

**VIETVALUES** Audit and Consulting Co., Ltd.

Member of Reanda International

Head office: 156 – 158 Pho Quang, ward 09, Phu Nhuan district, HCMC.

Registered Office: 33 Phan Van Khoe street, ward 13, district 5, HCMC.

Tel: +84 (8) 3 999 00 91-97 – Fax: +84 (8) 3 999 00 90

Email: [info@vietvalues.com](mailto:info@vietvalues.com)

Website: [www.vietvalues.com](http://www.vietvalues.com)



*Bring Knowledge to Clients*

# **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

*FOR THE FISCAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2016*

## **LICOGI 14 JOINT STOCK COMPANY**



**VIETVALUES** Audit and Consulting Co., Ltd.  
A member firm of Reanda International

## CONTENTS

Contents	Page
1. Report of the Board of Directors	02 – 04
2. Independent Auditor's report	05 – 06
3. Balance Sheet as at 31 <sup>st</sup> December 2016	07 – 08
4. Income statement for the fiscal year ended 31 <sup>st</sup> December 2016	09
5. Cash Flows Statement for the fiscal year ended 31 <sup>st</sup> December 2016	10
6. Notes to the Financial Statements for the fiscal year ended 31 <sup>st</sup> December 2016	11 – 33
7. Appendix No. 01: The movement of the Owners' equity	34

---



## REPORT OF THE BOARD OF DIRECTORS

### 1. General information of the Company

The precursor of Licogi 14 Joint Stock Company is Installation and Mechanized Construction Company No. 14 was established by the Decision No. 055A/BXD-TCLĐ dated 20<sup>th</sup> February 1993 and the Decision No. 01/BXD-TCLĐ dated 02<sup>nd</sup> January 1996 of the Ministry of Construction. Installation and Mechanized Construction Company No. 14 was transferred to Licogi 14 Joint Stock Company in accordance with the Decision No. 1453/QĐ-BXD dated 18<sup>th</sup> July 2005 of the Ministry of Construction and operates in accordance with the Business Registration Certificate No. 1803000339 dated 12<sup>th</sup> September 2005 granted by the Department of Planning and Investment of Phu Tho province. The seventh amending Business Registration Certificate dated 16<sup>th</sup> August 2016.

The Company's stocks are listed on the Hanoi Stock Exchange (HNX).

Stock code : L14

Charter capital : VND 50,000,000,000

Capital structure	Contributed capital (VND)	Proportion (%)
State shareholders	13,207,690,000	26.42
Other shareholders	36,792,310,000	73.58
<b>Total</b>	<b>50,000,000,000</b>	<b>100.00</b>

### 2. Registered office

#### ▪ Head quarter

Address : No. 2068 Hung Vuong boulevard, Nong Trang ward, Viet Tri city, Phu Tho province.

Tel. : +84 (210) 395 3543

Fax : +84 (650) 395 3542

Tax code : 2 6 0 0 1 0 6 2 3 4

#### ▪ Branch in Hanoi

Address : No. 249 Hoang Van Thai street, Khuong Trung, Thanh Xuan district, Hanoi city.

#### ▪ Construction Investment 14.2 Branch

Address : 3<sup>rd</sup> Floor, No. 2068 Hung Vuong boulevard, Nong Trang ward, Viet Tri city, Phu Tho province.

#### ▪ Branch in Lao Cai

Address : No. 14 Nguyen Cong Hoan street, Lao Cai ward, Lao Cai city, Lao Cai province.

#### ▪ Licogi 14.8 Construction Transportation Branch

Address : Group 1, Yen Binh town, Yen Binh district, Yen Bai province.

### 3. Business activities

- Construction of civil, industrial, transportation, irrigation works; installation of lines and substations up to 35kV and other technical infrastructure works, equipment installation and finishing construction works;
- Investment, trading and development of houses, new urban areas, industrial zones / clusters, small and medium hydropower projects (hydroelectric and thermoelectric);
- Trading materials and machinery for production and consumption; gasoline, oil, grease all kinds, repair and installation services of machinery and equipment; construction machinery and equipment rental.

