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Vinacontrol Group Corporation

Consolidated financial statements for
the year ended 31 December 2017

Vinacontrol Group Corporation
Report of the Board of Directors

The Board of Directors of Vinacontrol Group Corporation ("the Company") is pleased to present its report and the consolidated financial statements of the Company for the year ended 31 December 2017.

The members of the Board of Management and the Board of Directors during the year and at the date of this report are as follows:

Board of Management	Mr. Bui Duy Chinh	Chairman
	Mr. Mai Tien Dung	Member
	Mr. Phan Van Hung	Member
	Ms. Dang Thi Thu Ha	Member
	Mr. Tran Dang Thanh	Member
Board of Directors	Mr. Mai Tien Dung	General Director
	Mr. Phan Van Hung	Deputy General Director
	Mr. Tran Dang Thanh	Deputy General Director *(until 31May 2017)*

Corporate information

The Company was originated from the Vietnam Superintendence and Inspection Joint Stock Company. The Company was transformed from a state-owned enterprise to a joint stock company under Decision No. 1758/2004/QD-BTM dated 29 November 2004 of the Minister of Trade and operates in accordance with the initial Business Registration Certificate No. 0103008113 issued by the Hanoi Department of Planning and Investment on 1 June 2005. In accordance with the 5th amendment of the Business Registration Certificate No. 0100107772 issued by the Hanoi Department of Planning and Investment on 23 May 2011, the Vietnam Superintendence and Inspection Joint Stock Company was changed to Vinacontrol Group Corporation.

The Company's Business Registration Certificate has been amended several times, the most recent of which is Business Registration Certificate No. 0100107772 dated 29 July 2013. The Business Registration Certificate was issued by the Hanoi Department of Planning and Investment.

The registered office of the Company is at 54 Tran Nhan Tong Street, Nguyen Du Ward, Hai Ba Trung District, Hanoi, Vietnam.

Operating results and dividends

The consolidated net profit of the Company for the year ended 31 December 2017 was VND33,165 million (for the year ended 31 December 2016: VND31,644 million).

On 21 April 2017, the General Meeting of Shareholders of the Company resolved to distribute dividends in cash amounting to VND8,400 million (26 March 2016: VND13,649 million). On 28 August 2017, the Board of Management of the Company resolved to distribute interim dividends in cash amounting to VND7,349 million (24 August 2016: VND7,350 million).

Auditor

The auditor of the Company is KPMG Limited.

Statement of the Board of Directors' responsibility in respect of the consolidated financial statements

The Board of Directors is responsible for the consolidated financial statements which give a true and fair view of the Company's consolidated financial position as at 31 December 2017, consolidated results of operations and consolidated cash flows for the year then ended. In preparing the consolidated financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- confirm that 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 Company and its subsidiaries will continue in business.

The Board of Directors is also responsible for ensuring that proper accounting records are prepared and kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Company and to ensure that the accounting records comply with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that they have complied with the above requirements in preparing the consolidated financial statements.

Approval of the consolidated financial statements

We hereby approve the accompanying consolidated financial statements for the year ended 31 December 2017. These financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2017, its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Directors

M.S.D.N: 0100107772 C.T.C.P CÔNG TY CỔ PHẦN TẬP ĐOÀN VINACONTROL Q.HAI BÀ TRƯNG - T.P HÀ NỘI

Mai Tien Dung
General Director

Hanoi, 15 March 2018

KPMG Limited
46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
+84 (24) 3946 1600 | kpmg.com.vn

INDEPENDENT AUDITORS' REPORT

To the Shareholders
Vinacontrol Group Corporation

We have audited the accompanying consolidated financial statements of Vinacontrol Group Corporation ("the Company"), which comprise the consolidated balance sheet as at 31 December 2017, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 15 March 2018, as set out on pages 5 to 38.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on 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 of 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 judgement, 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, 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 audit opinion.

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Auditor's Opinion

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

KPMG Limited
Vietnam
Audit Report No.: 17-02-104-KT-HN

CÔNG TY TRÁCH NHIỆM HỮU HẠN KPMG

Đàm Xuan Lam	Phan My Linh
Practicing Auditor Registration	Practicing Auditor Registration
Certificate No.: 0861-2018-007-1	Certificate No.: 3064-2014-007-1
Deputy General Director	

Hanoi, 15 March 2018

Vinacontrol Group Corporation
Consolidated balance sheet as at 31 December 2017

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2017 VND	1/1/2017 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	**100**		**176,326,149,286**	**150,684,468,722**
Cash and cash equivalents	**110**	**4**	**85,739,933,264**	**61,213,134,341**
Cash	111		82,992,658,001	56,709,551,008
Cash equivalents	112		2,747,275,263	4,503,583,333
Short-term financial investments	**120**		**526,200,000**	**559,000,000**
Trading securities	121	5(a)	1,401,400,000	1,460,200,000
Allowance for diminution in the value of trading securities	122	5(a)	(875,200,000)	(901,200,000)
Accounts receivable – short-term	**130**		**85,968,203,506**	**84,308,197,917**
Accounts receivable from customers	131	6	80,980,766,806	79,498,798,325
Prepayments to suppliers	132		3,562,604,966	2,585,651,040
Other receivables	136	7	8,402,915,093	8,781,503,031
Allowance for doubtful debts	137	8	(6,978,083,359)	(6,557,754,479)
Inventories	**140**	**9**	**4,079,814,026**	**3,258,350,073**
Inventories	141		4,079,814,026	3,258,350,073
Other current assets	**150**		**11,998,490**	**1,345,786,391**
Short-term prepaid expenses	151		6,394,200	42,992,140
Deductible value added tax	152		5,604,290	1,302,794,251

