Investment of Ho Chi Minh City.

The Company’s head office is located at: No. 209, Nguyen Van Thu Street, Dakao Ward, District 1, Ho Chi Minh City.

BOARD OF MANAGEMENT, BOARD OF GENERAL DIRECTORS AND BOARD OF SUPERVISION

The members of The Board of Management during the fiscal year and to the reporting date are:

Mr. Nguyen Hoang Anh	Chairman	
Mr. Nguyen Cao Cuong	Member	Resigned on 23/03/2016
Mr. Vu Van Truc	Member	
Mr. Tran Nguyen Hung	Member	
Mr. Nguyen Hoang Dung	Member	
Mr. Dang Tran Phuc	Member	

The members of The Board of General Directors in the fiscal year and to the reporting date are:

Mr. Nguyen Hoang Anh	General Director	Appointed on 15/12/2016
Mr. Tran Nguyen Hung	General Director	Resigned on 15/12/2016

The members of the Board of Supervision are:

Mr. Nhu Dinh Thien	Head of Control Department
Mrs. Le Thi Thanh Tu	Member
Mrs. Nguyen Thi Huyen Linh	Member

AUDITORS

The auditors of the AASC Auditing Firm Company Limited take the audit of Consolidated Financial Statements for the Company.

SEA & AIR FREIGHT INTERNATIONAL

No. 209, Nguyen Van Thu Street,
Dakao Ward, District 1, Ho Chi Minh City

STATEMENT OF THE BOARD OF GENERAL DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of General Directors is responsible for the Consolidated Financial Statements of each financial year which give a true and fair view of the state of affairs of the Company and of results of its operation and its cash flows for the year. In preparing those Consolidated Financial Statements, The Board of General Directors is required to:

- Establish and maintain of an internal control system which is determined necessary by The Board of General Directors and Those charged with governance to ensure the preparation and presentation of Consolidated Financial Statements do not contain any material misstatement caused by errors or frauds;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements;
- Prepare the Consolidated Financial Statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Consolidated Financial Statements;
- Prepare the Consolidated Financial Statements on going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of General Directors is responsible for ensuring that accounting records are kept to reflect the financial position of the Company, with reasonable accuracy at any time and to ensure that the Consolidated Financial Statements comply with the registered accounting system. It is responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We, The Board of General Directors, confirm that the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2016, its operations and cash flows in the year 2016 of Company in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and statutory requirements relevant to preparation and presentation of Consolidated Financial Statements.

Other commitments

The Board of General Directors pledges that the Company does not offend obligation of information disclosure under regulation of Circular No. 155/2015/TT-BTC dated October 06, 2015 issued by Ministry of Finance guiding the disclosure of information on Securities Market.

On behalf of The Board of General Directors



Nguyen Hoang Anh
General Director

Ho Chi Minh City, 27 February 2017

No.: 557/2017/BC.KTTC-AASC.KT2

INDEPENDENT AUDITORS' REPORT

**To: Shareholders, The Board of Management and The Board of General Directors
Sea & Air Freight International**

We have audited the Consolidated Financial Statements of Sea & Air Freight International, as set out on pages 06 to 36, including: Consolidated statement of financial position as at 31/12/2016, Consolidated statement of comprehensive income, Consolidated statement of cash flows and Notes to the Consolidated financial statements for the fiscal year ended as at 31 December 2016.

The Board of General Directors' Responsibility

The Board of General Directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Consolidated Financial Statements and for such internal control as management determines is necessary to enable the preparation 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 these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with standards, ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of Consolidated Financial Statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

Auditor's opinion

In our opinion, the Consolidated Financial Statements give a true and fair view, in all material respects, of the financial position of Sea & Air Freight International as at 31 December 2016, and of the results of its operations and its cash flows for the fiscal year ended as at 31 December 2016 in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial statements.

AASC Auditing Firm Company Limited



Vu Xuan Bien
Deputy General Director
Certificate of registration to audit practice
No: 0743-2013-002-1

Nguyen Tuan Anh
Auditor
Certificate of registration to audit practice
No: 1369-13-002-1

Hanoi, 14 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 31 December 2016*

Code	ASSETS	Note	31/12/2016	01/01/2016
			VND	VND
100	A. CURRENT ASSETS		372,891,462,041	298,677,568,195
110	I. Cash and cash equivalents	3	190,741,416,506	144,740,712,969
111	1. Cash		153,776,416,506	86,175,012,969
112	2. Cash equivalents		36,965,000,000	58,565,700,000
130	III. Short-term receivables		174,619,216,612	145,241,789,982
131	1. Short-term trade receivables	5	100,032,589,427	77,823,904,577
132	2. Short-term prepayments to suppliers		1,853,184,449	1,463,385,827
136	3. Other short-term receivables	7	72,733,442,736	65,954,499,578
140	IV. Inventories	8	236,887,424	423,522,209
141	1. Inventories		236,887,424	423,522,209
150	V. Other current assets		7,293,941,499	8,271,543,035
151	1. Short-term prepaid expenses	12	346,569,416	171,916,942
152	2. Deductible VAT		6,947,372,083	8,077,530,800
153	3. Taxes and other receivables from State budget	15	-	22,095,293
200	B. NON-CURRENT ASSETS		163,861,910,181	181,818,626,035
210	I. Long-term receivables		683,604,140	1,457,789,400
216	1. Other long-term receivables	7	683,604,140	1,457,789,400
220	II. Fixed assets		68,426,922,254	150,523,895,517
221	1. Tangible fixed assets	9	64,208,535,828	141,433,419,658
222	- Historical costs		121,856,147,403	191,621,191,610
223	- Accumulated depreciation (*)		(57,647,611,575)	(50,187,771,952)
227	2. Intangible fixed assets	10	4,218,386,426	9,090,475,859
228	- Historical costs		5,865,069,453	10,364,369,453
229	- Accumulated amortization (*)		(1,646,683,027)	(1,273,893,594)
230	III. Investment properties	11	80,713,886,889	-
231	- Historical costs		86,625,026,697	-
232	- Accumulated depreciation (*)		(5,911,139,808)	-
240	IV. Long-term assets in progress		-	554,680,000
242	1. Construction in progress		-	554,680,000
250	V. Long-term investments	4	13,425,235,151	28,376,424,708
252	1. Investments in joint ventures and associates		11,925,235,151	26,876,424,708
253	2. Equity investments in other entities		1,500,000,000	1,500,000,000
260	VI. Other long-term assets		612,261,747	905,836,410
261	1. Long-term prepaid expenses	12	612,261,747	905,836,410
270	TOTAL ASSETS		536,753,372,222	480,496,194,230

SEA & AIR FREIGHT INTERNATIONAL

No. 209, Nguyen Van Thu Street,
Dakao Ward, District 1, Ho Chi Minh City

Consolidated Financial Statements
For the fiscal year ended as at 31/12/2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(continue)

