

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

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



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TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by the Board of Management	2
Independent auditor's report	3
Consolidated balance sheet (Form B 01a – DN/HN)	5
Consolidated income statement (Form B 02a – DN/HN)	8
Consolidated cash flow statement (Form B 03a – DN/HN)	9
Notes to the consolidated financial statements (Form B 09a – DN/HN)	10

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise Registration Certificate

Business Registration Certificate No. 4103002611 dated 24 August 2004 issued by the Department of Planning and Investment of Ho Chi Minh City and subsequent amended Enterprise Registration Certificate No. 0303443233 dated 23 August 2010 and its latest 21st amended Enterprise Registration Certificate dated 30 January 2018.

Board of Directors

Mr. Nguyen Ba Duong	Chairman
Mr. Nguyen Sy Cong	Member
Mr. Tran Quyet Thang	Member
Mr. Nguyen Quoc Hiep	Member
Mr. Talgat Turumbayev	Member
Mr. Tan Chin Tiong	Member
Mr. Yerkin Tatishev	Member

Board of Supervision

Mr. Luis Fernando Garcia Agraz	Head
Mr. Dang Hoai Nam	Member
Mr. Nguyen Minh Nhut	Member

Board of Management

Mr. Nguyen Sy Cong	General Director
Mr. Tran Quang Quan	Deputy General Director
Mr. Tu Dai Phuc	Deputy General Director
Mr. Phan Huy Vinh	Deputy General Director
Mr. Tran Van Chinh	Deputy General Director
Mr. Vo Thanh Liem	Deputy General Director

Legal representative

Mr. Nguyen Ba Duong	Chairman
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Registered office

236/6 Dien Bien Phu, Ward 17, Binh Thanh District,
Ho Chi Minh City, Vietnam

Auditor

PwC (Vietnam) Limited

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman has authorized the Board of Management of Coteccons Construction Joint Stock Company ("the Company") to be responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together as "the Group") which give a true and fair view of the consolidated financial position as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

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

The Board of 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 which enable consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 46 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.



On behalf of the Board of Management

Nguyen Sy Cong
General Director

Ho Chi Minh City, SR Vietnam
5 March 2019



INDEPENDENT AUDITOR'S 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 (together, "the Group") which were prepared on 31 December 2018 and approved by the Board of Management on 5 March 2019. These consolidated financial statements include the consolidated balance sheet as at 31 December 2018, the consolidated income statement and consolidated cash flow statement for the year then ended, and notes to these consolidated financial statements, as set out on pages 5 to 46.

The Board of Management' Responsibility

The Board of Management is responsible for the preparation and the true and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on this consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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



Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another auditor whose independent auditor's report dated 26 March 2018, expressed an unmodified opinion on those statements.

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No.
0048-2018-006-1
Authorised signatory

Tran Van Thang
Audit Practising Licence No.
3586-2017-006-1

Report reference number: HCM7649
Ho Chi Minh City, 5 March 2019

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2018 VND	2017 VND
100	CURRENT ASSETS		15,323,459,276,998	14,323,046,481,379
110	Cash and cash equivalents	3	552,833,230,980	1,221,114,590,570
111	Cash		149,333,230,980	285,114,590,570
112	Cash equivalents		403,500,000,000	936,000,000,000
120	Short-term investment		3,907,058,000,000	4,568,527,000,000
123	Investments held to maturity	4(a)	3,907,058,000,000	4,568,527,000,000
130	Short-term receivables		9,053,952,559,022	6,343,651,794,988
131	Short-term trade accounts receivable	5	8,583,155,443,151	6,066,528,567,248
132	Short-term prepayments to suppliers	6	408,522,628,085	169,888,237,132
136	Other short-term receivables	7	272,136,385,866	317,096,888,688
137	Provision for doubtful debts – short term	8	(209,861,898,080)	(209,861,898,080)
140	Inventory		1,443,523,976,605	1,873,811,750,026
141	Inventory	9	1,443,523,976,605	1,873,811,750,026
150	Other current assets		366,091,510,391	315,941,345,795
151	Short-term prepaid expenses	10(a)	3,715,158,612	10,072,902,332
152	Value Added Tax to be reclaimed		362,376,351,779	305,646,255,012
153	Other taxes receivable	16(a)	-	222,188,451

The notes on pages 10 to 46 are an integral part of these consolidated financial statements.

**CONSOLIDATED BALANCE SHEET
(continued)**

Code	ASSETS (continued)	Note	As at 31 December	
			2018 VND	2017 VND
200	LONG-TERM ASSETS		1,499,602,669,344	1,554,271,582,049
220	Fixed assets		743,708,162,486	725,733,518,666
221	Tangible fixed assets	11(a)	648,195,904,621	631,590,856,980
222	Historical cost		1,033,129,306,154	954,205,488,887
223	Accumulated depreciation		(384,933,401,533)	(322,614,631,907)
227	Intangible fixed assets	11(b)	95,512,257,865	94,142,661,686
228	Historical cost		111,780,039,500	106,346,738,578
229	Accumulated amortisation		(16,267,781,635)	(12,204,076,892)
230	Investment properties	12	52,358,883,694	50,050,508,279
231	Historical cost		69,677,550,622	63,045,669,421
232	Accumulated depreciation		(17,318,666,928)	(12,995,161,142)
240	Long-term asset in progress		1,005,828,500	72,100,000
242	Construction in progress		1,005,828,500	72,100,000
250	Long-term investments		350,744,031,635	377,204,788,931
252	Investments in associates	13	350,744,031,635	227,204,788,931
255	Investments held to maturity	4(b)	-	150,000,000,000
260	Other long-term assets		351,785,763,029	401,210,666,173
261	Long-term prepaid expenses	10(b)	348,602,442,291	397,566,418,597
262	Deferred income tax assets	32	3,183,320,738	3,644,247,576
270	TOTAL ASSETS		16,823,061,946,342	15,877,318,063,428

The notes on pages 10 to 46 are an integral part of these consolidated financial statements.