The accompanying notes are an integral part of these consolidated financial statements

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	**200**		**138,407,767,988**	**140,301,039,864**
Accounts receivable – long-term	**210**		**43,350,000**	**83,850,000**
Other long-term receivables	216		43,350,000	83,850,000
Fixed assets	**220**		**118,777,609,831**	**125,127,223,751**
Tangible fixed assets	221	10	103,740,373,691	109,785,003,423
Cost	222		188,314,905,079	179,645,595,468
Accumulated depreciation	223		(84,574,531,388)	(69,860,592,045)
Intangible fixed assets	227	11	15,037,236,140	15,342,220,328
Cost	228		17,715,335,251	17,715,335,251
Accumulated amortisation	229		(2,678,099,111)	(2,373,114,923)
Long-term work in progress	**240**		**5,788,030,536**	**65,000,000**
Construction in progress	242	12	5,788,030,536	65,000,000
Long-term financial investments	**250**	**5(b)**	**2,212,752,413**	**2,103,410,315**
Investments in associates	252		2,212,752,413	2,103,410,315
Other long-term assets	**260**		**11,586,025,208**	**12,921,555,798**
Long-term prepaid expenses	261	13	11,586,025,208	12,921,555,798
TOTAL ASSETS (270 = 100 + 200)	**270**		**314,733,917,274**	**290,985,508,586**

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	**300**		**120,360,429,519**	**108,432,963,876**
Current liabilities	**310**		**114,303,578,749**	**95,846,685,414**
Accounts payable to suppliers	311	14	12,417,357,970	11,216,417,998
Advances from customers	312		13,145,470,103	10,658,201,937
Taxes payable to State Treasury	313	15	17,723,501,391	13,046,728,937
Payables to employees	314		55,916,187,954	51,327,088,525
Accrued expenses	315		6,792,286,320	2,989,193,810
Other payables – short-term	319	16	2,561,031,068	2,956,362,488
Short-term borrowings	320	17(a)	5,444,819,230	3,602,991,546
Bonus and welfare fund	322	18	302,924,713	49,700,173
Long-term liabilities	**330**		**6,056,850,770**	**12,586,278,462**
Long-term borrowings	338	17(b)	6,056,850,770	12,586,278,462
EQUITY (400 = 410)	**400**		**194,373,487,755**	**182,552,544,710**
Owners' equity	**410**	**19**	**194,373,487,755**	**182,552,544,710**
Share capital	411	20	104,999,550,000	104,999,550,000
- *Ordinary shares with voting rights*	*411a*		*104,999,550,000*	*104,999,550,000*
Treasury shares	415	20	(3,954,000)	(3,954,000)
Investment and development fund	418	22	60,898,173,223	50,455,687,266
Retained profits	421		25,885,862,638	23,959,382,840
- *Retained profits brought forward*	*421a*		-	*443,453,847*
- *Retained profit for the current year*	*421b*		*25,885,862,638*	*23,515,928,993*
Non-controlling interest	429		2,593,855,894	3,141,878,604
TOTAL RESOURCES (440 = 300 + 400)	**440**		**314,733,917,274**	**290,985,508,586**

15 March 2018

Prepared by: Approved by:

Nguyen Thi Minh Thu
General Accountant

Luu Ngoc Hien
Chief Accountant

CÔNG TY CỔ PHẦN TẬP ĐOÀN VINACONTROL

Mai Tien Dung
General Director

Vinacontrol Group Corporation
Consolidated statement of income for the year ended 31 December 2017

Form B 02 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2017 VND	2016 VND
Revenue from sale of goods and provision of services	**01**	**24**	**518,781,420,882**	**497,132,336,467**
Cost of sales	**11**		**409,070,141,693**	**395,774,176,142**
Gross profit (20 = 01 - 11)	**20**		**109,711,279,189**	**101,358,160,325**
Financial income	21	25	565,108,042	1,305,073,361
Financial expenses	22	26	1,501,858,369	1,723,267,150
In which: Interest expense	*23*		*1,416,222,889*	*1,312,142,497*
Share of profit in associates	24		419,016,448	366,302,684
Selling expenses	25		25,432,758,629	22,388,724,727
General and administration expenses	26	27	40,389,604,903	39,657,510,418
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	**30**		**43,371,181,778**	**39,260,034,075**
Other income	31	28	2,894,610,062	1,241,997,178
Other expenses	32	29	2,754,691,459	384,394,992
Results of other activities (40 = 31 - 32)	**40**		**139,918,603**	**857,602,186**
Accounting profit before tax (50 = 30 + 40)	**50**		**43,511,100,381**	**40,117,636,261**
Income tax expense – current	**51**	**31**	**10,346,486,686**	**8,473,922,792**
Net profit after tax (60 = 50 - 51)	**60**		**33,164,613,695**	**31,643,713,469**
Attributable to:				
Equity holders of the Company	61		32,473,623,734	30,177,687,421
Non-controlling interest	62		690,989,961	1,466,026,048
Earnings per share				
Basic earnings per share	70	32	3,093	2,874

