

HOA PHAT GROUP JOINT STOCK COMPANY

**CONSOLIDATED  
FINANCIAL STATEMENT  
QUARTER I, 2018**

April 2018

**CONSOLIDATED BALANCE SHEET**  
As at 31 March 2018

	Item code	Note	31/03/2018 VND	01/01/2018 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>32,950,886,918,408</b>	<b>33,068,060,366,641</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>6,662,968,459,743</b>	<b>4,264,641,954,689</b>
Cash	111		846,812,895,854	764,396,954,689
Cash equivalents	112		5,816,155,563,889	3,500,245,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>7,097,179,666,718</b>	<b>9,936,707,080,033</b>
Held-to-maturity investments	123	V.2	7,097,179,666,718	9,936,707,080,033
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>7,178,547,741,042</b>	<b>6,555,418,799,648</b>
Accounts receivables from customers	131	V.3	1,982,714,902,404	1,999,843,596,977
Prepayments to suppliers	132		4,856,000,991,045	4,007,002,903,693
Other short-term receivables	136	V.4	373,123,574,564	583,180,931,761
Allowance for doubtful debts	137		(34,932,619,381)	(35,984,891,839)
Shortage of assets awaiting resolution	139		1,640,892,410	1,376,259,056
<b>Inventories</b>	<b>140</b>	<b>V.5</b>	<b>11,333,204,635,800</b>	<b>11,748,873,281,675</b>
Inventories	141		11,473,029,927,631	11,893,184,186,263
Allowance for inventories	149		(139,825,291,831)	(144,310,904,588)
<b>Other current assets</b>	<b>150</b>		<b>678,986,415,105</b>	<b>562,419,250,596</b>
Short-term prepaid expenses	151		136,129,041,210	118,434,339,660
Deductible value added tax	152		525,491,139,726	421,916,425,069
Tax and other receivables from the State Treasury	153		17,366,234,169	22,068,485,867

## CONSOLIDATED BALANCE SHEET - CONTINUED

As at 31 March 2018

	Item code	Note	31/03/2018 VND	01/01/2018 VND
<b>Non-current assets</b> (200 = 210 + 220 + 230 + 240 + 250 + 260)	<b>200</b>		<b>21,486,597,050,953</b>	<b>19,954,124,411,610</b>
<b>Accounts receivables – long-term</b>	<b>210</b>		<b>22,307,347,172</b>	<b>21,810,530,536</b>
Other long-term receivables	216	V.4	22,307,347,172	21,810,530,536
<b>Fixed assets</b>	<b>220</b>		<b>13,075,194,506,203</b>	<b>13,197,796,695,351</b>
Tangible fixed assets	221	V.7	12,879,619,300,176	13,012,259,134,112
Cost	222		21,704,460,370,910	21,244,526,727,212
Accumulated depreciation	223		(8,824,841,070,734)	(8,232,267,593,100)
Intangible fixed assets	227	V.8	195,575,206,027	185,537,561,239
Cost	228		237,620,165,357	225,393,363,897
Accumulated amortisation	229		(42,044,959,330)	(39,855,802,658)
<b>Investment properties</b>	<b>230</b>	<b>V.9</b>	<b>188,172,060,799</b>	<b>191,191,085,236</b>
Cost	231		246,141,517,543	246,141,517,543
Accumulated depreciation	232		(57,969,456,744)	(54,950,432,307)
<b>Long-term work in progress</b>	<b>240</b>		<b>6,779,802,318,769</b>	<b>5,468,751,412,626</b>
Long-term work in progress	241		780,351,307,517	742,673,512,829
Construction in progress	242	V.6	5,999,451,011,252	4,726,077,899,797
<b>Long-term financial investments</b>	<b>250</b>		<b>31,015,649,848</b>	<b>16,951,738,400</b>
Equity investment in other entities	253		15,700,000,000	15,700,000,000
Held-to-maturity investments	255	V.2	15,315,649,848	1,251,738,400
<b>Other long-term assets</b>	<b>260</b>		<b>1,390,105,168,162</b>	<b>1,057,622,949,461</b>
Long-term prepaid expense	261	V.10	1,095,751,686,732	832,464,153,214
Deferred tax assets	262		185,722,116,391	170,753,319,290
Goodwill	269	V.11	108,631,365,039	54,405,476,957
<b>TOTAL ASSETS</b> (270 = 100 + 200)	<b>270</b>		<b>54,437,483,969,361</b>	<b>53,022,184,778,251</b>

## CONSOLIDATED BALANCE SHEET - CONTINUED

As at 31 March 2018

	Item code	Note	31/03/2018 VND	01/01/2018 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>20,009,291,058,652</b>	<b>20,624,604,566,341</b>
<b>Current liabilities</b>	<b>310</b>		<b>17,459,059,766,452</b>	<b>18,519,722,634,329</b>
Accounts payable to suppliers	311		3,420,134,716,675	4,226,437,580,299
Advances from customers	312		705,004,491,879	824,276,288,448
Tax and other payables to the State Treasury	313	V.13	449,772,422,112	378,251,543,847
Payables to employees	314		236,794,773,306	294,643,257,677
Short-term accrual expenses	315	V.14	246,885,610,097	308,755,056,470
Short-term unearned revenue	318		20,403,665,550	2,863,469,241
Other short-term payables	319	V.15	1,368,185,843,735	442,135,349,194
Short-term borrowings	320	V.12	10,291,257,465,605	11,328,518,776,500
Short-term provisions	321	V.16	7,425,670,031	8,150,637,096
Bonus and welfare fund	322		713,195,107,462	705,690,675,557
<b>Long-term liabilities</b>	<b>330</b>		<b>2,550,231,292,200</b>	<b>2,104,881,932,012</b>
Long-term accrual expenses	333	V.14	411,943,997,721	386,454,362,041
Other long-term payables	337	V.15	41,920,873,188	46,659,980,472
Long-term borrowings	338	V.12	2,077,143,669,720	1,651,494,675,275
Deferred tax liabilities	341		323,343,872	323,343,866
Long-term provisions	342	V.16	18,899,407,699	19,949,570,358




## CONSOLIDATED BALANCE SHEET - CONTINUED

As at 31 March 2018

	Item code	Note	31 March 2018 VND	1 January 2018 VND
<b>EQUITY (400 = 410 + 430)</b>	<b>400</b>		<b>34,428,192,910,709</b>	<b>32,397,580,211,910</b>
<b>Owner's equity</b>	<b>410</b>	<b>V.17</b>	<b>34,428,192,910,709</b>	<b>32,397,580,211,910</b>
Share capital	411		15,170,790,000,000	15,170,790,000,000
Ordinary shares with voting right	411a		15,170,790,000,000	15,170,790,000,000
Capital surplus	412		3,202,198,967,068	3,202,198,967,068
Treasury shares	415		(2,063,270,000)	(1,693,270,000)
Investment and development fund	418		918,641,612,156	518,641,612,156
Retained profits	421		15,017,374,820,546	13,397,029,077,196
- Retained profit brought forward	421a		12,806,120,845,975	10,996,468,024,758
- Retained profit for the current period	421b		2,211,253,974,571	2,400,561,052,438
Non-controlling interest	429		121,250,780,939	110,613,825,490
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>54,437,483,969,361</b>	<b>53,022,184,778,251</b>

