

Ha Tien 1 Cement Joint Stock Company

Consolidated financial statements

31 December 2017



Ha Tien 1 Cement Joint Stock Company

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Ha Tien 1 Cement Joint Stock Company

GENERAL INFORMATION

THE COMPANY

Ha Tien 1 Cement Joint Stock Company ("the Company"), formerly known as Ha Tien 1 Cement Company, was originally a State-owned enterprise established in Vietnam in accordance with the Establishment Decision No. 441/BXD-TCLD issued by the Ministry of Construction on 30 September 1993. The Company's original Business Registration Certificate ("BRC") No. 102955 was issued by the Economic Arbitration Board on 9 October 1993 and subsequently amended through the BRC No. 4106000289 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 6 September 2006.

On 22 December 2006, the Company was equitized in accordance with the Decision No. 1774/QD-BXD issued by the Ministry of Construction. This equitization was approved by the Department of Planning and Investment of Ho Chi Minh City through the issuance of the BRC No. 4103005941 on 18 January 2007, and the following Amended BRC/Enterprise Registration Certificates ("ERC"):

<u>Amended BRC/ERC No.:</u>	<u>Date:</u>
From the 1 st amendment to 11 th amendment	From 2 April 2007 to 20 November 2013
0301446422 - 12 th amendment	12 February 2014
0301446422 - 13 th amendment	29 April 2014
0301446422 - 14 th amendment	8 December 2016

On 30 April 2010, Ha Tien 2 Cement Joint Stock Company, a shareholding company established in Vietnam in accordance with the first BRC No. 5603000124 dated 1 February 2008 and the second amended BRC No. 1710101407 dated 18 November 2008 issued by the Department of Planning and Investment of Kien Giang Province, was merged with the Company. This merger was formalized by the Department of Planning and Investment of Ho Chi Minh City through the issuance of the sixth amended BRC dated 25 June 2010.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange in accordance with the Decision No.136/QD-SGDCK issued by the Ho Chi Minh City Stock Exchange on 31 October 2007.

The Company's current principal activities are to engage in producing and trading cement and products from cement, building materials (bricks, tiles, mortar, concrete), clinker, materials and construction supplies; undertaking civil construction works; trading real estates (office building for lease); exploiting stone, sand, gravel and clay, and performing collection, disposal and recycling scrap.

The Company's registered head office is located at 360 Ben Chuong Duong Street, Cau Kho Ward, District 1, Ho Chi Minh City, Vietnam and the locations of the Company's branches are as follows:

- Sales and Services Enterprise located at District 1, Ho Chi Minh City;
- Phu Huu Grinding Terminal located at District 9, Ho Chi Minh City;
- Thu Duc Grinding Terminal located at Thu Duc District, Ho Chi Minh City;
- Binh Phuoc Cement Plant located at Binh Long Town, Binh Phuoc Province;
- Long An Grinding Terminal located at Ben Luc District, Long An Province;
- Kien Luong Cement Plant located at Kien Luong Town, Kien Giang Province;
- Cam Ranh Grinding Terminal located at Cam Ranh City, Khanh Hoa Province; and
- Management Enterprise of Phu Huu B.O.T road located at District 9, Ho Chi Minh City.

Ha Tien 1 Cement Joint Stock Company

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

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

Mr Tran Viet Thang	Chairman	resigned on 17 August 2017
Mr Nguyen Ngoc Anh	Vice chairman	
Mr Pham Dinh Nhat Cuong	Member	
Mr To Hai	Member	
Mr Nguyen Van Chuyen	Member	
Mr Cai Hong Thu	Member	
Mr Pham Van Thong	Member	
Mr Nguyen Tuan Anh	Member	
Mr Mai Van Yen	Member	

BOARD OF SUPERVISION

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

Mr Pham Duc Trung	Head	
Ms Tran Thi Bich Thuy	Member	
Ms Nguyen Thi To Nga	Member	
Mr Pham The Nghia	Member	
Ms Phung Thi Tan Thanh	Member	resigned on 1 October 2017

MANAGEMENT

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

Mr Nguyen Tuan Anh	General Director	
Mr Pham Dinh Nhat Cuong	Deputy General Director	
Mr Mai Van Yen	Deputy General Director	
Mr Ngo Minh Lang	Deputy General Director	resigned on 1 September 2017
Mr Pham Van Thong	Deputy General Director	resigned on 1 September 2017

LEGAL REPRESENTATIVE

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

Mr Mai Van Yen is authorised by Mr Nguyen Tuan Anh to sign the accompanying consolidated financial statements for the year ended 31 December 2017 in accordance with the Letter of Authorisation No. 0422/2018/QD-TGD dated 28 March 2018.

AUDITORS

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

Ha Tien 1 Cement Joint Stock Company

REPORT OF MANAGEMENT

Management of Ha Tien 1 Cement Joint Stock Company ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2017.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

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

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

STATEMENT BY MANAGEMENT

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

For and on behalf of the management:



Mai Van Yen
Deputy General Director

Ho Chi Minh City, Vietnam

29 March 2018



Ernst & Young Vietnam Limited
28th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 28 3824 5252
Fax: +84 28 3824 5250
ey.com

Reference: 60933836/19356583-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Ha Tien 1 Cement Joint Stock Company

We have audited the accompanying consolidated financial statements of Ha Tien 1 Cement Joint Stock Company ("the Company") and its subsidiary ("the Group"), as prepared on 29 March 2018 and set out on pages 6 to 47 which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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



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Opinion

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

Ernst & Young Vietnam Limited



Hàng Nhật Quang
Deputy General Director
Audit Practicing Registration Certificate
No. 1772-2018-004-1

Nguyen Thuy Trang
Auditor
Audit Practicing Registration Certificate
No. 3213-2015-004-1

Ho Chi Minh City, Vietnam

29 March 2018

CONSOLIDATED BALANCE SHEET
as at 31 December 2017

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,723,084,516,831	1,760,144,514,742
110	I. Cash and cash equivalents	5	347,226,460,747	486,088,026,256
111	1. Cash		333,889,278,235	486,088,026,256
112	2. Cash equivalents		13,337,182,512	-
120	II. Short-term investments		37,390,922	7,406,277,600
121	1. Held-for-trading securities	6.1	57,792,006	10,776,291,414
122	2. Provision for diminution in value of held-for-trading securities	6.1	(20,401,084)	(3,370,013,814)
130	III. Current accounts receivable		525,846,193,786	455,101,314,609
131	1. Short-term trade receivables	7.1	426,795,544,158	409,404,724,630
132	2. Short-term advances to suppliers	7.2	30,554,663,911	24,946,110,660
136	3. Other short-term receivables	8	68,325,751,058	19,867,036,426
137	4. Provision for doubtful short-term receivables	7.1, 8	(1,023,695,896)	(2,656,659,300)
139	5. Shortage of assets waiting for resolution		1,193,930,555	3,540,102,193
140	IV. Inventories		831,690,376,784	797,397,607,075
141	1. Inventories	9	862,430,063,763	828,231,955,979
149	2. Provision for obsolete inventories	9	(30,739,686,979)	(30,834,348,904)
150	V. Other current assets		18,284,094,592	14,151,289,202
151	1. Short-term prepaid expenses	10	5,170,090,474	4,827,318,285
152	2. Value-added tax deductible		12,925,227,118	9,323,970,917
153	3. Tax and other receivables from the State		188,777,000	-

