Grant Thornton

Consolidated financial statements and independent auditors' report

(Prepared in accordance with International Financial Reporting Standards)

Vietnam Expressway Corporation and its subsidiaries

Year ended 31 December 2018

2019 -06- 2 8

Contents

Report of the Board of Directors

The Board of Directors presents its report together with the audited consolidated financial statements of Vietnam Expressway Corporation ("the Company") and its subsidiaries (hereafter collectively referred as "the Group") for the year ended 31 December 2018.

Background of the Company

Vietnam Expressway Corporation, formerly known as the Vietnam Expressway Investment Development Company Limited, was established under Decision No. 3033/QD-BGTVT dated 6 October 2004 of the Minister of Ministry of Transport. Accordingly, the Company was an independent State-owned Company, under the Ministry of Transport of Vietnam.

From 7 July 2010, Vietnam Expressway Investment Development Company Limited has been approved to change its legal form from a state-owned company to be a limited liability company with one member and change its name to Vietnam Expressway Corporation in accordance with Decision No. 1666/QD – BGTVT dated 17 June 2010 issued by the Minister of Ministry of Transport. The Company received the first Business Registration Certificate No. 0101573511 issued by Hanoi Department of Planning and Investment on 7 July 2010, and subsequently received the latest seventh amended business registration certificate to change information of the legal representative and head office address on 21 November 2017.

The Company's registered head office is located at 2nd, 3rd, 4th, 5th Floors, Central Point Building, No 219 Trung Kinh street, Yen Hoa Ward, Cau Giay District, Hanoi, Vietnam.

The Company has dependent units which involves directly in the management of its projects:

- Project Management of Southern expressways;
- Project Management of Da Nang – Quang Ngai expressway;
- Laboratory testing and quality control Center;
- Research and Development Center of Vietnam expressway; and
- Project Management of expressway of Northern provinces.

The Company has the following subsidiaries and associate:

	Interest holding percentage	
	2018	2017
Subsidiaries		
Vietnam Expressway Services Engineering Joint Stock Company ("VECE")	51%	51%
Vietnam Expressway Operation and Maintenance Limited Liability Company ("VEC OM")	81.3%	81.3%
Associate		
Vietnam Expressway Services Joint Stock Company ("VEC Services")	22.38%	22.38%

Principal activities

The principal activities of the Group are to invest, develop and operate national expressway networks. In 2018, the Group operates Cau Gie – Ninh Binh expressway, Noi Bai – Lao Cai expressway, Long Thanh – Dau Giay expressway, Da Nang – Quang Ngai expressway and is in the construction stages of other expressway projects.

Results of operations

The results of the Group's operations for the year ended 31 December 2018 and the financial position as at 31 December 2018 are set out in the consolidated financial statements on pages 8 to 35.

Members' Council and Board of Directors

The members of the Members' Council and the Board of Directors of the Company during the year and to the date of this report were:

Members' Council:	**Position**
Mr Mai Tuan Anh	Chairman
Ms Pham Thi Hong Huong	Member
Mr Phung Minh Mo	Member
Mr Ngo The Nghia	Member
Tran Van Tam	Member

Board of Directors:	
Mr Tran Van Tam	General Director
Mr Nguyen The Cuong	Deputy General Director
Mr Nguyen Quoc Binh	Deputy General Director
Mr Nguyen Manh Hung	Deputy General Director
Mr Le Quang Hao	Deputy General Director
Mr Nguyen Van Nhi	Deputy General Director

Auditors

The accompanying consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for the year ended 31 December 2018 have been audited by Grant Thornton (Vietnam) Limited.

The consolidated financial statements of the Group prepared in accordance with Vietnamese Accounting Standards and System ("VAS") for the year ended 31 December 2018 have been audited by other auditors and separately presented.

Subsequent events

No significant event has occurred since the reporting date which would have impact on the consolidated financial position or performance of the Group.

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

The Board of Directors is responsible to ascertain that the consolidated financial statements are properly drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2018 and of the results of its operations and its cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with the disclosure requirements of International Financial Reporting Standards or present true and fair information of any departures in the financial statements.
- maintain adequate accounting records and an effective system of internal control;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue its operations in the foreseeable future; and
- control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the consolidated financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying consolidated financial statements of the Group together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Group as at 31 December 2018 and of the results of its operations, its changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

On behalf of the Board of Directors,

Tran Van Tam
General Director

Hanoi, Vietnam
28 June 2019

Grant Thornton

Independent auditors' report

on the consolidated financial statements of Vietnam Expressway Corporation and its subsidiaries for the year ended 31 December 2018

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No. 16-11-237-2018-VEC-2

To: The Members' Council and Board of Directors
Vietnam Expressway Corporation

Opinion

We have audited the accompanying consolidated financial statements of Vietnam Expressway Corporation ("the Company") and its subsidiaries (hereafter collectively referred as "the Group") which comprise the consolidated statement of financial position as at 31 December 2018 and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes prepared on 28 June 2019 as disclosed on pages 8 to 35.

In our opinion, because of the significance of the matters discussed in the *"Basis for Auditors' Opinion"* section of our report, the accompanying consolidated financial statements of the Group for the year ended 31 December 2018 do not present fairly in accordance with International Financial Reporting Standards ("IFRS").

Basis for auditors' opinion

Limitation of audit scope

In accordance with the agreed scope of audit, we were not engaged to perform audit on the expressway construction activities prior to 1 January 2016, therefore, we were not able to provide our opinion on the cumulative historical costs of expressways and construction in progress as at 1 January 2016 amounting to VND31,445 billion and VND23,103 billion respectively.

Recognition and measurement of financial liabilities

As disclosed in Note 6, for the purposes of consistent presentation of borrowing information in its financial statements with the information recorded by the lenders, as well as due to the impractical and complicated application of amortised cost method, instead of applying amortised costs as required by IFRS 9, the Group opted to apply historical cost accounting policy for borrowings at preferential interest rates obtained under Development Credit Agreements signed between the Government of Vietnam and the lenders.

Application of IFRIC 12 – Service concession arrangements

As presented in Note 6, the Group's Management decided to not apply IFRIC 12 – Service concession arrangements to recognize development costs of expressways as an intangible asset, as its rights to collect toll fees from expressway users, equivalent to the value received from the Government of Vietnam in exchange of expressway construction services. Instead, the Group's policies are to recognise development costs of expressways as its property, plant and equipment in accordance with IAS 16 – Property, plant and equipment. This accounting policy is based on the Management's judgement that the Group has rights and controls over its developed expressways after the end of toll fee collection period, thus, these assets are out of scope of IFRIC 12.

However, as at the date of this report, the Group has not been received any official approvals by the local authorities with regard to determination of the rights to control expressways during and after the toll fee collection periods to recover investment capitals. The Group's Management is also still in progress to clarify the financial policies and controls of expressways with authorized bodies to determine proper accounting treatments. Due to the significant uncertainty of further instructions from the related local authorities on the rights and controls over the expressways operated by the Group resulting in whether or not IFRIC 12 would be applied, we were unable to express our opinion on the Group's current accounting policies to recognise expressways as the Group's tangible fixed assets in accordance with IAS 16 – Property, plant and equipment.

Differences in application of expressway depreciation methods
In the case of non-application of the aforesaid IFRIC 12 - Service concession arrangements is consistent with the related local authorities' instructions in the future, the current expressway depreciation method of the Group is difference to the depreciation policy as allowed by IAS 16 – Property, plant and equipment.

As presented in Note 5.5 - Property, plant and equipment, instead of straight-line depreciation method, the Group is applying the revenue-based depreciation method which is determined by proportion rate of revenue recognized each year over total forecasted revenue for the whole toll fee-collection period. This depreciation method is one of the accepted depreciation methods under the guidance of Vietnamese Accounting Standards and System.

The depreciation method is different from IFRS requirements that revenue-based depreciation method is not an approved method in accordance with the Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) published by the International Accounting Standards Board (IASB) on 12 May 2014. Had the Group applied the straight-line depreciation method, the Group's depreciation expenses for the current year would have been increased by VND705 billion (for the year ended 31 December 2017: depreciation expense would have been increased VND1,321 billion) and the carrying value of property, plant and equipment as at 31 December 2018 would have been decreased by VND4,455 billion (as at 31 December 2017, carrying value of property, plant and equipment would have been decreased by VND3,750 billion).