15 March 2018

Prepared by: Approved by:

CÔNG TY CỔ PHẦN TẬP ĐOÀN VINACONTROL

Nguyen Thi Minh Thu
General Accountant

Luu Ngoc Hien
Chief Accountant

Mai Tien Dung
General Director

The accompanying notes are an integral part of these consolidated financial statements

Vinacontrol Group Corporation
Consolidated statement of cash flows for the year ended 31 December 2017
(Indirect method)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2017 VND	2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	**01**		**43,511,100,381**	**40,117,636,261**
Adjustments for				
Depreciation and amortisation	02		15,480,601,289	13,442,130,517
Allowances and provisions	03		806,488,138	1,196,010,672
Profits from investing activities	05		(1,864,156,401)	(3,094,262)
Interest expense	06		1,416,222,889	1,312,142,497
Operating profit before changes in working capital	**08**		**59,350,256,296**	**56,064,825,685**
Change in receivables	09		(3,366,582,284)	(15,837,826,471)
Change in inventories	10		(821,463,953)	(530,359,978)
Change in payables and other liabilities	11		16,215,569,009	8,630,662,225
Change in prepaid expenses	12		2,387,371,725	(6,844,206,180)
Change in trading securities	13		58,800,000	-
			73,823,950,793	**41,483,095,281**
Interest paid	14		(1,416,222,889)	(1,312,142,497)
Income tax paid	15		(10,360,632,019)	(8,815,986,175)
Other payments for operating activities	17		(4,244,698,938)	(3,925,140,970)
Net cash flows from operating activities	**20**		**57,802,396,947**	**27,429,825,639**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(14,461,888,536)	(22,727,052,261)
Proceeds from disposals of fixed assets and other long-term assets	22		2,105,072,783	30,000,000
Proceeds from withdrawal of deposits at banks	24			67,684,800
Collections on investments in other entities	26		-	1,605,000,000
Receipts of interests and dividends	27		454,147,474	925,772,978
Net cash flows from investing activities	**30**		**(11,902,668,279)**	**(20,098,594,483)**

The accompanying notes are an integral part of these consolidated financial statements

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2017 VND	2016 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		3,136,250,000	2,106,570,000
Payments to settle loan principals	34		(7,823,850,008)	(3,526,679,996)
Payments of dividends	36		(16,685,329,737)	(21,563,628,003)
Net cash flows from financing activities	**40**		**(21,372,929,745)**	**(22,983,737,999)**
Net cash flows during the year (50 = 20 + 30 + 40)	**50**		**24,526,798,923**	**(15,652,506,843)**
Cash and cash equivalents at the beginning of the year	**60**		**61,213,134,341**	**76,865,641,184**
Cash and cash equivalents at the end of the year (70 = 50 + 60)	**70**	**4**	**85,739,933,264**	**61,213,134,341**

15 March 2018

Prepared by: Approved by:

CÔNG TY CỔ PHẦN TẬP ĐOÀN VINACONTROL

Nguyen Thi Minh Thu	Luu Ngoc Hien	Mai Tien Dung
General Accountant	*Chief Accountant*	*General Director*

The accompanying notes are an integral part of these consolidated financial statements

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

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

1. Reporting entity

(a) Ownership structure

Vinacontrol Group Corporation ("the Company") is incorporated as a joint stock company in Vietnam. The Company's consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates.

(b) Principal activities

The principal activities of the Group are to:

- Inspect the specifications, quality, condition, quantity, weight, packing and marking of various kinds of goods and commodities (including machinery, technological lines, gemstones and precious metals);
- Undertake overall supervision of goods during production, delivery and receipt, preservation, transportation, loading/discharging; supervision of installation and assembly of equipment and production lines; assessment, consultancy and supervision of construction projects;
- Inspect transportation vehicles and containers; to provide marine inspection services and ship safety inspection before loading, destructing or repairing services;
- Provide damage inspection services and to act as agent for domestic and foreign insurance companies in damage assessment and allocation;
- Provide sampling, analysing and testing services;
- Provide technical inspection services on labor safety;
- Measure and set up the capacity table for waterway transportation vehicles;
- Provide calibration and verification services for measuring devices;
- Perform destructive testing and non-destructive testing;
- Perform inspect services on demand of all organizations/individuals to provide supporting documents for State management purposes in areas such as origin of goods; quality control; safety, hygiene of goods; investment project acceptance and final settlement, environment protection (inspection of industrial sanitation; inspection of water and sewage treatment); and customs clearance services;
- Provide related services: sterilization, price appraisal; non-destructive testing; welding tests; testing of equipment and measuring devices; testing and tabulating capacity of tanks/lighters; tallying; sealing, lead sealing; auditing quality control system on client's request;
- Provide consultancy, assessment and certification services on application of management system in accordance with international standards; to provide consultancy on goods quality;
- Provide products certification services;

