



Công ty TNHH Kiểm Toán AFC Việt Nam

AFC Vietnam Auditing Co., Ltd

Thành viên tập đoàn PKF Quốc tế

Member firm of PKF International



Accountants &
business advisers

PORTCOAST CONSULTANT CORPORATION

**Audited Financial Statements
for the fiscal year ended 31 December 2016**

**PORTCOAST CONSULTANT
CORPORATION**

**Audited financial statements
for the year ended 31 December 2016**

CONTENTS

	Page
REPORT OF THE BOARD OF MANAGEMENT	1 – 3
INDEPENDENT AUDITORS' REPORT	4 – 5
AUDITED FINANCIAL STATEMENTS	
Balance sheet	6 – 9
Income statement	10
Cash flow statement	11 – 12
Notes to the financial statements	13 – 28

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management have pleased in presenting this report and the audited financial statements of Portcoast Consultant Corporation for the fiscal year ended on 31 December 2016.

1. The Company

Portcoast Consultant Corporation (“the Company”) is a joint stock company established by the equitization the Portcoast Consultant Enterprise according to the decision No 3203/QD-BGTVT dated 24 October 2004 issued by the Ministry of Communication and Transportation. The Company operates under the Certificate of Business Registration No. 4103002981 (business code 0303592115) dated 23 December 2004 issued by the Department of Planning and Investment of Ho Chi Minh City and has been changed to the tenth amendment dated 13 December 2013. The amendments of the Certificate of Business Registration have been performed mainly to increase the charter capital.

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

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

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

The Company has 2 branches :

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

REPORT OF THE BOARD OF MANAGEMENT

2. The Board of Management and Executive

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

The Board of Management

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

The Executive Board

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

Legal representative

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

Mr. Tran Tan Phuc	Chairman cum General Director
-------------------	-------------------------------

3. The Company's financial position and operating results

The Company's financial position as at 31 December 2016 and its operating result for the year then ended are reflected in the accompanying financial statements.

4. Events since the balance sheet date

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

5. Auditors

AFC Vietnam Auditing Company Limited has been appointed to perform the audit for the year ended 31 December 2016.

REPORT OF THE BOARD OF MANAGEMENT

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

The Executive Board are responsible for the financial statements for the year ended 31 December 2016 which give a true and fair view of the state of affair of the Company and of its results and cash flows for the year then ended. In preparing those financial statements, the Executive Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basic unless it is inappropriate to presume that the Company will continue in business; and
- Design, implement and maintain the Company's internal control for prevention and detection of fraud and error.

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

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

7. Approval of the financial statements

We hereby approve the accompanying financial statements which give a true fair view of the financial position of the Company as at 31 December 2016 and the results of its operations and cash flows of the Company for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting system for enterprises and legal regulations relating to financial reporting.

On behalf of the Board of Management



MR. TRAN TAN PHUC
Chairman

Ho Chi Minh City, 31 March 2017

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Portcoast Consultant Corporation ("the Company"), presented at 31 March 2017, as set out on pages 6 to 28, which comprise the balance sheet as at 31 December 2016, and the income statement, cash flow statement and notes to the financial statements for the year then ended.

Responsibilities of the Executive Board

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

Responsibilities of Auditors

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

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

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

Basis for qualified opinion

1. As of 31 December 2016, the Company's receivable from Transport Engineering Design Incorporation South (Tedi South) with the amount of VND 9,765,516,627 as a temporary amount. Therefore, any effects of adjustments to these debts will have impact on the financial situation of the Company.

INDEPENDENT AUDITORS' REPORT *(continued)*

Basis for qualified opinion *(continued)*

2. According to the current Vietnamese Accounting Standard and System, in the normal operation condition, the financial statements have been prepared on the historical cost method. As mentioned in Notes 3.1, 3.7, 4.9 and 4.18 in the year 2009, 2010, based on the Valuation Certificate No. 02171209/KHDN dated 26 December 2009 and Valuation Certificate No.03691/2010/VLAND-HCM dated 20 December 2010 which issued by VietLand Valuation Limited Company, the Company has revaluated its intangible assets – land use right. The revaluation have been recorded in 2009 and 2010 and have increased the value of Intangible assets – land use right with an amount of VND 73,377,039,634 in 2009 and VND 15,571,675,186 in 2010 respectively. In addition, the Company has not made any provision for the potential CIT expenses (if any) for this additional revaluation.
3. As at 31 December 2016 the fair value of inventories are not recognized in the financial statements. So, the business result and financial position of the Company for the year ended on this date can be changed if the profits or losses on investments are recognized.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in all material respects, the financial statements give a true and fair view of the financial position of Portcoast Consultant Corporation as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting system for enterprises and legal regulations relating to financial reporting.