Changes in the depreciation period of expressways have not been officially approved by the local authorities
During the year, the Group has changed its accounting estimate of useful life of the Expressways of Noi Bai - Lao Cai, Long Thanh - Gia Giay, Cau Gie - Ninh Binh, Ben Luc - Long Thanh and Da Nang- Quang Ngai from initial depreciation periods ranging from 24 to 50 years to a depreciation period of 80 years. Those changes have been applied in accordance with the Circular No. 147/2016/ TT-BTC dated 13 October 2016 of the Ministry of Finance and Appendix No. 01 of Circular 03/2016 / TT-BXD 10 March 2016 issued by the Minister of Ministry of Construction.

However, at the date of this report, the Group has not received an official decision from the local authorities with regarding the Company's rights to operate the above expressways for 80 years. The Group's Management is still in progress to apply for operating time extension for these expressways. Due to the importance of the authorities' approval in the future on the time extension for operation of these expressways as basic to determine the depreciation cost of expressways, we were unable to express our opinion on the Group's accounting estimates on the depreciation period of expressways as presented in the consolidated financial statements.

Unrecorded site clearance expenses
Due to nature of the Group's structure, site clearance activities are implemented by provincial project units. As such, there were certain expenditures incurred in provinces have not been recorded in the consolidated financial statements due to late submission of accounting documents. This construction cost will be recorded in January of the following year based on the reconciliation from local State Treasury office. Accordingly, the Group's construction cost balance would have been increased by VND776 billion as at 31 December 2017 and payable balances would have been increased by the same amount.

Accounting policy for investment capital
In accordance with Decision No. 2072/QD-TTg issued by the Prime Minister dated 8 November 2013 relating to the restructuring of financial resources of the five expressway projects implemented by the Group, all (i) ODA borrowing funds, except for the borrowings from Asian Development Bank – OCR fund and borrowings from International Restructure and Development Bank ("IBRD"), that are provided to the Group for its projects in the form of re-lending; (ii) the funds from State-guaranteed corporate bonds issued in relation to the Cau Gie – Ninh Binh expressway and Noi Bai – Lao Cai expressway and related bond interests; and (iii) funds advanced by the State in relation to expressway projects of Hanoi – Lao Cai and Cau Gie – Ninh Binh were accounted as direct capital contribution by

the Government of Vietnam. Accordingly, the Group converted all ODA borrowing principals and related interest, advanced funds from the Government and corporate bonds as the construction capital contribution by the Government in previous years.

As the Group's rights and obligations related to the aforesaid items have not been consistently set out in the current regulations of the local authorities, the Group's current accounting policies on recognition and classification of these items are depended on the ultimate legal regulations issued by the local authorities in future. Due to impacts of significant uncertainty of this matter, we were not able to express our opinion on the accounting recognition and presentation of the aforesaid items and impacts, if any, to the Group's consolidated financial statements for the current year.

Accounting policy on recognition of provision for expressway overhaul costs
As presented in Note 13 - Provision, provision for expressway overhaul costs was recognised by the Group based on the business plan in 2018 with an amount of VND809.7 billion. This provision policy is consistent with the Vietnamese Accounting Standards and System. However, in accordance with the International Accounting Standard No 37 - Provisions, contingent liabilities and assets, the Group is not allowed to make provision for future expenses as the Group has no contractual obligation at the present. If the provision policies are applied in consistent with the IAS 37, the Group's provision for expressway overhaul cost as presented in the consolidated statement of financial position as at 31 December 2018 would be reduced by VND809.7 billion and other operating expenses as presented in the consolidated statement of comprehensive income for the current year would be reduced by the same amount.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Vietnam, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Others matters

Restriction of uses
These consolidated financial statements are prepared for and only for the internal use purposes of the Group's Management and the donors.

Responsibilities of the Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GRANT THORNTON (VIETNAM) LIMITED

M.S.D.N: 0101476557-C.T.T.N.H.H. CÔNG TY TNHH GRANT THORNTON (VIỆT NAM)

Nguyen Hong Ha
Auditor's Practising Certificate No. 1710-2018-068-1
Deputy General Director

Le Quang Hoa
Auditor's Practising Certificate No. 2587-2018-068-1
Auditor

Hanoi, Vietnam
28 June 2019

Consolidated statement of comprehensive income

for the year ended 31 December 2018

	Notes	**Year ended 31 December 2018 VND**	Year ended 31 December 2017 VND
Revenue	19	**3,224,884,503,728**	2,768,774,883,895
Other income	19	**1,081,259,270**	1,487,080,247
Cost of material	19	**(6,153,876,674)**	(6,477,594,827)
Employees benefits expense	19	**(43,356,433,828)**	(31,419,785,909)
Depreciation & amortisation expense - net	19	**(54,362,692,734)**	(435,383,774,706)
Other expenses	19	**(616,890,069,586)**	(725,933,697,178)
Operating profit		**2,505,202,690,176**	1,571,047,111,522
Shared profits from associates		**1,112,024,725**	1,444,976,337
Financial income	20	**385,362,420,695**	208,848,958,444
Financial expenses	21	**(2,887,835,932,287)**	(843,530,237,527)
Profit from operation before tax		**3,841,203,309**	937,810,808,776
Corporate income tax for the year	22	**(1,409,569,017)**	(1,534,875,090)
Deferred corporate income tax	22	**-**	-
Profit from continuing operation after tax		**2,431,634,292**	936,275,933,686
Other comprehensive income		**-**	-
Net Comprehensive income for the year		**2,431,634,292**	936,275,933,686
Profit attributable to:			
Non-controlling interests		**1,849,424,156**	1,782,489,340
Owner of the Parent		**582,210,136**	934,493,444,346
Net Comprehensive income for the year		**2,431,634,292**	936,275,933,686

Consolidated statement of financial position

as at 31 December 2018

	Notes	31 December 2018 VND	31 December 2017 VND
ASSETS			
Non - current			
Other intangible assets		**9,522,687,396**	10,412,611,873
Property, plant and equipment	7	**76,848,213,965,902**	71,153,330,404,429
Other long-term assets		**1,260,029,212**	1,705,248,431
Investment in associates	8	**21,601,820,856**	21,889,796,131
		76,880,598,503,366	71,187,338,060,864
Current			
Inventories		**26,664,028,332**	24,738,354,447
Other short-term financial assets		**2,623,481,545**	1,080,828,804
Current tax assets	10	**252,529,235,047**	200,449,440,542
Trade and other receivables	11	**18,890,919,769,185**	16,784,137,353,521
Cash and cash equivalents	12	**503,697,394,734**	944,554,477,396
		19,676,433,908,843	17,954,960,454,710
TOTAL ASSETS		**96,557,032,412,209**	89,142,298,515,574
EQUITY AND LIABILITIES			
Equity			
Charter capital	16	**1,000,000,000,000**	1,000,000,000,000
Other components of equity	17	**8,518,224,422,413**	8,784,537,298,506
Retained earnings		**8,483,751,215**	10,108,459,119
		9,526,708,173,628	9,794,645,757,625
Non-controlling interest	18	**30,454,770,307**	32,473,761,245
		9,557,162,943,935	9,827,119,518,870
Liabilities			
Non-Current			
Provision	13	**809,753,914,769**	343,200,000,000
Long-term borrowings and debts	14	**66,517,465,696,195**	60,146,465,906,933
		67,327,219,610,964	60,489,665,906,933
Current			
Short-term borrowings		**12,750,959,398**	16,839,280,168
Trade and other payables	15	**19,608,193,499,358**	18,772,841,197,742
Employee obligations		**42,606,491,652**	29,372,741,043
Tax liabilities		**6,602,772,539**	5,622,365,187
Other liabilities		**2,496,134,363**	837,505,631
		19,672,649,857,310	18,825,513,089,771
Total Liabilities		**86,999,869,468,274**	79,315,178,996,704
TOTAL EQUITY AND LIABILITIES		**96,557,032,412,209**	89,142,298,515,574

