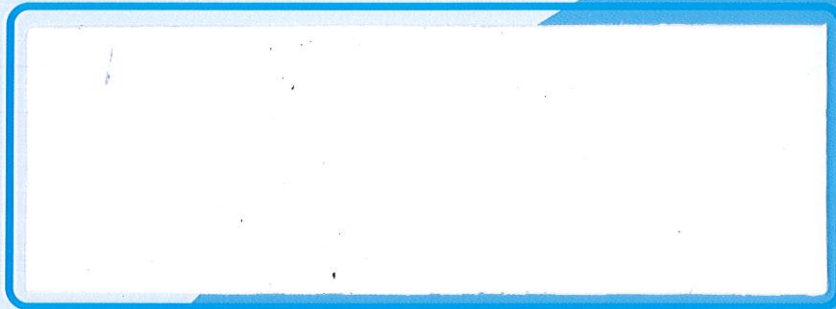




AAC AUDITING AND ACCOUNTING CO., LTD
A member of PrimeGlobal





DUC LONG GIA LAI GROUP
JOINT STOCK COMPANY
Consolidated financial statements
For the year ended 31/12/2017

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REPORT OF THE MANAGEMENT

The Management of Duc Long Gia Lai Group Joint Stock Company presents this report together with the audited consolidated financial statements for the year ended 31/12/2017.

Overview

Duc Long Gia Lai Group Joint Stock Company (the "Company") was established under Business Registration Certificate (now being Enterprise Registration Certificate) No. 5900415863 dated 13/06/2007 by the Planning and Investment Department of Gia Lai Province. Since the establishment date, the Enterprise Registration Certificate has been amended 29 times, and the nearest amendment was made on 15/05/2017. The Company is an independent accounting entity, operating in accordance with the Enterprise Law, its Charter and other relevant regulations.

The Company was approved to list its common shares on Ho Chi Minh City Stock Exchange under Listing Permit No. 114/QD-SGDHCM dated 14/06/2010 by Ho Chi Minh City Stock Exchange under securities code DLG. The official trading date was 22/06/2010.

Charter capital as per Enterprise Registration Certificate: VND2,850,578,150,000.

Share capital as at 31/12/2017: VND2,850,578,150,000.

Head office

- Address: 90 Le Duan Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam
- Tel: (84) 0269.3748367
- Fax: (84) 0269.3747366
- Email: duclong@duclonggroup.com
- Website: www.duclonggroup.com

Principal activities

- Manufacture of furniture (Detail: Manufacture of wooden furniture and other furniture);
- Rubber tree plantation;
- Afforestation and tending of forest;
- Construction of other civil engineering projects;
- Transport via bus;
- Other food serving activities;
- Mining of iron ores;
- Other mining and quarrying n.e.c;
- Construction of roads and railways (Detail: Construction of roads; Investment in construction of transport projects (in BOT form));
- Leasing of other machinery, equipment and tangible goods (Detail: Leasing of machinery, equipment; Leasing of office);
- Operation of sports facilities (Detail: Selling tickets of sports games);
- Activities of sports clubs;
- Wholesale of other machinery and equipment n.e.c (Detail: Wholesale of specialized machinery, equipment and accessories for road and bridge, civil and industrial sectors);

REPORT OF THE MANAGEMENT (cont'd)

- Other accommodation (Detail: Hotels; Short-stay villa or apartment activities; Short stay guesthouse activities);
- Freight transport by road;
- Activities of asset holding company;
- Mining of other non-ferrous metal ores;
- Mining of chemical and fertilizer minerals;
- Other sports activities;
- Advertising;
- Wholesale of automobile and other motorized vehicles;
- Cutting, shaping and finishing of stones (Detail: Production of ashlar, cutting and shaping of stones according to construction requirements; Processing minerals);
- Management consultancy activities;
- Manufacture of other products from rubber (Detail: Processing latex crumb rubber);
- Educational support services;
- Lower secondary and upper secondary education;
- Primary education;
- Wholesale of other products n.e.c (Detail: Purchase and sale of latex crumb rubber; purchase and sale of fertilizers; Wholesale of asphalt, asphalt concrete, concrete cement);
- Manufacture of rubber tyres and tubes; retreading and recycling of rubber tyres;
- Real estate activities with own or leased property;
- Wholesale of construction materials, installation supplies (Detail: Purchase and sale of wood with legal origin; Wholesale of stone, sand, gravel, cement);
- Service activities incidental to land and rail transportation (Detail: Service activities incidental to land transportation);
- Activities auxiliary to finance n.e.c (Detail: Investment consultancy activities);
- Fund management activities (Detail: General fund management);
- Exploitation of stone, sand, gravel, clay (not operating at head office);
- Wholesale of metals and metal ores (Detail: Wholesale of iron, steel, copper, lead, zinc and non-ferrous metals in primary form and semi-finished product form);
- Manufacture of electronic components (Detail: Manufacture and processing of electronic components);
- Wholesale of electronic and telecommunications equipment and supplies;
- Wholesale of farm, forestry raw materials (except wood, bamboo) and live animals (Detail: Wholesale of farm produce (except rubber latex); wholesale of cattle and buffaloes);
- Renting and leasing of motorized vehicles;
- Growing of coffee tree;
- Growing of tea tree;
- Growing of pepper tree;

REPORT OF THE MANAGEMENT (cont'd)

- Manufacture of other food products n.e.c. (Detail: Processing of tea, coffee);
- Research and experimental development on natural sciences and engineering;
- Wholesale of food (Detail: Trading, import-export of tea, coffee).

Employees

As at 31/12/2017, the Company had 73 employees, including 13 managing officers.

Members of the Board of Directors, Supervisory Board, Management and Chief Accountant during the year and up to the reporting date are as follows:

Board of Directors

- | | | |
|-------------------------|----------|----------------------------|
| • Mr. Bui Phap | Chairman | Re-appointed on 02/05/2017 |
| • Mr. Nguyen Dinh Trac | Member | Re-appointed on 29/04/2017 |
| • Mr. Pham Anh Hung | Member | Re-appointed on 29/04/2017 |
| • Mr. Nguyen Trung Kien | Member | Re-appointed on 29/04/2017 |
| • Mr. Doan Nguyen Tieu | Member | Re-appointed on 29/04/2017 |

Supervisory Board

- | | | |
|-------------------------|---------------------------|---|
| • Ms. Phan Thi Ngoc Anh | Head of Supervisory Board | Appointed on 03/05/2017 |
| • Mr. Tran Cao Chau | Head of Supervisory Board | Appointed on 25/04/2016
Resigned on 29/04/2017 |
| | Member | Appointed on 29/04/2017 |
| • Mr. Vo Sy Viet | Member | Appointed on 29/04/2017 |
| • Mr. Nguyen Van Nguyen | Member | Appointed on 25/05/2013
Resigned on 29/04/2017 |

Management and Chief Accountant

- | | | |
|-------------------------|-----------------------|---|
| • Mr. Pham Anh Hung | General Director | Appointed on 01/01/2014 |
| • Mr. Pham Minh Viet | Vice General Director | Appointed on 01/10/2010 |
| • Mr. Tran Van Phuong | Vice General Director | Appointed on 24/06/2017 |
| • Mr. Nguyen Trung Kien | Vice General Director | Appointed on 05/02/2018 |
| • Mr. Phan Xuan Vien | Vice General Director | Appointed on 01/07/2007
Resigned on 31/01/2018 |
| • Mr. Nguyen Tien Dung | Vice General Director | Appointed on 06/03/2009
Resigned on 28/02/2017 |
| • Ms. Vu Thi Hai | Chief Accountant | Appointed on 09/07/2013 |

REPORT OF THE MANAGEMENT (cont'd)

Independent auditor

These consolidated financial statements were audited by AAC Auditing and Accounting Company Ltd (Head office: Lot 78-80, April 30th Street, Hai Chau District, Danang City; Tel: (84) 236.3655886; Fax: (84) 236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

Statement of the Management's responsibility with respect to the consolidated financial statements

The Management of the Company is responsible for preparation and fair presentation of these consolidated financial statements on the basis of:

- Complying with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other relevant regulations;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Preparing the consolidated financial statements on the going concern basis;
- Responsibility for such internal control as the Management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Members of the Company's Management hereby confirm that the accompanying consolidated financial statements including the consolidated balance sheet, the consolidated income statement, the consolidated statement of cash flows and notes to the consolidated financial statements give a true and fair view of the financial position of the Company as at 31/12/2017 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing Vietnamese Accounting Standards and Vietnamese Corporate Accounting System and statutory requirements relevant to the preparation and presentation of consolidated financial statements.

On behalf of the Management



Pham Anh Hung

General Director

Gia Lai Province, 31 March 2018



AAC AUDITING AND ACCOUNTING CO., LTD

AN INDEPENDENT MEMBER OF PRIMEGLOBAL
AUDITING ACCOUNTING AND FINANCE SPECIALITY

Head Office: Lot 78 - 80, April 30th Street, Hai Chau District, Da Nang City

Tel: +84 (236) 3 655 886; Fax: +84 (236) 3 655 887; Email: aac@dng.vnn.vn; Website: http://www.aac.com.vn

No. 637/2018/BCKT-AAC

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders, Board of Directors and Management
Duc Long Gia Lai Group Joint Stock Company**

We have audited the accompanying consolidated financial statements of Duc Long Gia Lai Group Joint Stock Company ("the Company") and its subsidiaries (together referred to as "the Group") as prepared on 30/03/2018 and set out on pages 6 to 67, which comprise the consolidated balance sheet as at 31/12/2017, the consolidated income statement, consolidated statement of cash flows, and notes to the consolidated financial statements for the year then ended.

The Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31/12/2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

AAC Auditing and Accounting Co., Ltd.



Trần Thị Thu Hiền – Deputy General Director
Audit Practicing Registration Certificate
No. 0753-2018-010-1

Danang City, 31 March 2018

Do Thi Phuong Thuy – Auditor
Audit Practicing Registration Certificate
No. 2970-2014-010-1

CONSOLIDATED BALANCE SHEET
As at 31 December 2017

Form B 01-DN/HN
Issued under Circular No. 202/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ASSETS		Code	Note	31/12/2017 VND	01/01/2017 VND
A.	CURRENT ASSETS	100		3,297,982,197,168	3,084,461,835,360
I.	Cash and cash equivalents	110	6	373,765,558,712	96,808,960,822
1.	Cash	111		362,212,184,207	55,799,705,616
2.	Cash equivalents	112		11,553,374,505	41,009,255,206
II.	Short-term financial investments	120		297,462,372,053	580,094,590,556
1.	Trading securities	121	7	282,423,265,980	264,000,000,000
2.	Held-to-maturity investments	123	8.a	15,039,106,073	316,094,590,556
III.	Short-term receivables	130		2,056,915,341,316	1,990,008,870,087
1.	Short-term trade receivables	131	9	702,722,858,712	601,506,674,812
2.	Short-term prepayments to suppliers	132	10	253,598,813,404	249,464,982,797
3.	Short-term loan receivables	135	11.a	989,399,424,338	900,157,764,619
4.	Other short-term receivables	136	12.a	133,299,064,653	253,259,588,778
5.	Provision for doubtful debts	137	13	(22,104,819,791)	(14,380,140,919)
IV.	Inventories	140	14	541,211,555,289	413,496,716,240
1.	Inventories	141		561,279,373,724	430,989,454,152
2.	Provision for obsolete inventories	149		(20,067,818,435)	(17,492,737,912)
V.	Other current assets	150		28,627,369,798	4,052,697,655
1.	Short-term prepaid expenses	151	15.a	66,918,097	374,285,506
2.	Deductible value-added tax	152		28,196,516,906	3,677,359,715
3.	Taxes and amounts receivable from the State	153	24	363,934,795	1,052,434
B.	NON-CURRENT ASSETS	200		5,014,509,234,882	3,921,186,265,659
I.	Long-term receivables	210		1,252,611,212,942	248,386,304,573
1.	Long-term loan receivables	215	11.b	752,538,483,608	225,647,099,300
2.	Other long-term receivables	216	12.b	500,072,729,334	22,739,205,273
II.	Fixed assets	220		2,664,947,443,713	2,584,571,349,523
1.	Tangible fixed assets	221	16	2,582,615,490,815	2,499,786,466,891
	- Cost	222		3,486,817,112,645	2,947,624,020,324
	- Accumulated depreciation	223		(904,201,621,830)	(447,837,553,433)
2.	Intangible fixed assets	227	17	82,331,952,898	84,784,882,632
	- Cost	228		204,656,915,081	196,761,729,819
	- Accumulated amortization	229		(122,324,962,183)	(111,976,847,187)
III.	Investment properties	230	18	105,325,728,461	108,216,516,657
	- Cost	231		122,870,111,864	124,210,456,151
	- Accumulated depreciation	232		(17,544,383,403)	(15,993,939,494)
IV.	Long-term assets in progress	240		660,713,035,677	603,458,413,186
1.	Long-term work in process	241		-	-
2.	Construction in progress	242	19	660,713,035,677	603,458,413,186
V.	Long-term financial investments	250		29,039,631,433	56,466,429,083
1.	Investments in joint ventures, associates	252	8.b	26,819,631,433	26,615,469,977
2.	Equity investments in other entities	253	8.c	2,700,000,000	32,225,730,632
3.	Provision for long-term investments	254	8.c	(480,000,000)	(2,374,771,526)
VI.	Other non-current assets	260		301,872,182,656	320,087,252,637
1.	Long-term prepaid expenses	261	15.b	43,177,553,475	39,418,056,499
2.	Deferred income tax assets	262	20	18,374,236,778	17,582,495,106
3.	Goodwill	269	21	240,320,392,403	263,086,701,032
	TOTAL ASSETS	270		8,312,491,432,050	7,005,648,101,019

CONSOLIDATED BALANCE SHEET (cont'd)

As at 31 December 2017

RESOURCES	Code	Note	31/12/2017 VND	01/01/2017 VND
C. LIABILITIES	300		4,960,731,768,102	4,352,355,040,662
I. Current liabilities	310		1,759,611,933,187	1,469,761,413,094
1. Short-term trade payables	311	22	495,283,480,952	411,726,186,278
2. Short-term advances from customers	312	23	88,275,687,487	87,537,482,335
3. Taxes and amounts payable to the State	313	24	104,802,680,195	71,432,694,256
4. Payables to employees	314		37,975,832,415	26,744,859,163
5. Short-term accrued expenses	315	25	156,947,658,897	67,566,339,431
6. Short-term unearned revenue	318	26	122,727,273	585,354,550
7. Other short-term payables	319	27.a	133,260,441,440	109,573,887,271
8. Short-term loans and finance lease liabilities	320	28.a	743,495,289,336	695,132,641,618
9. Reward and welfare fund	322		(551,864,808)	(538,031,808)
II. Non-current liabilities	330		3,201,119,834,915	2,882,593,627,568
1. Other long-term payables	337	27.b	4,000,000,000	7,746,335,250
2. Long-term loans and finance lease liabilities	338	28.b	3,181,786,535,905	2,867,395,107,764
3. Deferred income tax liabilities	341	29	12,091,150,520	5,475,243,634
4. Provision for long-term payables	342	30	3,242,148,490	1,976,940,920
D. EQUITY	400		3,351,759,663,948	2,653,293,060,357
I. Owners' equity	410		3,351,759,663,948	2,653,293,060,357
1. Share capital	411	31	2,850,578,150,000	2,301,443,420,000
- Common shares with voting rights	411a		2,850,578,150,000	2,301,443,420,000
- Preferred shares	411b		-	-
2. Share premium	412	31	50,510,908,328	50,512,788,328
3. Foreign exchange differences	417	31	12,678,454,700	12,540,175,048
4. Development investment fund	418	31	6,196,436,959	6,196,436,959
5. Undistributed profit	421	31	180,792,184,488	126,085,637,834
- Undistributed profit up to prior year-end	421a		123,485,602,592	68,723,267,932
- Undistributed profit of current year	421b		57,306,581,896	57,362,369,902
6. Non-controlling interests	429	32	251,003,529,473	156,514,602,188
II. Budget sources and other funds	430		-	-
TOTAL RESOURCES	430		8,312,491,432,050	7,005,648,101,019



Pham Anh Hung
General Director
Gia Lai Province, 30 March 2018

Vu Thi Hai
Chief Accountant

Nguyen Thi Phuong Thuy
Preparer

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2017

Form B 02-DN/HN
Issued under Circular No. 202/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2017 VND	Year 2016 VND
1. Revenue from sales and service provision	01	34	2,913,844,748,638	2,490,622,091,974
2. Revenue deductions	02	35	16,335,351,010	13,340,460,925
3. Net revenue from sales and service provision	10		2,897,509,397,628	2,477,281,631,049
4. Cost of goods sold	11	36	2,409,618,055,682	2,014,660,932,536
5. Gross profit from sales and service provision	20		487,891,341,946	462,620,698,513
6. Financial income	21	37	153,392,064,537	87,908,305,215
7. Financial expenses	22	38	352,360,756,197	309,517,738,879
<i>Including: interest expenses</i>	23		350,324,190,859	295,657,059,415
8. Shares of profit/(loss) of joint ventures, associates	24		204,161,456	164,488,199
9. Selling expenses	25	39.a	41,173,480,017	18,970,902,120
10. General and administration expenses	26	39.b	171,850,630,786	131,360,007,832
11. Operating profit	30		76,102,700,939	90,844,843,096
12. Other income	31	40	21,643,901,670	2,916,680,824
13. Other expenses	32	41	8,994,165,515	8,236,708,535
14. Other profit	40		12,649,736,155	(5,320,027,711)
15. Accounting profit before tax	50		88,752,437,094	85,524,815,385
16. Current corporate income tax expense	51	42	23,586,932,274	25,877,098,103
17. Deferred corporate income tax expense	52		5,803,631,236	4,242,300,353
18. Profit after tax	60		59,361,873,584	55,405,416,929
18.1. Profit after tax attributable to shareholders of the parent	61		57,306,581,896	52,673,583,537
18.2. Profit after tax attributable to non-controlling interests	62		2,055,291,688	2,731,833,392
19. Basic earnings per share	70	43	206	238
20. Diluted earnings per share	71	43	206	238



