

Audited Project Financial Statements

Project Number: 39538-035
Loan Number: 3240/3242-VIE
Period covered: 01/01/2017-31/12/2017

VIE: SOE Reform and Corporate Governance Facility, PFR 2

Prepared by Construction Corporation No.1 Joint Stock Company for the Asian
Development Bank

For the Asian Development Bank
Date received by ADB: 30/06/2018

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Ministry of Culture, Sports and Tourism

Construction Corporation No. 1 – Joint Stock Company

**State-owned Enterprises Reform and Corporate
Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)**

**Financial Statements and Statement of Compliance
for the period from 01 January 2017 to 31 December 2017**

**State-owned Enterprises ("SOE") Reform and Corporate Governance Facilitation
Program - Project 2 ("the Project")**

Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)

Project information

Project Documents

Loan Agreement No. 3240-VIE (Ordinary Operations) dated 10 November 2015 between the Socialist Republic of Vietnam and Asian Development Bank ("ADB")

Loan Agreement No. 3242-VIE (SF) (Special Operations) dated 10 November 2015 between the Socialist Republic of Vietnam and Asian Development Bank ("ADB")

Subsidiary Loan Agreement dated 28 December 2015 between the Ministry of Finance ("MOF") of the Socialist Republic of Vietnam and Construction Corporation No. 1 – Joint Stock Company ("CC1")

Project Agreement dated 10 November 2015 between ADB and CC1

Duration

From 09 February 2016 to 01 December 2039

Lending Agency

Asian Development Bank

Executing Agency

Ministry of Finance

Implementing Agency

Construction Corporation No. 1 – Joint Stock Company was formerly a state-owned enterprise. The Corporation was converted into a one-member limited liability company according to the Decision No. 617/QĐ-BXD dated 10 June 2010 of the Minister of Construction and has been operating in line with the Business Registration Certificate No. 0301429113 dated 29 July 2010 granted by Ho Chi Minh City Department of Planning and Investment. On 01 November 2016, the Corporation equitized into a joint stock company named Construction Corporation No. 1 – Joint Stock Company in accordance with the Business Registration Certificate No. 0301429113 granted by Ho Chi Minh City Department of Planning and Investment.

Project Management

Mr. Nguyen Tri Manh - Project Manager

Registered Office

Floor 9, Sailing Tower, 111A Pasteur Street,
Ben Nghe Ward, District 1, Ho Chi Minh City,
Viet Nam

Auditors

A&C Auditing and Consulting Co., Ltd.

Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)

Contents		Page
Part 1	Statement of the Project Management	3 - 5
Part 2	Financial statements for the period from 01 January 2017 to 31 December 2017	6 - 19
Part 3	Statement of Compliance for the period from 01 January 2017 to 31 December 2017	20 - 28

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**Construction Corporation No. 1 – Joint Stock
Company**

**State-owned Enterprises Reform and Corporate
Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE
(SF)**

Part 1

Statement of the Project Management

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Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Statement of the Project Management

The Project Management of the State-owned Enterprises Reform and Corporate Governance Facilitation Program – Project 2 presents this statement, the accompanying financial statements and the statement of compliance of the Project prepared in association with Loan Agreements No. 3240VIE and No. 3242-VIE (SF) for the period from 01 January 2017 to 31 December 2017.

The Project Management is responsible for the preparation and fair presentation of the Project's financial statements, which comprise the balance sheet as at 31 December 2017, the statement of project implementing expenditures, the statement of withdrawals and the statement of cash flows for the period from 01 January 2017 to 31 December 2017 and the notes to the financial statements in accordance with the basis of accounting and the accounting policies set out in Note No. 2 and Note No. 3 to the financial statements. In preparation of these financial statements, the Project Management is required to:

- (a) Select suitable accounting policies and then apply them consistently;
- (b) Make judgements and estimates that are reasonable and prudent;
- (c) State whether applicable accounting principles have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- (d) Design and maintain an effective internal control over compliance with requirements that could have a direct and material effect on the financial statements, as well as over financial reporting for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds; and take responsibility for its assertion as to the effectiveness of such internal control.