- Inspect and certify the load-bearing capacity of projects/works; to inspect and certify the conformity of the quality of construction works, machinery, equipment, materials, construction materials (in accordance with the State regulations);
- Supervise construction of civil and industrial works, with specialization in supervision of installation of electrical automation equipment and technology;
- Supervise project equipment installation;
- Supervise technological equipment installation;
- Supervise installation of equipment and mechanical technology for construction works;
- Provide consultancy on installation of equipment;
- Supervise the installation of electrical equipment in civil and industrial facilities;
- Provide technology transfer services;
- Provide consultancy on preparation of bidding documents and analysis and evaluation of bids: consultancy, construction, provision and installation of equipment;
- Provide consultancy on investing in IT applications;
- Supervise the implementation of IT application investment projects; provide consultancy on establishment of construction projects (only applicable when all conditions prescribed by law are met);
- Provide trust and trustee services for imported and exported goods;
- Provide customs clearance services;
- Provide consultancy on procedures of equitization of enterprises, consolidation, merger and acquisition (excluding legal consultancy);
- Provide training on knowledge, valuation skills and other related skills (only applicable upon permission by State competent authorities);
- Trade in real estate;
- Provide hotel, office lease services (excluding karaoke bars, discos); and
- Provide verification and other services under trust agreements of any domestic and international verification organisation.

(c) Normal operating cycle

The normal operating cycle of the Group are generally within 12 months.

(d) Group Structure

As at 31 December 2017, the Company had 3 subsidiaries (1/1/2017: 3 subsidiaries) and 2 associates (1/1/2017: 2 associates), as follows:

Name of companies	Principal activities	Address	% of equity owned	% of voting rights
Subsidiaries				
Vinacontrol Ho Chi Minh City Inspection Company Limited	Provide verification, measurement, inspection and certification services on quality, specifications, status	Ho Chi Minh City	100%	100%
Vinacontrol Environment Consultancy and Appraisal JSC	Provide assessment, consultancy and evaluation of environmental impacts services	Hanoi	51%	51%
Vinacontrol Certification and Verification JSC	Provide inspection and certification services on conformity	Hanoi	51%	51%
Associates				
Thang Long Notary Office	Provide notary services	Hanoi	45%	40%
Vinacontrol Property Valuation JSC	Provide price appraisal services	Hanoi	35%	35%

As at 31 December 2017, the Company had 916 employees (1/1/2017: 875 employees).

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group are from 1 January to 31 December.

(d) Accounting and presentation currency

The Group's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are consolidated in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(i) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(ii) Transactions eliminated on consolidation

Intra-group transactions, balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associates.

(b) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than are translated into VND at the average of the account transfer buying rates and selling rates at the end of the accounting period quoted by the commercial bank where the Company and its subsidiaries most frequently conduct transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

(c) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Investments

Trading securities

Trading securities are those held by the Group for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(e) Accounts receivable

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

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ Buildings and structures	10 – 50 years
▪ Machinery and equipment	7 – 12 years
▪ Motor vehicles	6 – 8 years
▪ Office equipment	3 – 8 years

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use rights comprises the value of the right as stated in its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis from 25 to 51 years. Indefinite land use rights are not amortised.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 to 7 years.

(i) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(j) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets ("Circular 45"), and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease from 15 to 49 years.

(ii) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45. Cost of tools and instruments are amortised on a straight-line basis over a period from 2 to 3 years.

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Share capital

(i) Ordinary shares

Ordinary shares are stated at par value. The cash proceeds over and above the par value are recognised in share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(ii) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

(m) Taxation

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Revenue and other incomes

(i) Services rendered

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(ii) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(iii) Dividend income

Dividend income is recognised when the right to receive dividend is established.

(o) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

(p) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

(q) Earnings per share

The Group presents basic earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

As at 31 December 2017, the Group had no potential ordinary shares and therefore, presentation of diluted EPS was not applicable.

(r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Management is of the opinion that currently, the Group operates in one single business segment, which is mainly providing appraisal and verification services, and one single geographical segment, which is Vietnam.

(s) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

4. Cash and cash equivalents

	31/12/2017 VND	1/1/2017 VND
Cash on hand	6,707,873,687	6,787,590,046
Cash in banks	76,284,784,314	49,921,960,962
Cash equivalents	2,747,275,263	4,503,583,333
	85,739,933,264	61,213,134,341

5. Investments

(a) Trading securities

	31/12/2017				1/1/2017			
	Share quantity	Cost VND	Fair value VND	Allowance for diminution in value VND	Share quantity	Cost VND	Fair value VND	Allowance for diminution in value VND
VDP share	-	-	-	-	1,920	58,800,000	(*)	-
DAS share	27,000	540,000,000	(*)	(442,800,000)	27,000	540,000,000	(*)	(442,800,000)
VVFC share	33,000	861,400,000	(*)	(432,400,000)	33,000	861,400,000	(*)	(458,400,000)
		1,401,400,000		(875,200,000)		1,460,200,000		(901,200,000)

(*) The Group has not determined fair values of these investments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises. The fair values of these investments may differ from their carrying amounts.

