

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

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



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FOR THE YEAR ENDED 31 DECEMBER 2018**

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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 SEPARATE FINANCIAL STATEMENTS

The Chairman has authorized the Board of Management of Coteccons Construction Joint Stock Company ("the Company") to be responsible for preparing separate financial statements which give a true and fair view of the separate financial position of the Company as at 31 December 2018, and the separate results of its operations and its separate cash flows for the year then ended. In preparing these separate 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 separate financial statements on a going concern basis unless it is inappropriate to presume that the Company 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 separate financial position of the Company and which enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. The Board of Management 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.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements as set out on pages 5 to 43 which give a true and fair view of the separate financial position of the Company as at 31 December 2018, and of the separate results of its operations and its separate 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 separate financial statements.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Company and its subsidiaries (together as "the Group") for the year ended 31 December 2018 in order to obtain full information of the financial position and results of operations and cash flows of the Group.

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 separate financial statements of Coteccons Construction Joint Stock Company ("the Company") which were prepared on 31 December 2018 and approved by the Board of Management on 5 March 2019. These separate financial statements include the separate balance sheet as at 31 December 2018, the separate income statement and separate cash flow statement for the year then ended, and notes to these separate financial statements, as set out on pages 5 to 43.

The Board of Management' Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 standards and requirements, plan and perform the audit in order to obtain reasonable assurance as to 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 auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and true 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 internal controls. 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 separate financial statements.

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



Auditor's Opinion

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

Other Matters

The separate financial statements of the Company 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: HCM7648
Ho Chi Minh City, 5 March 2019

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2018 VND	2017 VND
100	CURRENT ASSETS		12,024,540,146,799	11,642,575,601,764
110	Cash and cash equivalents	3	389,131,880,525	1,040,282,200,445
111	Cash		67,631,880,525	264,282,200,445
112	Cash equivalents		321,500,000,000	776,000,000,000
120	Short-term investment		3,364,400,000,000	3,993,930,000,000
123	Investments held to maturity	4(a)	3,364,400,000,000	3,993,930,000,000
130	Short-term receivables		6,708,359,624,291	4,617,393,381,687
131	Short-term trade accounts receivable	5	6,503,313,239,606	4,475,143,770,800
132	Short-term prepayments to suppliers	6	206,675,324,919	88,021,890,579
136	Other short-term receivables	7	208,232,957,846	264,089,618,388
137	Provision for doubtful debts – short term	8	(209,861,898,080)	(209,861,898,080)
140	Inventory		1,198,060,245,544	1,676,372,158,168
141	Inventory	9	1,198,060,245,544	1,676,372,158,168
150	Other current assets		364,588,396,439	314,597,861,464
151	Short-term prepaid expenses	10(a)	2,264,893,751	8,740,001,546
152	Value Added Tax to be reclaimed		362,323,502,688	305,635,671,467
153	Other taxes receivable	18(a)	-	222,188,451

The notes on pages 10 to 43 are an integral part of these separate financial statements.

SEPARATE BALANCE SHEET
(continued)

Code	ASSETS (continued)	Note	As at 31 December	
			2018 VND	2017 VND
200	LONG-TERM ASSETS		1,982,327,235,027	1,895,064,748,566
220	Fixed assets		599,086,114,557	582,349,914,237
221	Tangible fixed assets	11(a)	515,555,564,929	500,856,667,503
222	Historical cost		816,810,465,623	759,738,794,902
223	Accumulated depreciation		(301,254,900,694)	(258,882,127,399)
227	Intangible fixed assets	11(b)	83,530,549,628	81,493,246,734
228	Historical cost		95,997,011,742	91,093,751,820
229	Accumulated amortisation		(12,466,462,114)	(9,600,505,086)
230	Investment properties	12	67,889,003,254	66,286,542,365
231	Historical cost		90,854,986,389	84,223,105,188
232	Accumulated depreciation		(22,965,983,135)	(17,936,562,823)
240	Long-term asset in progress		1,005,828,500	-
242	Construction in progress		1,005,828,500	-
250	Long-term investments		1,063,308,360,000	932,508,360,000
251	Investments in subsidiaries	13	907,348,360,000	664,348,360,000
252	Investments in associates	14	173,960,000,000	136,160,000,000
254	Provision for long-term investments	15	(18,000,000,000)	(18,000,000,000)
255	Investments held to maturity	4(b)	-	150,000,000,000
260	Other long-term assets		251,037,928,716	313,919,931,964
261	Long-term prepaid expenses	10(b)	249,338,007,302	311,870,005,197
262	Deferred income tax assets	34	1,699,921,414	2,049,926,767
270	TOTAL ASSETS		14,006,867,381,826	13,537,640,350,330

The notes on pages 10 to 43 are an integral part of these separate financial statements.

