

Coteccons Construction Joint Stock Company

Separate financial statements

31 December 2017



Coteccons Construction Joint Stock Company

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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 was listed its shares on the Ho Chi Minh Stock Exchange with trading code as CTD in accordance with Decision No. 155/QD-SGDHCM 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 separate financial statements of the Company for the year ended 31 December 2017.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Company and of separate results of its operations and its separate cash flows for the year. In preparing those separate 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 separate financial statements; and
- prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company 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 separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2017 and of the separate results of its operations and its separate 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 separate financial statements.

The Company has subsidiaries as disclosed in the separate financial statements. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017 dated 26 March 2018.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries.

For and on behalf of management:



Nguyễn Sỹ Công
General Director

Ho Chi Minh City, Vietnam

26 March 2018

Reference: 60813343/19356898

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Coteccons Construction Joint Stock Company

We have audited the accompanying separate financial statements of Coteccons Construction Joint Stock Company ("the Company") as prepared on 26 March 2018 and set out on pages 6 to 38, which comprise the separate balance sheet as at 31 December 2017, and the separate income statement and the separate 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 separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the separate 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 Company'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 separate financial statements.

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

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Opinion

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


Emphasis of matter

We draw attention to Note 2.1 of the separate financial statements. The Company prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017 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. We have audited these consolidated financial statements and our auditors' report dated 26 March 2018 expressed an unqualified opinion. Our opinion is not modified in respect of this matter.



Ernst & Young Vietnam Limited

Trần Nam Dũng
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

SEPARATE BALANCE SHEET
as at 31 December 2017

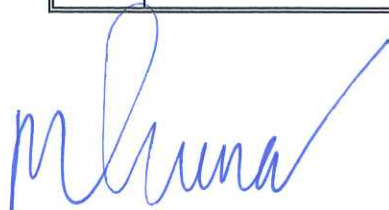
VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		11,642,575,601,764	8,533,285,419,563
110	I. Cash and cash equivalents	4	3,130,282,200,445	1,786,668,720,454
111	1. Cash		264,282,200,445	666,668,720,454
112	2. Cash equivalents		2,866,000,000,000	1,120,000,000,000
120	II. Short-term investment		1,903,930,000,000	2,540,000,000,000
123	1. Held-to-maturity investments	5	1,903,930,000,000	2,540,000,000,000
130	III. Current accounts receivable		4,617,393,381,687	2,571,451,389,560
131	1. Short-term trade receivables	6	4,475,143,770,800	2,541,762,066,405
132	2. Short-term advances to suppliers	7	88,021,890,579	142,503,848,208
136	3. Other short-term receivables	8	264,089,618,388	150,413,031,772
137	4. Provision for doubtful short-term receivables	6, 8	(209,861,898,080)	(263,227,556,825)
140	IV. Inventory	9	1,676,372,158,168	1,088,284,733,303
141	1. Inventories		1,676,372,158,168	1,088,284,733,303
150	V. Other current assets		314,597,861,464	546,880,576,246
151	1. Short-term prepaid expenses	10	8,740,001,546	3,616,093,518
152	2. Value-added tax deductibles		305,635,671,467	542,683,814,702
153	3. Tax and other receivables from the State	17	222,188,451	580,668,026
200	B. NON-CURRENT ASSETS		1,895,064,748,566	2,154,853,892,297
220	I. Fixed assets		624,101,520,780	458,321,312,845
221	1. Tangible fixed assets	11	542,608,274,046	377,761,474,346
222	Cost		804,227,268,915	595,078,573,985
223	Accumulated depreciation		(261,618,994,869)	(217,317,099,639)
227	2. Intangible assets	12	81,493,246,734	80,559,838,499
228	Cost		91,093,751,820	88,449,404,043
229	Accumulated amortisation		(9,600,505,086)	(7,889,565,544)
230	II. Investment properties	13	66,286,542,365	96,649,151,230
231	1. Cost		84,223,105,188	118,061,882,070
232	2. Accumulated depreciation		(17,936,562,823)	(21,412,730,840)
240	III. Long-term asset in progress		-	18,290,622,129
242	1. Construction in progress		-	18,290,622,129
250	IV. Long-term investments		932,508,360,000	1,276,508,360,000
251	1. Investments in subsidiaries	14.1	664,348,360,000	638,348,360,000
252	2. Investments in associates	14.2	136,160,000,000	136,160,000,000
254	3. Provision for long-term investments	14.2	(18,000,000,000)	(18,000,000,000)
255	4. Held-to-maturity investments	5	150,000,000,000	520,000,000,000
260	V. Other long-term assets		272,168,325,421	305,084,446,093
261	1. Long-term prepaid expenses	10	270,118,398,654	303,034,519,326
262	2. Deferred tax assets	26.3	2,049,926,767	2,049,926,767
270	TOTAL ASSETS		13,537,640,350,330	10,688,139,311,860