Hung Yen, 26 April 2018

General Accountant



Nguyen Thi Thu Trang

Chief Accountant



Pham Thi Kim Oanh

General Director



Tran Tuan Duong



## CONSOLIDATED INCOME STATEMENT

Quarter 1 2018

	Item Code	Note	Q1 2018 VND	Q1 2017 VND
Revenue from sales of goods and provision of services	01	VI.1	13,161,793,754,293	10,430,779,332,209
Revenue deductibles	02	VI.2	160,830,333,055	166,025,072,138
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>		<b>13,000,963,421,238</b>	<b>10,264,754,260,071</b>
Cost of sales	11	VI.3	10,035,454,240,162	7,801,893,140,729
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>2,965,509,181,076</b>	<b>2,462,861,119,342</b>
Financial incomes	21	VI.4	63,318,173,965	73,850,799,321
Financial expenses	22	VI.5	171,748,751,094	111,741,780,455
<i>In which: interest expense</i>	23		118,019,669,890	83,754,910,316
Share of loss in associates	24		-	(10,672,981)
Selling expenses	25	VI.8	143,871,695,353	138,993,838,833
General and administration expenses	26	VI.9	114,493,721,383	72,904,963,345
<b>Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}</b>	<b>30</b>		<b>2,598,713,187,211</b>	<b>2,213,060,663,049</b>
Other incomes	31	VI.6	151,761,821,218	113,093,985,894
Other expenses	32	VI.7	142,035,802,432	83,245,861,177
<b>Other profit (40 = 31 - 32)</b>	<b>40</b>		<b>9,726,018,786</b>	<b>29,848,124,717</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>2,608,439,205,997</b>	<b>2,242,908,787,766</b>
Current income tax expense	51		400,652,405,032	316,049,361,025
Deferred income tax benefit	52		(14,968,797,102)	(8,436,626,352)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>2,222,755,598,067</b>	<b>1,935,296,053,093</b>
Attributable to parent company's equity holders	61		2,211,253,974,571	1,934,215,457,230
Attributable to non-controlling interest	62		11,501,623,496	1,080,595,863

Hung Yen, 26 April 2018

General Accountant

Nguyen Thi Thu Trang

Chief Accountant

Phan Thi Kim Oanh

General Director



Tran Tuan Duong

## CONSOLIDATED STATEMENT OF CASH FLOWS

(Indirect method)

Quarter 1 2018

	Item Code	Note	Q1 2018 VND	Q1 2017 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	01		2,608,439,205,997	2,242,908,787,766
Adjustments for:				
Depreciations and amortisations	02		556,108,322,687	477,243,186,974
Allowances and provisions	03		(7,296,315,043)	(5,127,467,707)
Exchange (gains)/loss arising from revaluation of monetary items denominated in foreign currencies	04		38,197,623,898	1,055,827,571
(Gains)/loss from investments	05		(46,934,532,354)	(36,657,312,451)
Interest expense	06		118,019,669,890	83,754,910,316
<b>Operating profit before change in working capital</b>	<b>08</b>		<b>3,266,533,975,075</b>	<b>2,763,177,932,469</b>
Change in receivables	09		82,342,161,661	(224,961,014,404)
Change in inventories	10		543,802,130,814	(492,313,380,351)
Change in payables and other liabilities	11		(243,975,167,874)	(842,569,434,594)
Change in prepaid expenses	12		(268,670,700,316)	(30,152,684,582)
Interest paid	14		(111,597,863,515)	(81,058,955,443)
Income tax paid	15		(331,943,891,954)	(742,733,739,918)
Other receipts from operating activities	16		-	3,636,650,000
Other payments for operating activities	17		(181,620,568,095)	(136,220,414,230)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>2,754,870,075,796</b>	<b>216,804,958,947</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(2,661,214,218,378)	(638,806,317,086)
Proceeds from disposals of fixed assets and other long-term assets	22		56,838,470,987	3,118,356,422
Payments for purchase of debt instruments of other entities	23		(2,614,873,739,992)	(4,980,628,741,489)
Receipts from collecting loans, sales of debt instruments of other entities	24		5,440,337,241,859	30,100,588,634
Payments for investments in other entities	25		(115,947,860,804)	-
Receipts of interests on term deposits and loans	27		344,686,537,986	28,171,851,619
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>449,826,431,658</b>	<b>(5,558,044,261,900)</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED

(Indirect method)

Quarter 1 2018

	Item Code	Note	Q1 2018 VND	Q1 2017 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings	33		8,465,066,041,528	3,524,671,584,538
Payments to settle loan principals	34		(9,270,797,786,046)	(360,000,000,000)
Payments of dividends	36		(642,223,602)	(1,108,892,177)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(806,373,968,120)</b>	<b>3,163,562,692,361</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>2,398,322,539,334</b>	<b>(2,177,676,610,592)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>		<b>4,264,641,954,689</b>	<b>4,558,660,713,745</b>
<b>Effect of exchange rate fluctuations</b>	<b>61</b>		<b>3,965,720</b>	<b>(546,967,025)</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>V.1</b>	<b>6,662,968,459,743</b>	<b>2,380,437,136,128</b>

Hung Yen, 26 April 2018

General Accountant



Nguyen Thi Thu Trang

Chief Accountant



Pham Thi Kim Oanh



Tran Tuan Duong



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### I. Reporting entity's features

#### 1. Form of ownership

Hoa Phat Group Joint Stock Company ("the Company") is incorporated as a joint stock company in Vietnam. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates.