Pham Anh Hung
General Director
Gia Lai Province, 30 March 2018

Vu Thi Hai
Chief Accountant

Nguyen Thi Phuong Thuy
Preparer

STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

Form B 03-DN/HN
Issued under Circular No. 202/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2017 VND	Year 2016 VND
I. Cash flows from operating activities				
1. Profit before tax	01		88,752,437,094	85,524,815,385
2. Adjustments for				
- Depreciation and amortization	02	16,17,18,21	156,743,198,011	147,345,987,258
- Provisions	03		10,171,827,182	(25,056,336,312)
- Foreign exchange (gains)/losses from revaluation of monetary items denominated in foreign currencies	04	39	1,381,231	(107,439,589)
- Profits/(losses) from investing activities	05	37,38,40,41	(169,168,008,280)	(72,920,139,016)
- Interest expenses	06	39	350,324,190,859	295,657,059,415
3. Operating profit before changes in working capital	08		436,825,026,097	430,443,947,141
- Increase/(Decrease) in receivables	09		(468,145,995,153)	(200,717,744,529)
- Increase/(Decrease) in inventories	10		(122,256,828,267)	99,091,546,660
- Increase/(Decrease) in payables (excluding loan interest and corporate income tax payable)	11		133,750,824,572	12,861,824,883
- Increase/(Decrease) in prepaid expenses	12		(305,438,726)	2,491,217,956
- Decrease/(Increase) in trading securities	13		18,423,265,980	-
- Interest paid	14	25,27,39	(326,594,392,528)	(306,640,649,710)
- Corporate income tax paid	15	24	(7,718,739,714)	(10,727,818,300)
- Other cash payments for operating activities	17		(2,613,833,000)	(1,589,082,000)
Net cash used in operating activities	20		<u>(338,636,110,739)</u>	<u>25,213,242,101</u>
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(278,324,959,343)	(534,568,184,108)
2. Disposals of fixed assets and other long-term assets	22		27,701,082,727	5,655,125,450
3. Cash paid for loans, acquisition of debt instruments	23		(1,583,244,499,147)	(1,475,339,387,918)
4. Recovery of loans, re-sales of debt instruments	24		1,329,813,994,337	1,412,975,787,760
5. Cash paid for capital contribution in other entities	25		1,347,679,124	-
6. Recovery of capital contribution in other entities	26		58,869,982,662	18,938,457,726
7. Interest, dividends, profits received	27	12.37	138,382,104,243	47,808,000,444
Net cash used in operating activities	30		<u>(305,454,615,397)</u>	<u>(524,530,200,646)</u>
III. Cash flows from financing activities				
1. Proceeds from share issuance, capital contribution	31		549,132,850,000	18,487,700,000
2. Proceeds from borrowings	33		1,443,673,435,903	1,055,136,525,335
3. Repayments of borrowings	34		(1,075,341,207,025)	(696,664,526,413)
4. Dividends, profit paid to equity holders	36	26, 30.d	-	(942,035,074)
Net cash provided by financing activities	40		<u>917,465,078,878</u>	<u>376,017,663,848</u>
Net cash flows for the year	50		<u>273,374,352,742</u>	<u>(123,299,294,697)</u>
Cash and cash equivalents at the beginning of the year	60	6	96,808,960,822	220,107,949,123
Impacts of exchange rate fluctuations	61		3,582,245,148	306,396
Cash and cash equivalents at the end of the year	70	6	<u>373,765,558,712</u>	<u>96,808,960,822</u>



Pham Anh Hung
General Director

Gia Lai Province, 30 March 2018

Vu Thi Hai
Chief Accountant

Nguyen Thi Phuong Thuy
Preparer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. Nature of operations

1.1. Overview

Duc Long Gia Lai Group Joint Stock Company (the "Company") was established under Business Registration Certificate (now being Enterprise Registration Certificate) No. 5900415863 dated 13/06/2007 by the Planning and Investment Department of Gia Lai Province. Since the establishment date, the Enterprise Registration Certificate has been amended 29 times, and the nearest amendment was made on 15/05/2017. The Company is an independent accounting entity, operating in accordance with the Enterprise Law, its Charter and other relevant regulations.

The Company was approved to list its common shares on Ho Chi Minh City Stock Exchange under Listing Permit No. 114/QD-SGDHCM dated 14/06/2010 by Ho Chi Minh City Stock Exchange under securities code DLG. The official trading date was 22/06/2010.

1.2. Principal scope of business: Manufacture of finished products from wood, agricultural products (corn, soybean...), exploitation of stones, commercial trading, construction and service business (leasing of assets, hotel, ...), manufacture of consumer electronics.

1.3. Operating activities

- Manufacture of furniture (Detail: Manufacture of wooden furniture and other furniture);
- Rubber tree plantation;
- Afforestation and tending of forest;
- Construction of other civil engineering projects;
- Transport via bus;
- Other food serving activities;
- Mining of iron ores;
- Other mining and quarrying n.e.c;
- Construction of roads and railways (Detail: Construction of roads; Investment in construction of transport projects (in BOT form));
- Leasing of other machinery, equipment and tangible goods (Detail: Leasing of machinery, equipment; Leasing of office);
- Operation of sports facilities (Detail: Selling tickets of sports games);
- Activities of sports clubs;
- Wholesale of other machinery and equipment n.e.c (Detail: Wholesale of specialized machinery, equipment and accessories for road and bridge, civil and industrial sectors);
- Other accommodation (Detail: Hotels; Short-stay villa or apartment activities; Short stay guesthouse activities);
- Freight transport by road;
- Activities of asset holding company;
- Mining of other non-ferrous metal ores;
- Mining of chemical and fertilizer minerals;
- Other sports activities;

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- Advertising;
- Wholesale of automobile and other motorized vehicles;
- Cutting, shaping and finishing of stones (Detail: Production of ashlar, cutting and shaping of stones according to construction requirements; Processing minerals);
- Management consultancy activities;
- Manufacture of other products from rubber (Detail: Processing latex crumb rubber);
- Educational support services;
- Lower secondary and upper secondary education;
- Primary education;
- Wholesale of other products n.e.c (Detail: Purchase and sale of latex crumb rubber; purchase and sale of fertilizers; Wholesale of asphalt, asphalt concrete, concrete cement);
- Manufacture of rubber tyres and tubes; retreading and recycling of rubber tyres;
- Real estate activities with own or leased property;
- Wholesale of construction materials, installation supplies (Detail: Purchase and sale of wood with legal origin; Wholesale of stone, sand, gravel, cement);
- Service activities incidental to land and rail transportation (Detail: Service activities incidental to land transportation);
- Activities auxiliary to finance n.e.c (Detail: Investment consultancy activities);
- Fund management activities (Detail: General fund management);
- Exploitation of stone, sand, gravel, clay (not operating at head office);
- Wholesale of metals and metal ores (Detail: Wholesale of iron, steel, copper, lead, zinc and non-ferrous metals in primary form and semi-finished product form);
- Manufacture of electronic components (Detail: Manufacture and processing of electronic components);
- Wholesale of electronic and telecommunications equipment and supplies;
- Wholesale of farm, forestry raw materials (except wood, bamboo) and live animals (Detail: Wholesale of farm produce (except rubber latex); wholesale of cattle and buffaloes);
- Renting and leasing of motorized vehicles;
- Growing of coffee tree;
- Growing of tea tree;
- Growing of pepper tree;
- Manufacture of other food products n.e.c. (Detail: Processing of tea, coffee);
- Research and experimental development on natural sciences and engineering;
- Wholesale of food (Detail: Trading, import-export of tea, coffee).

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

1.4. Group structure

These consolidated financial statements were prepared for the Company and its 9 subsidiaries (together referred to as "the Group"). All subsidiaries were consolidated in the financial statements. Besides, no subsidiaries were eliminated from the consolidation.

Information on the restructuring of the Group: In the year, the Group divested its capital from Duc Long Gia Lai Security Service Joint Stock Company on 14/03/2017 and increased its capital to gain the control of Duc Long Gia Lai Real Estate Investment and Trading Joint Stock Company on 20/06/2017.

List of consolidated subsidiaries (9 companies)

1. Duc Long Gia Lai Afforestation and Industrial plants JSC

- Head office: 43 Ly Nam De, Tra Ba Ward, Pleiku City, Gia Lai Province.
- Principal activities: Planting rubber tree; Planting other perennial trees; Post-harvest crop activities; Support services to forestry; Exploiting timber from planted forest; Afforestation and tending of forest; Seed processing for propagation.
- Charter capital: VND47,000,000,000.
- % of ownership: 96.81%.
- % of voting rights: 96.81%.
- Operation status: Operating.

2. Duc Long Gia Lai Security Service JSC

- Head office: 73A Nguyen Trong Tuyen Street, Ward 15, Phu Nhuan District, Ho Chi Minh City.
- Principal activities: Security service business.
- Charter capital: VND3,400,000,000.
- % of ownership: 48%.
- % of voting rights: 52%.
- Operation status: Divested on 14/03/2017.

3. Duc Long Dak Nong BOT and BT JSC

- Head office: Group 9, Nghia Thanh Ward, Gia Nghia Town, Dak Nong Province.
- Principal activities: Mining of iron ores; Mining non-ferrous metal ores; Mining of precious metals ores; Exploitation of stone, sand, gravel, clay; Other mining and quarrying n.e.c; Manufacture of non-metallic mineral products n.e.c; Manufacture of basic iron and steel; Casting of metals; Manufacture of other fabricated metal products; metalworking service activities; Investment in construction of traffic projects (in BOT and BT forms); Construction of buildings; Construction of roads and railways; Construction of utility projects; Construction of other civil engineering projects; Demolition of construction projects and site preparation; Installation of electric system, water supply and drainage system and other construction installation activities; Finishing of construction projects; Other specialized construction activities; Wholesale of machinery, equipment and machine spare parts; Other specialized wholesale; Freight transport by road; Warehousing and storage in other warehouse; Service activities incidental to land transportation; Cargo handling; Leasing of other machinery, equipment and tangible goods.

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- Charter capital: VND250,000,000,000.
- % of ownership: 70.06%.
- % of voting rights: 70.06%.
- Operation status: Operating.

4. Duc Long Gia Lai BOT and BT JSC

- Head office: 782 Hung Vuong Street, Chu Se Town, Chu Se District, Gia Lai Province.
- Principal activities: Investment in construction of traffic projects, Mining of iron ores; Mining non-ferrous metal ores; Exploitation of stone, sand, gravel, clay and kaolin; Other mining and quarrying n.e.c; Manufacture of non-metallic mineral products n.e.c; Manufacture of basic iron and steel, Casting of metals; Manufacture of other fabricated metal products; metalworking service activities; Construction of buildings, Construction of roads; Construction of utility projects, Construction of other civil engineering projects; Demolition of construction projects and site preparation; Installation of electric system, water supply and drainage system and other construction installation activities; Finishing of construction projects, Other specialized construction activities; Wholesale of machinery, equipment and machine spare parts; Other specialized wholesale; Freight transport by road; Warehousing and storage in other warehouse; Service activities incidental to land transportation, Cargo handling; Leasing of other machinery, equipment and tangible goods.
- Charter capital: VND270,000,000,000.
- % of ownership: 73.49%.
- % of voting rights: 60%.
- Operation status: Operating.

5. Duc Long Da Nang JSC

- Head office: 47 Be Van Dan Street, Thanh Khe District, Danang City.
- Principal activities: Service activities incidental to land transportation; Transport of passengers on fixed routes; Freight transport, Investment in construction of car terminals, parking lots; Food and drink catering services; Dealing in hotel services, rest house; Entertainment and recreation services (not trading bar, karaoke); Service of car terminals, parking lots; Construction of civil, traffic, utility, technical projects; Demolition of construction projects and site preparation; Installation of electric system, water supply and drainage, heating and air-conditioning systems; Finishing of construction projects; Purchase and sale of steel and iron; Leasing of construction machinery and equipment; Trading petrol in National Road 1A, Hoa Phuoc Commune, Hoa Vang District, Danang City.
- Charter capital: VND25,000,000,000.
- % of ownership: 100%.
- % of voting rights: 85%.
- Operation status: Operating.

6. Duc Long Gia Lai Agriculture Co., Ltd

- Head office: 211 Phu Ha Village, IaBlu Commune, Chu Puh District, Gia Lai Province.
- Principal activities: Cultivation of corn and other grain-bearing food plants; Cultivation of starchy tuber plants; Cultivation of sugar cane; Growing of oil seeds; Growing of oleaginous fruits; Rubber tree plantation; Raising of cattle and buffaloes; Wholesale of agricultural raw

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materials (except wood, bamboo) and live animals (Detail: Wholesale of agricultural products (except rubber latex); Wholesale of cattle and buffaloes); Support activities for crop production; Support activities for animal production; Other specialized wholesale n.e.c (Detail: Purchase and sale of latex crumb rubber, purchase and sale of fertilizers); Activities of asset holding company.

- Charter capital: VND360,500,000,000.
- % of ownership: 99.80%.
- % of voting rights: 99.86%.
- Operation status: Operating.

7. *Tan Thuong Energy JSC*

- Head office: 18 Ha Huy Tap Street, Ward 3, Da Lat City, Lam Dong Province.
- Principal activities: Construction of other civil engineering projects (Investment in construction of large, medium and small-scaled hydropower projects; Construction of hydraulic works; Construction of industrial work coverings); Construction of public projects (Construction of hydraulic works, dams, irrigation systems); Electric power generation, transmission and distribution; Installation of industrial machinery and equipment (Manufacturing, installing hydro-mechanical equipment; Manufacturing, installing hydropower equipment); Site preparation (Grouting, treatment and processing of foundation of construction works).
- Charter capital: VND155,000,000,000.
- % of ownership: 88%
- % of voting rights: 88%.
- Operation status: Under investment phase.

8. *Mass Noble Investments Limited*

- Head office: P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- Principal activities: designing, manufacturing and trading of home comfort, personal care, home security and energy saving products for customers in the United States and Europe
- Charter capital: VND320,062,401,456.
- % of ownership: 97.73%.
- % of voting rights: 97.73%.
- Operation status: Operating.

9. *Duc Long Gia Real Estate Investment and Trading Joint Stock Company*

- Head office: 149-151 9A Road Trung Son Residential Area, Binh Hung Commune, Binh Chanh District, Ho Chi Minh City, Vietnam.
- Principal activities: Real estate activities with own or leased property (Detail: Trading in real estate)
- Charter capital: VND601,000,000,000.
- % of ownership: 84.03%.
- % of voting rights: 84.03%.
- Operation status: Operating

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Associates reflected in the consolidated financial statements under equity method are as follows (5 companies):

1. Gia Lai Transport Consulting and Construction JSC

- Head office: 53 Quang Trung Street, Pleiku City, Gia Lai Province.
- Principal activities: Consultancy on investment and construction of traffic, urban infrastructure projects; Geographical, geological, hydrographical surveys; Preparing project feasibility, pre-feasibility, investment report; Technical design, construction drawings, total cost estimate, cost estimation; Preparation and evaluation of bid documents; Verification of project documents, design, cost estimate prepared by other entities; Supervision of construction technique, project management; Testing construction materials and examining construction quality; Project construction and installation; Design of small-scaled hydropower and hydraulic projects; Consultancy on construction of civil and industrial project.
- Charter capital: VND2,961,000,000. Of which the Company owns: 20.00%.
- % of voting rights: 20.00%.
- Operation status: Operating.

2. Tay Nguyen Materials Supply Co., Ltd

- Head office: 02 Dang Tran Con Street, Tra Ba Ward, Pleiku City, Gia Lai Province.
- Principal activities: Wholesale of construction materials, installation supplies (Detail: Purchase and sale of wood with legal origin; Purchase and sale of construction materials, materials for interior and exterior decoration); Wholesale of metals and metal ores (Detail: Purchase and sale of metals); Exploitation of stone, sand, gravel, clay; Cutting, shaping and finishing of stones; Mining of other non-ferrous metal ores; Support activities for other mining and quarrying; Mining of iron ores.
- Charter capital: VND60,000,000,000. Of which the Company owns: 33.33%.
- % of voting rights: 33.33%.
- Operation status: Operating.

3. Duc Long Tay Nguyen JSC

- Head office: 117-119-121 Tran Phu Street, Dien Hong Ward, Pleiku City, Gia Lai Province.
- Principal activities: Manufacture of iron, steel and basic iron; Afforestation and tending of forest; Rubber tree plantation; Mining of other non-ferrous metal ores; Mining of iron ores; Exploitation of stone, sand, gravel, clay; Raising of cattle and buffaloes; Production of cement, lime and plaster; Casting of iron and steel; Cutting, shaping and finishing of stones; Manufacture of basic precious and other nonferrous metals; Casting of nonferrous metals; Raising of goats and sheep; Raising of pigs.
- Charter capital: VND15,000,000,000.
- % of voting rights: 40.00%.
- Operation status: Up to 31/12/2017, the Company has not yet come into operation.

4. DLG CY Vietnam JSC

- Head office: 149-151 9A Road Trung Son Residential Area, Binh Hung Commune, Binh Chanh District, Ho Chi Minh City, Vietnam.

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- Principal activities: Manufacture of electronic components; Construction of projects; Wholesale of electronic and telecommunications equipment and components; Real estate consultancy, brokerage and auction.
- Charter capital: VND2,280,000,000.
- % of voting rights: 40.00%.
- Operation status: Up to 31/12/2017, the Company has not yet come into operation.

5. *DLG Ninh Thuan Solar Power JSC*

- Head office: 8 Trieu Quang Phuc Street, My Hai Ward, Phan Rang-Thap Cham City, Ninh Thuan Province.
- Principal activities: Construction of other civil engineering projects.
- Charter capital: VND90,000,000,000.
- % of voting rights: 20.00%.
- Operation status: Up to 31/12/2017, the Company has not yet come into operation.