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2018 VND	2017 VND
300	LIABILITIES		6,984,877,728,142	6,750,661,650,903
310	Short-term liabilities		6,975,681,762,640	6,739,749,342,066
311	Short-term trade accounts payable	16	5,066,989,649,021	3,948,040,439,071
312	Short-term advances from customers	17	645,206,774,425	1,254,134,362,308
313	Tax and other payables to the State Budget	18(b)	71,477,202,611	190,061,696,290
315	Short-term accrued expenses	19	838,293,501,289	929,582,799,054
318	Short-term unearned revenue	20	5,135,013,358	-
319	Other short-term payables	21(a)	160,833,734,876	194,671,501,761
321	Provision for short-term liabilities	22(a)	63,173,236,334	65,464,068,878
322	Bonus and welfare fund	23	124,572,650,726	157,794,474,704
330	Long-term liabilities		9,195,965,502	10,912,308,837
337	Other long-term payables	21(b)	662,352,826	662,352,826
342	Provision for long-term liabilities	22(b)	8,533,612,676	10,249,956,011
400	OWNERS' EQUITY		7,021,989,653,684	6,786,978,699,427
410	Capital and reserves		7,021,989,653,684	6,786,978,699,427
411	Owners' capital	24, 25	783,550,000,000	770,500,000,000
411a	- Ordinary shares with voting rights	24, 25	783,550,000,000	770,500,000,000
412	Share premium	25	2,997,645,175,385	2,958,550,175,385
415	Treasury shares	25	(439,558,938,999)	(22,832,460,000)
418	Investment and development fund	25	2,583,711,350,792	1,824,635,550,792
421	Undistributed earnings	25	1,096,642,066,506	1,256,125,433,250
421a	- Undistributed earnings of the previous years	25	32,053,413,250	-
421b	- Post-tax profit of current year	25	1,064,588,653,256	1,256,125,433,250
440	TOTAL RESOURCES		14,006,867,381,826	13,537,640,350,330



Nguyen Minh Tung
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
5 March 2019

The notes on pages 10 to 43 are an integral part of these separate financial statements.

SEPARATE 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		21,449,735,385,474	21,568,216,661,945
02	Less deductions		-	-
10	Net revenue from sales of goods and rendering of services	28	21,449,735,385,474	21,568,216,661,945
11	Cost of goods sold and services rendered	29	(20,147,783,287,241)	(20,025,722,231,741)
20	Gross profit from sales of goods and rendering of services		1,301,952,098,233	1,542,494,430,204
21	Financial income	30	299,706,265,795	295,761,804,509
22	Financial expenses		(1,512,092)	(13,959,055)
26	General and administration expenses	31	(368,656,381,875)	(291,170,269,795)
30	Net operating profit		1,233,000,470,061	1,547,072,005,863
31	Other income	32	102,731,473,768	25,291,770,074
32	Other expenses	32	(48,174,366)	(693,302,364)
40	Net other income		102,683,299,402	24,598,467,710
50	Net accounting profit before tax		1,335,683,769,463	1,571,670,473,573
51	Business income tax - current	33	(270,745,110,854)	(315,545,040,323)
52	Business income tax - deferred	34	(350,005,353)	-
60	Net profit after tax		1,064,588,653,256	1,256,125,433,250



Nguyen Minh Tung
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
5 March 2019

The notes on pages 10 to 43 are an integral part of these separate financial statements.

**SEPARATE CASH FLOW STATEMENT
(Indirect method)**

Code ITEMS	Note	For the year ended 31 December	
		2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		1,335,683,769,463	1,571,670,473,573
	Adjustments for:		
02	Depreciation and amortisation	72,970,775,559	59,355,415,590
03	(Reversal of provisions)/provisions	(3,676,343,854)	4,170,605,867
04	Unrealised foreign exchange gains	(29,740,646)	(50,932,932)
05	Profits from investing activities	(302,932,341,500)	(302,678,544,084)
08	Operating profit before changes in working capital	1,102,016,119,022	1,332,467,018,014
09	Increase in receivables	(2,175,375,212,398)	(1,644,014,911,991)
10	Decrease/(increase) in inventories	478,311,912,624	(588,087,424,865)
11	Increase in payables	305,204,662,881	2,045,163,190,571
12	Decrease/(increase) in prepaid expenses	69,007,105,690	(13,959,393,899)
15	Business income tax paid	(301,931,136,033)	(335,258,173,376)
17	Other payments on operating activities	(107,107,156,003)	(92,083,623,001)
20	Net cash (outflows)/inflows from operating activities	(629,873,704,217)	704,226,681,453
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(107,954,112,495)	(132,095,525,150)
22	Proceeds from disposals of fixed assets	14,167,848,138	6,181,909,092
23	Term deposits	(3,719,400,000,000)	(4,363,930,000,000)
24	Term deposits collections	4,498,930,000,000	3,700,000,000,000
25	Investments in other entities	(280,800,000,000)	(26,000,000,000)
27	Dividends and interest received	329,282,533,594	189,056,072,996
30	Net cash inflows/(outflows) from investing activities	734,226,269,237	(626,787,543,062)
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	(651,182,089,979)	(326,386,520,009)
60	Cash and cash equivalents at beginning of year	1,040,282,200,445	1,366,668,720,454
61	Effect of foreign exchange differences	31,770,059	-
70	Cash and cash equivalents at end of year	389,131,880,525	1,040,282,200,445

