

## **CONSOLIDATED FINANCIAL STATEMENTS**

### **SEA & AIR FREIGHT INTERNATIONAL**

For the fiscal year ended as at 31/12/2017

(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

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### **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 2017.

#### **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 31th amended registration license dated 10 January 2018 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. Vu Van Truc	Member	
Mr. Ngo Trung Hieu	Member	Appointed on 01 April 2017
Mr. Tran Nguyen Hung	Member	Resigned on 01 April 2017
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
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The members of the Board of Supervisions are:

Mr. Nhu Dinh Thien	Head of Control Department
Mr. 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

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### 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 2017, its operations and cash flows in the year 2017 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 complies with Decree 71/2017/ND-CP dated 06 June 2017 on corporate governance applied to public companies and does not offend obligation of information disclosure under regulation of Circular No.155/2015/TT-BTC dated 06 October 2015 issued by Ministry of Finance guiding the disclosure of information on Securities Market.

On behalf of The Board of General Directors

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Nguyen Hoang Anh  
General Director

Ho Chi Minh City, 15 March 2018



## 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 15 March 2018, as set out on pages 06 to 36, including: Consolidated statement of financial position as at 31/12/2017, Consolidated statement of comprehensive income, Consolidated statement of cash flows and Notes to Consolidated financial statements for the fiscal year ended as at 31 December 2017.

### **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 2017, and of the results of its operations and its cash flows for the fiscal year ended as at 31 December 2017 in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial statements.

## Emphasis of matter

We would like to draw the reader's attention to the note 2.8 - Accounting policies on receivables: From September 2017, the subsidiary of the Company, SITC Vietnam Co., Ltd. has changed the accounting software applied in bookkeeping according to the Group management (SITC International Holdings Co., Ltd), which does not have detailed and complete classification of account receivable of the same object as short-term receivables, other short-term receivable related to trade receivables of those who use services and the collection on behalf of those customers when presenting the financial statements. As a result, the figures presented in trade receivables and other receivables related to using services account receivables and the collection on behalf of them incurred from September 2017 are being presented on trade receivables item on the Financial Statement.

Our audit opinion does not relate to this issue.

**AASC Auditing Firm Company Limited**



**Vu Xuan Bien**  
Deputy General Director  
Certificate of registration to audit practice  
No: 0743-2018-002-1

*Hanoi, 22 March 2018*

**Trương Thị Hoài Anh**  
Auditor  
Certificate of registration to audit practice  
No: 2446-2018-002-1



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31 December 2017*

Code	ASSETS	Note	31/12/2017 VND	01/01/2017 VND
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>397,973,524,916</b>	<b>372,891,462,041</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>126,302,803,927</b>	<b>190,741,416,506</b>
111	1. Cash		89,420,303,927	153,776,416,506
112	2. Cash equivalents		36,882,500,000	36,965,000,000
<b>130</b>	<b>III. Short-term accounts receivable</b>		<b>232,296,890,478</b>	<b>174,619,216,612</b>
131	1. Short-term trade receivables	6	188,779,707,477	100,032,589,427
132	2. Short-term prepayments to suppliers		897,588,690	1,853,184,449
136	3. Other short-term receivables	7	42,619,594,311	72,733,442,736
<b>140</b>	<b>IV. Inventories</b>	<b>8</b>	<b>29,140,181,473</b>	<b>236,887,424</b>
141	1. Inventories		29,140,181,473	236,887,424
<b>150</b>	<b>V. Other current assets</b>		<b>10,233,649,038</b>	<b>7,293,941,499</b>
151	1. Short-term prepaid expenses	13	250,632,131	346,569,416
152	2. Deductible VAT		9,632,656,779	6,947,372,083
153	3. Taxes and other receivables from State budget	16	350,360,128	-
<b>200</b>	<b>B. LONG-TERM ASSETS</b>		<b>172,456,111,808</b>	<b>163,861,910,181</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>683,604,140</b>	<b>683,604,140</b>
216	1. Other long-term receivables	7	683,604,140	683,604,140
<b>220</b>	<b>II. Fixed assets</b>		<b>77,757,136,691</b>	<b>68,426,922,254</b>
221	1. Tangible fixed assets	10	73,960,246,089	64,208,535,828
222	- Historical costs		132,657,496,958	109,605,737,333
223	- Accumulated depreciation		(58,697,250,869)	(45,397,201,505)
227	2. Intangible fixed assets	11	3,796,890,602	4,218,386,426
228	- Historical costs		5,865,069,453	5,865,069,453
229	- Accumulated depreciation		(2,068,178,851)	(1,646,683,027)
<b>230</b>	<b>III. Investment properties</b>	<b>12</b>	<b>77,485,100,742</b>	<b>80,713,886,889</b>
231	- Historical costs		98,875,436,767	98,875,436,767
232	- Accumulated depreciation		(21,390,336,025)	(18,161,549,878)
<b>240</b>	<b>IV. Long-term unfinished asset</b>	<b>9</b>	<b>4,125,450,000</b>	<b>-</b>
242	1. Construction in progress		4,125,450,000	-
<b>250</b>	<b>V. Long-term investments</b>	<b>5</b>	<b>12,000,819,118</b>	<b>13,425,235,151</b>
252	1. Investments in joint ventures and associates		11,100,819,118	11,925,235,151
253	2. Investments in equity of other entities		1,500,000,000	1,500,000,000
254	3. Provision for diminution in value of long-term investments		(600,000,000)	-
<b>260</b>	<b>VI. Other long-term assets</b>		<b>404,001,117</b>	<b>612,261,747</b>
261	1. Long-term prepaid expenses	13	404,001,117	612,261,747
<b>270</b>	<b>TOTAL ASSETS</b>		<b>570,429,636,724</b>	<b>536,753,372,222</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31 December 2017*  
*(continue)*