**CONSOLIDATED BALANCE SHEET
(continued)**

Code	RESOURCES	Note	As at 31 December	
			2018 VND	2017 VND
300	LIABILITIES		8,860,568,747,448	8,570,630,214,809
310	Short-term liabilities		8,851,372,781,946	8,559,717,905,972
311	Short-term trade accounts payable	14	5,813,051,490,169	4,630,806,248,430
312	Short-term advances from customers	15	671,428,472,219	1,408,085,588,997
313	Tax and other payables to the State Budget	16(b)	164,994,438,949	354,008,253,214
315	Short-term accrued expenses	17	1,759,584,094,811	1,639,354,520,674
318	Short-term unearned revenue	18	5,135,013,358	-
319	Other short-term payables	19(a)	204,297,216,319	281,435,190,582
321	Provision for short-term liabilities	20(a)	75,606,055,937	76,554,779,913
322	Bonus and welfare fund	21	157,276,000,184	169,473,324,162
330	Long-term liabilities		9,195,965,502	10,912,308,837
337	Other long-term payables	19(b)	662,352,826	662,352,826
342	Provision for long-term liabilities	20(b)	8,533,612,676	10,249,956,011
400	OWNERS' EQUITY		7,962,493,198,894	7,306,687,848,619
410	Capital and reserves		7,962,493,198,894	7,306,687,848,619
411	Owners' capital	22, 23	783,550,000,000	770,500,000,000
411a	- Ordinary shares with voting rights	22, 23	783,550,000,000	770,500,000,000
412	Share premium	23	2,997,645,175,385	2,958,550,175,385
415	Treasury shares	23	(439,558,938,999)	(22,832,460,000)
418	Investment and development fund	23	3,016,565,960,122	1,858,988,669,927
421	Undistributed earnings	23	1,604,291,002,386	1,741,481,463,307
421a	- Undistributed earnings of the previous years	23	93,883,453,112	88,802,233,967
421b	- Post-tax profit of current year	23	1,510,407,549,274	1,652,679,229,340
440	TOTAL RESOURCES		16,823,061,946,342	15,877,318,063,428



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
5 March 2019

The notes on pages 10 to 46 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Code	ITEMS	Note	For the year ended 31 December	
			2018 VND	2017 VND
01	Revenue from sales of goods and rendering of services		28,560,857,297,395	27,176,836,576,380
02	Less deductions		-	-
10	Net revenue from sales of goods and rendering of services	26	28,560,857,297,395	27,176,836,576,380
11	Cost of goods sold and services rendered	27	(26,727,845,024,426)	(25,137,240,993,127)
20	Gross profit from sales of goods and rendering of services		1,833,012,272,969	2,039,595,583,253
21	Financial income	28	321,096,425,107	325,276,488,942
22	Financial expenses		(256,508,001)	(45,704,258)
24	Share of profit of investments in associates	13	97,618,204,914	31,676,978,729
26	General and administration expenses	29	(505,217,213,266)	(394,573,473,301)
30	Net operating profit		1,746,253,181,723	2,001,929,873,365
31	Other income	30	141,186,784,790	62,612,885,866
32	Other expenses	30	(14,465,680,949)	(3,800,220,218)
40	Net other income		126,721,103,841	58,812,665,648
50	Net accounting profit before tax		1,872,974,285,564	2,060,742,539,013
51	Business income tax - current	31	(362,105,809,452)	(407,180,459,042)
52	Business income tax - deferred	31,32	(460,926,838)	(882,850,631)
60	Net profit after tax		1,510,407,549,274	1,652,679,229,340
61	Attributable to: Shareholders of the parent company		1,510,407,549,274	1,652,679,229,340
70	Basic earnings per share	33	18,357	20,436
71	Diluted earnings per share	33	18,357	20,436



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
5 March 2019

The notes on pages 10 to 46 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code ITEMS	Notes	For the year ended 31 December	
		2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit before tax	1,872,974,285,564	2,060,742,539,013
	Adjustments for:		
02	Depreciation and amortisation	93,961,932,263	76,496,867,074
03	Reversal of provisions	(2,334,235,286)	(4,994,293,145)
04	Unrealised foreign exchange losses/(gains)	177,561,364	(50,834,803)
05	Profits from investing activities	(420,738,017,892)	(364,839,681,933)
08	Operating profit before changes in working capital	1,544,041,526,013	1,767,354,596,206
09	Increase in receivables	(2,797,703,359,814)	(2,444,779,391,189)
10	Decrease/(increase) in inventories	430,287,773,421	(632,934,673,867)
11	Increase in payables	331,806,119,643	2,951,347,688,516
12	Decrease/(increase) in prepaid expenses	55,321,720,026	(7,568,434,666)
15	Business income tax paid	(386,537,444,561)	(416,776,391,764)
17	Other payments on operating activities	(111,107,156,003)	(109,083,623,001)
20	Net cash (outflows)/inflows from operating activities	(933,890,821,275)	1,107,559,770,235
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(134,239,595,441)	(170,070,419,862)
22	Proceeds from disposals of fixed assets	17,589,916,354	8,600,070,476
23	Term deposits	(4,352,058,000,000)	(4,803,527,000,000)
24	Term deposits collections	5,163,527,000,000	3,700,000,000,000
25	Investments in associates	(40,590,000,000)	-
27	Dividends and interest received	366,917,856,522	205,750,711,464
30	Net cash inflows/(outflows) from investing activities	1,021,147,177,435	(1,059,246,637,922)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares and sales of treasury shares	73,236,000,000	-
32	Payments for share repurchases	(437,817,478,999)	(21,091,000,000)
36	Dividends paid	(390,953,176,000)	(382,734,658,400)
40	Net cash outflows from financing activities	(755,534,654,999)	(403,825,658,400)
50	Net decrease in cash and cash equivalents	(668,278,298,839)	(355,512,526,087)
60	Cash and cash equivalents at beginning of year	3 1,221,114,590,570	1,576,627,577,169
61	Effect of foreign exchange differences	(3,060,751)	(460,512)
70	Cash and cash equivalents at end of year	3 552,833,230,980	1,221,114,590,570

Major non-cash transaction during the year are mainly sales of fixed assets amounting to VND1,690,909,091 which have not been collected as at 31 December 2018, and purchases of fixed assets amounting to VND4,399,656,194 which have not been paid as at 31 December 2018 (as at 31 December 2017: VND7,465,703,583).



Ha Thi Thuy Hang
Preparer

Vu Thi Hong Hanh
Chief Accountant

Nguyen Sy Cong
General Director
5 March 2019

The notes on pages 10 to 46 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****1 GENERAL INFORMATION**

Coteccons Construction Joint Stock Company (“the Company”) was established in SR Vietnam pursuant to Business Registration Certificate No. 4103002611 dated 24 August 2004 issued by the Department of Planning and Investment of Ho Chi Minh City, and subsequent amended Enterprise Registration Certificate No. 0303443233 dated 23 August 2010 and its latest 21st amended Enterprise Registration Certificate dated 30 January 2018 which approves the increase in the Company’s charter capital to VND783,550,000,000.