Consolidated statement of changes in equity

for the year ended 31 December 2018

	The Owner's equity				Non-controlling interest	Total
	Charter capital	Other owner's equity (Note 17)	Retained earnings/ (Accumulated losses)	Total	(Note 18)	
	VND	VND	VND	VND	VND	VND
Balance, 1 January 2018	1,000,000,000,000	8,784,537,298,506	10,108,459,119	**9,794,645,757,625**	32,473,761,245	**9,827,119,518,870**
Increases	-	523,452,254,737	-	**523,452,254,737**	-	**523,452,254,737**
Adjustment (*)	-	(789,204,896,608)	-	**(789,204,896,608)**	-	**(789,204,896,608)**
Fund transfer	-	1,085,445,183	-	**1,085,445,183**	(1,085,445,183)	**-**
Other	-	(1,645,679,405)	(2,206,918,040)	**(3,852,597,445)**	(2,782,969,911)	**(6,635,567,356)**
Transactions with owners	1,000,000,000,000	8,518,224,422,413	7,901,541,079	**9,526,125,963,492**	28,605,346,151	**9,554,731,309,643**
Profit for the year	-	-	582,210,136	**582,210,136**	1,849,424,156	**2,431,634,292**
Balance, 31 December 2018	1,000,000,000,000	8,518,224,422,413	8,483,751,215	**9,526,708,173,628**	30,454,770,307	**9,557,162,943,935**
Balance, 1 January 2017	1,000,000,000,000	6,891,676,556,218	(926,892,258,986)	**6,964,784,297,232**	33,198,545,664	**6,997,982,842,896**
Increases in the year	-	1,893,533,885,544	-	**1,893,533,885,544**	-	**1,893,533,885,544**
Decreases in the year	-	-	2,507,273,759	**2,507,273,759**	-	**2,507,273,759**
Other decreases	-	(673,143,256)	-	**(673,143,256)**	(2,507,273,759)	**(3,180,417,015)**
Transactions with owners	1,000,000,000,000	8,784,537,298,506	(924,384,985,227)	**8,860,152,313,279**	30,691,271,905	**8,890,843,585,184**
Profit for the year	-	-	934,493,444,346	**934,493,444,346**	1,782,489,340	**936,275,933,686**
Balance, 31 December 2017	1,000,000,000,000	8,784,537,298,506	10,108,459,119	**9,794,645,757,625**	32,473,761,245	**9,827,119,518,870**

(*)Adjustment is to revert fund receipts from JICA to loan capital in accordance with the results of the State audit.

Consolidated statement of cash flows

for the year ended 31 December 2018

		Year ended 31 December 2018 VND	Year ended 31 December 2017 VND
Operating activities			
Profit before tax		**3,841,203,309**	937,810,808,776
Adjustments			
Depreciation and amortisation - net		**54,922,926,957**	435,383,774,706
Foreign exchange loss - net		**1,623,715,702,447**	367,788,194,771
Interest income and dividend		**(366,123,967,491)**	(205,865,904,148)
Interest expenses - net		**735,602,511,48**	473,777,511,533
Operating profit before adjustments to working capital		**2,051,958,376,706**	2,008,894,385,638
Changes in trade and other receivables		**(67,019,742,625)**	(804,761,903,038)
Changes in inventories		**(1,925,673,885)**	2,676,013,215
Changes in trade and other payables		**1,367,970,322,477**	1,075,769,547,667
Corporate income tax paid		**(1,978,995,253)**	(1,534,875,090)
Net cash flow from operating activities		**3,349,004,287,420**	2,281,043,168,392
Investing activities			
Purchase of property, plant and equipment		**(4,563,829,567,996)**	(6,499,189,342,304)
Lending, purchase debt instruments of other entities		**(7,542,859,026,950)**	(6,247,000,000,000)
Proceeds from withdrawals of investments		**5,514,738,252,246**	2,201,000,000,000
Interest and dividend received		**301,592,816,404**	127,829,570,815
Net cash flow used in investing activities		**(6,290,357,526,296)**	(10,417,359,771,489)
Financial activities			
Proceeds of borrowings' principals		**4,282,381,826,390**	7,595,463,528,397
Repayments of borrowings' principals		**(1,356,721,336,099)**	(191,059,830,068)
Interest paid		**(428,604,920,363)**	(56,144,020,698)
Net cash flow generated from financing activities		**2,497,055,569,928**	7,348,259,677,631
Net decrease in cash and cash equivalents		**(444,297,668,948)**	(788,056,925,466)
Cash and cash equivalents at beginning of the year	12	**944,554,477,396**	1,733,234,998,310
Impact from foreign exchange differences		**3,440,586,28**	(623,595,448)
Cash and cash equivalents at end of the year	12	**503,697,394,734**	944,554,477,396

Notes to the consolidated financial statements

1. General information

Vietnam Expressway Corporation, formerly known as the Vietnam Expressway Investment Development Company Limited, was established under Decision No. 3033/QD-BGTVT dated 6 October 2004 of the Minister of Ministry of Transport. Accordingly, the Company was an independent State-owned Company, under the Ministry of Transportation of Vietnam.

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	2018	2017
Subsidiaries		
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Vietnam Expressway Operation and Maintenance Limited Liability Company ("VECOM")	81.3%	81.3%
Associate		
Vietnam Expressway Services Joint Stock Company ("VEC Services")	22.38%	22.38%

Detailed information of the Company's subsidiaries and associate are as follows:

Company name	*Primary location*	*Principal activities*
Vietnam Expressway Operation and Maintenance Company LLC	Vuc Vong, Yen Bac commune, Duy Tien district, Ha Nam province, Vietnam	Provision of expressway management, operation and maintenance services
Vietnam Expressway Services Engineering Joint Stock Company	No 07, 990 Street, neighborhood 4, Phu Huu ward, 9 district, Ho Chi Minh.	Provision of expressway management, operation and maintenance services
Vietnam Expressway Services Joint Stock Company	5th floor, Mitec building, Lot E2, Cau Giay new urban area, Yen Hoa ward, Cau Giay district, Hanoi.	Provision of construction consulting services

2. Statement of compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), except for the recognition and measurement of long term borrowings from donors as described in Note 5.9 – Financial instruments. The Management's judgement on the departure from IFRS in relation to application of accounting policies for borrowings are disclosed in Note 6.

The consolidated financial statements for the year ended 31 December 2018 (including comparative figures) were approved and authorised for issue by the Board of Directors on 28 June 2019 (see Note 29).

3. Basis of preparation of consolidated financial statements

Basis of preparation of consolidated financial statements

The statutory consolidated financial statements of the Company are prepared on historical cost basis and in accordance with Vietnamese Accounting Standards and System ("VAS"). The consolidated VAS financial statements are then converted to IFRS compliant for reporting to the World Bank. The consolidated financial statements are prepared on the basis of separate financial statements of the Parent company and separate financial statements of subsidiaries as described in Note 1 after elimination of internal balances and transactions.

The preparation of consolidated financial statements under IFRS requires the use of accounting estimates and assumptions. Although the estimates are based on the best understanding of the Board of Directors for the events and current operating activities, the actual results can be different from the estimates. The items that have high level of complexity and judgment, or assumptions and estimates that impact materially to the consolidated financial statements are disclosed in Note 6 of this report.

Subsidiaries

Subsidiaries are entities that the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. Control right is determined through voting rights, usually presented by capital contribution percentage.

Subsidiaries' financial statements are consolidated into the consolidated financial statements from the date when the Company acquired control until the date the Company loses its control over the subsidiaries. Subsidiaries' accounting policies are applied to be consistent with the Group's accounting policies. The financial statements of subsidiaries are consolidated in accordance with purchase method.

A non-controlling interests represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. It is based upon the minority's share of post-acquisition fair values of the subsidiary's identifiable assets and liabilities except the case that the losses calculated for minority shareholders in subsidiaries exceed the share of minority shareholders in the capital of the subsidiaries. If losses in a subsidiary applicable to a minority interest exceed the minority interest in the subsidiary's equity, the excess is allocated to the majority interest except to the extent that the non-controlling entity has a binding obligation and is able to cover the losses. If then the subsidiary is profitable, the interest for the minority shareholders will be recognized in the consolidated statement of income until enough compensation are recovered for the losses which were previously recognised in the statement of income.

Changes in share interest in subsidiaries which do not impact the control over the Group's subsidiaries will be recognised as a capital transaction.

Associates

Associates are entities in which the Group has significant influence but are neither subsidiaries nor joint ventures. Significant influence is the power to participate in the financial and operating policy decisions but not to control them.

Investments in associates are recognized in the consolidated financial statements under the equity method. Under this method the investment is initially recorded at cost. Subsequently, the carrying amount of the investment is adjusted up or down in proportion to the Group's ownership in the profits or losses of the investee after the date of investment. The amount receive from the investee is recorded as a reduction to the carrying value of the investment.

