

Coteccons Construction Joint Stock Company

Consolidated financial statements

31 December 2017



Coteccons Construction Joint Stock Company

CONTENTS

	<i>Pages</i>
General information	1 - 2
Report of management	3
Independent auditors' report	4 - 5
Consolidated balance sheet	6 - 7
Consolidated income statement	8
Consolidated cash flow statement	9 - 10
Notes to the consolidated financial statements	11 - 41

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Coteccons Construction Joint Stock Company

GENERAL INFORMATION

THE COMPANY

Coteccons Construction Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103002611 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 24 August 2004, which was replaced by the Enterprise Registration Certificate ("ERC") No.0303443233 on 23 August 2010 and the subsequent amended BRCs and ERCs.

On 18 July 2017, the Company received the 19th amended ERC approved the change on title of the Company's legal representative – Mr Nguyen Ba Duong, Chairman and changes in certain principal activities.

The Company's shares are being listed on the Ho Chi Minh Stock Exchange with trading code as CTD in accordance with Decision No. 155/QD-SGDHCM has been issued by the Ho Chi Minh Stock Exchange on 9 December 2009.

The current principal activities of the Company are to provide designing and construction services, equipment installation, interior decoration and office leasing.

The Company's head office is located at No. 236/6, Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr. Nguyen Ba Duong	Chairman	
Mr. Tran Quyet Thang	Member	
Mr. Nguyen Sy Cong	Member	appointed on 29 June 2017
Mr. Nguyen Quoc Hiep	Member	appointed on 29 June 2017
Mr. Talgat Turumbayev	Member	appointed on 29 June 2017
Mr. Yerkin Tatishev	Member	appointed on 29 June 2017
Mr. Tan Chin Tiong	Member	appointed on 29 June 2017
Mr. Tran Quang Tuan	Member	resigned on 29 June 2017
Mr. Tran Quang Quan	Member	resigned on 29 June 2017
Mr. Giuseppe Maniscalco Ferrara	Member	resigned on 29 June 2017
Mr. Bolat Duisenov	Member	resigned on 29 June 2017
Mr. Vu Duy Lam	Member	resigned on 29 June 2017

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Mr. Luis Fernando Garcio Agraz	Head of Board of Supervision	appointed on 29 June 2017
Mr. Nguyen Duc Canh	Head of Board of Supervision	resigned on 29 June 2017
Mr. Dang Hoai Nam	Member	appointed on 29 June 2017
Mr. Nguyen Minh Nhut	Member	appointed on 29 June 2017
Ms. Nguyen Thi Phuc Long	Member	resigned on 29 June 2017
Ms. Phan Cam Ly	Member	resigned on 29 June 2017

Coteccons Construction Joint Stock Company

GENERAL INFORMATION (continued)

MANAGEMENT

Members of the Management during the year and at the date of this report are:

Mr. Nguyen Sy Cong	General Director	appointed on 3 July 2017
Mr. Nguyen Ba Duong	General Director	resigned on 3 July 2017
Mr. Tran Quang Quan	Deputy General Director	
Mr. Tran Quang Tuan	Deputy General Director	resigned on 3 July 2017
Mr. Tran Van Chinh	Deputy General Director	
Mr. Tu Dai Phuc	Deputy General Director	
Mr. Phan Huy Vinh	Deputy General Director	
Mr. Vo Thanh Liem	Deputy General Director	appointed on 28 September 2017

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Nguyen Ba Duong.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Coteccons Construction Joint Stock Company

REPORT OF MANAGEMENT

Management of Coteccons Construction Joint Stock Company ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2017.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial period which give a true and fair view of the consolidated financial position of the Group and of consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of management:



Nguyễn Sỹ Công
General Director

Ho Chi Minh City, Vietnam

26 March 2018

Reference: 60813343/19356898-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Coteccons Construction Joint Stock Company

We have audited the accompanying consolidated financial statements of Coteccons Construction Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as prepared on 26 March 2018 and set out on pages 6 to 41, which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

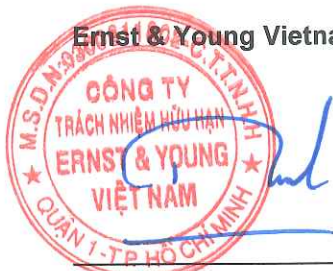
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2017, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited



Trần Nam Dung
Deputy General Director
Audit Practicing Registration Certificate
No. 3021-2014-004-1



Dang Minh Tai
Auditor
Audit Practicing Registration Certificate
No. 2815-2014-004-01

Ho Chi Minh City, Vietnam

26 March 2018

CONSOLIDATED BALANCE SHEET
as at 31 December 2017

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		14,323,046,481,379	9,943,464,944,899
110	I. Cash and cash equivalents	4	3,311,114,590,570	1,996,627,577,169
111	1. Cash		285,114,590,570	716,627,577,169
112	2. Cash equivalents		3,026,000,000,000	1,280,000,000,000
120	II. Short-term investment		2,478,527,000,000	2,675,000,000,000
123	1. Held-to-maturity investments	5	2,478,527,000,000	2,675,000,000,000
130	III. Current accounts receivable		6,343,651,794,988	3,483,690,579,494
131	1. Short-term trade receivables	6	6,066,528,567,248	3,345,759,405,855
132	2. Short-term advances to suppliers	7	169,888,237,132	175,416,870,761
136	3. Other short-term receivables	8	317,096,888,688	225,997,460,583
137	4. Provision for doubtful short-term receivables	6, 8	(209,861,898,080)	(263,483,157,705)
140	IV. Inventory	9	1,873,811,750,026	1,240,877,076,159
141	1. Inventories		1,873,811,750,026	1,240,877,076,159
150	V. Other current assets		315,941,345,795	547,269,712,077
151	1. Short-term prepaid expenses	10	10,072,902,332	4,005,229,349
152	2. Value-added tax deductibles		305,646,255,012	542,683,814,702
153	3. Tax and other receivables from the State	18	222,188,451	580,668,026
200	B. NON-CURRENT ASSETS		1,554,271,582,049	1,797,406,246,208
210	I. Long-term receivable		-	253,976,000
216	1. Other long-term receivables		-	253,976,000
220	II. Fixed assets		767,485,125,209	585,367,558,531
221	1. Tangible fixed assets	11	673,342,463,523	492,919,469,629
222	Cost		998,693,962,900	761,234,552,099
223	Accumulated depreciation		(325,351,499,377)	(268,315,082,470)
227	2. Intangible assets	12	94,142,661,686	92,448,088,902
228	Cost		106,346,738,578	102,365,530,801
229	Accumulated amortisation		(12,204,076,892)	(9,917,441,899)
230	III. Investment properties	13	50,050,508,279	78,054,175,594
231	1. Cost		63,045,669,421	95,184,189,935
232	2. Accumulated depreciation		(12,995,161,142)	(17,130,014,341)
240	IV. Long-term asset in progress		72,100,000	18,354,164,656
242	1. Construction in progress	14	72,100,000	18,354,164,656
250	V. Long-term investments		377,204,788,931	714,783,616,306
252	1. Investments in associates	15	227,204,788,931	194,783,616,306
255	2. Held-to-maturity investments	5	150,000,000,000	520,000,000,000
260	VI. Other long-term assets		359,459,059,630	400,592,755,121
261	1. Long-term prepaid expenses	10	355,814,812,054	396,065,656,914
262	2. Deferred tax assets	27.3	3,644,247,576	4,527,098,207
270	TOTAL ASSETS		15,877,318,063,428	11,740,871,191,107