The Project Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Project and that the financial statements comply with the basis of accounting and the accounting policies set out in Note No. 2 and Note No. 3 to the financial statements.

The Project Management is also responsible for the preparation of the statement of compliance that is free from material misstatement in accordance with those requirements set out by Asian Development Bank in association with the Loan Agreements No. 3240-VIE and No. 3242-VIE (SF), which indicates that the proceeds of the loan has been used as intended for the Project and that the Project has complied with covenants contained in the loan agreement as well as laws and regulations applicable to the Project.

The Project Management confirms that they have complied with the above requirements in preparing these financial statements and the statement of compliance.

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Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Statement of the Project Management (Cont.)

The Project Management has, on the date of this statement, authorized these financial statements and the statement of compliance for issuance.

On behalf of the Project Management,

Nguyen Tri Manh
Project Manager

Ho Chi Minh City, 28 June 2018



Construction Corporation No. 1 – Joint Stock Company
State-owned Enterprises Reform and Corporate Governance
Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)

Part 2

Financial Statements
For the period from 01 January 2017 to 31 December 2017





BAKER TILLY
A&C

CÔNG TY TNHH KIỂM TOÁN VÀ TƯ VẤN A&C
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INDEPENDENT AUDITOR'S REPORT

To: Construction Corporation No. 1 – Joint Stock Company
The Project Management of the State-owned Enterprises Reform and Corporate
Governance Facilitation Program – Project 2

Opinion

We have audited the accompanying financial statements of the State-owned Enterprises Reform and Corporate Governance Facilitation Program – Project 2 (“the Project”) funded by the Asian Development Bank (“ADB” or “the Lender”) and implemented by Construction Corporation No. 1 – Joint Stock Company under the Loan Agreements No. 3240-VIE and No. 3242-VIE (SF), which comprises the balance sheet, the statement of project implementing expenditures, the statement of withdrawals and the statement of cash flows for the period from 01 January 2017 to 31 December 2017 and notes, comprising a summary of significant accounting policies and other explanatory information (“the financial statements”), as set out on pages 09 to 19.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies as described in Note No. 2 and Note No. 3 to the financial statements.

Basis for Opinion

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 Project in accordance 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 evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

We draw attention to Notes No. 2 and No. 3 to the financial statements, which describe the basis of accounting and the accounting policies adopted by the Project. The financial statements are prepared for the information of and used by the Project Management and the Lender. As a result, the financial statements may not be suitable for another purpose. Our audit report is intended solely for the Project Management and the Lender and should not be used by or distributed to other parties other than the Project Management and the Lender. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements

The Project Management is responsible for the preparation of the financial statements in accordance with the basis of accounting and the accounting policies described in Note No. 3 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Project Management is responsible for assessing the Project’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 cease operations or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Project'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 Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Project to cease to continue as a going concern.

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.



Nguyen Chi Dung - Partner
Audit Practice Registration Certificate
No. 0100-2018-008-1

Pham My Tuyen - Auditor
Audit Practice Registration Certificate
No. 3596-2016-008-1

Ho Chi Minh City, 28 June 2018

Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Balance sheet as at 31 December 2017

	Note	As of 31 December 2017		As of 31 December 2016	
		3240-VIE	3242-VIE (SF)	3240-VIE	3242-VIE (SF)
		VND	VND	VND	VND
PROJECT IMPLEMENTING EXPENDITURES					
Restructured debts		1.288.251.160.905	-	1.305.866.995.674	-
Interest expenses and other expenses	4, 5	43.412.317.147	-	13.975.374.878	-
Total project implementing expenditures		1.331.663.478.052	-	1.319.842.370.552	-
RESOURCES					
Liabilities					
		2.877.853.190	-	11.853.819.498	-
Accrued interest and other charges	4	2.600.070.780	-	11.853.819.498	-
Relending fee payable to Ministry of Finance	5	277.782.410	-	-	-
Funds					
		1.328.785.624.862	-	1.307.988.551.054	-
ADB funds	6	1.318.234.135.969	-	1.280.021.383.671	-
Exchange differences	6	10.551.488.893	-	27.967.167.383	-
Total resources		1.331.663.478.052	-	1.319.842.370.552	-