(b) Long-term financial investments

		31/12/2017						1/1/2017					
	Address	**Share quantity**	**% of equity owned**	**% of voting rights**	**Carrying amount under equity method VND**	**Allowance for diminution in value VND**	**Fair value VND**	**Share quantity**	**% of equity owned**	**% of voting rights**	**Carrying amount under equity method VND**	**Allowance for diminution in value VND**	**Fair value VND**
Equity investments in:													
□*Associates*													
• Thang Long Notary Office	Hanoi, Vietnam		45%	40%	889,515,246	-	(*)		45%	40%	868,571,952	-	(*)
• Vinacontrol Property Valuation JSC	Hanoi, Vietnam	105,000	35%	35%	1,323,237,167	-	(*)	105,000	35%	35%	1,234,838,363	-	(*)
					2,212,752,413	-					2,103,410,315	-	

(*) The Group has not determined fair values of these investments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards, Vietnamese Accounting System for Enterprises. The fair values of these investments may differ from their carrying amounts.

6. Account receivables from customers

Accounts receivable from customers detailed by significant customers and related parties are as follows:

	31/12/2017 VND	1/1/2017 VND
Associates		
Vinacontrol Property Valuation JSC	240,327,797	287,021,037
Third parties		
Cargo Control Germany	1,373,124,962	1,810,766,259
Viet - Trung Mining and Metallurgy Co., Ltd.	2,812,999,922	-
Ha Bac Nitrogenous Fertilizer and Chemicals JSC	2,700,542,475	2,700,542,475
Quyen Phuc Co., Ltd.	2,033,302,909	-
Management Unit of Son La Hydro Power Plant Project	1,132,417,000	4,660,845,000
Branch of Power Generation Corporation 3 – Vinh Tan Thermal Power Company	899,211,192	2,103,823,327
Other customers	69,788,840,549	67,935,800,227
	80,980,766,806	79,498,798,325

The amounts due from the related parties were unsecured, interest free and are receivable on demand.

7. Other receivables

	31/12/2017 VND	1/1/2017 VND
Advance to employees	3,554,805,839	4,245,939,463
Short-term deposits	3,201,730,219	3,863,578,246
Others	1,646,379,035	671,985,322
	8,402,915,093	8,781,503,031

8. Allowance for doubtful debts – short-term

	31/12/2017		
	Cost VND	**Allowance VND**	**Recoverable amount VND**
Overdue debts from 6 months to 1 year	2,007,937,428	(438,132,460)	1,569,804,968
Overdue debts from 1 year to less than 2 years	3,319,227,342	(1,659,613,673)	1,659,613,669
Overdue debts from 2 years to less than 3 years	2,337,895,531	(1,636,526,875)	701,368,656
Overdue debts from more than 3 years	4,137,094,411	(3,243,810,351)	893,284,060
	11,802,154,712	(6,978,083,359)	4,824,071,353

	1/1/2017		
	Cost VND	**Allowance VND**	**Recoverable amount VND**
Overdue debts from 6 months to 1 year	2,309,187,311	(194,363,544)	2,114,823,767
Overdue debts from 1 year to less than 2 years	3,157,752,564	(1,578,876,283)	1,578,876,281
Overdue debts from 2 years to less than 3 years	3,402,462,478	(2,381,723,735)	1,020,738,743
Overdue debts from more than 3 years	2,402,790,917	(2,402,790,917)	-
	11,272,193,270	(6,557,754,479)	4,714,438,791

Movements of allowance for doubtful debts during the year are as follows:

	2017 VND	**2016 VND**
Opening balance	6,557,754,479	5,583,143,807
Increase in allowance during the year	1,507,332,080	2,602,770,151
Written back	(674,843,942)	(249,509,515)
Written off	(412,159,258)	(1,378,649,964)
	6,978,083,359	6,557,754,479

9. Inventories

	31/12/2017 VND	1/1/2017 VND
Raw materials	3,036,407,359	3,124,319,073
Tools and supplies	34,435,000	134,031,000
Work in progress	1,008,971,667	-
	4,079,814,026	3,258,350,073

10. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	75,941,862,002	71,695,356,969	25,934,264,248	6,074,112,249	179,645,595,468
Additions	-	6,822,641,636	1,287,930,909	628,285,455	8,738,858,000
Disposals	-	(31,087,839)	-	(38,460,550)	(69,548,389)
Closing balance	75,941,862,002	78,486,910,766	27,222,195,157	6,663,937,154	188,314,905,079
Accumulated depreciation					
Opening balance	20,099,813,342	33,331,192,952	13,739,884,011	2,689,701,740	69,860,592,045
Charge for the year	3,046,797,174	8,795,151,991	2,566,061,364	375,477,203	14,783,487,732
Disposals	-	(31,087,839)	-	(38,460,550)	(69,548,389)
Closing balance	23,146,610,516	42,095,257,104	16,305,945,375	3,026,718,393	84,574,531,388
Net book value					
Opening balance	55,842,048,660	38,364,164,017	12,194,380,237	3,384,410,509	109,785,003,423
Closing balance	52,795,251,486	36,391,653,662	10,916,249,782	3,637,218,761	103,740,373,691

Included in the cost of tangible fixed assets were assets costing VND33,333 million which were fully depreciated as of 31 December 2017 (1/1/2017: VND24,049 million), but which are still in active use.