The Company’s shares were listed in the Ho Chi Minh City Stock Exchange with trading code “CTD” in accordance with the Decision No. 155/QĐ-SGDHCM dated 9 December 2009 issued by the Ho Chi Minh City Stock Exchange.

The principal activities of the Company and its subsidiaries (together as “the Group”) are to provide design and construction services, equipment installation, interior decoration and office leasing, real estate and construction materials trade.

The normal business cycle of the Group is 12 months.

As at 31 December 2018, the Company had 2 wholly-owned subsidiaries which are Unicons Investment Construction Company Limited (“Unicons”) and Covestcons Company Limited (“Covestcons”) and 4 associates (Note 13).

(*) Unicons, a one-member limited liability company established in Ho Chi Minh City pursuant to Business Registration Certificate No. 4103005020 dated 14 July 2006 issued by the Department of Planning and Investment of Ho Chi Minh City, subsequently changed to Enterprise Registration Certificate No. 0304472276 dated 6 October 2010. The principal activities are construction and equipment installation services.

(**) Covestcons, a one-member limited liability company established in Ho Chi Minh City pursuant to Enterprise Registration Certificate No. 0314326002 dated 31 March 2017 issued by the Department of Planning and Investment of Ho Chi Minh City. The principal activities are real estate brokerage and trading.

As at 31 December 2018, the Group had 2,720 employees (as at 31 December 2017: 2,540 employees).

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

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

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

The accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and its consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

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

2.2 Fiscal year

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

2.3 Currency

The consolidated financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

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

2.4 Basis of consolidation***Subsidiaries***

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

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

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and other short-term investments with an original maturity of three months or less.

2.6 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Management of all outstanding amounts at the year end. Bad debts are written off when identified.

2.7 Inventories

Construction works-in-progress are stated at the lower of cost and net realisable value. Cost comprises the original cost of purchase plus the cost of bringing the construction materials and construction costs to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and necessary estimated hand-over expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Investments held-to-maturity**

Investments held-to-maturity are investments which the Group's Board of Management has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits and bonds held-to-maturity for interest earning. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or the whole of the investment is uncollectible.

2.9 Fixed assets*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortisation

	Year
Buildings and structures	6 - 45
Machinery and equipment	3 - 10
Motor vehicles	6 - 8
Office equipment	3 - 5
Software	3
Others	5 - 6
Land use rights	45 - 49

Land use right with indefinite useful life is recorded at historical cost and is not amortised.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the consolidated income statement.

2.10 Investment properties

Cost of an investment property means the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the investment property at the time of its acquisition or completion of construction.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Investment properties (continued)***Depreciation*

Investment properties are depreciated on the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

	Year
Office buildings	30 - 45
Others	25

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the net book value and are recognised as income or expense in the consolidated income statement.

2.11 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

2.12 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

2.13 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables including non-trade payables, and not relating to purchase of goods and services.

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

2.14 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

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

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2.16 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the period prior to the consolidated balance sheet date.

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

2.17 Unearned revenue

Unearned revenue mainly comprises the amounts that customers paid in advance for one or many accounting periods for revenues corresponding to the value of goods, services. The Group records unearned revenue for the future obligations that the Group has to conduct.

2.18 Owners' capital

Contributed capital of the shareholders is recorded according to actual amount contributed and is recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but these are not cancelled and shall be re-issued in the period in accordance with the Law on securities.

Undistributed earnings record the Group's consolidated results after business income tax at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Appropriation of net profit**

Net profit after income tax could be distributed to shareholders after approval at Annual General Meeting, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

(a) Development and investment fund

Development and investment fund is appropriated from net profit of the Group and subject to shareholders' approval at the Annual General Meeting. The fund is set aside for the use in the Group's expansion of its operation or in-depth investments.

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the Group's net profit and subject to shareholders' approval at the Annual General Meeting. The fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits.

(c) Dividend distribution

Dividend of the Company is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Annual General Meeting.

2.20 Revenue recognition**(a) Sales of goods**

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Group gives promotional goods to customers associated with customers' purchase, the Group allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Revenue recognition (continued)****(b) Rendering of services**

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Revenue from construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers. Claimable receivable and other receivable are included in revenue to the extent that they have been agreed and verified by the customers.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are only recognised when incurred during the period.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as construction contracts-in-progress receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as construction contracts-in-progress payables.

(d) Interest income

Interest income is recognised on an earned basis.

(e) Dividend income

Income from dividend is recognised when the Group has established the receiving right from investees.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.21 Cost of goods sold and services rendered**

Cost of goods sold and services rendered are cost of materials sold or services provided during the year, and recorded on the basis of matching with revenue and on prudent concept.

2.22 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances,...); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, provision for doubtful debts, outside services and other expenses.

2.23 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Group considers the substance of the relationship not merely the legal form.

2.25 Segment reporting

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

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's consolidated financial statements in order to help users of consolidated financial statements understand and evaluate the Group's operations in a comprehensive way.

2.26 Use of estimates

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

3 CASH AND CASH EQUIVALENTS

	2018 VND	2017 VND
Cash on hand	829,504,253	221,120,198
Cash at bank	148,503,726,727	284,893,470,372
Cash equivalents (*)	403,500,000,000	936,000,000,000
	<u>552,833,230,980</u>	<u>1,221,114,590,570</u>

(*) Including term deposits with maturity of less than 3 months, earning applicable interest rates.

4 INVESTMENTS HELD-TO-MATURITY

	2018		2017	
	Cost VND	Book value VND	Cost VND	Book value VND
(a) Short-term				
Term deposits (i)	3,707,058,000,000	3,707,058,000,000	4,568,527,000,000	4,568,527,000,000
Bonds (ii)	200,000,000,000	200,000,000,000	-	-
	<u>3,907,058,000,000</u>	<u>3,907,058,000,000</u>	<u>4,568,527,000,000</u>	<u>4,568,527,000,000</u>
(b) Long-term				
Term deposits	-	-	50,000,000,000	50,000,000,000
Bonds	-	-	100,000,000,000	100,000,000,000
	<u>-</u>	<u>-</u>	<u>150,000,000,000</u>	<u>150,000,000,000</u>

(i) Including term deposits with maturity of more than 3 months and less than 12 months, earning applicable interest rates.