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2017

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		8,570,630,214,809	5,507,243,351,828
310	I. Current liabilities		8,559,717,905,972	5,495,199,216,604
311	1. Short-term trade payables	16	4,630,806,248,430	3,228,154,146,494
312	2. Short-term advances from customers	17	1,408,085,588,997	795,653,018,908
313	3. Statutory obligations	18	354,008,253,214	244,479,991,421
315	4. Short-term accrued expenses	19	1,639,354,520,674	822,046,183,940
318	5. Short-term unearned revenues		-	95,301,132,287
319	6. Other short-term payables	20	281,435,190,582	147,219,837,037
321	7. Short-term provisions	21	76,554,779,913	60,163,598,312
322	8. Bonus and welfare fund		169,473,324,162	102,181,308,205
330	II. Non-current liabilities		10,912,308,837	12,044,135,224
337	1. Other long-term liabilities	20	662,352,826	1,794,179,213
342	2. Long-term provision	21	10,249,956,011	10,249,956,011
400	D. OWNERS' EQUITY		7,306,687,848,619	6,233,627,839,279
410	I. Capital	22.1	7,306,687,848,619	6,233,627,839,279
411	1. Share capital		770,500,000,000	770,500,000,000
411a	- Shares with voting rights		770,500,000,000	770,500,000,000
412	2. Share premium		2,958,550,175,385	2,958,550,175,385
415	3. Treasury shares		(22,832,460,000)	(1,741,460,000)
418	4. Investment and development fund		1,858,988,669,927	1,070,951,960,122
421	5. Undistributed earnings		1,741,481,463,307	1,435,367,163,772
421a	- Undistributed earnings by the end of prior years		88,802,233,967	13,223,245,232
421b	- Undistributed earnings of current year		1,652,679,229,340	1,422,143,918,540
440	TOTAL LIABILITIES AND OWNERS' EQUITY		15,877,318,063,428	11,740,871,191,107


Ha Thi Thuy Hang
Preparer


Vu Thi Hong Hanh
Chief Accountant


Nguyen Sy Cong
General Director

26 March 2018

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Gross revenues from sale of goods and rendering of services	23.1	27,153,453,093,560	20,782,721,033,541
10	2. Net revenues from sale of goods and rendering of services	23.1	27,153,453,093,560	20,782,721,033,541
11	3. Cost of goods sold and services rendered	24	(25,137,240,993,127)	(18,983,319,033,277)
20	4. Gross profit from sale of goods and rendering of services		2,016,212,100,433	1,799,402,000,264
21	5. Finance income	23.2	325,276,488,942	170,167,561,778
22	6. Finance expenses - In which: Interest expenses		(45,704,258) -	(281,190,168) (153,055,556)
24	7. Share of profit of associates	15	31,676,978,729	32,592,114,614
25	8. Selling expenses		-	(1,887,854,700)
26	9. General and administrative expenses	25	(394,573,473,301)	(297,253,276,693)
30	10. Operating profit		1,978,546,390,545	1,702,739,355,095
31	11. Other income	26	85,996,368,686	62,697,300,620
32	12. Other expenses		(3,800,220,218)	(2,514,752,597)
40	13. Other profit		82,196,148,468	60,182,548,023
50	14. Accounting profit before tax		2,060,742,539,013	1,762,921,903,118
51	15. Current corporate income tax expense	27.1	(407,180,459,042)	(341,764,814,329)
52	16. Deferred tax (expense) income	27.3	(882,850,631)	986,829,751
60	17. Net profit after tax		1,652,679,229,340	1,422,143,918,540
61	18. Net profit after tax attributable to shareholders of the parent		1,652,679,229,340	1,422,143,918,540
70	19. Basic earnings per share	29	20,436	19,067
71	20. Diluted earnings per share	29	20,436	19,067



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director

26 March 2018

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		2,060,742,539,013	1,762,921,903,118
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11, 12, 13	79,233,734,544	53,782,443,059
03	Reversal of provisions		(4,994,293,145)	(36,138,040,739)
04	Unrealised foreign exchange gains arisen from revaluation of monetary accounts denominated in foreign currency		(50,834,803)	(344,190,103)
05	Profit from investing activities		(364,839,681,933)	(205,141,007,759)
06	Interest expenses		-	153,055,556
08	Operating profit before changes in working capital		1,770,091,463,676	1,575,234,163,132
09	Increase in receivables		(2,444,779,391,189)	(914,835,439,171)
10	Increase in inventories		(632,934,673,867)	(189,599,751,932)
11	Increase in payables		2,951,347,688,516	823,723,127,088
12	Decrease (increase) in prepaid expenses		34,183,171,877	(100,137,187,236)
14	Interest paid		-	(153,055,556)
15	Corporate income tax paid	18	(416,776,391,764)	(289,098,318,843)
17	Other cash outflows from operating activities		(109,083,623,001)	(4,071,927,469)
20	Net cash flows from operating activities		1,152,048,244,248	901,061,610,013
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases and construction of fixed assets		(214,558,893,875)	(189,440,496,481)
22	Proceeds from disposals of fixed assets		8,600,070,476	6,459,592,060
23	Net payments for term deposits at banks and bonds		-	(1,898,900,000,000)
24	Net collections from bank term deposits		566,473,000,000	-
25	Payments for investments in another entity		-	(42,000,000,000)
27	Interest and dividends received		205,750,711,464	139,754,616,316
30	Net cash flows from (used in) investing activities		566,264,888,065	(1,984,126,288,105)