The adjusted carrying amount is to be done when the Group's interests have changed due to changes in the equity of the investee.

Elimination of inter-company transactions and balances
All transactions, balances, and unrealised profit/loss between inter-companies are eliminated when preparing the Group's consolidated financial statements. Unrealised profit/loss arising from transactions with associates is also eliminated to the extent of the Group's interest in the associates. Consolidated financial statements of the Group are adjusted to ensure the consistency with the accounting policies applied in the Company. Operating results and other comprehensive income of subsidiaries/associates acquired or deposed during the year are recognised from the date of termination of control.

4. Changes in accounting policies

4.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2018

The Group has not adopted any new standards or amendments that have a significant impact on the Group's results or financial position.

IFRS 9 'Financial Instruments'
The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets.

When applying IFRS 9, the Group has selected the transition plan without retrospective adjustment of the previous accounting periods. Differences in the application of IFRS 9 related to classification, measurement and value reduction are recorded in retained earnings.

IFRS 9 also includes regulations on the application of derivative accounting. However, this provision does not affect the consolidated financial statements of the Group because there are no derivative financial instruments.

The application of IFRS 9 has no significant effect on the classification and presentation of financial assets and financial liabilities payable by the Group.

Comparison table for classification and measurement of financial assets and financial liabilities payable as at 31 December 2017 as follows:

Financial assets	Reclassification of measurement		Book value as at 31 December 2017		
			Per IAS 39	Adjustment	Per IFRS9
	Per IAS39	Per IFRS9	VND	VND	VND
Trade and other receivables	Amortised cost	Amortised cost	4,838,786,795,289	-	**4,838,786,795,289**
Cash and cash equivalent	Amortised cost	Amortised cost	944,554,477,396	-	**944,554,477,396**
			5,783,341,272,685	-	**5,783,341,272,685**

The Group has applied IFRS 9 with the detailed accounting policies presented in Note 5.

IFRS 15 'Revenue from Contracts with Customers'
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

The Group's management have assessed that no any significant impact of IFRS 15 on these consolidated financial statements.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's financial statements.

IFRS 16 'Leases'
IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. The Group's management have not yet assessed the impact of IFRS 15 on these consolidated financial statements.

5. Summary of accounting policies

5.1 Foreign currency translation

Functional and presentation currency
The Company used Vietnam Dong (VND) as functional currency and the consolidated financial statement are also presented in Vietnam Dong.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5.2 Revenue

Revenue of the Group mainly comes from the operation and collection of Expressway. Accordingly, the Group's revenue is recorded in five steps:

1. Determine contracts and customers
2. Determine performance obligations
3. Determine the transaction price
4. Allocating transaction prices for performance obligations
5. Recognize revenue when performance obligations are completed

Revenue from toll fees is recognized when the customer uses the highway utilities and pays fees through purchasing highway tickets.

Interest income is recognised in the statement of income on a time-proportion basis using the effective interest method.

Dividend income is recognised in the statement of income when the right to receive dividends of Company is established.

5.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.4 Intangible fixed assets

Intangible fixed assets including land use rights and software are recognized initially on the basis of historical cost includes costs directly attributable to bringing the asset to working condition for operation. Intangible fixed assets are then recognized based on cost less accumulated depreciation and impairment value of assets.

Depreciation of intangible fixed assets is recognised on a straight-line basis to write down the cost less estimated residual value. The following useful lives are applied:

Land use rights	50 years
Software	3 years

5.5 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation

For the expressways, the Group applied revenue-based depreciation method as guided in Circular No.147/2016 / TT-BTC dated 13 October 2016 of the Ministry of Finance and applied from 2016 financial year. Accordingly, depreciation expenses are calculated at a fixed rate based on the total investment of expressways on the total expected revenue for the entire period of the Group's operation and exploitation. In previous years, the time for expressway operation was estimated by the Group from 24 to 50 years. In 2018, the Group adjusted the estimated time of operation of expressways to 80 years as stipulated in Appendix No. 01 Circular 45/2018 / TT-BTC on 7 May 2018 on houses and construction works Level I. The Group has applied changes prospectively to the expressway operation time and with effectiveness in the fiscal year 2018.

The impact of changes in the estimated operating time of expressways are as follows:

	Per last year's estimation VND	Per this year's estimation VND	Difference VND
Depreciation for the year ended 31 December 2018	534,326,972,005	40,147,943,025	494,179,028,980
(Loss)/profit before tax	(493,286,878,744)	892,150,236	(494,179,028,980)
Property, plant and equipment – Net book value as at 31 December 2018	76,354,034,936,922	76,848,213,965,902	(494,179,028,980

Depreciation of other assets is recognised on a straight-line basis to write down the cost less estimated residual value. The following useful lives are applied:

Buildings	50 years
Machinery and equipment	5 – 15 years
Motor vehicles	6 – 10 years
Other office equipment	3 – 10 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Construction in progress

Cost of construction in progress comprises direct cost and indirect cost incurred related to the construction of expressways until the date that the expressways completed, handed over and ready to put in use.

Costs incurred directly related to the acquisition, construction projects/works are recognised as costs of each specific construction project. The projects administration expenses are allocated to the cost of each construction project based on the rates determined and approved by the Group's Members' Council which is calculated based on the approved budget for each project.

Construction costs are recognised based on the certificates of work completion and cost schedule that are agreed between the Group and its contractors and in line with the project budget.

No depreciation is recorded until the construction and installation are complete at which time the related costs are transferred to fixed assets and until the asset is put into use.

5.6 Leases

Operating leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

5.7 Impairment of assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment loss is charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

5.8 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently financial liabilities are measured at amortised cost using the effective interest method, except for derivatives and financial liabilities designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Despite the above policy, due to certain consideration made by the Management as discussed in Note 6, the Group accounts for borrowings with interest rates below market rates obtained from donors (including the World Bank, Asian Development Bank and Bank of Japan International Cooperation) under Development Credit Agreements with the Government of Vietnam, at cost.

5.9 Inventories

Inventory is accounted for using the perpetual method and calculated using weighted average method and valued at the lower of cost and net realizable value. Cost of finished goods is composed of material, direct labour and production overheads. Cost of raw material and tools and supplies consists of purchase and related costs. Net realizable value comprises estimated sales proceeds less selling expenses. A provision for decline is recorded where cost exceeds net realizable value.

5.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as money market instruments and bank deposits with original maturity term of not more than three months.

5.11 Equity

Charter capital
Charter capital represents the contributed capital of the owner.

Other components of equity – construction fund
Construction capital represents the matching funds provided by the Ministry of Finance to finance for construction projects in accordance with the rate of counterpart fund contribution as set out in the development credit agreements. The amount contributed is recorded in the construction capital account under the owner's equity and will be transferred to charter capital upon finalisation of the construction projects.

Other funds
Other funds include the balance of cumulative retained earnings as at 31 December 2018. Other funds are presented separately from charter capital for monitoring purposes.

5.12 Employee benefits

Post-employment benefits
Post-employment benefits are paid to retired employees of the Group by the Vietnam Social Insurance. The Group is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% based on the monthly basic salary in accordance with the Decree No 44/2017/ND-CP stipulated by the Government dated 14 April 2017 with effective date on 1 June 2017. The Company has no further obligation in pension contributions for employees.

Unemployment benefits
In accordance with Vietnamese regulations on Labour Code and the latest Decree No. 28/2015/ND-CP issued by the Government on 12 March 2015 with effective date from 1 January 2015 providing guidance on implementation of Law on Employment No. 38/2013/QH13 on unemployment insurance, the Group is obliged to pay unemployment insurance at 1% of its salary fund used for payment of unemployment insurance for insurance participants and deduct 1% of salary of each employee to simultaneously pay to the Unemployment Insurance Fund.

5.13 Income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the statement of income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax

bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

5.14 Related parties

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

1. directly or indirectly, a party controls, is controlled by, or is under common control with the Group; has an interest in the Company that gives it significant influence over the Group; or has joint control over the Group;
2. a party is a jointly-controlled entity;
3. a party is an associate;
4. a party is a member of the key management personnel of the Group; or
5. a party is a close family member of the above categories.

5.15 Provisions, contingent assets and contingent liabilities

Provisions for warranties, legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognised as a consolidated asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Provision for expressway overhaul costs

Provision for expressway overhaul costs is recognised based on the annual business plans as approved by the Group's Members' Council.

6. Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the financial statements, the Board of Directors undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

Recognition and measurement of borrowings at cost

The Group opted to apply historical cost accounting for real preferential interest rate borrowings from donors under the Development Credit agreements signed with the Government of Vietnam instead of amortised cost as required by IFRS 9. This departure from IFRS as determined by management is to ensure that the financial information is relevant and appropriate for the intended users, being the lenders, who are recording and monitoring credit information at cost. Besides, the borrowings were withdrawn several times during the year based on the disbursement progress resulting in difficulties in estimating the amortised costs of borrowings at the obtaining dates as required by IFRS.

Non-application of IFRIC 12 – Service concession agreements on recognition and measurement of expressways

In accordance with IFRIC 12 – Service concession arrangements, the Group, as operator, will not recognize expressways within the scope of IFRIC 12 as property, plant and equipment because the contractual service arrangement does not convey to it the right to control expressways. Instead, the Company will recognize an intangible asset, as its rights to collect toll fees from expressway users, for the consideration that it receives from the Government of Vietnam in exchange of expressway construction services.

However, as at the date of this report, the Group has not been received any official approvals by the local authorities with regard to determination of the rights to control expressways during and after the toll fee collection periods to recover investment capitals. The Group's Management is also still in progress to clarify the financial policies and controls of expressways with authorized bodies to determine proper accounting treatments. Based on the Management's judgement, the Group has rights and controls over its developed expressways, therefore, these assets are out of scope of IFRIC 12. Accordingly, expressways are recognized as the Group's property, plant and equipment and depreciated on revenue-based method.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets and expressways

The Board of Directors reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. The useful lives of assets are presented in Note 5.4 and 5.5.

Allocation of general administrative costs to construction projects

General administrative expenses are allocated to construction projects on a pro-rata basis as approved by the Group's Management at the beginning of the year. Allocation criteria were based on the capital expenditure budget and planned activities for each projects. The actual approved allocation value is subject to review and approval when the construction work is completed which might differ from the budget allocation.

Provision for overhaul of fixed assets

The Group accrued the cost of overhaul highway sections in accordance with the annual approved production and business plan from the Members' Council of the Group.

7. Property, plant and equipment

	Expressways	Buildings	Machinery	Vehicles	Office equipment	Construction in progress	Other	Total
	VND	VND	VND	VND	VND	VND	VND	VND
Cost								
1 January 2018	56,388,570,424,044	104,792,789,313	19,881,462,952	47,506,952,735	2,368,298,373	17,064,111,156,886	418,596,201	**73,627,649,680,504**
Acquisitions	-	11,725,956,749	553,000,000	515,545,455	83,000,000	5,736,292,115,006	-	**5,749,169,617,210**
Transferred from construction in progress	9,207,372,131,128	-	-	-	-	(9,207,372,131,128)	-	
31 December 2018	65,595,942,555,172	116,518,746,062	20,434,462,952	48,022,498,190	2,451,298,373	13,593,031,140,764	418,596,201	**79,376,819,297,714**
Accumulated depreciation								
1 January 2018	(2,442,425,353,349)	(2,843,840,530)	(3,229,827,662)	(23,485,373,544)	(2,109,650,593)	-	(225,230,397)	**(2,474,319,276,075)**
Depreciation expense	(40,147,943,026)	(4,783,506,399)	(4,666,298,224)	(4,453,886,504)	(135,414,002)	-	(99,007,582)	**(54,286,055,737)**
31 December 2018	(2,482,573,296,375)	(7,627,346,929)	(7,896,125,886)	(27,939,260,048)	(2,245,064,595)	-	(324,237,979)	**(2,528,605,331,812)**
Net book value								
31 December 2018	63,113,369,258,797	108,891,399,133	12,538,337,066	20,083,238,142	206,233,778	13,593,031,140,764	94,358,222	**76,848,213,965,902**
Cost								
1 January 2017	45,688,870,038,930	28,989,340,494	19,881,462,952	44,814,663,645	2,337,297,446	19,431,087,462,536	496,141,450	**65,216,476,407,453**
Acquisitions	-	72,443,521,629	-	2,692,289,090	35,363,636	8,335,915,098,696	87,000,000	**8,411,173,273,051**
Transferred from construction in progress	10,699,700,385,114	3,195,381,941	-	-	(4,362,709)	(10,702,891,404,346)	-	**-**
31 December 2017	56,388,570,424,044	104,628,244,064	19,881,462,952	47,506,952,735	2,368,298,373	17,064,111,156,886	583,141,450	**73,627,649,680,504**
Accumulated depreciation								
1 January 2017	(2,009,786,916,396)	(1,182,697,477)	(2,539,934,871)	(20,109,610,797)	(1,800,406,573)	-	(131,962,405)	**(2,035,551,528,519)**
Depreciation expense	(432,638,436,953)	(1,661,143,053)	(689,892,791)	(3,375,762,747)	(309,244,020)	-	(93,267,992)	**(438,767,747,556)**
31 December 2017	(2,442,425,353,349)	(2,843,840,530)	(3,229,827,662)	(23,485,373,544)	(2,109,650,593)	-	(225,230,397)	**(2,474,319,276,075)**
Net book value								
31 December 2017	53,946,145,070,695	101,784,403,534	16,651,635,290	24,021,579,191	258,647,780	17,064,111,156,886	357,911,053	**71,153,330,404,429**

Construction in progress

	31 December 2018	31 December 2017
	VND	VND
Da Nang- Quang Ngai Expressway	-	6,476,361,679,413
Ben Luc- Long Thanh Expressway	**13,027,531,063,864**	10,066,215,104,363
Ben Luc- Long Thanh Technical assistance Project	**353,210,897,993**	315,178,991,876
Others	**212,289,178,907**	206,355,381,234
	13,593,031,140,764	17,064,111,156,886

8. Investment in associate

	31 December 2018	31 December 2017
	VND	VND
Opening balance	**21,889,796,131**	21,744,819,794
Profit shared from associate	**1,112,024,725**	1,444,976,337
Dividend received	**(1,400,000,000)**	(1,300,000,000)
	21,601,820,856	21,889,796,131

9. Financial assets and liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

9.1 Financial assets

	Amortised cost	FVTPL	FVOCI	**Total**
	VND	VND	VND	**VND**
31 December 2018				
Short term financial assets				
Trade and other receivables	6,949,452,647,545	-	-	**6,949,452,647,545**
Cash and cash equivalents	503,697,394,734	-	-	**503,697,394,734**
	7,453,150,042,279	-	-	**7,453,150,042,279**
31 December 2017				
Short term financial assets				
Trade and other receivables	4,838,786,795,289	-	-	4,838,786,795,289
Cash and cash equivalents	944,554,477,396	-	-	944,554,477,396
	5,783,341,272,685	-	-	5,783,341,272,685

Trade and other receivables

Accounts receivable are mainly term saving deposit, accrued interest income and other amounts receivable as presented in Note 11 - Trade receivables and other receivables. The carrying value of accounts receivable equivalent to the fair value due to be carried out under the usual terms.

9.2 Financial liabilities

	Other liabilities at FVTPL	Other liabilities (Amortised cost)	**Total**
	VND	VND	**VND**
31 December 2018			
Short term borrowings	-	12,750,959,398	**12,750,959,398**
Long term borrowings	-	66,517,465,696,195	**66,517,465,696,195**
Trade and other payables	-	19,608,193,499,358	**19,608,193,499,358**
	-	86,138,410,154,951	**86,138,410,154,951**
31 December 2017			
Short term borrowings	-	16,839,280,168	**16,839,280,168**
Long term borrowings	-	60,146,465,906,933	**60,146,465,906,933**
Trade and other payables	-	18,772,841,197,742	**18,772,841,197,742**
	-	78,936,146,384,843	**78,936,146,384,843**

Long term borrowings
Details of borrowings are presented in Note 14. Borrowings measured at cost with carrying value of VND66,517,465,696,195 (2017: VND60,146,465,906,933). Management estimated their fair value as at 31 December 2018 approximate the book values.

Trade and other payables
Trade and other payables are all short term and having normal trade terms, and their fair values are approximate to their book values.

10. Current tax assets

Current tax assets represent the deductible value added tax inputs which are waiting for tax refund procedures.