At 31 December 2017, tangible fixed assets with a net book value of VND13,496 million (1/1/2017: VND14,463 million) were pledged with banks as security for loans granted to the Group (Note 17(b)).

11. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance and closing balance	16,917,735,251	797,600,000	17,715,335,251
Accumulated amortisation			
Opening balance	1,683,973,711	689,141,212	2,373,114,923
Charge for the year	245,650,860	59,333,328	304,984,188
Closing balance	1,929,624,571	748,474,540	2,678,099,111
Net book value			
Opening balance	15,233,761,540	108,458,788	15,342,220,328
Closing balance	14,988,110,680	49,125,460	15,037,236,140

Included in the cost of intangible fixed assets were assets costing VND620 million which were fully amortised as at 31 December 2017 (1/1/2017: VND620 million), but which are still in use.

12. Construction in progress

	2017 VND	2016 VND
Opening balance	65,000,000	2,115,103,081
Additions during the year	5,723,030,536	1,103,229,451
Transfer to tangible fixed assets	-	(2,126,287,179)
Transfer to intangible fixed assets	-	(936,000)
Written off	-	(1,026,109,353)
Closing balance	5,788,030,536	65,000,000

Major constructions in progress were as follows:

	31/12/2017 VND	1/1/2017 VND
Analysis and Testing Center Project in Ninh Hiep	3,625,753,637	50,000,000
Chan May Office Project	760,933,299	15,000,000
Accounting and corporate governance software Project	1,401,343,600	-
	5,788,030,536	65,000,000

13. Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Other prepaid expenses VND	Total VND
Opening balance	9,197,187,757	3,598,742,041	125,626,000	12,921,555,798
Additions	-	6,363,561,111	149,317,840	6,512,878,951
Amortisation for the year	(392,129,369)	(6,626,034,160)	(135,182,156)	(7,153,345,685)
Disposals	(695,063,856)	-	-	(695,063,856)
Closing balance	8,109,994,532	3,336,268,992	139,761,684	11,586,025,208

14. Accounts payable to suppliers

	Cost and amount within payment capacity	
	31/12/2017 VND	1/1/2017 VND
Associate		
Vinacontrol Property Valuation JSC	-	98,098,000
Third parties		
SGS Vietnam Co., Ltd.	1,768,729,029	1,768,729,029
Sao Dai Duong Investment and Development Co., Ltd.	1,378,162,500	-
Cat Thuy Environment & Service JSC	974,350,000	974,350,000
Viettel Networks Corporation - Branch Of Viettel Group	1,401,343,600	-
Other suppliers	6,894,772,841	8,375,240,969
	12,417,357,970	11,216,417,998

15. Taxes and others payable to State Treasury

	1/1/2017 VND	Incurred VND	Deducted VND	Paid VND	31/12/2017 VND
Value added tax	3,928,273,083	56,837,972,386	(17,533,795,064)	(37,642,598,775)	5,589,851,630
Corporate income tax	1,903,022,420	10,346,486,686	-	(10,360,632,019)	1,888,877,087
Personal income tax	7,215,433,434	16,528,878,041	-	(13,499,538,801)	10,244,772,674
Others	-	647,417,365	-	(647,417,365)	-
	13,046,728,937	84,360,754,478	(17,533,795,064)	(62,150,186,960)	17,723,501,391

16. Other payables – short-term

	31/12/2017 VND	1/1/2017 VND
Trade union fees, social insurance and health insurance	419,931,746	327,784,976
Dividend payables	53,636,275	34,126,012
Accrual of personal income tax	182,792,078	231,229,304
Payables related to Son La Hydro Power Plant Project	-	1,000,000,000
Payables related to Thai Binh 2 Thermal Power Plant Project	-	290,000,000
Payables related to the North-East and Red River Delta Regions Health System Support Project	-	565,326,582
Others	1,904,670,969	507,895,614
	2,561,031,068	2,956,362,488

17. Borrowings

(a) Short-term borrowings

	1/1/2017 Carrying amount and amount within repayment capacity VND	Movement during the year Addition VND	Decrease VND	31/12/2017 Carrying amount and amount within repayment capacity VND
Short-term borrowings	-	200,000,000	-	200,000,000
Current portion of long-term borrowings (i)	3,602,991,546	5,244,819,230	(3,602,991,546)	5,244,819,230
	3,602,991,546	5,444,819,230	(3,602,991,546)	5,444,819,230