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		-	1,875,250,945,385
32	Capital redemption		(21,091,000,000)	-
33	Drawdown of borrowings		-	50,000,000,000
34	Repayment of borrowings		-	(50,000,000,000)
36	Dividends paid		(382,734,658,400)	(257,186,590,275)
40	Net cash flows (used in) from financing activities		(403,825,658,400)	1,618,064,355,110
50	Net increase in cash and cash equivalents		1,314,487,473,913	534,999,677,018
60	Cash and cash equivalents at beginning of year		1,996,627,577,169	1,461,621,853,393
61	Impact of exchange rate fluctuation		(460,512)	6,046,758
70	Cash and cash equivalents at end of year	4	3,311,114,590,570	1,996,627,577,169



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyễn Sỹ Công
General Director

26 March 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2017 and for the year then ended

1. CORPORATE INFORMATION

Coteccons Construction Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103002611 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 24 August 2004, which was replaced by the Enterprise Registration Certificates ("ERCs") No.0303443233 on 23 August 2010 and the subsequent amended BRCs and ERCs.

On 18 July 2017, the Company received the 19th amended ERC approved the change on title of the Company's legal representative – Mr Nguyen Ba Duong, Chairman and changes in certain principal activities.

The Company's shares are being listed on the Ho Chi Minh Stock Exchange with trading code as CTD in accordance with Decision No. 155/QD-SGDHCM has been issued by the Ho Chi Minh Stock Exchange on 9 December 2009.

The current principal activities of the Company and its subsidiaries ("the Group") are to provide designing and construction services, equipment installation, interior decoration, office leasing, trading of real estate and trading of construction materials.

The Company's registered head office is located at No. 236/6, Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam.

The number of the Group's employees as at 31 December 2017 was 2,540 (31 December 2016: 2,043).

Group structure

The Company has two subsidiaries, which are Unicons Investment Construction Company Limited ("Unicons") and Covestcons Company Limited ("Covestcons").

- (i) Unicons is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to BRC No. 4103005020 issued by the DPI of Ho Chi Minh City on 14 July 2006, which was replaced by the Enterprise Registration Certificate ("ERC") No. 0304472276 and the subsequent amended BRCs and ERCs.

Unicons' registered office is located at No. 236/6, Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. Unicons' principal activities are to provide construction and equipment installation services.

As at 31 December 2017, the Company holds 100% equity interest in Unicons.

- (ii) Covestcons is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to ERC No. 0314326002 issued by the DPI of Ho Chi Minh City on 31 March 2017.

Covestcons' registered office is located at No. 236/6, Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. Covestcons' principal activities are to provide commission services and trade of real estates.

As at 31 December 2017, the Company holds 100% equity interest in Covestcons.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

2. BASIS OF PREPARATION

2.1 *Applied accounting standards and system*

The consolidated financial statements of the Group expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

The Group's applied accounting documentation system is the General Journal system.

2.3 *Fiscal year*

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2.4 *Accounting currency*

The consolidated financial statements are prepared in VND which is also the Group's accounting currency.

2.5 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as at 31 December 2017 and for the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

3.2 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful receivables.

The provision for doubtful receivables represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

3.3 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

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

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, merchandise goods	- cost of purchase on a weighted average basis
Construction work-in-process	- cost of direct materials and labour plus attributable construction overheads

Provision for obsolete inventories

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

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

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and other expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Intangible assets (continued)

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

Land use rights

Land use right is recorded as an intangible asset on the consolidated balance sheet when the Group obtained the land use right certificates. The costs of land use right comprise all directly attributable costs of bringing the land to the condition available for intended use and is not amortised when having indefinite useful life.

3.6 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings & structures	6 - 42 years
Machinery & equipment	3 - 10 years
Means of transportation	6 - 8 years
Office equipment	3 - 5 years
Land use rights	45 - 49 years
Softwares	3 years
Others	5 - 6 years

3.7 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation. Investment properties held for capital appreciation are not depreciated but subject to impairment review.

Subsequent expenditure relating to an investment property that has already been recognised is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Group.

Depreciation of investment properties is calculated on a straight-line basis over the estimated useful life of each asset as follows:

Office building	30 - 45 years
Others	25 years

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

3.8 Construction in progress

Construction in progress represents tangible fixed assets purchasing and under construction which have not yet been completed as at the balance sheet date and is stated at cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Group is the lessee

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

Where the Group is the lessor

Assets subject to operating leases are included as the Group's investment property in the consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the consolidated income statement as incurred.

Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

3.10 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

Tools and supplies used for construction are amortised to the consolidated income statement over the period of two (2) to three (3) years on the straight-line basis.

3.11 Investments

Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit or loss of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend or profit sharing received or receivable from associates reduces the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Group's. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated financial statements and deducted against the value of such investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 *Provision for diminution in value of investments*

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

3.13 *Payables and accruals*

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

3.14 *Accrual for severance allowance pay*

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to the balance sheet date at the rate of one-half of the average monthly salary for each period of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation is revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any increases or decreases to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

3.15 *Provisions*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for warranty obligation of construction project is estimated from 0.3% to 1% on value of project based on the specification of each project and actual experience.

3.16 *Foreign currency transactions*

Transactions in currencies other than the Group's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment; and
- payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- monetary assets are translated at buying exchange rate of the commercial bank where the Group conduct transactions regularly; and
- monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conduct transactions regularly.

All foreign exchange differences incurred during the year and arisen from the revaluation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund and allowance for Board of Directors) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.18 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Group's own equity instruments.

3.19 Appropriation of net profits

Net profit after tax is available for appropriation to investors as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting.

- *Investment and development fund*

This fund is set aside for use in the Group's expansion of its operation or of in-depth investment.

- *Bonus and welfare fund and allowance for Board of Directors*

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

3.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Construction contracts

For the construction contracts specifying that the contractor will receive payments according to the completed work, where the outcome of a construction contract can be determined reliably and accepted by the customers, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date which is accepted by the customers and reflected in the sales invoices.