Major non-cash transactions during the year were sales of fixed assets amounting to VND1,690,909,091 which have not yet 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).



Nguyen Minh Tung
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
5 March 2019

The notes on pages 10 to 43 are an integral part of these separate financial statements.

**NOTES TO THE SEPARATE 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 are to provide design and construction services, equipment installation, interior decoration and office leasing.

The normal business cycle of the Company is within 12 months.

As at 31 December 2018, the Company had 2 subsidiaries and 3 associates as presented in Note 13 – Investments in subsidiaries and Note 14 – Investments in associates, respectively.

As at 31 December 2018, the Company had 1,665 employees (as at 31 December 2017: 1,487 employees).

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

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

The accompanying separate financial statements are not intended to present the separate financial position and separate results of operations and separate 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.

Separately, the Company has also prepared consolidated financial statements of the Company and its subsidiaries (together as “the Group”) in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. In the consolidated financial statements, subsidiaries undertaking – which are those companies over which the Group has the power to govern the financial and operating policies – have been fully consolidated.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Group for the year ended 31 December 2018 in order to obtain full information of the financial position and results of operations and cash flows of the Group.

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

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

2.2 Fiscal year

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

2.3 Currency

The separate 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 separate income statement.

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

2.4 Cash and cash equivalents

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

2.5 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.

2.6 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)**2.7 Investments****(a) Investments held-to-maturity**

Investments held-to-maturity are investments which the Company'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.

(b) Investments in subsidiaries

Subsidiaries are all entities over which the Company 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 Company controls another entity.

Investments in subsidiaries are accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is an impairment of the investments.

(c) Investments in associates

Associates are investments that the Company has significant influence but not control and would generally have from 20% to under 50% voting shares of the investee.

Investments in associates are accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is a reduction in value of the investments.

2.8 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

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Fixed assets (continued)***Depreciation and amortisation (continued)*

	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 separate income statement.

2.9 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.

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 separate income statement.

2.10 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 separate income statement on a straight-line basis over the term of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Prepaid expenses**

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

2.12 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 separate balance sheet based on remaining period from the separate balance sheet date to the maturity date.

2.13 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.

2.14 Provisions

Provisions are recognised when: the Company 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.

2.15 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company 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 Company 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 Company.

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 year prior to the separate balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.15 Provision for severance allowances (continued)**

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

2.16 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 Company records unearned revenue for the future obligations that the Company has to conduct.

2.17 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 Company's separate results after business income tax at the reporting date.

2.18 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 Company's charter and Vietnamese regulations.

(a) Development and investment fund

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

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the Company'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 Company's separate financial statements in the period in which the dividends are approved by the Company's Annual General Meeting.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Revenue recognition****(a) Sales of goods**

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

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company 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 Company; 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 Company gives promotional goods to customers associated with customers' purchase, the Company allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the separate income statement.

(b) Rendering of services

Revenue from rendering of services is recognised in the separate 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 Company;
- The percentage of completion of the transaction at the separate 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Revenue recognition (continued)

(c) Revenue from construction contracts (continued)

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 Company has established the receiving right from investees.

2.20 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.

2.21 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.22 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 separate 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 separate 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.

2.23 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 Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors of the Company 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 Company considers the substance of the relationship not merely the legal form.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Segment reporting**

A segment is a component which can be separated by the Company 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 Company's business segment.

