

**PORTCOAST CONSULTANT
CORPORATION**

**Audited financial statements
for the year ended 31 December 2017**

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REPORT OF THE BOARD OF MANAGEMENT

The Board of Management have pleased in presenting this report and the audited financial statements of Portcoast Consultant Corporation for the fiscal year ended on 31 December 2017.

1. The Company

Portcoast Consultant Corporation (“the Company”) is a joint stock company established by the equitization the Portcoast Consultant Enterprise according to the decision No 3203/QD-BGTVT dated 24 October 2004 issued by the Ministry of Transportation. The Company operates under the Certificate of Business Registration No. 4103002981 (business code 0303592115) dated 23 December 2004 issued by the Department of Planning and Investment of Ho Chi Minh City and has been changed to the eleventh amendment dated 01 August 2017. The amendments of the Certificate of Business Registration have been performed mainly to increase the charter capital.

According to the Certificate of Business Registration, the company’s business scopes are as follows:

- Survey and consultancy for maritime works including port and coastal structures, off-shore facilities in shipbuilding yard;
- Survey for making waterway transport network plans;
- Survey and consultancy for infrastructure projects related to port and coastal structures, off-shore facilities in shipbuilding yard;
- Consultancy for making tender document, construction supervision, verification of transport works;
- Experimental construction of transportation;
- Design of transport works (port, waterway);
- Design of hydraulic works (dam, tunnel, culvert, trench, bank protection);
- Design of urban infrastructure works;
- Design of industrial and civil construction structure;
- Investment consulting (except financial investment consulting); prepare investment statement
- Prepare investment project of traffic works, civil and industrial construction;
- Traffic construction, civil and industrial project planning;
- Map survey, design traffic construction (bridge, road);
- Design civil and industrial architecture;
- Design interior decoration for construction;
- Design electricity of civil and industrial construction;
- Design water supply and drainage for construction;
- Prepare report on evaluation of the effects on environment;
- Maritime consultant services;
- Real estate trading;
- Warehouse service;
- Construct other civil technical projects.

The Company is located at 92 Nam Ky Khoi Nghia Street, District 1, Ho Chi Minh City, Vietnam.

The Company has 2 branches:

- The North Branch of the Company is located at No.21, Endocrine hospital collective zone, Lang Ha - Thanh Xuan street prolonged, Nhan Chinh ward, Thanh Xuan District, Ha Noi City
- Ho Chi Minh City Branch is located at Portcoast Building No.328 Nguyen Trong Tuyen, Ward 2, Tan Binh District, Ho Chi Minh City.

REPORT OF THE BOARD OF MANAGEMENT

2. The Board of Management and Executive

The members of the Board of Management and Executive during the financial year and at the date of this report are:

The Board of Management

Mr. Tran Tan Phuc	Chairman
Mr. Nguyen Van Loc	Vice Chairman
Mr. Pham Anh Tuan	Member
Mr. Pham Duy Dong	Member
Mr. Truong Hung Phuong	Member
Mr. Nguyen Danh Nam	Member
Ms. Nguyen Thi Tam Trinh	Member

The Executive Board

Mr. Tran Tan Phuc	General Director
Mr. Pham Anh Tuan	Standing Vice General Director and Project Manager, concurrently
Mr. Nguyen Manh Ung	Vice General Director and Director the North Branch, concurrently
Mr. Pham Duy Dong	Vice General Director and Technical Manager, concurrently
Mr. Truong Hung Phuong	Vice General Director
Mr. Nguyen Danh Nam	Vice General Director
Ms. Nguyen Thi Tam Trinh	Chief Financial – Human Resource Officer

Legal representative

The legal representative of the Company during the financial year and to the date of this report is:

Mr. Tran Tan Phuc	Chairman cum General Director
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3. The Company's financial position and operating results

The Company's financial position as at 31 December 2017 and its operating result for the year then ended are reflected in the accompanying financial statements.

4. Events since the balance sheet date

To the day of this report, the Board of Management and Executive confirm that there have been no significant events occurring which would require adjustments or disclosures to be made in the financial statements.

5. Auditors

AFC Vietnam Auditing Company Limited has been appointed to perform the audit for the year ended 31 December 2017.

REPORT OF THE BOARD OF MANAGEMENT

6. Statement of responsibility of the Executive Board in respect of the financial statements

The Executive Board are responsible for the financial statements for the year ended 31 December 2017 which give a true and fair view of the state of affair of the Company and of its results and cash flows for the year then ended. In preparing those financial statements, the Executive Board 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 financial statements;
- Prepare the financial statements on the going concern basic unless it is inappropriate to presume that the Company will continue in business; and
- Design, implement and maintain the Company's internal control for prevention and detection of fraud and error.

The Executive Board confirms that the Company has complied with the above requirements in preparing the financial statements and no unusual problems can affect the ability of going concern of the business.

The Executive Board is responsible for ensuring that the proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and the accounting records comply with the Vietnamese Accounting Standards, Vietnamese Accounting system for enterprises and legal regulations relating to financial reporting. The Executive Board is also responsible for ensuring the safety of the property and taking appropriate measures to prevent and detect errors and other cases.

7. Approval of the financial statements

We hereby approve the accompanying financial statements which give a true fair view of the financial position of the Company as at 31 December 2017 and the results of its operations and cash flows of the Company for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting system for enterprises and legal regulations relating to financial reporting.

On behalf of the Board of Management



MR. TRAN TAN PHUC
Chairman
Ho Chi Minh City, 31 March 2018



No: 320/2018/BCKT-HCM.00126

INDEPENDENT AUDITORS' REPORT

**To: Chairman and the Executive Board
PORTCOAST CONSULTANT CORPORATION**

We have audited the accompanying financial statements of Portcoast Consultant Corporation ("the Company"), presented at 31 March 2018, as set out on pages 6 to 28, which comprise the balance sheet as at 31 December 2017, and the income statement, cash flow statement and notes to the financial statements for the year then ended.