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2017

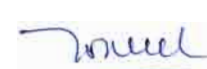
VND


Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		9,356,491,080,896	10,019,996,994,991
210	I. Long-term receivable		11,049,895,574	11,818,942,773
216	1. Other long-term receivables	8	11,049,895,574	11,818,942,773
220	II. Fixed assets		8,149,184,589,533	8,627,004,921,737
221	1. Tangible fixed assets	11	8,041,693,352,081	8,517,674,270,446
222	Cost		13,477,157,399,930	13,671,017,588,021
223	Accumulated depreciation		(5,435,464,047,849)	(5,153,343,317,575)
227	2. Intangible fixed assets	12	107,491,237,452	109,330,651,291
228	Cost		130,631,646,083	128,887,414,310
229	Accumulated amortisation		(23,140,408,631)	(19,556,763,019)
240	III. Long-term asset in progress		957,036,498,919	1,116,159,605,093
242	1. Construction in progress	13	957,036,498,919	1,116,159,605,093
250	IV. Long-term investments	6.2	39,749,100,000	53,384,000,000
252	1. Investments in associates		10,200,000,000	23,970,000,000
253	2. Investment in other entities		56,000,000,000	56,000,000,000
254	3. Provision for diminution in value of long-term investments		(26,450,900,000)	(26,586,000,000)
260	V. Other long-term assets		199,470,996,870	211,629,525,388
261	1. Long-term prepaid expenses	10	93,013,807,671	95,597,815,057
262	2. Deferred tax assets	29.3	2,430,401,050	7,122,164,945
263	3. Long-term tools, supplies and spare parts		103,725,470,987	108,909,545,386
269	4. Goodwill		301,317,162	-
270	TOTAL ASSETS		11,079,575,597,727	11,780,141,509,733

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2017

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		5,890,432,286,138	6,585,583,957,760
310	I. Current liabilities		3,248,547,020,239	3,064,975,785,475
311	1. Short-term trade payables	15.1	784,647,070,220	873,320,088,369
312	2. Short-term advances from customers	15.2	42,081,540,536	24,747,072,369
313	3. Statutory obligations	16	56,493,344,399	104,769,639,908
314	4. Payables to employees		85,240,819,543	106,002,646,363
315	5. Short-term accrued expenses	17	71,321,697,278	75,655,631,984
318	6. Short-term unearned revenues	18	104,338,974,322	128,586,272,901
319	7. Other short-term payables	19	24,129,239,640	49,577,647,168
320	8. Short-term loans	20	1,984,151,301,470	1,633,856,296,348
321	9. Short-term provisions	21	4,110,304,363	19,739,054,071
322	10. Bonus and welfare fund		92,032,728,468	48,721,435,994
330	II. Non-current liabilities		2,641,885,265,899	3,520,608,172,285
338	1. Long-term loans	20	2,635,121,466,692	3,514,618,455,939
342	2. Long-term provision	21	6,763,799,207	5,989,716,346
400	D. OWNERS' EQUITY		5,189,143,311,589	5,194,557,551,973
410	I. Capital		5,189,143,311,589	5,194,557,551,973
411	1. Share capital	22.1	3,815,899,110,000	3,815,899,110,000
411a	- Shares with voting rights		3,815,899,110,000	3,815,899,110,000
412	2. Share premium	22.1	70,790,410,045	70,790,410,045
414	3. Other owners' capital	22.1	5,517,214,120	5,517,214,120
415	4. Treasury shares	22.1	(902,752,100)	(902,752,100)
418	5. Investment and development fund	22.1	366,706,495,008	231,918,495,008
421	6. Undistributed earnings	22.1	922,915,352,519	1,071,335,074,900
421a	- Undistributed earnings up to the end of prior year		435,323,163,900	262,249,247,114
421b	- Undistributed earnings of the current year		487,592,188,619	809,085,827,786
429	7. Non-controlling interests	22.4	8,217,481,997	-
440	TOTAL LIABILITIES AND OWNERS' EQUITY		11,079,575,597,727	11,780,141,509,733


Nguyen Thi Loan
Preparer


Le Thi Phuong Dung
Head of
Finance and Accounting Department


Mai Van Yen
Deputy General Director




29 March 2018

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	23.1	8,850,850,245,919	8,757,009,785,645
02	2. Deductions	23.1	(641,893,471,300)	(520,324,767,060)
10	3. Net revenue from sale of goods and rendering of services	23.1	8,208,956,774,619	8,236,685,018,585
11	4. Costs of goods sold and services rendered	24	(6,865,886,954,441)	(6,613,320,759,227)
20	5. Gross profit from sale of goods and rendering of services		1,343,069,820,178	1,623,364,259,358
21	6. Finance income	23.2	17,491,721,007	79,246,184,835
22	7. Finance expenses	26	(477,312,477,594)	(377,780,159,915)
23	<i>In which: Interest expense</i>		(311,657,116,852)	(347,362,703,816)
24	8. Shares of gains of associate		438,088,771	-
25	9. Selling expenses	25	(123,086,610,651)	(137,645,570,721)
26	10. General and administrative expenses	25	(192,224,989,602)	(212,543,315,829)
30	11. Operating profit		568,375,552,109	974,641,397,728
31	12. Other income	27	32,199,089,870	45,660,697,552
32	13. Other expenses	27	(231,886,540)	(1,372,193,328)
40	14. Other profit		31,967,203,330	44,288,504,224
50	15. Accounting profit before tax		600,342,755,439	1,018,929,901,952
51	16. Current corporate income tax expense	29.1	(109,727,818,855)	(208,067,666,439)
52	17. Deferred tax expense	29.1	(4,691,763,895)	(1,776,407,727)
60	18. Net profit after tax		485,923,172,689	809,085,827,786
61	19. Net profit after tax attributable to shareholders of the parent		487,592,188,619	809,085,827,786
62	20. Net loss after tax attributable to non-controlling shareholders		(1,669,015,930)	-
70	21. Basic earnings per share	31	1,278	1,807
71	22. Diluted earnings per share	31	1,278	1,807


Nguyen Thi Loan
Preparer


Le Thi Phuong Dung
Head of
Finance and Accounting Department


Mai Van Yen
Deputy General Director



29 March 2018

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2017

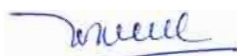
VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		600,342,755,439	1,018,929,901,952
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		719,080,558,675	678,129,827,124
03	Reversal of provisions		(20,067,004,906)	(4,379,003,073)
04	Foreign exchange losses (gains) arising from revaluation of monetary accounts denominated in foreign currencies		118,624,215,262	(25,993,619,861)
05	Profit from investing activities		(30,862,280,873)	(81,976,856,258)
06	Interest expense	26	311,657,116,852	347,362,703,816
08	Operating profit before changes in working capital		1,698,775,360,449	1,932,072,953,700
09	Increase in receivables		(69,244,177,207)	(67,777,064,914)
10	Increase in inventories		(21,186,157,409)	(91,193,563,601)
11	Decrease in payables		(181,144,143,254)	(67,074,002,510)
12	(Increase) decrease in prepaid expenses		(662,534,748)	3,691,210,953
13	Decrease in held-for-trading securities		10,718,499,408	-
14	Interest paid		(318,730,887,554)	(350,883,516,678)
15	Corporate income tax paid	16	(117,287,587,342)	(261,021,373,665)
16	Other cash inflows from operating activities		15,685,000	-
17	Other cash outflows for operating activities		(76,386,392,526)	(81,219,337,442)
20	Net cash flows from operating activities		924,867,664,817	1,016,595,305,843
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(87,643,539,009)	(131,727,135,851)
22	Proceeds from disposals of fixed assets		22,520,428,823	37,009,606,740
25	Payments for investments in other entities (net of cash hold by entity being acquired)		14,595,023,122	(13,770,000,000)
27	Interest and dividends received		15,227,973,173	16,478,979,426
30	Net cash flows used in investing activities		(35,300,113,891)	(92,008,549,685)

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

VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		3,033,453,480,494	2,394,701,755,467
34	Repayment of borrowings		(3,681,210,623,055)	(3,178,577,519,651)
36	Dividends paid		(380,670,372,000)	(143,171,500)
40	Net cash flows used in financing activities		(1,028,427,514,561)	(784,018,935,684)
50	Net (decrease) increase in cash		(138,859,963,635)	140,567,820,474
60	Cash at beginning of year		486,088,026,256	345,519,758,971
61	Impact of exchange rate fluctuation		(1,601,874)	446,811
70	Cash at end of year	5	347,226,460,747	486,088,026,256



Nguyen Thi Loan
Preparer



Le Thi Phuong Dung
Head of
Finance and Accounting Department



Mai Van Yen
Deputy General Director

29 March 2018

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

1. CORPORATE INFORMATION

Ha Tien 1 Cement Joint Stock Company ("the Company"), formerly known as Ha Tien 1 Cement Company, was originally a State-owned enterprise established in Vietnam in accordance with the Establishment Decision No. 441/BXD-TCLD issued by the Ministry of Construction on 30 September 1993. The Company's original Business Registration Certificate ("BRC") No. 102955 was issued by Economic Arbitration Board on 9 October 1993 and subsequently amended through the BRC No. 4106000289 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 6 September 2006.