2. **Accounting period, currency unit used in accounting**

The Group's fiscal year is from 1 January to 31 December.

Consolidated financial statements and accounting transactions are expressed and recorded in Vietnamese Dong (VND).

3. **Applied accounting standards and system**

The Group adopts the Vietnamese Corporate Accounting System, which was issued under Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance. These consolidated financial statements are prepared in accordance with the provisions of Circular No. 202/2014/TT-BTC dated 22/12/2014 guiding the preparation and presentation of consolidated financial statements.

4. **Summary of significant accounting policies**

4.1 *Principles and methods of preparing consolidated financial statements*

4.1.1 *Basis of consolidation*

The Group's consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

Subsidiaries are entities controlled by the Group. Control is achieved where the Group has the power to govern directly or indirectly the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiaries are consolidated from the effective date of control up to the date of cease to control.

The financial statements of the subsidiaries are prepared for the same year as the parent company, using consistent accounting policies. Adjustments are made for any differences in accounting policies that may exist to ensure consistency between the subsidiaries and the company.

Capital divestment of the Company from a subsidiary that does not result in a loss of control is accounted for as equity transactions. If the capital divestment results in a loss of control, any resulting gain or loss is recognized in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

4.1.2 Business combinations

Assets, liabilities and contingent liabilities in a subsidiary are measured at fair value at the date of the subsidiary acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

4.1.3 Recognition of non-controlling interests

Non-controlling interests represent the portion of net assets in subsidiaries not held by the Group and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity. Non-controlling interests in the net assets of consolidated subsidiaries include: non-controlling interests at the acquisition date which are determined according to the fair value of net assets of subsidiaries at the acquisition date; non-controlling interests' share of changes in equity as from the acquisition date up to the beginning of the reporting period and non-controlling interests in the fluctuations of total equity arising during the period. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of profit or loss of subsidiaries not held by the Group, are determined based on the ratio of non-controlling interests and profit after corporate income tax of subsidiaries and are presented separately in the consolidated income statement.

4.2 Exchange rate difference

Transactions denominated in currencies other than VND are translated into VND using the actual exchange rate announced by the commercial bank where the Group anticipates to conduct transactions on the date of the transactions.

At the balance sheet date, monetary items denominated in currencies other than VND which are classified as assets are revaluated using the purchasing exchange rate and monetary items denominated in currencies other than VND which are classified as liabilities are revaluated using the selling exchange rate of the commercial bank where the Group regularly conducts transactions at the time of the financial statements. For foreign currency deposited in bank, the exchange rate upon revaluation is the purchase exchange rate of the bank where the Group opens foreign currency accounts.

Exchange rate differences are treated in accordance with the provisions of Vietnamese Accounting Standards No. 10 "Impacts of exchange rate fluctuations". Accordingly, foreign exchange differences arising during the year and exchange rate differences resulting from revaluating the closing balances of monetary items denominated in foreign currencies are recorded in the income statement of the fiscal year.

4.3 Cash and cash equivalents

Cash includes cash on hand, cash at bank and cash in transit.

All short-term investments which are collectible or mature of 3 months or less as from purchasing date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value at reporting date shall be recognized as cash equivalents.

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4.4 *Financial investments*

Trading securities

Trading securities are securities and other financial instruments (commercial papers, term contract, exchange contract,...) which are held for business purposes.

Trading securities are recorded at cost, comprising: buying prices plus (+) buying costs (if any) such as brokerage, transactions, information provision, taxes, bank's fees and charges. The dividends, profits received for the period before the investment date shall be recorded as a decrease in value of investment.

After initial recognition, trading securities are determined at cost less provision for decline in value of trading securities. At the end of the fiscal year, if the market prices of trading securities devalue against their cost, the provisions for devaluation shall be made.

Held-to-maturity investments

Held-to-maturity investments are term deposits (including treasury bills, promissory notes), bonds, preferred shares which the issuer is required to re-buy them at a certain time in the future and held-to-maturity loans to earn profits periodically and other held-to-maturity investments.

Held-to-maturity investments are recorded at book value upon revaluation. Provision for loss of held-to-maturity investments shall be recorded as a decrease directly in the book value of investments.

In case where held-to-maturity investments are monetary items denominated in foreign currencies, they are revaluated using the buying rate of the commercial bank where the Group regularly conducts transactions at the time of the financial statements.

Loan receivables

Loan receivables are recorded in the financial statements at cost less provision for doubtful debts.

Provision for doubtful debts represents the amounts of expected lost value of loans at the balance sheet date, which have been overdue for 6 months or which have not been overdue but the debtor is in the state of insolvency, winding up, missing or running away. Provision is made as guided by Circular No. 228/2009/TT-BTC dated 7/12/2009 of the Ministry of Finance.

Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate but not control or joint control over those policies. An entity is considered as an associate if the Company holds (directly or indirectly) from 20% to under 50% voting shares of the entity.

The financial statements of the associates are prepared for the same year as the Company, using consistent accounting policies. Adjustments are made for any differences in accounting policies that may exist to ensure consistency between the associates and the Company.

Investments in associates are accounted for using the equity method. Accordingly, investments in joint ventures, associates are initially recorded at cost and the carrying amount is increased or decreased corresponding to the Company's portion of net assets of the investees after the date of acquisition. When the Company's equity in losses of an associate equals or exceeds the carrying amount of an investment, the carrying amount of that investment is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation to pay on behalf of the associate. The Company's portion of business result of the investee is recognized in the income statement of the Company. Amounts shared from the investees are accounted for as a decrease in the carrying amount of the investments.

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Long-term equity investments in other companies

Long-term equity investments in other companies are investments which the Group has no power to control or jointly control, no significant influence over the investees.

Long-term equity investments in other companies are stated at cost less provision for diminution in value. Dividends and profits received in money or non-monetary asset for the period before the investment date shall be recorded as a decrease in value of investment.

Provision

Provision for long-term equity investments in other companies is made as follows:

- If an investment in listed shares or the fair value of the investment is determined reliably, the provision shall be made based on the market value of the shares.
- If the market value of the shares is not identifiable, the provision shall be made based on the loss reported in the financial statements of the investee.

With regards to the investees who are required to prepare the consolidated financial statements, the provision is made based on the consolidated financial statements. For other cases, the provision is made based on the financial statements of the investees.

4.5 Receivables

Receivables include trade receivables and other receivables:

- Trade receivables are trade-related amounts arising from trading activities between the Group and its customers.
- Other receivables include non-trade amounts which are not related to trading activities, intra-company transactions.

Receivables are recorded at cost less provision for doubtful debts. Provision for doubtful debts represents the amounts of outstanding receivables at the balance sheet date, which have been overdue for 6 months or which have not been overdue but the debtor is in the state of insolvency, winding up, missing or running away... Provision is made as guided by Circular No. 228/2009/TT-BTC dated 7/12/2009 of the Ministry of Finance.

4.6 Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost of inventories is calculated using the weighted average method and accounted for using the perpetual method with value determined as follows:

- Materials, tools, instruments: Cost comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition.
- Work in process: Cost comprises costs of direct raw materials, costs of construction machines, cost of direct labor and overheads collected for each product, project.
- Finished products: Cost comprises cost of direct materials and labour plus attributable overhead based on the normal level of activities.

Net realizable value is the estimated selling price less the estimated costs of completing the products and the estimated costs needed for their consumption.

Provision for decline in value of inventories is made when the net realizable value of inventories is less than cost. The provision is made in accordance with Circular No. 228/2009/TT-BTC dated 7/12/2009 by the Ministry of Finance.

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4.7 Tangible fixed assets

Cost

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of tangible assets comprises their purchase price and all the costs incurred by the Group to acquire those assets as of the time of putting such assets into the ready-for-use state. The costs incurred after the initial recognition of tangible fixed asset shall be recorded as increase in their historical cost if these costs are certain to augment future economic benefits obtained from the use of those assets. Those incurred costs which fail to meet this requirement must be recognized as production and business expenses in the period.

Depreciation

Depreciation of tangible fixed assets is calculated on a straight-line basis over their estimated useful lives. The depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25 April 2013 by the Ministry of Finance. In particular, fixed assets formed from BOT project are depreciated in accordance with Official Letter No. 6092/BTC-TCDN dated 06/05/2016 of the Ministry of Finance on "Depreciation in proportion to revenue for fixed assets formed from BOT project". Details are as follows:

<u>Kinds of asset</u>	<u>Depreciation period (years)</u>
Buildings, architectures	5 – 50
Machinery, equipment	4 – 20
Motor vehicles	4 – 10
Office equipment	4 – 7
Other assets (BOT Projects)	In proportion to revenue

4.8 Intangible fixed assets

Cost

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of intangible fixed assets comprises all the costs incurred by the Group to acquire those assets as of the time of putting such assets into the ready-for-use state.

Land use rights

Intangible fixed assets are land use rights including:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right).
- The prepaid land rent (has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years) for the land rent contract before the effective date of the Land Act 2003 and being granted with certificate of land use right by the competent authority.

The cost of land use right includes all the costs directly attributable to the putting of land into the ready-for-use state.

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Amortization

Intangible fixed assets being land use rights with indefinite term are not amortized. For land use rights with definite term, the amortization period is the period in which the Group is allowed to use the land.

Other intangible fixed assets are amortized in accordance with the straight-line method based on their cost and estimated useful lives. Amortization period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance. Details are as follows:

<u>Kind of asset</u>	<u>Amortization period (years)</u>
Accounting software	7
Development costs	4
Exploitation right of Dak Wei Quarry	17
Contractual customer relationships	10

4.9 Investment property

Investment property held to be leased out under an operating lease is stated at cost less accumulated depreciation. Investment property held for capital appreciation is reflected at net of book value and impairment losses.

The depreciation policy of investment property held to be leased out under an operating lease is performed consistently with the depreciation policy of the same kind of fixed assets of the Group. Accordingly, depreciation of investment property held to be leased out under an operating lease is calculated on a straight-line basis over their estimated useful lives. The depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance. Details are as follows:

<u>Kind of asset</u>	<u>Depreciation period (years)</u>
Buildings, architectures	8 – 50

4.10 Deferred corporate income tax

Deferred income tax is determined for temporary differences at the balance sheet date between the tax base of assets and liability and their carrying amount for financial reporting purpose. Deferred income tax liabilities are recognized for all temporary differences except temporary differences arising from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax liabilities are recognized for all taxable temporary differences while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Book values of deferred corporate income tax assets are considered at the balance sheet dates and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax assets can be used. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax is measured at the tax rates that are expected to apply for the year in which the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset if taxable temporary differences and deductible temporary differences relate to the same taxable entity and are finalized with the same taxation authority.

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4.11 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations of many accounting periods. The Group's primary prepayments are as follows:

- Cost of tools and instruments being put into use are amortized in accordance with the straight-line method for a period ranging from 1 year to 3 years;
- Costs of compensation for site clearance of the leased land are amortized in accordance with the straight-line method over the term of the lease specified in contract;
- Insurance premium is amortized over the term of the insurance contract;
- Other prepaid expenses: the Group selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

4.12 Payables

Payables include trade payables and other payables:

- Trade payables are trade-related amounts, arising from trading activities between the Group and its suppliers;
- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

Payables are recognized at cost and reported as short-term and long-term payables based on the remaining terms at the balance sheet date.

Payables are monitored according to their creditors, principal terms, remaining terms and currencies.

4.13 Loans and finance lease liabilities

Loans and finance lease liabilities are recorded at cost and classified into current and non-current liabilities based on the remaining terms at the balance sheet date.

The Group monitors loans and finance lease liabilities according to their creditors, loan agreements, principal terms, remaining terms and currencies.

Borrowing costs

Borrowing costs comprise interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they qualify the conditions to be capitalized in accordance with Accounting Standard "Borrowing costs".

Borrowing costs associated with a particular borrowing for the purpose of obtaining a qualifying asset shall be capitalized as part of the cost of that asset. For general borrowing funds, the borrowing costs eligible for capitalization in the period shall be determined according to the capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period.

Capitalization of borrowing costs shall be suspended during extended periods in which it suspends active development of a qualifying asset, except to the extent that the suspension is necessary. Capitalization shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

4.14 Accrued expenses

Accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Group. The Group's primary accrued expenses are:

- Accrued interest expenses which are determined according to the agreed interest rate of each loan agreement, loan period and principal.
- Construction expenses which are determined according to the completed portion confirmed by suppliers but for which financial invoices have not been issued up to the balance sheet date yet.

4.15 Provision for payables

Provision for payables is a present obligation (legal or constructive) of the Group as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A provision is recognized when a reliable estimate can be made on the amount of the obligation.

4.16 Unearned revenue

Unearned revenue of the Group is the amount received in advance for one or many accounting periods for services rendered to customers that are amortized over the period for which the Group has received the payment in advance.

4.17 Owners' equity

Owners' contributed capital represents the amount of capital actually contributed by shareholders.

Share premium

Share premium reflects the difference between the issue price and par value of the shares issued, costs directly related to the issuance of shares; difference between the re-issue price and book value, costs directly related to the re-issuance of treasury shares; the capital component of convertible bonds as they fall due.

Bond conversion option

Bond conversion option is defined as the difference between the total amounts collected from issuance of convertible bonds and the value of the debt component of the immature convertible bonds.

Profit distribution

Profit after corporate income tax is available for appropriation to funds and shareholders as provided for in the Company's Charter or Decision of the General Shareholders' Meeting.

The dividends to be paid to the shareholders shall not exceed the undistributed profit after tax and with consideration of non-monetary items in undistributed post-tax profits that may affect cash flow and ability to pay dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

4.18 Recognition of revenue and other income

- Revenue from construction contracts is recognized as follows:
 - ✓ In the case where it is stipulated in the contract that contractors make payments upon the work's progress, revenue and expenses are recorded for completed portion when the contract outcome is estimated reliably;
 - ✓ In the case where the contract stipulates that contractors make payment upon the work volume, revenue and expenses are recognized for the completed portion confirmed by the customer when the contract outcome is measured reliably.
- Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:
 - ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding recovery of the consideration due or the likely return of goods;
 - ✓ Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.
- Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.
 - ✓ Interests are recognized on the basis of the actual term and interest rates;
 - ✓ Dividends and profits shared are recognized when the Group has the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial revenue. Dividends received in the period before investment date shall be recorded as a decrease in value of investment.
- Other income is the income derived out of the Group's scope of business and recognized when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

4.19 Revenue deductions

Revenue deductions include trade discounts, sales rebates and sales returns.

In case where revenue is recognized in during the year but the corresponding revenue deductions arise after the balance sheet date, revenue shall be decreased in accordance with the following principles:

- If the corresponding deductions arise before the date of releasing the financial statements, they shall be charged against revenue of the reporting year;
- If the corresponding revenue deductions arise after the date of releasing the financial statements, they shall be charged against revenue of the next reporting year.

4.20 Cost of goods sold

Cost of products, goods sold and services rendered shall be recognized in the incurred period in accordance with the matching principle and conservatism.

Costs of inventories and services rendered which are incurred in excess of the ordinary level shall be charged out to cost of goods sold in the period, not to the production cost of goods and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

4.21 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, interest on installment purchase, expenses and loss on liquidating, transferring investments; provision for diminution in value of trading securities, provision for loss from investment in other entities, loss from sale of foreign currency, foreign exchange loss and expenses of other investing activities.

4.22 Selling expenses, administration expenses

Selling expenses recognized in the period are expenses actually incurred in process of selling products, goods, rendering services.

Administration expenses recognized are expenses actually incurred related to the overall administration of enterprises.

4.23 Current corporate income tax expense, deferred corporate income tax expense

Corporate income tax expenses in the period include current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income in the period at the tax rates ruling at the balance sheet date. The difference between taxable income and accounting profit is due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

Deferred income tax is determined for temporary differences at the balance sheet date between the tax base of assets and liability and their carrying amount for financial reporting purpose.

4.24 Financial instruments

Initial recognition

Financial assets

A financial asset is recognized initially at cost plus transaction costs directly attributable to the acquisition of the asset. The Group's financial assets include cash on hand, short-term deposits, trade receivables, loan receivables, other receivables and financial investments.

Financial liabilities

A financial liability is recognized initially at cost plus transaction costs directly attributable to the issuance of such liability. The Group's financial liabilities include loans, trade payables, accrued expenses and other payables.

Subsequent measurement

Currently, there has been no requirement for subsequent measurement of financial instruments.

4.25 Tax policies

- Value Added Tax (VAT):
 - ✓ Fertilizer trading activities, agricultural activities: not subject to VAT;
 - ✓ Construction and installation activities, sales of stones, wood, ...: applicable tax rate is 10%;
 - ✓ Other products are subject to prevailing tax rates.
- Corporate Income Tax (CIT): the Company and its subsidiaries in Vietnam are subject to tax rate of 20%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

CIT policies for the overseas subsidiaries are applicable as follows:

- ✓ The companies which are incorporated under the International Business Companies Act of the British Virgin Islands are exempted from payment of the British Virgin Islands income taxes.
 - ✓ Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit of the Group's subsidiaries arising in or derived from Hong Kong for the year.
 - ✓ Enterprise income tax is imposed on the profit of the Group's subsidiaries in the PRC at the rate of 25% in accordance with the Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises.
 - ✓ For Group's subsidiaries in Korea, the rate of 10% is applicable to profit up to KRW200 million, and the rate of 20% is applicable to profit amount in excess of KRW200 million as regulated by Korean Corporate Income Tax Law.
- Other taxes and charges are fulfilled in accordance with the prevailing regulations.

4.26 Related parties

Parties are considered to be related if one party has the ability to (directly or indirectly) control the other party or exercise significant influence over the other party in making financial or operational decisions.