Terms and conditions of outstanding short-term borrowings were as follows:

	Currency	31/12/2017 VND	1/1/2017 VND
Loan 1 from individual	VND	100,000,000	-
Loan 2 from individual	VND	100,000,000	-
		200,000,000	-

(b) Long-term borrowings

Terms and conditions of outstanding long-term borrowings were as follows:

	Currency	Annual interest rate	Year of maturity	31/12/2017 VND	1/1/2017 VND
Loan 1 from individual	VND	6%	2017	-	600,000,000
Loan 2 from individual	VND	6%	2017	-	2,470,000,000
Bank loan 1	VND	11.5% - 11.7%	2017	-	13,850,000
Bank loan 2	VND	9.4%	2017	-	130,000,008
Bank loan 3	VND	7.5%	2020	7,712,280,000	11,712,280,000
Bank loan 4	VND	7.1%	2019	803,140,000	1,263,140,000
Bank loan 5	VND	7.6%	2018	2,786,250,000	-
Closing balance				11,301,670,000	16,189,270,008
Amount repayable within 12 months				(5,244,819,230)	(3,602,991,546)
Amount repayable after 12 months				6,056,850,770	12,586,278,462

The bank loans are secured over tangible fixed assets with a carrying amount of VND13,496 million (1/1/2017: VND14,463 million) (Note 10).

The loans from individuals are not secured by collaterals.

18. Bonus and welfare fund

This fund is established by appropriating from net profits after tax as approved by the General Meeting of Shareholders. This fund is used to pay bonus and benefits to persons inside and outside the Group in accordance with the Group's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	2017 VND	2016 VND
Opening balance	49,700,173	289,024,854
Appropriation	4,497,923,478	3,685,816,289
Utilisation	(4,244,698,938)	(3,925,140,970)
Closing balance	302,924,713	49,700,173

19. Changes in owners' equity

	Share capital VND	Treasury shares VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2016	104,999,550,000	(3,954,000)	49,595,964,345	19,327,923,039	2,391,252,556	176,310,735,940
Net profit for the year	-	-	-	30,177,687,421	1,466,026,048	31,643,713,469
Appropriation to investment and development fund	-	-	859,722,921	(859,722,921)	-	-
Appropriation to bonus and welfare fund	-	-	-	(3,558,416,289)	(127,400,000)	(3,685,816,289)
Dividends (Note 21)	-	-	-	(20,999,120,000)	(588,000,000)	(21,587,120,000)
Other movements	-	-	-	(128,968,410)	-	(128,968,410)
Balance at 1 January 2017	104,999,550,000	(3,954,000)	50,455,687,266	23,959,382,840	3,141,878,604	182,552,544,710
Net profit for the year	-	-	-	32,473,623,734	690,989,961	33,164,613,695
Appropriation to investment and development fund	-	-	10,442,485,957	(10,442,485,957)	-	-
Appropriation to bonus and welfare fund	-	-	-	(4,211,664,322)	(286,259,156)	(4,497,923,478)
Dividends (Note 21)	-	-	-	(15,749,340,000)	(955,500,000)	(16,704,840,000)
Other movements	-	-	-	(143,653,657)	2,746,485	(140,907,172)
Balance at 31 December 2017	104,999,550,000	(3,954,000)	60,898,173,223	25,885,862,638	2,593,855,894	194,373,487,755

20. Share capital

The Company's authorised and issued share capital are:

	31/12/2017 and 1/1/2017	
	Number of shares	**VND**
Authorised share capital	10,499,955	104,999,550,000
Issued share capital		
Ordinary shares	10,499,955	104,999,550,000
Treasury shares		
Ordinary shares	(395)	(3,954,000)
Shares in circulation		
Ordinary shares	10,499,560	104,995,600,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

21. Dividends

On 21 April 2017, the General Meeting of Shareholders of the Company resolved to distribute dividends in cash amounting to VND8,400 million (26 March 2016: VND13,649 million). On 28 August 2017, the Company's Board of Management resolved to distribute interim dividends in cash amounting to VND7,349 million (24 August 2016: VND7,350 million).

22. Investment and development fund

Investment and development fund is established for the purposes of future business expansion, intensive investment or financial loss compensation purposes.

On 21 April 2017, the General Meeting of Shareholders of the Company resolved to appropriate VND10,442 million from net profit after tax of 2016 (2016: VND860 million) to Investment and development fund.

23. Off balance sheet items

(a) Lease

The future minimum lease payments under non-cancellable operating leases were:

	31/12/2017 VND	1/1/2017 VND
Within one year	3,601,025,000	3,593,025,000
Within two to five years	210,583,333	3,817,316,667
More than five years	315,656,250	308,343,750
	4,127,264,583	7,718,685,417

(b) Foreign currencies

	31/12/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	414,307	9,390,645,665	335,729	7,623,657,212
EUR	-	-	231	5,492,415
		9,390,645,665		7,629,149,627

(c) Bad debts written off

	31/12/2017 VND	1/1/2017 VND
Accounts receivable from customers	15,338,377,341	15,195,685,083

24. Revenue from provision of services

Total revenue represents the gross value of services rendered exclusive of value added tax.