Responsibilities of the Executive Board

The Executive Board is responsible for the preparation of these financial statements true and fairly in accordance with comply with Vietnamese Accounting Standards, Vietnamese Accounting System and financial reporting related legal regulations in Vietnam, and such internal control as the Executive Board determined as necessary to ensure that the preparation and presentation of these financial statements that are free from material misstatement to fraud or error.

Responsibilities of Auditors

Our responsibility is to express an opinion on these financial statements based on our audit. We have 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

1. As of 31 December 2017, the Company's receivable from Transport Engineering Design Incorporation South (Tedi South) with the amount of VND 9,765,516,627 as a temporary amount. Therefore, any effects of adjustments to these debts will have impact on the financial situation of the Company.

INDEPENDENT AUDITORS' REPORT *(continued)*

Basis for qualified opinion *(continued)*

2. According to the current Vietnamese Accounting Standard and System, in the normal operation condition, the financial statements have been prepared on the historical cost method. As mentioned in Notes 3.1, 3.7, 4.9 and 4.18 in the year 2009, 2010, based on the Valuation Certificate No. 02171209/KHDN dated 26 December 2009 and Valuation Certificate No.03691/2010/VLAND-HCM dated 20 December 2010 which issued by VietLand Valuation Limited Company, the Company has revaluated its intangible assets – land use right. The revaluation have been recorded in 2009 and 2010 and have increased the value of Intangible assets – land use right with an amount of VND 73,377,039,634 in 2009 and VND 15,571,675,186 in 2010 respectively. During the year, the Company disposed of a land use right which reduced the value of intangible fixed assets - land use rights in 2009 and 2010 were VND 27,870,708,638 and VND 6,084,454,110 respectively. In addition, the Company has not made any provision for the potential CIT expenses (if any) for this additional revaluation.
3. As at 31 December 2017 the fair value of inventories are not recognized in the financial statements. So, the business result and financial position of the Company for the year ended on this date can be changed if the profits or losses on investments are recognized.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in all material respects, the financial statements give a true and fair view of the financial position of Portcoast Consultant Corporation as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting system for enterprises and legal regulations relating to financial reporting.

Other matters

We draw attention to Note 4.11 to the financial statements, as at 31 December 2017 the profit or loss of investments in subsidiaries, associated companies and other long – term investment are not recognized in the financial statements because the Company has not received the financial statements of these companies. So, the business result and financial position of the Company for the year ended on this date can be changed if the profits or losses on investments are recognized.



NGUYEN THI THANH MINH
Deputy General Director
Audit Practising Registration Certificate
No. 0068-2018-009-1

AFC VIETNAM AUDITING COMPANY LIMITED
Ho Chi Minh City, 31 March 2018

A blue signature of Pham Thi Ngoc Lien.

PHAM THI NGOC LIEN
Auditor
Audit Practising Registration Certificate
No. 1180-2018-009-1

BALANCE SHEET

As at 31 December 2017

ITEMS	Code	Notes	31/12/2017 VND	01/01/2017 VND
ASSETS				
A - CURRENT ASSETS	100		318,790,994,156	301,536,841,755
I. Cash and cash equivalents	110	4.1	23,348,733,687	9,734,069,189
1. Cash	111		12,848,733,687	9,734,069,189
2. Cash equivalents	112		10,500,000,000	-
II. Short-term financial investments	120		104,111,312,300	70,302,000,000
1. Trading securities	121		-	-
2. Provision for devaluation of trading securities	122		-	-
3. Investments held to maturity	123	4.2	104,111,312,300	70,302,000,000
III. Short-term receivables	130		130,620,057,142	141,242,630,882
1. Short-term trade receivables	131	4.3	22,943,446,109	14,184,178,330
2. Short-term advances to suppliers	132	4.4	19,868,031,564	38,031,167,076
3. Short-term inter-company receivables	133		-	-
4. Receivables according to the progress of consultancy contracts	134		-	-
5. Receivables from short-term loan	135		-	-
6. Other short-term receivables	136	4.5	88,187,914,356	89,406,620,363
7. Provision for doubtful debts	137	4.3	(379,334,887)	(379,334,887)
8. Shortage of assets awaiting for resolution	139		-	-
IV. Inventories	140	4.6	59,752,747,755	79,099,330,916
1. Inventories	141		59,752,747,755	79,099,330,916
2. Provision for devaluation of inventories	149		-	-
V. Other short-term assets	150		958,143,272	1,158,810,768
1. Short-term prepaid expenses	151		-	-
2. Value added tax deductibles	152	4.15	69,501,107	666,714
3. Taxes and other receivables from the State	153	4.15	888,642,165	1,158,144,054
4. Repo transactions in government bonds	154		-	-
5. Other short-term assets	155		-	-

BALANCE SHEET

As at 31 December 2017

ITEMS	Code	Notes	31/12/2017	01/01/2017
			VND	VND
B - NON-CURRENT ASSETS	200		170,179,091,768	221,614,046,202
I. Long-term receivables	210		9,765,516,627	9,765,516,627
1. Long-term receivables from customers	211	4.7	9,765,516,627	9,765,516,627
2. Long-term advances to suppliers	212		-	-
3. Working capital provided to subordinate units	213		-	-
4. Long-term inter-company receivables	214		-	-
5. Receivables from long-term loan	215		-	-
6. Other long-term receivables	216		-	-
7. Provision for doubtful long-term debts	219		-	-
II. Fixed assets	220		95,225,620,449	166,392,704,981
1. Tangible fixed assets	221	4.8	32,885,908,814	62,924,477,458
- Cost	222		57,973,541,499	88,374,943,168
- Accumulated depreciation	223		(25,087,632,685)	(25,450,465,710)
2. Finance leases	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	4.9	62,339,711,635	103,468,227,523
- Cost	228		69,953,067,527	110,763,676,325
- Accumulated amortization	229		(7,613,355,892)	(7,295,448,802)
III. Real Estate Investment	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Long-term assets in progress	240		-	163,861,719
1. Long-term work in progress	241		-	-
2. Construction in progress	242	4.10	-	163,861,719
V. Long-term financial investments	250		63,089,382,729	42,289,382,729
1. Investments in subsidiary companies	251	4.11	26,874,873,729	26,874,873,729
2. Investments in associates and joint-ventures	252	4.11	10,969,707,000	10,969,707,000
3. Investments in other entities	253	4.11	4,444,802,000	4,444,802,000
4. Contingency for long-term investments	254		-	-
5. Investments held to maturity	255	4.2	20,800,000,000	-
VI. Other long-term assets	260		2,098,571,963	3,002,580,146
1. Long-term prepaid expenses	261	4.12	2,098,571,963	3,002,580,146
2. Deferred income tax assets	262		-	-
3. Long-term equipments, supplies and spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS	270		488,970,085,924	523,150,887,957