Code	CAPITAL	Note	31/12/2017 VND	01/01/2017 VND
300	<b>C. LIABILITIES</b>		<b>216,549,322,206</b>	<b>197,609,555,944</b>
310	<b>I. Current liabilities</b>		<b>215,218,560,606</b>	<b>196,278,794,344</b>
311	1. Short-term trade payables	14	80,320,842,642	49,026,802,886
312	2. Short-term advances from customers	15	17,676,628,127	11,490,329,576
313	3. Taxes and other payables to State budget	16	6,322,499,990	15,048,666,875
314	4. Payables to employees		9,055,886,710	9,307,779,415
315	5. Short-term accrued expenses		180,765,536	138,581,818
319	6. Other short-term payments	17	99,755,616,801	109,703,985,943
322	7. Bonus and welfare fund		1,906,320,800	1,562,647,831
330	<b>II. Long-term liabilities</b>		<b>1,330,761,600</b>	<b>1,330,761,600</b>
337	1. Other long-term payables		1,330,761,600	1,330,761,600
400	<b>D. OWNER'S EQUITY</b>		<b>353,880,314,518</b>	<b>339,143,816,278</b>
410	<b>I. Owner's equity</b>	18	<b>353,880,314,518</b>	<b>339,143,816,278</b>
411	1. Contributed capital		119,301,540,000	113,682,420,000
411a	Ordinary shares with voting rights		119,301,540,000	113,682,420,000
412	2. Share Premium		41,816,120,654	41,816,120,654
415	3. Treasury shares		(1,300,120,000)	(1,300,120,000)
418	4. Development investment funds		33,911,212,362	28,489,813,644
420	5. Other equity fund		100,135,241,781	69,826,417,931
421	6. Retained earnings		55,830,627,133	82,887,376,323
421a	Retained earnings accumulated till the end of the previous year		16,873,247,140	28,673,389,139
421b	Retained earnings of the current year		38,957,379,993	54,213,987,184
429	8. Non controlling interest		4,185,692,588	3,741,787,726
440	<b>TOTAL CAPITAL</b>		<b>570,429,636,724</b>	<b>536,753,372,222</b>

Doan Thu Ha  
PreparerNguyen Thanh Tuyen  
Chief AccountantNguyen Hoang Anh  
General Director


Ho Chi Minh City, 15 March 2018





**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Year 2017

Code ITEM	Note	Year 2017	Year 2016
		VND	VND
01 1. Revenues from sales and services rendered	20	716,293,108,929	560,906,422,315
02 2. Revenue deductions		-	-
10 3. Net revenues from sales and services rendered		716,293,108,929	560,906,422,315
11 4. Cost of goods sold	21	543,471,577,201	392,135,905,983
20 5. Gross profit from sales of goods and rendering of services		172,821,531,728	168,770,516,332
21 6. Financial income	22	2,532,050,917	26,075,519,250
22 7. Financial expense	23	1,288,643,572	1,227,595,704
23 In which: Interest expenses		-	-
24 8. Profit or loss in joint ventures and associates		(824,416,034)	(11,597,181,935)
25 9. Selling expenses	24	58,393,324,646	50,249,854,281
26 10 General administrative expenses	25	70,446,596,876	66,739,633,878
30 11. Net profit from operating activities		44,400,601,517	65,031,769,784
31 12. Other income	26	9,158,980,173	2,644,487,690
32 13. Other expense	27	1,803,659,847	51,738,308
40 14. Other profit		7,355,320,326	2,592,749,382
50 15. Total profit before tax		51,755,921,843	67,624,519,166
51 16. Current corporate income tax expenses	28	10,808,794,049	11,848,016,495
52 17. Deferred corporate income tax expenses		-	-
60 18. Profit after corporate income tax		<u>40,947,127,794</u>	<u>55,776,502,671</u>
61 19. Profit after tax attributable to shareholders of the parent		38,957,379,993	54,213,987,184
62 20. Profit after tax attributable to non-controlling interests		1,989,747,801	1,562,515,487
70 21. Basic earnings per share	29	3,449	5,040

  
 Doan Thu Ha  
Preparer

  
 Nguyen Thanh Tuyen  
Chief Accountant

  
 Nguyen Hoang Anh  
General Director

Ho Chi Minh City, 15 March 2018

**CONSOLIDATED STATEMENT OF CASH FLOWS***Year 2017*  
*(Under indirect method)*

Code	ITEM	Note	Year 2017	Year 2016
			VND	VND
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	1. Profit before tax		51,755,921,843	67,624,519,166
	2. Adjustments for			
02	- Depreciation of fixed assets and investment properties		17,300,222,244	14,942,177,354
03	- Provisions		600,000,000	-
04	- Exchange gains / losses from retranslation of monetary items denominated in foreign currency		238,368,676	(1,774,432,548)
05	- Gains / losses from investment		(194,014,304)	(11,969,505,075)
08	3. Operating profit before changes in working capital		69,700,498,459	68,822,758,897
09	- Increase or decrease in receivables		(60,362,958,562)	(26,911,640,686)
10	- Increase or decrease in inventories		(28,903,294,049)	186,634,785
11	- Increase or decrease in payables (excluding interest payable/ corporate income tax payable)		6,897,229,010	13,853,253,249
12	- Increase or decrease in prepaid expenses		304,197,915	118,922,189
15	- Corporate income tax paid		(11,260,215,294)	(10,824,538,865)
17	- Other expenses on operating activities		(1,282,746,647)	(1,081,754,370)
20	Net cash flows from operating activities		(24,907,289,168)	44,163,635,199
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	1. Purchase of fixed assets and other long-term assets		(27,527,100,534)	(13,207,095,452)
22	2. Proceeds from disposals of fixed assets and other long-term assets		4,545,455	716,363,637
26	3. Proceeds from equity investment in other entities		10,000,000	5,662,000,000
27	4. Interest and dividend received		1,031,143,391	20,745,015,468
30	Net cash flows from investing activities		(26,481,411,688)	13,916,283,653
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	1. Proceeds from issuance of shares and receipt of contributed capital		5,619,120,000	5,351,530,000
32	2. Repayment of contributions capital and repurchase of stock issued		-	(900,000,000)
36	3. Dividends or profits paid to owners		(18,430,663,047)	(17,743,735,896)
40	Net cash flows from financing activities		(12,811,543,047)	(13,292,205,896)
50	Net decrease/increase in cash and cash equivalents		(64,200,243,903)	44,787,712,956

**CONSOLIDATED STATEMENT OF CASH FLOWS***Year 2017*  
*(Under indirect method)*

Code ITEM	Note	Year 2017	Year 2016
		VND	VND
60 Cash and cash equivalents at beginning of the year		190,741,416,506	144,740,712,969
61 Effect of exchange rate fluctuations		(238,368,676)	1,212,990,581
70 Cash and cash equivalents at end of the year	4	<u>126,302,803,927</u>	<u>190,741,416,506</u>

Doan Thu Ha  
PreparerNguyen Thanh Tuyen  
Chief AccountantNguyen Hoang Anh  
General Director*Ho Chi Minh City, 15 March 2018*



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*Year 2017*

### **1 . BACKGROUND**

#### **Forms of Ownership**

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 31th amended registration license dated 10 January 2018 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 113,301,540,000. Actual contributed capital at 31 December 2017 is VND 119,301,540,000 equivalent to 11,930,154 shares with the price of VND 10,000 per share.