SEPARATE BALANCE SHEET (continued)
as at 31 December 2017

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		6,750,661,650,903	4,594,666,825,683
310	I. Current liabilities		6,739,749,342,066	4,582,622,690,459
311	1. Short-term trade payables	15	3,948,040,439,071	2,957,589,187,576
312	2. Short-term advances from customers	16	1,254,134,362,308	774,624,985,803
313	3. Statutory obligations	17	190,061,696,290	165,866,817,576
315	4. Short-term accrued expenses	18	929,582,799,054	356,731,263,355
318	5. Short-term unearned revenue		-	95,301,132,287
319	6. Other short-term payables	19	194,671,501,761	106,436,243,124
321	7. Short-term provision	20	65,464,068,878	35,570,601,991
322	8. Bonus and welfare fund		157,794,474,704	90,502,458,747
330	II. Non-current liabilities		10,912,308,837	12,044,135,224
337	1. Other long-term liabilities	19	662,352,826	1,794,179,213
342	2. Long-term provision	20	10,249,956,011	10,249,956,011
400	D. OWNERS' EQUITY		6,786,978,699,427	6,093,472,486,177
410	I. Capital	21.1	6,786,978,699,427	6,093,472,486,177
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		1,824,635,550,792	1,036,598,840,987
421	5. Undistributed earnings		1,256,125,433,250	1,329,564,929,805
421a	- Undistributed earnings by the end of prior years		-	150,498,857,350
421b	- Undistributed earnings of current year		1,256,125,433,250	1,179,066,072,455
440	TOTAL LIABILITIES AND OWNERS' EQUITY		13,537,640,350,330	10,688,139,311,860



Nguyen Minh Tung
Preparer



Vu Thi Hong Hanh
Chief Accountant



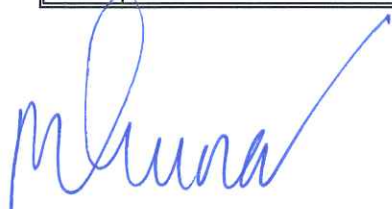
Nguyen Sy Cong
General Director

26 March 2018

SEPARATE INCOME STATEMENT
for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Gross revenue from sale of goods and rendering of services	22.1	21,545,821,172,446	18,439,122,360,058
10	2. Net revenue from sale of goods and rendering of services	22.1	21,545,821,172,446	18,439,122,360,058
11	3. Cost of goods sold and services rendered	23	(20,025,722,231,741)	(16,962,160,475,300)
20	4. Gross profit from sale of goods and rendering of services		1,520,098,940,705	1,476,961,884,758
21	5. Finance income	22.2	295,761,804,509	153,661,941,438
22	6. Finance expenses		(13,959,055)	(121,914,665)
26	7. General and administrative expenses	24	(291,170,269,795)	(209,575,921,055)
30	8. Operating profit		1,524,676,516,364	1,420,925,990,476
31	9. Other income	25	47,687,259,573	44,126,028,607
32	10. Other expenses	25	(693,302,364)	(875,423,169)
40	11. Other profit		46,993,957,209	43,250,605,438
50	12. Accounting profit before tax		1,571,670,473,573	1,464,176,595,914
51	13. Current corporate income tax expense	26.1	(315,545,040,323)	(285,110,523,459)
60	14. Net profit after tax		1,256,125,433,250	1,179,066,072,455



Nguyen Minh Tung
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director

26 March 2018

SEPARATE 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		1,571,670,473,573	1,464,176,595,914
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11, 12, 13	62,092,283,060	39,484,838,968
03	Provisions (reversal of provision)		4,170,605,867	(22,528,849,655)
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency		(50,932,932)	(303,097,406)
05	Profits from investing activities		(302,678,544,084)	(154,812,109,099)
08	Operating profit before changes in working capital		1,335,203,885,484	1,326,017,378,722
09	Increase in receivables		(1,644,014,911,991)	(489,486,134,049)
10	Increase in inventories		(588,087,424,865)	(185,949,741,549)
11	Increase in payables		2,045,163,190,571	584,971,013,755
12	Decrease (increase) in prepaid expenses		27,792,212,644	(78,965,499,533)
15	Corporate income tax paid	17	(335,258,173,376)	(240,289,304,216)
17	Other cash outflows from operating activities		(92,083,623,001)	(3,802,150,841)
20	Net cash flows from operating activities		748,715,155,466	912,495,562,289
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases and construction of fixed assets		(176,583,999,163)	(140,183,919,356)
22	Proceeds from disposals of fixed assets		6,181,909,092	4,718,181,819
23	Net term deposits at banks		-	(1,892,000,000,000)
24	Net collections from bank term deposits		1,006,070,000,000	-
25	Payment for investment in another entity		(26,000,000,000)	(42,000,000,000)
27	Interest and dividends received		189,056,072,996	114,385,005,897
30	Net cash flows from (used in) investing activities		998,723,982,925	(1,955,080,731,640)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		-	1,875,250,945,385
32	Capital redemption		(21,091,000,000)	-
36	Dividends paid	21.2	(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