BALANCE SHEET

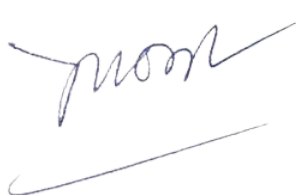
As at 31 December 2017

ITEMS	Code	Notes	31/12/2017 VND	01/01/2017 VND
RESOURCES				
C - LIABILITIES	300		218,000,859,057	251,578,305,416
I. Current liabilities	310		205,172,390,940	238,749,837,299
1. Short-term payables to suppliers	311	4.13	7,626,357,671	21,985,185,358
2. Short-term advances from customers	312	4.14	179,785,635,246	197,664,958,349
3. Taxes and other payables to the State	313	4.15	5,466,467,794	6,104,982,885
4. Payables to employees	314		3,295,065,000	3,834,600,000
5. Short-term accrued expenses	315		-	-
6. Short-term internal payables	316		-	-
7. Payables according to the progress of construction contracts	317		-	-
8. Short-term unrealised revenues	318		-	-
9. Other short-term payables	319	4.16	8,998,865,229	8,849,457,863
10. Short-term loans and finance lease liabilities	320		-	-
11. Contingency for short-term payables	321		-	-
12. Bonus and welfare funds	322	4.17	-	310,652,844
13. Price Stabilization Fund	323		-	-
14. Repo transactions in government bonds	324		-	-
II. Long-term liabilities	330		12,828,468,117	12,828,468,117
1. Long-term payables to suppliers	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Working capital intercompany payables	334		-	-
5. Long-term intercompany payables	335		-	-
6. Long-term unrealised revenues	336		-	-
7. Other long-term payables	337	4.16	12,828,468,117	12,828,468,117
8. Long-term loans and finance lease liabilities	338		-	-
9. Convertible bond	339		-	-
10. Preference shares	340		-	-
11. Deferred income tax liabilities	341		-	-
12. Contingency for long-term payables	342		-	-
13. Scientific and technological development fund	343		-	-

BALANCE SHEET

As at 31 December 2017

ITEMS	Code	Notes	31/12/2017 VND	01/01/2017 VND
D - EQUITY	400		270,969,226,867	271,572,582,541
I. Owner's equity	410	4.18	270,969,226,867	271,572,582,541
1. Contributions from owners	411		132,000,000,000	120,870,700,000
2. Surplus of stock capital	412		2,060,350,000	7,625,000,000
3. Conversion options on bond	413		-	-
4. Other capital of owners	414		-	-
5. Treasury shares	415		-	-
6. Difference on assets revaluation	416		54,993,552,072	88,948,714,820
7. Foreign exchange difference	417		-	-
8. Development investment fund	418		7,460,000,000	7,460,000,000
9. Enterprise reorganization support fund	419		-	-
10. Other funds belonging to owner's equity	420		6,310,000,000	6,310,000,000
11. Retained earnings	421		68,145,324,795	40,358,167,721
- Retained earnings up to previous year-end	421a		40,358,167,721	38,154,944,992
- Retained earnings of current year	421b		27,787,157,074	2,203,222,729
12. Funds for construction investment	422		-	-
II. Other capital, funds	430		-	-
1. Funds	431		-	-
2. Funds invested in fixed assets	432		-	-
TOTAL RESOURCES	440		488,970,085,924	523,150,887,957



NGUYEN DANG BICH PHUONG
Prepared by



NGUYEN THI TAM TRINH
Chief Financial-HR Officer



TRAN TAN PHUC
General Director
Ho Chi Minh City, 31 March 2018

INCOME STATEMENT

For the fiscal year ended 31 December 2017

ITEMS	Code	Notes	2017	2016
			VND	VND
Gross sales of merchandise and services	01		91,916,236,044	79,492,372,166
Less deduction	02		-	-
Net sales	10	5.1	91,916,236,044	79,492,372,166
Cost of sales	11	5.2	84,897,620,007	79,353,325,637
Gross profit/(loss)	20		7,018,616,037	139,046,529
Financial income	21	5.3	9,031,595,551	29,495,151,714
Financial expenses	22	5.4	4,855	12,678,111,043
- In which: loan interest	23		-	189,253,000
Selling expenses	25		-	-
General and administration expenses	26	5.5	13,940,862,910	15,835,576,303
Operating profit/(loss)	30		2,109,343,823	1,120,510,897
Other income	31	5.6	86,793,178,534	1,410,181,818
Other expenses	32	5.7	54,146,905,781	44,054,098
Other profit/(loss)	40		32,646,272,753	1,366,127,720
Profit/(loss) before tax	50		34,755,616,576	2,486,638,617
Current corporate income tax expense	51	4.15	6,956,834,321	271,369,690
Deferred corporate income tax expense	52		-	-
Net profit/(loss) after tax	60		27,798,782,255	2,215,268,927

NGUYEN DANG BICH PHUONG
Prepared by

NGUYEN THI TAM TRINH
Chief Financial-HR Officer



TRAN TAN PHUC
General Director
Ho Chi Minh City, 31 March 2018

CASH FLOW STATEMENT

(Direct method)