(ii) Including the bonds of Saigon Securities Inc. and ACB Securities Company with the respective maturities of on 19 January 2019 and 6 March 2019, earning applicable interest rates.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2018 VND	2017 VND
Third parties (*)	8,582,384,080,678	6,058,562,945,918
Related parties (Note 36(b))	771,362,473	7,965,621,330
	<u>8,583,155,443,151</u>	<u>6,066,528,567,248</u>

(*) As at 31 December 2018, details for customers accounting from 10% or more of the total balance of short-term trade accounts receivable – third parties are as follows:

	2018 VND	2017 VND
Viet Star Company Limited	<u>1,029,465,656,275</u>	<u>366,971,842,384</u>

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2018 VND	2017 VND
Third parties	<u>408,522,628,085</u>	<u>169,888,237,132</u>

As at 31 December 2018, details for suppliers accounting from 10% or more of the total balance of short-term prepayments to suppliers are as follows:

	2018 VND	2017 VND
An Gia Real Estate Investment and Development Corporation	130,000,000,000	-
Eurowindow Joint Stock Company	<u>54,841,447,793</u>	<u>-</u>

7 OTHER SHORT-TERM RECEIVABLES

	2018 VND	2017 VND
Interests	191,758,223,203	224,173,261,928
Advances to construction teams and employees	54,822,089,532	74,709,869,456
Short-term deposits	23,465,571,821	13,004,496,878
Others	2,090,501,310	5,209,260,426
	<u>272,136,385,866</u>	<u>317,096,888,688</u>

8 PROVISION FOR DOUBTFUL DEBTS – SHORT-TERM

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

	2018 VND	2017 VND
Opening balance	209,861,898,080	263,483,157,705
Increase	-	314,247,295
Write-off	-	(255,600,880)
Reversal	-	(53,679,906,040)
Closing balance	<u>209,861,898,080</u>	<u>209,861,898,080</u>

9 INVENTORY

	2018 VND	2017 VND
Construction works in progress	<u>1,443,523,976,605</u>	<u>1,873,811,750,026</u>

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 09a – DN/HN

9 INVENTORY (continued)

Details of construction works in progress by projects are as follows:

	2018 VND	2017 VND
Iron and Steel Complex Hoa Phat – Dung Quat	154,915,310,282	-
Other projects	1,288,608,666,323	1,873,811,750,026
	<u>1,443,523,976,605</u>	<u>1,873,811,750,026</u>

10 PREPAID EXPENSES

(a) Short-term

	2018 VND	2017 VND
Office tools and equipment	2,264,893,751	5,344,286,860
Construction tools and equipment	1,450,264,861	1,271,949,173
Rental and office maintenance	-	3,456,666,299
	<u>3,715,158,612</u>	<u>10,072,902,332</u>

(b) Long-term

	2018 VND	2017 VND
Construction tools and equipment	311,190,894,485	361,395,279,065
Operating leases and office tools and equipment	37,411,547,806	36,171,139,532
	<u>348,602,442,291</u>	<u>397,566,418,597</u>

Movements of long-term prepaid expenses during the year are as follows:

	2018 VND	2017 VND
Opening balance	397,566,418,597	396,065,656,914
Increase	173,115,059,891	199,413,624,037
Allocation	(222,079,036,197)	(197,912,862,354)
Closing balance	<u>348,602,442,291</u>	<u>397,566,418,597</u>

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 09a – DN/HN

11	FIXED ASSETS	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
(a)	Tangible fixed assets						
	Historical cost						
	As at 1 January 2018	242,687,108,470	642,217,834,380	39,544,140,540	26,706,689,206	3,049,716,291	954,205,488,887
	New purchases	5,751,334,347	109,726,105,554	3,766,028,091	5,563,050,638	-	124,806,518,630
	Transferred to investment properties (Note 12)	(6,631,881,201)	-	-	-	-	(6,631,881,201)
	Disposals	(12,683,324,163)	(21,985,327,872)	(4,034,930,127)	(547,238,000)	-	(39,250,820,162)
	As at 31 December 2018	229,123,237,453	729,958,612,062	39,275,238,504	31,722,501,844	3,049,716,291	1,033,129,306,154
	Accumulated depreciation						
	As at 1 January 2018	61,327,206,191	217,744,726,190	22,838,844,913	17,666,334,051	3,037,520,562	322,614,631,907
	Charge for the year	13,165,084,476	64,371,637,716	4,211,120,085	5,385,457,072	12,195,729	87,145,495,078
	Transferred to investment properties (Note 12)	(1,570,773,344)	-	-	-	-	(1,570,773,344)
	Disposals	(1,020,439,577)	(21,075,412,620)	(656,656,417)	(503,443,494)	-	(23,255,952,108)
	As at 31 December 2018	71,901,077,746	261,040,951,286	26,393,308,581	22,548,347,629	3,049,716,291	384,933,401,533
	Net book value						
	As at 1 January 2018	181,359,902,279	424,473,108,190	16,705,295,627	9,040,355,155	12,195,729	631,590,856,980
	As at 31 December 2018	157,222,159,707	468,917,660,776	12,881,929,923	9,174,154,215	-	648,195,904,621

As at 31 December 2018, historical cost of fully depreciated tangible fixed assets but still in use was VND152,776,936,179 (as at 31 December 2017: VND155,297,449,436).

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2018	94,881,924,366	11,464,814,212	106,346,738,578
New purchases	-	5,433,300,922	5,433,300,922
As at 31 December 2018	<u>94,881,924,366</u>	<u>16,898,115,134</u>	<u>111,780,039,500</u>
Accumulated amortisation			
As at 1 January 2018	5,457,793,847	6,746,283,045	12,204,076,892
Charge for the year	611,038,350	3,452,666,393	4,063,704,743
As at 31 December 2018	<u>6,068,832,197</u>	<u>10,198,949,438</u>	<u>16,267,781,635</u>
Net book value			
As at 1 January 2018	<u>89,424,130,519</u>	<u>4,718,531,167</u>	<u>94,142,661,686</u>
As at 31 December 2018	<u><u>88,813,092,169</u></u>	<u><u>6,699,165,696</u></u>	<u><u>95,512,257,865</u></u>

As at 31 December 2018, historical cost of fully amortised intangible fixed assets as at 31 December 2018 was VND5,920,076,435 (as at 31 December 2017 was VND4,439,092,685).