For the construction contracts specifying that the progress payments are made as originally agreed, where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Revenue recognition (continued)

Construction contracts (continued)

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rental income

Rental income arising from operating leases is accounted for on a straight line basis over the terms of the lease.

Interest

Interest is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividend

Dividend is recognised when the Group is entitled to receive dividends.

3.21 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 *Taxation* (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

3.22 *Related parties*

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	221,120,198	419,131,108
Cash in banks	284,893,470,372	716,208,446,061
Cash equivalents (*)	3,026,000,000,000	1,280,000,000,000
TOTAL	3,311,114,590,570	1,996,627,577,169

(*) Cash equivalents represent deposits at commercial banks with original maturity of less than three (3) months and earn interest at the applicable interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

5. HELD-TO-MATURITY INVESTMENTS

	VND	
	Ending balance	Beginning balance
Short-term	2,478,527,000,000	2,675,000,000,000
Term deposits (i)	2,478,527,000,000	2,575,000,000,000
Bonds	-	100,000,000,000
Long-term	150,000,000,000	520,000,000,000
Bonds (ii)	100,000,000,000	-
Term deposits (iii)	50,000,000,000	520,000,000,000
TOTAL	2,628,527,000,000	3,195,000,000,000

(i) These represent deposits at commercial banks with original maturity of three (3) months or more but under one (1) year and earn interest at the applicable interest rates.

(ii) This represents the investment in bond of Sai Gon Securities Joint Stock Company with maturity on 19 January 2019 and earns interest at applicable interest rate.

(iii) This represents a deposit at Bank for Investment and Development of Vietnam with original maturity of 13 months and earns an applicable interest rate.

6. SHORT-TERM TRADE RECEIVABLES

	VND	
	Ending balance	Beginning balance
Receivables from third parties	6,058,562,945,918	3,332,147,622,731
Receivables from related parties (Note 28)	7,965,621,330	13,611,783,124
TOTAL	6,066,528,567,248	3,345,759,405,855
Provision for doubtful short-term receivables	(183,823,935,386)	(237,445,195,011)
NET	5,882,704,631,862	3,108,314,210,844

Movements of provision for doubtful short-term receivables:

	VND	
	Current year	Previous year
Beginning balance	(237,445,195,011)	(286,705,489,105)
Add: Provision made during the year	(314,247,295)	(209,498,197)
Less: Written off provision during the year	255,600,880	290,644,578
Less: Reversal of provision during the year	53,679,906,040	49,179,147,713
Ending balance	(183,823,935,386)	(237,445,195,011)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

7. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	Ending balance	Beginning balance
Ha Do 45 Joint Stock Company	19,713,366,300	-
Other suppliers	150,174,870,832	175,416,870,761
TOTAL	169,888,237,132	175,416,870,761

8. OTHER SHORT-TERM RECEIVABLES

	VND	
	Ending balance	Beginning balance
Interest receivable	224,173,261,928	104,762,712,513
Advances to construction teams and employees	74,709,869,456	97,495,040,302
Short-term deposits	4,004,496,878	2,365,763,612
Others	14,209,260,426	21,373,944,156
TOTAL	317,096,888,688	225,997,460,583
Provision for doubtful short-term receivables	(26,037,962,694)	(26,037,962,694)
NET	291,058,925,994	199,959,497,889

9. INVENTORIES

	VND	
	Ending balance	Beginning balance
Construction work in process (*)	1,873,811,750,026	1,240,877,076,159

(*) The details of work in process of on-going construction projects are as follows:

	VND	
	Ending balance	Beginning balance
Commercial and Service Office Building – Lot 5.5 – Thu Thiem new urban area	183,931,480,296	88,547,863,476
Diamond Island High-class Apartment	163,916,873,557	28,542,004,559
The Everich 8	141,559,480,356	15,712,732,998
Vinhomes Metropolis Lieu Giai Tower	134,729,306,511	68,561,509,754
D'Capitale project	107,439,458,710	19,931,804,087
Others	1,142,235,150,596	1,019,581,161,285
TOTAL	1,873,811,750,026	1,240,877,076,159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

10. PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
Short-term	10,072,902,332	4,005,229,349
Tools and supplies used for office	5,344,286,860	-
Office rental and maintenance expenses	3,456,666,299	3,616,093,518
Tools and supplies used for construction works	1,271,949,173	389,135,831
Long-term	355,814,812,054	396,065,656,914
Tools and supplies used for construction works	319,643,672,522	364,973,778,452
Others	36,171,139,532	31,091,878,462
TOTAL	365,887,714,386	400,070,886,263

Coteccons Construction Joint Stock Company

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

11. TANGIBLE FIXED ASSETS

	Buildings & structures	Machinery & equipment	Means of transportation	Office equipment	Others	Total	VND
Cost:							
Beginning balance	172,734,759,872	525,309,493,077	39,410,984,779	20,729,598,080	3,049,716,291	761,234,552,099	
New purchases	28,328,397,798	167,526,378,624	6,751,660,761	6,180,756,876	-	208,787,194,059	
Transfer from investment properties	32,138,520,514	-	-	-	-	32,138,520,514	
Transfer from construction in progress	9,485,430,286	16,936,623,832	-	-	-	26,422,054,118	
Disposal	-	(23,066,187,140)	(6,618,505,000)	(203,665,750)	-	(29,888,357,890)	
Ending balance	242,687,108,470	686,706,308,393	39,544,140,540	26,706,689,206	3,049,716,291	998,693,962,900	
<i>In which:</i>							
Fully depreciated	24,605,514,695	110,673,100,194	6,075,789,684	10,924,192,208	3,018,852,655	155,297,449,436	
Accumulated depreciation:							
Beginning balance	(45,263,436,982)	(183,685,092,413)	(22,617,271,621)	(13,719,476,796)	(3,029,804,658)	(268,315,082,470)	
Depreciation for the year	(9,659,380,334)	(56,148,451,802)	(4,711,492,830)	(4,150,523,005)	(7,715,904)	(74,677,563,875)	
Transfer from investment properties	(6,404,388,875)	-	-	-	-	(6,404,388,875)	
Disposal	-	19,351,950,555	4,489,919,538	203,665,750	-	24,045,535,843	
Ending balance	(61,327,206,191)	(220,481,593,660)	(22,838,844,913)	(17,666,334,051)	(3,037,520,562)	(325,351,499,377)	
Net carrying amount:							
Beginning balance	127,471,322,890	341,624,400,664	16,793,713,158	7,010,121,284	19,911,633	492,919,469,629	
Ending balance	181,359,902,279	466,224,714,733	16,705,295,627	9,040,355,155	12,195,729	673,342,463,523	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