For the fiscal year ended 31 December 2017

ITEMS	Code	2017 VND	2016 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Proceeds from sales, services and other revenues	01	71,385,169,287	100,225,369,587
2. Payments to suppliers of goods and services	02	(54,353,764,452)	(33,404,678,114)
3. Payments to employees	03	(25,341,792,214)	(26,705,605,901)
4. Interest paid	04	-	189,253,000
5. Corporate income tax paid	05	(6,611,664,510)	(697,800,000)
6. Other proceeds from business activities	06	17,913,104,813	-
7. Other payments for business activities	07	(40,288,102,354)	(123,878,089,674)
Net cash flow from operating activities	20	(37,297,049,430)	(84,271,551,102)
II. CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,901,378,667)	(1,135,380,134)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	93,771,659,090	27,272,727
3. Cash outflow for lending, buying debt instruments of other entities	23	(134,595,435,900)	(65,232,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	68,880,983,600	-
5. Investments in other entities	25	-	-
6. Cash recovered from investments in other entities	26	-	84,150,000,000
7. Interest earned, dividends and profits received	27	8,681,977,614	29,488,615,700
Net cash flow from investment activities	30	34,837,805,737	47,298,508,293
III. CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Proceeds from issuing stocks and receiving capital from owners	31	5,564,650,000	-
2. Capital withdrawals, buying treasury shares	32	-	(131,852,000)
3. Proceeds from borrowings	33	-	-
4. Payments to settle loan principals	34	-	(5,160,000,000)
5. Payments to settle finance lease liabilities	35	-	-
6. Dividends and profits paid	36	-	-
Net cash flow from financial activities	40	5,564,650,000	(5,291,852,000)

CASH FLOW STATEMENT

(Direct method)

For the fiscal year ended 31 December 2017

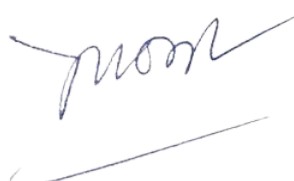
ITEMS	Code	2017 VND	2016 VND
NET CASH FLOWS DURING THE YEAR (50 = 20 + 30 + 40)	50	3,105,406,307	(42,264,894,809)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	60	9,734,069,189	52,038,162,781
Effect of exchange rate fluctuations on cash and cash equivalents	61	9,258,191	(39,198,783)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (70 = 50 + 60 + 61)	70	12,848,733,687	9,734,069,189

Cash and cash equivalents at year end 2017 are amount of VND 148,260,045,987, inclusive the following:

1. Cash on hand and demand deposit:	12,848,733,687
Including:	
Cash on hand	319,689,284
Cash in bank	12,529,044,403
2. Time Deposit	135,411,312,300
Total	148,260,045,987

Total

148,260,045,987



NGUYEN DANG BICH PHUONG
Prepared by



NGUYEN THI TAM TRINH
Chief Financial-HR Officer



TRAN TAN PHUC
General Director
Ho Chi Minh City, 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Portcoast Consultant Corporation (“the Company”) is a joint stock company, operating under the Certificate of Business Registration No. 4103002981 (business code 0303592115) dated 23 December 2004 issued by the Department of Planning and Investment of Ho Chi Minh City and has been changed to the eleventh amendment dated 01 August 2017. The amendments of the Certificate of Business Registration have been performed mainly to increase the charter capital.

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- Design of transport works (port, waterway);
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- Design of urban infrastructure works;
- Design of industrial and civil construction structure;
- Investment consulting (except financial investment consulting); prepare investment statement
- Prepare investment project of traffic works, civil and industrial construction;
- Traffic construction, civil and industrial project planning;
- Map survey, design traffic construction (bridge, road);
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- Design electricity of civil and industrial construction;
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- Maritime consultant services;
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- Construct other civil technical projects.

The Company is located at 92 Nam Ky Khoi Nghia Street, District 1, Ho Chi Minh city.

The Company has 2 branches:

- The North Branch of the Company is located at No.21, Endocrine hospital collective zone, Lang Ha - Thanh Xuan street prolonged, Nhan Chinh ward, Thanh Xuan District, Ha Noi City
- Ho Chi Minh City Branch is located at Portcoast Building No.328 Nguyen Trong Tuyen, Ward 2, Tan Binh District, Ho Chi Minh City.

As at 31 December 2017, the total number of employees is 108 persons (as at 31 December 2016, the total number of employees is 114 persons).

2. BASIS FOR PREPARATION

The financial statements, expressed in Vietnamese Dong (“VND”), are prepared in accordance with Vietnamese Accounting Standards and Vietnamese Accounting System.

The financial statements are prepared on the historical cost basis. The accounting policies have been consistently applied by the Company.

The financial year of the Company is from 1 January to 31 December.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

BASIS FOR PREPARATION *(continued)*

The currency used in the accounting is VND.

The applicable accounting documentation system is the journal voucher.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 General accounting convention

Accounting policies are applied appropriately and consistently in accordance with the accounting policies of the previous year, except the cases presented in note 3.7 and the change of the accounting policies related to the application of amending regulation as mentioned below.

3.2 Cash and cash equivalents

Cash comprises cash on hand, cash at banks (demand deposits) and cash in transit. Cash equivalents are 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 change in value.

3.3 Foreign currency transactions

During the year, transactions in currencies other than Vietnamese Dong (VND) are translated into VND at the actual exchange rate of the transaction date. Realized gains or losses arisen during the year are recognized in the financial income and financial expense.

As at the Balance sheet date, monetary items (cash and cash equivalents, receivables and liabilities) denominated in foreign currencies are translated into VND based on the buying rate at the reporting date quoted by Vietnam Export Import Commercial Joint Stock Bank (EXIMBANK). The exchange rate differences arising from revaluation of monetary items are recorded as financial income or financial expense of the financial year.

3.4 Receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

The provision for doubtful debts represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recognised as general and administration expense in the income statement.