#### **Business section**

Main business activities of the Company are: Transport service and Transport agent.

#### **Business field**

The Company's business fields are:

- Other 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.

#### **The operating characteristics of the enterprise during the fiscal year affect the consolidated financial statements**

In year, the Company promoted logistic, marine and air freight forwarding activities. The number of orders increased simultaneously in all branches, offices and subsidiaries. This led to an upward trend in sales toward the previous year.

**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 31/12/2017

**Structure of the Group**

- The Group's subsidiaries have consolidated in Consolidated Financial Statements as at 31/12/2017 include :

<u>Name of company</u>	<u>Head office</u>	<u>Proportion of ownership</u>	<u>Voting rights held</u>	<u>Principal activities</u>
Cosfi Company Limited (*)	Ho Chi Minh City	99.00%	99.00%	Logistics and agents ship
SITC Vietnam Co., Ltd	Ho Chi Minh City	51.00%	51.00%	Logistics and agents ship
SAFI Infrastructure Investment Co., Ltd	Ho Chi Minh City	100.00%	100.00%	Trading real estate, office for rent

(\*) According to the third amended business registration certificate 20 December, 2017, the Company's chartered capital was VND 2,270,000,000. Of which, Safi Transportation Joint Stock Company contributed VND 1,566,300,000 equivalent to 69%, Mr. Nguyen Hoang Dung contributed VND 22,700,000 equivalent to 1% and Qingdao Fest Logistics Co., Ltd contributed VND 681,000,000 respectively 30%. As of 31/12/2017, the parties still have not contributed more capital according to business registration, so the rate of interest and voting rate of Safi Freight Forwarder JSC to 31 December is 99%.

- The Group's material associates and jointly controlled entities that are accounted for using the equity method in these Consolidated financial statement as at 31/12/2017 include:

<u>Name of company</u>	<u>Head office</u>	<u>Proportion of ownership</u>	<u>Voting rights held</u>	<u>Principal activities</u>
Yusen Sea & Air Vietnam Co., Ltd	Ho Chi Minh City	45.00%	45.00%	International forwarding services and transportation business
SITC Vietnam Co., Ltd	Ho Chi Minh City	23.00%	23.00%	International forwarding services and transportation business

**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 supplement documents issued by the State. Financial statements are prepared in accordance with regulations of each standard and supplement documents 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.

Financial statements of subsidiaries are used consistent accounting policies of the Company. If necessary, adjustments are made to the Financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company and its subsidiaries.

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

Non – controlling interest Non – controlling interest

Non – controlling interest is the benefits in profits or losses, and in the net assets of subsidiaries not held by the Company.

Profit and loss when changing in the Group's ownership in subsidiaries: When a parent reverses a portion of equity and retains control of the subsidiary: Profit or loss recognized in the consolidated financial statements is The difference between the proceeds from the divestment and the net assets transferred to the uncontrolled shareholders plus the amount of goodwill is recorded as reduction.

**2.4 . Financial Instruments***Initial recognition***Financial assets**

Financial assets of the Company include cash and cash equivalents, trade receivables and other receivables, lending, 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: are exchange rates concluded in contracts of foreign exchange sale between Company and commercial banks;
- When capital contribution or receipt of contributed capital: are exchange rate of purchase of foreign currency of the bank where Company opens the account to receive capital from investors at the date of the contribution of capital;
- 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 liabilities: are exchange rates of purchase of commercial banks where Company expects to conduct transactions at the time of incurred transactions;
- When purchases of assets or expenses paid immediately in foreign currency: are the rate of purchase of commercial banks where Company makes payments.

Real exchange rate upon re-determining accounts derived from foreign currencies at the date of the Consolidated Financial Statements is determined on the following principles:

- For accounts classifies as asset: applies exchange rates of purchase of commercial banks where Company regularly conducts transaction;
- For foreign currency deposited in bank: applies exchange rate of purchase of the bank where Company opens foreign currency accounts;
- For accounts classified as liabilities: applies exchange rates of selling foreign currency of commercial banks where Company regularly conducts transaction.

All sums of real exchange rates for foreign currency transactions in the year and real exchange rate upon re-determining accounts derived from foreign currencies at the end of the year are recorded immediately to results of business operations in accounting year. Foreign exchange differences arising from revaluation of the ending balances of monetary items denominated in foreign currencies are not used to distribute profits or to distribute dividends.

**2.6 . Cash and cash equivalents**

Cash includes cash on hand, demand deposits.

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 held to maturity*: comprise term deposits (including treasury bills and promissory notes), bonds, preference shares which the issuer is required to repurchase at a certain time in the future and loans, etc. held to maturity to earn profits periodically and other held to maturity 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.

*Investments in equity of 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.

Allowances for devaluation of investments are made at the end of the year as followings: 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.

From September 2017, the subsidiary of the Company is SITC Vietnam Co., Ltd. In the case of SITC International Holdings Co., Ltd, the classification of accounts receivable from the same group of customers is not recognized. A statement of cash flows, cash equivalents and other short-term receivables relating to receivables from customers and their receipts when presenting the financial statements. This has led to the disclosure of accounts receivable and other receivables related to receivables from customers and services collected from customers as of September 2017. Included in customer receivables on financial statements.

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 included: the purchase price, costs of conversion and other costs incurred in bringing the inventories to their location and condition at the time of initial recognition. After initial recognition, at the time the financial statements are prepared if the net realizable value is lower than cost, inventories should be measured at the net realizable value.

The cost of inventory is calculated by weighted average method.

Inventory is recorded by perpetual method.

Method for valuation of work in process at the end of the year: Work in process are collected at the actual cost incurred for each type of service not completed.

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



**2.10 . Fixed assets, Finance lease 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 provided on a straight-line basis. Depreciation period is estimated as follows:

- Buildings	05 - 30	years
- Machinery, equipment	05 - 10	years
- Transportation equipment	06 - 10	years
- Office equipment and furniture	03 - 05	years

Intangible fixed assets are software, land used rights and are amortized by the straight line method over useful life, as follows:

- Right of land use with 9,488.4 m2 at Lot.39, Street 2, Da Nang Industrial Zone, Da Nang City with the useful life of 35 years and amortization according to use time.
- Management software 03 years

Investment property is recognised at historical cost.