#### 2. Principal activities

- Office leasing;
- Financial investments;
- Integrated investment and construction of infrastructures, industrial zones and urban zones;
- Manufacturing of furniture for offices, households and schools;
- Timber production and processing;
- Manufacturing of mechanical products (mainly construction machinery, office desks, chairs and cabinets);
- Leasing machines, equipment and motor vehicles;
- Dealing in automobiles, motorbikes, equipment, parts for transport and mining sectors, transport vehicles;
- Production and trading of construction and mining machineries;
- Dealing in electrical, electronic appliances, optical and medical equipment;
- Production, trading, assembly, installation, repair and maintenance of electrical, electronic, electrical refrigeration and civil electrical appliances and air-conditioners;
- Production and trading of raw materials and plastic products;
- Advertisement;
- Civil and industrial construction;
- Exploitation of sand, stones and gravel;
- Production, trading and assembly of furniture products and construction equipment;
- Real estate trading (excluding land price consultancy);
- Domestic and foreign investment advisory (excluding law advisory);
- Production and trading of non-ferrous metal and non-ferrous metal scraps;
- Trading and export and import of steel and supplies for steel making and rolling;
- Production of rolled steel products and roofing sheets;
- Exploitation of metal ores;
- Trading metals, metal ores, iron and steel scraps;
- Making cast iron and steel, and casting cast iron, iron and steel;
- Production of plated and non-plated steel pipes and inox pipes;
- Production and trading of galvanized steel sheet, color coated steel sheet and galvalum steel sheet;
- Rendering sports and gymnastics services (training, competition organisation, athlete transfer);
- Building and renting sports practice ground and competition ground; and
- Entrusted export-import activities;
- Raising pigs, cows, poultry, other animals and provision of raising services;
- Processing and preserving meat and meat products;
- Producing feeds for cattle, poultry and aquaculture sector;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

- Producing fertilizer and nitrogen compounds; and
- Trading agricultural equipment, machineries and accessories.

### 3. Normal operating cycle

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

### 4. Group structure

Number of subsidiaries consolidated : 11  
Number of subsidiaries which is not consolidated: 0

	Rate of Group's interest	Rate of Group's voting rights
<b>• Subsidiaries Tier 1</b>		
<b>1 An Thong Mineral Investment JSC</b> Address: No 415, Tran Phu street, Tran Phu ward, Ha Giang town, Ha Giang province	99.96%	99.96%
<b>2 Hoa Phat Hai Duong Steel JSC</b> Address: Hiep Son commune, Kinh Mon district, Hai Duong province	99.99%	99.99%
<b>3 Hoa Phat Dung Quat Steel JSC</b> Address: Dung Quat economical zone, Binh Dong commune, Binh Son district, Quang Ngai province	99.99%	100.00%
<b>4 Hoa Phat Hung Yen Steel Co.,Ltd.</b> Address: Pho Noi A insdustial zone, Giai Pham commune, Yen My district, Hung Yen province	100.00%	100.00%
<b>5 Hoa Phat Steel Pipe Co.,Ltd.</b> Address: No 39 Nguyen Dinh Chieu, Le Dai Hanh ward, Hai Ba Trung district, Hanoi city, Vietnam	99.95%	99.95%
<b>6 Hoa Phat Steel Sheet Co.,Ltd.</b> Address: E1 street, zone E, Pho Noi A industrial zone, Lac Dao commune, Van Lam district, Hung Yen province, Vietnam	100.00%	100.00%
<b>7 Hoa Phat Equipment and Accessories Co., Ltd.</b> Address: No 39 Nguyen Dinh Chieu, Le Dai Hanh ward, Hai Ba Trung district, Hanoi city, Vietnam	99.72%	99.72%
<b>8 Hoa Phat Furniture JSC</b> Address: B4 street, zone B, Pho Noi A industrial zone, Lac Hong commune, Van Lam district, Hung Yen province, Vietnam	99.60%	99.60%
<b>9 Hoa Phat Refrigeration Engineering Co.,Ltd.</b> Address: Giai Pham commune, Yen My district, Hung Yen province	99.67%	99.67%
<b>10 Hoa Phat Urban Development and Construction JSC</b> Address: No 39 Nguyen Dinh Chieu, Le Dai Hanh ward, Hai Ba Trung district, Hanoi city, Vietnam	99.67%	99.67%
<b>11 Hoa Phat Agriculture Development JSC</b> Address: Pho Noi A insdustial zone, Giai Pham commune, Yen My district, Hung Yen province	99.99%	99.99%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### II. Accounting period and currency.

1. Annual accounting period of the Group is from 1 January to 31 December.
2. Accounting currency of the Group is Vietnam Dong (“VND”).

### III. Underlying reporting standards and policies.

#### 1. Accounting policies

The Group applies Circular 200/2014/TT-BTC dated 22 December 2014 by MOF on guidelines for accounting system for enterprise and Circular 202/2014/TT-BTC date 22 December 2014 by MOF on guidelines for preparation and presentation of consolidated financial statements.

#### 2. Declaration of compliance with Accounting Standards and System.

The consolidated financial statements are prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Enterprises and relevant statutory requirement applicable to preparation and presentation of interim financial statement.

### IV. Applicable accounting policies.

#### 1. Applicable foreign exchange rate

Monetary assets and liabilities denominated in currencies other than VND are respectively translated into VND at average bid and offer rate at reporting dated quoted by the commercial bank where the Group most frequently conduct its transactions. Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates

#### 2. Principles of recognition of 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.

#### 3. Principles of recognition of receivables

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

Allowance for doubtful debts is established for amount of outstanding receivables at the balance sheet date which are overdue more than 6 months or are doubtful of recovery. Increases and decreases to the allowance for doubtful debts balance are recorded as general and administration expense account in the consolidated statement of income.

#### 4. Principles of recognition of inventories

*Recognition principle:* Inventories are recognised at the lower price between cost and net realisable value.

*Measurement method:* Weight average method

*Recording method:* Regular filing

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

*Method of allowance:* Allowance for inventories is established for the estimated losses arising due to the impairment of value (through diminution, damage or obsolescence) of inventories owned by the Group, based on appropriate evidences of impairment available at the balance sheet date. Increases and decreases to the allowances for inventories balance are recorded as cost of goods sold account in the consolidated statement of income.

### 5. Principles of recognition of fixed assets

*Recognition:* Tangible fixed assets are stated at cost less accumulated depreciation. The consolidated balance sheet state 3 items: Cost, accumulated depreciation, carrying value.

*Depreciation method:* Straight-line basis method.

### 6. Principles of recognition of investment properties

*Recognition:* Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management.

*Depreciation method:* Straight-line basis method.

### 7. Principles of recognition of financial investments

*Subsidiaries:* the entities are under the control of the Group. Subsidiaries' financial statements are included in consolidated financial statements from the date that control commences to the date that control ceases

*Associates:* are consolidated using equity method, that initial investment is recognised at cost and subsequently adjusted for changes in the Company's share of the net assets of the associates after the acquisition.

### 8. Principles of recognition and capitalization of borrowing costs

Borrowing cost are recognised as an expense for reporting period in which they are incurred, except for the borrowing cost relate to borrowings in respect of construction of qualifying assets, in which case the borrowing cost incurred during the period of construction are capitalized as part of cost of the assets concerned.