12. INTANGIBLE ASSETS

			VND
	Land use rights	Software	Total
Cost:			
Beginning balance	94,881,924,366	7,483,606,435	102,365,530,801
New purchase	-	3,816,207,777	3,816,207,777
Transfer from construction in progress	-	165,000,000	165,000,000
Ending balance	94,881,924,366	11,464,814,212	106,346,738,578
<i>In which:</i>			
Fully amortised	-	4,439,092,685	4,439,092,685
Accumulated amortisation:			
Beginning balance	(4,846,776,962)	(5,070,664,937)	(9,917,441,899)
Amortisation for the year	(611,016,885)	(1,675,618,108)	(2,286,634,993)
Ending balance	(5,457,793,847)	(6,746,283,045)	(12,204,076,892)
Net carrying value:			
Beginning balance	90,035,147,404	2,412,941,498	92,448,088,902
Ending balance	89,424,130,519	4,718,531,167	94,142,661,686

Land use rights include the cost of land use rights with carrying amount of VND 64,662,555,400 which are indefinite and accordingly not amortised.

13. INVESTMENT PROPERTIES

		VND
	Ending balance	Beginning balance
Investment properties for rent	50,050,508,279	78,054,175,594

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

13. INVESTMENT PROPERTIES (continued)

			VND
	Office building	Others	Total
Cost:			
Beginning balance	76,563,826,026	18,620,363,909	95,184,189,935
Transfer to tangible fixed assets	(32,138,520,514)	-	(32,138,520,514)
Ending balance	44,425,305,512	18,620,363,909	63,045,669,421
Accumulated depreciation:			
Beginning balance	(14,794,193,124)	(2,335,821,217)	(17,130,014,341)
Depreciation for the year	(1,524,721,113)	(744,814,563)	(2,269,535,676)
Transfer to tangible fixed assets	6,404,388,875	-	6,404,388,875
Ending balance	(9,914,525,362)	(3,080,635,780)	(12,995,161,142)
Net carrying amount:			
Beginning balance	61,769,632,902	16,284,542,692	78,054,175,594
Ending balance	34,510,780,150	15,539,728,129	50,050,508,279

Additional disclosures:

The rental income and operating expenses relating to investment properties are presented as below:

			VND
	Current year	Previous year	
Rental income from investment properties	10,207,243,006	14,445,902,426	
Direct operating expenses of investment properties that generated rental income during the year	5,719,821,114	10,991,773,835	

The fair value of the investment properties was not formally assessed and determined as at 31 December 2017. However, given the present occupancy rate of these properties, it is management's assessment that these properties' market values are higher than their carrying value as at the balance sheet date.

14. CONSTRUCTION IN PROGRESS

Constructions in progress represent assets purchased during the year which are under installation.

15. INVESTMENTS IN ASSOCIATES

			VND
	Ending balance	Beginning balance	
Investments in associates	227,204,788,931	194,783,616,306	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

15. INVESTMENTS IN ASSOCIATES (continued)

The details of investment in associates are as follows:

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>% of interest</i>	<i>Amount (VND)</i>	<i>% of interest</i>	<i>Amount (VND)</i>
Ricons Construction Investment Joint Stock Company ("Ricons")	18.58	142,451,914,317	19.20	96,563,534,057
FCC Infrastructure Investment Joint Stock Company ("FCC")	35	84,600,817,819	35	98,051,443,745
Quang Trong Commercial Joint Stock Company ("Quang Trong")	36	152,056,795	36	168,638,504
TOTAL		227,204,788,931		194,783,616,306

Ricons is a shareholding company established in accordance with the BRC No. 4103002810 issued by the DPI of Ho Chi Minh City on 27 October 2004, which was replaced by the Enterprise Registration Certificates ("ERC") No. 0303527596 on 9 June 2011 and the amended BRCs and ERCs. Ricons' registered principal activities are to provide civil and industrial construction services, trade of construction materials and trade real estates. The Group has significant influence on the financial and operating policies of Ricons.

FCC is a shareholding company established in accordance with the ERC No. 0106605407 issued by the DPI of Ha Noi City on 21 July 2014 and as amended. FCC's registered principal activities are to provide civil and industrial construction services.

Quang Trong is a shareholding company established in accordance with the BRC No. 4903000474 issued by the DPI of Ba Ria – Vung Tau Province on 18 December 2007, which was replaced by the Enterprise Registration Certificates ("ERC") No. 3500740022 and amended BRCs and ERCs. Quang Trong's registered principal activities under its BRC are to trade real estates and provide project management services.

Details of investments in associates are as follows:

	<i>VND</i>
	<i>Total</i>
Cost of investment:	
Beginning and ending balances	136,160,000,000
Accumulated share in post-acquisition profit of the associates:	
Beginning balance	58,623,616,306
Share in post-acquisition profit of the associates for the year	31,676,978,729
Unrealised profits during the year	744,193,896
Ending balance	91,044,788,931
Net carrying amount:	
Beginning balance	194,783,616,306
Ending balance	227,204,788,931

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

16. SHORT-TERM TRADE PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Payables to third parties	3,474,103,621,605	2,564,002,861,778
Payables to related parties (Note 28)	<u>1,156,702,626,825</u>	<u>664,151,284,716</u>
TOTAL	<u>4,630,806,248,430</u>	<u>3,228,154,146,494</u>

17. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
South Hoi An Development Company Limited	419,123,879,755	-
Thao Dien Investment Joint Stock Company	250,496,531,749	-
Other customers	<u>738,465,177,493</u>	<u>795,653,018,908</u>
TOTAL	<u>1,408,085,588,997</u>	<u>795,653,018,908</u>