11. Trade and other receivables

	31 December 2018	31 December 2017
	VND	VND
Financial assets		
Trade receivables	**16,832,775,179**	20,810,876,766
Other receivables	**188,499,097,662**	101,975,918,523
VAT has not had invoice yet	**28,374,487,753**	*7,373,132,699*
Accrued interest from bank deposits	**150,258,148,629**	*84,603,630,555*
Others	**9,866,461,280**	*9,999,155,269*
Short-term bank deposit (term of 6 months)	**6,744,120,774,704**	4,716,000,000,000
	6,949,452,647,545	4,838,786,795,289
Non-financial assets		
Prepayments to contractors	**11,941,467,121,640**	11,945,350,558,232
	18,890,919,769,185	16,784,137,353,521

12. Cash and cash equivalents

	31 December 2018	31 December 2017
	VND	VND
Cash on hand	**2,642,677,160**	2,365,810,885
Cash at bank	**427,150,126,811**	771,164,371,511
Cash in transits	**33,124,500,000**	31,024,295,000
Short-term deposits (term less than 3 months)	**40,780,090,763**	140,000,000,000
	503,697,394,734	944,554,477,396

13. Provisions

Provision balance represents accrual for expressway overhaul costs expected to be incurred in future related to Noi Bai - Lao Cai, Long Thanh - Dau Giay and Cau Gie - Ninh Binh expressway, detailed as below:

	31 December 2018	31 December 2017
	VND	VND
Noi Bai- Lao Cai Expressway	**400,753,914,769**	179,200,000,000
Long Thanh – Dau Giay Expressway	**242,000,000,000**	97,200,000,000
Cau Gie- Ninh Binh Expressway	**167,000,000,000**	66,800,000,000
	809,753,914,769	343,200,000,000

14. Long-term borrowings

	31 December 2018 VND	31 December 2017 VND
Borrowing from banks		
Asian Development Bank (OCR fund)	**30,790,916,146,032**	29,672,975,480,669
Japan Bank for International Cooperation (JICA)	**28,156,452,301,746**	25,058,909,802,330
World Bank - International Development Association (IDA)	**2,012,008,455,700**	761,915,124,473
World Bank - International Bank of Reconstruction and Development	**3,192,599,604,275**	2,207,686,135,577
Corporate bonds	**900,000,000,000**	900,000,000,000
	65,051,976,507,753	58,601,486,543,049
Interest and fee added to principals		
Asian Development Bank (OCR fund)	**453,246,972,950**	782,047,521,003
Japan Bank for International Cooperation (JICA)	**803,197,991,978**	634,536,232,133
World Bank - International Development Association (IDA)	**87,109,446,181**	65,200,694,404
World Bank - International Bank of Reconstruction and Development	**121,934,777,333**	63,194,916,344
	1,465,489,188,442	1,544,979,363,884
	66,517,465,696,195	60,146,465,906,933

Detailed unsecured borrowings from Asian Development Bank:

Loan Agreement	*Original currency (USD)*	*Balance (VND)*	*Interest*	*Payment schedule*
Expressway Ben Luc – Long Thanh Project, Loan agreement No. 3391- VIE dated 23/11/2017	21,278,007	494,713,665,540	LIBOR for the common ordinary capital loan quoted by ADB. Commitment fee is 0.15% per annum. Re-lending fee is 0.25% per annum	30 years, including grace period of 7 years
Expressway Noi Bai – Lao Cai Project , Loan agreement No. 2392-VIE dated 11/12/2008	187,268,453	4,354,927,873,120	LIBOR for the OCR loan. Commitment fee is 0.15% per annum. Re-lending fee is 0.25% per annum.	32 years.
Expressway Noi Bai – Lao Cai Project, Loan agreement No. 2391-VIE (SF) dated 26/09/2008 from ADB with the credit limit equivalent to USD896 million	756,528,649	17,593,073,730,402	LIBOR for the OCR loan quoted by ADB on 1/7/2011. Commitment fee is 0.15% per annum, Re-lending fee is 0.25% per annum.	Semi-annually from 1/6/2015 to 1/12/2034
Technical assistance Long Thanh- Dau Giay Project, Loan agreement No. 2374-VIE dated 03/7/2008	9,583,227	222,714,193,388	LIBOR for the OCR loan quoted by ADB. Commitment fee is 0.15% per annum.	Semi-annually in 19 years, 5 years of grace period.
Expressway Long Thanh – Dau Giay Project, Loan agreement No. 2451-VIE dated 12/12/2008 from ADB with the credit limit equivalent to SDR16,616,000	160,311,760	3,725,645,298,682	LIBOR for the common ordinary capital loan quoted by ADB. Commitment fee is 0.15% per annum, Re-lending fee is 0.25% per annum.	Semi-annually from 15/11/2013 to 15/5/2033
Expressway Ben Luc – Long Thanh Project, Loan agreement No. 2730-VIE dated 1/12/2012 from ADB with the credit limit equivalent to USD350,000,000	155,693,366	3,618,313,835,601	LIBOR for the common ordinary capital loan quoted by ADB, Commitment fee is 0.15% per annum	Semi-annually from 1/6/2018 to 1/12/2037
Expressway Ha Noi – Lang Son and Technical assistance Ben Luc – Long Thanh Project., Loan agreement No. 2460-VIE (SF) dated 12/12/2008	15,348,108	356,920,256,424	Interest rate is 3.15% per annum, Re-lending fee is 0.25% per annum.	Semi-annually from 1/4/2017 to 1/10/2033
Expressway Noi Bai – Lao Cai Project, Loan agreement No. 3207-VIE (SF) dated 04/5/2015	18,258,753	424,607,292,875	LIBOR for the common ordinary capital loan quoted by ADB on 1/7/2011, Commitment fee is 0.15% per annum, Re-lending fee is 0.25% per annum.	23 years.
	1,324,270,323	30,790,916,146,032		

Detailed unsecured borrowings from World Bank:

Loan Agreement	*Original currency (USD)*	*Balance (VND)*	*Interest*	*Payment schedule*
International Development Association (IDA) - Loan agreement No. 4941	86,500,793	2,012,008,455,700	Service fee is 0.75% per annum, interest rate is 3.2% per annum, re-lending fee is 0.25% per annum.	35 years, including grace period of 10 years.
International Bank of Reconstruction and Development (IBRD) – Loan agreement No. 80490	137,257,077	3,192,599,604,275	LIBOR. Commitment fee is 0.15% per annum, Re-lending fee is 0.25% per annum.	25 years, including grace period of 10 years.
	223,757,870	5,204,608,059,975		

Detailed loans from JBIC

Loans	*Original currency (JPY)*	*Balance, VND*	*Interest*	*Payment*
Ben Luc- Long Thanh			0.2%/year with original loans I, 0.01% with original loans II;	Every 6 months to 20/11/2051
- Loan agreement no VN11-P3 dated 02/11/2011	12,802,487,779	2,716,303,832,070	commitment fee 0.1%/year.	
- Loan agreement no VN14-P3 dated 31/3/2015	18,450,697,834	3,914,684,559,440	0.1%/ year with original loans I, 0.01% year with original loans II.	Every 6 months to 20/3/2055
Da Nang- Quang Ngai			1.4%/ year with original loans I, 0.01% year with original loans II.	Every 6 months to 20/3/2044
- Loan agreement no VN13-P4 dated 18/3/2014	27,352,213,530	5,797,028,135,470		
- Loan agreement no VN10-P8 dated15/6/2011	15,566,513,323	3,299,166,833,677	1.2%/ year with original loans I, 0.01 year with original loans II; commitment fee 0,1%year.	Every 6 months to 20/6/2041
- Loan agreement no VN15-P2 dated31/3/2016	9,811,990,566	2,079,553,280,558	1.4%/ year with original loans I, 0.01% year with original loans II.	Every 6 months to 20/3/2046
Ho Chi Minh- Long Thanh- Dau Giay			1.2%/year with original loans I, 0.01% year with original loans II;	Every 6 months to 20/6/2041
- Loan agreement no VN10-P7 dated15/6/2011	23,549,546,491	4,996,507,278,995	commitment fee 0.1%/year.	
- Loan agreement no VN13-P5 dated18/3/2014	8,998,254,737	1,909,159,707,549	1.4%/year with original loans I, 0.01% year with original loans II; commitment fee 0.2%/year	Every 6 months to 20/3/2044
- Loan agreement no VNXV1 dated 3/2008	16,232,495,989	3,444,048,673,986	1.2%/ year with original loans I, 0.01%year with original loans II; commitment fee 0.1%/year.	Every 6 months to, item I until 20/3/2048, item II until 20/3/2038
	132,764,200,249	**28,156,452,301,745**		