### 9. Principles of recognition of prepaid expenses, goodwill

*Prepaid expense:* Prepaid expenses comprise short-term and long-term prepaid expenses stated in balance sheet. Prepaid expenses are allocated by time of prepayment corresponding to economical benefit generated from these expenses.

*Goodwill:* Goodwill arises on the acquisition of subsidiaries. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income. Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over no more than 10 years.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 10. Principles of recognition of provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability..

### 11. Principles of recognition of equity

*Recognition of owners' equity, capital surplus, other capital.* Recognised at actual contributed value.

*Recognition of retained profit:* is the accumulated profit after income tax.

### 12. Principles of recognition of revenue and other incomes

*Revenue from sales of goods:* Revenue from the sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

*Revenue from provision of services:* Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the balance sheet date. 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.

*Revenue from sublease of leasehold land and rental income:* Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

*Revenue from sales of apartments:* Revenue from the sale of apartments is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. The transfer of significant risks and rewards is determined to be at the time of completion and hand over of the apartments.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### V. NOTES TO CONSOLIDATED BALANCE SHEET

#### 1. Cash and cash equivalents

	31 March 2018 VND	1 January 2018 VND
Cash on hand	12,510,383,387	10,571,592,154
Cash in banks	833,162,208,005	753,825,362,535
Cash in transit	1,140,304,462	-
Cash equivalents	5,816,155,563,889	3,500,245,000,000
<b>Total</b>	<b>6,662,968,459,743</b>	<b>4,264,641,954,689</b>

#### 2. Held-to-maturity investments

	31 March 2018		1 January 2018	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Held-to-maturity investments – short-term				
▪ Term deposits	7,097,179,666,718	7,097,179,666,718	9,936,707,080,033	9,936,707,080,033
	<u>7,097,179,666,718</u>	<u>7,097,179,666,718</u>	<u>9,936,707,080,033</u>	<u>9,936,707,080,033</u>
Held-to-maturity investments – long-term				
▪ Term deposits	15,315,649,848	15,315,649,848	1,251,738,400	1,251,738,400
	<u>15,315,649,848</u>	<u>15,315,649,848</u>	<u>1,251,738,400</u>	<u>1,251,738,400</u>

#### 3. Accounts receivable from customers

	31 March 2018		1 January 2018	
	Value VND	Allowance VND	Value VND	Allowance VND
Accounts receivable from customers – short-term				
Receivable from customers	1,982,714,902,404	(32,732,619,381)	1,999,843,596,977	(33,784,891,839)
<b>Total</b>	<b>1,982,714,902,404</b>	<b>(32,732,619,381)</b>	<b>1,999,843,596,977</b>	<b>(33,784,891,839)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 4. Other receivables

	31 March 2018		1 January 2018	
	Value VND	Allowance VND	Value VND	Allowance VND
<b>Other receivables – short-term</b>				
Interest receivables	282,716,882,808	-	408,750,980,885	-
Others	90,406,691,756	(2,200,000,000)	174,429,950,876	(2,200,000,000)
<b>Total</b>	<b>373,123,574,564</b>	<b>(2,200,000,000)</b>	<b>583,180,931,761</b>	<b>(2,200,000,000)</b>
<b>Other receivables – long-term</b>				
Collaterals	12,010,275,000	-	21,717,880,036	-
Others	10,297,072,172	-	92,650,500	-
<b>Total</b>	<b>22,307,347,172</b>	<b>-</b>	<b>21,810,530,536</b>	<b>-</b>

### 5. Inventories

	31 March 2018		1 January 2018	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	537,906,834,606	(44,640,078,437)	1,067,045,868,296	(44,640,078,437)
Raw materials	4,197,498,482,771	(43,471,769,595)	4,408,032,815,564	(48,971,892,001)
Tools and supplies	1,166,343,367,699	(5,307,627,171)	1,268,892,892,753	(5,357,710,640)
Work in progress	1,776,982,991,710	-	1,676,502,031,812	-
Finished goods	2,905,361,695,155	(46,233,857,619)	2,962,405,916,489	(45,169,264,501)
Merchandise inventories	723,156,064,244	(171,959,009)	505,013,254,419	(171,959,009)
Goods on consignment	165,780,491,446	-	5,291,406,930	-
<b>Total</b>	<b>11,473,029,927,631</b>	<b>(139,825,291,831)</b>	<b>11,893,184,186,263</b>	<b>(144,310,904,588)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 6. Construction in progress

	From 1 January 2018 to 31 March 2018 VND
Opening balance	4,726,077,899,797
Additions during the year	1,683,396,672,336
Transfer to tangible fixed assets	(337,481,093,274)
Transfer to intangible fixed assets	(11,660,000,000)
Transfer to long-term prepaid expenses	(9,464,684,893)
Transfer to short-term prepaid expenses	(747,264,305)
Disposals	(50,148,878,905)
Others	(521,639,504)
<b>Closing balance</b>	<b>5,999,451,011,252</b>

Major constructions in progress were as follows

	31 March 2018 VND	1 January 2018 VND
<b>Construction in progress</b>		
Dung Quat Steel Production Complex Project	2,743,511,907,456	1,536,739,121,107
Color Coating Steel Sheet Factory Project	2,338,471,751,951	2,189,597,742,478
Agriculture projects	693,627,986,854	724,121,942,319
Other projects	223,839,364,991	275,619,093,893
<b>Total</b>	<b>5,999,451,011,252</b>	<b>4,726,077,899,797</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 7. Tangible fixed assets

	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Livestock	Buildings	Total
	VND	VND	VND	VND	VND	VND	VND
<b>Cost</b>							
As at 1 January 2018	4,866,916,317,804	15,336,909,018,759	782,367,752,616	50,741,795,948	203,095,968,862	4,495,873,223	21,244,526,727,212
Additions	3,776,372,577	20,416,828,546	30,609,417,723	1,735,062,273	-	-	56,537,681,119
Effect of acquisition of subsidiaries	378,063,361	74,091,489,107	6,031,685,456	330,653,636	-	211,589,297	81,043,480,857
Transfer from construction in progress	105,968,993,986	191,265,045,151	9,409,993,093	3,917,558,397	26,919,502,647	-	337,481,093,274
Transfer to long-term prepaid expenses	-	(694,387,608)	-	-	-	-	(694,387,608)
Disposals	(1,231,067,782)	(4,944,512,806)	(8,082,175,849)	(67,052,293)	-	-	(14,324,808,730)
Other movements	-	41,736,295	(151,151,509)	-	-	-	(109,415,214)
Reclassifications	(26,523,666,437)	26,523,666,437	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>4,949,285,013,509</b>	<b>15,643,608,883,881</b>	<b>820,185,521,530</b>	<b>56,658,017,961</b>	<b>230,015,471,509</b>	<b>4,707,462,520</b>	<b>21,704,460,370,910</b>