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The Company's head office is located at 360 Ben Chuong Duong Street, Cau Kho Ward, District 1, Ho Chi Minh City, Vietnam and the locations of the Company's branches are as follows:

- Sales and Services Enterprise located at District 1, Ho Chi Minh City;
- Phu Huu Grinding Terminal located at District 9, Ho Chi Minh City;
- Thu Duc Grinding Terminal located at Thu Duc District, Ho Chi Minh City;
- Binh Phuoc Cement Plant located at Binh Long Town, Binh Phuoc Province;
- Long An Grinding Terminal located at Ben Luc District, Long An Province;
- Kien Luong Cement Plant located at Kien Luong Town, Kien Giang Province;
- Cam Ranh Grinding Terminal located at Cam Ranh City, Khanh Hoa Province; and
- Management Enterprise of Phu Huu B.O.T road located at District 9, Ho Chi Minh City.

As at 31 December 2017, Thu Duc Grinding Station's operation was ceased and the Company is relocating it as requested by the authorities.

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

1. CORPORATE INFORMATION (continued)

As at 31 December 2017, the Company has a (1) subsidiary and an (1) associate as follows:

Subsidiary

Truong Tho Real Estate Development and Investment Company Limited ("Truong Tho")

Truong Tho, formerly known as Truong Tho Real Estate Development and Investment Joint Stock Company, is a limited liability company with two or more members established under the BRC No. 0313888915 issued by the DPI Ho Chi Minh City on 30 June 2016 and subsequent amendments. The registered head office of Truong Tho is located at 16th Floor, Sailing Building, No. 111A, Pasteur Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam. As at 31 December 2017, the Company holds a 65% equity interest in Truong Tho.

Associate

Nguyen Quang Sai Gon Auto Company Limited ("Nguyen Quang")

Nguyen Quang, is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0312984849 issued by the DPI of Ho Chi Minh City on 23 October 2014. The registered head office of Nguyen Quang is located at No. 701, Kinh Duong Vuong Street, An Lac Ward, Binh Tan District, Ho Chi Minh City. As at 31 December 2017, the Company holds a 24% equity interests in Nguyen Quang. However, the Company disposed this 24% equity interests in Nguyen Quang on 23 January 2018.

The number of employees of the Company and its subsidiary ("the Group") as at 31 December 2017 was 2,587 (31 December 2016: 2,826).

2. BASIS OF PREPARATION

2.1 **Accounting standards and system**

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

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

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

2.2 **Applied accounting documentation system**

The Group's applied accounting documentation system is the computerised base.

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

2. BASIS OF PREPARATION (continued)

2.3 Fiscal year

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

2.4 Accounting currency

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

2.5 Basis of consolidation

The Group has applied Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements issued by the Ministry of Finance dated 22 December 2014 ("Circular 202") in preparation and presentation of the Group's consolidated financial statements. Circular 202 replaced Section XIII of Circular No. 161/2007/TT-BTC providing guidance on preparation and presentation of consolidated financial statements pursuant to Vietnamese Accounting Standard No. 25 issued by the Ministry of Finance dated 31 December 2007.

The Group's consolidated financial statements comprise the financial statements of the Company and the financial statements of its subsidiary for the year ended 31 December 2017.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

The financial statements of the subsidiary is prepared for the same reporting year as the Company, using consistent accounting policies.

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

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Inventories

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Inventories* (continued)

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

- | | | |
|------------------------------------|---|---|
| Raw materials | - | cost of purchase on a weighted average basis. |
| Finished goods and work-in-process | - | cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis. |

Provision for obsolete inventories

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

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

Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and NRV.

Cost includes:

- ▶ Freehold and leasehold rights for land;
- ▶ Amounts paid to contractors for construction; and
- ▶ Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

3.3 *Receivables*

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

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

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

Land use rights are recorded as intangible fixed assets representing the value of the right to use the land acquired or leased by the Group. The useful life of land use rights are assessed either definite or indefinite. Accordingly, land use rights with definite useful life representing the land lease are amortized over the lease term while land use rights with indefinite useful life are not amortized.

3.6 *Depreciation and amortisation*

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

Buildings and structures	5 - 50 years
Machinery and equipment	4 - 20 years
Means of transportation	6 - 30 years
Office equipment	3 - 8 years
Software program	3 - 8 years
Patents	3 - 8 years
Other assets	5 - 25 years

3.7 *Borrowing costs*

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalised as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an assets that necessarily take a substantial year of time to get ready for its intended use or sale are capitalised as part of respective asset.

3.8 *Prepaid expenses*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 *Business combination and goodwill*

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill, acquired in a business combination, is initially measured at cost being the excess of the cost of the business combination over the Group's invest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less accumulated amortization. Amortization of goodwill is calculated on a straight-line basis over ten (10) years during which the source embodying economic benefits are recovered by the Group. The Company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

3.10 *Investments*

Investment in associates

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group generally deems they have significant influence if they have at least 20% of the voting rights.

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

The share of post-acquisition profit (loss) of the associates is presented on the face of the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend or profit sharing received or receivable from associates reduce the carrying amount of the investment.

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

Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

Provision for diminution in value of held-for-trading securities and investments in entities

Provision is made for any diminution in value of the held-for-trading securities and investments in capital of other entities at the balance sheet date in accordance with the guidance under Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014. Increases or decreases to the provision balance are recorded as finance expense in the consolidated income statement.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Payables and accruals*

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

3.12 *Provision*

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

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as an asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.13 *Foreign currency transactions*

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 *Treasury shares*

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

3.15 *Appropriation of net profit*

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements. The Group maintains the following reserve funds which are appropriated from the Group's net profit after tax as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

Investment and development fund

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

Bonus and welfare fund

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

3.16 *Earnings per share*

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

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

3.17 *Revenue recognition*

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

Sale of goods

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Revenue recognition (continued)

Sale of goods under customer loyalty program

Revenue recognized upfront is equal to the total amount received or receivable minus the fair value of the goods that would be redeemed for free or the discounts or rebates that would be provided to customers. The fair value of the goods that would be redeemed for free or the discounts or rebates that would be provided to customers is recorded as unearned revenue. The deferred revenue is transferred to revenue only when:

- At the end of the program, if the customers would not have satisfied all conditions of program and would not entitled to redeem the free or the discounts or rebate; or
- The customers have satisfied all the conditions for entitlement and the Group has fulfilled its obligation.

Rendering of services

Revenue from rendering of services is recognised when the services have been provided for.

Interest income

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

Dividends

Revenue is recognised when the Group's entitlement as an investor to receive the dividend is established.

3.18 Taxation

Current income tax

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

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *Taxation* (continued)

Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except where the deferred income tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Group intends either to settle current tax liabilities and assets on a net basis or to realise the assets and to settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.19 *Segment information*

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Group's principal activities are engaged in producing and trading cement and cement-related products. In addition, these activities are mainly taken place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's products that the Group is manufacturing or the locations where the Group is trading. As a result, the Group's management decided not to present business segment information.

3.20 *Related parties*

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

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

4. BUSINESS COMBINATION AND GOODWILL

4.1 Acquisition of Truong Tho Real Estate Development and Investment Company Limited ("Truong Tho")

On 22 February 2017, the Company acquired 150,000 shares of Truong Tho from Ha Tien Transportation Joint Stock Company at the transfer price of VND 1,500,000,000, equivalent to 5% of ownership. On the same day, the Company also acquired 423,000 shares of Truong Tho from RC Real Estate Development and Sponsorship Joint Stock Company at the transfer price of VND 4,230,000,000, equivalent to 14.1% of ownership. Accordingly, Truong Tho, which was the Group's associate, became a subsidiary of the Company with a 65% ownership interest.