For investment property operating lease are recorded at cost, accumulated depreciation and net book value. In which, depreciation is provided on a straight-line basis with expected useful life as follows:

- Buildings 05 - 30 years
- Long-term right of land use are not amortized.

**2.11 . Prepaid expenses**

The expenses incurred but related to results of business operations of several accounting periods are recorded as prepaid expenses and are amortised to the income statement 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 nature of those expenses to select a reasonable method and allocated factors. Prepaid expenses are allocated partly into operating expenses on a 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**

Payables to goods or services received from the seller or provided for the seller during a reporting year, but payments of such goods or services have not been made and other payables such as the cost of renting a house, utility costs... which are recorded to operating expenses of the reporting year.

The recording of accrued expenses to operating expenses during a period shall be carried out in conformity with revenues and expenses incurring during the year. Accrued expenses payable are settled with actual expenses incurred. The difference between accrualment and actual expenses are reverted.



## **2.14 . Owner's equity**

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

Share premium shall record the difference between the par value, direct costs related to the issuing shares and issue price of shares (including the case of re-issuing stock fund) and can be a positive premium (if the issue price is higher than par value and direct costs related to the issuance of shares) or negative premium (if the issue price is lower than par value and direct costs related to the issuance of shares).

Treasury shares are shares issued by companies and bought-back by the companies which issued shares, but they are not cancelled and shall be re-issued in the period which complies with law on securities. Treasury shares shall be recorded under to back-buying actual value and presented on the Balance sheet as a decrease in owner's capital. Cost of Treasury shares when re-issuing or using to pay dividend, bonus... shall be calculated according to 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 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**

### *Services rendered*

Services rendered 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 entity;
- 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 used by the others of entity 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;
- The amount of the income can be measured reliably.

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

#### **2.16 . Cost of goods sold**

Cost of goods sold is recognized in accordance with revenue arising and ensure compliance 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,... are 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 diminution in value of trading securities price; provision for losses from investment in other entities, losses from sale of foreign currency, exchange loss, etc.

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 period, 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, one should also consider the nature, not only the legal form of the relationship.



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**3 . RETROSPECTIVE ADJUSTMENT ACCORDING TO THE RESULT OF SUPERIOR AUTHORITIES**

The Board of General Directors decided to retrospective restated some items on the Consolidated Financial Statements for the fiscal year ended as at 31/12/2017 based on the tax inspection records of the local tax authorities for the inspection of the tax from 2013 to 2016 at the Subsidiary: SITC Vietnam Co., Ltd. and based on the actual use of fixed assets and investment real estate. Hence, some items on the Consolidated Financial Statements are restated as follows:

	<u>Code</u>	<u>Audited in last year</u>	<u>Restated based on the State Audit Report</u>	<u>Difference</u>	<u>Note</u>
<b>Balance Sheet</b>					
Historical costs of Tangible fixed assets	222	121,856,147,403	109,605,737,333	(12,250,410,070)	(1)
Accumulated depreciation	223	(57,647,611,575)	(45,397,201,505)	12,250,410,070	(1)
Historical costs of Investment properties	231	86,625,026,697	98,875,436,767	12,250,410,070	(1)
Accumulated depreciation	232	(5,911,139,808)	(18,161,549,878)	(12,250,410,070)	(1)
Taxes and other payables to State budget	313	12,381,812,338	15,048,666,875	2,666,854,537	(2)
Retained earnings	421	84,247,472,137	82,887,376,323	(1,360,095,814)	(2)
Non controlling interest	429	5,048,546,449	3,741,787,726	(1,306,758,723)	(2)

(1) Reclassification of cost and depreciation of tangible fixed assets and investment properties;

(2) Retrospective adjustment of corporate income tax and value added tax pursuant to Decision No. 8647 / QĐ-CT dated 28 July 2017 of the Tax Department of Hai Phong City.

**4 . CASH AND CASH EQUIVALENTS**

	<u>31/12/2017</u>	<u>01/01/2017</u>
	<u>VND</u>	<u>VND</u>
Cash on hand	2,413,371,516	926,247,108
Non term deposit	85,852,616,870	152,503,561,298
Cash in transit	1,154,315,541	346,608,100
Cash equivalents	36,882,500,000	36,965,000,000
	<u>126,302,803,927</u>	<u>190,741,416,506</u>

As at 31/12/2017, cash equivalents of less than 3 months term deposits of USD 1,500,000 (equivalent to VND 33,997,500,000) were deposited at commercial banks at the interest rate of 0% per annum and VND 2,885,000,000 at commercial banks with interest rates ranging from 6% to 6.3% per annum.



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### 5 . FINANCIAL INVESTMENTS

#### a) Investments in associates

Address	31/12/2017			01/01/2017		
	Proportion of ownership	Proportion of voting rights	Book value under the equity method	Proportion of ownership	Proportion of voting rights	Book value under the equity method
Ho Chi Minh City	45.00%	45.00%	3,507,642,954	45.00%	45.00%	4,350,780,000
Ho Chi Minh City	23.00%	23.00%	7,593,176,164	23.00%	23.00%	7,574,455,151
			11,100,819,118			11,925,235,151

Significant transactions between the Company and joint ventures, associates in the year: details as in Notes 34.

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- (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 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 December 2017, 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, the original cost of investment and 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 liscence 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

**b) Equity investments in other entities**

Long term investment in Vinalines Logistic - Vietnam Joint Stock Company, which mainly operates in the field of transportation services. The original price of the investment remains unchanged at the beginning of the year and at the end of the year is VND 1,500,000,000 corresponding to the number of shares held by 150,000 shares. During the year, the Company made a provision for long-term investment in this company amounting to VND 600,000,000 based on the market price as at 31/12/2017.

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

**6 . SHORT - TERM TRADE RECEIVABLES**

	31/12/2017	01/01/2017
	VND	VND
<b>Trade receivables detailed by large account balances</b>		
- Shipping agent receivables	16,400,576,069	16,320,396,108
- Forwarding Receivables	94,844,723,357	43,761,803,492
- Sea and air freight receivables	77,534,408,051	39,950,389,827
	<u>188,779,707,477</u>	<u>100,032,589,427</u>

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**7 . OTHER RECEIVABLES**

	31/12/2017		01/01/2017	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
<b>a) Short-term</b>				
Receivables from social insurance	90,270,425	-	75,566,203	-
Advances	10,775,462,150	-	7,813,244,683	-
Deposits	1,778,283,639	-	1,120,935,604	-
On behalf payments (*)	28,927,976,776	-	63,185,370,023	-
Others	1,047,601,321	-	538,326,223	-
	<b>42,619,594,311</b>	<b>-</b>	<b>72,733,442,736</b>	<b>-</b>
<b>b) Long-term</b>				
Deposits	683,604,140	-	683,604,140	-
	<b>683,604,140</b>	<b>-</b>	<b>683,604,140</b>	<b>-</b>

(\*) Receivables from SITC Vietnam Liability Co., Ltd. for service charges and fees paid to SITC Container Lines Co., Ltd.