Other matters

We draw attention to Note 4.11 to the financial statements, as at 31 December 2016 the profit or loss of investments in subsidiaries, associated companies and other long – term investment are not recognized in the financial statements because the Company has not received the financial statements of these companies. So, the business result and financial position of the Company for the year ended on this date can be changed if the profits or losses on investments are recognized.



TRANG DAC NHA
Deputy General Director
Audit Practising Registration Certificate
No. 2111-2013-009-1

NGUYEN THI THANH MINH
Auditor
Audit Practising Registration Certificate
No. 0068-2013-009-1

AFC VIETNAM AUDITING COMPANY LIMITED
Ho Chi Minh City, 31 March 2017

BALANCE SHEET

As at 31 December 2016

ITEMS	Code	Notes	31/12/2016 VND	01/01/2016 VND
ASSETS				
A - CURRENT ASSETS	100		301,536,841,755	268,078,867,475
I. Cash and cash equivalents	110	4.1	9,734,069,189	52,038,162,781
1. Cash	111		9,734,069,189	52,038,162,781
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		70,302,000,000	5,070,000,000
1. Trading securities	121		-	-
2. Provision for devaluation of trading securities	122		-	-
3. Investments held to maturity	123	4.2	70,302,000,000	5,070,000,000
III. Short-term receivables	130		141,242,630,882	124,821,298,613
1. Short-term trade receivables	131	4.3	14,184,178,330	13,602,495,686
2. Short-term advances to suppliers	132	4.4	38,031,167,076	39,055,931,173
3. Short-term inter-company receivables	133		-	-
4. Receivables according to the progress of consultancy contracts	134		-	-
5. Receivables from short-term loan	135		-	-
6. Other short-term receivables	136	4.5	89,406,620,363	72,542,206,641
7. Provision for doubtful debts	137		(379,334,887)	(379,334,887)
8. Shortage of assets awaiting for resolution	139		-	-
IV. Inventories	140	4.6	79,099,330,916	84,237,861,146
1. Inventories	141		79,099,330,916	84,237,861,146
2. Provision for devaluation of inventories	149		-	-
V. Other short-term assets	150		1,158,810,768	1,911,544,935
1. Short-term prepaid expenses	151		-	-
2. Value added tax deductibles	152	4.15	666,714	1,143,322,554
3. Taxes and other receivables from the State	153	4.15	1,158,144,054	768,222,381
4. Repo transactions in government bonds	154		-	-
5. Other short-term assets	155		-	-

BALANCE SHEET

As at 31 December 2016

ITEMS	Code	Notes	31/12/2016	01/01/2016
			VND	VND
B - NON-CURRENT ASSETS	200		221,614,046,202	320,137,828,001
I. Long-term receivables	210		9,765,516,627	9,765,516,627
1. Long-term receivables from customers	211	4.7	9,765,516,627	9,765,516,627
2. Long-term advances to suppliers	212		-	-
3. Working capital provided to subordinate units	213		-	-
4. Long-term inter-company receivables	214		-	-
5. Receivables from long-term loan	215		-	-
6. Other long-term receivables	216		-	-
7. Provision for doubtful long-term debts	219		-	-
II. Fixed assets	220		166,392,704,981	169,246,708,518
1. Tangible fixed assets	221	4.8	62,924,477,458	65,693,043,096
- Cost	222		88,374,943,168	88,329,485,414
- Accumulated depreciation	223		(25,450,465,710)	(22,636,442,318)
2. Finance leases	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	4.9	103,468,227,523	103,553,665,422
- Cost	228		110,763,676,325	110,505,884,325
- Accumulated amortization	229		(7,295,448,802)	(6,952,218,903)
III. Real Estate Investment	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Long-term assets in progress	240		163,861,719	159,524,957
1. Long-term work in progress	241		-	-
2. Construction in progress	242	4.10	163,861,719	159,524,957
V. Long-term financial investments	250	4.11	42,289,382,729	138,757,178,729
1. Investments in subsidiary companies	251		26,874,873,729	111,279,873,729
2. Investments in associates and joint-ventures	252		10,969,707,000	23,164,355,000
3. Investments in other entities	253		4,444,802,000	4,312,950,000
4. Contingency for long-term investments	254		-	-
5. Investments held to maturity	255		-	-
VI. Other long-term assets	260		3,002,580,146	2,208,899,170
1. Long-term prepaid expenses	261	4.12	3,002,580,146	2,208,899,170
2. Deferred income tax assets	262		-	-
3. Long-term equipments, supplies and spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS	270		523,150,887,957	588,216,695,476