The fair values of the identifiable assets and liabilities of Truong Tho as at the acquisition date were as follows:

	<i>Fair value recognized on acquisition</i>
	VND
Assets	
Cash and cash equivalents	20,325,023,122
Accounts receivable	20,000,000
Inventories	7,827,875,976
Other assets	532,549,110
	28,705,448,208
Liabilities	
Current liabilities	458,311,275
	458,311,275
Total net assets	28,247,136,933
Total net assets acquired, 65%	18,360,639,006
Goodwill arising on acquisition	334,796,846
Consideration	18,695,435,852
<i>In which:</i>	
<i>Fair value of the initial investment of 45.9% at the acquisition date to obtain control</i>	12,965,435,852
<i>Additional consideration, 19.1%</i>	5,730,000,000

5. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	175,994,493	236,869,767
Cash at banks	333,713,283,742	485,851,156,489
Cash equivalents	13,337,182,512	-
TOTAL	347,226,460,747	486,088,026,256

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

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

6. INVESTMENTS

6.1 Held-for-trading securities

Held-for-trading securities represent the Group's investments in listed shares. Details are as follows:

	Ending balance		Beginning balance		Fair value	Fair value
	Cost	Provision	Cost	Provision		
Joint Stock Commercial Bank for Foreign Trade of Vietnam	388,299	-	7,632,180,000	(1,361,110,450)	388,299	6,271,069,550
Other investments	57,403,707	(20,401,084)	3,144,111,414	(2,008,903,364)	37,002,623	1,135,208,050
TOTAL	57,792,006	(20,401,084)	10,776,291,414	(3,370,013,814)	37,390,922	7,406,277,600

VND

6.2 Long-term investments

	Ending balance		Beginning balance	
	Quantity of shares/ % of ownership	Value VND	Quantity of shares/ % of ownership	Value VND
Investments in associates (*)		10,200,000,000		23,970,000,000
Nguyen Quang Truong Tho	24.00%	10,200,000,000	24.00%	10,200,000,000
	-	-	45.90%	13,770,000,000
Investments in other entities (**)		29,549,100,000		29,414,000,000
Ben Thanh Rubber Joint Stock Company	3,010,000	42,000,000,000	3,010,000	42,000,000,000
Vicem Gypsum and Cement Joint Stock Company	2,310,000	14,000,000,000	2,310,000	14,000,000,000
Provision for diminution in value of investments in other entities	700,000	(26,450,900,000)	700,000	(26,586,000,000)
TOTAL		39,749,100,000		53,384,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2017**6. INVESTMENTS (continued)****6.2 Long-term investments (continued)**

(*) Details of the carrying values of these investments in associates as at 31 December 2017 were as follows:

			VND
	<i>Nguyen Quang</i>	<i>Truong Tho</i>	<i>Total</i>
Cost of investment			
Beginning balance	10,200,000,000	13,770,000,000	23,970,000,000
Decrease	-	(13,770,000,000)	(13,770,000,000)
Ending balance	<u>10,200,000,000</u>	<u>-</u>	<u>10,200,000,000</u>
Accumulated share in post-acquisition gain (loss) of the associates			
Beginning balance	-	-	-
Share in post-acquisition profit of the associate for the year	1,242,652,919	(804,564,148)	438,088,771
Dividends for the year	(1,242,652,919)	-	(1,242,652,919)
Transfer to the investment in a subsidiary	-	804,564,148	804,564,148
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount			
Beginning balance	<u>10,200,000,000</u>	<u>13,770,000,000</u>	<u>23,970,000,000</u>
Ending balance	<u>10,200,000,000</u>	<u>-</u>	<u>10,200,000,000</u>

(**) Investments in other entities represent the Group's investments in listed shares.

7. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS**7.1 Short-term trade receivables**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade receivables from customers	405,217,760,507	409,113,008,926
- <i>Tan Xuan Anh Limited Company</i>	188,482,179,759	169,134,896,765
- <i>Coordination Office of National Targeted Program on New Rural Construction of Binh Phuoc Province</i>	32,301,750,000	43,522,562,500
- <i>Other customers</i>	184,433,830,748	196,455,549,661
Trade receivables from related parties (Note 30)	<u>21,577,783,651</u>	<u>291,715,704</u>
TOTAL	426,795,544,158	409,404,724,630
Provision for doubtful short-term debts	-	(2,656,659,300)
NET	<u>426,795,544,158</u>	<u>406,748,065,330</u>

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

7. TRADE RECEIVABLE AND ADVANCES TO SUPPLIERS (continued)

7.2 Short-term advances to suppliers

	VND	
	Ending balance	Beginning balance
Advances to suppliers	30,032,060,411	24,073,697,660
- Saigon Electrical Equipment Corporation	11,263,824,000	66,000,000
- Vietnam National Coal - Mineral Industries Holding Corporation Limited	4,060,871,454	-
- Other suppliers	14,707,364,957	24,007,697,660
Advances to a related party (Note 30)	522,603,500	872,413,000
TOTAL	30,554,663,911	24,946,110,660

8. OTHER RECEIVABLES

	VND	
	Ending balance	Beginning balance
Short-term	68,325,751,058	19,867,036,426
Receivable of unemployment compensation due to cessation of Thu Duc Grinding Station	27,544,997,000	-
Compensation receivables from insurance company	14,826,360,179	4,457,563,000
Lending of raw materials to a related party (Note 30)	14,037,745,400	-
Value-added tax yet declared	-	9,679,963,052
Others	11,916,648,479	5,729,510,374
Long-term	11,049,895,574	11,818,942,773
Deposits	11,049,895,574	11,818,942,773
TOTAL	79,375,646,632	31,685,979,199
Provision for doubtful debts	(1,023,695,896)	-
NET	78,351,950,736	31,685,979,199

9. INVENTORIES

	VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Finished goods	393,544,399,048	-	471,846,953,295	-
Raw materials	363,987,178,590	(30,739,686,979)	297,444,947,411	(30,834,348,904)
Goods in transit	86,825,170,911	-	50,730,813,307	-
Work-in-process (*)	15,862,804,475	-	4,737,837,527	-
Tools and supplies	2,210,510,739	-	3,471,404,439	-
TOTAL	862,430,063,763	(30,739,686,979)	828,231,955,979	(30,834,348,904)

(*) As at 31 December 2017, including in the Group's work-in-process is inventory property with an amount of VND 8,371,405,391.

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

9. INVENTORIES (continued)

Movements of provision for obsolete inventories

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	(30,834,348,904)	(34,769,605,664)
Provision made during the year	-	(28,643,396,857)
Utilisation and reversal of provision during the year	<u>94,661,925</u>	<u>32,578,653,617</u>
Ending balance	<u>(30,739,686,979)</u>	<u>(30,834,348,904)</u>

10. PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	5,170,090,474	4,827,318,285
Insurance expenses	5,102,043,474	4,566,104,168
Others	68,047,000	261,214,117
Long-term	93,013,807,671	95,597,815,057
Land clearance expenses (*)	54,555,877,851	53,225,105,049
Stripping costs	31,302,380,808	28,854,659,920
Others	<u>7,155,549,012</u>	<u>13,518,050,088</u>
TOTAL	<u>98,183,898,145</u>	<u>100,425,133,342</u>

(*) This was pledged to secure the Group's loans (Note 20).