Corporate bonds issuance detailed:

	Guarantors/ tenders for bond issuance	Phase	Amount VND	Interest rate (%)	Quantity (Bond)	Par Value (VND)	Duration
I	**Cau Gie- Ninh Binh Expressway**		**400,000,000,000**				
1	Hanoi Housing Commercial Joint Stock Bank - Securities Corporation Co Ltd- tender	Phase 1	400,000,000,000	9.00%	400,000	1,000,000	15 years
II	**Noi Bai- Lao Cai Expressway**		**500,000,000,000**				
1	Vietinbank- Chuong Duong Branch	Phase 1	100,000,000,000	16.00%			15 years
2	Agribank Vietnam	Phase 1	400,000,000,000	16.00%			15 years
	Total		**900,000,000,000**				

15. Trade and other payables

	31 December 2018	31 December 2017
	VND	VND
Payable to construction contractors	**11,425,927,535,745**	10,536,497,223,943
Accrual for bond interest payables (Note 14)	**30,666,666,667**	232,018,022,454
Accural for maintenance & opreration expense	**14,774,718,696**	123,602,454,640
Accrual for interest payables	**152,124,849,049**	-
Bond and bond interest payable to the State (*)	**7,926,707,659,020**	7,834,368,400,000
Re-lending fee- BIDV branch 1	**21,115,858,875**	29,320,115,360
Others	**36,876,211,306**	17,034,981,345
	19,608,193,499,358	18,772,841,197,742

(*) The balance is consisted of the bond principal and interest paid on behalf by the State which are recorded as payable under adjustments by the State Audit.

16. Charter capital

	Registered charter capital	Contributed charter capital	Amount to be contributed
	VND	VND	VND
The Government of Vietnam	1,018,793,632,233	1,000,000,000,000	18,793,632,233

17. Other components of equity

	Fund for asset capitalisation	Construction capital	Other funds	**Total**
	VND	VND	VND	**VND**
Balance, 1 January 2018	569,170,900	8,776,544,712,886	7,423,414,720	**8,784,537,298,506**
Additions	-	523,452,254,737	-	**523,452,254,737**
Adjustment (*)	-	(789,204,896,608)	-	**(789,204,896,608)**
Decreases	(560,234,222)	-	-	**(560,234,222)**
Balance, 31 December 2018	8,936,678	8,510,792,071,015	7,423,414,720	**8,518,224,422,413**
Balance, 1 January 2017	1,242,314,156	6,883,010,827,342	7,423,414,720	**6,891,676,556,218**
Additions	-	1,893,533,885,544	-	**1,893,533,885,544**
Decreases	(673,143,256)	-	-	**(673,143,256)**
Balance, 31 December 2017	569,170,900	8,776,544,712,886	7,423,414,720	**8,784,537,298,506**

(*) Adjustment is to revert fund receipts from JICA to loan capital in accordance with the results of the State audit.

18. Non-controlling interests

	31 December 2018	31 December 2017
	VND	VND
Paid in capital	**26,510,920,000**	26,510,920,000
Retained earnings	**3,943,850,307**	5,962,841,245
	30,454,770,307	32,473,761,245

19. Revenue and expenses from operations

	Cau Gie- Ninh Binh	Noi Bai- Lao Cai	Long Thanh- Dau Giay	Da Nang- Quang Ngai	Others	**Total**
	VND	VND	VND	VND	VND	**VND**
Year ended 31 December 2018						
Revenue						
Expressway toll fee	705,441,722,732	1,270,793,668,182	1,073,746,127,385	159,250,309,100	-	**3,209,231,827,399**
Rendering services	-	-	-	-	15,652,676,329	**15,652,676,329**
Construction services	-	-	-	-	992,168,361	**992,168,361**
Other income	-	-	-	-	89,090,909	**89,090,909**
Total income	705,441,722,732	1,270,793,668,182	1,073,746,127,385	159,250,309,100	16,733,935,599	**3,225,965,762,998**
Operating expenses						
Cost of sales	(122,186,782,071)	(229,755,013,769)	(236,126,859,676)	(34,308,585,760)	(14,225,100,830)	**(636,602,342,106)**
- Operation, maintenance	*(41,481,686,568)*	*(75,707,888,372)*	*(43,310,762,792)*	*(13,844,783,624)*	-	**(174,345,121,356)**
- Construction expense	-	-	-	-	*(10,392,632,638)*	**(10,392,632,638)**
- Materials	*(1,799,168,431)*	*(1,254,398,180)*	*(2,246,395,143)*	*(339,479,132)*	-	**(5,639,440,886)**
- Depreciation expense	*(7,446,101,801)*	*(18,753,414,995)*	*(17,667,767,930)*	*(2,219,454,587)*	-	**(46,086,739,313)**
- Expressway overhaul	*(71,459,825,271)*	*(134,039,312,222)*	*(172,901,933,811)*	*(17,904,868,417)*	*(3,832,468,192)*	**(400,138,407,913)**
Administrative expense	-	-	-	-	(84,160,730,716)	**(84,160,730,716)**
Total operating expense	(122,186,782,071)	(229,755,013,769)	(236,126,859,676)	(34,308,585,760)	(98,385,831,546)	**(720,763,072,822)**
Profit/loss from operating	583,254,940,661	1,041,038,654,413	837,619,267,709	124,941,723,340	(81,651,895,947)	**2,505,202,690,176**

	Cau Gie- Ninh Binh VND	Noi Bai- Lao Cai VND	Long Thanh- Dau Giay VND	Da Nang- Quang Ngai VND	Others VND	**Total VND**
Year ended 31 December 2017						
Revenue						
Expressway toll fee	619,013,240,906	1,144,316,114,630	941,520,989,869	35,911,409,089	-	**2,740,761,754,494**
Rendering services	-	-	-	-	19,820,722,318	**19,820,722,318**
Construction services	-	-	-	-	8,192,407,083	**8,192,407,083**
Other income	-	-	-	-	1,487,080,247	**1,487,080,247**
Total income	619,013,240,906	1,144,316,114,630	941,520,989,869	35,911,409,089	29,500,209,648	**2,770,261,964,142**
Operating expenses						
Cost of sales	(73,406,490,954)	(227,895,979,465)	(351,325,532,932)	(13,778,716,173)	(470,533,708,977)	**(1,136,940,428,501)**
- Operation, maintenance	*(40,685,116,945)*	*(122,941,658,903)*	*(57,903,531,326)*	*(6,922,239,253)*	*4,640,304,999*	**(223,812,241,428)**
- Construction expense	-	-	-	-	*(6,285,080,147)*	**(6,285,080,147)**
- Materials	*(1,770,711,965)*	*(1,181,798,894)*	*(1,545,844,742)*	*(33,309,195)*	-	**(4,531,664,796)**
- Depreciation expense	*(30,950,662,044)*	*(103,772,521,668)*	*(291,876,156,864)*	*(6,823,167,725)*	-	**(433,422,508,301)**
- Expressway overhaul	-	-	-	-	*(468,888,933,829)*	**(468,888,933,829)**
Administrative expense	-	-	-	-	*(62,274,424,119)*	**(62,274,424,119)**
Total operating expense	(73,406,490,954)	(227,895,979,465)	(351,325,532,932)	(13,778,716,173)	(532,808,133,096)	**(1,199,214,852,620)**
Profit/loss from operating	545,606,749,952	916,420,135,165	590,195,456,937	22,132,692,916	(503,307,923,448)	**1,571,047,111,522**

20. Financial income

	Year ended 31 December 2018 VND	Year ended 31 December 2017 VND
Deposit interest	**366,123,967,491**	204,551,093,036
Gain of foreign exchange gains	**19,238,453,204**	4,297,865,408
	385,362,420,695	208,848,958,444

21. Financial expenses

	Year ended 31 December 2018 VND	Year ended 31 December 2017 VND
Bonds interest	**116,000,000,000**	116,000,000,000
Loan interest, commitment fee	**619,602,511,484**	359,741,322,756
Realised foreign exchange loss	**528,246,932,388**	-
Unrealised foreign exchange loss	**1,623,715,702,447**	367,788,194,771
Others	**270,785,968**	720,000
	2,887,835,932,287	843,530,237,527

22. Income tax

22.1 Current income tax

The Parent company is entitled to corporate income tax exemption for the first 2 years 2006 and 2007 and to a reduction of income tax equivalent to 50% of the applicable tax rate in the following 3 years. Thereafter, the Parent Company is liable to corporate income tax at the rate of 20% of its taxable income for the period of 10 years since the first year of having taxable income.