Code CAPITAL	Note	31/12/2016 VND	01/01/2016 VND
300 C. LIABILITIES		194,942,701,407	179,944,050,441
310 I. Current liabilities		193,611,939,807	179,944,050,441
311 1. Short-term trade payables	13	49,026,802,886	36,114,075,910
312 2. Short-term prepayments from customers	14	11,490,329,576	9,769,338,308
313 3. Taxes and other payables to State budget	15	12,381,812,338	7,888,699,220
314 4. Payables to employees		9,307,779,415	7,820,924,128
315 5. Short-term accrued expenses		138,581,818	126,067,273
319 6. Other short-term payables	16	109,703,985,943	116,796,215,601
322 7. Bonus and welfare fund		1,562,647,831	1,428,730,001
330 II. Non-current liabilities		1,330,761,600	-
337 1. Other long-term payables	16	1,330,761,600	-
400 D. OWNER'S EQUITY		341,810,670,815	300,552,143,789
410 I. Owner's equity	17	341,810,670,815	300,552,143,789
411 1. Contributed capital		113,682,420,000	108,330,890,000
411a Ordinary shares with voting rights		113,682,420,000	108,330,890,000
412 2. Share Premium		41,816,120,654	41,816,120,654
415 3. Treasury shares (*)		(1,300,120,000)	(400,120,000)
418 4. Development and investment funds		28,489,813,644	24,989,189,178
420 5. Other equity fund		69,826,417,931	55,786,103,434
421 6. Retained earnings		84,247,472,137	64,844,711,615
421a Retained earnings accumulated till the end of the previous year		30,033,484,953	24,322,304,941
421b Retained earnings of the current year		54,213,987,184	40,522,406,674
429 8. Non - Controlling interest		5,048,546,449	5,185,248,908
440 TOTAL CAPITAL		536,753,372,222	480,496,194,230



Doan Thu Ha
Preparer



Nguyen Thanh Tuyen
Chief Accountant



Nguyen Hoang Anh
General Director

Ho Chi Minh City, 27 February 2017

CONSOLIDATED STATEMENT OF INCOME

Year 2016

Code ITEM	Note	Year 2016	Year 2015
		VND	VND
01 1. Revenue from sales of goods and rendering of services	19	560,906,422,315	562,752,212,185
02 2. Revenue deductions		-	-
10 3. Net revenue from sales of goods and rendering of services		560,906,422,315	562,752,212,185
11 4. Cost of goods sold	20	392,135,905,983	370,126,243,232
20 5. Gross revenue from sales of goods and rendering of services		168,770,516,332	192,625,968,953
21 6. Financial income	21	26,075,519,250	6,877,407,595
22 7. Financial expense	22	1,227,595,704	4,410,962,515
23 <i>In which: Interest expense</i>		-	-
24 8. Share of joint ventures and associates' profit or loss	23	(11,597,181,935)	5,364,841,300
25 9. Selling expense	24	50,249,854,281	50,245,497,695
26 10 General administrative expense	25	66,739,633,878	92,623,922,887
30 11. Net profit from operating activities		65,031,769,784	57,587,834,751
31 12. Other income		2,644,487,690	656,983,000
32 13. Other expense		51,738,308	497,156,532
40 14. Other profit		2,592,749,382	159,826,468
50 15. Total net profit before tax		67,624,519,166	57,747,661,219
51 16. Current corporate income tax expense	26	11,848,016,495	11,757,018,440
52 17. Deferred corporate income tax expense		-	-
60 18. Profit after corporate income tax		55,776,502,671	45,990,642,779
61 19. Profit after tax attributable to owners of the parent		54,213,987,184	40,522,406,674
62 20. Profit after tax attributable to non-controlling interest		1,562,515,487	5,468,236,105
70 21. Basic earnings per share	27	5,040	3,858


Doan Thu Ha
Preparer

Nguyen Thanh Tuyen
Chief AccountantNguyen Hoang Anh
General Director

Ho Chi Minh City, 27 February 2017

CONSOLIDATED STATEMENT OF CASH FLOWSYear 2016
(Indirect method)

Code ITEM	Note	Year 2016	Year 2015
		VND	VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	1. Profit before tax	67,624,519,166	57,747,661,219
	4. Adjustments for		
02	- Depreciation and amortization of fixed assets and investment properties	14,942,177,354	12,587,018,705
04	- Exchange gains / losses from retranslation of monetary items denominated in foreign currency	(1,774,432,548)	(2,374,269,047)
05	- Gains/losses from investment	(11,969,505,075)	(7,563,290,868)
08	10 Operating profit before changes in working capital	68,822,758,897	60,397,120,009
09	- Increase or decrease in receivables	(26,911,640,686)	(55,356,490,617)
10	- Increase or decrease in inventories	186,634,785	(166,005,500)
11	- Increase or decrease in payables (excluding interest payable/ corporate income tax payable)	13,853,253,249	34,403,017,497
12	- Increase or decrease in prepaid expenses	118,922,189	790,707,936
15	- Corporate income tax paid	(10,824,538,865)	(11,324,816,536)
17	- Other payments on operating activities	(1,081,754,370)	(1,320,878,190)
20	Net cash flows from operating activities	44,163,635,199	27,422,654,599
II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	1. Purchase or construction of fixed assets and other long-term assets	(13,207,095,452)	(19,815,282,174)
22	2. Proceeds from disposals of fixed assets and other long-term assets	716,363,637	1,449,168,181
25	3. Equity investments in other entities	-	(107,651,851,466)
26	4. Proceeds from equity investment in other entities	5,662,000,000	-
27	5. Interest and dividend received	20,745,015,468	2,198,449,568
30	Net cash flows from investing activities	13,916,283,653	(123,819,515,891)
III CASH FLOWS FROM FINANCING ACTIVITIES			
31	1. Proceeds from issuance of shares and receipt of contributed capital	5,351,530,000	5,153,850,000
32	2. Repayment of contributions capital and repurchase of stock issued	(900,000,000)	(400,120,000)
36	3. Dividends or profits paid to owners	(17,743,735,896)	(84,732,400)
40	Net cash flow from financing activities	(13,292,205,896)	4,668,997,600
50	Net cash flows in the year	44,787,712,956	(91,727,863,692)

CONSOLIDATED STATEMENT OF CASH FLOWS*Year 2016*
(Indirect method)

Code ITEM	Note	Year 2016	Year 2015
		VND	VND
60	Cash and cash equivalents at the beginning of the year	144,740,712,969	234,092,697,111
61	Effect of exchange rate fluctuations	1,212,990,581	2,375,879,550
70	Cash and cash equivalents at the end of the year	<u>190,741,416,506</u>	<u>144,740,712,969</u>



Doan Thu Ha
Preparer



Nguyen Thanh Tuyen
Chief Accountant



Nguyen Hoang Anh
General Director

Ho Chi Minh City, 27 February 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS*Year 2016***1 . GENERAL INFORMATION OF THE COMPANY****Form of ownership**

Sea & Air Freight International was transformed from State enterprises to Joint stock company under Decision No. 1247/1998/QD-BGTVT dated 25/05/1998 by Ministry of Transport and operates under business registration license number 0301471330 dated 31/08/1998, the 29th amended registration license dated 01/11/2016 by Department of Planning and Investment of Ho Chi Minh City.

The Company's head office is located at: No. 209, Nguyen Van Thu Street, Dakao Ward, District 1, Ho Chi Minh City.

Company's Charter capital: VND 113,682,420,000. Actual contributed capital at 31 December 2016 is VND 113,682,420,000, equivalent to 11,368,242 shares with the price of VND 10,000 per share.