5. Retrospective adjustments

Up to now, the Ministry of Transport, Duc Long Gia Lai Group JSC and Duc Long Gia Lai BOT and BT JSC (subsidiary) have agreed on total investment figures, payback period of the BOT Project and signed an Addendum No. 01/PLHD.BOT-BGTVT on amendments and supplements to the Contract No. 12699/HD.BOT-BGTVT dated 25/11/2013. The effect of this event is to change the depreciation expenses and profit of the year 2015 and 2016 at Duc Long Gia Lai BOT and BT JSC. Accordingly, the figures in the consolidated financial statements of the Group also fluctuated as follows:

Balance sheet	Amount as at 31/12/2016 VND	Amount as at 31/12/2016 (Adjusted) VND	Difference VND	Note
Tangible fixed assets	2,505,050,232,608	2,499,786,466,891	(5,263,765,717)	(1)
- Cost	2,947,624,020,324	2,947,624,020,324	-	
- Accumulated depreciation	(442,573,787,716)	(447,837,553,433)	(5,263,765,717)	
Deferred income tax assets	17,638,601,978	17,582,495,106	(56,106,872)	(1)
Taxes and amounts payable to the State	72,177,785,538	71,432,694,256	(745,091,282)	(1)
Deferred income tax liabilities	4,660,288,530	5,475,243,634	814,955,104	(1)
Undistributed profit	130,005,849,689	126,085,637,834	(3,920,211,855)	(1)
- Undistributed profit up to prior year-end	65,230,076,884	68,723,267,932	3,493,191,048	(1)
- Undistributed profit of current year	64,775,772,805	57,362,369,902	(7,413,402,903)	(1)
Non-controlling interests	157,984,126,744	156,514,602,188	(1,469,524,556)	(1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Income statement	Year 2016	Year 2016	Difference	Note
	VND	(Adjusted) VND		
Cost of goods sold	2,004,465,067,580	2,014,660,932,536	10,195,864,956	(2)
Accounting profit before tax	95,720,680,341	85,524,815,385	(10,195,864,956)	(2)
Current corporate income tax expense	27,390,691,416	25,877,098,103	(1,513,593,313)	(2)
Deferred corporate income tax expense	2,602,736,346	4,242,300,353	1,639,564,007	(2)
Profit after tax	65,727,252,579	55,405,416,929	(10,321,835,650)	(2)
- Profit after tax attributable to shareholders of the parent	60,218,634,770	52,673,583,537	(7,545,051,233)	(2)
- Profit after tax attributable to non-controlling interests	5,508,617,809	2,731,833,392	(2,776,784,417)	(2)

Statement of cash flows	Year 2016	Year 2016	Difference	Note
	VND	(Adjusted) VND		
Profit before tax	95,720,680,341	85,524,815,385	(10,195,864,956)	(2)
Depreciation and amortization	137,150,122,302	147,345,987,258	10,195,864,956	(2)

(1) The item "Tangible fixed assets" decreased by VND5,263,765,717 because of the increases totaling VND5,544,300,077 in depreciation expenses of the subsidiary's BOT Projects for the year 2015 and 2016 and the decrease of VND280,534,360 in consolidated depreciation expenses (due to adjustment of unrealized profit corresponding to depreciation in the period). Accordingly, the item "Deferred income tax assets" decreased by VND56,106,872. The effects of such changes in depreciation expenses and profit of the subsidiary on consolidated figures are as follows:

- The item "Taxes and amounts payable to the State" decreased by VND745,091,282 (Of which: current CIT expenses for the year 2015 increased by VND768,502,031 and that for 2016 decreased by VND1,513,593,313).
- The item "Deferred income tax liabilities" increased by VND814,955,104.
- The item "Undistributed profit" decreased by VND3,920,211,855 (Of which: "Undistributed profit up to prior year-end" increased by VND3,493,191,048 and "Undistributed profit of current year" decreased by VND7,413,402,903), and the item "Non-controlling interests" decreased by VND1,469,524,556 owing to above changes.

(2) The two items "Cost of goods sold" and "Accounting profit before tax" increased and decreased respectively by the same amount of VND10,195,864,956 resulting from the increase of VND10,476,399,316 in depreciation expenses of the subsidiary's BOT Projects and the decrease of VND280,534,360 in consolidated depreciation expenses (due to adjustment of unrealized profit corresponding to depreciation in the period).

The item "Current corporate income tax expense" decreased by VND1,513,593,313 as the parent company increased the provision for long-term investments and then decreased taxable income accordingly.

The item "Deferred corporate income tax expense" increased by VND1,639,564,007 resulting from the reversal of provision for long-term financial investments when consolidating the financial statements (provision for long-term investment that the parent company made additionally as a result of increase in depreciation expenses for BOT Projects) and the impact of unrealized profit adjustments corresponding to depreciation in the period.

Aggregate impact of the above adjustments is to decrease the item "Profit after tax" by VND10,321,835,650.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Currency: VND

6. Cash and cash equivalents

	31/12/2017	01/01/2017
Cash on hand	22,567,353,751	19,013,580,060
Cash in bank	339,644,830,456	36,786,125,556
Term deposits (within 3 months)	11,553,374,505	41,009,255,206
- BIDV - Gia Lai Branch	-	30,000,000,000
- Vietcombank - Gia Lai Branch (*)	11,553,374,505	11,009,255,206
Total	<u>373,765,558,712</u>	<u>96,808,960,822</u>

(*) This amount is mortgaged as security for the short-term loan at Vietcombank - Gia Lai Branch.

7. Trading securities

	31/12/2017		01/01/2017	
	Cost	Provision	Cost	Provision
Duc Long Gia Lai Mineral Exploitation and Processing JSC	282,423,265,980	-	264,000,000,000	-
Total	<u>282,423,265,980</u>	<u>-</u>	<u>264,000,000,000</u>	<u>-</u>

According to the Meeting Minutes of the Board of Directors No. 24/BB-HDQT-DLGL dated 25/09/2015 about investing capital in Duc Long Gia Lai Mineral Exploitation and Processing JSC, the shares of this company are purchased for the purpose of re-sale in the near future (under 12 months). Currently, the Company is seeking for a counterparty to transfer this investment amount.

Since the shares of Duc Long Gia Lai Mineral Exploitation and Processing JSC have not been listed on any stock exchange yet, the Group is unable to determine the fair value of this investment at the balance sheet date. Therefore, this investment is recorded at cost and no provision is made for it.

DUC LONG GIA LAI GROUP JSC

90 Le Duan, Phu Dong Ward, Pleiku City, Gia Lai Province

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31/12/2017**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)***(These notes form an integral part of and should be read in conjunction with the financial statements)***8. Financial investments****a. Held-to-maturity investments**

	31/12/2017		01/01/2017	
	Cost	Book value	Cost	Book value
Deposits with remaining term of not more than 12 months	15,039,106,073	15,039,106,073	316,094,590,556	316,094,590,556
- Vietcombank - Gia Lai Branch (*)	15,039,106,073	15,039,106,073	14,094,590,556	14,094,590,556
- VPBank	-	-	302,000,000,000	302,000,000,000
Total	15,039,106,073	15,039,106,073	316,094,590,556	316,094,590,556

(*) This amount is pledged as security for the short-term loan at Vietcombank - Gia Lai Branch.

As at 31/12/2017, The Group's held-to-maturity investments solely include term deposits in banks. The Management assesses that there are no impairments in the value of these investments.

b. Investments in associates, joint ventures

	31/12/2017		01/01/2017	
	% of capital	Number of shares	Value of investment under equity method	Value of investment under equity method
Gia Lai Transport Consulting and Construction JSC (i2)	20.0%	5,922	6,921,861,624	6,788,303,744
Tay Nguyen Materials Supply Co., Ltd	33.3%		19,897,769,809	19,827,166,233
Total			26,819,631,433	26,615,469,977

DUC LONG GIA LAI GROUP JSC

90 Le Duan, Phu Dong Ward, Pleiku City, Gia Lai Province

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31/12/2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

c. Equity investments in other entities

	31/12/2017				01/01/2017			
	Operation status	% of capital	Number of shares	Cost	Provision	Cost	Provision	Fair value
Tay Binh Tay Son Security Service JSC	Operating	-	-	-	-	5,600,000,000	-	-
Nam Nguyen Construction Investment JSC	Operating	-	-	-	-	968,000,000	(968,000,000)	-
DLGL Investment & Development of Public Project Service JSC	Operating	-	-	-	-	8,200,000,000	-	22,502,760,800
Duc Sang Gia Lai Minerals Exploiting Co., Ltd (i)	Operating	9.68%	-	1,200,000,000	-	1,200,000,000	-	-
DLGL Electric Power Investment and Development JSC	Operating	-	-	-	-	3,503,500,000	(399,648,516)	-
Duc Long Bao Loc Public Service JSC	Operating	7.20%	48,000	480,000,000	(480,000,000)	480,000,000	(480,000,000)	-
DLGL Real Estate Investment & Trading JSC	Operating	-	-	-	-	4,000,000,000	(527,123,010)	-
Duc Long Gia Lai Investment and Construction JSC (i)	Operating	1.02%	102,000	1,020,000,000	-	8,274,230,632	-	-
Total				2,700,000,000	(480,000,000)	32,225,730,632	(2,374,771,526)	22,502,760,800

(i) Up to the date of preparing these consolidated financial statements, the Group has not received the financial statements for the year ended 31/12/2017 of Duc Sang Gia Lai Minerals Exploiting Co., Ltd and Duc Long Gia Lai Investment and Construction JSC. Besides, the shares of Duc Long Gia Lai Investment and Construction JSC have not been listed yet, and the Group has no reliable sources of reference data regarding market prices of these shares as at 31/12/2017. Therefore, these investments are recorded at cost and no provision is made for them.

As at 31/12/2017, the Group has no reliable sources of reference data regarding fair value of the investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

9. Short-term trade receivables

	31/12/2017	01/01/2017
Tay Nguyen Materials Supply Co., Ltd	106,022,939,647	68,337,488,136
Honeywell International - ECC US	33,043,468,640	9,744,789,520
Whirlpool Overseas Manufacturing, S.a.r.l	37,620,052,120	28,151,749,858
Lithonia Lighting, A Division	18,592,877,310	23,016,912,458
Road & Bridge Constructinon, Hydraulics, Import-Export, Daohuensong Group & Lao Investment Development One Member Co., Ltd	136,947,625,974	136,947,625,974
Azad International (HK) Ltd.	91,627,543,315	17,530,353,915
Caradon MK Electric Ltd (Sub CAA)	24,814,112,015	-
Van Gia Long Investment - Construction Corporation	21,419,007,652	32,692,007,652
Viet Gia Phat Co., Ltd	37,192,135,000	-
Quang Phu I Highland Farm One Member Co., Ltd	23,827,100,000	-
Others	171,615,997,039	285,085,747,299
Total	<u>702,722,858,712</u>	<u>601,506,674,812</u>

In which: Receivables from customers who are related parties

	Relationship	31/12/2017	01/01/2017
Tay Nguyen Materials Supply Co., Ltd	Note 47.a	106,022,939,647	68,337,488,136
Duc Sang Gia Lai Minerals Exploiting Co., Ltd	Note 47.a	1,444,550,246	5,493,480,133
Duc Long Bao Loc Public Service JSC	Note 47.a	12,283,108,866	10,383,029,454
Duc Long Gia Lai Investment and Construction JSC	Note 47.a	2,082,861,250	227,691,200
Total		<u>121,833,460,009</u>	<u>84,441,688,923</u>

10. Short-term prepayments to suppliers

	31/12/2017	01/01/2017
Tay Nguyen Stone Processing Mining Industry JSC	85,877,440,848	109,057,170,728
Cu Bong 1 Farm One Member Co., Ltd	75,100,000,000	75,100,000,000
Tay Nguyen Materials Supply Co., Ltd	16,060,834,200	-
Guangdong Hongyuan Zhongli Power Equipment Co.,Ltd	17,021,488,000	-
Others	59,539,050,356	65,307,812,069
Total	<u>253,598,813,404</u>	<u>249,464,982,797</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

In which: Prepayments to suppliers who are related parties

	Relationship	31/12/2017	01/01/2017
Duc Sang Gia Lai Minerals Exploiting Co., Ltd	Note 47.a	6,673,272,381	7,432,390,621
Total		6,673,272,381	7,432,390,621

11. Loan receivables

a. Short term

	31/12/2017	01/01/2017
Short-term loan receivables	989,399,424,338	900,157,764,619
NHHTC Construction Investment & Travel PE (a)	7,972,371,581	7,972,371,581
Duc Long Gia Lai Wood Processing JSC (b)	11,425,521,807	9,309,361,807
Tay Nguyen Minerals and Metallurgy JSC (c)	23,537,198,548	16,332,137,994
Duc Long Gia Lai Investment and Construction JSC (d)	329,186,785,439	-
Duc Long Gia Lai Security Service JSC (e)	1,350,000,000	-
Tay Nguyen Stone Processing Mining Industry JSC (f)	70,422,063,000	-
Quang Phu I Highland Farm One Member Co., Ltd (g)	20,794,780,000	8,637,280,000
Viet Gia Phat Co., Ltd	15,421,047,577	-
Do Thanh Nhan (h)	39,500,000,000	20,000,000,000
Ha Thi Ngoc Trang (h)	1,210,000,000	9,900,000,000
Nguyen Tuan Vu (h)	44,170,703,000	39,500,000,000
Tran Thi Nhu Hanh (h)	54,303,333,000	3,742,233,000
Nguyen Thi Anh Thu (h)	55,722,980,000	20,000,000,000
Ho Thị My Trinh (h)	95,241,249,288	27,000,000,000
Nguyen Van Bang (h)	14,000,000,000	-
Bui Thi Sang (h)	11,700,000,000	-
Đào Anh Tuan (h)	10,000,000,000	-
Nguyen Ba Bac (h)	12,500,000,000	-
Nguyen Tan Tien (h)	87,958,279,650	-
Nguyen Phuc Loc (h)	10,000,000,000	-
Nguyen Thang (h)	20,226,900,000	-
Đang Cong Binh (h)	31,050,000,000	15,000,000,000
Le Thi Cam Dung (h)	14,855,000,000	-
Bui Thị Binh (h)	3,500,000,000	-
Nguyen Thi Hoa (h)	2,000,000,000	-
Saigon International Investment JSC	-	312,295,127,000
Nguyen Thanh Lam	-	345,255,255,829
Mekong Joint Venture Company (i)	1,145,485,440	1,145,485,440
Others (i)	205,726,008	64,068,511,968
Total	989,399,424,338	900,157,764,619

- (a) Granting loan to NHHTC Construction Investment and Travel Private Enterprise with a term of 60 months and an interest rate of 1.5%/month under Contract No. 10/HDCMT/2012 dated 07/07/2012. The total loan amount is VND7,972,371,581 which has been due and overdue up to now.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- (b) Granting loan to Duc Long Gia Lai Wood Processing JSC under Capital Borrowing Contract No. 01/MV/2016 dated 01/01/2016. The loan term is 18 months from 01/01/2016 to 30/06/2017 with an interest rate of 0.5% per annum. This loan has been due.
- (c) Granting loan to Tay Nguyen Minerals and Metallurgy JSC under Capital Borrowing Contract No. 01B/2016/HDVV dated 08/01/2016 and Addendum No. 01B/PLHD dated 05/06/2017. The loan term is until 31/03/2018; interest rate is 1.5% per annum, and from 01/07/2017 the applicable rate is 6% per annum.
- (d) Granting loan to Duc Long Gia Lai Investment and Construction JSC with a term of 12 months from contract signing date and an interest rate of 7% per annum under Contract No. 07/2017/HDVV-DLGL dated 21/03/2017.
- (e) Granting loan to Duc Long Gia Lai Security Service JSC with a term of 12 months from contract signing date and an interest rate of 7% per annum under Contract No. 08/2017/HDVV-DLGL dated 07/04/2017.
- (f) Granting loan to Tay Nguyen Stone Processing Mining Industry JSC with a term of 12 months from contract signing date and an interest rate of 7% per annum under Contract No. 08/2017/HDVV-DLGL dated 05/07/2017.
- (g) Granting loan to Quang Phu I Highland Farm One Member Co., Ltd under Contract No. 02/HD-HTV dated 31/12/2017. The loan facility is VND25,000,000,000 with a term of 12 months as from the signing date and an interest rate of 6% per annum.
- (h) Granting loans to individuals under specific loan contracts; the loan term is determined in each indebtedness time and not more than 12 months; the applicable interest rate ranges from 6% to 9.5% per annum.
- (i) Lending corporate counterparties following Announcement No. 22b/TB-TGD dated 20/01/2015. The lending term is determined in each indebtedness time and not more than 12 months.