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

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net increase in cash and cash equivalents		1,343,613,479,991	575,479,185,759
60	Cash and cash equivalents at beginning of year		1,786,668,720,454	1,211,189,534,695
70	Cash and cash equivalents at end of year	4	3,130,282,200,445	1,786,668,720,454

Nguyen Minh Tung
Preparer

Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director

26 March 2018

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NOTES TO THE SEPARATE 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 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 was listed its shares on the Ho Chi Minh Stock Exchange with trading code as CTD in accordance with Decision No. 155/QD-SGDHCM 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 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 Company's employees as at 31 December 2017 was 1,487 (31 December 2016: 1,209).

Corporate structure

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

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 on 6 October 2010 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.

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 and as amended.

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 SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

2. BASIS OF PREPARATION

2.1 *Purpose of preparing the separate financial statements*

The company has two subsidiaries as disclosed in Note 1 and Note 14.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by this regulation, the Company has also prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017 dated 26 March 2018.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, the consolidated results of operations and the consolidated cash flows of the Company and its subsidiaries.

2.2 *Applied accounting standards and system*

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

Accordingly, the accompanying separate 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.

2.3 *Applied accounting documentation system*

The Company applied accounting documentation system is the General Journal system.

2.4 *Fiscal year*

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

2.5 *Accounting currency*

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

NOTES TO THE SEPARATE 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 separate 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 separate 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 | - | 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 raw materials and construction work-in-process owned by the Company, 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 separate 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 separate 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 separate income statement.

NOTES TO THE SEPARATE 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*

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 separate income statement as incurred.

When intangible 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 separate income statement.

Land use rights

Land use right is recorded as an intangible asset on the separate balance sheet when the Company 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
Software	3 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 Company.

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 separate 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 Company is the lessee

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

Where the Company is the lessor

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

Lease income is recognised in the separate 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 separate 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 separate income statement over the period of two (2) to three (3) years on the straight-line basis.

3.11 *Investments*

Investment in subsidiaries

Investment in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiary arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investment in associates

Investments in associates over which the Company has significant influence are carried at cost.

Distributions from the accumulated net profits of the associates arising subsequent to the date of acquisition by the Company are recognised as income in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Investments* (continued)

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 separate financial statements and deducted against the value of such investments.

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 separate 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 Company.

3.14 *Accrual for severance allowance pay*

The severance pay to employee is accrued at the end of each reporting year 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 year 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 will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any increase to the accrued amount will be taken to the separate 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 Company 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 projects is estimated from 0.3% to 1% on value of projects based on the specification of each project and actual experience.

3.16 *Foreign currency transactions*

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

- transaction 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Foreign currency transactions* (continued)

At the end of the 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 Company conduct transactions regularly; and
- monetary liabilities are translated at selling exchange rate of the commercial bank where the Company 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 separate income statement.

3.17 *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 Company's own equity instruments.

3.18 *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 Company maintains the following reserve funds which are appropriated from the Company'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 Company's expansion of its operation or of in-depth investment.

▶ *Bonus and welfare fund*

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 separate balance sheet.

3.19 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 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 lease term.

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 Company is entitled to receive dividends.

3.20 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 separate 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 Company to offset current tax assets against current tax liabilities and when the Company 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.



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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Taxation (continued)

Deferred tax (continued)

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.

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 separate 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 Company 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.

3.21 Related parties

Parties are considered to be related parties of the Company 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 Company 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

	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	120,116,595	195,196,758
Cash in banks	264,162,083,850	666,473,523,696
Cash equivalents (*)	<u>2,866,000,000,000</u>	<u>1,120,000,000,000</u>
TOTAL	<u>3,130,282,200,445</u>	<u>1,786,668,720,454</u>

(*) 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 SEPARATE 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	1,903,930,000,000	2,540,000,000,000
Term deposits (i)	1,903,930,000,000	2,440,000,000,000
Bond	-	100,000,000,000
Long-term	150,000,000,000	520,000,000,000
Bond (ii)	100,000,000,000	-
Term deposits (iii)	50,000,000,000	520,000,000,000
TOTAL	<u>2,053,930,000,000</u>	<u>3,060,000,000,000</u>

- (i) These represent deposits at commercial banks with original maturity of more than three (3) months but less than 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 interest at applicable interest rate.