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

2.25 Use of estimates

The preparation of the separate 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 separate financial statements and the amounts of revenues and expenses during the period. Although these estimates are based on the Board of Management's 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	624,630,159	120,116,595
Cash at bank	67,007,250,366	264,162,083,850
Cash equivalents (*)	321,500,000,000	776,000,000,000
	<u>389,131,880,525</u>	<u>1,040,282,200,445</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)	3,164,400,000,000	3,164,400,000,000	3,993,930,000,000	3,993,930,000,000
Bonds (ii)	200,000,000,000	200,000,000,000	-	-
	<u>3,364,400,000,000</u>	<u>3,364,400,000,000</u>	<u>3,993,930,000,000</u>	<u>3,993,930,000,000</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 on 19 January 2019 and 6 March 2019, earning applicable interest rates.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2018 VND	2017 VND
Third parties (*)	6,498,758,027,949	4,457,169,194,899
Related parties (Note 37(b))	4,555,211,657	17,974,575,901
	<u>6,503,313,239,606</u>	<u>4,475,143,770,800</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	1,029,465,656,275	366,971,842,384
Regina Miracle International Vietnam Company Limited	785,899,195,479	422,253,397,350
	<u>1,815,364,851,754</u>	<u>789,225,239,734</u>

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2018 VND	2017 VND
Third parties	<u>206,675,324,919</u>	<u>88,021,890,579</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
Eurowindow Joint Stock Company	54,841,447,793	-
Shinryo Vietnam Company Limited	40,220,930,812	-
Corporation Investment And Trade Mai Anh	32,202,324,290	-
UG M&E Vietnam Company Limited	<u>27,320,195,803</u>	<u>-</u>

7 OTHER SHORT-TERM RECEIVABLES

	2018 VND	2017 VND
Interest receivables	178,835,333,832	208,471,483,317
Advances to construction team and employees	23,768,155,483	48,419,111,976
Short-term deposits	3,779,595,821	2,701,520,878
Others	1,849,872,710	4,497,502,217
	<u>208,232,957,846</u>	<u>264,089,618,388</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	263,227,556,825
Increase	-	314,247,295
Reversal	-	(53,679,906,040)
Closing balance	<u>209,861,898,080</u>	<u>209,861,898,080</u>

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9 INVENTORY

	2018 VND	2017 VND
Construction works in progress	1,198,060,245,544	1,676,372,158,168

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

	2018 VND	2017 VND
Iron and Steel Complex Hoa Phat – Dung Quat	154,925,822,024	-
Vinhomes Metropolis Lieu Giai	141,781,616,171	134,761,812,925
South Hoi An Integrated Casino Resort	128,646,977,905	108,804,790,368
Others	772,705,829,444	1,432,805,554,875
	<u>1,198,060,245,544</u>	<u>1,676,372,158,168</u>

10 PREPAID EXPENSES

(a) Short-term

	2018 VND	2017 VND
Office equipment	2,264,893,751	5,283,335,247
Others	-	3,456,666,299
	<u>2,264,893,751</u>	<u>8,740,001,546</u>

(b) Long-term

	2018 VND	2017 VND
Construction tools and equipment	216,749,465,474	284,998,766,962
Operating leases and office tools and equipment	32,588,541,828	26,871,238,235
	<u>249,338,007,302</u>	<u>311,870,005,197</u>

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

	2018 VND	2017 VND
Opening balance	311,870,005,197	303,034,519,326
Increase	109,418,298,594	150,550,072,911
Allocation	(171,950,296,489)	(141,714,587,040)
Closing balance	<u>249,338,007,302</u>	<u>311,870,005,197</u>

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11	FIXED ASSETS	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
(a)	Tangible fixed assets					
	Historical cost					
	As at 1 January 2018	189,350,704,969	520,113,415,052	29,128,446,784	21,146,228,097	759,738,794,902
	New purchases	5,751,334,347	86,328,057,581	1,336,534,118	5,563,050,638	98,978,976,684
	Transferred to investment properties (Note 12)	(6,631,881,201)	-	-	-	(6,631,881,201)
	Disposals	(12,683,324,163)	(21,985,327,872)	(127,272,727)	(479,500,000)	(35,275,424,762)
	As at 31 December 2018	175,786,833,952	584,456,144,761	30,337,708,175	26,229,778,735	816,810,465,623
	Accumulated depreciation					
	As at 1 January 2018	46,740,500,588	178,334,695,054	19,742,613,238	14,064,318,519	258,882,127,399
	Charge for the year	11,486,732,514	47,574,503,246	3,053,819,122	4,531,116,681	66,646,171,563
	Transferred to investment properties (Note 12)	(1,570,773,344)	-	-	-	(1,570,773,344)
	Disposals	(1,020,439,577)	(21,075,412,620)	(127,272,727)	(479,500,000)	(22,702,624,924)
	As at 31 December 2018	55,636,020,181	204,833,785,680	22,669,159,633	18,115,935,200	301,254,900,694
	Net book value					
	As at 1 January 2018	142,610,204,381	341,778,719,998	9,385,833,546	7,081,909,578	500,856,667,503
	As at 31 December 2018	120,150,813,771	379,622,359,081	7,668,548,542	8,113,843,535	515,555,564,929

As at 31 December 2018, historical cost of fully depreciated tangible fixed assets but still in use was VND123,083,833,670 (as at 31 December 2017: VND129,387,250,812).