Ha Tien 1 Cement Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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11. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Other assets	VND Total
Cost:						
Beginning balance	3,852,673,271,886	8,453,904,737,986	368,839,433,059	30,915,774,215	964,684,370,875	13,671,017,588,021
New purchase	-	14,492,814,093	-	1,054,988,000	75,000,000	15,622,802,093
Transfer from construction in progress ("CIP")	(19,127,506,785)	409,107,981,234	(2,237,178,593)	367,468,418	(155,794,937,464)	232,315,826,810
Reclassifications	(208,938,995,521)	340,650,612,615	(36,417,519,645)	11,110,749,021	(106,404,846,470)	-
Other decreases	(540,378,352)	(13,809,835)	-	-	(1,448,285,987)	(2,002,474,174)
Disposals	(133,310,317,266)	(298,991,251,012)	(801,359,112)	(3,041,478,642)	(3,651,936,788)	(439,796,342,820)
Ending balance	3,490,756,073,962	8,919,151,085,081	329,383,375,709	40,407,501,012	697,459,364,166	13,477,157,399,930
<i>In which:</i>						
Fully depreciated	115,834,827,392	862,978,135,825	92,527,469,950	15,100,759,403	34,741,268,116	1,121,182,460,686
Awaiting disposal	825,472,797	488,766,498	2,200,000,000	58,701,240	-	3,572,940,535
Accumulated depreciation:						
Beginning balance	1,147,357,156,210	3,502,974,993,606	243,785,047,552	24,416,243,128	234,809,877,079	5,153,343,317,575
Depreciation for the year	128,883,662,800	517,260,136,371	35,480,062,306	5,107,553,818	27,427,019,551	714,158,434,846
Reclassifications	87,023,861,783	(30,331,613,286)	(55,927,304,214)	1,461,831,647	(2,226,775,930)	-
Disposals	(133,078,874,445)	(291,464,055,585)	(801,359,112)	(3,041,478,642)	(3,651,936,788)	(432,037,704,572)
Ending balance	1,230,185,806,348	3,698,439,461,106	222,536,446,532	27,944,149,951	256,358,183,912	5,435,464,047,849
Net carrying amount:						
Beginning balance	2,705,316,115,676	4,950,929,744,380	125,054,385,507	6,499,531,087	729,874,493,796	8,517,674,270,446
Ending balance	2,260,570,267,614	5,220,711,623,975	106,846,929,177	12,463,351,061	441,101,180,254	8,041,693,352,081
<i>In which:</i>						
Temporarily unused	-	129,939,382	-	-	-	129,939,382

The Group has pledged its certain tangible fixed assets to secure its short-term and long-term loans (Note 20).

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

12. INTANGIBLE FIXED ASSETS

	Land use rights	Patents	Software program	VND Total
Cost:				
Beginning balance	105,613,469,742	4,020,085,388	19,253,859,180	128,887,414,310
New purchases	-	-	6,000,000,000	6,000,000,000
Transfers to prepaid expenses	(3,410,515,237)	-	-	(3,410,515,237)
Disposals	-	(772,731,268)	(72,521,722)	(845,252,990)
Ending balance	102,202,954,505	3,247,354,120	25,181,337,458	130,631,646,083
<i>In which:</i>				
Fully amortised	1,789,508,560	3,247,354,120	5,093,145,778	10,130,008,458
Accumulated amortisation:				
Beginning balance	5,953,687,693	3,708,964,143	9,894,111,183	19,556,763,019
Amortisation for the year	630,355,449	311,121,245	3,994,167,200	4,935,643,894
Disposals	-	(772,731,268)	(72,521,722)	(845,252,990)
Transfers to prepaid expenses	(506,745,292)	-	-	(506,745,292)
Ending balance	6,077,297,850	3,247,354,120	13,815,756,661	23,140,408,631
Net carrying amount:				
Beginning balance	99,659,782,049	311,121,245	9,359,747,997	109,330,651,291
Ending balance	96,125,656,655	-	11,365,580,797	107,491,237,452

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

13. CONSTRUCTION IN PROGRESS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Phu Huu B.O.T road project (*)	531,736,757,897	505,475,308,617
Projects at Binh Phuoc	316,855,500,597	287,806,418,115
Projects at Kien Luong	74,665,894,137	186,594,467,859
Others	33,778,346,288	136,283,410,502
TOTAL	<u>957,036,498,919</u>	<u>1,116,159,605,093</u>

(*) - The Group has pledged its certain project costs to secure its long-term loans (Note 20).

- Interest expense incurred for the year ended 31 December 2017 was VND 13,996,306,165.

14. CAPITALIZED BORROWING COST

These interest costs incurred from borrowings taken to finance the construction of Phu Huu B.O.T road project.

	VND	
	<i>Current year</i>	<i>Previous year</i>
Capitalized borrowing cost	-	10,835,370,180

15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

15.1 Short-term trade payables

	VND			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Amount</i>	<i>Amount payable</i>	<i>Amount</i>	<i>Amount payable</i>
Trade payables to suppliers	610,329,116,274	610,329,116,274	630,599,165,767	630,599,165,767
Trade payables to related parties (Note 30)	174,317,953,946	174,317,953,946	242,720,922,602	242,720,922,602
TOTAL	<u>784,647,070,220</u>	<u>784,647,070,220</u>	<u>873,320,088,369</u>	<u>873,320,088,369</u>

15.2 Short-term advances from customers

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Duc Toan Trading and Service Joint Stock Company	5,785,383,090	1,807,616,795
Thong Nhat Lime Manufacture – Trading – Service Company	5,072,041,760	37,881,485
Other suppliers	31,224,115,686	22,901,574,089
TOTAL	<u>42,081,540,536</u>	<u>24,747,072,369</u>

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

16. STATUTORY OBLIGATIONS

	VND			
	<i>Beginning balance</i>	<i>Increase in year</i>	<i>Decrease in year</i>	<i>Ending balance</i>
Value-added tax	44,021,479,368	254,570,696,582	(282,592,071,305)	16,000,104,645
Corporate income tax	35,457,269,006	109,727,818,855	(117,287,587,342)	27,897,500,519
Personal income tax	7,570,569,743	18,360,551,950	(19,976,125,979)	5,954,995,714
Natural resources tax	12,593,018,812	54,330,200,671	(62,526,437,124)	4,396,782,359
Import, export duties	919,544,849	3,802,975,135	(4,429,729,343)	292,790,641
Other fees and taxes	4,207,758,130	43,985,627,952	(46,242,215,561)	1,951,170,521
TOTAL	<u>104,769,639,908</u>	<u>484,777,871,145</u>	<u>(533,054,166,654)</u>	<u>56,493,344,399</u>

17. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Interest expense	62,191,134,068	69,243,717,629
Others	9,130,563,210	6,411,914,355
TOTAL	<u>71,321,697,278</u>	<u>75,655,631,984</u>
<i>In which:</i>		
<i>Payable to third parties</i>	71,011,720,253	75,341,349,722
<i>Payable to a related party (Note 30)</i>	309,977,025	314,282,262

18. SHORT-TERM UNEARNED REVENUES

Short-term unearned revenues mainly represent unearned revenues arising from customer loyalty program.

19. SHORT-TERM OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Education sponsor expenses	7,499,975,711	17,393,050,000
Dividend payable	5,028,885,300	4,157,346,300
Excess assets awaiting solutions	2,542,036,386	13,907,138,785
Others	9,058,342,243	14,120,112,083
TOTAL	<u>24,129,239,640</u>	<u>49,577,647,168</u>

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

20. LOANS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loans	1,984,151,301,470	1,633,856,296,348
Short-term loans from banks (<i>Note 20.1</i>)	1,111,226,892,157	888,330,042,723
Current portion of long-term loans from banks (<i>Note 20.2</i>)	870,224,409,313	744,526,253,625
Current portion of long-term loan from another party (<i>Note 20.3</i>)	2,700,000,000	1,000,000,000
Long-term loans	2,635,121,466,692	3,514,618,455,939
Long-term loans from banks (<i>Note 20.2</i>)	2,576,264,884,219	3,444,961,873,466
Long-term loan from another party (<i>Note 20.3</i>)	41,288,008,866	52,088,008,866
Long-term loan from a related party (<i>Note 20.4</i>)	17,568,573,607	17,568,573,607
TOTAL	<u>4,619,272,768,162</u>	<u>5,148,474,752,287</u>

Movements of loans are as follows:

	VND	
	<i>Short-term loans</i>	<i>Long-term loans</i>
Beginning balance	1,633,856,296,348	3,514,618,455,939
Drawdown from borrowings	2,994,211,517,911	39,241,962,583
Transfer of current portion of long-term loans	992,847,118,709	(992,847,118,709)
Repayment from borrowings	(3,681,210,623,055)	-
Foreign exchange difference arising from revaluation of ending balance denominated in foreign currencies	44,446,991,557	74,108,166,879
Ending balance	<u>1,984,151,301,470</u>	<u>2,635,121,466,692</u>
<i>Possible repayment amount</i>	1,984,151,301,470	2,635,121,466,692

20.1 Short-term loans from banks

The Group has obtained short-term loans from banks to finance its working capital requirements. The terms of these loans are six (6) months and they bear a negotiable market-based interest. Details of these short-term loans are as follows:

	VND
	<i>Ending balance</i>
Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank") – Ho Chi Minh City Branch (*)	370,251,497,767
Vietnam Joint Stock Commercial Bank for Industry and Trade ("Vietinbank") – Ho Chi Minh City Branch (**)	524,915,451,489
Vietinbank – Kien Giang Branch (*)	91,132,450,151
Asia Commercial Bank – Ho Chi Minh City Branch (*)	124,927,492,750
TOTAL	<u>1,111,226,892,157</u>

(*) These short-term loans are secured by the same collateral assets of respective long-term loans (*Note 20.2*); and

(**) These are unsecured short-term loans.