Business section

Main business activity of the Company is: Transport service and Transport agent

Business activities

The Company's business fields are:

- Support services related to transportation. Details: Transport agent. Fiduciary agent container management and delivery goods. Mining, collection and domestic transport of goods. Shipping agent. Delivery of imported and exported goods. Marine services and supply ships. Plane ticket agent;
- Agent, broker, auction. Detail: Ship broker;
- Warehousing and storage of goods. Detail: warehouse business;
- Goods transport by land. Details: Transit goods to Laos, Cambodia and contrary (only when fully transit goods procedures). Multimodal international transport;

Group structure

- **The Group's subsidiaries consolidated in Consolidated Financial Statements as at 31 December 2016 include:**

<u>Name of company</u>	<u>Head office</u>	<u>Proportion of</u>	<u>Voting rights held</u>	<u>Principal activities</u>
Cosfi Limited Company	Ho Chi Minh City	100.00%	100.00%	Forwarding, Sea and Air freight
SITC Vietnam Co., Ltd	Hai Phong City	51.00%	51.00%	Forwarding, Sea and Air freight
SAFI Infrastructure Investment Co., Ltd	Ho Chi Minh City	100.00%	100.00%	Trading real estate, leasing office

- The Group's associates and jointly controlled entities that are accounted for using the equity method in these Consolidated Financial Statements as at 31 December 2016 include:

<u>Name of company</u>	<u>Head office</u>	<u>Proportion of</u>	<u>Voting rights held</u>	<u>Principal activities</u>
Yusen Sea & Air Vietnam Co., Ltd	Ho Chi Minh City	45.00%	45.00%	Forwarding, Sea and Air freight
KCTC Vietnam Co., Ltd	Ho Chi Minh City	23.00%	23.00%	Forwarding, Sea and Air freight

2 . ACCOUNTING SYSTEM AND ACCOUNTING POLICY

2.1 . Accounting period and accounting currency

Annual accounting period commences from 1st January and ends as at 31st December.

The Company maintains its accounting records in VND.

2.2 . Standards and Applicable Accounting Policies

Applicable Accounting Policies

The Company applies Corporate Accounting System issued under the Circular No. 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance, the Circular No. 53/2016/TT-BTC dated 21 March 2016 issued by Ministry of Finance amending and supplementing some articles of the Circular No. 200/2014/TT-BTC and the Circular No. 202/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance guiding the preparation and presentation of Consolidated Financial Statements.

Declaration of compliance with Accounting Standards and Accounting System

The Company applies Vietnamese Accounting Standards and supplementary documents issued by the State. Financial Statements are prepared and presented in accordance with regulations of each standard and supplementary document as well as with current Accounting Standards and Accounting System.

2.3 . Basis for preparation of consolidated financial statements

Consolidated financial statements are prepared based upon consolidating Separate financial statements of the Company and its subsidiaries under its control as at 31 December annually.

Consistent accounting policies are applied in Financial Statements of subsidiaries and the Company. If necessary, adjustments are made to the Financial Statements of subsidiaries to ensure the consistency of application of accounting policies among the Company and its subsidiaries.

Balance, main incomes and expenses, including unrealized profits from intra-group transactions are eliminated in full from Consolidated financial statements.

Non – controlling interest Non – controlling interest

Non – controlling interests represents the portion of profit or loss and net assets of subsidiaries not held by the Company.

2.4 . Financial Instruments*Initial recognition*

Financial assets

Financial assets of the Company include cash and cash equivalents, trade receivables and other receivables, long-term and short-term investments. At initial recognition, financial assets are identified by purchasing price/issuing cost plus other expenses directly related to the purchase and issuance of those assets.

Financial liabilities

Financial liabilities of the Company include loans, trade payables, other payables and accrued expenses. At initial recognition and financial liabilities are determined by issuing price plus other expense directly related to the issuance of those liabilities.

Subsequent measurement after initial recognition

There are currently no regulations on revaluation of financial instruments after initial recognition.

2.5 . Foreign currency transactions

The foreign currency transactions during the year are converted into Vietnam dong with the real exchange rate at the transaction date. Real exchange rates are determined as the following principles:

- When buying or selling foreign currency, applying the exchange rates specified in the contracts of foreign exchange sale between Company and commercial banks;
- When contributing capital, applying the bid rate of the bank where the Company opens its account at the date of capital contribution or When receiving contributed capital, applying the bid rate of the bank where the Company opens its account to receive capital from investors at the date of capital contribution;
- When recording receivables: are exchange rates of purchase of commercial banks where Company assigned customers to make payment at the time of incurred transactions;
- When recording payables, applying the offer rate of the commercial bank where the Company expects to conduct transactions at the transaction time;
- When purchasing assets or paying immediately in foreign currency, applying the bid rate of the commercial bank where the Company makes payments.

If the Company applies the approximate exchange rate as real exchange rate, its disparity does not exceed +/- 1% compared to the average transfer exchange rate.

Real exchange rate when revaluing monetary items denominated in foreign currencies at the reporting date of Separate Financial Statements is determined under the following principles:

- For asset accounts, applying the bid rate of the commercial bank where the Company regularly conducts transaction;
- For foreign currency deposited in bank, applying the bid rate of the bank where the Company opens its foreign currency accounts;
- For liability accounts, applying the offer rate of the commercial bank where the Company regularly conducts transaction.

All exchange differences arising from foreign currency transactions in the year and from revaluation of remaining foreign currency monetary items at the end of the year are recorded immediately to operating results of the accounting year.

2.6 . Cash and cash equivalents

Cash includes cash on hand, demand deposits, monetary gold used for value storage, not includes the gold

Cash equivalents is short-term highly liquid investments with maturity less than 3 months from the date investment, can be converted easily into a certain amount of cash and there is no risk in conversion into cash.

2.7 . Financial investments

Investments in subsidiaries, joint ventures or associates are initially recognized at original cost. After initial recognition, the value of these investments is measured at original cost less provision for devaluation of investments.

Equity Investments in other entities comprise investments in equity instruments of other entities without having control, joint control, or significant influence on the investee. These investments are initially stated at original cost. After initial recognition, these investments are measured at original cost less provision for devaluation of investments.

Provision for devaluation of investments is made at the end of the year as follows: With regard to long-term investments (other than trading securities) without significant influence on the investee: If the investment is made in listed shares or the fair value of the investment is determined reliably, the provisions shall be made on the basis of the market value of the shares; if the fair value of the investment is not determined at the reporting date, the provision shall be made based on the Financial Statements at the provision date of the investee.

2.8 . Receivables

The receivables shall be kept records in details according to period receivables, entities receivables, types of currency receivable and other factors according to requirements for management of the Company.

The provision for doubtful debts is made for receivables that are overdue under an economic contract, a loan agreement, a contractual commitment or a promissory note and for receivables that are not due but difficult to be recovered. Accordingly, the provisions for overdue debts shall be based on the due date stipulated in the initial sale contract, exclusive of the debt rescheduling between contracting parties and the case where the debts are not due but the debtor is in bankruptcy, in dissolution, or missing and making fleeing.

2.9 . Inventories

Inventories are initially recognized at original cost including purchase price, processing cost and other costs incurred in bringing the inventories to their location and condition at the time of initial recognition. After initial recognition, at the reporting date, inventories are stated at the lower of cost and net realizable value.

The cost of inventory is calculated by weighted average method.

Inventory is recorded by perpetual.

Method for valuation of work in process: main material cost for each unfinished products.

Provision for devaluation of inventories made at the end of the year is based on the excess of original cost of inventory over their net realizable value.