11 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2018	81,539,243,238	9,554,508,582	91,093,751,820
New purchases	-	4,903,259,922	4,903,259,922
As at 31 December 2018	<u>81,539,243,238</u>	<u>14,457,768,504</u>	<u>95,997,011,742</u>
Accumulated amortisation			
As at 1 January 2018	3,478,202,991	6,122,302,095	9,600,505,086
Charge for the year	344,192,196	2,521,764,832	2,865,957,028
As at 31 December 2018	<u>3,822,395,187</u>	<u>8,644,066,927</u>	<u>12,466,462,114</u>
Net book value			
As at 1 January 2018	<u>78,061,040,247</u>	<u>3,432,206,487</u>	<u>81,493,246,734</u>
As at 31 December 2018	<u><u>77,716,848,051</u></u>	<u><u>5,813,701,577</u></u>	<u><u>83,530,549,628</u></u>

As at 31 December 2018, historical cost of fully amortised intangible fixed assets but still in use was VND5,445,630,805 (as at 31 December 2017: VND4,144,897,055).

12 INVESTMENT PROPERTIES

	Office buildings VND	Others VND	Total VND
Historical cost			
As at 1 January 2018	65,602,741,279	18,620,363,909	84,223,105,188
Transfers from tangible fixed assets (Note 11(a))	6,631,881,201	-	6,631,881,201
As at 31 December 2018	<u>72,234,622,480</u>	<u>18,620,363,909</u>	<u>90,854,986,389</u>
Accumulated depreciation			
As at 1 January 2018	14,855,927,043	3,080,635,780	17,936,562,823
Charge for the year	2,713,832,396	744,814,572	3,458,646,968
Transfers from tangible fixed assets (Note 11(a))	1,570,773,344	-	1,570,773,344
As at 31 December 2018	<u>19,140,532,783</u>	<u>3,825,450,352</u>	<u>22,965,983,135</u>
Net book value			
As at 1 January 2018	<u>50,746,814,236</u>	<u>15,539,728,129</u>	<u>66,286,542,365</u>
As at 31 December 2018	<u><u>53,094,089,697</u></u>	<u><u>14,794,913,557</u></u>	<u><u>67,889,003,254</u></u>

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

	2018 VND	2017 VND
Income from renting investment properties	16,437,339,873	14,592,970,382
Expenses regarding investment properties' renting	<u>9,435,241,973</u>	<u>8,177,446,159</u>

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

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13 INVESTMENTS IN SUBSIDIARIES

Name	2018			2017		
	Percentage of ownership and voting right	Cost VND	Provision VND	Percentage of ownership and voting right	Cost VND	Provision VND
Unicons Investment Construction Company Limited (i)	100	638,348,360,000	-	100	638,348,360,000	-
Covestcons Company Limited (ii)	100	269,000,000,000	-	100	26,000,000,000	-
		<u>907,348,360,000</u>	<u>-</u>		<u>664,348,360,000</u>	<u>-</u>

(i) Unicons Investment Construction Company Limited, 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, which was subsequently amended to Enterprise Registration Certificate No. 0304472276 dated 6 October 2010. The principal activities are construction and equipment installation services.

(ii) Covestcons Company Limited, 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 Company was unable to determine its investments in subsidiaries' fair value as those investments are not listed on the stock exchange market, therefore, there was no available fair value information of those investments.

15 PROVISION FOR LONG-TERM INVESTMENTS

As at 31 December 2018 and 31 December 2017, the balance represents the provision for diminution in value of investment in Quang Trong Commercial Joint Stock Company, an associate (Note 14).

16 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 (*)	2,526,810,529,016	2,526,810,529,016	2,468,576,955,626	2,468,576,955,626
Related parties (Note 37(b))	2,540,179,120,005	2,540,179,120,005	1,479,463,483,445	1,479,463,483,445
	<u>5,066,989,649,021</u>	<u>5,066,989,649,021</u>	<u>3,948,040,439,071</u>	<u>3,948,040,439,071</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>624,460,858,845</u>	<u>657,504,248,707</u>

17 SHORT-TERM ADVANCES FROM CUSTOMERS

	2018 VND	2017 VND
Third parties (*)	629,201,619,567	1,254,134,362,308
Related parties (Note 37(b))	16,005,154,858	-
	<u>645,206,774,425</u>	<u>1,254,134,362,308</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 Limited Liability Company	92,972,428,445	-
Gia Lam Urban Development and Investment Company Limited	<u>66,961,750,641</u>	<u>-</u>