18. STATUTORY OBLIGATIONS

	VND			
	<i>Beginning balance</i>	<i>Increase in year</i>	<i>Payment in year</i>	<i>Ending balance</i>
Payables				
Value-added tax	82,080,267,940	419,661,052,593	(350,403,028,871)	151,338,291,662
Corporate income tax	114,910,341,214	407,180,459,042	(416,776,391,764)	105,314,408,492
Personal income tax	47,489,382,267	154,529,461,638	(104,663,290,845)	97,355,553,060
Others	-	10,500,000	(10,500,000)	-
TOTAL	<u>244,479,991,421</u>	<u>981,381,473,273</u>	<u>(871,853,211,480)</u>	<u>354,008,253,214</u>
Receivable				
Import tax	<u>580,668,026</u>	<u>6,681,726,100</u>	<u>(6,323,246,525)</u>	<u>222,188,451</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

19. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Accruals for on-going construction projects	<u>1,639,354,520,674</u>	<u>822,046,183,940</u>

20. OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	281,435,190,582	147,219,837,037
Payable to construction teams	230,577,833,156	136,784,948,612
Employee Stock Ownership Plan Program (Note 32)	40,058,000,000	-
Remuneration to Board of Directors, Board of Supervision	5,037,000,000	8,520,000,000
Dividend payables	359,298,925	419,737,325
Others	5,403,058,501	1,495,151,100
Long-term	662,352,826	1,794,179,213
Deposits	<u>662,352,826</u>	<u>1,794,179,213</u>
TOTAL	<u>282,097,543,408</u>	<u>149,014,016,250</u>

21. PROVISIONS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Provisions for construction warranty	<u>76,554,779,913</u>	<u>60,163,598,312</u>
Long-term		
Severance allowance	<u>10,249,956,011</u>	<u>10,249,956,011</u>

Coteccons Construction Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

22. OWNERS' EQUITY

22.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	VND Total
For the year ended 31 December 2016						
Beginning balance	468,575,300,000	1,385,223,930,000	(1,741,460,000)	751,424,960,122	639,053,052,232	3,242,535,782,354
Increase capital	301,924,700,000	1,573,326,245,385	-	-	-	1,875,250,945,385
Net profit for the year	-	-	-	-	1,422,143,918,540	1,422,143,918,540
Profit appropriation	-	-	-	319,527,000,000	(319,527,000,000)	-
Transfer to bonus and welfare fund	-	-	-	-	(31,953,000,000)	(31,953,000,000)
Allowance for Board of management	-	-	-	-	(17,000,000,000)	(17,000,000,000)
Dividends declared	-	-	-	-	(257,349,807,000)	(257,349,807,000)
Ending balance	770,500,000,000	2,958,550,175,385	(1,741,460,000)	1,070,951,960,122	1,435,367,163,772	6,233,627,839,279
For the year ended 31 December 2017						
Beginning balance	770,500,000,000	2,958,550,175,385	(1,741,460,000)	1,070,951,960,122	1,435,367,163,772	6,233,627,839,279
Net profit for the year	-	-	-	-	1,652,679,229,340	1,652,679,229,340
Profit appropriation (*)	-	-	-	788,036,709,805	(788,036,709,805)	-
Capital redemption (**)	-	-	(21,091,000,000)	-	-	(21,091,000,000)
Transfer to bonus and welfare fund (*)	-	-	-	-	(71,768,000,000)	(71,768,000,000)
Allowance for Board of management (*)	-	-	-	-	(104,086,000,000)	(104,086,000,000)
Dividends declared	-	-	-	-	(382,674,220,000)	(382,674,220,000)
Ending balance	770,500,000,000	2,958,550,175,385	(22,832,460,000)	1,858,988,669,927	1,741,481,463,307	7,306,687,848,619

(*) According to 13th Resolution of Shareholders on 29 June 2017, the Group made profit appropriation to investment and development fund, bonus and welfare fund and allowance for Board of management from undistributed earnings amounting to VND 788,036,709,805, VND 71,768,000,000 and VND 104,086,000,000 respectively.

(**) According to Resolution of Board of Directors No. 05/2017/NQ-HĐQT on 23 June 2017 and No. 08/2017/NQ-HĐQT on 24 July 2017, the Company decided to redeem shares as previously issued under the Employee Stock Option Program to its employees in the first batch and second batch of 232,500 shares and 216,000 shares, respectively because some employees has resigned from the Company which was regulated in the ESOP's policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

22. OWNERS' EQUITY (continued)

22.2 Capital transactions with owners and distribution of dividends

		VND
	Current year	Previous year
Share capital		
Beginning balance	770,500,000,000	468,575,300,000
Increase	-	301,924,700,000
Ending balance	770,500,000,000	770,500,000,000
Dividends		
Dividends declared	382,674,220,000	257,349,807,000
Dividends paid by cash	(382,734,658,400)	(257,186,590,275)

22.3 Shares

	Shares	
	Number of shares	
	Ending balance	Beginning balance
Authorised shares	77,050,000	77,050,000
Shares issued and fully paid	77,050,000	77,050,000
Ordinary shares	77,050,000	77,050,000
Treasury shares	(515,156)	(66,656)
Ordinary shares	(515,156)	(66,656)
Shares in circulation	76,534,844	76,983,344
Ordinary shares	76,534,844	76,983,344

23. REVENUES

23.1 Net revenues from sale of goods and rendering of services

		VND
	Current year	Previous year
Rendering of construction services (*)	27,094,644,045,004	20,549,705,176,425
Revenue from sales of construction materials	33,173,068,000	130,902,685,758
Rental income of construction equipment	14,566,010,277	21,186,769,978
Revenue relating to investment properties	10,207,243,006	80,926,401,380
Others	862,727,273	-
TOTAL	27,153,453,093,560	20,782,721,033,541
<i>In which:</i>		
Sales to third parties	27,084,512,288,399	20,588,831,890,063
Sales to related parties	68,940,805,161	193,889,143,478

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended**23. REVENUES (continued)****23.1 Net revenues from sale of goods and rendering of services (continued)**

(*) Revenue from construction contracts recognised during the year are as follows:

		VND
	<i>Current year</i>	<i>Previous year</i>
Revenue recognised during the year of the on-going construction contracts	24,691,038,374,914	19,485,445,591,502
Revenue recognised during the year of the completed construction contracts	2,403,605,670,090	1,064,259,584,923
TOTAL	27,094,644,045,004	20,549,705,176,425
Cumulative revenue recognised up to end of year of the on-going construction contracts	32,075,038,064,689	28,858,328,309,844