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

20. LOANS (continued)

20.2 Long-term loans from banks

Details of the long-term loans from banks are as follows:

	<i>Ending balance</i>	<i>Maturity date</i>
	<i>VND</i>	
<i>BIDV - Transaction Office II Branch (i)</i>		
Loan 1	73,974,999,987	15 August 2021
Loan 2	86,525,000,000	15 August 2021
Loan 3	64,400,000,000	1 April 2022
Loan 4	127,820,589,774	22 June 2020
<i>Syndicated loans from 9 branches of commercial banks headed by BIDV - Transaction Office II (ii)</i>		
	1,399,933,888,973	26 October 2022
<i>Société Générale Bank (iii)</i>		
Loan 1	72,412,437,542	7 November 2019
Loan 2	278,673,922,634	7 November 2019
Loan 3	174,147,272,489	28 February 2020
Loan 4	88,800,145,151	26 February 2020
<i>Vietinbank - Kien Giang Branch (iv)</i>		
Loan 1	219,382,570,429	7 December 2020
Loan 2	142,574,374,999	7 December 2020
<i>The Vietnam Development Bank (v)</i>		
	68,619,204,157	30 December 2018
<i>Vietcombank - Kien Giang Branch (vi)</i>		
Loan 1	42,837,950,180	8 May 2018
Loan 2	21,400,000,000	24 December 2018
<i>Calyon Bank (vii)</i>		
Loan 1	351,380,977,952	30 June 2021
Loan 2	112,070,394,772	30 June 2021
<i>Syndicated loans from 2 branches of commercial banks headed by BIDV - Khanh Hoa Branch (viii)</i>		
Loan 1	69,414,670,548	25 April 2020
Loan 2	52,120,893,945	25 April 2020
TOTAL	<u>3,446,489,293,532</u>	
<i>In which:</i>		
Current portion	870,224,409,313	
Non-current portion	2,576,264,884,219	

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

20. LOANS (continued)

20.2 Long-term loans from banks (continued)

- (i) The purpose of loan 1, 2 and 3 is to finance the construction of Phu Huu Grinding Terminal project located at District 9, Ho Chi Minh City. This project is the collateral asset for the loans. The term of these loans is 18 years and these loans bear a negotiable interest.
- The purpose of loan 4 is to finance Phu Huu B.O.T road project. The term of the loan is 5 years, and the loan bears a negotiable interest. The Company has pledged the investor right in Phu Huu B.O.T road project (including fee collection right), other assets right arising from this project, the Company's assets and future assets from Phu Huu B.O.T road project.
- (ii) The purpose of this loan is to finance the construction of Binh Phuoc Cement Plant project located at Binh Long Town, Binh Phuoc Province and Phu Huu Grinding Terminal located at District 9, Ho Chi Minh City. This project is also the collateral asset for the loan. The term of this loan is 18 years and the loan bears a negotiable interest.
- (iii) The purpose of these loans is to finance the purchases of the equipment package No. 1 using for Binh Phuoc Cement Plant project. These loans are under guarantee from the Ministry of Finance. The term of these loans is 13 years and the loans bear an interest rate of EURIBOR 6 months and LIBOR 6 months plus a marginal interest.
- (iv) The purpose of these loans is to finance the construction of Ha Tien 2.2 project located at Kien Luong Town, Kien Giang Province. The collateral asset of these loans is the right to use the land of 7,243,385 square meters and the assets built on the land located at Kien Luong Town, Kien Giang Province. The term of these loans is 13 years and these loans bear negotiable interests.
- (v) The purpose of this loan is to finance the construction of Ha Tien 2.2 project. The project is also the collateral asset of the loan. The term of this loan is 11 years and the loan bears a negotiable interest.
- (vi) The purpose of these loans is to finance the construction of Long An Grinding Terminal project located at Ben Luc District, Long An Province. This project is also the collateral asset for these loans. The term of these loans is 11 years and these loans bear negotiable interests.
- (vii) The purpose of these loans is to finance the construction of Ha Tien 2.2 project. These loans are under guarantee from the Ministry of Finance. The term of these loans is 13 years and these loans bear an interest rate of EURIBOR 6 months rate plus a marginal interest.
- (viii) The purpose of these loans is to finance the acquisition of Cam Ranh Grinding Terminal project located at Cam Ranh City, Khanh Hoa Province. This project is also the collateral asset for these loans. The term of these loans is 10 years and these loans bear negotiable interests.

20.3 Long-term loan from another party

	<i>Ending balance</i>	<i>Maturity date</i>
	<i>VND</i>	
Cement Finance Joint Stock Company	<u>43,988,008,866</u>	26 April 2020
<i>In which:</i>		
<i>Current portion</i>	2,700,000,000	
<i>Non-current portion</i>	41,288,008,866	

It is unsecured loan to finance the construction of Cam Ranh Grinding Terminal project. The term of the loan is 7 years and 6 months and the loan bears negotiable interest.

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

20. LOANS (continued)

20.4 Long-term loan from a related party

	<i>Ending balance</i>	<i>Maturity date</i>
	<i>VND</i>	
Vietnam Cement Industry Corporation	<u>17,568,573,607</u>	25 April 2020

It is unsecured loan to finance the construction of Cam Ranh Grinding Terminal project. The term of the loan is 10 years and the loan bears negotiable interest.

21. PROVISIONS

	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>VND</i>
Short-term	4,110,304,363	19,739,054,071
Mineral exploration right expenses	4,110,304,363	3,082,728,271
Expense for moving of Thu Duc Grinding Terminal	-	16,656,325,800
Long-term	6,763,799,207	5,989,716,346
Provision for decommissioning cost	<u>6,763,799,207</u>	<u>5,989,716,346</u>
TOTAL	<u>10,874,103,570</u>	<u>25,728,770,417</u>

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

22. OWNERS' EQUITY

22.1 Increase and decrease in owners' equity

	Share capital	Share premium	Other owners' capital	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year							VND
Beginning balance	3,180,000,000,000	70,790,410,045	5,517,214,120	(902,752,100)	195,460,495,008	1,047,566,357,114	4,498,431,724,187
Issuance of new shares for dividend payment	635,899,110,000	-	-	-	-	(635,899,110,000)	-
Net profit for the year	-	-	-	-	-	809,085,827,786	809,085,827,786
Profit appropriation	-	-	-	-	36,458,000,000	(149,418,000,000)	(112,960,000,000)
Ending balance	<u>3,815,899,110,000</u>	<u>70,790,410,045</u>	<u>5,517,214,120</u>	<u>(902,752,100)</u>	<u>231,918,495,008</u>	<u>1,071,335,074,900</u>	<u>5,194,557,551,973</u>
Current year							
Beginning balance	3,815,899,110,000	70,790,410,045	5,517,214,120	(902,752,100)	231,918,495,008	1,071,335,074,900	5,194,557,551,973
Dividend declared	-	-	-	-	-	(381,541,911,000)	(381,541,911,000)
Net profit for the year	-	-	-	-	-	487,592,188,619	487,592,188,619
Profit appropriation	-	-	-	-	134,788,000,000	(254,470,000,000)	(119,682,000,000)
Ending balance	<u>3,815,899,110,000</u>	<u>70,790,410,045</u>	<u>5,517,214,120</u>	<u>(902,752,100)</u>	<u>366,706,495,008</u>	<u>922,915,352,519</u>	<u>5,180,925,829,592</u>