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18 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 VND	Paid during the year VND	As at 31.12.2018 VND
Import tax	(222,188,451)	4,961,411,361	-	(4,739,222,910)	-
b) Payables					
	As at 1.1.2018 VND	Payable during the year VND	Net-off during the year VND	Paid during the year VND	As at 31.12.2018 VND
Business income tax	70,901,176,038	274,078,406,321	-	(301,931,136,033)	43,048,446,326
Personal income tax	84,447,087,359	100,787,734,039	-	(156,806,065,113)	28,428,756,285
Value added tax	34,713,432,893	1,992,394,416,731	(1,752,309,302,814)	(274,798,546,810)	-
Others	-	4,000,000	-	(4,000,000)	-
	<u>190,061,696,290</u>	<u>2,367,264,557,091</u>	<u>(1,752,309,302,814)</u>	<u>(733,539,747,956)</u>	<u>71,477,202,611</u>

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19 SHORT-TERM ACCRUED EXPENSES

	2018 VND	2017 VND
Construction costs	838,293,501,289	929,582,799,054

20 SHORT-TERM UNEARNED REVENUE

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

21 OTHER PAYABLES

(a) Short-term

	2018 VND	2017 VND
Payables to construction teams and employees	147,352,774,469	147,406,386,737
Share option program for key management	-	40,058,000,000
Allowance for the Board of Directors and the Board of Supervision	8,062,530,000	5,037,000,000
Dividend payables	847,842,925	359,298,925
Others	4,570,587,482	1,810,816,099
	<u>160,833,734,876</u>	<u>194,671,501,761</u>

(b) Long-term

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

22 PROVISION FOR LIABILITIES**(a) Short-term**

	2018 VND	2017 VND
Provision for construction warranty	63,173,236,334	65,464,068,878

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

	2018 VND	2017 VND
Opening balance	65,464,068,878	35,570,601,991
Increase	29,651,017,018	65,856,647,413
Reversal	(10,531,366,891)	(8,842,021,759)
Utilisation	(21,410,482,671)	(27,121,158,767)
Closing balance	63,173,236,334	65,464,068,878

(b) Long-term

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

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	8,533,612,676	10,249,956,011

23 BONUS AND WELFARE FUND

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

	2018 VND	2017 VND
Opening balance	157,794,474,704	90,502,458,747
Increase	73,554,500,000	158,854,000,000
Utilisation	(106,776,323,978)	(91,561,984,043)
Closing balance	124,572,650,726	157,794,474,704

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

	2018 Ordinary shares	2017 Ordinary 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/resold	(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 shares	%	Ordinary 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
	<u>75,478,873</u>	<u>100</u>	<u>76,534,844</u>	<u>100</u>

(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	<u>78,355,000</u>

Par value per share: VND10,000.

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25 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)	1,036,598,840,987	1,329,564,929,805	6,093,472,486,177
Net profit during the year	-	-	-	-	1,256,125,433,250	1,256,125,433,250
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	-	-	-	-	(158,854,000,000)	(158,854,000,000)
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)	1,824,635,550,792	1,256,125,433,250	6,786,978,699,427
New shares issued (i)	13,050,000,000	39,095,000,000	-	-	-	52,145,000,000
Net profit during the year	-	-	-	-	1,064,588,653,256	1,064,588,653,256
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)	-	-	-	759,075,800,000	(759,075,800,000)	-
Appropriation to bonus and welfare fund (ii)	-	-	-	-	(73,554,500,000)	(73,554,500,000)
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)	2,583,711,350,792	1,096,642,066,506	7,021,989,653,684

(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 bonus and welfare fund, investment and development fund and declared dividend from the 2017 post-tax undistributed earnings with the respective amounts of VND73,554,500,000, VND759,075,800,000 and VND391,441,720,000 in accordance with the Annual General Meeting's Resolution No. 01/2018/NQ-DHCD dated 2 June 2018.

25 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-month term deposits 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 the 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 join 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 (Note 13).

26 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>

27 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 USD2,083.59 (As at 31 December 2017: USD334.63).

(b) Capital contribution commitment

As at 31 December 2018, the Company had a capital obligation to Covestcons Company Limited, a subsidiary (Note 13) with an amount of VND1,603,000,000,000 (As at 31 December 2017: VND1,846,000,000,000) (Note 39).