**8 . INVENTORIES**

	31/12/2017		01/01/2017	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Raw material	118,183,879	-	103,030,167	-
Work in process	881,997,594	-	133,857,257	-
Goods (*)	28,140,000,000	-	-	-
	<b>29,140,181,473</b>	<b>-</b>	<b>236,887,424</b>	<b>-</b>

(\*) Goods are generators bought by the Company in 2017 for commercial purposes.

**9 . CONSTRUCTION IN PROGRESS**

	31/12/2017	01/01/2017
	VND	VND
Fixed assets acquisition (*)	4,125,450,000	-
	<b>4,125,450,000</b>	<b>-</b>

(\*) These are mainly means of transportation invested in late 2017 to serve the transportation of the Company. However, registration procedures, registration procedures and other procedures should not be monitored on "fixed asset procurement" as of 31/12/2017. These assets have completed the procedure and are recognized as an increase in fixed assets in 2018.



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**10 . TANGIBLE FIXED ASSETS**

	Buildings	Machinery, equipment	Transportation equipment	Management equipment	Total
	VND	VND	VND	VND	VND
<b>Original cost</b>					
As at opening year	36,099,530,400	256,460,534	71,615,789,069	1,633,957,330	109,605,737,333
- Purchase	-	-	23,335,741,443	65,909,091	23,401,650,534
- Liquidating, disposed	-	-	(349,890,909)	-	(349,890,909)
As at closing year	<u>36,099,530,400</u>	<u>256,460,534</u>	<u>94,601,639,603</u>	<u>1,699,866,421</u>	<u>132,657,496,958</u>
<b>Accumulated depreciation</b>					
As at opening year	14,506,952,569	159,769,133	29,248,299,298	1,482,180,505	45,397,201,505
- Depreciation	1,673,901,672	42,743,424	11,840,155,369	93,139,808	13,649,940,273
- Liquidating, disposed	-	-	(349,890,909)	-	(349,890,909)
As at closing year	<u>16,180,854,241</u>	<u>202,512,557</u>	<u>40,738,563,758</u>	<u>1,575,320,313</u>	<u>58,697,250,869</u>
<b>Net carrying amount</b>					
As at opening year	21,592,577,831	96,691,401	42,367,489,771	151,776,825	64,208,555,828
As at closing year	<u>19,918,676,159</u>	<u>53,947,977</u>	<u>53,863,075,845</u>	<u>124,546,108</u>	<u>73,960,246,089</u>

*In which:*

- Cost of fully depreciated tangible fixed assets but still in use: VND 10,139,401,894.

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**11 . INTANGIBLE FIXED ASSETS**

	Land use rights VND	Computer software VND	Cộng VND
<b>Original cost</b>			
As at opening year	4,517,324,453	1,347,745,000	5,865,069,453
As at closing year	4,517,324,453	1,347,745,000	5,865,069,453
<b>Accumulated depreciation</b>			
As at opening year	996,468,581	650,214,446	1,646,683,027
- Depreciation	132,862,488	288,633,336	421,495,824
As at closing year	1,129,331,069	938,847,782	2,068,178,851
<b>Net carrying amount</b>			
As at opening year	3,520,855,872	697,530,554	4,218,386,426
As at closing year	3,387,993,384	408,897,218	3,796,890,602

*In which:*

- Cost of fully depreciated tangible fixed assets but still in use: VND 429,345,000.

**12 . INVESTMENT PROPERTIES**

Investment properties for lease

	Land use rights VND	Buildings VND	The infrastructure VND	Total VND
<b>Original cost</b>				
As at opening year	21,684,350,000	73,053,236,092	4,137,850,675	98,875,436,767
As at closing year	21,684,350,000	73,053,236,092	4,137,850,675	98,875,436,767
<b>Accumulated depreciation</b>				
As at opening year	-	15,824,662,999	2,336,886,879	18,161,549,878
- Depreciation	-	2,646,641,664	582,144,483	3,228,786,147
As at closing year	-	18,471,304,663	2,919,031,362	21,390,336,025
<b>Net carrying amount</b>				
As at opening year	21,684,350,000	57,228,573,093	1,800,963,796	80,713,886,889
As at closing year	21,684,350,000	54,581,931,429	1,218,819,313	77,485,100,742

(\*) The investment property is Safi Tower at No.209, Nguyen Van Thu Street, Da Kao Ward, District 1, Ho Chi Minh City, which is used for lease.

**13 . PREPAID EXPENSES**

	31/12/2017 VND	01/01/2017 VND
<b>a) Short-term</b>		
Tools and consumables awaiting for allocation	79,326,200	206,013,146
Others	171,305,931	140,556,270
	<b>250,632,131</b>	<b>346,569,416</b>
<b>b) Long-term</b>		
Tools and consumables awaiting for allocation	363,386,345	312,349,516
Others	40,614,772	299,912,231
	<b>404,001,117</b>	<b>612,261,747</b>

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**14 . SHORT - TERM TRADE PAYABLES**

	31/12/2017		01/01/2017	
	Outstanding balance	Amount can be paid	Outstanding balance	Amount can be paid
	VND	VND	VND	VND
<b>Trade payables detailed by large account balances</b>				
Airlines companies	23,515,390,676	23,515,390,676	14,760,840,319	14,760,840,319
Sea-way service companies	28,961,496,694	28,961,496,694	13,689,561,425	13,689,561,425
Logistics service companies	20,272,115,875	20,272,115,875	14,608,828,237	14,608,828,237
Shipping agents	5,264,554,400	5,264,554,400	5,903,099,303	5,903,099,303
Others	2,307,284,997	2,307,284,997	64,473,602	64,473,602
	<u>80,320,842,642</u>	<u>80,320,842,642</u>	<u>49,026,802,886</u>	<u>49,026,802,886</u>

**15 . SHORT - TERM ADVANCE FROM CUSTOMERS**

	31/12/2017	01/01/2017
	VND	VND
Forwarding and Shipping agents (*)	17,605,441,858	10,875,238,635
Others	71,186,269	615,090,941
	<u>17,676,628,127</u>	<u>11,490,329,576</u>

(\*) Short-term deferred revenue balances as at 31/12/2017 is mainly prepaid by Forwarder, which will be settled with receivables from customers and other short-term payables when SITC Vietnam Co., Ltd. - The subsidiary completed the service for these Forwarders.