23.2 Finance income

		VND
	<i>Current year</i>	<i>Previous year</i>
Bank interest income	324,632,690,777	156,383,677,158
Late payment interest	528,570,102	13,332,802,001
Foreign exchange gains	115,228,063	451,082,619
TOTAL	325,276,488,942	170,167,561,778

23.3 Revenue relating to investment properties

		VND
	<i>Current year</i>	<i>Previous year</i>
Rental revenue from investment properties	10,207,243,006	14,445,902,426
Revenue from transferring of investment properties for capital appreciation	-	66,480,498,954
TOTAL	10,207,243,006	80,926,401,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

24. COST OF GOODS SOLD AND SERVICES RENDERED

		VND
	<i>Current year</i>	<i>Previous year</i>
Cost of rendered of construction services	25,089,479,024,692	18,781,543,879,308
Cost of construction materials sold	33,151,443,979	127,466,520,639
Cost of construction equipment leased	8,113,932,342	11,736,108,811
Operating cost of investment properties	5,719,821,114	62,572,524,519
Others	776,771,000	-
TOTAL	<u>25,137,240,993,127</u>	<u>18,983,319,033,277</u>

25. GENERAL AND ADMINISTRATIVE EXPENSES

		VND
	<i>Current year</i>	<i>Previous year</i>
General and administrative expenses		
- Staff costs	317,559,456,059	222,459,436,467
- Expenses for external services	39,450,499,925	48,019,178,239
- Depreciation and amortisation	19,649,099,732	15,353,179,663
- Provision expenses	314,247,295	209,498,197
- Other expenses	71,280,076,330	60,391,131,840
Deduction of general and administrative expenses		
- Reversal of provisions for doubtful debts	(53,679,906,040)	(49,179,147,713)
TOTAL	<u>394,573,473,301</u>	<u>297,253,276,693</u>

26. OTHER INCOME

		VND
	<i>Current year</i>	<i>Previous year</i>
Reversal of construction warranty provisions	29,416,319,891	21,000,770,524
Reversal of over accrued construction costs	24,991,471,801	20,098,320,752
Utilities	23,383,482,820	15,374,042,866
Gain from disposal of fixed assets	7,257,248,429	1,530,004,919
Proceeds from disposal of tools and supplies	-	3,343,263,500
Others	947,845,745	1,350,898,059
TOTAL	<u>85,996,368,686</u>	<u>62,697,300,620</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

27. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Group is 20% of taxable profits.

The tax returns filed by the Group are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

27.1 CIT expense

	VND	
	Current year	Previous year
Current CIT expense	407,180,459,042	341,764,814,329
CIT expense of current year	404,566,734,020	340,259,649,269
Adjustments for under accrual of tax from prior years	2,613,725,022	1,505,165,060
Deferred tax expense (income)	882,850,631	(986,829,751)
TOTAL	408,063,309,673	340,777,984,578

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate is presented below:

	VND	
	Current year	Previous year
Accounting profit before tax	2,060,742,539,013	1,762,921,903,118
At CIT rate (20%)	412,148,507,803	352,584,380,624
<i>Adjustments to increase (decrease):</i>		
Share of profit from associates	(6,335,395,746)	(6,518,422,923)
Non-deductible expenses	(363,527,406)	(6,793,138,183)
Adjustments for under accrual of tax from prior years	2,613,725,022	1,505,165,060
CIT expense	408,063,309,673	340,777,984,578

27.2 Current tax

The current tax payable is based on taxable profit for the current year. The taxable profit of the Group for the year differs from the accounting profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

27. CORPORATE INCOME TAX (continued)

27.3 Deferred tax

The following are the deferred tax assets and liabilities recognized by the Group, and the movements thereon, during the current and previous years:

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Severance allowance	2,049,991,203	2,049,991,203	-	(143,810,000)
Unrealised profit	1,670,897,169	2,553,747,800	(882,850,631)	1,130,635,425
Deferred tax liabilities				
Provision for investments	(76,576,360)	(76,576,360)	-	-
Foreign exchange differences arising from revaluation of monetary accounts denominated in foreign currency	(64,436)	(64,436)	-	4,326
Net deferred tax assets	3,644,247,576	4,527,098,207		
Deferred tax (expense) income			(882,850,631)	986,829,751

VND

Coteccons Construction Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

28. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Group with related parties during the current and previous years were as follows:

Related party	Relationship	Nature of transaction	Current year	Previous year
				VND
Ricons Construction Investment Joint Stock Company	Associate	Purchase of construction materials	2,968,105,512,703	2,515,804,510,845
		Sales of construction materials	573,804,867,032	642,150,732,847
		Equipment rental income	33,173,068,000	37,017,908,182
		Disposal of fixed assets and tools	7,725,630,959	6,044,444,600
		and supplies	4,500,000,000	5,075,582,832
		Office rental income	4,336,166,122	3,623,393,147
FCC Infrastructure Investment Joint Stock Company	Associate	Utilities	678,970,948	814,091,892
		Office rental	351,974,000	544,470,264
		Equipment rental expenses	264,402,610	55,869,550
		Dividend received	-	6,048,000,000
		Construction services	24,320,999,180	147,203,397,549
		Capital contribution	-	42,000,000,000

Coteccons Construction Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

28. TRANSACTIONS WITH RELATED PARTIES (continued)

The outstanding balances due from and due to related parties as at balance sheet dates were as follows:

Related party	Relationship	Nature of transaction	Ending balance	Beginning balance
Short-term trade receivables				
Ricons Construction Investment Joint Stock Company	Associate	Office rental, equipment rental	7,965,621,330	4,443,259,048
FCC Infrastructure Investment Joint Stock Company	Associate	Construction services	-	9,168,524,076
			7,965,621,330	13,611,783,124
Short-term trade payable				
Ricons Construction Investment Joint Stock Company	Associate	Construction cost and purchase of materials	1,156,702,626,825	664,151,284,716
Transactions with other related parties				
Remuneration to members of the Board of Directors, Board of Supervision and Board of Management:				
			Current year	Previous year
Remuneration of the Board of Directors, Board of Supervision and salaries, bonus of Board of Management			49,575,243,604	28,572,438,362

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

29. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	VND	
	Current year	Previous year
Net profit after tax attributable to shareholders of the parent	1,652,679,229,340	1,422,143,918,540
Less: Bonus and welfare fund and allowance for Board of management (*)	82,633,961,467	175,854,000,000
Net profit after tax attributable to ordinary equity holders	1,570,045,267,873	1,246,289,918,540
Weighted average number of ordinary shares during the year (<i>shares</i>)	76,825,926	65,364,583
Basic and diluted earnings per share (<i>VND/share</i>)	20,436	19,067

There have been no potential dilutive ordinary shares during the year and up to the date of these consolidated financial statements.