Ho Chi Minh City, 07 June 2018

Prepared by

Approved by

Tran Thi Ngoc Thuy
Project Accountant

Nguyen Tri Manh
Project Manager

Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Statement of project implementing expenditures for the period from 01 January 2017 to 31 December 2017

Project Implementing Expenditures	Note	Accumulated from 09 February 2016 to 31 December 2017					
		ADB funds		Total	Counterpart funds	Total	
		3240-VIE	3242-VIE (SF)			3240-VIE	3242-VIE (SF)
		VND	VND	VND	VND	VND	VND
Restructured debts at the following Banks		1.305.866.995.674	-	1.305.866.995.674	-	-	1.305.866.995.674
Saigon - Hanoi Commercial Joint Stock Bank		752.152.410.917	-	752.152.410.917	-	-	752.152.410.917
Vietnam Joint Stock Commercial Bank For Industry and Trade – Hanoi Branch		350.157.145.089	-	350.157.145.089	-	-	350.157.145.089
Vietnam Joint Stock Commercial Bank For Industry and Trade – Thu Thiem Branch		143.684.900.607	-	143.684.900.607	-	-	143.684.900.607
Vietnam Thuong Tin Commercial Joint Stock Bank – Ho Chi Minh Branch		59.872.539.061	-	59.872.539.061	-	-	59.872.539.061
Interest expenses and fees		48.601.207.244	-	48.601.207.244	-	-	48.601.207.244
Interest expenses and commitment charges		43.278.429.268	-	43.278.429.268	-	-	43.278.429.268
Relending fee to Ministry of Finance		5.322.777.976	-	5.322.777.976	-	-	5.322.777.976
Total		1.354.468.202.918	-	1.354.468.202.918	-	-	1.354.468.202.918

The notes from page 15 to page 19 are an integral part of these financial statements



Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Statement of project implementing expenditures for the period from 01 January 2017 to 31 December 2017 (Cont.)

		From 01 January 2017 to 31 December 2017					
Project Implementing Expenditures	Note	ADB funds			Counterpart funds	Total	
		3240-VIE	3242-VIE (SF)	Total		3240-VIE	3242-VIE (SF)
		VND	VND	VND	VND	VND	VND
Restructured debts at the following							
Banks			-	-	-	-	-
Saigon - Hanoi Commercial Joint Stock Bank			-	-	-	-	-
Vietnam Joint Stock Commercial Bank For Industry and Trade – Hanoi Branch			-	-	-	-	-
Vietnam Joint Stock Commercial Bank For Industry and Trade – Thu Thiem Branch			-	-	-	-	-
Vietnam Thuong Tin Commercial Joint Stock Bank – Ho Chi Minh Branch			-	-	-	-	-
Interest expenses and fees		32.590.263.526	-	32.590.263.526	-	-	32.590.263.526
Interest expenses and commitment charge	4	29.303.054.390	-	29.303.054.390	-	-	29.303.054.390
Relending fee to Ministry of Finance	5	3.287.209.136	-	3.287.209.136	-	-	3.287.209.136
Total		32.590.263.526	-	32.590.263.526	-	-	32.590.263.526

The notes from page 15 to page 19 are an integral part of these financial statements



Construction Corporation No. 1 – Joint Stock Company

SOE Reform and Corporate Governance Facilitation Program - Project 2

Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)

Statement of project implementing expenditures for the period from 01 January 2017 to 31 December 2017 (Cont.)