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**16 . TAX AND PAYABLES FROM 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	-	581,585,616	23,532,466,614	-	815,016,066
Corporate income tax	-	4,651,981,017	8,233,077,250	350,360,128	1,975,203,101
Personal income tax	-	454,694,733	7,973,722,483	-	709,697,194
Land tax and land rental	-	-	142,645,948	-	-
Other taxes	-	9,360,405,509	186,031,382,173	-	2,822,583,629
	-	15,048,666,875	225,913,294,468	350,360,128	6,322,499,990

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 financial statements could be changed at a later date upon final determination by the tax authorities.

**17 . SHORT - TERM OTHER PAYABLES**

	31/12/2017	01/01/2017
	VND	VND
- Trade union fee	758,492,151	717,661,735
- Short-term deposits, collateral received	32,445,351,432	38,852,929,838
- Dividends, profits payables	11,951,629,080	151,703,680
- Advance postage fee payable(*)	7,336,830,848	23,310,618,257
- Postage fee and other collections(**)	39,865,745,425	41,407,266,113
- Others	7,397,567,865	5,263,806,320
	99,755,616,801	109,703,985,943

(\*) The counterparties advance to the Company to pay the freight charges for which the two parties can not reconcile the freight charges in the period.

(\*\*) The principal payables for SITC Container Lines Co., Ltd of SITC Vietnam Co., Ltd. for service fees and charges of customers using the service.

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**18 - OWNER'S EQUITY**
**a) Increase and decrease 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
<b>Previous year opening balance</b>	<b>108,330,890,000</b>	<b>41,816,120,654</b>	<b>(400,120,000)</b>	<b>24,989,189,178</b>	<b>55,786,103,434</b>	<b>63,484,615,801</b>	<b>3,878,490,185</b>	<b>297,885,289,252</b>
Previous year increase in capital	5,351,530,000	-	-	-	-	-	-	5,351,530,000
Profit of the previous year	-	-	-	-	-	54,213,987,184	1,562,515,487	55,776,502,671
Distribute profit	-	-	-	3,500,624,466	14,040,314,497	(34,811,226,662)	(1,699,217,946)	(18,969,505,845)
Buying treasury stock	-	-	(900,000,000)	-	-	-	-	(900,000,000)
<b>Previous year closing balance</b>	<b>113,682,420,000</b>	<b>41,816,120,654</b>	<b>(1,300,120,000)</b>	<b>28,489,813,644</b>	<b>69,826,417,931</b>	<b>82,887,376,323</b>	<b>3,741,787,726</b>	<b>339,143,816,278</b>
<b>Current year opening balance</b>	<b>113,682,420,000</b>	<b>41,816,120,654</b>	<b>(1,300,120,000)</b>	<b>28,489,813,644</b>	<b>69,826,417,931</b>	<b>82,887,376,323</b>	<b>3,741,787,726</b>	<b>339,143,816,278</b>
Current year increase in capital	5,619,120,000	-	-	-	-	-	-	5,619,120,000
Profit for this year	-	-	-	-	-	38,957,379,993	1,989,747,801	40,947,127,794
Profit distribution at parent company	-	-	-	-	-	-	-	-
Distribution of profits at the subsidiary	-	-	-	5,421,398,718	30,308,823,850	(35,730,222,568)	-	-
Dividend payment in 2016	-	-	-	-	-	-	-	-
Deductions for the operating funds of the Board of Directors and the Board of Supervisors	-	-	-	-	-	-	(1,573,101,447)	(1,573,101,447)
Advance payment for dividend in 2017 (**)	-	-	-	-	-	(16,857,345,000)	-	(16,857,345,000)
Impact The parent company has withdrawn its investment in Coefi Freight Forwarding Co., Ltd	-	-	-	-	-	(1,626,419,615)	-	(1,626,419,615)
<b>Current year closing balance</b>	<b>119,301,540,000</b>	<b>41,816,120,654</b>	<b>(1,300,120,000)</b>	<b>33,911,212,362</b>	<b>100,135,241,781</b>	<b>55,830,627,133</b>	<b>27,258,508</b>	<b>353,880,314,518</b>

According to the resolution of the General Shareholders' Meeting No. 01 / NQDTH / SATL-2017 dated 01 April 2017, the Company announced the profit distribution in 2016 as follows:

	Rate	Amount
	%	VND
Investment and development funds (10% Profit after tax in separate financial statement)	100.00%	54,213,987,184
Deduction for investment and development fund	10.00%	5,421,398,718
Other funds belonging to owner's equity	55.91%	30,308,823,850
Bonus and welfare fund	3.00%	1,626,419,616
Paid dividends	31.09%	16,857,345,000



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(\*) Issuance of shares under the company's employee selection program. The number of shares issued for 2017 is 561,912 shares, the issue price is 10,000 dong per share.

(\*\*) According to the Board of Directors' Resolution No. 06 / NQ-HDQT-2017, the Board of Directors approved the payment of cash dividend in 2017 at the rate of 10% is December 22, 2017, the date of payment is 10 January 2018.