12 INVESTMENT PROPERTIES

	Office buildings VND	Others VND	Total VND
Historical cost			
As at 1 January 2018	44,425,305,512	18,620,363,909	63,045,669,421
Transfers from tangible fixed assets (Note 11(a))	6,631,881,201	-	6,631,881,201
As at 31 December 2018	<u>51,057,186,713</u>	<u>18,620,363,909</u>	<u>69,677,550,622</u>
Accumulated depreciation			
As at 1 January 2018	9,914,525,362	3,080,635,780	12,995,161,142
Charge for the year	2,007,917,870	744,814,572	2,752,732,442
Transfers from tangible fixed assets (Note 11(a))	1,570,773,344	-	1,570,773,344
As at 31 December 2018	<u>13,493,216,576</u>	<u>3,825,450,352</u>	<u>17,318,666,928</u>
Net book value			
As at 1 January 2018	<u>34,510,780,150</u>	<u>15,539,728,129</u>	<u>50,050,508,279</u>
As at 31 December 2018	<u>37,563,970,137</u>	<u>14,794,913,557</u>	<u>52,358,883,694</u>

The income and expenses from renting investment properties during the year are as follows:

	2018 VND	2017 VND
Income from renting investment properties	11,903,425,626	10,207,243,006
Expenses regarding investment properties' renting	<u>5,534,480,905</u>	<u>5,719,821,114</u>

At the date of these consolidated financial statements, the entire investment properties presented above are used for renting purpose.

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 09a – DN/HN

13 INVESTMENTS IN ASSOCIATES

Company name	2018		2017		Cost VND
	Percentage of ownership	Percentage of voting rights	Percentage of ownership	Percentage of voting rights	
Ricons Construction Investment Joint Stock Company (i)	14.87	24.03	18.58	35.75	142,451,914,317
FCC Infrastructure Investment Joint Stock Company (ii)	35	35	35	35	84,600,817,819
Quang Trong Commercial Joint Stock Company (iii)	36	36	36	36	152,056,795
Hiteccons Investment Joint Stock Company (iv)	31	31	-	-	-
					<u>227,204,788,931</u>

(i) Ricons Construction Investment Joint Stock Company, a joint stock company established in Ho Chi Minh City pursuant to Business Registration Certificate No. 4103002810 dated 27 October 2004 issued by the Department of Planning and Investment of Ho Chi Minh City, which was subsequently amended to Enterprise Registration Certificate No. 0303527596 dated 9 June 2011. The principal activities are civil and industrial construction services, trading of construction materials and real estate.

(ii) FCC Infrastructure Investment Joint Stock Company, a joint stock company established in Ha Noi City pursuant to Enterprise Registration Certificate No. 0106605407 dated 21 July 2014 issued by the Department of Planning and Investment of Ha Noi City. The principal activities are civil and industrial project constructions.

(iii) Quang Trong Commercial Joint Stock Company, a joint stock company established in Ba Ria Vung Tau Province pursuant to Business Registration Certificate No. 4903000474 dated 18 December 2007 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province, which was subsequently amended to Enterprise Registration Certificate No. 3500740022. The principal activities are real estate trading and provision of project management services.

(iv) Hiteccons Investment Joint Stock Company, a joint stock company established in Ha Noi City pursuant to Enterprise Registration Certificate No. 0108007089 dated 2 October 2017 issued by the Department of Planning and Investment of Ha Noi City. The principal activities are real estate trade and constructions.

As at 31 December 2018, the Group was unable to determine its investments in associates' fair value as those investments are not listed on the stock exchange market, therefore, there is no available fair value information of those investments.

13 INVESTMENTS IN ASSOCIATES (continued)

	2018 VND
Cost of investments	
As at 31 December 2017	136,160,000,000
Capital contributions to associates	40,590,000,000
	<u>176,750,000,000</u>
As at 31 December 2018	<u>176,750,000,000</u>
Accumulated profits shared after the acquisition	
As at 31 December 2017	91,044,788,931
Share of profit of investments in associates	97,618,204,914
Dividend shared from an associate	(13,608,000,000)
Net unrealised profits during the year	(1,060,962,210)
	<u>173,994,031,635</u>
As at 31 December 2018	<u>173,994,031,635</u>
Value	
As at 31 December 2017	227,204,788,931
	<u>227,204,788,931</u>
As at 31 December 2018	350,744,031,635
	<u>350,744,031,635</u>

14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2018		2017	
	Book value VND	Able-to-pay amount VND	Book value VND	Able-to-pay amount VND
Third parties (*)	3,764,218,694,747	3,764,218,694,747	3,474,103,621,605	3,474,103,621,605
Related parties (Note 36(b))	2,048,832,795,422	2,048,832,795,422	1,156,702,626,825	1,156,702,626,825
	<u>5,813,051,490,169</u>	<u>5,813,051,490,169</u>	<u>4,630,806,248,430</u>	<u>4,630,806,248,430</u>

(*) As at 31 December 2018, details for suppliers accounting from 10% or more of the total balance of short-term trade accounts payable – third parties are as follows:

	2018 VND	2017 VND
FDC Investment Construction Joint Stock Company	<u>625,269,748,394</u>	<u>662,970,093,724</u>

15 SHORT-TERM ADVANCES FROM CUSTOMERS

	2018 VND	2017 VND
Third parties (*)	655,423,317,361	1,408,085,588,997
Related parties (Note 36(b))	16,005,154,858	-
	<u>671,428,472,219</u>	<u>1,408,085,588,997</u>

(*) As at 31 December 2018, details for customers accounting from 10% or more of the total balance of short-term advances from customers – third parties are as follows:

	2018 VND	2017 VND
Viettel Real Estate Company – Branch of Viettel Telecom Group	161,126,596,354	-
Olympia Civil Construction Company Limited	92,972,428,445	-
	<u>254,100,024,800</u>	<u>0</u>

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 09a – DN/HN

16 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

a) Receivables	As at 1.1.2018 VND	Payable during the year VND	Net-off during the year	Paid during the year VND	As at 31.12.2018 VND
Import tax	(222,188,451)	5,658,195,277	-	(5,436,006,826)	-
b) Payables					
	As at 1.1.2018 VND	Payable during the year VND	Net-off during the year	Paid during the year VND	As at 31.12.2018 VND
Business income tax	105,314,408,492	365,439,104,919	-	(386,537,444,561)	84,216,068,850
Personal income tax	97,355,553,060	144,411,671,458	-	(201,062,866,720)	40,704,357,798
Value added tax	151,338,291,662	2,776,932,256,113	(2,406,504,488,615)	(481,692,046,859)	40,074,012,301
Others	-	11,000,000	-	(11,000,000)	-
	<u>354,008,253,214</u>	<u>3,286,794,032,490</u>	<u>(2,406,504,488,615)</u>	<u>(1,069,303,358,140)</u>	<u>164,994,438,949</u>