BALANCE SHEET

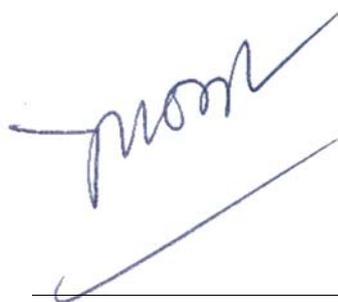
As at 31 December 2016

ITEMS	Code	Notes	31/12/2016 VND	01/01/2016 VND
RESOURCES				
C - LIABILITIES				
	300		251,578,305,416	318,847,335,664
I. Current liabilities				
	310		238,749,837,299	306,018,867,547
1. Short-term payables to suppliers	311	4.13	21,985,185,358	6,244,685,247
2. Short-term advances from customers	312	4.14	197,664,958,349	185,923,481,747
3. Taxes and other payables to the State	313	4.15	6,104,982,885	3,279,001,158
4. Payables to employees	314		3,834,600,000	3,293,216,900
5. Short-term accrued expenses	315		-	-
6. Short-term internal payables	316		-	-
7. Payables according to the progress of construction contracts	317		-	-
8. Short-term unrealised revenues	318		-	-
9. Other short-term payables	319	4.16	8,849,457,863	106,182,413,651
10. Short-term loans and finance lease liabilities	320		-	-
11. Contingency for short-term payables	321		-	-
12. Bonus and welfare funds	322	4.17	310,652,844	1,096,068,844
13. Price Stabilization Fund	323		-	-
14. Repo transactions in government bonds	324		-	-
II. Long-term liabilities				
	330		12,828,468,117	12,828,468,117
1. Long-term payables to suppliers	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Working capital intercompany payables	334		-	-
5. Long-term intercompany payables	335		-	-
6. Long-term unrealised revenues	336		-	-
7. Other long-term payables	337	4.16	12,828,468,117	12,828,468,117
8. Long-term loans and finance lease liabilities	338		-	-
9. Convertible bond	339		-	-
10. Preference shares	340		-	-
11. Deferred income tax liabilities	341		-	-
12. Contingency for long-term payables	342		-	-
13. Scientific and technological development fund	343		-	-

BALANCE SHEET

As at 31 December 2016

ITEMS	Code	Notes	31/12/2016	01/01/2016
			VND	VND
D - EQUITY	400		271,572,582,541	269,369,359,812
I. Owner's equity	410	4.18	271,572,582,541	269,369,359,812
1. Contributions from owners	411		120,870,700,000	120,870,700,000
2. Surplus of stock capital	412		7,625,000,000	7,625,000,000
3. Conversion options on bond	413		-	-
4. Other capital of owners	414		-	-
5. Treasury shares	415		-	-
6. Difference on assets revaluation	416		88,948,714,820	88,948,714,820
7. Foreign exchange difference	417		-	-
8. Development investment fund	418		7,460,000,000	7,460,000,000
9. Enterprise reorganization support fund	419		-	-
10. Other funds belonging to owner's equity	420		6,310,000,000	6,310,000,000
11. Retained earnings	421		40,358,167,721	38,154,944,992
- Retained earnings up to previous year-end	421a		38,154,944,992	38,154,944,992
- Retained earnings of current year	421b		2,203,222,729	-
12. Funds for construction investment	422		-	-
II. Other capital, funds	430		-	-
1. Funds	431		-	-
2. Funds invested in fixed assets	432		-	-
TOTAL RESOURCES	440		523,150,887,957	588,216,695,476



NGUYEN DANG BICH PHUONG
Prepared by



NGUYEN THI TAM TRINH
Chief Financial-HR Officer



TRAN TAN PHUC
General Director
Ho Chi Minh City, 31 March 2017

INCOME STATEMENT

For the fiscal year ended 31 December 2016

ITEMS	Code	Notes	2016 VND	2015 VND
Gross sales of merchandise and services	01		79,492,372,166	71,732,110,150
Less deduction	02		-	-
Net sales	10	5.1	79,492,372,166	71,732,110,150
Cost of sales	11	5.2	79,353,325,637	63,735,750,654
Gross profit/(loss)	20		139,046,529	7,996,359,496
Financial income	21	5.3	29,495,151,714	4,049,128,106
Financial expenses	22	5.4	12,678,111,043	-
- <i>In which: loan interest</i>	23		189,253,000	-
Selling expenses	25		-	-
General and administration expenses	26	5.5	15,835,576,303	9,782,133,382
Operating profit/(loss)	30		1,120,510,897	2,263,354,220
Other income	31	5.6	1,410,181,818	100,001
Other expenses	32	5.7	44,054,098	34,585,147
Other profit/(loss)	40		1,366,127,720	(34,485,146)
Profit/(loss) before tax	50		2,486,638,617	2,228,869,074
Current corporate income tax expense	51	4.15	271,369,690	59,229,603
Deferred corporate income tax expense	52		-	-
Net profit/(loss) after tax	60		2,215,268,927	2,169,639,471