3.5 Inventories

Inventories are determined at cost. Where the net realizable value is lower than cost, inventories should be measured at the net realizable value. Cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The perpetual method is used to record inventories. Cost is determined on specific identification method out basis.

Cost in the case of work in progress includes direct raw materials, direct labour and attributable manufacturing overhead based on normal activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Inventories (continued)

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc) of raw materials, finished goods and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date. Increases and decreases to the provision balance are recognised as cost of goods sold in the income statement.

3.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The initial cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures for additions, improvement and renewals are capitalised on fixed assets accounts, expenditures for maintenance and repairs are charged to the income statement.

When assets are sold or retired, their cost and accumulated depreciation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

Depreciation of tangible fixed assets is calculated on a straight-line basis over the estimated useful life of these assets, which are as follows:

Buildings and structure	15 - 30 years
Machinery and equipment	3 - 6 years
Transportation vehicles	3 - 10 years

3.7 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortization.

Land use rights

The beginning cost of land use rights is recorded at historical cost including its purchase price and any directly attributable costs of getting the land use rights. The useful time of these land use rights is unidentified, so it is not depreciated.

The Company's land use rights are as follows:

Area	Location
400.4m ²	No. 328 Nguyen Trong Tuyen Street, Tan Binh District, Ho Chi Minh City
54.70m ²	No. 83 Tran Van Kieu, Ward 13, District 5, Ho Chi Minh City.

In the year 2009, the cost of above land use rights are revaluated and recorded in financial statements in accordance with the Valuation Certificate no. 02171209/KHDN dated 26 December 2009 which issued by Vietland Valuation Limited Company.

In the year 2010, the cost of above land use rights are revaluated and recorded in financial statements following the Valuation Certificate no.03691/2010/VLAND-HCM dated 20 December 2010 which issued by Vietland Valuation Limited Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Intangible fixed assets (continued)

Software

Software is recognized as an intangible fixed asset and depreciated on a straight-line method from 3 years to 6 years.

3.8 Construction in progress

Construction in progress represents the costs attributable directly to the construction which have not yet been completed. No provision for depreciation is made on construction in progress until such time when the relevant assets are completed and put into use.

3.9 Investment in subsidiary, joint-ventures, associates

The investment in a subsidiary is recognized when the Company has the power to govern the financial and operating policies of that enterprise, generally accompanying a shareholding of more than one half of the voting right.

The investment in an associate is recognized when the Company has significant influence and which is neither a subsidiary nor a joint venture of the Company, generally accompanying a shareholding of from 20% to 50% of the voting right.

The investment in a joint venture is recognized by contract agreements signed by and between two or more parties to undertake economic activities and mutual managed by joint venture's members.

In these financial statements (The Company's separate financial statements), the investments in subsidiaries, associates, joint ventures are presented at historical cost less loss.

3.10 Owner's equity

Owner's investment capital

Owner's investment capital is capital contributed from shareholders by issuing shares and recorded by par value.

Share capital surplus

Share capital surplus reflected the increase/ (decrease) difference resulting from issuing shares with price higher/ (lower) than par value; and the difference of increase in price compared with buying back price when re-issuing treasury shares.

3.11 Revenue

The revenue of services

The revenue of services is recognized when the company rendered services and the customer confirmed in acceptance minutes. Later on, the company issues invoice based on the acceptance minutes.

Financial income

Financial income is interest, dividend, profit received from financial investments which incurred in period, include all amounts the company received in cash or not.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

3.12 Taxes

Corporation income tax

Current CIT expense is the CIT amount payable based on the applied taxable income and tax rate.

According to Corporation income tax law, corporation income tax rate applied in 2017 is 20%

Other tax: comply with Vietnamese current regulations.

3.13 Financial instruments

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular 210/2009/TT-BTC are classified, for disclosures in the notes to the financial statements, as financial assets at the fair value through the income statement, held-to-maturity investments, loans and receivables, available for sale financial assets. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at cost plus directly attributable transaction costs.

The Company's financial assets include cash and cash equivalents; short-term investments and other long-term investments, trade receivables; others receivables and deposits.

Financial liabilities

Financial liabilities within the scope of Circular 210/2009/TT-BTC are classified, for disclosures in the notes to the financial statements, as financial liabilities at the fair value through the income statement or financial liabilities measured at amortized cost as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at cost plus directly attributable transaction costs.

The Company's financial liabilities include loans and borrowings liabilities; trade payables and other payables.

Subsequent measurement

No subsequent measure of financial instruments is currently required.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

3.14 Related parties

Parties are considered to be related 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. Parties are also considered to be related if one party is controlled by/or are under common control with the Company.

4. ADDITIONAL INFORMATION TO ITEMS IN THE BALANCE SHEET

4.1 Cash and cash equivalents

	31/12/2017 VND	01/01/2017 VND
Cash on hand	319,689,284	209,006,833
Cash in bank		
- VND	5,439,540,820	8,178,610,353
- USD	7,089,450,847	1,341,172,523
- JPY	52,736	5,279,480
Bank deposit with term under 3 months	10,500,000,000	-
	<u>23,348,733,687</u>	<u>9,734,069,189</u>

4.2 Held-to-maturity investment

	31/12/2017 VND	01/01/2017 VND
Bank deposit with term under 12 months	104,111,312,300	2,302,000,000
Bank deposit with term over 12 months	20,800,000,000	68,000,000,000
	<u>124,911,312,300</u>	<u>70,302,000,000</u>

4.3 Short-term trade receivables

	31/12/2017 VND	01/01/2017 VND
Trade receivable – third parties	22,943,446,109	14,184,178,330
Provision for doubtful debts	(379,334,887)	(379,334,887)
	<u>22,564,111,222</u>	<u>13,804,843,443</u>

4.4 Advances to suppliers

	31/12/2017 VND	01/01/2017 VND
Advances to suppliers – third parties	343,472,698	-
Advances to suppliers – related parties	19,524,558,866	38,031,167,076
	<u>19,868,031,564</u>	<u>38,031,167,076</u>