28 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2018 VND	2017 VND
Net revenue from construction contracts (*)	21,404,441,593,261	21,492,122,441,488
Net revenue from investment property activities	16,437,339,873	14,592,970,382
Net revenue from leasing out construction equipment	13,140,537,744	20,191,746,202
Net revenue from sales of construction materials	3,279,636,198	40,446,776,600
Net revenue from other activities	12,436,278,398	862,727,273
	<u>21,449,735,385,474</u>	<u>21,568,216,661,945</u>

**28 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	20,955,653,815,325	19,752,397,817,000
Net revenue from completed construction contracts recognised during the year	448,787,777,936	1,739,724,624,488
	<u>21,404,441,593,261</u>	<u>21,492,122,441,488</u>
	2018 VND	2017 VND
Net accumulated revenue from outstanding construction contracts up to end of this year	44,123,448,659,722	31,851,078,595,945
	<u>44,123,448,659,722</u>	<u>31,851,078,595,945</u>

29 COST OF GOODS SOLD AND SERVICES RENDERED

	2018 VND	2017 VND
Cost of construction contracts	20,115,830,102,149	19,962,626,486,425
Cost of investment property activities	9,435,241,973	8,177,446,159
Cost of construction equipment leased out	12,371,062,697	13,694,751,557
Cost of construction materials sold	3,279,636,198	40,446,776,600
Others	6,867,244,224	776,771,000
	<u>20,147,783,287,241</u>	<u>20,025,722,231,741</u>

30 FINANCIAL INCOME

	2018 VND	2017 VND
Interest income	286,038,384,109	295,182,301,475
Interest income on late payments	-	528,570,102
Dividend income	13,608,000,000	-
Realised foreign exchange gains	30,141,040	-
Unrealised foreign exchange gains	29,740,646	50,932,932
	<u>299,706,265,795</u>	<u>295,761,804,509</u>

31 GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Salary expenses	251,047,008,973	248,784,137,243
Depreciation and amortisation	24,031,920,915	17,310,887,728
Outside service expenses	36,110,611,178	26,681,258,666
(Reversal)/increase of provision for severance allowances	(1,385,511,310)	521,638,958
Reversal of provision for doubtful debts	-	(53,365,658,745)
Other expenses	58,852,352,119	51,238,005,945
	<u>368,656,381,875</u>	<u>291,170,269,795</u>

32 OTHER INCOME AND OTHER EXPENSES

	2018 VND	2017 VND
Other income		
Reversal of over-accrued constructions costs	81,978,068,024	9,096,471,900
Reversal of provision for construction warranty	10,531,366,891	8,842,021,759
Net gains from disposal of fixed assets	3,285,957,391	6,967,672,507
Others	6,936,081,462	385,603,908
	<u>102,731,473,768</u>	<u>25,291,770,074</u>
Other expense		
Construction warranty expenses	<u>48,174,366</u>	<u>693,302,364</u>

33 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	1,335,683,769,463	1,571,670,473,573
Tax calculated at a rate of 20%	267,136,753,892	314,334,094,715
Effect of:		
Income not subject to tax	(2,721,600,000)	(3,541,244,415)
Non-deductible expenses	2,852,402,871	2,795,791,652
Under-provision in previous years	3,827,559,444	1,956,398,371
BIT charge	<u>271,095,116,207</u>	<u>315,545,040,323</u>
Charged to separate income statement:		
BIT – current	270,745,110,854	315,545,040,323
BIT – deferred	350,005,353	-
BIT charge	<u>271,095,116,207</u>	<u>315,545,040,323</u>

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

34 DEFERRED INCOME TAX

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

	2018 VND	2017 VND
Opening balance	2,049,926,767	2,049,926,767
Credit to the separate income statement	(350,005,353)	-
Closing balance	<u>1,699,921,414</u>	<u>2,049,926,767</u>

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

	2018 VND	2017 VND
Deductible temporary differences	<u>1,699,921,414</u>	<u>2,049,926,767</u>

Deductible temporary differences mainly comprise provision for severance allowance.

The Company 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.

35 COST OF OPERATION BY FACTOR

	2018 VND	2017 VND
Raw materials	4,264,055,668,924	4,574,855,582,301
Salary expenses	1,706,294,410,865	1,899,952,025,695
Tools and supplies	229,303,558,949	235,254,139,821
Depreciation and amortisation	72,970,775,559	77,106,350,380
Outside service expenses	13,511,747,625,471	13,951,539,819,909
Other expenses	253,755,716,724	166,272,008,295
	<u>20,038,127,756,492</u>	<u>20,904,979,926,401</u>



COTECCONS CONSTRUCTION JOINT STOCK COMPANY

Form B 09 – DN

36 SEGMENT REPORTING

Business segment

	2018					Total VND
	Construction services VND	Investment properties activities VND	Leasing out of construction equipment VND	Selling construction materials VND	Others VND	
Net revenue from sales of goods and rendering of services	21,404,441,593,261	16,437,339,873	13,140,537,744	3,279,636,198	12,436,278,398	21,449,735,385,474
Cost of goods sold and services rendered	(20,115,830,102,149)	(9,435,241,973)	(12,371,062,697)	(3,279,636,198)	(6,867,244,224)	(20,147,783,287,241)
Gross profit from sales of goods and rendering of services	1,288,611,491,112	7,002,097,900	769,475,047	-	5,569,034,174	1,301,952,098,233