NGUYEN DANG BICH PHUONG
Prepared by



NGUYEN THI TAM TRINH
Chief Financial-HR Officer



TRAN TAN PHUC
General Director
Ho Chi Minh City, 31 March 2017

CASH FLOW STATEMENT *(Direct method)*

For the fiscal year ended 31 December 2016

ITEMS	Code	2016 VND	2015 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Proceeds from sales, services and other revenues	01	100,225,369,587	70,650,834,330
2. Payments to suppliers of goods and services	02	(33,404,678,114)	(75,398,170,423)
3. Payments to employees	03	(26,705,605,901)	(37,677,218,313)
4. Interest paid	04	189,253,000	-
5. Corporate income tax paid	05	(697,800,000)	(4,803,837,677)
6. Other proceeds from business activities	06	-	94,745,253,342
7. Other payments for business activities	07	(123,878,089,674)	-
Net cash flow from operating activities	20	(84,271,551,102)	47,516,861,259
II. CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,135,380,134)	(2,228,891,299)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	27,272,727	-
3. Cash outflow for lending, buying debt instruments of other entities	23	(65,232,000,000)	(4,729,680,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	-	3,411,680,000
5. Investments in other entities	25	-	(376,448,000)
6. Cash recovered from investments in other entities	26	84,150,000,000	6,130,000,000
7. Interest earned, dividends and profits received	27	29,488,615,700	1,147,501,026
Net cash flow from investment activities	30	47,298,508,293	3,354,161,727
III. CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Proceeds from issuing stocks and receiving capital from owners	31	-	-
2. Capital withdrawals, buying treasury shares	32	(131,852,000)	-
3. Proceeds from borrowings	33	-	-
4. Payments to settle loan principals	34	(5,160,000,000)	-
5. Payments to settle finance lease liabilities	35	-	-
6. Dividends and profits paid	36	-	-
Net cash flow from financial activities	40	(5,291,852,000)	-

CASH FLOW STATEMENT *(Direct method)*

For the fiscal year ended 31 December 2016

ITEMS	Code	2016 VND	2015 VND
NET CASH FLOWS DURING THE YEAR (50 = 20 + 30 + 40)	50	(42,264,894,809)	50,871,022,986
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	60	52,038,162,781	1,163,988,398
Effect of exchange rate fluctuations on cash and cash equivalents	61	(39,198,783)	3,151,397
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (70 = 50 + 60 + 61)	70	9,734,069,189	52,038,162,781

Cash and cash equivalents at year end 2016 is amount of VND 80,036,069,189, inclusive the following:

1. Cash on hand and demand deposit:	9,734,069,189
Including:	
Cash on hand	209,006,833
Demand deposit	9,525,062,356
2. Time Deposit	70,302,000,000
Total	80,036,069,189



NGUYEN DANG BICH PHUONG
Prepared by



NGUYEN THI TAM TRINH
Chief Financial-HR Officer



TRAN TAN PHUC
General Director

Ho Chi Minh City, 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

1. GENERAL INFORMATION

Portcoast Consultant Corporation (“the Company”) is a joint stock company, operating under the Certificate of Business Registration No. 4103002981 (business code 0303592115) dated 23 December 2004 issued by the Department of Planning and Investment of Ho Chi Minh City and has been changed to the tenth amendment dated 13 December 2013. The amendments of the Certificate of Business Registration have been performed mainly to increase the charter capital.

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

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

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

The Company has 2 branches:

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

As at 31 December 2016, the total number of employees is 114 persons (as at 31 December 2015, the total number of employees is 126 persons).

2. BASIS FOR PREPARATION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

BASIS FOR PREPARATION *(continued)*

The currency used in the accounting is VND.

The applicable accounting documentation system is the journal voucher.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 General accounting convention

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

3.2 Cash and cash equivalents

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

3.3 Foreign currency transactions

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

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

3.4 Receivables

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

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

3.5 Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Inventories (continued)

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

3.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

Buildings and structure	15 - 30 years
Machinery and equipment	3 - 8 years
Transportation vehicles	3 - 10 years
Transmission equipment	6 - 8 years
Office equipment	3 - 5 years

3.7 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortization.

Land use rights

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

The Company's land use rights are as follows:

<u>Area</u>	<u>Location</u>
400.4m ²	No. 328 Nguyen Trong Tuyen Street, Tan Binh District, Ho Chi Minh City
76,486.00 m ²	Field no. 65, map no. 52 Phuoc Hoa ward, Tan Thanh District, Ba Ria Vung Tau Province.
54.70m ²	No. 83 Tran Van Kieu, Ward 13, District 5, Ho Chi Minh City.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Intangible fixed assets *(continued)*

Software

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

3.8 Construction in progress

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

3.9 Investment in subsidiary, joint-ventures, associates

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

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

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

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

3.10 Owner's equity

Owner's investment capital

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

Share capital surplus

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

3.11 Revenue

The revenue of services.