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 09a – DN/HN

17 SHORT-TERM ACCRUED EXPENSES

	2018 VND	2017 VND
Construction costs	1,759,584,094,811	1,639,354,520,674

18 SHORT-TERM UNEARNED REVENUE

	2018 VND	2017 VND
Unearned revenue from constructions	5,135,013,358	-

19 OTHER PAYABLES

(a) Short-term

	2018 VND	2017 VND
Payables to construction teams and employees	189,807,201,010	230,577,833,156
Share option program to key management	-	40,058,000,000
Allowance for the Board of Directors and Board of Supervisor	8,062,530,000	5,037,000,000
Dividend payable	847,842,925	359,298,925
Others	5,579,642,384	5,403,058,501
	<u>204,297,216,319</u>	<u>281,435,190,582</u>

(b) Long-term

	2018 VND	2017 VND
Long-term deposits	662,352,826	662,352,826

20 PROVISION FOR LIABILITIES

(a) Short-term

	2018 VND	2017 VND
Provision for construction warranty	75,606,055,937	76,554,779,913

20 PROVISION FOR LIABILITIES (continued)**(a) Short-term (continued)**

Movements of provision for construction warranty during the year are as follows:

	2018 VND	2017 VND
Opening balance	76,554,779,913	60,163,598,312
Increase	42,500,017,018	77,521,647,413
Reversal	(11,140,154,153)	(29,416,319,891)
Utilisation	(32,308,586,841)	(31,714,145,921)
Closing balance	<u>75,606,055,937</u>	<u>76,554,779,913</u>

(b) Long-term

	2018 VND	2017 VND
Provision for severance allowance	<u>8,533,612,676</u>	<u>10,249,956,011</u>

Movements of provision for severance allowance during the year are as follows:

	2018 VND	2017 VND
Opening balance	10,249,956,011	10,249,956,011
Increase	330,832,025	521,638,958
Reversal	(1,716,343,335)	-
Utilisation	(330,832,025)	(521,638,958)
Closing balance	<u>8,533,612,676</u>	<u>10,249,956,011</u>

21 BONUS AND WELFARE FUND

Movements of bonus and welfare fund during the year are as follows:

	2018 VND	2017 VND
Opening balance	169,473,324,162	102,181,308,205
Increase	98,579,000,000	175,854,000,000
Utilisation	(110,776,323,978)	(108,561,984,043)
Closing balance	<u>157,276,000,184</u>	<u>169,473,324,162</u>

22 OWNERS' CAPITAL**(a) Number of shares**

	2018	2017
	Ordinary	Ordinary
	shares	shares
Number of shares registered	78,355,000	77,050,000
Number of shares issued	78,355,000	77,050,000
Number of shares repurchased/resole	(2,876,127)	(515,156)
Number of existing shares in circulation	75,478,873	76,534,844

(b) Details of owners' shareholding

	2018		2017	
	Ordinary	%	Ordinary	%
	shares		shares	
Kustocem Pte Ltd.	13,906,666	18.42	13,906,666	18.17
Success Investment and Business One Member Limited Company	11,192,652	14.83	11,192,652	14.62
Others	50,379,555	66.75	51,435,526	67.21
	75,478,873	100	76,534,844	100

(c) Movement of share capital

	Number of shares
As at 1 January 2017	77,050,000
New shares issued	-
As at 31 December 2017	77,050,000
New shares issued	1,305,000
As at 31 December 2018	78,355,000

Par value per share: VND10,000.

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 09a – DN/HN

23 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2017	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 during the year	-	-	-	-	1,652,679,229,340	1,652,679,229,340
Shares repurchases	-	-	(21,091,000,000)	-	-	(21,091,000,000)
Appropriation to investment and development fund	-	-	-	788,036,709,805	(788,036,709,805)	-
Appropriation to bonus and welfare fund	-	-	-	-	(175,854,000,000)	(175,854,000,000)
Dividend declared	-	-	-	-	(382,674,220,000)	(382,674,220,000)
As at 31 December 2017	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
New shares issued (i)	13,050,000,000	39,095,000,000	-	-	-	52,145,000,000
Net profit during the year	-	-	-	-	1,510,407,549,274	1,510,407,549,274
Sales of treasury shares	-	-	21,091,000,000	-	-	21,091,000,000
Shares repurchases	-	-	(437,817,478,999)	-	-	(437,817,478,999)
Appropriation to investment and development fund (ii)	-	-	-	1,157,577,290,195	(1,157,577,290,195)	-
Appropriation to bonus and welfare fund (ii)	-	-	-	-	(98,579,000,000)	(98,579,000,000)
Dividend declared (ii)	-	-	-	-	(391,441,720,000)	(391,441,720,000)
As at 31 December 2018	783,550,000,000	2,997,645,175,385	(439,558,938,999)	3,016,565,960,122	1,604,291,002,386	7,962,493,198,894

(i) The Company has issued new shares of 1,305,000 shares at the price of VND40,000 per share under employee stock option plan in accordance with the Annual General Meeting's Resolution No. 01/2017/NQ-DHCD dated 29 June 2017.

(ii) The Company has appropriated the investment and development fund, bonus and welfare fund and declared dividend from the 2017 post-tax undistributed earnings with the respective amounts of VND1,157,577,290,195, VND98,579,000,000 and VND391,441,720,000 in accordance with the Annual General Meeting's Resolution No. 01/2018/NQ-DHCD dated 2 June 2018.

23 MOVEMENTS IN OWNERS' EQUITY (continued)**Utilisation of New Share Capital**

As at 31 December 2018, the Company has managed the remaining capital from the new share issuance during the period from 18 October 2016 to 16 November 2016 as follows:

No	Items	Amount VND
1	The purchase of 12-month term deposits at the Vietnam Technological and Commercial Joint Stock Bank, earning interest at the rate of 7%p.a.	700,000,000,000
2	The purchase of 12-months term deposit at the Joint Stock Commercial Bank for Investment and Development of Vietnam, earning interest at the rate of 7%p.a.	400,000,000,000
3	The purchase of 6-month term deposits at the Vietnam Technological and Commercial Joint Stock Bank, earning interest at the rate of 6.7%p.a.	33,666,895,965
		<u>1,133,666,895,965</u>

In addition, the Company has reported capital expenditure - the utilisation of the capital resulting from the new share issuance above - for the following approved investment purposes:

No	Items	Amount VND
A	Total capital resulting from new share issuance	1,761,910,813,520
B	Issuance fee	17,619,108,135
C	Net capital resulting from new share issuance	1,744,291,705,385
D	Remaining capital as at 11 March 2017	1,744,291,705,385
	Utilised for	
1	Capital contribution to a newly established entity for business expansion purposes (*)	269,000,000,000
2	Direct investments or joint investments in infrastructure and real estate projects, including office buildings, hotels, apartment buildings	-
3	Purchases of machinery and equipment for business operation purposes	341,624,809,420
E	Accumulated capital expenditure from 11 March 2017 to 31 December 2018	610,624,809,420
F	Remaining capital as at 31 December 2018	<u>1,133,666,895,965</u>

(*) The Company has made a capital contribution of VND269,000,000,000 to Covestcons Company Limited, a wholly owned subsidiary.