### Accumulated depreciation

As at 1 January 2018	1,372,244,959,356	6,472,001,153,397	325,972,273,024	29,009,175,918	32,297,649,932	742,381,473	8,232,267,593,100
Depreciation	89,896,514,408	407,555,002,411	28,122,490,077	2,215,114,552	14,891,728,149	134,702,036	542,815,551,633
Effect of acquisition of subsidiaries	258,343,296	53,749,391,123	4,656,382,104	266,056,817	-	145,523,108	59,075,696,448
Transfer to long-term prepaid expenses	-	(9,225,805)	-	-	-	-	(9,225,805)
Disposals	(810,122,019)	(3,013,148,981)	(5,410,977,031)	(67,052,293)	-	-	(9,301,300,324)
Other movements	-	-	(7,244,318)	-	-	-	(7,244,318)
Reclassifications	(9,702,695,811)	9,702,695,811	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>1,451,886,999,230</b>	<b>6,939,985,867,956</b>	<b>353,332,923,856</b>	<b>31,423,294,994</b>	<b>47,189,378,081</b>	<b>1,022,606,617</b>	<b>8,824,841,070,734</b>
<b>Net book value</b>							
As at 1 January 2018	3,494,671,358,448	8,864,907,865,362	456,395,479,592	21,732,620,030	170,798,318,930	3,753,491,750	13,012,259,134,112
As at 31 March 2018	3,497,398,014,279	8,703,623,015,925	466,852,597,674	25,234,722,967	182,826,093,428	3,684,855,903	12,879,619,300,176

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 8. Intangible fixed assets

	Land use rights	Software	Others	Total
	VND	VND	VND	VND
<b>Cost</b>				
As at 1 January 2018	206,055,346,072	17,837,108,161	1,500,909,664	225,393,363,897
- Additions	-	285,000,000	-	285,000,000
- Effect of acquisition of subsidiaries	-	281,801,460	-	281,801,460
- Transfer from construction in progress	11,660,000,000	-	-	11,660,000,000
<b>As at 31 March 2018</b>	<b>217,715,346,072</b>	<b>18,403,909,621</b>	<b>1,500,909,664</b>	<b>237,620,165,357</b>
<b>Accumulated amortisation</b>				
As at 1 January 2018	31,726,235,517	6,628,657,477	1,500,909,664	39,855,802,658
- Amortisation	868,613,356	1,127,312,262	7,130,994	2,003,056,612
- Effect from acquisition of subsidiaries	-	186,100,060	-	186,100,060
<b>As at 31 March 2018</b>	<b>32,594,848,873</b>	<b>7,942,069,799</b>	<b>1,508,040,658</b>	<b>42,044,959,330</b>
<b>Net book value</b>				
As at 1 January 2018	174,329,110,555	11,208,450,684	-	185,537,561,239
As at 31 March 2018	185,120,497,199	10,461,839,822	(7,130,994)	195,575,206,027

### 9. Investment property

	Land use rights	Buildings	Total
	VND	VND	VND
<b>Cost</b>			
As at 1 January 2018	15,780,994,600	230,360,522,943	246,141,517,543
<b>As at 31 March 2018</b>	<b>15,780,994,600</b>	<b>230,360,522,943</b>	<b>246,141,517,543</b>
<b>Accumulated depreciation</b>			
As at 1 January 2018	-	54,950,432,307	54,950,432,307
Amortisation	-	3,019,024,437	3,019,024,437
<b>As at 31 March 2018</b>	<b>-</b>	<b>57,969,456,744</b>	<b>57,969,456,744</b>
<b>Net book value</b>			
As at 1 January 2018	15,780,994,600	175,410,090,636	191,191,085,236
<b>As at 31 March 2018</b>	<b>15,780,994,600</b>	<b>172,391,066,199</b>	<b>188,172,060,799</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

10. Long-term prepaid expense	Prepaid land costs	Tools and supplies	Overhaul and major maintenance expenses	Site clearance costs	Others	Total
	VND	VND	VND	VND	VND	VND
Balance as at 1 January 2018	526,451,813,217	86,978,996,499	26,730,586,939	71,352,248,193	120,950,508,366	832,464,153,214
Additions	-	11,125,722,094	268,338,884,865	-	9,338,127,950	288,802,734,909
Effect of acquisition of subsidiaries	-	2,941,901,472	-	-	-	2,941,901,472
Transfer from construction in progress	-	3,015,337,819	6,449,347,074	-	-	9,464,684,893
Transfer from tangible fixed assets	-	50,774,195	-	-	634,387,608	685,161,803
Disposals	-	(21,242,980)	-	-	-	(21,242,980)
Allocation for the year	(2,616,578,087)	(23,501,890,954)	(4,588,194,231)	(1,633,222,923)	(6,245,820,384)	(38,585,706,579)
Reclassifications	(100,187,750)	144,807,562	(44,619,812)	4,220,234,359	(4,220,234,359)	-
Balance as at 31 March 2018	523,735,047,380	80,734,405,707	296,886,004,835	73,939,259,629	120,456,969,181	1,095,751,686,732



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 11. Goodwill

Subsidiaries	As at 31 March 2018		As at 1 January 2018	
	Cost VND	Net book value VND	Cost VND	Net book value VND
Hoa Phat Energy JSC	206,244,396,684	44,686,285,944	206,244,396,684	49,842,395,862
Hoa Phat Hoa Binh Breeding One Member Co., Ltd.	4,367,130,430	4,367,130,430	4,367,130,430	4,367,130,430
Nhon Trach Trading Services Company Limited	195,950,665	195,950,665	195,950,665	195,950,665
Long Viet construction JSC	59,880,000,000	59,381,998,000	-	-
<b>Total</b>	<b>270,687,477,779</b>	<b>108,631,365,039</b>	<b>210,807,477,779</b>	<b>54,405,476,957</b>

### 12. Borrowings

	31 March 2018 VND	1 January 2018 VND
<b>Short-term borrowings</b>		
Short-term borrowings	10,291,257,465,605	11,328,518,776,500
<b>Total</b>	<b>10,291,257,465,605</b>	<b>11,328,518,776,500</b>
<b>Long-term borrowings</b>		
Long-term borrowings	2,077,143,669,720	1,651,494,675,275
<b>Total</b>	<b>2,077,143,669,720</b>	<b>1,651,494,675,275</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