6. SHORT-TERM TRADE RECEIVABLES

	VND	
	Ending balance	Beginning balance
Receivables from third parties	4,457,169,194,899	2,519,594,780,816
- Saigon Garment - Match Joint Stock Company	543,025,700,401	-
- Other customers	3,914,143,494,498	2,519,594,780,816
Receivables from related parties (Note 27)	17,974,575,901	22,167,285,589
TOTAL	<u>4,475,143,770,800</u>	<u>2,541,762,066,405</u>
Provision for doubtful short-term receivables	(183,823,935,386)	(237,189,594,131)
NET	<u>4,291,319,835,414</u>	<u>2,304,572,472,274</u>

Movements of provision for doubtful short-term receivables:

	VND	
	Current year	Previous year
Beginning balance	237,189,594,131	286,159,243,647
Add: Provision made during the year	314,247,295	209,498,197
Less: Reversal of provision during the year	(53,679,906,040)	(49,179,147,713)
Ending balance	<u>183,823,935,386</u>	<u>237,189,594,131</u>

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

7 SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Phan Vu Investment Joint Stock Company	13,062,153,346	-
Fecon Joint Stock Company	11,361,768,153	-
Others	63,597,969,080	142,503,848,208
TOTAL	<u>88,021,890,579</u>	<u>142,503,848,208</u>

8. OTHER SHORT-TERM RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Interest receivable	208,471,483,317	101,816,684,736
Advances to construction teams and employees	48,419,111,976	25,195,401,917
Short-term deposits	2,701,520,878	2,365,763,612
Others	4,497,502,217	21,035,181,507
TOTAL	<u>264,089,618,388</u>	<u>150,413,031,772</u>
Provision for doubtful short-term receivables	<u>(26,037,962,694)</u>	<u>(26,037,962,694)</u>
NET	<u>238,051,655,694</u>	<u>124,375,069,078</u>

9. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Construction work in process	<u>1,676,372,158,168</u>	<u>1,088,284,733,303</u>

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

9. INVENTORIES (continued)

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

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Commercial and Service Office Building - Lot 5.5 - Thu Thiem new urban area	183,965,210,438	88,654,992,225
Diamond Island High-class Apartment	164,026,096,454	28,557,792,740
The Everich 8	141,617,415,254	15,738,021,341
Vinhomes Metropolis Tower	134,761,812,925	68,607,444,146
D'Capitale Tran Duy Hung Complex	108,900,318,017	20,150,420,854
Other constructions projects	943,101,305,080	866,576,061,997
TOTAL	<u>1,676,372,158,168</u>	<u>1,088,284,733,303</u>

10. PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	8,740,001,546	3,616,093,518
Tools and supplies used for office	5,283,335,247	-
Office rental and maintenance expenses	3,456,666,299	3,616,093,518
Long-term	270,118,398,654	303,034,519,326
Tools and supplies used for construction works	243,247,160,419	275,377,017,955
Rental expenses	26,871,238,235	27,657,501,371
TOTAL	<u>278,858,400,200</u>	<u>306,650,612,844</u>

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NOTES TO THE SEPARATE 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	Total
Cost:					VND
Beginning balance	117,698,100,003	431,597,306,068	28,901,174,057	16,881,993,857	595,078,573,985
New purchases	28,328,397,798	139,134,146,305	227,272,727	4,467,899,990	172,157,716,820
Transfer from investment properties	33,838,776,882	-	-	-	33,838,776,882
Transfer from construction in progress	9,485,430,286	16,936,623,832	-	-	26,422,054,118
Disposal	-	(23,066,187,140)	-	(203,665,750)	(23,269,852,890)
Ending balance	189,350,704,969	564,601,889,065	29,128,446,784	21,146,228,097	804,227,268,915
<i>In which:</i>					
Fully depreciated	16,757,486,530	100,003,368,245	4,377,761,234	8,248,634,803	129,387,250,812
Accumulated depreciation:					
Beginning balance	(32,599,516,781)	(157,930,816,691)	(16,080,531,051)	(10,706,235,116)	(217,317,099,639)
Depreciation for the year	(7,689,365,588)	(42,492,696,388)	(3,662,082,187)	(3,561,749,153)	(57,405,893,316)
Transfer from investment properties	(6,451,618,219)	-	-	-	(6,451,618,219)
Disposal	-	19,351,950,555	-	203,665,750	19,555,616,305
Ending balance	(46,740,500,588)	(181,071,562,524)	(19,742,613,238)	(14,064,318,519)	(261,618,994,869)
Net carrying amount:					
Beginning balance	85,098,583,222	273,666,489,377	12,820,643,006	6,175,758,741	377,761,474,346
Ending balance	142,610,204,381	383,530,326,541	9,385,833,546	7,081,909,578	542,608,274,046