24 DIVIDENDS

Movements of dividends payable during the year are as follows:

	2018 VND	2017 VND
Opening balance	359,298,925	419,737,325
Dividend declared	391,441,720,000	382,674,220,000
Dividends paid in cash	(390,953,176,000)	(382,734,658,400)
Closing balance	<u>847,842,925</u>	<u>359,298,925</u>

25 OFF BALANCE SHEET ITEMS**(a) Foreign currency**

As at 31 December 2018, included in cash and cash equivalents are balances held in foreign currency of USD 1,128,534.26 (as at 31 December 2017: USD48,869.70).

(b) Commitments under operating leases

As at 31 December 2018, the future minimum lease payments under non-cancellable operating leases were VND12,386,801,100 (as at 31 December 2017: VND7,695,342,612) (Note 37).

(b) Capital contribution commitments

As at 31 December 2018 and 31 December 2017, the Group had capital obligations with the respective amounts of VND140,210,000,000 and VND143,000,000,000 (Note 38).

26 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2018 VND	2017 VND
Net revenue from construction contracts (*)	28,526,690,225,430	27,118,027,527,824
Net revenue from investment property activities	11,903,425,626	10,207,243,006
Net revenue from leasing out construction equipment	7,888,773,343	14,566,010,277
Net revenue from sales of construction material	1,707,906,598	33,173,068,000
Net revenue from other activities	12,666,966,398	862,727,273
	<u>28,560,857,297,395</u>	<u>27,176,836,576,380</u>

**26 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES
(continued)**

(*) Net revenue from construction contracts are as follows:

	2018 VND	2017 VND
Net revenue from outstanding construction contracts recognised during the year	27,866,183,379,608	24,714,421,857,734
Net revenue from completed construction contracts recognised during the year	660,506,845,822	2,403,605,670,090
	<u>28,526,690,225,430</u>	<u>27,118,027,527,824</u>
	2018 VND	2017 VND
Net accumulated revenue from outstanding construction contracts up to end of this year	<u>54,137,132,918,522</u>	<u>40,264,043,362,509</u>

27 COST OF GOODS SOLD AND SERVICES RENDERED

	2018 VND	2017 VND
Cost of construction contracts	26,707,460,016,608	25,089,479,024,692
Cost of investment property activities	5,534,480,905	5,719,821,114
Cost of construction equipment leased out	6,275,376,091	8,113,932,342
Cost of construction materials sold	1,707,906,598	33,151,443,979
Others	6,867,244,224	776,771,000
	<u>26,727,845,024,426</u>	<u>25,137,240,993,127</u>

28 FINANCIAL INCOME

	2018 VND	2017 VND
Interest income	320,894,817,797	324,632,690,777
Penalty interest for late payments	-	528,570,102
Realised foreign exchange gains	171,866,664	64,295,131
Unrealised foreign exchange gains	29,740,646	50,932,932
	<u>321,096,425,107</u>	<u>325,276,488,942</u>

29 GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Salary expenses	344,573,390,651	316,723,569,806
Depreciation and amortisation	27,499,694,439	19,649,099,732
(Reversal of provision)/provision for severance allowance	(1,385,511,310)	521,638,958
Reversal of provision for doubtful debts	-	(53,365,658,745)
Outside service expenses	49,428,109,832	39,450,499,925
Other expenses	85,101,529,654	71,594,323,625
	<u>505,217,213,266</u>	<u>394,573,473,301</u>

30 OTHER INCOME AND OTHER EXPENSES

	2018 VND	2017 VND
Other income		
Reversal of over-accrued constructions costs	120,114,919,748	24,991,471,801
Reversal of provision for construction warranty	11,140,154,153	29,416,319,891
Net gains from disposal of fixed assets	3,285,957,391	7,257,248,429
Others	6,645,753,498	947,845,745
	<u>141,186,784,790</u>	<u>62,612,885,866</u>
Other expense		
Construction warranty expenses	14,438,531,365	1,315,344,666
Others	27,149,584	2,484,875,552
	<u>14,465,680,949</u>	<u>3,800,220,218</u>

31 BUSINESS INCOME TAX

The reconciliation of business income tax ("BIT") with the net accounting profit before tax using the applicable tax rate of 20% are as follows:

	2018 VND	2017 VND
Net accounting profit before tax	1,872,974,285,564	2,060,742,539,013
Tax calculated at a rate of 20%	374,594,857,113	412,148,507,803
Effect of:		
Income not subject to tax	(19,523,640,983)	(10,025,478,939)
Non-deductible expenses	3,667,960,716	3,326,555,787
Under-provision in previous years	3,827,559,444	2,613,725,022
BIT charge	<u>362,566,736,290</u>	<u>408,063,309,673</u>
Charged to consolidated income statement:		
BIT – current	362,105,809,452	407,180,459,042
BIT – deferred	460,926,838	882,850,631
BIT charge	<u>362,566,736,290</u>	<u>408,063,309,673</u>

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

32 DEFERRED INCOME TAX

Movements in the deferred income tax assets during the year are as follows:

	2018 VND	2017 VND
Opening balance	3,644,247,576	4,527,098,207
Credit to the consolidated income statement	(460,926,838)	(882,850,631)
Closing balance	<u>3,183,320,738</u>	<u>3,644,247,576</u>

32 DEFERRED INCOME TAX (continued)**Details of deferred tax assets**

	2018 VND	2017 VND
Deductible temporary differences	3,183,320,738	3,644,247,576

Deductible temporary differences mainly comprise provision for severance allowance.

The Group uses tax rate of 20% for determining deferred tax assets.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

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

	2018	2017
Net profit attributable to shareholders (VND)	1,510,407,549,274	1,652,679,229,340
Less amount allocated to bonus and welfare fund (VND) (*)	(75,520,377,464)	(82,633,961,467)
	<u>1,434,887,171,810</u>	<u>1,570,045,267,873</u>
Weighted average number of ordinary shares in issue (shares)	78,167,792	76,825,926
Basic earnings per share (VND)	<u>18,357</u>	<u>20,436</u>

(*) Estimated amounts appropriated to bonus and welfare fund for the year 2018 are determined based on the 2018 profit distribution plan of the Company approved by shareholders at the Company's Annual General Meeting.