All of the above loans are unsecured.

b. Long term

	31/12/2017	01/01/2017
Long-term loan receivables	752,538,483,608	225,647,099,300
Viet Gia Phat One Member Co., Ltd (k)	324,062,525,000	65,441,054,300
Duc Long Gia Lai Wood Processing JSC (l)	18,200,000,000	19,250,000,000
Van Gia Long Investment - Construction Corporation (m)	14,838,973,573	-
Nguyen Tan Tien (n)	44,666,045,000	140,956,045,000
Nguyen Thanh Tam (o)	279,600,630,000	-
Phan Thi Dieu Linh (p)	19,000,000,000	-
Nguyen Thi Nhu Luy (q)	10,000,000,000	-
Nguyen Tan Dat (s)	26,788,934,735	-
Ho Thi My Trinh (t)	9,696,375,300	-
Others (x)	5,685,000,000	-
Total	752,538,483,608	225,647,099,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- (k) Granting loan to Viet Gia Phat One Member Co., Ltd under following contracts:
- Contract No. 06/2017/HDVV-DLGL dated 14/02/2017. The loan term is 24 months with an interest rate of 9.5% per annum. The loan facility is VND300,000,000,000; of which, the amount which will fall due as at 31/12/2018 is VND0.
 - Capital Loan Contract No. 01/2012/HDVV-CTTR dated 17/01/2012 and Addendum dated 02/10/2013. The loan term is until 30/12/2020. Interest rate is calculated based on the loan interest rate of Sacombank Ho Chi Minh City at each time. The loan facility is VND149,175,000,000; of which, the amount which will fall due as at 31/12/2018 is VND4,171,054,300.
- (l) Granting loan to Duc Long Gia Lai Wood Processing JSC under Contract No. 01/VV/2016 dated 20/09/2016 with a loan term from 20/09/2016 to 20/09/2026 and an interest rate of 10.2% per annum. The loan amount is VND20,000,000,000; of which, the principal amount which will fall due as at 31/12/2018 is VND1,800,000,000.
- (m) Granting loan to Van Gia Long Investment – Construction Corporation under Borrowing Contract No. 09/HDV/BDS/2017 dated 01/09/2017 with an interest rate of 5% per annum. The loan term is 36 months as from each borrowing time.
- (n) Granting loan to Mr. Nguyen Tan Tien under Loan Contract No. 02/2016/HDVV-DLGL dated 05/04/2016 with a loan term of 18 months (from 05/04/2016 to 05/10/2017) and an interest rate of 9.5% per annum. The time for repayment of loan principal is from 31/01/2018 to 31/12/2019 as stated in the Addendum No. 01/PLHD dated 10/10/2016. The principal amount which will fall due as at 31/12/2018 is VND0.
- (o) Granting loan to Mr. Nguyen Thanh Tam under Loan Contract No. 03A/2017/HDVV-DLGL dated 02/02/2017 with a loan term of 20 months as from the contract signing date and an interest rate of 9.5% per annum. The loan facility is VND313,000,000,000; the time for repayment of loan principal is from 30/09/2018 to 30/09/2019 as stated in the Addendum No. 01/PLHD dated 25/12/2017. The principal amount which will fall due as at 31/12/2018 is VND0.
- (p) Granting loan to Ms. Phan Thi Dieu Linh under Borrowing Contract No. 06/BDS-LINH dated 27/6/2017 and Addendum No. 03/HDV/BDS/2017 dated 01/07/2017 and Loan Contract No. 01/HDV/BDS/2017 dated 01/09/2017 for personal purposes. The loan term is 36 months as from each borrowing time; the interest rate is 8% per annum.
- (q) Lending Ms. Nguyen Thi Nhu Luy under Contract No. 01/BDS - LUY dated 12/01/2017 and No. 06/HDV/BDS/2017 dated 01/09/2017 for personal purposes. The loan term is 36 months as from each borrowing time; the interest rate is 5% per annum.
- (s) Lending Mr. Nguyen Tan Dat under Contract No. 08/HDV/BDS/2017 dated 01/12/2017 for personal purposes. The loan term is 36 months as from each borrowing time; the interest rate is 8% per annum.
- (t) Lending Ms. Ho Thi My Trinh under Contract No. 01/BDS –TRINH dated 15/01/2017 and Addendum No. 02/HDV/BDS/2017 dated 01/07/2017 and Loan Contract No. 03/HDV/BDS/2017 dated 01/09/2017 for personal purposes. The loan term is 36 months as from each borrowing time; the interest rate is 8% per annum.
- (x) Lending individuals for personal purposes. The loan term is 36 months as from each borrowing time; the interest rate is 5% per annum.

All of the above loans are unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

c. Loan receivables from related parties

	Relationship	31/12/2017	01/01/2017
Van Gia Long Investment - Construction Corporation	Note 47.a	329,186,785,439	-
Tay Nguyen Materials Supply Co., Ltd	Note 47.a	-	143,832,900
Total		329,186,785,439	143,832,900

12. Other receivables

a. Short term

	31/12/2017		01/01/2017	
	Amount	Provision	Amount	Provision
Interest on term deposits	795,522,881	-	10,858,231,638	-
Loan interest receivables	88,422,013,461	(974,653,388)	90,418,275,327	(974,653,388)
- <i>Nguyen Thanh Tam</i>	12,114,573,480	-	-	-
- <i>NHHTC Construction Investment and Travel PE</i>	974,653,388	(974,653,388)	974,653,388	(974,653,388)
- <i>Duc Long Gia Lai Wood Processing JSC</i>	2,189,358,756	-	-	-
- <i>Nguyen Tan Tien</i>	16,522,740,586	-	8,871,577,178	-
- <i>Viet Gia Phat One Member Co., Ltd</i>	40,679,403,809	-	12,845,635,237	-
- <i>Others</i>	15,941,283,442	-	67,726,409,524	-
Advances	12,255,408,564	(67,479,236)	19,617,726,429	(67,479,236)
Deposits, collaterals	19,483,812,050	-	5,935,663,536	-
Social insurance, health insurance receivables	34,765,500	-	39,735,779	-
Other receivables	12,307,542,197	(1,962,145,407)	126,389,956,069	(1,557,012,357)
Total	133,299,064,653	(3,004,278,031)	253,259,588,778	(2,599,144,981)

b. Long-term

	31/12/2017		01/01/2017	
	Amount	Provision	Amount	Provision
Loan interest receivables	-	-	22,739,205,273	-
Dong Phu Hung Production-Trading-Services Co., Ltd Co.Ltd (*)	195,000,000,000	-	-	-
Van Gia Long Investment - Construction Corporation (**)	300,000,000,000	-	-	-
Deposits, collaterals	5,072,729,334	-	-	-
Total	500,072,729,334	-	22,739,205,273	-

(*) Duc Long Gia Lai Real Estate Investment and Trading JSC (subsidiary) contributed capital with Dong Phu Hung Production-Trading-Services Co., Ltd to conduct the project of high-rise buildings under Investment Cooperation Contract No. 1205/HDDTTC-DLG-DPH dated 12/05/2016 and Addendum No.1205A/PLHDDTTC-DLG-DPH dated 15/05/2016. Cooperation duration is 3 years; profit from the project is divided to parties based on percentage of invested capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

(**) Duc Long Gia Lai Real Estate Investment and Trading JSC (subsidiary) contributed capital with Van Gia Long Investment – Construction Cooperation to conduct the project of Sunrise Premium Apartments under Investment Cooperation Contract No. 01005/HDDTTC-DLG-VGL dated 10/05/2016 and Addendum No. 01005A/PLHDDTTC-DLG-VGL dated 12/05/2016. Cooperation duration is 3 years; profit from the project is divided to parties based on percentage of invested capital.

c. Other receivables from related parties

	Relationship	31/12/2017	01/01/2017
Duc Long Gia Lai Investment and Construction JSC	Note 47.a	130,631,972	-
Duc Sang Gia Lai Minerals Exploiting Co., Ltd	Note 47.a	-	1,635,037,883
Total		130,631,972	1,635,037,883

13. Provision for doubtful debts

	31/12/2017	01/01/2017
Provision for short-term receivables overdue		
- From 3 years and over	12,411,758,893	10,328,906,486
- From 2 years to under 3 years	4,083,696,987	2,135,519,073
- From 1 year to under 2 years	5,309,252,437	1,616,915,360
- From over 6 months to under 1 year	300,111,474	298,800,000
Total	22,104,819,791	14,380,140,919

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
(These notes form an integral part of and should be read in conjunction with the financial statements)

Of which: bad debts

	31/12/2017		Overdue time	Remark
	Cost	Recoverable amount (*)		
Trade receivables	17,854,316,643	7,740,370,438		
- Nam Thuan Co., Ltd	533,661,700	-	Over 3 years	Filing lawsuit
- Others	17,320,654,943	7,740,370,438	From 1 year to over 3 years	Outstanding for long time and hardly recoverable
Prepayments to suppliers	4,928,377,704	624,293,623		
- Kien Phat Design Consulting Co., Ltd	1,490,000,000	-	Over 3 years	Not executing contract
- Others	3,438,377,704	624,293,623	From 1 year to over 3 years	Not executing contract
Advances	67,479,236	-		
- Nguyen Van Hoa	67,479,236	-	Over 3 years	Outstanding for long time and hardly recoverable
Loan receivables	7,972,371,581	3,289,860,107		
- NHHTC Construction Investment and Travel Private Enterprise	7,972,371,581	3,289,860,107	From 6 months to over 3 years	Filing lawsuit
Other receivables	3,722,590,387	785,791,592		
- NHHTC Construction Investment and Travel Private Enterprise	974,653,388	-	Over 3 years	Filing lawsuit
- Nguyen Dinh Trac	902,400,615	275,720,185	From 2-3 years	Left the job, hardly recoverable
- Do Thanh	1,398,114,694	419,434,408	Over 3 years	Left the job, hardly recoverable
- Others	447,421,690	90,636,999	From 1 year to over 3 years	Not recovered yet
Total	<u>34,545,135,551</u>	<u>12,440,315,760</u>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
(These notes form an integral part of and should be read in conjunction with the financial statements)

	01/01/2017			
	Cost	Recoverable amount (*)	Overdue time	Remark
Trade receivables	5,698,989,619	467,399,009		
- Nam Thuan Co., Ltd	533,661,700	-	Over 3 years	Filing lawsuit
- Others	5,165,327,919	467,399,009	From 1 year to over 3 years	Outstanding for long time and hardly recoverable
Prepayments to suppliers	3,035,913,627	274,750,299		
- Kien Phat Design Consulting Co., Ltd	1,490,000,000	-	Over 3 years	Not executing contract
- Others	1,545,913,627	274,750,299	Over 3 years	Not executing contract
Advances	67,479,236	-		
- Nguyen Van Hoa	67,479,236	-	Over 3 years	Being deducted from monthly salary
Loan receivables	5,976,000,000	2,290,800,000		
- NHHTC Construction Investment and Travel Private Enterprise	5,976,000,000	2,290,800,000	From 6 months to over 3 years	Filing lawsuit
Other receivables	2,831,641,763	196,934,018		
- NHHTC Construction Investment and Travel Private Enterprise	974,653,388	-	Over 3 years	Filing lawsuit
- Pham Trung	656,446,732	196,934,018	From 2-3 years	Left the job, hardly recoverable
- Bui Tinh	212,744,976	-	Over 3 years	Left the job, hardly recoverable
- Vo Chau Hoang	490,630,823	-	Over 3 years	Left the job, hardly recoverable
- Le The Ky	199,500,000	-	Over 3 years	Left the job, hardly recoverable
- Others	297,665,844	-	Over 3 years	Not recovered yet
Total	17,610,024,245	3,229,883,326		

(*) The Company evaluates the recoverable amount based on provision rate as regulated in provisions of Circular No. 228/2009/TT-BTC dated 07/12/2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
(These notes form an integral part of and should be read in conjunction with the financial statements)

14. Inventories

	31/12/2017		01/01/2017	
	Cost	Provision	Cost	Provision
Goods in transit	-	-	-	-
Materials	65,694,380,117	(13,899,312,385)	48,626,321,710	(13,105,082,624)
Tools, instruments	118,909,000	-	1,679,181	-
Work in process	182,386,240,958	(2,448,127,745)	105,200,955,901	(418,036,488)
Finished products	37,084,253,813	(3,720,378,305)	30,057,968,006	(3,969,618,800)
Finished investment properties	19,332,309,132	-	36,157,690,567	-
Merchandises	256,663,280,704	-	210,944,838,787	-
Total	561,279,373,724	(20,067,818,435)	430,989,454,152	(17,492,737,912)

- All of the finished investment properties (VND19,332,309,132) have been pledged, mortgaged as security for the loans at the Commercial Joint Stock Bank for Investment and Development of Vietnam - Gia Lai Branch.

15. Prepaid expenses

a. Short term

	31/12/2017	01/01/2017
Tools, instruments pending amortization	25,236,368	68,082,612
Insurance fee	17,448,484	18,509,583
Other prepaid expenses	24,233,245	287,693,311
Total	66,918,097	374,285,506

b. Long term

	31/12/2017	01/01/2017
Tools, instruments pending amortization	3,008,009,642	520,433,640
Compensation, site clearance costs	214,999,985	407,745,415
Lease of land and buildings (*)	35,974,209,845	37,712,987,528
Repair costs pending amortization	2,538,897,756	-
Other long-term prepaid expenses	1,441,436,247	776,889,916
Total	43,177,553,475	39,418,056,499

(*) This is the prepayment for leasing land and buildings in the People's Republic of China and is amortized over a lease term of 50 years on a straight-line basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

16. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Other fixed assets	Total
Cost						
Beginning balance	192,566,935,031	308,226,344,938	29,421,364,758	15,317,191,916	2,402,092,183,681	2,947,624,020,324
Reclassification	4,078,772,236	265,348,264,639	92,349,324,025	(9,109,259,225)	-	352,667,101,675
New purchases	4,748,275,834	1,668,495,910	370,727,273	1,093,407,280	1,942,805,303	9,823,711,600
Self-construction	188,909,345,502	-	-	-	31,108,541,664	220,017,887,166
Transferred from investment properties	1,340,344,287	-	-	-	-	1,340,344,287
Difference due to conversion	(241,293,708)	(3,013,265,317)	(16,680,890)	(25,031,766)	-	(3,296,271,681)
Sale, disposals	7,599,856,286	-	510,367,000	-	18,437,772,080	26,547,995,366
Other decreases	-	-	-	-	20,411,888,086	20,411,888,086
Change from consolidation	-	-	5,940,202,726	(340,000,000)	-	5,600,202,726
Ending balance	383,802,522,896	572,229,840,170	127,554,570,892	6,936,308,205	2,396,293,870,482	3,486,817,112,645
Depreciation						
Beginning balance	49,678,428,204	274,295,967,005	20,507,737,072	9,154,532,305	94,200,888,847	447,837,553,433
Reclassification	4,660,788,960	265,407,797,977	86,127,043,990	(3,342,937,517)	-	352,852,693,410
Charge for the year	12,942,689,215	13,503,386,194	2,139,410,451	1,197,174,304	84,152,581,113	113,935,241,277
Transferred from investment properties	585,283,658	-	-	-	-	585,283,658
Difference due to conversion	(225,447,675)	(2,917,803,035)	(169,581,461)	(116,267,872)	-	(3,429,100,043)
Sale, disposals	3,256,301,942	-	510,367,000	-	6,288,489,644	10,055,158,586
Change from consolidation	-	-	2,815,108,681	(340,000,000)	-	2,475,108,681
Ending balance	64,385,440,420	550,289,348,141	110,909,351,733	6,552,501,220	172,064,980,316	904,201,621,830
Net book value						
Beginning balance	142,888,506,827	33,930,377,933	8,913,627,686	6,162,659,611	2,307,891,294,834	2,499,786,466,891
Ending balance	319,417,082,476	21,940,492,029	16,645,219,159	383,806,985	2,224,228,890,166	2,582,615,490,815

- As at 31/12/2017, tangible fixed assets with a carrying value of VND2,497,477,498,737 have been pledged and mortgaged as security for loans.
- Cost of tangible fixed assets fully depreciated but still in active use at 31/12/2017 is VND640,098,842,514.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
(These notes form an integral part of and should be read in conjunction with the financial statements)

17. Intangible fixed assets

	Land use rights	Exploitation right of Dak Wei Quarry	Website	Computer software	Development costs (a)	Contractual customer relationships (b)	Total
Cost							
Beginning balance	38,690,714,270	617,689,701	34,760,000	433,079,792	123,992,186,056	32,993,300,000	196,761,729,819
Reclassification	-	-	(34,760,000)	34,760,000	12,838,508,265	-	12,838,508,265
Additions	-	-	-	-	-	-	-
Change from consolidation	-	-	-	(35,395,792)	-	-	(35,395,792)
Difference due to conversion	-	-	-	-	(1,353,224,711)	(348,362,500)	(1,701,587,211)
Sale, disposals	3,206,340,000	-	-	-	-	-	3,206,340,000
Ending balance	35,484,374,270	617,689,701	-	432,444,000	135,477,469,610	32,644,937,500	204,656,915,081
Amortization							
Beginning balance	66,554,675	105,260,789	19,793,891	310,822,832	109,824,750,000	1,649,665,000	111,976,847,187
Reclassification	-	3,743,251	(19,793,891)	16,050,640	-	-	-
Charge for the year	21,585,300	36,334,680	-	69,583,008	8,196,644,775	3,275,731,250	11,599,879,013
Change from consolidation	-	-	-	(35,395,792)	-	-	(35,395,792)
Difference due to conversion	-	-	-	-	(1,187,712,600)	(28,655,625)	(1,216,368,225)
Sale, disposals	-	-	-	-	-	-	-
Ending balance	88,139,975	145,338,720	-	361,060,688	116,833,682,175	4,896,740,625	122,324,962,183
Net book value							
Beginning balance	38,624,159,595	512,428,912	14,966,109	122,256,960	14,167,436,056	31,343,635,000	84,784,882,632
Ending balance	35,396,234,295	472,350,981	-	71,383,312	18,643,787,435	27,748,196,875	82,331,952,898

- As at 31/12/2017, intangible fixed assets with a carrying value of VND34,515,851,270 have been pledged and mortgaged as security for loans.
 - Cost of intangible fixed assets fully amortized but still in active use at 31/12/2017 is VND215,975,000.
- (a) Development costs are those that directly relate to the development of a number home comfort, personal care, home security and energy savings products that will be commercially produced. These costs are expected to be certainly reasonably recoverable.
- (b) Intangible fixed asset "Contractual customer relationships" arose in 2016 when the Company acquired electronic business sector from Korea. The value of this asset at acquisition date is \$1,450,000 (equivalent to HK\$11,237,500). This intangible fixed asset is amortized over an estimated useful life of 10 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

18. Investment properties

	Land use rights (*)	Buildings, architectures	Total
Cost			
Beginning balance	66,720,417,973	57,490,038,178	124,210,456,151
Additions	-	-	-
Sale, disposals	-	-	-
Transferred to tangible fixed assets	-	1,340,344,287	1,340,344,287
Ending balance	66,720,417,973	56,149,693,891	122,870,111,864
Depreciation			
Beginning balance	-	15,993,939,494	15,993,939,494
Charge for the year	-	2,135,727,567	2,135,727,567
Sale, disposals	-	-	-
Transferred to tangible fixed assets	-	585,283,658	585,283,658
Ending balance	-	17,544,383,403	17,544,383,403
Net book value			
Beginning balance	66,720,417,973	41,496,098,684	108,216,516,657
Ending balance	66,720,417,973	38,605,310,488	105,325,728,461

- As at 31/12/2017, investment properties with a carrying value of VND105,325,728,461 have been pledged as security for loans.
- Cost of investment properties fully depreciated but still in active use as at 31/12/2017 is VND2,453,507,160.