4.5 Short-term other receivables

	31/12/2017 VND	01/01/2017 VND
Receivables from lending to related parties	75,792,605,488	73,996,927,582
Advance to employee for contract performance	7,639,742,856	13,156,547,273
Other	4,755,566,012	2,253,145,508
	<u>88,187,914,356</u>	<u>89,406,620,363</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

4.6 Inventories

	31/12/2017	01/01/2017
	VND	VND
Work in progress	59,752,747,755	79,099,330,916
	<u>59,752,747,755</u>	<u>79,099,330,916</u>

4.7 Long-term trade receivables

	31/12/2017	01/01/2017
	VND	VND
Other receivables		
South Transport Engineering Design Joint Stock Incorporated (Tedi South)	9,765,516,627	9,765,516,627
	<u>9,765,516,627</u>	<u>9,765,516,627</u>

According to "The confirmation minutes of output performance up to 31 December 2004 for all contracts signed before 31 December 2004" agreed between the Company and the Transport Engineering Design Incorporation South (Tedi South), this is the difference of the output performance of the Company and total value advanced from Tedi South up to 31 December 2004.

4.8 Increase/ Decrease of tangible fixed assets

	Buildings, Structures VND	Machinery, equipment VND	Means of transmission VND	Total VND
HISTORICAL COST				
As at 01/01/2017	67,246,254,193	6,012,317,735	15,116,371,240	88,374,943,168
Purchase	-	279,525,000	1,430,800,000	1,710,325,000
Liquidation	(29,507,457,273)	-	(2,604,269,396)	(32,111,726,669)
As at 31/12/2017	<u>37,738,796,920</u>	<u>6,291,842,735</u>	<u>13,942,901,844</u>	<u>57,973,541,499</u>
ACCUMULATED DEPRECIATION				
As at 01/01/2017	10,002,939,321	3,677,412,132	11,770,114,257	25,450,465,710
Depreciation	1,516,284,765	1,221,115,445	1,717,018,456	4,454,418,666
Liquidation	(2,212,982,295)	-	(2,604,269,396)	(4,817,251,691)
As at 31/12/2017	<u>9,306,241,791</u>	<u>4,898,527,577</u>	<u>10,882,863,317</u>	<u>25,087,632,685</u>
NET BOOK VALUE				
As at 01/01/2017	<u>57,243,314,872</u>	<u>2,334,905,603</u>	<u>3,346,256,983</u>	<u>62,924,477,458</u>
As at 31/12/2017	<u>28,432,555,129</u>	<u>1,393,315,158</u>	<u>3,060,038,527</u>	<u>32,885,908,814</u>

Tangible fixed assets that have been fully depreciated but are still in use have the cost of:

As at 01/01/2017	-	1,910,775,077	9,077,273,735	10,988,048,812
As at 31/12/2017	-	2,313,093,261	7,023,949,793	9,337,043,054

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

4.9 Increase/ Decrease of intangible fixed assets

	Land use rights	Computer software	Total
	VND	VND	VND
HISTORICAL COST			
As at 01/01/2017	102,952,616,920	7,811,059,405	110,763,676,325
Purchase	-	404,332,250	404,332,250
Liquidation	(41,214,941,048)	-	(41,214,941,048)
As at 31/12/2017	61,737,675,872	8,215,391,655	69,953,067,527
ACCUMULATED DEPRECIATION			
As at 01/01/2017	-	7,295,448,802	7,295,448,802
Depreciation	-	317,907,090	317,907,090
As at 31/12/2017	-	7,613,355,892	7,613,355,892
GIÁ TRỊ CÒN LẠI			
As at 01/01/2017	102,952,616,920	515,610,603	103,468,227,523
As at 31/12/2017	61,737,675,872	602,035,763	62,339,711,635

As at 31 December 2017, the cost of fixed assets fully depreciated but still in use is VND 7,365,767,405 (as at 31 December 2016 is VND 5,376,419,885).

In the year 2009 and 2010, the cost of land use rights has increased an amount of VND 73,377,039,634 and VND 15,571,675,186 respectively due to revaluation as per Notes 3.7. During the year, the Company disposed of a land use right which reduced the value of land use right in 2009 and 2010 by VND 27,870,708,638 and VND 6,084,454,110 respectively.

4.10 Construction in progress

	31/12/2017	01/01/2017
	VND	VND
Land at Maritime Service Counseling Center	-	163,861,719
	-	163,861,719

4.11 Long term investment

	31/12/2017	01/01/2017
	VND	VND
Investment in subsidiaries	26,874,873,729	26,874,873,729
Investment in associates, joint-ventures	10,969,707,000	10,969,707,000
Investment in other entities	4,444,802,000	4,444,802,000
Provision for long-term financial investments	-	-
	42,289,382,729	42,289,382,729

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Investment in subsidiaries

	Holding rate (%)		Investment Value (VND)	
	Ending	Beginning	31/12/2017	01/01/2017
Portcoast Investment Consultants Corporation	70.00	70.00	888,292,000	888,292,000
Portcoast Geotechnical Co., Ltd	87.88	87.88	8,700,000,000	8,700,000,000
Xcom Co., Ltd	80.00	80.00	2,400,000,000	2,400,000,000
Cong Chinh AC Co., Ltd	70.00	70.00	350,000,000	350,000,000
Dia Hai Co., Ltd	94.18	94.18	14,536,581,729	14,536,581,729
			<u>26,874,873,729</u>	<u>26,874,873,729</u>

Investment in associates, joint-ventures

	Holding rate (%)		Investment Value (VND)	
	Ending	Beginning	31/12/2017	01/01/2017
Port and Waterway Engineering Consultant JSC	21.00	21.00	3,445,707,000	3,445,707,000
Tien Giang Construction Consultant JSC	30.89	30.89	3,024,000,000	3,024,000,000
HFIC Investments JSC	25.00	25.00	2,500,000,000	2,500,000,000
Civil Engineering Consultants Joint-Stock Company 625	22.83	22.83	2,000,000,000	2,000,000,000
			<u>10,969,707,000</u>	<u>10,969,707,000</u>