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

Financial income

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

3.12 Taxes

Corporation income tax

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

According to Corporation income tax law, corporation income tax rate applied in 2016 is 20%

Other tax: comply with Vietnamese current regulations.

3.13 Financial instruments

Financial instruments – initial recognition and presentation

Financial assets

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

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

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

Financial liabilities

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

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

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

Subsequent measurement

No subsequent measure of financial instruments is currently required.

Offsetting of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

3.14 Related parties

Các bên được coi là liên quan nếu một bên có khả năng kiểm soát hoặc có ảnh hưởng đáng kể đối với bên kia trong việc ra quyết định tài chính và hoạt động. Các bên cũng được coi là liên quan nếu cùng được kiểm soát hoặc cùng chịu sự ảnh hưởng đáng kể của một bên thứ ba.

4. ADDITIONAL INFORMATION TO ITEMS IN THE BALANCE SHEET

4.1 Cash and cash equivalents

	31/12/2016 VND	01/01/2016 VND
Cash on hand	209,006,833	390,817,022
Cash in bank		
- VND	8,178,610,353	49,805,188,798
- USD	1,341,172,523	1,841,872,534
- JPY	5,279,480	284,427
	<u>9,734,069,189</u>	<u>52,038,162,781</u>

4.2 Short-term held-to-maturity investment

	31/12/2016 VND	01/01/2016 VND
Bank deposit with term under 12 months	2,302,000,000	5,070,000,000
Bank deposit with term over 12 months	68,000,000,000	-
	<u>70,302,000,000</u>	<u>5,070,000,000</u>

4.3 Short-term trade receivable

	31/12/2016 VND	01/01/2016 VND
Trade receivable – third parties	14,184,178,330	13,602,495,686
	<u>14,184,178,330</u>	<u>13,602,495,686</u>

4.4 Advances to suppliers

	31/12/2016 VND	01/01/2016 VND
Advances to suppliers – third parties	38,031,167,076	16,626,696,351
Advances to suppliers – related parties	-	22,429,234,822
	<u>38,031,167,076</u>	<u>39,055,931,173</u>

4.5 Short-term other receivables

	31/12/2016 VND	01/01/2016 VND
Receivables from lending to related parties	73,996,927,582	50,465,419,815
Receivables from lending to third parties	-	11,305,854,000
Advance to employee for contract performance	13,156,547,273	9,653,553,350
Other	2,253,145,508	1,117,379,476
	<u>89,406,620,363</u>	<u>72,542,206,641</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

4.6 Inventories

	31/12/2016 VND	01/01/2016 VND
Work in progress	79,099,330,916	84,237,861,146
	79,099,330,916	84,237,861,146

4.7 Other long-term receivables

	31/12/2016 VND	01/01/2016 VND
Other receivables		
South Transport Engineering Design Joint Stock Incorporated (Tedi South)	9,765,516,627	9,765,516,627
	9,765,516,627	9,765,516,627

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

4.8 Increase/ Decrease of tangible fixed assets

	Buildings, Structures VND	Machinery, equipment VND	Means of transmission VND	Total VND
HISTORICAL COST				
As at 01/01/2016	67,246,254,193	5,139,066,363	15,944,164,858	88,329,485,414
Purchase during the year	-	1,067,783,372	-	1,067,783,372
Decrease due to liquidation	-	-	(827,793,618)	(827,793,618)
Reclassify	-	(194,532,000)	-	(194,532,000)
As at 31/12/2016	67,246,254,193	6,012,317,735	15,116,371,240	88,374,943,168
ACCUMULATED DEPRECIATION				
As at 01/01/2016	7,748,968,125	2,698,975,222	12,188,498,971	22,636,442,318
Depreciation	2,253,971,196	978,436,910	409,408,904	3,641,817,010
Liquidation	-	-	(827,793,618)	(827,793,618)
As at 31/12/2016	10,002,939,321	3,677,412,132	11,770,114,257	25,450,465,710
NET BOOK VALUE				
As at 01/01/2016	59,497,286,068	2,440,091,141	3,755,665,887	65,693,043,096
As at 31/12/2016	57,243,314,872	2,334,905,603	3,346,256,983	62,924,477,458

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

As at 01/01/2016	-	1,866,238,532	9,464,598,353	11,330,836,885
As at 31/12/2016	-	1,910,775,077	9,077,273,735	11,024,252,812