#### 4. The Board of Management, the Supervisory Board and the Board of Directors

Members of the Board of Management, the Supervisory Board and the Board of Directors of the Company during year and as of the date of this report include:

##### 4.1 The Board of Management

<i>Full name</i>	<i>Position</i>	<i>Appointed date</i>	<i>Dismissed date</i>
Mr. Pham Gia Ly	Chairman	19 <sup>th</sup> May 2016	-
Mr. Vu Duy Quang	Chairman	24 <sup>th</sup> March 2014	19 <sup>th</sup> May 2016
Mr. Pham Gia Ly	Vice Chairman	24 <sup>th</sup> March 2014	19 <sup>th</sup> May 2016
Mr. Nguyen Van Tuan	Member	24 <sup>th</sup> March 2014	-
Mr. Nguyen Manh Tuan	Member	26 <sup>th</sup> April 2016	-
Mr. Tran The Binh	Member	24 <sup>th</sup> March 2014	-
Mr. Ha Minh Tien	Member	24 <sup>th</sup> March 2014	26 <sup>th</sup> April 2016

##### 4.2 Supervisory Board

<i>Full name</i>	<i>Position</i>	<i>Appointed date</i>	<i>Dismissed date</i>
Mrs. Nguyen Thi Sim	Head of board	24 <sup>th</sup> March 2014	-
Mr. Hoang Hang Hai	Member	24 <sup>th</sup> March 2014	-
Mr. Hang Nhu Thai	Member	24 <sup>th</sup> March 2014	-

##### 4.3 The Board of Directors

<i>Full name</i>	<i>Position</i>	<i>Appointed date</i>	<i>Dismissed date</i>
Mr. Pham Gia Ly	General Director	24 <sup>th</sup> March 2014	-
Mr. Nguyen Van Tuan	Deputy General Director	02 <sup>nd</sup> April 2014	-
Mr. Ha Minh Tien	Deputy General Director	02 <sup>nd</sup> April 2014	-
Mrs. Le Thi Thanh	Chief Accountant	02 <sup>nd</sup> April 2014	-

#### 5. Legal representative

Legal representative of the Company during year and as of the date of this report is as follows:

<i>Full name</i>	<i>Position</i>	<i>Appointed date</i>	<i>Dismissed date</i>
Mr. Pham Gia Ly	General Director	24 <sup>th</sup> March 2014	-

#### 6. Business results

The financial position and the business results of Licogi 14 Joint Stock Company for the fiscal year ended 31<sup>st</sup> December 2016 of the Company are expressed in the financial statements attached to this report from page 07 to page 34.

#### 7. Subsequent events

In the opinion of the Board of Directors, in all material respects, the Company's business results expressed in this report would not be seriously affected by any important items, transactions, or any extraordinary events happened to the date of this report, which need any adjustments to the figures or disclosures in the financial statements for the fiscal year ended 31<sup>st</sup> December 2016.

## 8. Auditors

**VIETVALUES** Audit and Consulting Co., Ltd. has performed the audit on the Company's Financial Statements for the year ended 31<sup>st</sup> December 2016.

## 9. Confirmation of the Board of Directors

The Board of Directors of the Company is responsible for the preparation of the financial statements to give a true and fair view on the financial position, the business results and the cash flows of the Company for the fiscal year ended 31<sup>st</sup> December 2016. In order to prepare these financial statements, the Board of Directors must:

- Select appropriate accounting policies and apply them consistently;
- Make judgments and estimates reasonably and prudently;
- Announce the accounting standards to be followed for the material issues to be disclosed and explained in the financial statements;
- Prepare the financial statements of the Company on the basis of the going-concern assumption except for the cases that the going-concern assumption is considered inappropriate;
- Design and implementation of internal control systems effectively for the purpose of preparing and presenting the financial statements reasonably in order to minimize risk and fraud.