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

12. INTANGIBLE ASSETS

			VND
	<i>Land use rights</i>	<i>Software</i>	<i>Total</i>
Cost:			
Beginning balance	81,539,243,238	6,910,160,805	88,449,404,043
New purchases	-	2,479,347,777	2,479,347,777
Transfer from construction in progress	-	165,000,000	165,000,000
Ending balance	<u>81,539,243,238</u>	<u>9,554,508,582</u>	<u>91,093,751,820</u>
<i>In which:</i>			
Fully amortized	-	4,144,897,055	4,144,897,055
Accumulated amortisation:			
Beginning balance	(3,134,039,730)	(4,755,525,814)	(7,889,565,544)
Amortisation for the year	<u>(344,163,261)</u>	<u>(1,366,776,281)</u>	<u>(1,710,939,542)</u>
Ending balance	<u>(3,478,202,991)</u>	<u>(6,122,302,095)</u>	<u>(9,600,505,086)</u>
Net carrying value:			
Beginning balance	<u>78,405,203,508</u>	<u>2,154,634,991</u>	<u>80,559,838,499</u>
Ending balance	<u>78,061,040,247</u>	<u>3,432,206,487</u>	<u>81,493,246,734</u>

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	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investment properties for rent	<u>66,286,542,365</u>	<u>96,649,151,230</u>

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

13. INVESTMENT PROPERTIES (continued)

	<i>Office building</i>	<i>Others</i>	<i>VND</i> <i>Total</i>
Cost:			
Beginning balance	99,441,518,161	18,620,363,909	118,061,882,070
Transfer to tangible fixed assets	<u>(33,838,776,882)</u>	-	<u>(33,838,776,882)</u>
Ending balance	<u>65,602,741,279</u>	<u>18,620,363,909</u>	<u>84,223,105,188</u>
Accumulated depreciation:			
Beginning balance	(19,076,909,623)	(2,335,821,217)	(21,412,730,840)
Depreciation for the year	(2,230,635,639)	(744,814,563)	(2,975,450,202)
Transfer to tangible fixed assets	<u>6,451,618,219</u>	-	<u>6,451,618,219</u>
Ending balance	<u>(14,855,927,043)</u>	<u>(3,080,635,780)</u>	<u>(17,936,562,823)</u>
Net carrying amount:			
Beginning balance	<u>80,364,608,538</u>	<u>16,284,542,692</u>	<u>96,649,151,230</u>
Ending balance	<u>50,746,814,236</u>	<u>15,539,728,129</u>	<u>66,286,542,365</u>

Additional disclosures:

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

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Rental income from investment properties	14,592,970,382	18,849,185,473
Direct operating expenses of investment properties that generated rental income during the year	8,177,446,159	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. LONG-TERM INVESTMENTS

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investments in subsidiaries (Note 14.1)	664,348,360,000	638,348,360,000
Investments in associates (Note 14.2)	136,160,000,000	136,160,000,000
Provision for long-term investments (Note 14.2)	<u>(18,000,000,000)</u>	<u>(18,000,000,000)</u>
NET	<u>782,508,360,000</u>	<u>756,508,360,000</u>

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

14. LONG-TERM INVESTMENTS (continued)

14.1 Investments in subsidiaries

Details of investment in subsidiaries are as follows:

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of interest</i>	<i>Amount VND</i>	<i>% of interest</i>	<i>Amount VND</i>
Unicons Investment Construction Company Limited ("Unicons")	100	638,348,360,000	100	638,348,360,000
Covestcons Company Limited ("Covestcons")	100	26,000,000,000	-	-
TOTAL		664,348,360,000		638,348,360,000

Unicons is a one-member limited liability company established in accordance with the Business Registration Certificate ("BRC") No. 4103005020 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 14 July 2006, which was replaced by the Enterprise Registration Certificate ("ERC") No. 0304472276 on 6 October 2010 and the subsequent amended BRCs and ERCs. Unicons' principal activities are to provide construction and equipment installation services.

As at 27 April 2017, the Company contributed capital to establish Covestcons Company Limited with amount of VND 26,000,000,000. Covestcons is a one-member limited liability company established in accordance with the ERC No. 03143226002 issued by the DPI of Ho Chi Minh City on 31 March 2017 and as amended. Covestcons' principal activities are to provide commission services and trade of real estates. According to the amended 1st ERC on 24 August 2017, Covestcons' registered capital is amounting to VND 1,872,000,000,000, in which the Company contributed VND 1,872,000,000,000 or equivalent 100% ownership.

14.2 Investments in associates

Details of investments in associates are as follows:

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of interest</i>	<i>Amount VND</i>	<i>% of interest</i>	<i>Amount VND</i>
FCC Infrastructure Investment Joint Stock Company ("FCC")	35	98,000,000,000	35	98,000,000,000
Ricons Construction Investment Joint Stock Company ("Ricons")	18.58	20,160,000,000	19.20	20,160,000,000
Quang Trong Commercial Joint Stock Company ("Quang Trong")	36	18,000,000,000	36	18,000,000,000
TOTAL		136,160,000,000		136,160,000,000
Provision for long-term investments		(18,000,000,000)		(18,000,000,000)
NET		118,160,000,000		118,160,000,000

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

14. LONG-TERM INVESTMENTS (continued)

14.2 Investments in associates (continued)

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.