2.10 . Fixed assets and Investment properties

Fixed assets (tangible and intangible) are initially stated at the historical cost. During the using time, fixed assets (tangible and intangible) are recorded at cost, accumulated depreciation and carrying amount. Depreciation is computed on a straight-line basis method.

Depreciation is provided on a straight-line basis. Depreciation period is estimated as follows:

- Buildings, structures	05 - 30	years
- Machine, equipment	05 - 10	years
- Vehicles, Transportation equipment	06 - 10	years
- Office equipment and furniture	03 - 05	years

Intangible fixed assets are land used rights, including the actual costs spent to have land use rights and are amortized by the straight line method over useful life, as follows:

- Land used rights with 9,488.4 m2 at Lot No.39, Road No.2, Da Nang Industrial Zone, Da Nang City with useful life of 35 years and depreciation according to use time.		
- Management software	03	years

Investment properties are initially recognised at historical cost.

Investment properties held for operating lease are recorded at cost, accumulated depreciation and carrying amount. In which, depreciation is provided on a straight-line basis with expected useful life as follows:

- Buildings	05 - 30	year
- Land use rights	05 - 30	year

2.11 . Prepaid expenses

The expenses incurred but related to operating results of several accounting periods are recorded as prepaid expenses and are allocated to the operating results in the following accounting periods.

The calculation and allocation of long-term prepaid expenses to operating expenses in each accounting period should be based on the nature of those expenses to select a reasonable allocation method and criteria. Prepaid expenses are allocated gradually into operating expenses on the straight-line basis.

2.12 . Payables

The payables shall be kept records in details according to period payables, entities payables, types of currency payable and other factors according to requirements for management of the Company.

2.13 . Accrued expenses

Accrued expenses include payables to goods or services received from the suppliers or provided for the customers during the reporting period, but the payments for such goods or services have not been made and other payables which are recorded as operating expenses of the reporting period.

The recording of accrued expenses as operating expenses during the year shall be carried out under the matching principle between revenues and expenses during the year. Accrued expenses are settled with actual expenses incurred. The difference between accrued and actual expenses is reverted.

2.14 . Owner's equity

Owner's equity is stated at actually contributed capital of owners.

Share premium is recorded at the difference between the par value with costs directly attributable to the issuance of shares and issue price of shares (including the case of re-issuing treasury shares) and can be a positive premium (if the issue price is higher than par value and costs directly attributable to the issuance of shares) or negative premium (if the issue price is lower than par value and costs directly attributable to the issuance of shares).

Treasury shares are shares issued and bought-back by the issuing company itself. Treasury shares are uncanceled and shall be re-issued within the period as regulated by the law on securities. Treasury shares shall be recorded at the actual buyback price and presented on the Statement of Financial position as a decrease in owner's equity. Cost of Treasury shares when being re-issued or used to pay dividend, bonus, etc. shall be calculated using the weighted average method.

Retained earnings are used to present the Company's operating results (profit, loss) after corporate income tax and profit appropriation or loss handling of the Company. The distribution of net profits is made when the net profit of the company does not exceed the net profit presented on Consolidated Financial Statements after eliminating the profits from cheap purchase. In case dividend payment or profit distribution for the owners exceeds the net profit, the difference shall be recorded as a decrease in contributed capital. Net profit can be distributed to investors based on capital contribution rate after being approved by General Meeting of Shareholders/Board of Management and after being appropriated to funds in accordance with the Company's Articles of Incorporation and Vietnamese statutory requirements.

Dividends to be paid to shareholders are recognised as a payable in Statement of Financial position after the announcement of dividend payment from the Board of Management and announcement of cut-off date for dividend payment of Vietnam Securities Depository Center.

2.15 . Revenue

Rendering of services

Revenue from rendering of services shall be recognised when all the following conditions have been satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of the completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliable.

The stage of the completion of the transaction may be determined by evaluating the volume of work performed.

Financial income

Revenue arising from the use by the others of the Company's assets yielding interest, royalties and dividends shall be recognised when:

- It is probable that the economic benefits associated With the transaction will flow to the Company; and
- The amount of the revenue can be measured reliably.

Dividends shall be recognised when the shareholder's right to receive payment is established.

2.16 . Cost of goods sold

The recognition of cost of goods sold is matched against revenue in the period and complies with the prudence principle. Cases of loss of materials and goods exceeded the norm, abnormal expenses and losses of inventories after deducting the responsibility of collective and individuals concerned, etc. is recognized fully and promptly into cost of goods sold in the year.

2.17 . Financial expenses

Items recorded into financial expenses comprise:

- Expenses or losses relating to financial investment activities;
- Provision for business security decrease, provision for losses from investment in other units, losses incurred when selling foreign currency, losses from exchange rate...

The above items are recorded by the total amount arising in the year without offsetting against financial income

2.18 . Corporate income tax

Current corporate income tax expenses are determined based on taxable income during the year and current corporate income tax rate.

2.19 . Related Parties

The parties are regarded as related parties if that party has the ability to control or significantly influence the other party in making decisions about the financial policies and activities. The Company's related parties include:

- Companies, directly or indirectly through one or more intermediaries, having control over the Company or being under the control of the Company, or being under common control with the Company, including the Company's parent, subsidiaries and associates;
- Individuals, directly or indirectly, holding voting power of the Company that have a significant influence on the Company, key management personnel including directors and employees of the Company, the close family members of these individuals;
- Enterprises that the above-mentioned individuals directly or indirectly hold an important part of the voting power or have significant influence on these enterprises.

In considering the relationship of related parties to serve for the preparation and presentation of [Separate] Financial Statements, the Company should consider the nature of the relationship rather than the legal form of the relationship.

3 . CASH AND CASH EQUIVALENTS

	<u>31/12/2016</u>	<u>01/01/2016</u>
	VND	VND
Cash on hand	926,247,108	2,199,248,920
Non term deposit	152,503,561,298	82,919,904,454
Cash in transit	346,608,100	1,055,859,595
Cash equivalents	36,965,000,000	58,565,700,000
	<u><u>190,741,416,506</u></u>	<u><u>144,740,712,969</u></u>

(*) As at 31/12/2016, Cash equivalents are term deposits under 3 months at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Branch Ho Chi Minh with interest rate 0%/year.

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4 . FINANCIAL INVESTMENTS**a) Investments in joint ventures and associates**

	31/12/2016		01/01/2016	
	Rate of interest	Rate of voting rights	Rate of interest	Rate of voting rights
Address	Book value according equity method		Book value according equity method	
	VND		VND	
Investments in associates				
- Yusen Sea & Air Vietnam Co., Ltd (1)	45.00%	45.00%	45.00%	45.00%
			4,350,780,000	4,350,780,000
- KCTC Vietnam Co.,Ltd (2)	23.00%	23.00%	23.00%	23.00%
			7,574,455,151	7,119,449,600
- Cosco Container Lines Vietnam Co.,Ltd (3)			-	15,406,195,108
			11,925,235,151	26,876,424,708

Detail information on the Company's joint ventures, associates as at 31/12/2015 as follows:

- (1) According to the joint venture contract between the parties as SAFI (Party A), INVESTCONSULT GROUP CO.,LTD (Party B) and Yusen Sea & Air Service Co.,Ltd (Party C), the chartered capital of Yusen Logistics International (Vietnam) Co., Ltd (old name was Yusen Transportation and Delivery International (Vietnam)) is USD 600,000, in which contributed capital of parties are as follow: SAFI (Party A) contributed USD 270,000 representing 45% chartered capital; INVESTCONSULT GROUP CO., LTD (Party B) contributed USD 36,000 USD representing 6% chartered capital and Yusen Sea & Air Service Ltd. Co (Party C) contributed USD 294,000 representing 49% chartered capital.
- Also according to the joint venture contract, the business registration license of Yusen Logistics International (Vietnam) Co.,Ltd. has expired on 05/09/2014. At 31/12/2016, Yusen Logistics International (Vietnam) Co., Ltd is carrying out procedures for dissolution. The liquidation of the investment will be made upon the completion of the procedures for dissolution; therefore, at that time, the original cost of investment will be written off; in addition, expenses related to liquidation and assets allocated (if any) will be recorded at that time.
- (2) According to the joint venture contract between the parties as SAFI, Saigon Transport Agent Joint Stock Company and Consulting and Bussiness Connecting Joint Stock Company, KCTC; and the first Investment lisencc No 411022000233 dated 15/05/2008, the chartered capital of KCTC Vietnam is USD 900,000, in which contributed capital of parties are as follow: SAFI (Party A) contributed USD 207,000 representing 23% chartered capital; Saigon Transport Agent Joint Stock Company contributed USD 92,000 USD representing 10% chartered capital and Consulting and Bussiness Connecting Joint Stock Company contributed USD 160,000 representing 18% chartered capital and KCTC contributed USD 441,000 representing 49% chatered capital.
- (3) According to the 4th amended registration license dated 20/09/2014, the charter capital of Cosco Container Lines Vietnam Limited is VND 15,401,445,000 (USD 874,300). In which, SAFI contributed USD 306,000 representing 35% chatered capital; Freightworld Pte.Ltd contributed USD 568,300 representing 65% chartered capital. In 2016, the Company has withdrawn its entire contributed capital of Cosco Container Lines Vietnam Co., Ltd.

The main transactions among the Company and Joint venture company, asociated company details as in Notes No.32

b) Investments in other entities

Long-term investment in Vinalines Logistic - Vietnam Joint Stock Company, the original cost of investment remained unchanged at VND 1,500,000,000 corresponding to 15,000 shares.

The Company has not determined the fair value of financial investments because Vietnam Accounting Standards, Vietnam Enterprise Accounting System has not guided in detail on the determination of the fair value.

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For the fiscal year ended as at 31/12/2016**5 . SHORT-TERM TRADE RECEIVABLES**

	<u>31/12/2016</u>	<u>01/01/2016</u>
	VND	VND
Trade receivables detailed by large account balances		
Shipping agent receivables	16,320,396,108	1,684,067,436
Forwarding Receivables	43,761,803,492	44,897,078,473
Sea and air freight receivables	39,950,389,827	31,242,758,668
	<u>100,032,589,427</u>	<u>77,823,904,577</u>

6 . SHORT-TERM PREPAYMENTS TO SUPPLIERS

	<u>30/06/2015</u>		<u>01/01/2015</u>	
	<u>Value</u>	<u>Provision</u>	<u>Value</u>	<u>Provision</u>
	VND	VND	VND	VND
Logistics service	35,000,000	-	567,277,107	-
Shipping agents service	-	-	896,108,720	-
Others	1,818,184,449	-	-	-
	<u>1,853,184,449</u>	<u>-</u>	<u>1,463,385,827</u>	<u>-</u>

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For the fiscal year ended as at 31/12/2016**7 . OTHER RECEIVABLES**

	30/06/2015		01/01/2015	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
a) Short-term				
Receivables from social insurance	75,566,203	-	74,513,272	-
Receivables from health insurance	-	-	174,244,453	-
Advances	7,813,244,683	-	4,107,189,945	-
Deposits	1,120,935,604	-	266,217,704	-
Freight receivables from forwarding agents	-	-	2,716,984,260	-
Freight receivables and Expenditure on behalf (*)	63,185,370,023	-	56,744,238,013	-
Others	538,326,223	-	1,871,111,931	-
	<u>72,733,442,736</u>	<u>-</u>	<u>65,954,499,578</u>	<u>-</u>
b) Long-term				
Deposits	683,604,140	-	1,457,789,400	-
	<u>683,604,140</u>	<u>-</u>	<u>1,457,789,400</u>	<u>-</u>

(*) Receivables of customers using services of SITC Vietnam Co., Ltd in terms of freight, service fee and will be paid to beneficiary is SITC Container Lines Co., Ltd..

8 . INVENTORIES

	31/12/2016		01/01/2016	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Raw material	103,030,167	-	-	-
Work in process	133,857,257	-	423,522,209	-
	<u>236,887,424</u>	<u>-</u>	<u>423,522,209</u>	<u>-</u>

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9 . TANGIBLE FIXED ASSETS

	Buildings	Machinery, equipment	Transportation equipment	Management equipment	Total
	VND	VND	VND	VND	VND
Historical cost					
Beginning balance	125,471,916,492	1,696,170,247	62,855,511,177	1,597,593,694	191,621,191,610
- Purchase in the year	-	-	12,859,511,816	36,363,636	12,895,875,452
- Transfer to investment properties	(78,179,346,005)	(1,352,057,017)	(1,728,423,675)	-	(81,259,826,697)
- Liquidating, disposed	-	-	(1,401,092,962)	-	(1,401,092,962)
Ending balance of the year	47,292,570,487	344,113,230	72,585,506,356	1,633,957,330	121,856,147,403
Accumulated depreciation					
Beginning balance	26,011,072,232	383,627,133	22,611,840,214	1,181,232,373	50,187,771,952
- Depreciation for the year	4,320,543,336	281,341,728	9,666,554,725	300,948,132	14,569,387,921
- Transfer to investment properties	(4,631,622,912)	(417,547,032)	(861,969,864)	-	(5,911,139,808)
- Liquidating, disposed	-	-	(1,198,408,490)	-	(1,198,408,490)
Ending balance of the year	25,699,992,656	247,421,829	30,218,016,585	1,482,180,505	57,647,611,575
Net carrying amount					
Beginning balance	99,460,844,260	1,312,543,114	40,243,670,963	416,361,321	141,433,419,658
Ending balance	21,592,577,831	96,691,401	42,367,489,771	151,776,825	64,208,535,828
<i>In which:</i>					
- Cost of fully depreciated tangible fixed assets but still in use:	VND 6,484,717,158.				