13. Taxes and others payable to State Treasury	As at 1 January 2018	Effect of acquisition of subsidiaries	Tax incurred	Tax paid	As at 31 March 2018
	VND	VND	VND	VND	VND
Value added tax	102,066,953,349	3,337,439,671	191,294,907,017	(219,965,123,708)	76,734,176,329
Import value added tax	51,928,128	-	471,710,192,830	(464,562,779,120)	7,199,341,838
Withholding tax	2,191,487,507	-	10,356,782,226	(9,199,413,169)	3,348,856,564
Import-export tax	30,212,655	-	22,018,978,386	(22,049,191,041)	-
Corporate income tax	266,098,722,450	1,884,432,784	402,805,636,269	(331,943,891,954)	338,844,899,549
Personal income tax	2,943,401,586	191,707,710	7,191,235,902	(7,814,517,280)	2,511,827,918
Special consumption tax	598,617,287	-	9,306,729,751	(6,279,360,380)	3,625,986,658
Natural resource taxes	2,575,528,366	-	31,080,062,018	(23,368,403,000)	10,287,187,384
Land rental	1,569,304,154	-	3,357,586,352	(1,868,626,950)	3,058,263,556
Other taxes	125,388,365	-	11,672,813,416	(7,636,319,465)	4,161,882,316
<b>Total</b>	<b>378,251,543,847</b>	<b>5,413,580,165</b>	<b>1,160,794,924,167</b>	<b>(1,094,687,626,067)</b>	<b>449,772,422,112</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 14. Accrual expenses

	31 March 2018 VND	1 January 2018 VND
<b>Short-term accrual expenses</b>		
Construction of fixed assets	109,716,662,694	140,624,893,938
Interest expense	43,405,028,657	35,025,639,245
Promotion expense	23,114,119,936	60,608,283,542
Others	70,649,798,810	72,496,239,745
<b>Total</b>	<b>246,885,610,097</b>	<b>308,755,056,470</b>
<b>Long-term accrual expenses</b>		
Accruals for cost of Industrial zone land	411,943,997,721	386,454,362,041
<b>Total</b>	<b>411,943,997,721</b>	<b>386,454,362,041</b>

### 15. Other payables

	31 March 2018 VND	1 January 2018 VND
<b>Other short-term payables</b>		
Interest expensed and dividend payable	5,839,609,100	2,136,591,436
Sales discounts	43,148,376,719	68,760,740,511
Payables for importing activities	1,232,009,049,458	306,020,067,753
Trade union fee, social and health insurance	21,073,103,951	18,040,448,530
Others	66,115,704,507	47,177,500,964
<b>Total</b>	<b>1,368,185,843,735</b>	<b>442,135,349,194</b>
<b>Other long-term payables</b>		
Apartment maintenance fund	31,896,246,791	37,648,730,069
Others	10,024,626,397	9,011,250,403
<b>Total</b>	<b>41,920,873,188</b>	<b>46,659,980,472</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 16. Provisions

	31 March 2018 VND	1 January 2018 VND
<b>Short-term provisions</b>		
Warranties	7,425,670,031	8,150,637,096
<b>Total</b>	<b>7,425,670,031</b>	<b>8,150,637,096</b>
<b>Long-term provisions</b>		
Warranties	8,694,986,027	10,231,965,322
Environmental restoration	10,204,421,672	9,717,605,036
<b>Total</b>	<b>18,899,407,699</b>	<b>19,949,570,358</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 17. Equity

#### a. Changes in equity

	Share capital	Capital surplus	Treasury fund	Investment and development fund	Retained profits	Non-controlling interest	Total
	VND	VND	VND	VND	VND	VND	VND
As at 1 January 2017	8,428,749,560,000	674,149,437,068	(1,093,000,000)	1,156,415,747,213	9,486,351,633,348	105,687,700,335	19,850,261,077,964
Net profit for the year	-	-	-	-	8,006,672,113,847	8,084,472,201	8,014,756,586,048
Receipt of contributed capital by non-controlling shareholders into the Company's subsidiary	-	-	-	-	-	-	-
Issuance of additional equity to existing shareholders	2,528,235,830,000,00	2,528,049,530,000	-	-	-	-	5,056,285,360,000
Dividends	-	-	-	-	-	(4,503,452,577)	(4,503,452,577)
Payment of dividends in the form of shares	4,213,804,610,000,00	-	-	-	(4,213,804,610,000)	-	-
Withdrawal of bonus shares to employees as treasury shares	-	-	(600,270,000,00)	-	600,270,000	-	-
Appropriation to bonus fund for Board of Directors and remuneration fund for Board of Managements	-	-	-	-	(236,000,000,000)	-	(236,000,000,000)
Reversal of investment and development fund	-	-	-	(637,774,135,057)	637,449,884,245	324,250,812	-
Appropriation to bonus and welfare fund	-	-	-	-	(302,532,386,830)	-	(302,532,386,830)
Remuneration for Members of Supervisory Board	-	-	-	-	(28,000,000)	-	(28,000,000)
Other movements	-	-	-	-	18,320,172,586	20,854,719	18,341,027,305
As at 31 December 2017	15,170,790,000,000	3,202,198,967,068	(1,693,270,000)	518,641,612,156	13,397,029,077,196	110,613,825,490	32,397,580,211,910



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

	Share capital	Capital surplus	Treasury fund	Investment and development fund	Retained profits	Non-controlling interest	Total
	VND	VND	VND	VND	VND	VND	VND
As at 1 January 2018	15,170,790,000,000	3,202,198,967,068	(1,693,270,000)	518,641,612,156	13,397,029,077,196	110,613,825,490	32,397,580,211,910
Net profit for the year	-	-	-	-	2,211,253,974,571	11,501,623,496	2,222,755,598,067
Effect of acquisition of subsidiaries	-	-	-	-	-	120,000,000	120,000,000
Withdrawal of bonus shares to employees as treasury shares	-	-	(370,000,000)	-	370,000,000	-	-
Dividends	-	-	-	-	-	(984,668,047)	(984,668,047)
Appropriation to bonus and welfare fund	-	-	-	-	(8,425,000,000)	-	(8,425,000,000)
Appropriation to bonus fund for Board of Directors and remuneration fund for Board of Managements	-	-	-	-	(180,700,000,000)	-	(180,700,000,000)
Reversal of investment and development fund	-	-	-	400,000,000,000	(400,000,000,000)	-	-
Other movements	-	-	-	-	(2,153,231,221)	-	(2,153,231,221)
As at 31 March 2018	15,170,790,000,000	3,202,198,967,068	(2,063,270,000)	918,641,612,156	15,017,374,820,546	121,250,780,939	34,428,192,910,709

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### b. Share capital transactions

	From 1 January 2018 to 31 March 2018 VND	From 1 January 2017 to 31 December 2017 VND
<b>Owner's equity</b>		
Opening balance	15,170,790,000,000	8,428,749,560,000
Share capital issued during the year	-	2,528,235,830,000
Payment of dividends in the form of shares	-	4,213,804,610,000
Closing balance	15,170,790,000,000	15,170,790,000,000