Project Implementing Expenditures	Note	From 09 February 2016 to 31 December 2016					
		ADB funds			Counterpart funds	Total	
		3240-VIE	3242-VIE (SF)	Total		3240-VIE	3242-VIE (SF)
		VND	VND	VND	VND	VND	VND
Restructured debts at the following							
Banks		1.305.866.995.674	-	1.305.866.995.674	-	-	1.305.866.995.674
Saigon - Hanoi Commercial Joint Stock Bank		752.152.410.917	-	752.152.410.917	-	-	752.152.410.917
Vietnam Joint Stock Commercial Bank For Industry and Trade – Hanoi Branch		350.157.145.089	-	350.157.145.089	-	-	350.157.145.089
Vietnam Joint Stock Commercial Bank For Industry and Trade – Thu Thiem Branch		143.684.900.607	-	143.684.900.607	-	-	143.684.900.607
Vietnam Thuong Tin Commercial Joint Stock Bank – Ho Chi Minh Branch		59.872.539.061	-	59.872.539.061	-	-	59.872.539.061
Interest expenses and fees		16.010.943.718	-	16.010.943.718	-	-	16.010.943.718
Interest expenses and commitment charges		13.975.374.878	-	13.975.374.878	-	-	13.975.374.878
Relending fee to Ministry of Finance		2.035.568.840	-	2.035.568.840	-	-	2.035.568.840
Total		1.321.877.939.392	-	1.321.877.939.392	-	-	1.321.877.939.392

Ho Chi Minh City, 07 June 2018

Prepared by

Approved by

Tran Thi Ngoc Thuy
Project Accountant

Nguyen Tri Manh
Project Manager

The notes from page 15 to page 19 are an integral part of these financial statements

Construction Corporation No. 1 – Joint Stock Company
 SOE Reform and Corporate Governance Facilitation Program - Project 2
 Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
 Statement of withdrawals for the period from 01 January 2017 to 31 December 2017

Withdrawal application No.	Date	Original currency	Accumulated from 09 February 2016 to 31 December 2017		From 01 January 2017 to 31 December 2017		From 09 February 2016 to 31 December 2016	
			3240-VIE	3242-VIE (SF)	3240-VIE	3242-VIE (SF)	3240-VIE	3242-VIE (SF)
			USD	USD	USD	USD	USD	USD
I. Loan principal								
A0001	15/3/2016	USD	33.050.022,45	-	-	-	33.050.022,45	-
A0002	15/3/2016	USD	15.386.112,36	-	-	-	15.386.112,36	-
A0003	15/3/2016	USD	6.313.599,64	-	-	-	6.313.599,64	-
A0004	15/3/2016	USD	2.630.834,83	-	-	-	2.630.834,83	-
			<u>57.380.569,28</u>	-	-	-	<u>57.380.569,28</u>	-
II. Interest expenses and other charges added to loan principal								
			1.805.463,63	-	1.712.241,23	-	93.222,40	-
			<u>59.186.032,91</u>	-	<u>1.712.241,23</u>	-	<u>57.473.791,68</u>	-

Ho Chi Minh City, 07 June 2018

Prepared by

Tran Thi Ngoc Thuy
 Project Accountant

Approved by

Nguyen Tri Manh
 Project Manager

The notes from page 15 to page 19 are an integral part of these financial statements

Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Statement of cash flows for the period from 01 January 2017 to 31 December 2017

	Note	From 01 January 2017 to 31 December 2017		From 09 February 2016 to 31 December 2016	
		3240-VIE	3242-VIE (SF)	3240-VIE	3242-VIE (SF)
		VND	VND	VND	VND
CASH RECEIPTS					
Funds from ADB		-	-	1.277.981.025.002	-
Total cash receipts		-	-	1.277.981.025.002	-
CASH DISBURSEMENTS					
Restructured debts		-	-	1.277.981.025.002	-
Total cash disbursements		-	-	1.277.981.025.002	-
Net cash flows during the period		-	-	-	-
Cash and cash equivalents at the beginning of the period		-	-	-	-
Cash and cash equivalents at the end of the period		-	-	-	-

Ho Chi Minh City, 07 June 2018

Prepared by

Tran Thi Ngoc Thuy
Project Accountant

Approved by

Nguyen Tri Manh
Project Manager

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Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Notes to the financial statements for the period from 01 January 2017 to 31 December 2017