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10 . INTANGIBLE FIXED ASSETS

	<u>Land use rights</u>	<u>Computer software</u>	<u>Cộng</u>
	VND	VND	VND
Historical cost			
Beginning balance	9,882,524,453	481,845,000	10,364,369,453
- Purchase	-	865,900,000	865,900,000
- Other increase	<u>(5,365,200,000)</u>	-	<u>(5,365,200,000)</u>
Ending balance of the year	<u>4,517,324,453</u>	<u>1,347,745,000</u>	<u>5,865,069,453</u>
Accumulated depreciation			
Beginning balance	863,606,094	410,287,500	1,273,893,594
- Depreciation for the year	<u>132,862,487</u>	<u>239,926,946</u>	<u>372,789,433</u>
Ending balance of the year	<u>996,468,581</u>	<u>650,214,446</u>	<u>1,646,683,027</u>
Net carrying amount			
Beginning balance	<u>9,018,918,359</u>	<u>71,557,500</u>	<u>9,090,475,859</u>
Ending balance	<u>3,520,855,872</u>	<u>697,530,554</u>	<u>4,218,386,426</u>

11 . INVESTMENT PROPERTIES
Investment properties held for lease

	<u>Land use rights</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Total</u>
	VND	VND	VND	VND
Historical cost				
Beginning balance	-	-	-	-
- Increase due to re-classification	<u>21,684,350,000</u>	<u>61,860,196,005</u>	<u>3,080,480,692</u>	<u>86,625,026,697</u>
Ending balance of the year	<u>21,684,350,000</u>	<u>61,860,196,005</u>	<u>3,080,480,692</u>	<u>86,625,026,697</u>
Accumulated depreciation				
Beginning balance	-	-	-	-
- Increase due to re-classification	<u>-</u>	<u>4,631,622,912</u>	<u>1,279,516,896</u>	<u>5,911,139,808</u>
Ending balance of the year	<u>-</u>	<u>4,631,622,912</u>	<u>1,279,516,896</u>	<u>5,911,139,808</u>
Net carrying amount				
Beginning balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>21,684,350,000</u>	<u>57,228,573,093</u>	<u>1,800,963,796</u>	<u>80,713,886,889</u>

12 . PREPAID EXPENSES

	<u>31/12/2016</u>	<u>01/01/2016</u>
	VND	VND
a) Short-term		
Dispatched tools and supplies	206,013,146	127,916,942
Others	140,556,270	44,000,000
	<u>346,569,416</u>	<u>171,916,942</u>
b) Long-term		
Dispatched tools and supplies	312,349,516	394,564,993
Others	299,912,231	511,271,417
	<u>612,261,747</u>	<u>905,836,410</u>

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	31/12/2016		01/01/2016	
	Outstanding balance VND	Amount can be paid VND	Outstanding balance VND	Amount can be paid VND
Trade payables detailed by large account balances				
Airlines service companies	14,760,840,319	14,760,840,319	17,947,904,917	17,947,904,917
Sea-way service companies	13,689,561,425	14,935,582,936	2,790,186,225	2,790,186,225
Logistics service companies	14,608,828,237	13,362,806,726	14,690,816,845	14,690,816,845
Shipping agents	5,903,099,303	5,903,099,303	69,312,530	69,312,530
Others	64,473,602	64,473,602	615,855,393	615,855,393
	49,026,802,886	49,026,802,886	36,114,075,910	36,114,075,910

14 . SHORT-TERM PREPAYMENTS FROM CUSTOMERS

	31/12/2016 VND	01/01/2016 VND
Forwarding and Shipping agents	10,875,238,635	7,226,967,215
Others	615,090,941	2,542,371,093
	11,490,329,576	9,769,338,308

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15 . TAX AND OTHER PAYABLES TO THE STATE BUDGET

	Receivable at the opening year	Payable at the opening year	Payable arise in the year	Amount paid in the year	Receivable at the closing year	Payable at the closing year
	VND	VND	VND	VND	VND	VND
Value-added tax	-	791,326,643	9,489,589,943	9,790,468,708	-	490,447,878
Corporate income tax	22,095,293	1,047,672,699	11,875,225,677	10,824,538,865	-	2,076,264,218
Personal income tax	-	446,731,607	5,047,098,195	5,039,135,069	-	454,694,733
Land tax and land rental	-	-	140,641,139	140,641,139	-	-
Other taxes	-	5,602,968,271	132,157,862,677	128,401,425,439	-	9,359,405,509
Fees, charges and other payables	-	-	15,721,452	14,721,452	-	1,000,000
	22,095,293	7,888,699,220	158,726,139,083	154,210,930,672	-	12,381,812,338

The Company's tax settlements are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the Consolidated Financial Statements could be changed at a later date upon final determination by the tax authorities.

16 . OTHER PAYABLES

	31/12/2016	01/01/2016
	VND	VND
a) Short-term		
- Trade union fee	717,661,735	554,628,660
- Social insurance and Health insurance	-	6,954,000
- Short-term deposits, collateral received	38,852,929,838	45,370,925,679
- Dividends, profits payables	151,703,680	141,606,130
- Freight receivables from forwarding agents	23,310,618,257	25,450,174,797
- Freight payable and other receivables	41,407,266,113	42,571,477,210
- Other payables	5,263,806,320	2,700,449,125
	109,703,985,943	116,796,215,601
b) Long-term		
- Long-term deposits, collateral received	1,330,761,600	-
	1,330,761,600	-

(*) Paybles to SITC Container Lines Co., Ltd in terms of freight, fee of service customer in SITC Vietnam Co.,Ltd

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17 . OWNER'S EQUITY

a) Changes in owner's equity

	Contributed legal capital	Share capital surplus	Treasury stocks	Investment and development funds	Other funds belonging to owner's equity	Undistributed earnings	Non controlling interest	Total
	VND	VND	VND	VND	VND	VND	VND	VND
Beginning balance of previous year	103,177,040,000	41,816,120,654	-	12,899,497,006	-	95,256,219,498	17,829,828,777	270,978,705,935
Increase in capital in previous year	5,153,850,000	-	-	-	-	-	-	5,153,850,000
Profit for previous year	-	-	-	-	-	40,522,406,674	5,468,236,105	45,990,642,779
Profit distribution	-	-	-	12,089,692,172	55,786,103,434	(69,308,401,725)	(6,713,900,850)	(8,146,506,969)
Buying treasury stock	-	-	(400,120,000)	-	-	-	-	(400,120,000)
Decrease due to subsidiary changed to associate	-	-	-	-	-	(1,625,512,832)	(11,398,915,124)	(13,024,427,956)
Ending balance of previous year	108,330,890,000	41,816,120,654	(400,120,000)	24,989,189,178	55,786,103,434	64,844,711,615	5,185,248,908	300,552,143,789
Beginning balance of current year	108,330,890,000	41,816,120,654	(400,120,000)	24,989,189,178	55,786,103,434	64,844,711,615	5,185,248,908	300,552,143,789
Increase in capital of this year (**)	5,351,530,000	-	-	-	-	-	-	5,351,530,000
Profit for this year	-	-	-	-	-	54,213,987,184	1,562,515,487	55,776,502,671
Profit distribution	-	-	-	3,500,624,466	14,040,314,497	(34,811,226,662)	(1,699,217,946)	(18,969,505,645)
Buying treasury stock (*)	-	-	(900,000,000)	-	-	-	-	(900,000,000)
Ending balance of this year	113,682,420,000	41,816,120,654	(1,300,120,000)	28,489,813,644	69,826,417,931	84,247,472,137	5,048,546,449	341,810,670,815

According to Resolution No 05/NQ-HDQT dated May 17th 2016 issued by General Meeting of shareholders, the Company announced its profit distribution plan as follows:

	Parent company	Subsidiaries	Total
	VND	VND	VND
Investment and development funds (10% Profit after tax in separate financial	3,500,624,466	-	3,500,624,466
Other funds belonging to owner's equity	14,040,314,497	-	14,040,314,497
Taken from budget of Board of Management and Board of Supervision (3% Profit after tax of parent company's shareholders in the consolidated financial statements)	1,215,672,200	-	1,215,672,200
Paid dividends	16,054,615,500	1,699,217,946	17,753,833,446

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According to the report on the recovery of ESOP shares for treasury shares, the number of shares bought back is 90,000 shares. The average transaction price is VND 10,000/share. At 31/12/2016, the number of treasury shares is 130,012 shares. Trading method: Transferring ESOP shares ownership of employees leaving job to SAFI.