(*) Land use right at 97/2 Nguyen Huu Canh, Ward 12, Binh Thanh District, Ho Chi Minh City with the cost of VND66,720,417,973; land area is 582.7 m², use duration: long term, use purpose: for lease. This land use right is mortgaged at the Commercial Joint Stock Bank for Investment and Development of Vietnam - Gia Lai Branch.

19. Construction in progress

	31/12/2017	01/01/2017
Constructions	660,713,035,677	603,458,413,186
- Rubber tree plantation project in IaBlu (948 ha)	166,687,563,209	156,737,763,942
- Dong Nai 6 Hydropower Plant Project (*)	11,709,800,729	11,709,800,729
- Rubber 980-ha forest plantation Chu Puh (980 ha)	214,043,054,100	188,371,955,034
- Cow breeding projects	29,960,978,416	28,987,614,731
- Tan Thuong Hydropower Factory Project	235,943,435,033	46,613,409,169
- Duc Long Dak Nong Hotel Project	318,181,818	318,181,818
- DLGL Hotel Pleiku Project	1,194,189,772	-
- Other constructions	855,832,600	170,719,687,763
Total	660,713,035,677	603,458,413,186

- Value of the constructions in progress which have been pledged, mortgaged as security for loans as at 31/12/2017 is VND616,674,052,342.

(*) At present, Dong Nai 6 Hydropower Plant Project has been eliminated from the master plan of the Ministry of Industry and Trade. However, on 25/10/2017, the Group submitted the Official Letter No. 258/CV-DLG asking for continuous investment. Up to now, the Group is still waiting for response from the competent authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

20. Deferred income tax assets

	31/12/2017	01/01/2017
Deferred income tax assets in relation to deductible temporary difference	15,675,260,714	14,836,266,114
Deferred income tax assets in relation to unused taxable losses	2,698,976,064	2,746,228,992
Deferred income tax assets	18,374,236,778	17,582,495,106

21. Goodwill

	Year 2017	Year 2016
Beginning balance	263,086,701,032	290,583,869,855
Increase in the year	11,038,633,008	-
Charge for the year	31,132,024,820	30,244,394,034
Effects due to conversion of financial statements	(2,672,916,817)	2,747,225,211
Ending balance	240,320,392,403	263,086,701,032

22. Short-term trade payables

	31/12/2017	01/01/2017
Phu Thanh Gia Pleiku Co., Ltd	2,571,612,000	-
Nghia Thanh Construction Co., Ltd	5,722,742,400	23,317,960,600
Kim Lan Investment and Construction JSC	4,780,461,937	8,736,481,937
Hung Fai Industrial Technology Ltd	53,379,310,770	28,510,896,028
Gia Lai Transport Consulting and Construction JSC	2,731,657,000	-
Công ty CP Lilama 45.3	32,217,246,000	21,656,329,000
Binh Dinh Construction Co., Ltd	34,984,310,409	34,056,318,866
Song Da 901 Branch - Song Da 9 JSC	55,349,625,000	-
Tuan Huy Mechanical & Electrical Co., Ltd	21,634,645,393	-
QiaoLian Electronics DongGuan Co.,Ltd.	11,803,604,918	6,484,253,005
Others	270,108,265,124	288,963,946,842
Total	495,283,480,952	411,726,186,278

In which: Payables to suppliers who are related parties:

	Relationship	31/12/2017	01/01/2017
Duc Long Gia Lai Investment and Construction JSC	Note 47.a	-	1,020,745,524
Tay Nguyen Materials Supply Co., Ltd	Note 47.a	-	2,248,670,000
Gia Lai Transport Consulting and Construction JSC	Note 47.a	2,731,657,000	-
Total		2,731,657,000	3,269,415,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
(These notes form an integral part of and should be read in conjunction with the financial statements)

23. Short-term advances from customers

	31/12/2017	01/01/2017
Ba Dinh Construction Investment - Consulting JSC (*)	12,180,800,000	12,180,800,000
Duc Long Dung Quat Co., Ltd	3,563,779,420	41,250,000,000
Others	72,531,108,067	34,106,682,335
Total	88,275,687,487	87,537,482,335

(*) Advance made in accordance with Contract No. 01/HDCNCP dated 31/12/2015 for purchasing shares of Duc Long Gia Lai Mineral Exploitation and Processing JSC.

In which: Advances from customers who are related parties:

	Relationship	31/12/2017	01/01/2017
Duc Long Dung Quat Co., Ltd	Note 47.a	3,563,779,420	41,250,000,000
Total		3,563,779,420	41,250,000,000

24. Taxes and amounts payable to the State Budget

	Beginning balance		Amount to be paid in the year	Amount actually paid in the year	Change due to consolidation	Effects of conversion	Ending balance	
	Receivable	Payable					Receivable	Payable
Value added tax payable	-	4,303,677,929	49,139,406,271	30,457,236,224	(907,142,902)	-	-	22,078,705,074
Corporate income tax	-	64,525,468,943	23,586,932,274	7,718,739,714	(191,842,358)	(484,604,100)	363,934,795	80,081,149,840
Personal income tax	-	87,649,975	96,708,941	119,955,647	-	-	-	64,403,269
Natural resources tax	-	169,628,550	99,914,400	169,628,550	-	-	-	99,914,400
Land & housing tax, land rental	-	2,117,848,936	2,228,688,875	3,404,711,766	-	-	-	941,826,045
Other taxes	1,052,434	184,083,123	1,510,373,444	243,640,000	1,052,434	-	-	1,450,816,567
Fees and charges	-	44,336,800	95,183,740	53,655,540	-	-	-	85,865,000
Total	1,052,434	71,432,694,256	76,757,207,945	42,167,567,441	(1,097,932,826)	(484,604,100)	363,934,795	104,802,680,195

The Group's tax reports would be subject to examination of tax authorities. The tax amounts reported in these financial statements could be changed under decision by the tax authorities.

25. Short-term accrued expenses

	31/12/2017	01/01/2017
Accrued expenses of construction projects	98,288,450,430	18,093,197,655
Accrued interest payable	13,156,012,399	10,333,476,514
Office expenses	12,676,242,052	6,023,224,934
Audit fee	1,527,303,750	2,685,008,700
Other accrued expenses	31,299,650,266	30,431,431,628
Total	156,947,658,897	67,566,339,431

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

26. Short-term unearned revenue

	31/12/2017	01/01/2017
Revenue from leasing of space	122,727,273	114,545,458
Revenue from road tolls received in advance	-	470,809,092
Total	122,727,273	585,354,550

27. Other payables

a. Short term

	31/12/2017	01/01/2017
Trade union fees	155,029,214	103,209,183
Statutory insurances	695,540,630	617,624,290
Interest on convertible bonds payable	1,443,858,450	1,443,858,450
Loan interest payable	118,095,983,125	94,414,763,983
Dividends payable	148,747,837	148,747,837
Short-term received deposits, collaterals	11,285,356,175	12,518,842,024
Other payables	1,435,926,009	326,841,504
Total	133,260,441,440	109,573,887,271

b. Long term

	31/12/2017	01/01/2017
Long-term received deposits, collaterals	4,000,000,000	-
Loan interest payable	-	7,746,335,250
Total	4,000,000,000	7,746,335,250

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CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31/12/2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

28. Loans and finance lease liabilities									
a. Short term	Beginning balance	Increase in the year	Decrease in the year	Increase/Decrease due to consolidation	Effects of conversion of financial statements	Ending balance			
Short-term loans	434,380,095,049	709,830,292,449	715,697,531,732	3,141,000,000	(44,590,970)	431,609,264,796			
- VietinBank - Gia Lai Branch	42,400,000,000	86,457,000,000	86,609,000,000	-	-	42,248,000,000			
- BIDV - Gia Lai Branch	285,631,123,382	405,671,626,956	450,397,610,338	-	-	240,905,140,000			
- Vietcombank - Gia Lai Branch	60,000,000,000	128,500,000,000	103,500,000,000	-	-	85,000,000,000			
- OCB - Ho Chi Minh City Branch	-	73,438,614,270	28,438,614,270	-	-	45,000,000,000			
- Standard Chartered Bank (HK) Ltd - USD	-	2,259,125,000	-	-	(7,750,000)	2,251,375,000			
- Standard Chartered Bank (HK) Ltd - HKD	1,264,447,120	-	1,255,403,050	-	(9,044,070)	-			
- Shinhan Bank (KRW)	-	8,102,796,350	-	-	(27,796,900)	8,074,999,450			
- Duc Long Gia Lai Investment and Construction JSC	27,547,616,232	2,050,000,000	29,597,616,232	-	-	-			
- Duc Long Electric Power Investment & Development JSC	16,637,908,315	3,351,129,873	11,899,287,842	-	-	-			
- Others	899,000,000	-	4,000,000,000	3,141,000,000	-	8,089,750,346			
Borrowings	935,033,295	285,555,454,574	262,816,008,893	573,361,504	-	24,247,840,480			
- Duc Long Gia Lai Security Service JSC	-	19,000,000	248,500,000	573,361,504	-	343,861,504			
- Phan Dinh Trung	-	218,000,000,000	195,000,000,000	-	-	23,000,000,000			
- Others	935,033,295	67,536,454,574	67,567,508,893	-	-	903,978,976			
Current portion of long-term loans	126,240,264,542	122,022,685,918	96,827,666,400	(171,600,000)	-	151,263,684,060			
- VietinBank - Gia Lai Branch	32,000,000,000	62,000,000,000	37,000,000,000	-	-	57,000,000,000			
- BIDV - Gia Lai Branch	41,200,000,000	16,364,492,000	22,264,492,000	-	-	35,300,000,000			
- Sacombank - Gia Lai Branch	6,614,374,000	4,560,134,800	5,587,254,400	-	-	5,587,254,400			
- Sacombank - Ho Chi Minh Branch	45,778,370,542	37,942,939,118	31,500,000,000	-	-	52,221,309,660			
- National Citizen Bank (Head Office)	527,520,000	1,155,120,000	355,920,000	(171,600,000)	-	1,155,120,000			
- HD Bank - Dak Lak Branch	120,000,000	-	120,000,000	-	-	-			
Current portion of issued bonds	133,577,248,732	2,797,251,268	-	-	-	136,374,500,000			
Total	695,132,641,618	1,120,205,684,209	1,075,341,207,025	3,542,761,504	(44,590,970)	743,495,289,336			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

b. Long term

	Beginning balance	Increase in the year	Decrease in the year	Increase/Decrease due to consolidation	Effects of conversion of financial statements	Ending balance
Long-term loans	2,631,550,831,302	314,287,688,880	121,636,955,740	15,667,504,852	-	2,839,869,069,294
- VietinBank - Gia Lai Branch (i1)	977,959,403,555	21,810,000,000	37,000,000,000	-	-	962,769,403,555
- BIDV - Gia Lai Branch (i2)	1,352,716,672,818	279,228,704,000	22,264,492,000	-	-	1,609,680,884,818
- Sacombank - Gia Lai Branch (i3)	63,555,018,800	-	5,587,254,400	-	-	57,967,764,400
- Sacombank - Ho Chi Minh Branch (i4)	235,493,066,129	-	31,500,000,000	-	-	203,993,066,129
- National Citizen Bank - Head Office (i5)	1,586,670,000	-	755,520,000	2,514,800,000	-	3,345,950,000
- HD Bank - Dak Lak Branch (i6)	240,000,000	-	240,000,000	-	-	-
- Dong Phu Hung Production-Trading-Services Co., Ltd (i7)	-	6,852,000,000	9,922,000,000	5,182,000,392	-	2,112,000,392
- Van Gia Long Investment - Construction Corporation (i8)	-	6,396,984,880	13,844,329,640	7,447,344,760	-	-
Issued bonds	495,661,789,736	136,104,860,935	2,211,000,000	-	-	629,555,650,671
Total	3,127,212,621,038	450,392,549,815	123,847,955,740	15,667,504,852	-	3,469,424,719,965

In which:

- Long-term loans repayable within 1 year
- Current portion of issued bonds

126,240,264,542
133,577,248,732

Long-term loans and finance lease liabilities

2,867,395,107,764
3,181,786,535,905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

(i.1) Long-term loans from Vietinbank - Gia Lai Branch are as follows:

- Long-term Credit Contract No. 220/HDTD dated 19/07/2010 and amendment and supplement document dated 20/06/2014 with the loan period of 10 years as from the first drawdown date. The grace period is 2 years, loan facility is VND89,000,000,000. The interest rate is applied under the floating interest rate (the floating interest rate = base interest rates + margin of 4% per year). The loan is used for the purpose of paying costs of implementing the investment project to build inter-provincial bus terminal in the South of Danang. This loan is secured by the value of use rights of land and assets attached to land formed in the future.
- Credit Contract No. 45/HDTD dated 26/02/2011 and amendment and supplement document dated 29/05/2014 with the loan facility of VND997,000,000. The interest rate is applied in accordance with the adjusted interest rate. Loan period is 13.5 years as from the first drawdown date. Borrowing purpose: paying costs of implementing the investment project to upgrade and extend National Road 14A - section from Km 817 to 887 in BOT form. The grace period is 4.5 years as from the first drawdown date (from 03/06/2011 to 03/12/2015). The entire loan amount (including, but not limited to: principal, interest, overdue interest, other fees...) arising from this Contract is secured by assets formed in the future including property rights arising from BOT Contract No. 01/HDBOT dated 01/09/2010 and attached appendices signed by and between the People's Committee of Dak Nong Province and Duc Long Dak Nong BOT & BT Joint stock Company; the entire right to exploit and collect tolls at toll stations of section from Km 817 to 887 of National Road 14 Dak Nong Province; other assets formed from investment incentives under BOT contract.

(i.2) Borrowings from BIDV - Gia Lai Branch are as follows:

- Long Medium-term Credit Contract No. 01/2008/HDTD dated 16/05/2008 with the term of 60 years from the first drawdown date. Loan facility is VND55,000,000,000. Interest rate is floating rate: equivalent to 12-month savings interest rate announced by BIDV - Gia Lai Branch plus bank charge of 4% per year, but the minimum interest rate after adjustment may not be lower than the interest rate applicable at the time of borrowing and not lower than the FTP interest rate during the same period + 2%. The loan is for the purpose of funding Duc Long Tower Gia Lai Project. The loan is secured by assets formed from using this loan. According to Amendment and Supplement Document of Credit Contract No. 57/2013/BSHD dated 16/10/2013, the loan period is adjusted to 168 months, from 14/08/2008 to 14/08/2022. The interest rate is fixed at 12% per year until the end of 25/12/2013; from 26/12/2013 onwards, the interest rate equals to 168-month FTP interest rate announced by the Bank at each period plus bank charge of 3% per year and will be adjusted monthly on the 26th day but the adjusted interest rate shall not be lower than the interest rate applicable at the time of borrowing.
- Long-term Credit Contract No. 02/2009/HD dated 30/12/2009 and amendment and supplement document No. 01/2012/HD dated 16/01/2012 with the loan period of 144 months as from the first drawdown date. Grace period is 72 months. Loan amount is VND96,000,000,000. Interest rate is floating rate: equivalent to 12-month saving interest rate announced by BIDV - Gia Lai Branch plus bank charge of 4.2% per year in accordance with the regulations of the State Bank of Vietnam and BIDV in the given period. The loan is for the purpose of funding the Project of planting rubber trees in 744 ha out of 948.5 ha of rubber in IaBlu Commune, Chu Se District, Gia Lai Province. The loan is secured by assets formed from using this loan.
- Long-term Credit Contract No. 01/2012/HD dated 30/06/2012 and amendment and supplement document No. 56/2013/BSHD dated 16/10/2013 with the loan period of 168 months from 30/06/2012 to 30/06/2026. Loan amount is VND62,800,000,000. The interest rate is fixed at 12% per year until the end of 25/12/2013; from 26/12/2013 onwards, the interest rate equals to 168-month FTP interest rate announced by the Bank at each period plus bank charge of 2.5% per year and will be adjusted monthly on the 26th day but the adjusted interest rate shall not be lower than the interest rate applicable at the time of giving the loan. Overdue interest rate is 150% of due interest rate. The loan is for the purpose of restructuring the enterprise finance in order to redress the financial imbalance for Duc Long Tower Gia Lai Project. The loan is secured by assets formed from using this loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- Long-term Credit Contract No. 02/2013/HD dated 01/10/2013 with the term of 76 months from the date of signing the credit contract to 31/12/2019. Loan amount is VND58,200,000,000. Interest rate is fixed at 12.5% per year until the end of 25/12/2013; from 26/12/2013 onwards, the interest rate equals to 76-month FTP interest rate announced by the Bank at each period plus bank charge of 3.0% per year and will be adjusted monthly on the 26th day but the adjusted interest rate shall not be lower than the interest rate applicable at the time of borrowing. Overdue interest rate equals to 120% in-term interest rate. The loan is for the purpose of funding the Project of mining and processing lead and zinc ores in Chu Mo Commune, Iapa District, Gia Lai Province. The loan is secured by assets formed from using this loan.
 - Borrowing Contract No. 01/2011/HD dated 14/10/2011. Borrowing purpose: Investing in the Project of planting 980.4 ha of rubber trees. Loan facility: VND130,862,000,000. Borrowing term: 120 months as from the first drawdown date, interest rate: as agreed. Time for repayment of principal: starting from 2019. The loan is secured by assets formed from using this loan.
- (i.3) Borrowings from Sacombank – Gia Lai Branch are as follows:
- Credit Contract No. LD 1029900097 dated 26/10/2010 with the borrowing term of 108 months, the grace period is 24 months as from the first drawdown date (30/01/2011). Loan amount is VND40,000,000,000. The interest rate applied for the 1st drawdown is 1.3% per month. For other following disbursements, the interest rate is specified by Sacombank at the time of disbursement. The time to receive the loan is based on the execution progress. The loan is for the purpose of investing in the project to build Duc Long Gia Lai Group Operation Center. This loan is secured by the entire value of buildings, architectures and assets attached to land formed from the loan under the Company's ownership right in the future. According to Amendment Agreement No. 01-LD 1029900097 dated 14/01/2014, the borrowing term is adjusted to 14/12/2023 (maturity date is 14/12/2023) and the 1st grace time is on 26/06/2015.
 - Credit Contract No. LD 1401400008 dated 14/01/2014 with the borrowing term of 120 months, the grace period is 12 months as from the first drawdown date. Loan amount is VND44,957,100,000. The interest rate applied for the 1st drawdown is 1.0% per month. For other following disbursements, the interest rate is specified by Sacombank at the time of disbursement. The time to receive the loan is based on the execution progress. The loan is for the purpose of investing in the project to build Duc Long Gia Lai Group Operation Center. This loan is secured by the entire value of buildings, architectures and assets attached to land formed from the loan.
- (i.4) Borrowing from Sacombank – Ho Chi Minh Branch under Credit Contract No. LD 1134100059 dated 05/01/2012 with the borrowing term of 36 months as from the first drawdown date. Loan amount is VND248,000,000,000. The interest rate applicable for the first 3 months is 20% per year (applicable to the first drawdown). From the 4th month onwards, interest rate for the outstanding loan shall be adjusted every 3 months in accordance with the interest rate determined by Sacombank at the time of adjustment in line with the regulations on interest rate of the State Bank. The time to receive the loan is based on the execution progress. The loan is for the purpose of paying costs of planting 1,834.5 hectare of rubber in IaBlu Commune, Chu Puh District, Gia Lai Province. This loan is secured by the entire income generated from latex, seeds, trunk of the above-mentioned rubber trees, the right to quarry bazar stones for manufacturing construction materials, the right to quarry granite stones in Nghia Hung Commune. According to Amendment Agreement No. 03/LD1134100059 dated 25/06/2013, the borrowing term is adjusted to 31/12/2020 (maturity date is 31/12/2020) and the 1st grace time is on 30/06/2016.
- (i.5) Long-term borrowings from National Citizen Commercial Joint Stock Bank – Main Transaction Office:
- Credit Contract No. 079/14/HDTD/101-63 dated 08/10/2014 with the borrowing term of 60 months as from the first drawdown date. The amount of loan is VND780,000,000. The interest rate as from the first drawdown date is 9.5% per year. During the effective period of the contract, the interest rate will