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

1. Background

SOE Reform and Corporate Governance Facilitation Programme – Project 2 (“the Project”) is set up in accordance with:

- (i) Loan Agreement No. 3240-VIE (Ordinary Operation) and Loan Agreement No. 3242-VIE (SF) (Special Operations) signed on 10 November 2015 between the Socialist Republic of Vietnam (“the Borrower”) and Asian Development Bank (“ADB” or “the Lender”), in which ADB agrees to lend to the Borrower an amount of USD310,000,000 and an amount in various currencies equivalent to 6,790,000 Special Drawing Rights (“SDR”), respectively;
- (ii) Subsidiary Loan Agreement dated 28 December 2015 between the Ministry of Finance (“MOF”) of the Socialist Republic of Vietnam and Construction Corporation No. 1 – Joint Stock Company (“CC1” or “Implementing Agency”), in which the MOF relends the proceeds of the loans under Loan Agreement No. 3240-VIE and No. 3242-VIE (SF) equivalent to USD105,000,000 and SDR 2,716,000 to CC1, respectively; and
- (iii) Project Agreement dated 10 November 2015 between ADB and CC1, which sets forth the rights and obligations of both parties in relation to the Loan Agreements;

The objective of the Project is transformation of several general corporations and their subsidiaries into focused, efficient businesses with strong financial resources and improved corporate governance.

The Project shall comprise of the following output:

- Output 1 - Debt restructuring combining financial and corporate restructuring: Restructuring a part of existing debts of the Implementing Agency into debt reduction and/or lengthen the mature time, and implementing corporate restructuring.
- Output 2 - Operational restructuring and enhancing corporate governance: carrying out comprehensive operational or management restructuring for the Implementing Agency to enhance their efficiency and corporate governance.

Output 1 shall be financed by Loan Agreement No. 3240-VIE (Ordinary Operations) and Output 2 shall be financed by Loan Agreement No. 3242-VIE (SF) (Special Operations).



Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Notes to the financial statements for the period from 01 January 2017 to 31 December 2017 (Cont.)

2. Basis of accounting

The accompanying financial statements are expressed in Vietnam Dong (“VND”) except for the Statement of Withdrawals, which are expressed in original currency. These financial statements have been prepared in accordance with those requirements set out by Asian Development Bank in association with Vietnamese Accounting Standards and Circular No. 195/2012/TT-BTC dated 12 November 2012, and accounting policies set out in Note No. 3 in Notes to the financial statements.

The first accounting period of the Project is from 09 February 2016 (effective date of the Loan Agreement No. 3240-VIE (Ordinary Operations) and Loan Agreement No. 3242-VIE (SF) (Special Operations)) to 31 December 2016. Succeeding accounting periods will be from 01 January to 31 December annually.

3. Significant accounting policies

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

(a) Foreign currency transactions

Transactions in currencies other than VND during the period have been translated into VND at exchange rate ruling at the transaction dates as in the notice of exchange rate for foreign currency recording of the Ministry of Finance.

Monetary balance sheet items denominated in currencies other than VND are translated into VND at the rates of exchange prevailing at the balance sheet date as in the notice of exchange rate for foreign currency recording of the Ministry of Finance.

All foreign exchange differences are recorded in the “Foreign exchange differences” item in the balance sheet.

(b) Project implementing expenditures and funds

Project implementing expenditures and funds are recognized when incurred.

(c) Advance Account

Advance Account is a deposit account opened at Bank for Investment and Development of Vietnam for implementing of the Project’s activities. Payments out of the Advance Account are for expenditures in accordance with the relevant covenants of Loan Agreement No. 3242-VIE (SF) dated 10 November 2015 and relevant regulations established by the ADB. Advance Account was not in use during the period.

Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Notes to the financial statements for the period from 01 January 2017 to 31 December 2017 (Cont.)

4. Borrowing costs to ADB

(a) Loan Agreement No. 3240-VIE

According to Loan Agreement No. 3240-VIE, borrowing costs to ADB comprise:

- Interest expenses on the principal amount of the loan withdrawn and outstanding from time to time at a rate equal to the sum of LIBOR plus (+) a margin of 0.6% less (-) a credit of 0.1% plus (+) a maturity premiums of 0.2%; and
- Commitment charges of 0.15% on the full amount of loan (less amounts withdrawn time to time).