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

4.9 Increase/ Decrease of intangible fixed assets

	Land use right VND	Accounting software VND	Total VND
HISTORICAL COST			
As at 01/01/2016	102,952,616,920	7,553,267,405	110,505,884,325
Purchase during the year	-	63,260,000	63,260,000
Reclassify	-	194,532,000	194,532,000
As at 31/12/2016	102,952,616,920	7,811,059,405	110,763,676,325
ACCUMULATED DEPRECIATION			
As at 01/01/2016	-	6,952,218,903	6,952,218,903
Depreciation	-	343,229,899	343,229,899
As at 31/12/2016	-	7,295,448,802	7,295,448,802
NET BOOK VALUE			
As at 01/01/2016	102,952,616,920	601,048,502	103,553,665,422
As at 31/12/2016	102,952,616,920	515,610,603	103,468,227,523

As at 31 December 2016, the cost of fixed assets fully depreciated but still in use is VND 5,376,419,885 VND.

In the year 2009 and 2010, the cost of land use rights has increased an amount of VND 73,377,039,634 and VND 15,571,675,186 respectively due to revaluation as per Notes 4.7.

4.10 Construction in progress

	31/12/2016 VND	01/01/2016 VND
Land at Maritime Service Counseling Center	163,861,719	159,524,957
	163,861,719	159,524,957

4.11 Long term investment

	31/12/2016 VND	01/01/2016 VND
Investment in subsidiaries	26,874,873,729	111,279,873,729
Investment in associates, joint-ventures	10,969,707,000	23,164,355,000
Investment in other entities	4,444,802,000	4,312,950,000
Provision for long-term financial investments	-	-
	42,289,382,729	138,757,178,729

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Investment in subsidiaries

	Holding rate (%)		Investment Value (VND)	
	Ending	Beginning	31/12/2016	01/01/2016
Portcoast Investment Consultants Corporation	70.00	70.00	888,292,000	888,292,000
Portcoast Geotechnical Co., Ltd	87.88	87.88	8,700,000,000	8,700,000,000
Xcom Co., Ltd	80.00	80.00	2,400,000,000	2,400,000,000
Global Media Consultant Co., Ltd	-	51.00	-	255,000,000
Cong Chinh AC Co., Ltd	70.00	70.00	350,000,000	350,000,000
Dia Hai Co., Ltd	94.18	94.18	14,536,581,729	14,536,581,729
Nhan Phuc Duc Investment JSC	-	56.10	-	84,150,000,000
			26,874,873,729	111,279,873,729

Investment in associates, joint-ventures

	Holding rate (%)		Investment Value (VND)	
	Ending	Beginning	31/12/2016	01/01/2016
Port and Waterway Engineering Consultant JSC	21.00	21.00	3,445,707,000	3,445,707,000
Tien Giang Construction Consultant JSC	30.89	30.89	3,024,000,000	3,024,000,000
HFIC Investments JSC	25.00	25.00	2,500,000,000	2,500,000,000
Sai Gon Medicine Health Investment Corporation	-	42.62	-	12,194,648,000
Civil Engineering Consultants Joint-Stock Company 625	22.83	22.83	2,000,000,000	2,000,000,000
			10,969,707,000	23,164,355,000

Other long-term investments

	Shares	Investment value (VND)	
		31/12/2016	01/01/2016
Cai Mep Thi Vai Inland Depot Distribution JSC		25,000,000	25,000,000
Sai Gon Construction Quality Control JSC	224.500	4,287,950,000	4,287,950,000
Sai Gon Medicine Health Investment Corporation	26.370	131,852,000	-
		4,444,802,000	4,312,950,000

4.12 Long-term prepayment

	31/12/2016 VND	01/01/2016 VND
Tools	3,002,580,146	2,208,899,170
	3,002,580,146	2,208,899,170

4.13 Trade payable

	31/12/2016 VND	01/01/2016 VND
Trade payable – related parties	16,446,944,062	160,900,000
Trade payable – third parties	5,538,241,296	6,083,785,247
	21,985,185,358	6,244,685,247

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

4.14 Advances from customers

	31/12/2016 VND	01/01/2016 VND
Advances from customers – related parties	13,742,376	13,742,376
Advances from customers – third parties	65,928,111,878	185,909,739,371
	<u>197,664,958,349</u>	<u>185,923,481,747</u>

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

4.15 Taxes

Value added taxes deductible

	31/12/2016 VND	01/01/2016 VND
Value added taxes deductible	666,714	1,143,322,554
	<u>666,714</u>	<u>1,143,322,554</u>

Taxes receivables

	31/12/2016 VND	01/01/2016 VND
Value added tax (*)	1.158.144.054	768.222.381
	<u>1.158.144.054</u>	<u>768.222.381</u>

(*) The output VAT of unrealised revenues of the projects which have not been accepted and have not made invoice in year 2011 and 2012 under the Decision No. 4973/QĐ-CT-XP on 15 October 2014 by the Department of Taxation of Ho Chi Minh City.