**b) Details of owner's invested capital**

	Rate	31/12/2017	Rate	01/01/2017
	(%)	VND	(%)	VND
- Mr. Nguyen Hoang Anh	18.87%	22,517,490,000	18.36%	20,867,490,000
- Mrs. Le Dung Nhi	5.50%	6,565,220,000	5.39%	6,130,000,000
- PYN Elite Fund	4.94%	5,888,000,000	5.18%	5,888,000,000
- America LLC	12.48%	14,889,000,000	11.32%	12,864,600,000
- Halley Sicav	6.52%	7,782,700,000	6.85%	7,782,700,000
- Other shareholders	50.59%	60,359,010,000	51.77%	58,849,510,000
- Treasury stock	1.09%	1,300,120,000	1.14%	1,300,120,000
	<b>100%</b>	<b>119,301,540,000</b>	<b>100%</b>	<b>113,682,420,000</b>

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

	Year 2017	Year 2016
	VND	VND
Owner's invested capital	5,619,120,000	113,682,420,000
- At the beginning of year	113,682,420,000	108,330,890,000
- Increase in the year	5,619,120,000	5,351,530,000
- At the ending of year	5,619,120,000	113,682,420,000
Distributed dividends and profit	28,657,487,000	16,054,615,500
- Distributed dividends on last year profit	16,857,345,000	16,054,615,500
- Estimate-distributed dividends on this year profit	11,800,142,000	-

**d) Stock**

	31/12/2017	01/01/2017
Quantity of Authorized issuing stocks	11,930,154	11,368,242
Quantity of issued stocks	11,930,154	11,368,242
- Common stocks	11,930,154	11,368,242
Quantity of repurchased stocks (treasury stock)	130,012	130,012
- Common stocks	130,012	130,012
Quantity of circulation stocks	11,800,142	11,238,230
- Common stocks	11,800,142	11,238,230
Par value per stock (VND)	10,000	10,000

**e) Company's funds**

	31/12/2017	01/01/2017
	VND	VND
Investment and development fund	33,911,212,362	28,489,813,644
Other funds belonging to owners' equity	100,135,241,781	69,826,417,931
	<b>134,046,454,143</b>	<b>98,316,231,575</b>



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**19 . OFF-STATEMENT OF FINANCIAL POSITION ACCOUNTS****Foreign currencies**

	<u>31/12/2017</u>	<u>01/01/2017</u>
- USD	3,278,169	4,634,099
- EUR	46,504	-

**20 . TOTAL REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES**

	<u>Year 2017</u>	<u>Year 2016</u>
	VND	VND
Revenue from rendering of services	716,293,108,929	560,906,422,315
	<u><b>716,293,108,929</b></u>	<u><b>560,906,422,315</b></u>

**21 . COSTS OF GOODS SOLD**

	<u>Year 2017</u>	<u>Year 2016</u>
	VND	VND
Costs of services rendered	543,471,577,201	392,135,905,983
	<u><b>543,471,577,201</b></u>	<u><b>392,135,905,983</b></u>

**22 . FINANCIAL INCOME**

	<u>Year 2017</u>	<u>Year 2016</u>
	VND	VND
Interest income, interest from loans	641,143,391	963,156,444
Gain from selling investments	-	2,307,992,377
Dividends, profits earned	390,000,000	19,781,859,024
Realized gain from foreign exchange difference	1,500,907,526	1,248,078,857
Unrealized gain from foreign exchange difference	-	1,774,432,548
	<u><b>2,532,050,917</b></u>	<u><b>26,075,519,250</b></u>

**23 . FINANCIAL EXPENSES**

	<u>Year 2017</u>	<u>Year 2016</u>
	VND	VND
Loss from disposal of investments	17,258,508	-
Realized loss from foreign exchange difference	433,016,388	1,227,595,704
Unrealized loss from foreign exchange difference	238,368,676	-
Provisions for devaluation of trading securities and investments	600,000,000	-
	<u><b>1,288,643,572</b></u>	<u><b>1,227,595,704</b></u>

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**24 . SELLING EXPENSES**

	<u>Year 2017</u>	<u>Year 2016</u>
	VND	VND
Labor	45,130,880,177	37,500,286,219
Depreciation and amortisation	2,121,897,097	1,449,113,220
Expenses from external services	3,080,334,358	3,584,519,750
Other expenses by cash	8,060,213,014	7,715,935,092
	<u><b>58,393,324,646</b></u>	<u><b>50,249,854,281</b></u>

**25 . GENERAL ADMINISTRATIVE EXPENSES**

	<u>Year 2017</u>	<u>Year 2016</u>
	VND	VND
Raw materials	1,520,825,707	1,814,403,483
Labor	47,026,062,315	41,313,246,049
Depreciation and amortisation	2,538,432,642	3,168,231,289
Tax, Charge, Fee	692,947,123	814,170,268
Expenses from external services	9,788,646,000	10,857,497,203
Other expenses by cash	8,879,683,089	8,772,085,586
	<u><b>70,446,596,876</b></u>	<u><b>66,739,633,878</b></u>

**26 . OTHER INCOME**

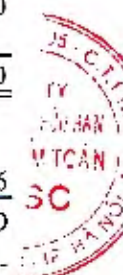
	<u>Year 2017</u>	<u>Year 2016</u>
	VND	VND
Income from transferring, disposal fixed assets	4,545,455	-
The reward of SITC Container Lines Co., Ltd by completing the annual plan	9,118,950,000	2,089,430,200
Others	35,484,718	555,057,490
	<u><b>9,158,980,173</b></u>	<u><b>2,644,487,690</b></u>

**27 . OTHER EXPENSE**

	<u>Year 2017</u>	<u>Year 2016</u>
	VND	VND
Penalty fee paid	1,747,767,156	-
Others	55,892,691	51,738,308
	<u><b>1,803,659,847</b></u>	<u><b>51,738,308</b></u>

**28 . CURRENT CORPORATE INCOME TAX EXPENSE**

	<u>Year 2017</u>	<u>Year 2016</u>
	VND	VND
Current corporate income tax expense	<u><b>10,808,794,049</b></u>	<u><b>11,848,016,495</b></u>
Adjustment of tax expenses in previous years and tax expenses in the current year	(2,575,716,799)	27,209,182
Tax payable at the beginning of year	4,651,981,017	3,601,294,205
Tax paid in the year	(11,260,215,294)	(10,824,538,865)
Closing year income tax payable of main business activities	<u><b>1,624,842,973</b></u>	<u><b>4,651,981,017</b></u>





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**29 . BASIC EARNINGS PER SHARE**

Earning per share distributed to common shareholders of the company is calculated as follows :

	Year 2017	Year 2016
	VND	VND
Profit after tax	38,957,379,993	54,213,987,184
Profit distributed for common stocks	38,957,379,993	54,213,987,184
Average circulated common stocks in the year	11,296,891	10,756,838
<b>Basic earnings per share</b>	<b>3,449</b>	<b>5,040</b>

The company has not planned to make any distribution to Bonus and welfare fund from the net profit after tax for the fiscal year.