(**) According to the announcement No.1310/TB-SGDHCM dated 30 December 2016, the number of the Company' securities changed listing is 535,153 shares. Total number of securities after the listing change is 11,368,242 shares. Reason for change of listing: Issuing shares under the company's employee selection

b) Details of Contributed capital

	Rate (%)	31/12/2016 VND	Rate (%)	01/01/2016 VND
Mr. Nguyen Hoang Anh	18.36%	20,867,490,000	18.16%	19,667,490,000
Mutual fund Elite	5.18%	5,888,000,000	4.78%	5,181,100,000
America LLC	11.32%	12,864,600,000	6.01%	6,509,700,000
Halley Sicav	6.85%	7,782,700,000	5.99%	6,492,100,000
Others	57.15%	64,979,510,000	64.69%	70,080,380,000
Treasury stock	1.14%	1,300,120,000	0.37%	400,120,000
	100%	113,682,420,000	100%	108,330,890,000

c) Capital transactions with owners and distribution of dividends and profits

	Year 2016 VND	Year 2015 VND
Owner's contributed capital	113,682,420,000	108,330,890,000
- At the beginning of the year	108,330,890,000	103,177,040,000
- Increase in the year	5,351,530,000	5,153,850,000
- At the end of the year	113,682,420,000	108,330,890,000
Distributed dividends and profit	16,054,615,500	-
- Dividend payment from last year's profit	16,054,615,500	-

d) Share

	31/12/2016	01/01/2016
Quantity of Authorized issuing shares	11,368,242	10,833,089
Quantity of issued shares	11,368,242	10,833,089
- Common shares	11,368,242	10,833,089
Quantity of shares repurchased	130,012	40,012
- Common shares	130,012	40,012
Quantity of outstanding shares in circulation	11,238,230	10,793,077
- Common shares	11,238,230	10,793,077
Par value per share (VND)	10,000	10,000

e) Company's reserves

	31/12/2016 VND	01/01/2016 VND
Development and investment funds	28,489,813,644	24,989,189,178
Other reserves	69,826,417,931	55,786,103,434
	98,316,231,575	80,775,292,612

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18 . OFF-STATEMENT OF FINANCIAL POSITION ACCOUNTS
Foreign currencies

	<u>31/12/2016</u>	<u>01/01/2016</u>
- US dollars (USD)	4,634,099.12	3,961,616.51

19 . TOTAL REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Revenue from rendering of services	560,906,422,315	562,752,212,185
	<u>560,906,422,315</u>	<u>562,752,212,185</u>

20 . COSTS OF GOODS SOLD

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Costs of services rendered	392,135,905,983	370,126,243,232
	<u>392,135,905,983</u>	<u>370,126,243,232</u>

21 . FINANCE INCOME

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Interest income, interest from loans	963,156,444	2,198,449,568
Gain from disposal of financial investments	2,307,992,377	-
Dividends or profits received	19,781,859,024	-
Realised exchange gain	1,248,078,857	2,304,688,980
Unrealised exchange gain	1,774,432,548	2,374,269,047
	<u>26,075,519,250</u>	<u>6,877,407,595</u>

22 . FINANCIAL EXPENSES

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Realised exchange loss	1,227,595,704	4,410,962,515
	<u>1,227,595,704</u>	<u>4,410,962,515</u>



SEA & AIR FREIGHT INTERNATIONALNo. 209, Nguyen Van Thu Street,
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For the fiscal year ended as at 31/12/2016**23 . PROFIT OR LOSS IN ASSOCIATES AND JOINT-VENTURES**

	Year 2016	Year 2015
	VND	VND
Profit from KCTC Vietnam Co., Ltd	455,005,550	197,310,324
Profit from COSCO Container Lines Vietnam Co., Ltd (*)	(12,052,187,485)	5,167,530,976
	<u>(11,597,181,935)</u>	<u>5,364,841,300</u>

In 2016, the Company has received a VND 7,729,671,539 profit corresponding to its interest rate in Cosco Container Lines Vietnam Co.,Ltd. In addition, Cosco Container Lines Vietnam Co.,Ltd transfer the retain earning to the Company with the amount of VND 19,781,859,024. According to Circular No.202/2014/TT-BTC dated 22 December 2014 on guidelines for the preparation and presentation of consolidated financial statements, these figures have been adjusted to the item "Share of joint ventures and associates" profit or loss"- Code 24 on the Consolidated statement of comprehensive income and the item "Investments in joint ventures and associates"- Code 252 on the Consolidated statement of financial position. Consequently, the value of the Company's investment in Cosco Container Lines Vietnam Limited and the item "Share of joint ventures and associates profit or loss" have decreased compared to the previous year.

24 . SELLING EXPENSES

	Year 2016	Year 2015
	VND	VND
Raw materials	1,289,561,045	1,716,795,786
Labour expenses	37,500,286,219	35,457,666,025
Depreciation expenses	1,449,113,220	1,805,302,579
Expenses of outsourcing services	2,294,958,705	3,018,449,614
Other expenses in cash	7,715,935,092	8,247,283,691
	<u>50,249,854,281</u>	<u>50,245,497,695</u>

25 . GENERAL AND ADMINISTRATIVE EXPENSE

	Year 2016	Year 2015
	VND	VND
Raw materials	1,814,403,483	2,262,211,329
Labour expenses	41,313,246,049	43,168,736,555
Depreciation expenses	3,168,231,289	3,215,843,224
Tax, Charge, Fee	814,170,268	1,665,774,034
Expenses of outsourcing services	10,857,497,203	29,073,002,705
Other expenses in cash	8,772,085,586	13,238,355,040
	<u>66,739,633,878</u>	<u>92,623,922,887</u>

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26 . CURRENT CORPORATE INCOME TAX EXPENSES

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Current corporate income tax expense	11,848,016,495	11,757,018,440
Adjustment of tax expenses from previous years to current year	27,209,182	131,337,178
Tax payable at the beginning of year	1,025,577,406	1,261,937,471
Tax paid in the year	(10,824,538,865)	(11,324,816,536)
Decrease in payable corporate income tax due subsidiary become associate in the year	-	(799,899,147)
Corporate income tax payable at the end of the year	<u>2,076,264,218</u>	<u>1,025,577,406</u>

27 . BASIC EARNINGS PER SHARE

Basic earnings per share distributed to common shareholders of the company are calculated as follows:

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Net profit after tax	54,213,987,184	40,522,406,674
Profit distributed to common shares	54,213,987,184	40,522,406,674
Average number of outstanding common shares in circulation in the year	10,756,838	10,504,471
Basic earnings per share	<u>5,040</u>	<u>3,858</u>

The company has not planned to make any distribution to Bonus and welfare fund from the net profit after tax for the fiscal year ended as at 31 December 2016.