Taxes and obligations payable to State

	31/12/2016 VND	01/01/2016 VND
Value added tax	2,478,178,581	1,128,538,624
Corporation income tax	-	37,116,101
Personal income tax (PIT)	3,613,206,280	2,099,748,409
Others	13,598,024	13,598,024
	<u>6,104,982,885</u>	<u>3,279,001,158</u>

Corporate income tax payables in year are as follows:

	2016 VND	2015 VND
Accounting profit before tax	2,486,638,617	2,228,869,074
Increases/decreases adjustment in accounting profit to determine taxable profit:		
Increase	83,246,332	28,095,836
Decrease	(1,213,036,500)	(1,987,739,442)
Assessable income	<u>1,356,848,449</u>	<u>269,225,468</u>
Loss in previous years	-	-
Taxable income	<u>1,356,848,449</u>	<u>269,225,468</u>
Rate	20%	22%
Current corporate income tax expense	<u>271,369,690</u>	<u>59,229,603</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

4.16 Other long – term and short – term payables

4.16.1 Other short – term payables

	31/12/2016 VND	01/01/2016 VND
Other short – term payables – related parties	1,341,984,000	-
Other short – term payables – third parties	7,507,473,863	106,182,413,651
	<u>8,849,457,863</u>	<u>106,182,413,651</u>

4.16.2 Other long – term payables

	31/12/2016 VND	01/01/2016 VND
Other organizations and individuals payables		
Payables for performance value at 31/12/2004	9,765,516,627	9,765,516,627
Other payables	3,062,951,490	3,062,951,490
	<u>12,828,468,117</u>	<u>12,828,468,117</u>

4.17 Bonus and welfare funds

	01/01/2016 VND	Increase during the year VND	Payment during the year VND	31/12/2016 VND
Reward and welfare fund	1,096,068,844	-	(785,416,000)	310,652,844
	<u>1,096,068,844</u>	<u>-</u>	<u>(785,416,000)</u>	<u>310,652,844</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

4.18 Owner's equity

Owner's equity movement

	Owner's equity	Share premium	Difference from assets revaluation	Business development fund	Other funds of owners equity	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
As at 01/01/2015	120,870,700,000	7,625,000,000	88,948,714,820	7,460,000,000	6,310,000,000	41,191,184,598	272,405,599,418
Profits in year	-	-	-	-	-	2,169,639,471	2,169,639,471
Other tax payment	-	-	-	-	-	(5,205,879,077)	(5,205,879,077)
As at 31/12/2015	120,870,700,000	7,625,000,000	88,948,714,820	7,460,000,000	6,310,000,000	38,154,944,992	269,369,359,812
As at 01/01/2016	120,870,700,000	7,625,000,000	88,948,714,820	7,460,000,000	6,310,000,000	38,154,944,992	269,369,359,812
Profits in year	-	-	-	-	-	2,215,268,927	2,215,268,927
Other tax payment	-	-	-	-	-	(12,046,198)	(12,046,198)
As at 31/12/2016	120,870,700,000	7,625,000,000	88,948,714,820	7,460,000,000	6,310,000,000	40,358,167,721	271,572,582,541

In the year 2009 and 2010, the difference from revaluation on intangible asset-land use rights is VND 73,377,039,634 and VND 15,571,675,186 as presented at Note 3.7 and 4.9.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

Details of owners' contributed equity

According to the Certificate of Business Registration No. 0303592115 being tenth amended on 13 December 2013 issued by the Department of Planning and Investment of Ho Chi Minh City, the Company's charter capital is VND 120,870,700,000. As at 31 December 2015, shareholders fully contributed to charter capital equivalents to 1,208,707 shares with par value per share is VND 100,000.

Shareholders	Rate %	Number of shares	Amount VND
Mr. Tran Tan Phuc	23.54	284,534	28,453,400,000
Mr. Duong Manh Trung	7.18	86,890	8,689,000,000
Mr. Do Nguyen Chi	6.94	83,826	8,382,600,000
Ms. Ngo Ngoc Thu Nhan	5.30	64,049	6,404,900,000
Other shareholders	57.04	689,408	68,940,800,000
Total	100.00	1,208,707	120,870,700,000

Shares

	2016	2015
Authorized shares	1,208,707	1,208,707
- Common stock	535,000	535,000
- Common stock (conditional transfer right)	673,707	673,707
- Preference share	-	-
Issued shares during the year	1,208,707	1,208,707
- Common stock	535,000	535,000
- Common stock (conditional transfer right)	673,707	673,707
- Preference stock	-	-
Outstanding shares	1,208,707	1,208,707
- Common stock	535,000	535,000
- Common stock (conditional transfer right)	673,707	673,707
- Preference stock	-	-
Treasury stock	-	-