25. Financial income

	2017 VND	2016 VND
Interest income from deposits	387,811,474	860,660,978
Dividends and profit received	66,336,000	65,112,000
Income from sales of securities	19,771,200	105,000,000
Foreign exchange gains	91,189,368	274,300,383
	565,108,042	1,305,073,361

26. Financial expenses

	2017 VND	2016 VND
Interest expense	1,416,222,889	1,312,142,497
Allowance for diminution of trading securities	(26,000,000)	221,400,000
Other financial expenses	111,635,480	189,724,653
	1,501,858,369	1,723,267,150

27. General administrative expenses

	2017 VND	2016 VND
Staff costs	21,796,374,280	23,005,633,369
Stationery expenses	141,145,874	474,155,715
Allowance for doubtful debts	832,488,138	2,344,215,287
Depreciation and amortisation	1,730,792,593	1,468,927,897
Outside services	8,529,056,573	8,638,298,233
Other expenses	7,359,747,445	3,726,279,917
	40,389,604,903	39,657,510,418

28. Other income

	2017 VND	2016 VND
Proceeds from disposals of fixed assets	2,636,363	30,000,000
Proceeds from disposals of land use rights	2,274,436,420	-
Liabilities written off	-	331,011,174
Others	617,537,279	880,986,004
	2,894,610,062	1,241,997,178

29. Other expenses

	2017 VND	2016 VND
Net book value of land use rights disposed and other disposal expenses	867,063,856	31,569,363
Penalties	1,699,633,256	298,435,458
Other expenses	187,994,347	54,390,171
	2,754,691,459	384,394,992

30. Business costs by element

	2017 VND	2016 VND
Raw material costs included in business costs	28,401,165,768	31,316,060,945
Staff costs	299,556,128,184	282,679,723,072
Depreciation and amortisation	15,480,601,289	13,442,130,517
Outside services	103,805,224,974	95,292,575,796
Other expenses	28,658,356,677	33,611,615,881

31. Income tax

(a) Recognised in the consolidated statement of income

	2017 VND	2016 VND
Current tax expense		
Current year	9,230,697,948	8,084,994,131
Under provision in prior years	1,115,788,738	388,928,661
	10,346,486,686	8,473,922,792

(b) Reconciliation of effective tax rate

	2017 VND	2016 VND
Accounting profit before tax	43,511,100,381	40,117,636,261
Tax at the Company's tax rate	8,702,220,076	8,023,527,252
Non-deductible expenses	541,745,072	155,051,015
Unrecognised deferred tax assets	-	(80,561,736)
Tax exempt dividend income	(13,267,200)	(13,022,400)
Under provision in prior years	1,115,788,738	388,928,661
	10,346,486,686	8,473,922,792

(c) Applicable tax rates

Under the terms of current Income Tax Law, from 2016 the Company and its subsidiaries have obligations to pay the government income tax at the rate of 20% of taxable profits.

32. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2017 was based on the profit attributable to ordinary shareholders of VND32,473,623,734 (2016: VND30,177,687,421) and a weighted average number of outstanding ordinary shares of 10,499,560 (2016: 10,499,560 shares).

As at 31 December 2017, the Company had not estimated reliably the amount of profit for the year ended 31 December 2017 which can be appropriated to bonus and welfare fund, as such appropriation had not approved by the General Meeting of Shareholder. Had the Company appropriated to bonus and welfare fund for the year ended 31 December 2017, net profit attributable to ordinary shareholders would have decreased.

33. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	Transaction value	
	2017 VND	**2016 VND**
Associates		
Thang Long Notary Office		
Revenue from provision of services	447,093,462	422,996,837
Share of profit	183,674,350	186,151,185
Vinacontrol Property Valuation JSC		
Revenue from provision of services	430,209,781	377,717,953
Share of profit	126,000,000	39,375,000
Major shareholders		
State Capital Investment Corporation		
Dividends paid	4,725,000,000	6,300,000,000
Barca Global Master Fund		
Dividends paid	1,657,999,500	2,210,665,100
Bao Viet Value Investment Fund		
Dividends paid	1,710,150,000	2,197,400,000
Members of Board of Directors, Supervisory Board and Board of Management		
Salaries and bonuses	2,860,918,856	2,571,612,455
Allowances	516,000,000	516,000,000

34. Corresponding figures

Corresponding figures as at 1 January 2017 were derived from the balances and amounts reported in the Company's consolidated financial statements as at and for the year ended 31 December 2016.

15 March 2018

Prepared by:	Approved by:	
Nguyen Thi Minh Thu	Luu Ngoc Hien	Mai Tien Dung
General Accountant	*Chief Accountant*	*General Director*

CÔNG TY CỔ PHẦN TẬP ĐOÀN VINACONTROL
M.S.D.N: 0100107772 - C.T.C.P. ★ Q.HAI BÀ TRƯNG - TP.HÀ NỘI ★