28 . BUSINESS AND PRODUCTIONS COST BY ITEMS

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Raw materials	13,727,161,785	5,732,854,731
Labour expenses	80,543,266,982	81,663,456,768
Depreciation expenses	14,942,177,354	12,587,018,705
Expenses of outsourcing services	360,963,740,010	371,687,923,084
Other expenses in cash	38,659,383,059	41,490,416,026
	<u>508,835,729,190</u>	<u>513,161,669,314</u>

29 . FINANCIAL INSTRUMENTS

The types of financial instruments of the Company include:

	Carrying amount			
	31/12/2016		01/01/2016	
	Original Cost	Provision	Original Cost	Provision
	VND	VND	VND	VND
Financial Assets				
Cash and cash equivalents	190,741,416,506	-	144,740,712,969	-
Trade receivables, other receivables	173,449,636,303	-	145,236,193,555	-
Long term investments	1,500,000,000	-	1,500,000,000	-
	365,691,052,809	-	291,476,906,524	-

	Carrying amount	
	31/12/2016	01/01/2016
	VND	VND
Financial Liabilities		
Trade payables, other payables	160,061,550,429	152,910,291,511
Accrued expenses	138,581,818	126,067,273
	160,200,132,247	153,036,358,784

Financial assets and financial liabilities are not revalued according to fair value at the end of the year because the Circular No. 210/2009/TT-BTC and prevailing statutory regulations require to present Financial Statements and Notes to financial instruments but do not provide any relevant instruction for assessment and recognition of fair value of financial assets and liabilities, excluding provision for doubtful debts and provision for diminution in value of trading securities which are presented in relevant notes.

Financial risk management

The Company's financial risks include market risk, credit risk and liquidity risk. The Company has developed its control system to ensure the reasonable balance between cost of incurred risks and cost of risk management. The Board of Directors of the Company is responsible for monitoring the risk management process to ensure the appropriate balance between risk and risk control.

Market risk

The Company's business operations will bear the risks of changes in prices, exchange rates and interest rates.

Price Risk

The Company bears price risk of equity instruments from short-term and long-term investments in securities due to the uncertainty of future prices of the securities. As regards, long-term securities held for long-term strategies, at the end of the fiscal year, the Company has no plan to sell these investments.

Exchange rate risk

The Company bears the risk of exchange rate due to fluctuation in fair value of future cash flows of a financial instrument according to changes in exchange rates if loans, revenues and expenses of the Company are done in foreign currencies other than VND.

Interest rate risk

The Company bears the risk of interest rates due to fluctuation in fair value of future cash flow of a financial instrument according to changes in market interest rates if the Company has time or demand deposits, loans and debts subject to floating interest rates. The Company manages interest rate risk by analyzing the market competition situation to obtain any interest profitable for its operation purpose.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to perform its contractual obligations. The Company has credit risk from operating activities (mainly to trade receivables) and financial activities (including deposits, loans and other financial instruments), detailed as follows:

	Up to 1 year	In 1 to 5 years	In more than 5 years	Total
	VND	VND	VND	VND
As at 31/12/2016				
Cash and cash equivalents	190,741,416,506	-	-	190,741,416,506
Trade and other receivables	173,449,636,303	-	-	173,449,636,303
Long term investments	-	1,500,000,000	-	1,500,000,000
	<u><u>364,191,052,809</u></u>	<u><u>1,500,000,000</u></u>	<u><u>-</u></u>	<u><u>365,691,052,809</u></u>
As at 01/01/2016				
Cash and cash equivalents	144,740,712,969	-	-	144,740,712,969
Trade and other receivables	145,236,193,555	-	-	145,236,193,555
Long term investments	-	1,500,000,000	-	1,500,000,000
	<u><u>289,976,906,524</u></u>	<u><u>1,500,000,000</u></u>	<u><u>-</u></u>	<u><u>291,476,906,524</u></u>

Liquidity Risk

Liquidity risk is the risk in which the Company has trouble in settlement of its financial obligations due to lack of funds. Liquidity risk of the Company is mainly from different maturity of its financial assets and liabilities.

Due date for payment of financial liabilities based on expected payment under the contracts (based on cash flow of the original debts) as follows:

	Up to 1 year VND	In 1 to 5 years VND	In more than 5 years VND	Total VND
As at 31/12/2016				
Trade and other payables	158,730,788,829	1,330,761,600	-	160,061,550,429
Accrued expenses	138,581,818	-	-	138,581,818
	<u>158,869,370,647</u>	<u>1,330,761,600</u>	<u>-</u>	<u>160,200,132,247</u>
As at 01/01/2016				
Trade and other payables	152,910,291,511	-	-	152,910,291,511
Accrued expenses	126,067,273	-	-	126,067,273
	<u>153,036,358,784</u>	<u>-</u>	<u>-</u>	<u>153,036,358,784</u>

The Company believes that risk level of loan repayment is low. The Company has the ability to pay debts matured from cash flows from its operating activities and cash received from matured financial assets.

30 . SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurring after the reporting period, which would require adjustments or disclosures to be made in the Consolidated Financial Statements.

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31 . SEGMENT REPORTING**Under business fields**

	Logistic activities	Forwarding activities	Dealer service for ship branches and other activities	Total from all segments	Grant total
	VND	VND	VND	VND	VND
Net revenue from sales to external customers	212,920,346,233	333,169,610,205	14,816,465,877	560,906,422,315	560,906,422,315
Direct segment cost	108,189,070,211	276,154,712,084	7,792,123,688	392,135,905,983	392,135,905,983
Profit from operating activities	104,731,276,022	57,014,898,121	7,024,342,189	168,770,516,332	168,770,516,332
The total cost of acquisition of fixed assets	13,207,095,452	-	-	13,207,095,452	13,207,095,452
Segment assets	203,751,836,863	318,823,077,585	14,178,457,774	536,753,372,222	536,753,372,222
Unallocated assets	-	-	-	-	-
Total assets	203,751,836,863	318,823,077,585	14,178,457,774	536,753,372,222	536,753,372,222
Segment liabilities	74,000,342,709	115,792,904,585	5,149,454,113	194,942,701,407	194,942,701,407
Unallocated liabilities	-	-	-	-	-
Total liabilities	74,000,342,709	115,792,904,585	5,149,454,113	194,942,701,407	194,942,701,407

Under geographical areas

All of the business activities of the Company act in Vietnamese territory, hence the Company does not disclose segment report under geographical areas.

32 . TRANSACTION AND BALANCES WITH RELATED PARTIES

During the fiscal year, the Company has the transactions and balances with related parties as follows:

Transactions during the year:

	<u>Relation</u>	<u>Year 2016</u>	<u>Year 2015</u>
		VND	VND
Revenue		4,326,040,167	5,909,155,002
KCTC Vietnam Co., Ltd	Associate	18,789,082	-
COSCO Container Lines Vietnam Co., Ltd (*)	Associate	4,307,251,085	5,909,155,002
Purchase		794,633,558	564,007,704
KCTC Vietnam Co., Ltd	Associate	670,050	-
COSCO Container Lines Vietnam Co., Ltd (*)	Associate	793,963,508	564,007,704
Dividend received		19,781,859,024	5,001,240,452
COSCO Container Lines Vietnam Co., Ltd (*)	Associate	19,781,859,024	5,001,240,452

(*) The Company has liquidated its investment in Cosco Container Lines Vietnam Co., Ltd in the fourth quarter of 2016.

Transactions with other related parties:

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Remuneration to members of Board of Management and Board of Directors	1,941,440,000	2,135,584,000

33 . COMPARATIVE FIGURES

The comparative figures are figures in the Consolidated Financial Statements for the fiscal year ended as at 31 December 2015, which was audited by AASC Auditing Firm Company Limited.



Doan Thu Ha
Preparer



Nguyen Thanh Tuyen
Chief Accountant



Nguyen Hoang Anh
General Director

Ho Chi Minh City, 27 February 2017