Interest expenses and other charges incurred up to 1 December 2016 are added to loan principal. Those incurred from 1 December 2016 until 31 December 2017 are recorded as accrued interest and other payables.

Borrowing costs incurred during the period are detailed as follows:

	Beginning balance VND	Increases during the period VND	Addition into principal VND	Exchange differences VND	Ending balance VND
Interest expenses and other charges added to principal					
• Interest expenses	805.654.593	25.399.529.148	10.770.096.510	(113.388.592)	36.861.891.659
• Commitment charges	1.315.900.787	1.303.454.462	1.083.722.988	(30.505.939)	3.672.572.298
	<u>2.121.555.380</u>	<u>26.702.983.610</u>	<u>11.853.819.498</u>	<u>(143.894.531)</u>	<u>40.534.463.957</u>
Accrued interest and other charges					
• Interest expenses	10.770.096.510	2.475.785.314	(10.770.096.510)	-	2.475.785.314
• Commitment charges	1.083.722.988	124.285.466	(1.083.722.988)	-	124.285.466
	<u>11.853.819.498</u>	<u>2.600.070.780</u>	<u>(11.853.819.498)</u>	<u>-</u>	<u>2.600.070.780</u>
Total interest expenses and other charges	<u>13.975.374.878</u>	<u>29.303.054.390</u>	<u>-</u>	<u>(143.894.531)</u>	<u>43.134.534.737</u>

(b) Loan Agreement No. 3242-VIE (SF)

According to the Loan Agreement No. 3242-VIE (SF), the interest charge on the amount of loan withdrawn from the loan account and outstanding from time to time is 2%.

During the period, the loan has not been withdrawn so there is no loan interest arising.

Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Notes to the financial statements for the period from 01 January 2017 to 31 December 2017 (Cont.)

5. Relending fee to Ministry of Finance

According to the Subsidiary Loan Agreement signed between the MOF and CC1, the loan is also subject to relending fee which is equal to 0.25% of the loan balance.

(a) Loan Agreement No. 3240-VIE

Relending fee for the Loan Agreement No. 3240-VIE incurred during the period has been paid to MOF as follows:

	VND
Beginning balance	-
Increase during the period	3.287.209.136
Amount already paid during the period	(3.009.426.726)
Ending balance	<u>277.782.410</u>

(b) Loan Agreement No. 3242-VIE (SF)

During the period, the loan has not been withdrawn in accordance with the Loan Agreement No. 3242-VIE (SF) so none of relending fee is incurred.

6. ADB funds

	Accumulated from 09 February 2016 to 31 December 2017			
	3240-VIE		3242-VIE (SF)	
	VND	USD	VND	USD
ADB funds comprise:				
• Loan principal	1.277.981.025.002	57.380.569,28	-	-
• Interest and commitment charges added to loan principal	40.253.110.967	1.805.463,63	-	-
	1.318.234.135.969	59.186.032,91	-	-
Exchange differences	10.551.488.893		-	-
	<u>1.328.785.624.862</u>	<u>59.186.032,91</u>	-	-

Construction Corporation No. 1 – Joint Stock Company
SOE Reform and Corporate Governance Facilitation Program - Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Notes to the financial statements for the period from 01 January 2017 to 31 December 2017 (Cont.)

7. Project's disbursement progress

As at 31 December 2017, the disbursement rates for Loan Agreement No. 3240-VIE and Loan Agreement No. 3242-VIE (SF) are as follows:

	Foreign currency	Actual expenditures	Budget	Disbursement rate (%)
Loan Agreement No. 3240-VIE	USD	59.186.032,91	105.000.000,00	56,37%
Loan Agreement No. 3242-VIE (SF)	SDR	-	2.716.000,00	0,00%

Ho Chi Minh City, 07 June 2018

Prepared by

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