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- be adjusted in the following cases: after every 12 months as from the first drawdown date or when the interest rate goes up as a result of changes in the regulations related to the borrowing interest rate of Vietnam law. Borrowing purpose: purchasing brand new 7-seat Toyota Fortuner V. The loan is secured by the asset formed from using the loan.
- Credit Contract No. 015/15/HDTD/101-63 dated 05/02/2015 with the borrowing term of 60 months as from the first drawdown date. The amount of loan is VND500,000,000. The interest rate as from the first drawdown date is 9.5% per year. Overdue interest rate is 150% of due interest rate. Borrowing purpose: purchasing brand new 5-seat Ford Ranger XLT. The loan is secured by the asset formed from using the loan.
 - Credit Contract No. 096/15/HDTD/101-63 dated 22/06/2015 with the borrowing term of 60 months as from the first drawdown date. The amount of loan is VND500,000,000. The interest rate as from the first drawdown date is 9.5% per year. Overdue interest rate is 150% of due interest rate. Borrowing purpose: purchasing brand new 5-seat Ford Ranger XLT. The loan is secured by the asset formed from using the loan.
- (i.6) Borrowing from HD Bank - Dak Lak Branch under Credit Contract No. 0282/13/HDTD-TH dated 25/10/2013 with the loan facility of VND600,000,000 which is secured by the asset formed from the loan. Interest rate is applied in accordance with the adjusted interest rate. The borrowing term is 60 months as from the first drawdown date. Borrowing purpose: buying Toyota Fortuner 2.5G.
- (i.7) Borrowing from Dong Phu Hung Production-Trading-Services Co., Ltd under Loan Contract No. 01/BDS-DPH dated 20/01/2017. The borrowing term is 36 months as from each drawdown time; interest rate is 5% per annum.
- (i.8) Borrowing from Van Gia Long Investment - Construction Corporation under Loan Contract No. 01/BDS-VGL dated 20/01/2017. The borrowing term is 36 months as from each drawdown time; interest rate is 5% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
(These notes form an integral part of and should be read in conjunction with the financial statements)

e. Issued bonds

	31/12/2017				Interest rate
	Cost of bonds	Total costs of issuance	Accumulated amortization of issuance costs	Ending value of bonds	
Issued bonds by par value					
- 5-year term bonds	366,000,000,000	6,518,829,294	3,908,523,298	363,389,694,004	11%/year in the 1st year and floating from the 2nd year onwards
- 5-year term bonds	134,000,000,000	2,211,000,000	2,456,667	131,791,456,667	10%/year in the 1st year and floating from the 2nd year onwards
- 3-year term bonds	134,000,000,000	2,386,675,206	2,386,675,206	134,000,000,000	11%/year in the 1st year and floating from the 2nd year onwards
- Bonds payable due to not being converted	374,500,000	-	-	374,500,000	13%/year
Total	634,374,500,000	11,116,504,500	6,297,655,171	629,555,650,671	

	01/01/2017				Interest rate
	Cost of bonds	Total costs of issuance	Accumulated amortization of issuance costs	Ending value of bonds	
Issued bonds by par value					
- 5-year term bonds	366,000,000,000	6,518,829,294	2,603,370,299	362,084,541,005	11%/year in the 1st year and floating from the 2nd year onwards
- 3-year term bonds	134,000,000,000	2,386,675,206	1,589,423,937	133,202,748,731	11%/year in the 1st year and floating from the 2nd year onwards
- Bonds payable due to not being converted	374,500,000	-	-	374,500,000	13%/year
Total	500,374,500,000	8,905,504,500	4,192,794,236	495,661,789,736	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
(These notes form an integral part of and should be read in conjunction with the financial statements)

29. Deferred income tax liabilities

	31/12/2017	01/01/2017
Deferred income tax liabilities derived from taxable temporary difference	12,091,150,520	5,475,243,634
Total	<u>12,091,150,520</u>	<u>5,475,243,634</u>

30. Provision for long-term payables

	31/12/2017	01/01/2017
Provision for restructuring (*)	3,242,148,490	1,976,940,920
Total	<u>3,242,148,490</u>	<u>1,976,940,920</u>

(*) Upon the completion of acquisition of Mass Noble Investments Limited by Duc Long Gia Lai Group JSC, it is agreed to undergo a business restructuring process, including streamlining the assembly lines and reorganizing business, to improve the operating efficiency and effectiveness, thereby increasing the synergy value to the shareholders in the coming 12-24 months.

The overall restructuring plan mainly covers the following major parts:

- First phase: Re-organise the production line and streamline the task to increase the automatic operation by minimising the extra temporary or spare factory staff;
- Second phase: Re-structure the organisation and its function, such as closure of R&D department to Vietnam or relocation to Vietnam;
- Third phase 3: Increase the automation productivity and reallocate the high-level labour work to Vietnam. Hence, a number of staff are expected to be reallocated their productivity or under redundancy.

The Management has estimated the cost of corporate restructuring plan, including the staff redundancy and severance compensation.

DUC LONG GIA LAI GROUP JSC

90 Le Duan, Phu Dong Ward, Pleiku City, Gia Lai Province

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31/12/2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)*(These notes form an integral part of and should be read in conjunction with the financial statements)***31. Owners' equity****a. Statement of changes in owners' equity**

	Share capital	Share premium	Option of convertible bonds	Other owners' equity	Exchange rate difference	Development investment fund	Undistributed profit after tax
As at 01/01/2016	1,691,861,170,000	49,928,104,500	94,188,783,378	8,977,680,000	10,031,813,727	11,134,542,824	136,973,267,932
Increase in the year	609,582,250,000 (*)	44,639,233,828	-	-	2,508,361,321	-	57,362,369,902
Decrease in the year	-	44,054,550,000	94,188,783,378	8,977,680,000	-	4,938,105,865	68,250,000,000
As at 31/12/2016	2,301,443,420,000	50,512,788,328	-	-	12,540,175,048	6,196,436,959	126,085,637,834
As at 01/01/2017	2,301,443,420,000	50,512,788,328	-	-	12,540,175,048	6,196,436,959	126,085,637,834
Increase in the year	549,134,730,000	-	-	-	-	-	57,306,546,654
Decrease in the year	-	1,880,000	-	-	(138,279,652)	-	2,600,000,000
As at 31/12/2017	2,850,578,150,000	50,510,908,328	-	-	12,678,454,700	6,196,436,959	180,792,184,488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

(*) In 2016, there was an increase of VND609,582,250,000 in share capital as a result of following reasons:

- Paying 2015 share dividends: VND65,750,000,000
- Issuing bonus shares from share premium to existing shareholders: VND43,832,250,000
- Converting convertible bonds to contributed capital: VND500 billion. The plan of using the capital from bond conversion is to supplement capital for projects, namely, Dairy & Beef Cows Raising and Development Project (VND300 billion), Hydropower and Energy Project (VND150 billion) and addition to working capital (VND50 billion). The situation of capital use as at 31/12/2017 is as follows:

Project	Total investment capital	Capital used up to 31/12/2017	Unused capital
Dairy & Beef Cows Raising and Development Project	300,000,000,000	159,926,383,234	144,866,255,055
Hydropower and Energy Project	150,000,000,000	117,215,181,926	100,510,305,831
Addition to working capital	50,000,000,000	50,000,000,000	-
Total	500,000,000,000	327,141,565,160	172,858,434,840

b. Capital transactions with the owners and dividend payment/profit appropriation

	Year 2017	Year 2016
Share capital		
- Beginning balance	2,301,443,420,000	1,691,861,170,000
- Increase in the year	549,134,730,000	609,582,250,000
- Decrease in the year	-	-
- Ending balance	2,850,578,150,000	2,301,443,420,000
Dividends paid	-	-

c. Shares

	31/12/2017 Shares	01/01/2017 Shares
Number of shares authorized to be issued	285,057,815	230,144,342
Number of shares issued publicly	285,057,815	230,144,342
- Common shares	285,057,815	230,144,342
- Preferred shares (classified as owners' equity)	-	-
Number of shares bought back (treasury shares)	-	-
- Common shares	-	-
- Preferred shares (classified as owners' equity)	-	-
Number of outstanding shares	285,057,815	230,144,342
- Common shares	285,057,815	230,144,342
- Preferred shares (classified as owners' equity)	-	-
Par value of outstanding shares: VND10,000 each		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

d. Undistributed profit

	Year 2017	Year 2016
Profit brought forward	126,085,637,834	136,973,267,932
Increase/Decrease in profit after tax	(35,242)	4,688,786,365
Profit after CIT	57,306,581,896	52,673,583,537
Distribution of profit	2,600,000,000	68,250,000,000
Appropriation of prior year profit	2,600,000,000	68,250,000,000
- Reward and welfare fund	2,600,000,000	2,500,000,000
- Share dividends	-	65,750,000,000
Appropriation of current year profit	-	-
Undistributed profit	180,792,184,488	126,085,637,834

e. Non-controlling interest

	Year 2017	Year 2016
Begning balance	156,514,602,188	158,276,824,130
Adjustments to prior-year non-controlling interests	-	-
Increase in the year	95,855,777,707	21,545,655,213
- From business results in the year	2,055,291,688	2,638,073,359
- From capital contribution	-	18,600,000,000
- From consolidation of subsidiaries and other increases	93,797,238,921	-
- From exchange rate differences due to conversion	3,211,857	58,262,353
- From the adjustment of ownership ratio	35,241	249,319,501
Decrease in the year	1,366,850,422	23,307,877,155
- Divestments	1,366,850,422	23,307,877,155
Total	251,003,529,473	156,514,602,188

32. Off balance sheet item

	31/12/2017	01/01/2017
Foreign currencies		
- USD	483,200.73	999,411.89
- EUR	1,806.11	1,817.54
- RMB	1,988,067.02	170,643.11
- KRW	82,488,869.00	39,285,225.00
- GBP		
Written-off bad debts	1,064,648,999	1,064,648,999
- Vachetti Giuseppe S.P.A	636,431,769	636,431,769
- Others	428,217,230	428,217,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
(These notes form an integral part of and should be read in conjunction with the financial statements)

33. Revenue from sales and service provision

	Year 2017	Year 2016
Sales revenue	2,329,002,963,027	1,877,775,050,297
- Sales of stones	259,034,247,118	241,341,637,143
- Sales of electronic components	1,614,185,250,361	1,106,517,019,963
- Sales of wood and wooden products	23,864,518,648	16,435,758,491
- Sales of fertilizers	378,781,061,700	495,417,104,700
- Sales of self-raising cattle and calves	29,712,685,000	-
- Sales of farm produce (soybeans, ...)	23,309,760,000	18,063,530,000
- Sales of other goods	115,440,200	-
Service revenue	353,255,820,305	349,080,006,622
- Leasing assets	7,361,209,512	6,005,854,087
- Rendering services	6,344,561,004	25,134,776,202
- BOT toll stations	338,911,859,101	312,475,227,286
- Bus and bus terminal services	638,190,688	5,464,149,047
Revenue from construction contracts	231,585,965,306	263,767,035,055
Total	2,913,844,748,638	2,490,622,091,974

34. Revenue deductions

	Year 2017	Year 2016
Trade discount	14,123,964,965	2,396,526,645
Sales returns	2,211,386,045	10,943,934,280
Total	16,335,351,010	13,340,460,925

35. Cost of sales

	Year 2017	Year 2016
Cost of sales	2,080,290,985,950	1,726,968,718,077
- Cost of stones sold	255,608,563,643	238,469,735,988
- Cost of electronic components sold	1,395,956,377,475	965,802,191,958
- Cost of wood and wooden products sold	18,678,977,326	14,595,877,742
- Cost of fertilizers sold	372,020,317,916	490,403,927,389
- Cost of cattle, calves	14,939,947,394	-
- Cost of farm produce sold	22,933,003,000	17,696,985,000
- Cost of other sales	153,799,196	-
Cost of service rendered	128,503,359,272	134,784,922,993
- Cost of leasing assets	5,743,046,122	4,643,979,394
- Cost of services rendered	5,567,100,786	21,573,488,503
- Cost of BOT toll stations	116,737,265,090	106,457,243,982
- Cost of bus and bus terminal service rendered	455,947,274	2,110,211,114
Cost of construction works	198,054,431,310	155,964,825,403
Provision for decline in value of inventories	2,769,279,150	(3,057,533,937)
Total	2,409,618,055,682	2,014,660,932,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
(These notes form an integral part of and should be read in conjunction with the financial statements)

36. Financial income

	Year 2017	Year 2016
Loan interest, deposit interest	115,137,290,172	85,960,246,068
Dividends, profit received	207,270,000	207,270,000
Foreign exchange gains from payment	1,740,552,447	1,612,723,258
Foreign exchange gains from revaluation of monetary items denominated in foreign currencies	-	107,439,589
Interest from divestments	370,291,918	20,626,300
Gains on transfers of investments	35,936,660,000	-
Total	153,392,064,537	87,908,305,215

37. Financial expenses

	Year 2017	Year 2016
Interest expenses	294,520,905,266	229,527,476,955
Bond interest	53,698,424,658	63,963,289,303
Provision for diminution in long-term investments	(1,894,771,526)	109,533,162
Foreign exchange losses from payment	1,469,764,713	289,361,266
Foreign exchange losses from revaluation of monetary items denominated in foreign currencies	1,381,231	-
Bond issue fee	2,104,860,935	2,166,293,157
Loss from business consolidation	551,724,754	13,461,785,036
Other expenses	1,908,466,166	-
Total	352,360,756,197	309,517,738,879

38. Selling expenses and administrative expenses

a. Selling expenses

	Year 2017	Year 2016
Commission expenses	3,826,718,720	2,521,274,593
Labor costs	184,537,307	351,726,097
Depreciation and amortization	152,670,000	97,623,510
Transportation expenses	33,031,369,140	13,424,476,158
Others	3,978,184,850	2,575,801,762
Total	41,173,480,017	18,970,902,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

b. Administrative expenses

	Year 2017	Year 2016
Material costs	1,616,069,751	353,978,041
Labor costs	70,491,913,384	53,196,632,508
Depreciation and amortization	9,703,498,990	5,164,817,987
Provision for doubtful debts	8,006,811,163	2,857,464,463
Amortization of goodwill	31,132,024,820	30,244,394,034
Others	50,900,312,678	39,542,720,799
Total	171,850,630,786	131,360,007,832

39. Other income

	Year 2017	Year 2016
Gains from sales, disposals of fixed assets	20,060,417,708	632,149,510
Other income	1,583,483,962	2,284,531,314
Total	21,643,901,670	2,916,680,824

40. Other expenses

	Year 2017	Year 2016
Residual value, expenses for disposal of fixed assets	2,196,358,220	602,856,025
Expenses for late payment (self-determined and self-paid, no minutes of penalties by tax authorities)	437,005,562	5,718,892,643
Unqualified expenses	800,891,744	1,781,171,891
Tax penalties (*)	1,194,330,826	-
Input VAT of construction volume cut by the State Audit	1,659,948,736	-
Depreciation of fixed assets not used for production and business activities	1,374,060,688	-
Other expenses	1,331,569,739	133,787,976
Total	8,994,165,515	8,236,708,535

(*) Tax penalties at subsidiaries are under following Decisions:

- Decision No. 1092/QD-CT dated 12/10/2017 of Gia Lai Taxation Department on "Sanction for tax-related administrative violations" to Duc Long Gia Lai Agriculture Co., Ltd;
- Decision No. 1049/QD-CT dated 03/10/2017 of Gia Lai Taxation Department on "Sanction for tax offences" to Duc Long Gia Lai Afforestation and Industrial Plants JSC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

41. Current corporate income tax expense

	Year 2017	Year 2016
Accounting profit before tax	88,752,437,094	85,524,815,385
Adjustments to taxable income	14,568,694,242	9,176,833,540
- Increasing adjustments	45,056,090,559	38,145,419,908
+ <i>Tax penalties and other fines</i>	438,356,300	5,896,406,165
+ <i>Other non-deductible expenses</i>	14,219,820,928	6,867,921,208
+ <i>Interest expense corresponding to uncontributed capital</i>	9,098,597,802	8,077,614,520
+ <i>Losses in associates</i>	(204,161,456)	(164,488,199)
+ <i>Unrealized intra-company profit</i>	19,612,660,008	1,778,263,431
+ <i>Foreign exchange losses on revaluation of cash and receivables</i>	1,381,231	-
+ <i>Loss due to divestments from subsidiaries</i>	-	13,434,658,736
+ <i>Loss from the acquisition of a subsidiary</i>	551,724,754	-
+ <i>Amortization of good will</i>	551,931,650	-
+ <i>Other increasing adjustments</i>	785,779,342	2,255,044,047
- Decreasing adjustments	30,487,396,317	28,968,586,368
+ <i>Profit, dividends received</i>	207,270,000	207,270,000
+ <i>Urealized foreign exchange gains</i>	-	107,439,589
+ <i>Adjustment of provision</i>	28,761,615,053	18,391,359,268
+ <i>Loss due to divestments from subsidiaries</i>	370,291,918	-
+ <i>Adjustment to depreciation of fixed assets</i>	7,408,742	1,721,300,546
+ <i>Loss of subsidiaries brought forward</i>	525,767,001	3,306,239,365
+ <i>Other decreasing adjustments</i>	615,043,603	5,234,977,600
Total taxable income	103,321,131,336	94,701,648,925
Current corporate income tax expense	23,586,932,274	25,877,098,103
- <i>Current CIT expense of current year</i>	21,203,833,480	25,877,098,103
- <i>CIT expense paid in arrears of previous year</i>	2,383,098,794	-
Deferred corporate income tax expense	5,803,631,236	4,242,300,353
Profit after tax	59,361,873,584	55,405,416,929
Profit after tax attributable to non-controlling interests	2,055,291,688	2,731,833,392
Profit after tax attributable to shareholders of the parent	57,306,581,896	52,673,583,537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

42. Basic, diluted earnings per share

	Year 2017	Year 2016
Profit after tax attributable to shareholders of the parent	57,306,581,896	52,673,583,537
Adjustments increasing or decreasing profit after tax	-	(2,600,000,000)
- Increases	-	-
- Decreases (appropriation to reward and welfare fund)	-	2,600,000,000
Profit or loss attributable to common shareholders	57,306,581,896	50,073,583,537
Weighted average number of common shares outstanding	278,588,557	210,092,397
Number of common shares expected to be released more	-	-
Basic, diluted earnings per share	206	238

Basic, diluted earnings per share for the year 2017 is computed on the basis of profit after tax before deducting the amounts appropriated to reward and welfare fund. Annually, based on the business results, the Executive Board will propose a specific rate for appropriating reward and welfare fund and submit it to the General Shareholders' Meeting for approval. Therefore, the items "basic earnings per share" and "diluted earnings per shares" may change depending on reward and welfare fund subsequently approved in the General Shareholders' Meeting.

43. Production and business expenses by element

	Year 2017	Year 2016
Materials expenses	1,060,873,334,562	723,165,564,014
Labor costs	330,029,025,494	307,696,534,669
Depreciation and amortization	155,369,137,323	117,101,593,224
Externally hired services	466,657,303,790	205,554,648,866
Other cash expenses	13,134,542,524	54,816,809,737
Total	2,026,063,343,693	1,408,335,150,510

44. Financial instruments

a. Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

b. Financial risk management

Financial risk includes market risk (comprising exchange rate risk, interest rate risk and commodity risk), credit risk and liquidity risk.

Market risk management: The Group's activities expose it primarily to the financial risks of changes in exchange rates, interest rates and commodity prices.

Exchange rate risk management

Since the Group undertakes goods sale and purchase transactions in foreign currencies, it is exposed to risk of exchange rate fluctuations. The Group has hedged risks related to exchange rate fluctuations by optimizing the time for settlement of debts, selecting the appropriate time to purchase and make payment in foreign currencies, projecting future exchange rates and optimizing the utilization of existing funds to balance the exchange rate risk and liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

The carrying amounts of foreign currency financial instruments are as follows:

	31/12/2017	01/01/2017
Financial assets		
Cash		
- USD	483,200.73	999,411.89
- EUR	1,806.11	1,817.54
- RMB	1,988,067.02	170,643.11
- KRW	82,488,869.00	39,285,225.00
Trade receivables		
- USD	11,916,360.82	9,314,757.97
- KRW	857,664,123.75	51,021,140,567.25
- LAK	50,348,391,902.25	-
Short-term prepayments to suppliers		
- USD	-	15,583.87
- RMB	-	31,340.00
- KRW	-	6,059,639.00
Other receivables		
- RMB	2,349,220.00	671,910.20
- USD	40,873.00	107,827.30
- KRW	170,380,000.00	303,662,857.00
Financial liabilities		
Short-term trade payables		
- KRW	284,425,580.65	263,085,534.91
- USD	194,155.57	336,545.49
- GBP	2,222.00	3,396.02
- EUR	-	1,472.21
- RMB	8,400,954.16	7,361,205.77
Other short-term payables		
- USD	-	496,419.27
Short-term loans		

Interest rate risk management

The Group's interest rate risks mainly derive from loans which are arranged. To minimize these risks, the Group has estimated the impact of borrowing costs to its periodic business results as well as making analysis and projection to select appropriate time to repay the loans. The Management acknowledges that risks arising from fluctuations of interest rates are controllable.

Commodity risk management

The Group implements the policy of diversifying supply sources of materials and goods through setting up business relationship with many suppliers to search for those who offer the most reasonable prices. Furthermore, the Group regularly maintains relationship with traditional suppliers who have reputation in market to ensure the stability of the input for its production and business activities.

With respect of securities trading, the Group is exposed to risk of transferring its trading securities as described in Note 7. Currently, the Group is still looking for partners to transfer this investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

Credit risk management

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. Particularly, the risk related to receivables from construction activities, BOT projects is quite high due to the general impact of the current difficulties in capital construction investment; the risk related to receivables from the sale of goods with the regular customers is at controllable level. To manage this risk, the Group develops appropriate credit policies and regularly monitors situation to assess the level of credit risk in order to take measures to restrict credit risk at the lowest level.

Short-term deposits are deposited at major, reputable banks with deposit insurance.

Regarding equity investments, the Board of Directors regularly monitor the performance of the investee companies. For loss-making companies, the Group has made provision for the investments in these companies.

For loans granted to individuals and organizations, the Company always develops appropriate credit policies and regularly monitors the situation to assess the level of credit risk in order to take measures to limit credit risk at the lowest level.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Group believes can generate within that period. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that the Group maintains sufficient reserves of cash, borrowings and capital committed to be contributed by owners to meet its liquidity requirements in the short and longer term.

The Group's aggregate financial liabilities are categorized in accordance with their maturity as follows:

	<i>Unit: VND</i>		
31/12/2017	Within 1 year	Over 1 year	Total
Trade payables	495,283,480,952	-	495,283,480,952
Accrued expenses	156,947,658,897	-	156,947,658,897
Loans and finance lease liabilities	743,495,289,336	3,181,786,535,905	3,925,281,825,241
Other payables	132,409,871,596	4,000,000,000	136,409,871,596
Total	1,528,136,300,781	3,185,786,535,905	4,713,922,836,686
01/01/2017	Within 1 year	Over 1 year	Total
Trade payables	411,726,186,278	-	411,726,186,278
Accrued expenses	67,566,339,431	-	67,566,339,431
Loans and finance lease liabilities	695,132,641,618	2,867,395,107,764	3,562,527,749,382
Other payables	108,853,053,798	7,746,335,250	116,599,389,048
Total	1,283,278,221,125	2,875,141,443,014	4,158,419,664,139

The Management assesses that the Group is not exposed to any short-term liquidity risks and believes it can generate sufficient resources to meet its maturing obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

The Company's available financial assets are drawn up on a net asset basis as follows:

Unit: VND

<u>31/12/2017</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Cash and cash equivalents	373,765,558,712	-	373,765,558,712
Trading securities	282,423,265,980	-	282,423,265,980
Held-to-maturity investments	15,039,106,073	-	15,039,106,073
Trade receivables	692,608,912,507	-	692,608,912,507
Loan receivables	984,716,912,864	752,538,483,608	1,737,255,396,472
Other receivables	118,106,857,294	500,072,729,334	618,179,586,628
Equity investments in other entities	-	2,220,000,000	2,220,000,000
Total	<u>2,466,660,613,430</u>	<u>1,254,831,212,942</u>	<u>3,721,491,826,372</u>
<u>01/01/2017</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Cash and cash equivalents	96,808,960,822	-	96,808,960,822
Trading securities	264,000,000,000	-	264,000,000,000
Held-to-maturity investments	316,094,590,556	-	316,094,590,556
Trade receivables	596,275,084,202	-	596,275,084,202
Loan receivables	896,472,564,619	225,647,099,300	1,122,119,663,919
Other receivables	232,084,849,992	22,739,205,273	254,824,055,265
Equity investments in other entities	-	29,850,959,106	29,850,959,106
Total	<u>2,401,736,050,191</u>	<u>278,237,263,679</u>	<u>2,679,973,313,870</u>

DUC LONG GIA LAI GROUP JSC

90 Le Duan, Phu Dong Ward, Pleiku City, Gia Lai Province

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31/12/2017

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

45. Segment report

According to Vietnamese Accounting Standard No. 28 and relevant guideines, the Group is required to have segment reporting. Accordingly, a business segment is a distinguishable component of the Group that is engaged in providing related products or service (business segment) or providing goods or services in a specific economic environment (segment by geographical area) and that is subject to risks and returns that are different from those of other business segment. The Management assesses that significant decisions made by the companies in the Group depend mostly on the provision of the Group's lines of the products and services. Hence, the Company presents segment report by business sectors.

Segment report according to business segments:

Segment report for the year ended 31/12/2017

Currency: VND

Items	Sale of merchandises, electronic components	Sales of wood, wooden products, rubber and agricultural products	Trading fertilizers	Construction works and toll stations	Bus and bus terminal services	Trading in real estate	Other services: leasing of assets, hotels,...	Eliminations	Total
Net revenue from sales and service provision to outside	1,856,884,146,469	77,002,403,848	378,781,061,700	570,497,824,407	638,190,688	-	13,705,770,516	-	2,897,509,397,628
Revenue between divisions	(265,606,500,081)	-	-	(177,813,678,156)	-	-	(2,099,999,996)	445,520,178,233	-
Segment cost of sales	1,657,223,524,543	56,705,726,916	372,020,317,916	311,902,392,125	455,947,274	-	11,310,146,908	-	2,409,618,055,682
Operating profit	199,660,621,926	20,296,676,932	6,760,743,784	258,595,432,282	182,243,414	-	2,395,623,608	-	487,891,341,946
Segment assets as at 31/12/2017	1,932,928,614,075	1,293,564,140,379	59,249,527,402	3,661,897,335,177	720,148,486	670,041,076,062	682,316,854,184	-	8,300,717,695,765
Unallocated assets	-	-	-	-	-	-	-	-	11,773,736,285
Total assets	1,002,118,991,120	662,202,646,384	56,954,872,636	2,814,373,655,628	168,419,774	210,918,827,092	166,349,401,171	-	8,312,491,432,050
Segment liabilities as at 31/12/2017	-	-	-	-	-	-	-	-	4,913,086,813,805
Unallocated liabilities	-	-	-	-	-	-	-	-	47,644,954,297
Total liabilities	58,233,220,797	3,905,252,881	889,729,090	88,338,888,430	23,056,440	2,313,179,956	6,341,175,511	-	4,960,731,768,102
Depreciation, amortization and allocated expenses	-	-	-	-	-	-	-	-	160,044,503,105
- Depreciation and amortization	57,941,439,554	3,786,241,251	606,625,803	86,375,807,769	-	529,929,006	6,129,093,940	-	155,369,137,323
- Allocated expenses - Acct. 142,242	291,781,243	119,011,630	283,103,287	1,963,080,661	23,056,440	1,783,250,950	212,081,571	-	4,675,365,782

DUC LONG GIA LAI GROUP JSC

90 Le Duan, Phu Dong Ward, Pleiku City, Gia Lai Province

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31/12/2017

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Segment report for the year ended 31/12/2016

Items	Sale of merchandises, electronic components	Sales of wood, wooden products, rubber and agricultural products	Trading fertilizers	Construction works and toll stations	Bus and bus terminal services	Stone exploitation	Other services: leasing of assets, hotels,...	Total
Net revenue from sales and service provision to outside	1,331,547,802,000	34,499,288,491	495,417,104,700	576,242,262,341	5,464,149,047	2,970,394,181	31,140,630,289	2,477,281,631,049
Segment cost of sales	1,198,827,153,611	32,292,862,742	490,403,927,389	262,422,069,385	2,110,211,114	2,387,240,398	26,217,467,897	2,014,660,932,536
Operating profit	132,720,648,389	2,206,425,749	5,013,177,311	313,820,192,956	3,353,937,933	583,153,783	4,923,162,392	462,620,698,513
Segment assets as at 31/12/2016	1,658,177,704,455	2,236,977,678,753	35,338,122,923	2,740,482,647,450	499,854,255	1,977,709,418	278,281,139,122	6,951,734,856,376
Unallocated assets								53,913,244,643
Total assets								7,005,648,101,019
Segment liabilities as at 31/12/2016	533,543,729,846	1,281,343,965,145	1,500,001	2,387,753,900,281	179,304,338	316,100,000	121,069,610,551	4,324,208,110,162
Unallocated liabilities								28,146,930,499
Total liabilities								4,352,355,040,661
Depreciation, amortization and allocated expenses								
- Depreciation and amortization	26,435,589,819	6,762,094,144	401,777,832	76,138,961,325	-	-	7,363,170,104	117,101,593,224
- Allocated expenses - Acct. 142.242	1,531,033,315	241,456,959	171,129,982	1,858,089,904	7,500,510	-	374,382,985	4,183,593,655
Unallocated depreciation, amortization and allocated expenses								

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

46. Information on related parties

a. Related parties

List of related parties	Relationship
Duc Long Tay Nguyen JSC	Associate. Percentage of capital committed by DLG is 40%.
Tay Nguyen Materials Supply Co., Ltd	Associate. Percentage of contributed capital of DLG is 33.33%. Mr. Nguyen Dinh Trac, the member of BOD at DLG, is also the Chairman of BOD of this Company.
Gia Lai Transport Consulting and Construction JSC	Associate. Percentage of contributed capital of DLG is 20%. Mr. Bui Phap is the Chairman of BOD at both DLG and this Company.
DLG CY Vietnam JSC	Associate. Percentage of capital committed by DLG is 40%. Mr. Nguyen Dinh Trac, the member of BOD at DLG, is also the Chairman of BOD of this Company.
DLG Ninh Thuan Solar Power JSC	Associate. Percentage of capital committed by DLG is 20%. Mr. Bui Phap is the Chairman of BOD at both DLG and this Company.
Duc Sang Gia Lai Minerals Exploiting Co., Ltd	Investee. Percentage of contributed capital of DLG is 9.7%. Mr. Nguyen Dinh Trac, the member of BOD at DLG, is also a capital contributor at this Company.
Duc Long Bao Loc Public Service JSC	Investee. Percentage of contributed capital of DLG is 4%
Duc Long Gia Lai Investment and Construction JSC	Investee. Percentage of contributed capital of DLG is 1%
Duc Long Dung Quat Co., Ltd	Having the same big shareholder, Mr. Bui Phap. Besides, Mr. Bui Phap is the Chairman of BOD at both DLG and this Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

b. Significant transactions with related parties

	Transaction	Year 2017	Year 2016
Revenue from sales and service provision			
Tay Nguyen Materials Supply Co., Ltd	Sales of merchandises	513,951,400,500	342,569,226,600
Duc Long Gia Lai Investment and Construction JSC	Sales of merchandises, finised products	9,226,237,500	1,093,225,545
Duc Sang Gia Lai Minerals Exploiting Co., Ltd	Sales of merchandises, finised products	2,470,050,000	2,046,889,169
	Leasing assets	567,864,585	-
Duc Long Dung Quat Co., Ltd	Construction	102,520,934,111	-
Duc Long Bao Loc Public Service JSC	Leasing assets	3,561,890,376	3,561,890,376
Purchases, services received			
Duc Sang Gia Lai Minerals Exploiting Co., Ltd	Construction	3,987,304,763	4,367,635,455
Others transactions			
Duc Long Gia Lai Investment and Construction JSC	Repayment of loan interest	18,875,631,972	-
Gia Lai Transport Consulting and Construction JSC	Received dividend	207,270,000	207,270,000

c. Remunerations of key managing officers

	Year 2017	Year 2016
Income of the Management	256,705,769	268,592,307

47. Events after the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

48. Corresponding figures

Corresponding figures were taken from the consolidated financial statements for the year ended 31/12/2016 which had been audited by AAC. A number of items were adjusted retrospectively as disclosed in Note 5 to the consolidated financial statements.



Pham Anh Hung
General Director
Gia Lai Province, 30 March 2018

Vu Thi Hai
Chief Accountant

Nguyen Thi Phuong Thuy
Preparer