Other long-term investments

	Shares	Investment value (VND)	
		31/12/2017	01/01/2017
Cai Mep Thi Vai Inland Depot Distribution JSC		25,000,000	25,000,000
Sai Gon Construction Quality Control JSC	224,500	4,287,950,000	4,287,950,000
Sai Gon Medicine Health Investment Corporation	26,370	131,852,000	131,852,000
		<u>4,444,802,000</u>	<u>4,444,802,000</u>

4.12 Long-term prepayment

	31/12/2017	01/01/2017
	VND	VND
Tools	2,098,571,963	3,002,580,146
	<u>2,098,571,963</u>	<u>3,002,580,146</u>

4.13 Trade accounts payable

	31/12/2017	01/01/2017
	VND	VND
Trade payable – related parties	3,797,391,376	16,446,944,062
Trade payable – third parties	3,828,966,295	5,538,241,296
	<u>7,626,357,671</u>	<u>21,985,185,358</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

4.14 Advance from customers

	31/12/2017	01/01/2017
	VND	VND
Advances from customers – related parties	13,742,376	13,742,376
Advances from customers – third parties	179,771,892,870	197,651,215,973
	<u>179,785,635,246</u>	<u>197,664,958,349</u>

The balance of advances from customer is the advances as per progress of contract performance. These advances will be reversed upon official official acceptance of construction is issued.

4.15 Taxes

Value added taxes deductible

	31/12/2017	01/01/2017
	VND	VND
Value added taxes deductible	69,501,107	666,714
	<u>69,501,107</u>	<u>666,714</u>

Other receivables from State budget

	31/12/2017	01/01/2017
	VND	VND
Value added tax	843,890,303	768,222,381
Corporation income tax	44,144,398	389,314,209
Others	607,464	607,464
	<u>888,642,165</u>	<u>1,158,144,054</u>

Taxes and amounts payable to State budget

	31/12/2017	01/01/2017
	VND	VND
Value added tax	7,923,554	2,478,178,581
Personal income tax	5,444,946,216	3,613,206,280
Others	13,598,024	13,598,024
	<u>5,466,467,794</u>	<u>6,104,982,885</u>

Corporate income tax payables in year are as follows:

	2017	2016
	VND	VND
Accounting profit before tax	34,755,616,576	2,486,638,617
Increases/decreases adjustment in accounting profit to determine taxable profit:		
Increase	1,342,091,528	83,246,332
Decrease	-	(1,213,036,500)
Assessable income	36,097,708,104	1,356,848,449
Non - Assessable income	(1,313,536,500)	-
Taxable income	34,784,171,604	1,356,848,449
Tax rate	20%	20%
Current corporate income tax expense	6,956,834,321	271,369,690

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

4.16 Other short – term and long – term payables

4.16.1 Other short – term payables

	31/12/2017 VND	01/01/2017 VND
Other short – term payables – related parties	-	1,341,984,000
Other short – term payables – third parties	8,998,865,229	7,507,473,863
	<u>8,998,865,229</u>	<u>8,849,457,863</u>

4.16.2 Other long – term payables

	31/12/2017 VND	01/01/2017 VND
Other organizations and individuals payables		
Payables for performance value at 31/12/2004	9,765,516,627	9,765,516,627
Other payables	3,062,951,490	3,062,951,490
	<u>12,828,468,117</u>	<u>12,828,468,117</u>

4.17 Bonus and welfare funds

	01/01/2017 VND	Adjust to other receivables VND	Payment during the year VND	31/12/2017 VND
Bonus and welfare funds	310,652,844	645,082,156	(955,735,000)	-
	<u>310,652,844</u>	<u>645,082,156</u>	<u>(955,735,000)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

4.18 Owner's equity

Owner's equity movement

	Owner's equity	Share premium	Difference from assets revaluation	Business development fund	Other funds of owner equity	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
As at 01/01/2016	120,870,700,000	7,625,000,000	88,948,714,820	7,460,000,000	6,310,000,000	38,154,944,992	269,369,359,812
Profits in year	-	-	-	-	-	2,215,268,927	2,215,268,927
Other tax payment	-	-	-	-	-	(12,046,198)	(12,046,198)
As at 31/12/2016	120,870,700,000	7,625,000,000	88,948,714,820	7,460,000,000	6,310,000,000	40,358,167,721	271,572,582,541
As at 01/01/2017	120,870,700,000	7,625,000,000	88,948,714,820	7,460,000,000	6,310,000,000	40,358,167,721	271,572,582,541
Increase equity	11,129,300,000	(5,564,650,000)	-	-	-	-	5,564,650,000
Profits in year	-	-	-	-	-	27,798,782,255	27,798,782,255
Other tax payment	-	-	-	-	-	(11,625,181)	(11,625,181)
Liquidation assets	-	-	(33,955,162,748)	-	-	-	(33,955,162,748)
As at 31/12/2017	132,000,000,000	2,060,350,000	54,993,552,072	7,460,000,000	6,310,000,000	68,145,324,795	270,969,226,867

During the year, the Company issued 111,293 preferred shares which were not transferable for 3 years to the members of the Board of Management and the Executive Board at a price of VND 50,000 per share.

In the year 2009 and 2010, the difference from revaluation on intangible asset-land use rights is VND 73,377,039,634 and VND 15,571,675,186 as presented at Note 3.7 and 4.9. During the year, the Company disposed of a land use right, reducing the difference from assets revaluation in 2009 and 2010, respectively, to VND 27,870,708,638 and VND 6,084,454,110.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Details of owners' contributed equity

According to the Certificate of Business Registration No. 0303592115 being eleventh amended on 01 August 2017 issued by the Department of Planning and Investment of Ho Chi Minh City, the Company's charter capital is VND 132,000,000,000. As at 31 December 2017, shareholders fully contributed to charter capital equivalents to 1,320,000 shares.