The subsidiaries are liable to corporate income tax at the rate of 20%.

A reconciliation between accounting loss and tax loss is presented as follows:

	Year ended 31 December 2018 VND	Year ended 31 December 2017 VND
Accounting profit	**3,841,203,309**	937,810,808,776
Adjustment:		
Increase of:	**4,318,666,499**	750,515,644
Loss from Parent company	*4,179,725,363*	-
Others	*138,941,136*	*750,515,644*
Consolidation adjustments	**(1,112,024,725)**	(1,444,976,337)
Taxable income before loss utilisation	**7,047,845,083**	937,116,348,083
Tax loss carried forward from previous years	**-**	(929,569,637,402)
Taxable income of subsidiaries	**7,047,845,083**	7,546,710,681
CIT expense for the current year	**1,409,569,017**	1,509,342,136
Adjustments	**-**	25,532,954
Total CIT expense	**1,409,569,017**	1,534,875,090

The determination of the first taxable profit year and calculation of CIT is subject to the review and approval of the local tax authorities.

22.2 Deferred tax

No deferred tax asset is recorded in the accompanying financial statements for the above tax losses as it is not probable that the Group will have sufficient future taxable income to utilise the tax losses before their expiry.

23. Non-cash transactions

Non-cash transaction incurred during the year which impacted to the statement of cash flows are presented as follows:

Transactions	Year ended 31 December 2018 VND	Year ended 31 December 2017 VND
Counterpart fund for site clearance activities capitalised as cost of property, plant and equipment	**523,452,254,737**	1,893,533,885,544

24. Related parties balance and transactions

During the year, the following significant transactions with related parties were recorded:

Related parties	Relation	Nature of transaction	Year ended 31 December 2018 VND	Year ended 31 December 2017 VND
VEC Services	Associate	Operation and maintenance costs of Noi Bai – Lao Cai toll station	**(29,810,666,454)**	(57,946,848,409)
		Dividend received	**1,400,000,000**	1,300,000,000

As at 31 December 2018, the following balances were outstanding with related parties:

Related parties	Relation	Nature	Receivables VND	Payables VND
VEC Services	Associate	Trade accounts payable	-	-

As at 31 December 2017, the following balances were outstanding with related parties:

Related parties	Relation	Nature	Receivables VND	Payables VND
VEC Services	Associate	Trade accounts payable	-	16,147,904,368

25. Management's remuneration

During the year, members of the Board of Directors received total remuneration as follows:

	Year ended 31 December 2018 VND	Year ended 31 December 2017 VND
Remuneration	**3,394,799,999**	4,198,206,523

26. Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 9. The main types of risks are market risk, credit risk and liquidity risk.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

26.1 Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk which result from both its investing and operating activities.

Foreign currency sensitivity

Foreign currency risk arises from payable to contractors and borrowings denominated in foreign currencies. The Group is exposed to risk of changes in foreign currency exchange rates related to operating activities denominated in currencies other than Vietnam dong.

Foreign currency denominated financial assets and liabilities, translated into VND at the closing rate, are as follows.

		31 December 2018		31 December 2017
		VND Equivalent		VND Equivalent
	JPY	**USD**	JPY	USD
Financial assets	-	**319,623,828,453**	-	681,885,000,797
Financial liabilities	-	-	-	-
Short-term exposure	-	**319,623,828,453**	-	681,885,000,797
Financial assets			-	-
Financial liabilities	**(27,989,348,696,416)**	**(35,968,435,068,126)**	(25,721,610,737,579)	(33,567,280,523,864)
Long-term exposure	**(27,989,348,696,416)**	**(35,968,435,068,126)**	(25,721,610,737,579)	(33,567,280,523,864)

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the US Dollar/ VND exchange rate.

It assumes a +/-2% change of the VND/USD exchange rate for the year ended 31 December 2018 (2017: 1%) and a +/-4% of the JPY/USD exchange rate (2017: 3%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each balance sheet date.

If the USD had weakened against the VND by 2% (2017: 1%) and weakened against JPY by 4% respectively (2017:3%) respectively then this would have had the following impacts:

	Year ended 31 December 2018 VND	Year ended 31 December 2017 VND
Net result for the year	**(1,821,686,492,744)**	(1,096,510,143,806)
Equity	**(1,821,686,492,744)**	(1,096,510,143,806)

If the VND had strengthened against the US Dollar by 2% (2017: 1%) and JPY by 4% (2017: 3%) then this would have had adverse impact, calculated for each case with a value equivalent to the value above, assuming other factors unchanged.

Interest rate sensitivity

Interest rate risk is the risk that fair value or future cash flows of a financial instrument changes due to changes in market interest rate. At 31 December 2018, the Group had loan payable was VND32,890,870,202,311 with fixed rates and other loans of VND33,626,595,493,883 with floating rates (31 December 2017: VND26,186,879,021,757 with fixed rates and VND31,514,607,521,292 with floating rates). The impact of interest rate risk related to the fair value of financial instruments arises primarily from fixed interest rate loans, however, the Group did not revaluate any financial instrument according to fair value so the changes in interest rate did not affect fair value of financial instrument on financial statement of the Group.

The Group did not present the analysis of impact of foreign currency fluctuation to the operating results and owner's equity as the impact was insignificant.

26.2 Credit risk

The Group's exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below:

	31 December 2018 VND	31 December 2017 VND
Classes of financial assets - carrying amounts		
Cash and cash equivalents	**503,697,394,734**	944,554,477,396
Trade and other receivables	**6,949,452,647,545**	4,838,786,795,289
	7,453,150,042,279	5,783,341,272,685

Given the fact that most receivables were attributable to prepayments to contracts and land clearance units, the Group's Management believed that there was no credit risk for operating activities. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks.

26.3 Liquidity risk

The Group manages the payment needs for each activity:

- For investing activities, the payment for construction contractors is made in accordance the payment schedule by requesting for counterpart funds from the State budget and loans from donors. Therefore, the Board of Directors has not established procedures to control because liquidity risk is determined as low.
- For operating activities, the Group manages payment for operating expenses using receipts from its operation. Payment by cash is monitored by several different time intervals.

As at 31 December 2018, the Group's liabilities have contractual maturities which are summarised below:

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years
	VND	VND	VND	VND
31 December 2018				
Short-term borrowings	-	**12,750,959,398**	-	-
Long-term borrowings	-	-	-	**66,517,465,696,195**
Trade and other Payables	**19,608,193,499,358**	-	-	-
	19,608,193,499,358	**12,750,959,398**	-	**66,517,465,696,195**
31 December 2017				
Short-term borrowings	-	16,839,280,168	-	-
Long-term borrowings	-	-	-	60,146,465,906,933
Trade and other Payables	18,772,841,197,742	-	-	-
	18,772,841,197,742	16,839,280,168	-	60,146,465,906,933

27. Capital management policies and procedure

The Group's capital management objectives are to ensure the Group effectively use loans and State budget for construction of expressway. The Group also takes responsibility in paying back the loans to the donors as schedule.

Capital for the reporting periods under review is summarized as follows:

	31 December 2018	31 December 2017
	VND	VND
Total equity	**9,557,162,943,935**	9,827,119,518,870
Cash and cash equivalents	**(503,697,394,734)**	(944,554,477,396)
Capital	**9,053,465,549,201**	8,882,565,041,474
Total equity	**9,557,162,943,935**	9,827,119,518,870
Borrowings	**66,517,465,696,195**	60,146,465,906,933
Overall financing	**76,074,628,640,130**	69,973,585,425,803
Capital overall financing	**0,12**	0,13

28. The events occurring after the fiscal year-end date

No significant events have occurred since the reporting date which would impact on the consolidated financial position of the Group as disclosed in the consolidated financial position as at 31 December 2018 or on the result of its operation and its cash flows for the year then ended.

29. Authorisation of consolidated financial statements

The consolidated financial statements were authorised for issuance by the Board of Directors on 28 June 2019.

On behalf of the Board of Directors

Tran Van Tam
General Director

Nguyen Thi Minh Thoa
Deputy Finance and Accounting Department