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 Certificate ("ERC") No. 0303527596 on 9 June 2011 and the subsequent amended BRCs and ERCs. Ricons' registered principal activities are to provide civil and industrial construction services, trade of construction materials and trade of real estates. The Company has significant influence on the financial and operating policies of Ricons.

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 Certificate ("ERC") No. 3500740022 and the subsequent amended BRCs and ERCs. Quang Trong's registered principal activities are to trade real estates and provide project management services.

15. SHORT-TERM TRADE PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Payables to third parties	2,468,576,955,626	1,740,256,260,329
- FDC Investment Construction Joint Stock Company	657,504,248,707	291,004,491,404
- Others	1,811,072,706,919	1,449,251,768,925
Payables to related parties (Note 27)	1,479,463,483,445	1,217,332,927,247
TOTAL	<u>3,948,040,439,071</u>	<u>2,957,589,187,576</u>

16. 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	-
Phuong Nam 3A-2 Real Estate Joint Stock Company	138,999,917,590	-
Others customers	445,514,033,214	774,624,985,803
TOTAL	<u>1,254,134,362,308</u>	<u>774,624,985,803</u>



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

17. STATUTORY OBLIGATIONS

	VND			
	<i>Beginning balance</i>	<i>Increase in year</i>	<i>Payment in year</i>	<i>Ending balance</i>
Payables				
Personal income tax	40,542,495,153	118,811,716,192	(74,907,123,986)	84,447,087,359
Corporate income tax	90,614,309,091	315,545,040,323	(335,258,173,376)	70,901,176,038
Value-added tax	34,710,013,332	208,053,509,881	(208,050,090,320)	34,713,432,893
Others	-	3,500,000	(3,500,000)	-
TOTAL	<u>165,866,817,576</u>	<u>642,413,766,396</u>	<u>(618,218,887,682)</u>	<u>190,061,696,290</u>
Receivable				
Import tax	<u>580,668,026</u>	<u>4,876,676,243</u>	<u>(4,518,196,668)</u>	<u>222,188,451</u>

18. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Accruals for on-going construction projects	<u>929,582,799,054</u>	<u>356,731,263,355</u>

19. OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	194,671,501,761	106,436,243,124
Payable to construction teams	147,406,386,737	96,041,542,099
Employee Stock Ownership Plan program (Note 29)	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	1,810,816,099	1,454,963,700
Long-term	662,352,826	1,794,179,213
Deposits	<u>662,352,826</u>	<u>1,794,179,213</u>
TOTAL	<u>195,333,854,587</u>	<u>108,230,422,337</u>

20. PROVISIONS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Provisions for construction warranty	<u>65,464,068,878</u>	<u>35,570,601,991</u>
Long-term		
Severance allowance	<u>10,249,956,011</u>	<u>10,249,956,011</u>

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

21. OWNERS' EQUITY

21.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year						VND
Beginning balance	468,575,300,000	1,385,223,930,000	(1,741,460,000)	717,071,840,987	776,328,664,350	3,345,458,275,337
Increase in capital	301,924,700,000	1,573,326,245,385	-	-	-	1,875,250,945,385
Net profit for the year	-	-	-	-	1,179,066,072,455	1,179,066,072,455
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)	1,036,598,840,987	1,329,564,929,805	6,093,472,486,177
Current year						
Beginning balance	770,500,000,000	2,958,550,175,385	(1,741,460,000)	1,036,598,840,987	1,329,564,929,805	6,093,472,486,177
Net profit for the year	-	-	-	-	1,256,125,433,250	1,256,125,433,250
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 (*)	-	-	-	-	(87,086,000,000)	(87,086,000,000)
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)	1,824,635,550,792	1,256,125,433,250	6,786,978,699,427

(*) According to 13th Resolution of Shareholders in 2017, the Company 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 87,086,000,000, 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 SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

21. OWNERS' EQUITY (continued)

21.2 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	<u>770,500,000,000</u>	<u>770,500,000,000</u>
Dividends		
Dividends declared	382,674,220,000	257,349,807,000
Dividends paid by cash	(382,734,658,400)	(257,186,590,275)

21.3 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
<i>Ordinary shares</i>	77,050,000	77,050,000
Treasury shares	(515,156)	(66,656)
<i>Ordinary shares</i>	(515,156)	(66,656)
Shares in circulation	76,534,844	76,983,344
<i>Ordinary shares</i>	76,534,844	76,983,344

22. REVENUE

22.1 Revenue from sale of goods and rendering of services

	VND	
	Current year	Previous year
Rendering of construction contracts (*)	21,469,726,951,989	18,325,370,427,431
Sale of construction materials	40,446,776,600	-
Rental income of construction equipment	20,191,746,202	28,422,248,200
Revenue relating to investment properties	14,592,970,382	85,329,684,427
Others	862,727,273	-
TOTAL	<u>21,545,821,172,446</u>	<u>18,439,122,360,058</u>
<i>In which:</i>		
<i>Sales to third parties</i>	21,459,595,195,384	18,270,612,363,493
<i>Sales to related parties</i>	86,225,977,062	168,509,996,565