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

22. OWNERS' EQUITY (continued)

22.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	Current year	Previous year
Share capital		
Beginning balance	3,815,899,110,000	3,180,000,000,000
Issuance of shares	-	635,899,110,000
Ending balance	<u>3,815,899,110,000</u>	<u>3,815,899,110,000</u>
Dividends		
Declared during the year	381,541,911,000	-
Dividends for 2016: VND 1,000 per share	381,541,911,000	-
Paid during the year	380,670,372,000	143,171,500

22.3 Shares

	<u>Ending balance</u>		<u>Beginning balance</u>	
	Quantity	VND	Quantity	VND
Authorized shares	381,589,911	3,815,899,110,000	381,589,911	3,815,899,110,000
Issued shares				
<i>Issued and paid-up shares</i>				
Ordinary shares	381,589,911	3,815,899,110,000	381,589,911	3,815,899,110,000
Treasury shares				
Ordinary shares	48,000	480,000,000	48,000	480,000,000
Shares in circulation				
Ordinary shares	381,541,911	3,815,419,110,000	381,541,911	3,815,419,110,000

22.4 Non-controlling interests

	VND
	Current year
Beginning balance	-
Increase due to acquisition of a subsidiary	9,886,497,927
Loss during the year	<u>(1,669,015,930)</u>
Ending balance	<u>8,217,481,997</u>

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

23. REVENUES

23.1 Revenue from sale of goods and rendering of services

	VND	
	Current year	Previous year
Gross revenue	8,850,850,245,919	8,757,009,785,645
<i>Of which:</i>		
<i>Cements, clinkers</i>	8,818,373,747,982	8,656,558,986,546
<i>Mortar, bricks of all kinds, sand, materials and services</i>	32,476,497,937	100,450,799,099
Less	(641,893,471,300)	(520,324,767,060)
<i>Trade discounts</i>	<u>(641,893,471,300)</u>	<u>(520,324,767,060)</u>
NET	<u>8,208,956,774,619</u>	<u>8,236,685,018,585</u>
<i>Of which:</i>		
<i>Cements, clinkers</i>	8,176,480,276,682	8,136,234,219,486
<i>Mortar, bricks of all kinds, sand, materials and services</i>	32,476,497,937	100,450,799,099
<i>Of which:</i>		
<i>Sale to others</i>	8,175,058,491,941	8,204,910,390,904
<i>Sale to related parties</i>	33,898,282,678	31,774,627,681

23.2 Finance income

	VND	
	Current year	Previous year
Bank interest income	11,486,312,654	13,470,491,426
Dividends income	2,499,007,600	3,008,488,000
Foreign exchange gains	1,170,776,658	31,483,993,544
Others	2,335,624,095	31,283,211,865
TOTAL	<u>17,491,721,007</u>	<u>79,246,184,835</u>

24. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND	
	Current year	Previous year
Cost of cements, clinkers	6,834,641,634,899	6,503,365,311,436
Cost of mortar, bricks of all kinds, sand, materials and services	31,245,319,542	109,955,447,791
TOTAL	<u>6,865,886,954,441</u>	<u>6,613,320,759,227</u>

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

25. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Selling expenses	123,086,610,651	137,645,570,721
Expenses for external services	61,525,314,772	66,022,899,572
Labour costs	38,708,247,915	40,397,525,696
Others	22,853,047,964	31,225,145,453
General and administrative expenses	192,224,989,602	212,543,315,829
Expenses for external services	72,709,906,905	72,692,452,086
Labour costs	70,555,616,525	62,620,432,150
Goodwill and trade mark allocation	-	26,675,228,100
Others	48,959,466,172	50,555,203,493
TOTAL	<u>315,311,600,253</u>	<u>350,188,886,550</u>

26. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	311,657,116,852	347,362,703,816
Foreign exchange losses	143,754,480,903	1,803,567,615
Discounts for early payment	22,720,315,690	27,333,229,084
(Reversals of provisions) provisions for diminution in value of held-for-trading securities and investments in capital	<u>(819,435,851)</u>	<u>1,280,659,400</u>
TOTAL	<u>477,312,477,594</u>	<u>377,780,159,915</u>

27. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Other income	32,199,089,870	45,660,697,552
Profit from disposal of fixed assets	16,438,871,848	34,214,664,967
Others	15,760,218,022	11,446,032,585
Other expenses	(231,886,540)	(1,372,193,328)
Others	<u>(231,886,540)</u>	<u>(1,372,193,328)</u>
OTHER PROFIT	<u>31,967,203,330</u>	<u>44,288,504,224</u>

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

28. PRODUCTION AND OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Raw materials	4,849,984,587,858	4,757,983,559,126
Depreciation and amortisation	719,008,571,313	677,780,039,297
Labour costs	547,637,590,705	616,447,323,011
Expenses for external services and other expenses	988,981,573,353	1,076,065,582,200
TOTAL	<u>7,105,612,323,229</u>	<u>7,128,276,503,634</u>

29. CORPORATE INCOME TAX

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

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

29.1 CIT expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	109,540,830,804	208,067,666,439
Adjustments for under accruals of tax from previous years	186,988,051	-
Deferred tax expense	4,691,763,895	1,776,407,727
TOTAL	<u>114,419,582,750</u>	<u>209,844,074,166</u>

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
Accounting profit before tax	<u>600,342,755,439</u>	<u>1,018,929,901,952</u>
At CIT rate applicable to the Group	120,068,551,088	203,785,980,390
<i>Adjustments:</i>		
Dividends income	(748,332,104)	(601,697,600)
Others	(4,900,636,234)	6,659,791,376
CIT expense	<u>114,419,582,750</u>	<u>209,844,074,166</u>

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

29. CORPORATE INCOME TAX (continued)

29.2 Current CIT

The current tax payable is based on taxable profit for the current year. The taxable profit of the Group for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

29.3 Deferred tax

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

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Accrued expenses	2,430,056,015	7,122,358,467	(4,692,302,452)	(1,778,048,921)
Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currencies	345,035	(193,522)	538,557	1,641,194
Net deferred tax assets	<u>2,430,401,050</u>	<u>7,122,164,945</u>		
Net deferred tax expense			<u>(4,691,763,895)</u>	<u>(1,776,407,727)</u>

30. TRANSACTIONS WITH RELATED PARTIES

Terms and conditions of transactions with related parties

Related party transactions include all transactions undertaken with other companies to which the Group is related, either through the investor, investee relationship or because they share a common investor and thus are considered to be a part of the same corporate company. Sales and purchases to/from related parties are made on the basis of negotiated contracts.

Related parties of the Group are mainly parties under the Vietnam Cement Industry Corporation.

Ha Tien 1 Cement Joint Stock Company

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

30. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions of the Group with its related parties during the year were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year</i>	<i>Previous year</i>
Ha Long Cement Company Limited	Related party	Cement processing fee Sale of sands and pozulian Disposal of fixed assets and tools and supplies Purchase of raw materials Sale of clinkers and supplies	961,829,750,013 678,411,092 99,837,045 - -	663,529,289,620 - - 7,786,144,462 6,017,443,955
Vicem Materials Transport Cement Joint Stock Company	Related party	Purchase of coal	543,271,894,781	306,716,956,490
Vietnam Cement Industry Corporation	Parent company	Consultancy service Purchase of packages Sale of cements Interest expenses Supporting expenses	113,047,877,640 7,895,266,880 2,652,681,820 1,234,011,796 -	124,140,754,978 775,716,760 2,229,695,460 1,250,296,823 4,000,000,000
Ha Tien Transport Joint Stock Company	Related party	Transportation fees Sale of cements Receiving of shares Rendering of services	97,774,318,238 1,828,233,000 1,500,000,000 5,096,320	122,475,888,976 - - 221,993,731
Branch of Vicem Hoang Thach Cement Company Limited – Sales and Services Enterprise	Related party	Cement processing fee	36,032,617,131	-
Vicem Gypsum and Cement Joint Stock Company	Related party	Purchase of gymsums Dividend income	34,286,304,019 420,000,000	16,079,808,773 280,000,000
Siam City Nhon Trach Cement Limited	Related party	Sale of clinkers	14,445,968,000	-
Siam City Cement Vietnam Limited	Related party	Sale of sands and clinkers	13,751,196,310	22,492,349,839
Hai Phong Cement Trading and Transportation Joint Stock Company	Related party	Transportation fees Rendering of services	11,923,582,047 36,724,544	11,098,476,028 36,944,272