Par value of shares: VND 100,000 / shares

4.19 Off balance sheet items

Foreign currencies

	31/12/2016	01/01/2016
USD	59,082.49	82,043.32
JPY	27,263.00	1,529.75

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

5. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT

5.1 Sale from rendering services

5.1.1 Net sale

	2016 VND	2015 VND
Sale from rendering services	79,492,372,166	71,732,110,150
Deductions: Sale discount	-	-
Net sale	<u>79,492,372,166</u>	<u>71,732,110,150</u>

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

	2016 VND	2015 VND
Civil Engineering Consultants Join-Stock Company 625	108,000,000	-
	<u>108,000,000</u>	<u>-</u>

5.2 Cost of sale

	2016 VND	2015 VND
Cost from rendering services	79,353,325,637	63,735,750,654
	<u>79,353,325,637</u>	<u>63,735,750,654</u>

5.3 Financial income

	2016 VND	2015 VND
Interest from bank deposits	165,063,200	347,298,550
Dividend from financial investment	1,213,036,500	800,202,476
Gain from foreign exchange	6,536,014	11,627,080
Gain on shares transfer	28,110,516,000	2,890,000,000
	<u>29,495,151,714</u>	<u>4,049,128,106</u>

5.4 Financial expense

	2016 VND	2015 VND
Interest expense	189,253,000	-
Loss on shares transfer	12,449,648,000	-
Loss from foreign exchange	11,260	-
Foreign exchange loss due to the revaluation of monetary items denominated in foreign currencies	39,198,783	-
	<u>12,678,111,043</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

5.5 Administration expenses

	2016 VND	2015 VND
Employees expenses	12,398,587,335	7,618,410,262
Raw material costs	15,737,550	5,653,802
Tool cost	20,460,909	3,109,938
Tax and fees	87,093,393	103,913,836
Electricity, water cost	926,397,391	814,918,756
Other costs	2,387,299,725	1,236,126,788
	15,835,576,303	9,782,133,382

5.6 Other income

	2016 VND	2015 VND
Income from liquidation of fixed assets	27,272,727	-
Income from leasing	1,200,000,000	-
Income from selling shares	125,000,000	-
Other income	57,909,091	100,001
	1,410,181,818	100,001

5.7 Other expense

	2016 VND	2015 VND
Adjustmen of Social insurance payables	15,784,059	-
Other expenses	28,270,039	34,585,147
	44,054,098	34,585,147

6. OTHER INFORMATION

6.1 Transactions and balances with other related parties

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

Related parties	Description	2016 VND
Portcoast Geotechnical Co., Ltd		
	Purchase services	241,809,879
	Lending business	878,278,000
	Advance for production	10,170,629,409
Dia Hai Co., Ltd		
	Advance for production	5,728,858,212
Nhan Phuc Duc Investment JSC		
	Advance for production	64,695,500
	Expense payables	1,341,984,000
Sai Gon Medicine Health Investment Corporation		
	Lending business	560,000,000
	Advance for production	54,890,000
Civil Engineering Consultants Join-Stock Company 625		
	Providing services	108,000,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

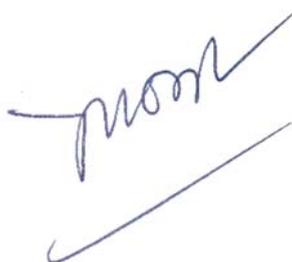
These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Balances with other related parties

Related parties	Description	31/12/2016 VND
Portcoast Geotechnical Co., Ltd		
	Other short – term receivables	44,869,038,349
	Trade payables	13,813,206,000
Cong Chinh AC Co., Ltd		
	Other short – term receivables	1,597,414,664
	Trade payables	237,357,000
Dia Hai Co., Ltd		
	Other short – term receivables	12,289,152,964
	Trade payables	2,250,381,062
Nhan Phuc Duc Investment JSC		
	Other short – term receivables	1,295,211,938
	Other short – term payables	1,341,984,000
X.C.O.M Co., Ltd		
	Other short – term receivables	315,617,310
Global Media Consultant Co., Ltd		
	Other short – term receivables	55,717,557
	Trade payables	146,000,000
Sai Gon Medicine Health Investment Corporation		
	Other short – term receivables	560,000,000
HFIC Investment Joint Stock Company		
	Other short – term receivables	46,353,000
Tien Giang Construction Consultant JSC		
	Advances from customers	13,742,376

6.2 Events subsequent to the balance sheet date

There have been no significant events occurring after the balance sheet date (31 December 2016) to the date of this report, which would require adjustments or disclosures to be made in the financial statements.



NGUYEN DANG BICH PHUONG
Prepared by



NGUYEN THI TAM TRINH
Chief Financial-HR Officer



TRAN TAN PHUC
General Director
Ho Chi Minh City, 31 March 2017