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

22. REVENUE (continued)

22.1 Revenue from sale of goods and rendering of services (continued)

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

	VND	
	Current year	Previous year
Revenue from the completed construction contracts recognized during the year	1,739,724,624,488	966,112,471,259
Revenue from the on-going construction contracts recognized during the year	<u>19,730,002,327,501</u>	<u>17,359,257,956,172</u>
TOTAL	<u>21,469,726,951,989</u>	<u>18,325,370,427,431</u>
Cumulative revenue recognised up to end of year of the on-going construction contracts	31,851,078,595,945	26,373,972,991,257

22.2 Finance income

	VND	
	Current year	Previous year
Bank interest income	295,182,301,475	133,959,911,184
Late payment interest	528,570,102	13,332,802,001
Foreign exchange gains	50,932,932	321,228,253
Dividend earned	-	6,048,000,000
TOTAL	<u>295,761,804,509</u>	<u>153,661,941,438</u>

22.3 Revenue relating to investment properties

	VND	
	Current year	Previous year
Rental income from investment properties	14,592,970,382	18,849,185,473
Revenue from transferring of investment properties for capital appreciation	-	66,480,498,954
TOTAL	<u>14,592,970,382</u>	<u>85,329,684,427</u>

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

23. COST OF GOODS SOLD AND SERVICES RENDERED

		VND
	<i>Current year</i>	<i>Previous year</i>
Cost of rendered construction services	19,962,626,486,425	16,877,163,779,412
Cost of construction materials sold	40,446,776,600	-
Cost of construction equipment leased	13,694,751,557	19,019,552,917
Operating cost of investment properties	8,177,446,159	65,977,142,971
Others	776,771,000	-
TOTAL	<u>20,025,722,231,741</u>	<u>16,962,160,475,300</u>

24. ADMINISTRATIVE EXPENSES

		VND
	<i>Current year</i>	<i>Previous year</i>
General and administrative expenses		
- Labour costs	249,305,776,201	171,688,140,710
- External services expenses	26,681,258,666	27,963,025,086
- Depreciation and amortisation	17,310,887,728	12,869,199,980
- Provision expenses	314,247,295	209,498,197
- Other expenses	51,238,005,945	46,025,204,795
Deduction of general and administrative expenses		
- Reversal of provision for doubtful short-term receivables	(53,679,906,040)	(49,179,147,713)
TOTAL	<u>291,170,269,795</u>	<u>209,575,921,055</u>

25. OTHER INCOME AND EXPENSE

		VND
	<i>Current year</i>	<i>Previous year</i>
Other income	47,687,259,573	44,126,028,607
Utilities	22,395,489,499	16,183,501,598
Reversal of over accrued expenses	9,096,471,900	20,098,320,752
Reversal of construction warranty provisions	8,842,021,759	2,862,010,760
Gains from disposal of fixed assets	6,967,672,507	1,471,395,914
Proceeds from disposal of tools and supplies	-	3,343,263,500
Others	385,603,908	167,536,083
Other expenses	(693,302,364)	(875,423,169)
Construction warranty expenses	(693,302,364)	-
Cost of disposal of tools and supplies	-	(875,423,169)
OTHER PROFIT	<u>46,993,957,209</u>	<u>43,250,605,438</u>

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

26. CORPORATE INCOME TAX

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

The tax returns filed by the Company 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 separate financial statements could change at a later date upon final determination by the tax authorities.

26.1 CIT expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	313,588,641,952	284,155,598,675
Adjustments for under accrual of tax from prior years	<u>1,956,398,371</u>	<u>954,924,784</u>
TOTAL	<u>315,545,040,323</u>	<u>285,110,523,459</u>

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
Accounting profit before tax	<u>1,571,670,473,573</u>	<u>1,464,176,595,914</u>
At CIT rate (20%)	314,334,094,715	292,835,319,183
<i>Adjustments to increase (decrease)</i>		
Non-deductible expenses	(745,452,763)	(7,470,120,508)
Dividend received	-	(1,209,600,000)
Adjustments for under accrual of tax from prior years	<u>1,956,398,371</u>	<u>954,924,784</u>
Estimated current CIT expense	<u>315,545,040,323</u>	<u>285,110,523,459</u>

26.2 Current tax

The current tax payable is based on taxable profit for the current year. The taxable profit of the Company for the year differs from the profit as reported in the separate 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 Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended**26. CORPORATE INCOME TAX (continued)****26.3 Deferred tax**