2017

	2017					Total VND
	Construction services VND	Investment properties activities VND	Leasing out of construction equipment VND	Selling construction materials VND	Others VND	
Net revenue from sales of goods and rendering of services	21,492,122,441,488	14,592,970,382	20,191,746,202	40,446,776,600	862,727,273	21,568,216,661,945
Cost of goods sold and services rendered	(19,962,626,486,425)	(8,177,446,159)	(13,694,751,557)	(40,446,776,600)	(776,771,000)	(20,025,722,231,741)
Gross profit from sales of goods and rendering of services	1,529,495,955,063	6,415,524,223	6,496,994,645	-	85,956,273	1,542,494,430,204

Geographical segment

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

37 RELATED PARTY DISCLOSURES

The Company is a joint stock company. Details of the shareholders are presented in Note 24.

(a) Related party transactions

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

	2018 VND	2017 VND
<i>i) Rendering of services</i>		
Unicons Investment Construction Company Limited	14,673,941,042	17,548,872,849
Ricons Construction Investment Joint Stock Company	74,353,227,291	45,590,296,929
FCC Infrastructure Investment Joint Stock Company	-	24,320,999,180
	<u><u> </u></u>	<u><u> </u></u>
<i>ii) Purchases of goods and services</i>		
Unicons Investment Construction Company Limited	1,281,204,270,031	2,153,668,942,034
Ricons Construction Investment Joint Stock Company	3,627,568,589,519	3,254,360,932,639
	<u><u> </u></u>	<u><u> </u></u>
<i>iii) Capital contribution to a subsidiary</i>		
Covestcons Company Limited	243,000,000,000	26,000,000,000
	<u><u> </u></u>	<u><u> </u></u>
<i>iv) Capital contribution to an associate</i>		
Ricons Construction Investment Joint Stock Company	37,800,000,000	-
	<u><u> </u></u>	<u><u> </u></u>
<i>v) Sales of fixed assets</i>		
Ricons Construction Investment Joint Stock Company	-	4,500,000,000
Unicons Investment Construction Company Limited	690,909,091	-
	<u><u> </u></u>	<u><u> </u></u>
<i>vi) Dividend received</i>		
Ricons Construction Investment Joint Stock Company	13,608,000,000	-
	<u><u> </u></u>	<u><u> </u></u>
<i>vii) Remuneration of the Board of Directors, Board of Supervision and salaries, bonus of Board of Management</i>		
	35,286,629,709	38,390,907,223
	<u><u> </u></u>	<u><u> </u></u>

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37 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

	2018 VND	2017 VND
Short-term trade accounts receivable (Note 5)		
Unicons Investment Construction Company Limited	4,555,211,657	10,124,837,987
Ricons Construction Investment Joint Stock Company	-	7,849,737,914
	<u>4,555,211,657</u>	<u>17,974,575,901</u>
Short-term trade accounts payable (Note 16)		
Unicons Investment Construction Company Limited	592,075,405,967	375,203,896,717
Ricons Construction Investment Joint Stock Company	1,948,103,714,038	1,104,259,586,728
	<u>2,540,179,120,005</u>	<u>1,479,463,483,445</u>
Short-term advances from customers (Note 17)		
Ricons Construction Investment Joint Stock Company	<u>16,005,154,858</u>	-

38 OPERATING LEASE COMMITMENT

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

	2018 VND	2017 VND
Within 1 year	9,187,086,900	10,229,781,900
From 1 to 5 years	9,798,894,900	9,804,513,000
	<u>18,985,981,800</u>	<u>20,034,294,900</u>

39 CAPITAL CONTRIBUTION COMMITMENTS

The Company had a capital contribution obligation to Covestcons Company Limited, a subsidiary as follows:

As at 31 December 2018			
Charter capital VND	Committed amount VND	Contributed amount VND	To be contributed VND
1,872,000,000,000	1,872,000,000,000	269,000,000,000	1,603,000,000,000

As at 31 December 2017			
Charter capital VND	Committed amount VND	Contributed amount VND	To be contributed VND
1,872,000,000,000	1,872,000,000,000	26,000,000,000	1,846,000,000,000

40 EVENT AFTER SEPARATE 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-ĐHČĐ 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.

41 CORRESPONDING FIGURES

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

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



Nguyen Minh Tung
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director