Shareholders	Rate	Number of shares	Amount
	%		VND
Mr. Tran Tan Phuc	36.30	479,206	47,920,600,000
Ms. Nguyen Thi Tam Trinh	9.29	122,617	12,261,700,000
Mr. Nguyen Van Loc	6.78	89,484	8,948,400,000
Other shareholders	47.63	628,693	62,869,300,000
Total	100.00	1,320,000	132,000,000,000

Shares

	2017	2016
Authorized shares	1,320,000	1,208,707
- Common stock	535,000	535,000
- Common stock (conditional transfer right)	673,707	673,707
- Preference share	111,293	-
Issued shares during the year	1,320,000	1,208,707
- Common stock	535,000	535,000
- Common stock (conditional transfer right)	673,707	673,707
- Preference stock	111,293	-
Outstanding shares	1,320,000	1,208,707
- Common stock	535,000	535,000
- Common stock (conditional transfer right)	673,707	673,707
- Preference stock	111,293	-
Treasury stock	-	-

Par value of shares: VND 100,000 / shares.

4.19 Off balance sheet items

Foreign currencies

	31/12/2017	01/01/2017
USD	312,310.61	59,082.49
JPY	263.00	27,263.00

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT

5.1 Sale from rendering services

5.1.1 Net sale

	2017 VND	2016 VND
Sale from rendering services	91,916,236,044	79,492,372,166
Net sale	91,916,236,044	79,492,372,166

5.1.2 Revenues from sale of goods and rendering of services for related parties

	2017 VND	2016 VND
Civil Engineering Consultants Join-Stock Company 625	-	108,000,000
	-	108,000,000

5.2 Cost of sale

	2017 VND	2016 VND
Cost from rendering services	84,897,620,007	79,353,325,637
	84,897,620,007	79,353,325,637

5.3 Financial income

	2017 VND	2016 VND
Interest from bank deposits	7,708,593,314	165,063,200
Dividend from financial investment	1,313,536,500	1,213,036,500
Gain from foreign exchange	207,546	6,536,014
Foreign exchange gain due to the revaluation of monetary items denominated in foreign currencies	9,258,191	-
Gain on shares transfer	-	28,110,516,000
	9,031,595,551	29,495,151,714

5.4 Financial expense

	2017 VND	2016 VND
Interest expense	-	189,253,000
Loss on shares transfer	-	12,449,648,000
Loss from foreign exchange	4,855	11,260
Foreign exchange loss due to the revaluation of monetary items denominated in foreign currencies	-	39,198,783
	4,855	12,678,111,043

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.5 Administration expenses

	2017 VND	2016 VND
Employees expenses	11,373,614,739	12,398,587,335
Raw material costs	30,781,000	15,737,550
Office tool costs	100,960,654	20,460,909
Tax and fees	46,772,286	87,093,393
Electricity, water cost	677,240,469	926,397,391
Other costs	1,711,493,762	2,387,299,725
	<u>13,940,862,910</u>	<u>15,835,576,303</u>

5.6 Other income

	2017 VND	2016 VND
Income from liquidation of fixed assets	85,893,178,534	27,272,727
Income from leasing	900,000,000	1,200,000,000
Income from selling shares	-	125,000,000
Other income	-	57,909,091
	<u>86,793,178,534</u>	<u>1,410,181,818</u>

5.7 Other expenses

	2017 VND	2016 VND
Expense from liquidation of fixed assets	50,834,361,414	-
Contract liquidation fee	1,970,452,839	-
Adjustment of Social insurance payables	-	15,784,059
Other expenses	1,342,091,528	28,270,039
	<u>54,146,905,781</u>	<u>44,054,098</u>

6. OTHER INFORMATION

6.1 Transactions and balances with other related parties

During the year, the Company had significant business transactions with related parties as follows:

Related parties	Description	2017 VND	2016 VND
Portcoast Geotechnical Co., Ltd			
	Purchase services	4,364,000,000	241,809,879
	Lending business	-	878,278,000
	Advance for production	6,487,255,311	10,170,629,409
	Reimbursement of production	900,740,000	-
Dia Hai Co., Ltd			
	Purchase services	5,000,000,000	-
	Advance for production	1,788,656,503	5,728,858,212
	Reimbursement of production	350,000,000	-
	Net off debt	2,257,577,630	-
Civil Engineering Consultants Join-Stock Company 625			
	Rendering services	-	108,000,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Balances with other related parties:

Related parties	Description	31/12/2017 VND	01/01/2017 VND
Portcoast Geotechnical Co., Ltd			
	Other short – term receivables	49,353,972,317	44,869,038,349
	Trade payables	2,017,262,126	13,813,206,000
Cong Chinh AC Co., Ltd			
	Advance to suppliers	100,000,000	-
	Other short – term receivables	1,576,714,664	1,597,414,664
	Trade payables	-	237,357,000
Dia Hai Co., Ltd			
	Other short – term receivables	11,463,386,397	12,289,152,964
	Trade payables	1,780,129,250	2,250,381,062
X.C.O.M Co., Ltd			
	Advance to suppliers	243,472,698	-
	Other short – term receivables	315,617,310	315,617,310
HFIC Investments JSC			
	Other short – term receivables	46,353,000	46,353,000
Tien Giang Construction Consultant JSC			
	Advance from customers	13,742,376	13,742,376

6.2 Events subsequent to the balance sheet date

There have been no significant events occurring after the balance sheet date (31 December 2017) to the date of this report, which would require adjustments or disclosures to be made in the financial statements.

 <hr/> NGUYEN DANG BICH PHUONG Prepared by	 <hr/> NGUYEN THI TAM TRINH Chief Financial-HR Officer	 <hr/> TRAN TAN PHUC General Director Ho Chi Minh City, 31 March 2018
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