Ha Tien 1 Cement Joint Stock Company

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

30. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions of the Group with its related parties during the year were as follows: (continued)

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year</i>	<i>Previous year</i>	<i>VND</i>
Vicem Da Nang Building Material Joint Stock Company	Related party	Project costs	9,320,198,428	-	
Cement Consultant in Investment and Development Company	Related party	Consultancy service fee	6,387,558,020	5,864,285,259	
Ha Tien Packaging Joint Stock Company	Related party	Purchase of raw materials	8,504,994,539	10,064,394,007	
Bim Son Cement Joint Stock Company	Related party	Purchase of clinker Sale of sands	3,289,907,047 403,422,728	8,689,047,549 311,905,455	
Ha Long Cement Joint Stock Company	Related party	Lending of raw materials Disposal of fixed assets Purchase of clinkers	14,037,745,400 995,263,091 -	- -	
Vietnam Alkaline Refractories Factory	Related party	Purchase of bricks	1,412,670,000	1,390,571,000	
Vicem Hai Van Cement Joint Stock Company	Related party	Disposal of fixed assets Processing fee	681,818,182 -	- 2,804,727,272	
Vicem Hai Phong Cement Limited	Related party	Sale of sands Purchase of clinkers	69,721,364 -	92,422,910 5,715,821,444	
Vicem Tam Diep Cement Limited	Related party	Purchase of clinkers Sale of merchandise Sale of sands Purchase of fixed assets	- - - -	31,549,886,169 2,073,341,140 110,260,000 853,031,818	
Vicem But Son Cement Joint Stock Company	Related party	Purchase of clinkers Sale of sands	- -	8,102,705,457 154,215,000	
Vicem Hoang Mai Cement Joint Stock Company	Related party	Purchase of clinkers	-	6,386,734,545	

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

30. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions of the Group with its related parties during the year were as follows: (continued)

Related party	Relationship	Transactions	VND	
			Current year	Previous year
Vicem Hoang Thach Cement Company Limited	Related party	Sale of sands	-	108,306,150
Vicem Cement Technology Institution	Related party	Training fees	283,172,000	714,928,800
Cement Technical Intermediate University	Related party	Training fees	111,360,000	184,720,000
Vicem Song Thao Cement Joint Stock Company	Related party	Sales of tools and supplies	24,000,000	-
Amounts due from and due to related parties at the balance sheet dates were as follows:				
Related party	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade receivables				
Siam City Nhon Trach Cement Limited	Related party	Sale of clinkers	9,483,768,800	-
Siam City Cement Vietnam Limited	Related party	Sale of sands and clinkers	9,351,215,500	111,002,100
Ha Long Cement Joint Stock Company	Related party	Disposal of assets	1,094,789,400	-
Vicem Hai Van Cement Joint Stock Company	Related party	Disposal of assets	750,000,000	-
Ha Long Cement Company Limited	Related party	Sale of pozolan, tools and supplies	595,259,951	-
Bim Son Cement Joint Stock Company	Related party	Sale of sands	302,750,000	-
Vicem But Son Cement Joint Stock Company	Related party	Sale of sands	-	169,636,500
Ha Tien Transport Joint Stock Company	Related party	Rendering of services	-	11,077,104
			21,577,783,651	291,715,704

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

30. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due from and due to related parties at the balance sheet dates were as follows: (continued)

Related party	Relationship	Transactions	Ending balance	Beginning balance
				VND
Other short-term receivable				
Ha Long Cement Joint Stock Company	Related party	Lending of raw materials	14,037,745,400	-
Short-term advance to a supplier				
Cement Consultant in Investment and Development Company	Related party	Consultancy fees	522,603,500	872,413,000
Short-term trade payables				
Ha Tien Transport Joint Stock Company	Related party	Transportation fees	(64,767,843,503)	(68,319,356,850)
Vietnam Cement Industry Corporation	Parent company	Consultancy service fee Purchase of packages	(61,540,395,981)	(68,553,315,787) (853,288,436)
Ha Long Cement Company Limited	Related party	Processing fee	(32,431,296,995)	(57,873,623,530)
Branch of Vicem Hoang Thach Cement Company Limited – Sales and Services Enterprise	Related party	Processing fee	(3,713,502,375)	-
Hai Phong Cement Trading and Transportation Joint Stock Company	Related party	Transportation fees	(3,268,615,790)	(2,383,951,610)
Ha Tien Packaging Joint Stock Company	Related party	Purchase of packages	(2,523,259,867)	(4,137,540,000)
Cement Consultant in Investment and Development Company	Related party	Consultancy fees	(2,314,121,030)	(2,175,100,425)
Vicem Gypsum and Cement Joint Stock Company	Related party	Purchase of gypsums	(2,128,500,000)	(4,468,786,740)
Vietnam Alkaline Refractories Factory	Related party	Purchase of bricks	(1,630,418,405)	(1,529,628,100)
Vicem Materials Transport cement Joint Stock Company	Related party	Purchase of coal	-	(22,696,460,820)
Bim Son Cement Joint Stock Company	Related party	Purchase of clinkers	-	(9,557,952,304)
Vicem Cement Technology Institution	Related party	Training fees	-	(171,918,000)
			(174,317,953,946)	(242,720,922,602)

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

30. **TRANSACTIONS WITH RELATED PARTIES** (continued)

Amounts due from and due to related parties at the balance sheet dates were as follows: (continued)

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Ending balance</i>	<i>Beginning balance</i>	<i>VND</i>
Short-term accrued expense					
Vietnam Cement Industry Corporation	Parent company	Interest expense	<u>(309,977,025)</u>	<u>(314,282,262)</u>	
Long-term loan					
Vietnam Cement Industry Corporation	Parent company	Long-term loans	<u>(17,568,573,607)</u>	<u>(17,568,573,607)</u>	

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

30. TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions with other related parties

Remuneration to members of the Board of Directors, the management and other managerial personnel during the year were as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Salaries and bonus of the management and other managerial personnel	5,274,497,974	4,658,577,084
Allowance of the Board of Directors	444,000,000	468,000,000
TOTAL	5,718,497,974	5,126,577,084

31. EARNINGS PER SHARE

The Group used the following information to calculate basic and diluted earnings per share:

	<i>Current year</i>	<i>Previous year</i>
Net profit after tax (VND)	487,592,188,619	809,085,827,786
Less: Bonus and welfare fund (VND) (*)	-	119,682,000,000
Net profit after tax attributable to ordinary shares (VND)	487,592,188,619	689,403,827,786
Weighted average number of shares (shares)	381,541,911	381,541,911
Earnings per share (VND/share)		
- Basic	1,278	1,807
- Diluted	1,278	1,807

Par value of share is VND 10,000 per share.

(*) Net profit used to compute earnings per share for the year ended 31 December 2016 was restated following the actual allocation to bonus and welfare funds from 2016 retained earnings as approved in the Shareholders Meeting's Resolution dated 27 April 2017.

There were no potential dilutive ordinary shares during the year and up to the balance sheet date.

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

32. OPERATING LEASE COMMITMENTS

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

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	21,543,848,144	21,386,335,165
From 1 - 5 years	37,524,262,691	47,140,334,959
More than 5 years	226,337,631,416	285,431,092,970
TOTAL	<u>285,405,742,251</u>	<u>353,957,763,094</u>

The beginning balance of operating lease commitments has been restated to reflect the Group's updated land rental agreements made during the year.

33. OFF BALANCE SHEET ITEMS

	<i>Ending balance</i>	<i>Beginning balance</i>
1. Doubtful debts written off (VND)	1,395,687,412	1,395,687,412
2. Foreign currencies:		
- United States dollar (USD)	137,606	350,848
- Euro (EUR)	74	90

34. EVENTS AFTER THE BALANCE SHEET DATE

Except for the event as disclosed at Note 1, there have been no other significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.

		
_____ Nguyen Thi Loan Preparer	_____ Le Thi Phuong Dung Head of Finance and Accounting Department	_____ Mai Van Yen Deputy General Director



29 March 2018