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

	<i>Separate balance sheet</i>		<i>Separate income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
				VND
<i>Deferred tax asset</i>				
Accrual for severance allowance	2,049,991,203	2,049,991,203	-	-
<i>Deferred tax liability</i>				
Foreign exchange differences arising from revaluation of monetary accounts denominated in foreign currency	(64,436)	(64,436)	-	-
<i>Net deferred tax asset</i>	<u>2,049,926,767</u>	<u>2,049,926,767</u>		
<i>Net deferred tax expense</i>			<u>-</u>	<u>-</u>

Coteccons Construction Joint Stock Company

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

27. TRANSACTIONS WITH RELATED PARTIES

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

Related parties	Relationship	Nature of transaction	VND	
			Current year	Previous year
Unicons Investment Construction Company Limited	Subsidiary	Construction cost	2,153,377,422,034	2,948,842,998,874
		Sale of construction materials	7,273,708,600	-
		Equipment rental income	5,334,215,925	7,235,478,222
		Office rental	4,385,727,376	4,403,283,047
		Utilities	555,220,948	809,458,732
		Equipment rental expenses	291,520,000	-
		Purchase of construction materials	-	69,414,854,129
Ricons Construction Investment Joint Stock Company	Associate	Construction cost	2,968,105,512,703	2,515,804,510,845
		Purchase of construction materials	285,892,263,886	417,100,898,806
		Sale of construction materials	33,173,068,000	-
		Equipment rental income	7,402,091,859	6,044,444,600
		Disposal of fixed assets and tools and supplies	4,500,000,000	3,343,263,500
		Office rental	4,336,166,122	3,623,393,147
		Utilities	678,970,948	814,091,892
		Rental expenses	351,974,000	544,470,264
		Equipment rental expenses	11,182,050	8,058,650
		Dividend received	-	6,048,000,000
FCC Infrastructure Investment Joint Stock Company	Associate	Construction services	24,320,999,180	147,203,397,549
		Capital contribution	-	42,000,000,000
Covestcons Company Limited	Subsidiary	Capital contribution	26,000,000,000	-



Coteccons Construction Joint Stock Company

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

27. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related parties	Relationship	Nature of transaction	Ending balance	Beginning balance
Short-term trade receivables				
Unicons Investment Construction Company Limited	Subsidiary	Office rental, equipment rental and sale of construction materials	10,124,837,987	8,555,502,465
Ricons Construction Investment Joint Stock Company	Associate	Construction services, equipment rental	7,849,737,914	4,443,259,048
FCC Infrastructure Investment Joint Stock Company	Associate	Construction services	-	9,168,524,076
			17,974,575,901	22,167,285,589
Short-term trade payables				
Ricons Construction Investment Joint Stock Company	Associate	Construction cost, purchase of construction materials and equipment rental	1,104,259,586,728	614,102,180,872
Unicons Investment Construction Company Limited	Subsidiary	Construction cost, purchase of construction materials and equipment rental	375,203,896,717	603,230,746,375
			1,479,463,483,445	1,217,332,927,247
Transactions with other related parties				
Remuneration to members of the Board of Directors, Board of Supervision and Board of Management:				
			Current year	Previous year
			39,422,907,223	21,013,684,361

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

28. COMMITMENTS

28.1 Operating lease commitments

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

	VND	
	Ending balance	Beginning balance
Less than 1 year	62,845,705	62,845,705
From 1 to 5 years	251,382,819	251,382,819
More than 5 years	2,351,476,785	2,414,322,489
TOTAL	<u>2,665,705,309</u>	<u>2,728,551,013</u>

The Company lets out its Coteccons Building property under operating lease arrangements. The future minimum rental receivables as at the balance sheet dates under the operating lease agreements are as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	7,842,539,112	7,195,053,110
From 1 to 5 years	7,532,157,004	5,067,993,112
TOTAL	<u>15,374,696,116</u>	<u>12,263,046,222</u>

28.2 Capital commitments

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

Name of investee	Charter capital	Capital contribution commitment		Contributed amount	VND	
		Amount	%		Remaining commitment	Amount
Covestcons Company Limited	<u>1,872,000,000,000</u>	<u>1,872,000,000,000</u>	<u>100</u>	<u>26,000,000,000</u>	<u>1,846,000,000,000</u>	

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

29. EVENTS AFTER THE BALANCE SHEET DATE

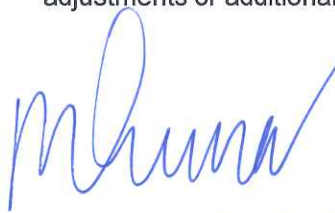
On 18 December 2017, the Company received an Official Letter No. 8434/UBCK-QLCB issued by the State Securities Commission for approval on issuance of new ordinary shares to its key executive in accordance with the Employee Stock Ownership Plan program. Based on the program, the Company will issue 1,305,000 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 Company'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 Company reported the result of the share issuance to the State Securities Commission.

On 25 December 2017, the Company 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 events, there have been no other significant subsequent events occurring as at the date of the separate financial statements which would require adjustments or additional disclosures.



Nguyen Minh Tung
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director

26 March 2018