33 EARNINGS PER SHARE (continued)**(b) Diluted earnings per share**

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued.

During the year and up to the date of these consolidated financial statements, there is no potential ordinary shares.

34 COST OF OPERATION BY FACTOR

	2018	2017
	VND	VND
Raw materials	7,094,996,010,251	7,384,094,026,369
Salary expenses	2,840,294,383,515	3,344,567,884,366
Tools and supplies	375,613,096,276	385,583,164,027
Depreciation and amortisation	93,969,492,263	94,265,486,864
Outside service expenses	16,046,325,576,984	14,705,184,364,247
Other expenses	351,575,904,982	251,054,214,422
	<u>26,802,774,464,271</u>	<u>26,164,749,140,295</u>

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 09a – DN/HN

35 SEGMENT REPORTING

Business segment:

2018

	Construction services VND	Investment properties activities VND	Leasing out construction equipment VND	Selling construction materials VND	Others VND	Total VND
Net revenue from sales of goods and rendering of services	28,526,690,225,430	11,903,425,626	7,888,773,343	1,707,906,598	12,666,966,398	28,560,857,297,395
Cost of goods sold and services rendered	(26,707,460,016,608)	(5,534,480,905)	(6,275,376,091)	(1,707,906,598)	(6,867,244,224)	(26,727,845,024,426)
Gross profit from sales of goods and rendering of services	1,819,230,208,822	6,368,944,721	1,613,397,252	-	5,799,722,174	1,833,012,272,969

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 09a – DN/HN

35 SEGMENT REPORTING (continued)

Business segment (continued):

	2017					Total VND
	Construction services VND	Investment properties activities VND	Leasing out construction equipment VND	Selling construction materials VND	Others VND	
Net revenue from sales of goods and rendering of services	27,118,027,527,824	10,207,243,006	14,566,010,277	33,173,068,000	862,727,273	27,176,836,576,380
Cost of goods sold and services rendered	(25,089,479,024,692)	(5,719,821,114)	(8,113,932,342)	(33,151,443,979)	(776,771,000)	(25,137,240,993,127)
Gross profit from sales of goods and rendering of services	2,028,548,503,132	4,487,421,892	6,452,077,935	21,624,021	85,956,273	2,039,595,583,253

Geographical segment

The Group's business activities are engaged in Vietnam only. Therefore, the Group did not present geographical segment.

36 RELATED PARTY DISCLOSURES

The Company is a joint stock company. Details of the shareholders are presented in Note 22.

(a) Related party transactions

During the year, the following transactions are carried out with related parties:

	2018 VND	2017 VND
<i>i) Sales of goods and rendering of services</i>		
Ricons Construction Investment Joint Stock Company	75,806,841,033	46,530,212,639
FCC Infrastructure Investment Joint Stock Company	-	24,320,999,180
	<u>75,806,841,033</u>	<u>70,851,211,819</u>
<i>ii) Purchases of goods and services</i>		
Ricons Construction Investment Joint Stock Company	4,033,847,895,182	3,541,910,379,735
	<u>4,033,847,895,182</u>	<u>3,541,910,379,735</u>
<i>iii) Sales of fixed assets</i>		
Ricons Construction Investment Joint Stock Company	-	4,500,000,000
	<u>-</u>	<u>4,500,000,000</u>
<i>iv) Dividend received</i>		
Ricons Construction Investment Joint Stock Company	13,608,000,000	-
	<u>13,608,000,000</u>	<u>-</u>
<i>v) Capital contribution to associates</i>		
Ricons Construction Investment Joint Stock Company	37,800,000,000	-
Hiteccons Investment Joint Stock Company	2,790,000,000	-
	<u>40,590,000,000</u>	<u>-</u>
<i>vi) Remuneration of the Board of Directors, Board of Supervision and salaries, bonus of Board of Management</i>		
	46,401,475,416	53,493,243,604
	<u>46,401,475,416</u>	<u>53,493,243,604</u>

36 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

	2018 VND	2017 VND
Short-term trade accounts receivable (Note 5)		
Ricons Construction Investment Joint Stock Company	771,362,473	7,965,621,330
Short-term trade accounts payable (Note 14)		
Ricons Construction Investment Joint Stock Company	2,048,832,795,422	1,156,702,626,825
Short-term advances from customers (Note 15)		
Ricons Construction Investment Joint Stock Company	16,005,154,858	-

37 COMMITMENTS UNDER OPERATING LEASES

The Group has been leasing out Coteccons building in accordance with operating lease contract. The future minimum receivables under non-cancellable lease contracts are as follows:

	2018 VND	2017 VND
Within 1 year	5,744,036,100	5,209,617,912
From 1 to 5 years	6,642,765,000	2,485,724,700
	<u>12,386,801,100</u>	<u>7,695,342,612</u>

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 09a – DN/HN

38 CAPITAL CONTRIBUTION COMMITMENTS

The Group had the capital contribution obligations as follows:

Investee name	As at 31 December 2018			Contributed amount VND	To be contributed VND
	Charter capital VND	Committed amount VND	Committed %		
Hiteccons Investment Joint Stock Company	300,000,000,000	93,000,000,000	31	2,790,000,000	90,210,000,000
Nguyen Kim – Cong Truong Quoc Te Company Limited	100,000,000,000	50,000,000,000	50	-	50,000,000,000
	400,000,000,000	143,000,000,000		2,790,000,000	140,210,000,000

Investee name	As at 31 December 2017			Contributed amount VND	To be contributed VND
	Charter capital VND	Committed amount VND	Committed %		
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
	400,000,000,000	143,000,000,000		-	143,000,000,000

39 EVENT AFTER CONSOLIDATED BALANCE SHEET DATE

On 18 January 2019, the Company received an Official Letter No. 507/UBCK-QLCB issued by the State Securities Commission, approving the issuance of new ordinary shares to its employees in accordance with the Employee Stock Ownership Plan program. Accordingly, the Company issued 900,000 ordinary shares to its employees in accordance with the Shareholder's Resolution No. 01/2018/NQ-ĐHCĐ dated 2 June 2018.

The aforementioned issuance was completed on 20 February 2019, with total 900,000 new shares issued to its employees at the price of VND56,000 per share. Accordingly, the Company's registered share capital has increased from VND783,550,000,000 to VND792,550,000,000.

40 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified to conform to current consolidated financial statements' presentation.

The consolidated financial statements were approved by the Board of Management on 5 March 2019.

Ha Thi Thuy Hang
Preparer

Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director