(*) Net profit used to compute earnings per share for the year ended 31 December 2016 was restated following the actual distribution to Bonus and welfare funds and allowance for Board of management from 2016 undistributed earnings as approved in the resolution of the shareholders meeting No. 01/2017/NQ-DHCD dated 29 June 2017.

Net profit used to compute earnings per share for the year ended 31 December 2017 was adjusted for the provisional allocation to bonus and welfare fund from 2017 profit following the plan as approved in the resolution of the shareholders meeting No. 01/2017/NQ-DHCD dated 29 June 2017.

30. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services rendered. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Construction services segment

Construction materials trading segment

Investment properties activities segment

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with other parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in preparation of the consolidated financial statements.

Coteccons Construction Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

30. SEGMENT INFORMATION (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment:

	Construction services	Construction materials trading	Investment properties activities	Elimination	VND Total
For the year ended 31 December 2017					
Revenue					
Revenue from sale of goods and rendering of services	29,268,982,870,859	40,446,776,600	14,592,970,382	(2,170,569,524,281)	27,153,453,093,560
Results					
Segment net profit before tax	2,006,011,010,544	-	6,415,524,223	3,785,565,666	2,016,212,100,433
Unallocated income					44,530,438,580
Net profit before income tax					2,060,742,539,013
Corporate income tax expense					(408,063,309,673)
Net profit for the year					1,652,679,229,340
Assets and liabilities					
Segment assets	9,480,644,118,717	-	67,483,274,972	(385,328,734,704)	9,162,798,658,985
Unallocated assets					6,714,519,404,443
Total assets					15,877,318,063,428
Segment liabilities	8,408,215,003,240	8,001,079,460	248,976,000	(385,328,734,704)	8,031,136,323,996
Unallocated liabilities					539,493,890,813
Total liabilities					8,570,630,214,809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

30. SEGMENT INFORMATION (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment: (continued)

	Construction services	Construction materials trading	Office leasing	Elimination	Total	VND
For the year ended 31 December 2016						
Revenue						
Revenue from sale of goods and rendering of services	23,526,970,423,499	200,317,539,887	85,329,684,427	(3,029,896,614,272)	20,782,721,033,541	
Results						
Segment net profit before tax	1,782,977,584,914	1,216,034,474	19,352,541,456	(6,032,015,280)	1,797,514,145,564	
Unallocated expenses					(34,592,242,446)	
Net profit before income tax					1,762,921,903,118	
Corporate income tax expense					(340,777,984,578)	
Net profit for the year					1,422,143,918,540	
Assets and liabilities						
Segment assets	6,195,370,684,518	-	97,784,992,376	(611,786,248,840)	5,681,369,428,054	
Unallocated assets					6,059,501,763,053	
Total assets					11,740,871,191,107	
Segment liabilities	5,749,591,952,011	590,863,480	1,500,641,115	(611,786,248,840)	5,139,897,207,766	
Unallocated liabilities					367,346,144,062	
Total liabilities					5,507,243,351,828	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

31. COMMITMENTS

31.1 Operating lease commitments

The Group leases premises and office under operating lease arrangements. The minimum lease commitments as at the balance sheet dates under the operating lease agreements are as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	337,754,796	251,614,067
From 1 to 5 years	251,382,819	392,959,090
More than 5 years	2,351,476,785	2,414,322,489
TOTAL	2,940,614,400	3,058,895,646

The Group leases out its Coteccons Building property under operating lease arrangements. The future minimum rental receivable as at the balance sheet dates under the operating lease agreements is as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	5,209,617,912	4,245,645,110
From 1 to 5 years	2,485,724,700	5,067,993,112
TOTAL	7,695,342,612	9,313,638,222

31.2 Capital commitments

As at 31 December 2017, the Group had capital contribution commitment as follows:

Name of investee	Charter capital	Capital contribution commitment		Contributed amount	Remaining commitment
		Amount	%	Amount	Amount
Hiteccons Investment Joint Stock Company	300,000,000,000	93,000,000,000	31	-	93,000,000,000
Nguyen Kim – Cong truong Quoc te Company Limited	100,000,000,000	50,000,000,000	50	-	50,000,000,000
TOTAL	400,000,000,000	143,000,000,000		-	143,000,000,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

32. EVENTS AFTER THE BALANCE SHEET DATE

On 18 December 2017, the Group received an Official Letter No. 8434/UBCK-QLCB issued by the State Securities Commission for approval on issuance of new ordinary shares to its key executive in accordance with the Employee Stock Ownership Plan program. Based on the program, the Group will issue 1,305,000 ordinary shares to its employees in accordance with the approved Shareholders' Resolution No. 01/2017/NQ-DHCD dated 29 June 2017 and the Board of Directors' Resolutions No. 13/2017/NQ-HDQT dated 8 December 2017.

The aforementioned transaction has been completed as at 5 January 2018, with total 1,305,000 new shares issued to its employees at the price of VND 40,000 per share. Accordingly, the Group's registered share capital has been increased from VND 770,500,000,000 to VND 783,550,000,000 as at 5 January 2018. The Group reported the result of the share issuance to the State Securities Commission.

On 25 December 2017, the Group received an Official Letter No. 8549/UBCK-QLCB issued by the State Securities Commission for approval on the re-issuance of treasury shares that previously bought back from resigned employees issued in accordance with the Employee Stock Ownership Plan program, to its employees.

The aforementioned transaction has been completed on 19 January 2018, with total 448,500 treasury shares were re-issued to its employees at the price of VND 35,000/share, VND 42,000/share and VND 70,000/share for number of shares of 144,000, 188,000 and 116,500, respectively.

Except for the above event, there have been no other significant subsequent events occurring as at the date of the consolidated financial statements which would require adjustments or additional disclosures.



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyễn Sỹ Công
General Director

26 March 2018