### c. Shares

	31 March 2018 Shares	1 January 2018 Shares
<b>Authorised share capital</b>	1,517,079,000	1,517,079,000
<b>Issued share capital</b>		
Ordinary shares	1,517,079,000	1,517,079,000
<b>Treasury shares</b>	(206,327)	(169,327)
<b>Shares in circulation</b>		
Ordinary shares	1,516,872,673	1,516,909,673
* Par value	10,000	10,000

### d. Funds

	31 March 2018 VND	1 January 2018 VND
Investment and development fund	918,641,612,156	518,641,612,156
Bonus and welfare fund	713,195,107,462	705,690,675,557



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### VI. NOTES TO CONSOLIDATED STATEMENT OF INCOME

#### 1. Revenue

	Q1 2018 VND	Q1 2017 VND
Revenue from sales of goods	12,499,250,437,889	10,277,236,572,003
Revenue from provision of services	22,455,294,030	11,412,450,087
Revenue from sublease of leasehold land and rental of investment properties	118,205,206,967	75,713,764,847
Sales of real estate	515,901,859,524	16,788,355,055
Others	5,980,955,883	49,628,190,217
<b>Total</b>	<b>13,161,793,754,293</b>	<b>10,430,779,332,209</b>

#### 2. Revenue deductible

	Q1 2018 VND	Q1 2017 VND
Sales discounts	149,798,400,731	153,827,914,451
Sales allowances	67,833,911	363,049,344
Sales returns	10,964,098,413	11,834,108,343
<b>Total</b>	<b>160,830,333,055</b>	<b>166,025,072,138</b>

#### 3. Cost of sales

	Q1 2018 VND	Q1 2017 VND
Finished goods and merchandise goods sold	9,664,640,957,670	7,724,817,621,395
Services provided	9,244,545,955	4,621,063,541
Cost of leasehold land subleased and investment property held to earn rental	72,500,070,179	48,659,652,607
Cost of real estate sold	284,112,316,243	11,369,594,704
Other costs	3,941,840,466	12,447,974,164
Allowance for inventories	1,014,509,649	(22,765,682)
<b>Total</b>	<b>10,035,454,240,162</b>	<b>7,801,893,140,729</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 4. Financial incomes

	Q1 2018 VND	Q1 2017 VND
Interest from deposits and loans	45,268,448,678	37,080,382,487
Dividend received from equity investments	900,000,000	-
Realised foreign exchange gains	15,683,067,932	31,462,103,640
Unrealised foreign exchange gains	692,155	2,577,344,494
Other financial income	1,465,965,200	2,730,968,700
<b>Total</b>	<b>63,318,173,965</b>	<b>73,850,799,321</b>

### 5. Financial expenses

	Q1 2018 VND	Q1 2017 VND
Interest expense	118,019,669,890	83,754,910,316
Payment discounts	2,803,799,000	2,835,744,000
Realised foreign exchange losses	9,975,081,619	21,281,688,699
Unrealised foreign exchange losses	38,198,316,053	3,633,172,065
Other financial expenses	2,751,884,532	236,265,375
<b>Total</b>	<b>171,748,751,094</b>	<b>111,741,780,455</b>

### 6. Other incomes

	Q1 2018 VND	Q1 2017 VND
Gain from disposals of fixed assets	54,466,824,703	611,271,638
Income from sales of electricity, water and rendering services	90,471,933,181	82,953,625,751
Compensation received from other parties	1,415,349,654	1,293,610,267
Others	5,407,713,680	28,235,478,238
<b>Total</b>	<b>151,761,821,218</b>	<b>113,093,985,894</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 7. Other expenses

	Q1 2018 VND	Q1 2017 VND
Loss on disposals of fixed assets	52,800,741,027	930,674,445
Costs of electricity, water sold and services rendered	88,155,041,825	81,284,798,581
Other expenses	1,080,019,580	1,030,388,151
<b>Total</b>	<b>142,035,802,432</b>	<b>83,245,861,177</b>

### 8. Selling expenses

	Q1 2018 VND	Q1 2017 VND
Advertising expenses	6,671,426,360	1,950,239,034
Staff costs	20,572,344,846	17,118,221,171
Depreciation	4,601,234,333	3,648,068,661
Transportation expenses	53,279,364,000	49,792,185,024
Export expenses	16,225,229,229	31,044,361,988
Promotion expenses	2,468,771,101	2,784,188,677
Outside services and other selling expenses	40,053,325,484	32,656,574,278
<b>Total</b>	<b>143,871,695,353</b>	<b>138,993,838,833</b>

### 9. General and administration expenses

	Q1 2018 VND	Q1 2017 VND
Goodwill amortisation	5,654,111,918	5,156,109,917
Staff costs	44,066,844,160	13,341,599,135
Depreciation expenses	9,042,271,685	7,521,667,004
Outside services and other general and administration expenses	55,730,493,620	46,885,587,289
<b>Total</b>	<b>114,493,721,383</b>	<b>72,904,963,345</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### VII. OTHER INFORMATION

#### 1. Segment reporting

The Group chooses its business segments as its primary reporting segment because the Group's exposure to risk and rate of return is primarily affected by differences in products and services provided by the Group. . Geographic parts are secondary reporting. Business activities of the Group are organized and managed in accordance with the nature of the products and services provided by the Group with each division being a strategic business unit providing various products.

Inter-segment transactions are eliminated in consolidated financial statements.

Informations of revenue, profit, assets and liabilities of segments are as follow:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Items	Financial investment (parent entity)		Production and trading of steels		Other industrial production		Real estates		Agriculture		Elimination		Total	
	VND	2	VND	3	VND	4	VND	5	VND	6	VND	7	VND	9
Q1 2018														
Revenue														
Net external revenue			10,874,049,602,361		651,380,292,232		659,976,370,795		815,557,155,850				13,000,963,421,238	
Net inter-segment revenue	17,045,104,047		5,574,938,078,562		334,400,659,977		27,295,840,728		20,663,642,855		(5,974,343,326,169)		-	
Total segment revenue	17,045,104,047		16,448,987,680,923		985,780,952,209		687,272,211,523		836,220,798,705		(5,974,343,326,169)		13,000,963,421,238	
Income														
Segment net operating profits	1,458,452,696,740		2,358,637,685,316		83,741,753,471		276,392,000,195		(15,819,688,484)		(1,562,691,260,027)		2,598,713,187,211	
Other income	1,335,722,714		98,846,867,187		1,156,388,498		508,708,009		52,282,081,390		(2,367,946,580)		151,761,821,218	
Other expenses	773,451,627		91,611,352,632		22,971,233		(111,629,040)		50,513,107,607		(773,451,627)		142,035,802,432	
Segment net operating profits after tax	1,459,014,967,827		2,365,873,199,871		84,875,170,736		277,012,337,244		(14,050,714,701)		(1,564,285,754,980)		2,608,439,205,997	
Current income tax expenses	4,457,268,640		321,251,526,375		12,960,073,375		59,763,837,157		2,219,699,485		-		400,652,405,032	
Deferred income tax benefit	-		5,126,280,686		52,337,638		(4,546,048,321)		-		(15,601,367,105)		(14,968,797,102)	
Net profit after tax	1,454,557,699,187		2,039,495,392,810		71,862,759,723		221,794,548,408		(16,270,414,186)		(1,548,684,387,875)		2,222,755,598,067	