**30 . BUSINESS AND PRODUCTIONS COST BY ITEMS**

	Year 2017	Year 2016
	VND	VND
Raw materials	19,721,847,561	13,727,161,785
Labour	93,961,780,064	80,543,266,982
Depreciation and amortisation	17,300,222,244	14,942,177,354
Expenses from external services	491,852,949,988	360,963,740,010
Other expenses by cash	50,222,839,203	38,659,383,059
	<b>673,059,639,060</b>	<b>508,835,729,190</b>

**31 . FINANCIAL INSTRUMENTS**

The types of financial instruments of the Company include:

		Carrying amount		
		31/12/2017	01/01/2017	
	Original Cost	Provision	Original Cost	Provision
	VND	VND	VND	VND
<b>Financial Assets</b>				
Cash and cash equivalents	126,302,803,927	-	190,741,416,506	-
Trade receivables, other receivables	232,082,905,928	-	173,449,636,303	-
Long term investment	1,500,000,000	(600,000,000)	1,500,000,000	-
	<u>359,885,709,855</u>	<u>(600,000,000)</u>	<u>365,691,052,809</u>	<u>-</u>
		Carrying amount		
		31/12/2017	01/01/2017	
		VND	VND	
<b>Financial Liabilities</b>				
Trade payables, other payables		181,407,221,043	160,061,550,429	
Accrued expenses		180,765,536	138,581,818	
		<u>181,587,986,579</u>	<u>160,200,132,247</u>	

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Financial assets and financial liabilities are not revalued according to fair value at the year ended because Circular No. 210/2009/TT-BTC and prevailing statutory regulations require to present Financial Statements and additional note for financial instruments but do not provide any relevant instructions for assessment and recognition of fair value of financial assets and liabilities, excluding provisions for bad debts and provision for devaluation of securities investments which are presented in relevant notes.

**Financial risk management**

The Company's financial risks including 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 General 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 on prices, exchange rates and interest rates.

**Price Risk**

The Company bears price risk of equity instruments from short-term and long-term security investments due to uncertainty on future prices of the securities. Long-term securities are held for long-term strategies, at the end of the fiscal year, the Company has no plans to sell these investments.

	Up to 1 year	In 1 to 5 years	In more than	Total
	VND	VND	5 years	VND
<b>As at 31/12/2017</b>				
Long term investment	-	900,000,000	-	900,000,000
	<u>-</u>	<u>900,000,000</u>	<u>-</u>	<u>900,000,000</u>
<b>As at 01/01/2017</b>				
Long term investment	-	1,500,000,000	-	1,500,000,000
	<u>-</u>	<u>1,500,000,000</u>	<u>-</u>	<u>1,500,000,000</u>

**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 risk in which the potential loss may be incurred if a counterpart fails to perform its obligations under contractual terms or financial instruments. The Company has credit risk from operating activities (mainly for trade receivables) and financial activities (including bank deposits, loans and other financial instruments).

	Up to 1 year VND	In 1 to 5 years VND	In more than 5 years VND	Total VND
<b>As at 31/12/2017</b>				
Cash and cash equivalents	126,302,803,927	-	-	126,302,803,927
Trade receivables, other receivables	231,399,301,788	683,604,140	-	232,082,905,928
	<u>357,702,105,715</u>	<u>683,604,140</u>	<u>-</u>	<u>358,385,709,855</u>
<b>As at 01/01/2017</b>				
Cash and cash equivalents	190,741,416,506	-	-	190,741,416,506
Trade receivables, other receivables	172,766,032,163	683,604,140	-	173,449,636,303
	<u>363,507,448,669</u>	<u>683,604,140</u>	<u>-</u>	<u>364,191,052,809</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
<b>As at 31/12/2017</b>				
Trade payables, other payables	180,076,459,443	1,330,761,600	-	181,407,221,043
Accrued expenses	180,765,536	-	-	180,765,536
	<u>180,257,224,979</u>	<u>1,330,761,600</u>	<u>-</u>	<u>181,587,986,579</u>
<b>As at 01/01/2017</b>				
Trade payables, 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>

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.

**32 . EVENTS AFTER BALANCE SHEET DATE**

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

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**33 . SEGMENT REPORTING**

**Under business fields**

	Logistic activities	Forwarding operations	Ship agency service, other activities	Total from all segments	Grant total
	VND	VND	VND	VND	VND
Net revenue from sales to external customers	237,119,572,928	458,270,985,474	20,902,550,527	716,293,108,929	716,293,108,929
Net revenue from transactions with other segments	150,138,419,864	380,430,549,176	12,902,608,161	543,471,577,201	543,471,577,201
<b>Profit from operating activities</b>	<b>86,981,153,064</b>	<b>77,840,436,298</b>	<b>7,999,942,366</b>	<b>172,821,531,728</b>	<b>172,821,531,728</b>
The total cost to acquire fixed assets	27,527,100,534	-	-	27,527,100,534	27,527,100,534
Segment assets	141,684,053,089	273,826,786,347	12,489,724,243	428,000,563,679	428,000,563,679
Unallocated assets	-	-	-	142,429,073,045	142,429,073,045
<b>Total assets</b>	<b>141,684,053,089</b>	<b>273,826,786,347</b>	<b>12,489,724,243</b>	<b>570,429,636,724</b>	<b>570,429,636,724</b>
Segment liabilities	71,685,853,401	138,544,221,708	6,319,247,097	216,549,322,206	216,549,322,206
<b>Total liabilities</b>	<b>71,685,853,401</b>	<b>138,544,221,708</b>	<b>6,319,247,097</b>	<b>216,549,322,206</b>	<b>216,549,322,206</b>

**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.



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**34 . TRANSACTION AND BALANCES WITH RELATED PARTIES**

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

Transactions during the year:

	Relation	Year 2017	Year 2016
		VND	VND
<b>Revenue</b>		-	4,326,040,167
KCTC Vietnam Co., Ltd	Associate	-	18,789,082
COSCO Container Lines Vietnam Co., Ltd	(*)	-	4,307,251,085
<b>Purchase</b>		227,700	794,633,558
KCTC Vietnam Co., Ltd	Associate	227,700	670,050
COSCO Container Lines Vietnam Co., Ltd	(*)	-	793,963,508
<b>Dividend received</b>		-	19,781,859,024
COSCO Container Lines Vietnam Co., Ltd	(*)	-	19,781,859,024

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

Transactions with other related parties:

	Year 2017	Year 2016
	VND	VND
Remuneration to members of The Board of General Directors and The Board of Management	830,000,000	1,941,440,000
<i>In which:</i>		
<i>Income of the General Director of the Company</i>	830,000,000	804,000,000

**35 . COMPARATIVE FIGURES**

The corresponding figures are those taken from the accounts for the fiscal year ended as at 31 December 2016 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, 15 March 2018