Assets as at 31 March 2018

Segment assets	29,276,456,377,327	46,210,127,171,309	2,435,501,843,692	3,077,035,612,403	4,306,087,231,223	(30,867,724,266,593)	54,437,483,969,361
Total	29,276,456,377,327	46,210,127,171,309	2,435,501,843,692	3,077,035,612,403	4,306,087,231,223	(30,867,724,266,593)	54,437,483,969,361
Segment liabilities	672,319,598,436	17,421,280,833,638	1,370,061,666,432	2,019,346,185,548	1,306,766,252,054	(2,780,483,477,456)	20,009,291,058,652
Total	672,319,598,436	17,421,280,833,638	1,370,061,666,432	2,019,346,185,548	1,306,766,252,054	(2,780,483,477,456)	20,009,291,058,652
Cost							
Tangible fixed assets	79,347,869,484	17,353,147,058,733	1,630,382,215,691	316,880,635,844	2,181,305,417,717	143,397,173,441	21,704,460,370,910
Intangible fixed assets	31,969,306,640	99,796,875,693	91,265,684,071	811,801,460	16,139,578,780	(2,363,081,287)	237,620,165,357
Accumulated depreciation and amortisation							-
Tangible fixed assets	(45,360,114,005)	(7,488,187,479,744)	(899,199,653,126)	(146,853,771,836)	(199,787,742,375)	(45,452,309,648)	(8,824,841,070,734)
Intangible fixed assets	(2,671,107,233)	(20,050,737,897)	(21,108,413,168)	(265,836,482)	(1,086,698,896)	3,137,834,346	(42,044,959,330)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Items	Financial investment (parent entity)	Production and trading of steels	Other industrial production	Real estates	Agriculture	Elimination	Total
	VND 2	VND 3	VND 4	VND 5	VND 6	VND 7	VND 9
<b>Q1 2017</b>							
<b>Revenue</b>							
Net external revenue	-	9,115,056,843,822	534,526,570,130	112,937,689,139	502,233,156,980	-	10,264,754,260,071
Net inter-segment revenue	6,451,200,000	5,816,092,374,220	49,306,497,934	35,347,917,010	11,947,711	(5,907,209,936,875)	-
<b>Total segment revenue</b>	<b>6,451,200,000</b>	<b>14,931,149,218,042</b>	<b>583,833,068,064</b>	<b>148,285,606,149</b>	<b>502,245,104,691</b>	<b>(5,907,209,936,875)</b>	<b>10,264,754,260,071</b>
<b>Income</b>							
Segment net operating profits	3,216,261,523,572	2,076,062,658,252	123,613,748,203	42,207,355,345	3,367,265,410	(3,248,451,887,733)	2,213,060,663,049
Other income	1,409,860,555	82,583,358,585	27,659,204,839	2,789,327,401	447,974,099	(1,795,739,585)	113,093,985,894
Other expenses	112,439,760	80,532,581,211	931,991,951	1,849,446,816	340,056,088	(520,654,649)	83,245,861,177
Segment net operating profits after tax	3,217,558,944,367	2,078,113,435,626	150,340,961,091	43,147,235,930	3,475,183,421	(3,249,726,972,669)	2,242,908,787,766
Current income tax expenses	-	281,893,852,089	19,163,288,691	13,003,327,461	1,988,892,784	-	316,049,361,025
Deferred income tax benefit	-	6,851,753,973	(484,739,698)	(5,733,503,273)	-	(9,070,137,354)	(8,436,626,352)
<b>Net profit after tax</b>	<b>3,217,558,944,367</b>	<b>1,789,367,829,564</b>	<b>131,662,412,098</b>	<b>35,877,411,742</b>	<b>1,486,290,637</b>	<b>(3,240,656,835,315)</b>	<b>1,935,296,053,093</b>

<b>Assets as at 31 March 2018</b>	17,392,708,260,616	30,184,133,329,302	1,891,514,949,841	2,476,144,345,548	3,047,165,112,627	(18,045,839,863,963)	36,945,876,133,971
<b>Segment assets</b>	<b>17,392,708,260,616</b>	<b>30,184,133,329,302</b>	<b>1,891,514,949,841</b>	<b>2,476,144,345,548</b>	<b>3,047,165,112,627</b>	<b>(18,045,839,863,963)</b>	<b>36,945,876,133,971</b>
<b>Total</b>	<b>582,749,788,848</b>	<b>13,528,411,485,840</b>	<b>859,615,100,766</b>	<b>1,118,446,246,436</b>	<b>587,276,522,563</b>	<b>(1,134,170,727,141)</b>	<b>15,542,328,417,312</b>
<b>Segment liabilities</b>	<b>582,749,788,848</b>	<b>13,528,411,485,840</b>	<b>859,615,100,766</b>	<b>1,118,446,246,436</b>	<b>587,276,522,563</b>	<b>(1,134,170,727,141)</b>	<b>15,542,328,417,312</b>
<b>Total</b>	<b>64,143,216,913</b>	<b>16,648,585,166,755</b>	<b>1,296,889,220,950</b>	<b>212,705,496,991</b>	<b>715,878,772,568</b>	<b>164,315,294,055</b>	<b>19,102,517,168,232</b>
Cost	31,773,096,640	95,661,254,835	89,657,374,071	-	3,798,578,780	(2,363,081,287)	218,527,223,039
Tangible fixed assets							-
Intangible fixed assets							-
Accumulated depreciation and amortisation	(37,397,891,655)	(5,878,235,596,654)	(759,832,501,788)	(72,406,886,160)	(40,763,479,769)	(39,383,051,282)	(6,828,019,407,308)
Tangible fixed assets	(2,428,710,364)	(16,611,798,269)	(18,614,433,472)	-	(280,596,913)	3,128,675,172	(34,806,863,846)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**2. Statement for profit movement exceeding 10%**

Profit after tax of Quarter 1 2018 is VND 2,222 billion, increases by VND 287 billion, equivalent to 15% compared to Quarter 1 2017 (VND 1,935 billion) almost derived from steel and real-estate segments.

General Accountant



Nguyen Thi Thu Trang

Chief Accountant



Pham Thi Kim Oanh

Hung Yen *26* April 2018

General Director