The Board of Directors ensure that all the relevant accounting books have been fully recorded and can fairly reflect the financial position of the Company at any time, and that all accounting books have been prepared in compliance with the adopted accounting regime. The Board of Directors is also responsible for protecting the Company's assets and consequently has taken appropriate measures to prevent and detect frauds and legal regulations related to the preparation and fair presentation of the financial statements.

The Board of Directors hereby ensure to comply with all the requirements above in the preparation of the financial statements.

## 10. Approving the financial statements

The Board of Directors of the Company confirm that all the accompanying financial statements. The financial statements have been properly prepared and have given a true and fair view on the financial position as at 31<sup>st</sup> December 2016, the business results and the cash flows for the fiscal year ended 31<sup>st</sup> December 2016 of the Company, in compliance with the prevailing Vietnamese accounting system and standards as well as legal regulations related to the preparation and fair presentation of the financial statements.

*Phu Tho province, 21<sup>st</sup> February 2017*

For and on behalf of the Board of Directors 



**Mr. PHAM GIA LY**  
General Director



No.: 2033/17/BCKT/AUD-VVALUES

## INDEPENDENT AUDITOR'S REPORT

**To: SHAREHOLDERS, THE BOARD OF MANAGEMENT AND  
THE BOARD OF DIRECTORS  
LICOGI 14 JOINT STOCK COMPANY**

We have audited the accompanying financial statements of Licogi 14 Joint Stock Company (hereafter referred to as "the Company") which prepared on 21<sup>st</sup> February 2017 (from page 07 to page 34), comprise the Balance Sheet as at 31<sup>st</sup> December 2016, the Income Statement, the Cash Flows Statement and the Notes to the Financial Statements for the fiscal year then ended.

### **The Board of Directors' responsibility**

The Board of Directors of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards, Vietnamese enterprises' accounting regime as well as legal regulations related to the preparation and presentation of the financial statements and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

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

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

**Auditor's opinion**

In our opinion, the financial statements referred to above give a true and fair view, in all material respects, of the financial position of the Company as at 31<sup>st</sup> December 2016, the business results and the cash flows for the fiscal year then ended in conformity with the accounting standards, the prevailing Vietnamese enterprises' accounting regime as well as legal regulations related to the preparation and fair presentation of the financial statements.

Hồ Chí Minh city, 21<sup>st</sup> February 2017



**VIETVALUES** Audit and Consulting Co., Ltd.

**Nguyen Thanh Hong (M.Econ) – Deputy General Director**  
Certificate of registration for  
practicing audit No. 1512-2013-071-1  
Authorized signature

**Tran Van Hiep - Auditor**  
Certificate of registration for  
practicing audit No. 2141-2013-071-1

**File:**

- As above.
- **VIETVALUES.**



## BALANCE SHEET

As at 31st December 2016

## BALANCE SHEET

As at 31st December 2016

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
1	2	3	4	5
100	<b>A. CURRENT ASSETS AND SHORT-TERM INVESTMENTS</b>		<b>419,788,252,356</b>	<b>460,832,031,110</b>
110	<b>I. Cash and cash equivalents</b>	V.1	<b>2,569,714,705</b>	<b>18,782,905,480</b>
111	1. Cash		2,569,714,705	18,782,905,480
120	<b>II. Short-term financial investments</b>		-	-
130	<b>III. Accounts receivable</b>		<b>44,925,717,327</b>	<b>20,849,873,629</b>
131	1. Short-term trade receivables	V.2	42,402,839,831	16,824,835,561
132	2. Short-term advance payments to suppliers	V.3	2,343,558,943	3,143,382,538
136	3. Other short-term receivables	V.4	179,318,553	1,809,699,442
137	4. Provisions for doubtful debts (*)		-	(928,043,912)
139	5. Deficit assets for treatment		-	-
140	<b>IV. Inventories</b>	V.5	<b>372,252,911,124</b>	<b>421,131,042,746</b>
141	1. Inventories		372,252,911,124	421,581,756,062
142	2. Provision for obsolete inventory (*)		-	(450,713,316)
150	<b>V. Other current assets</b>		<b>39,909,200</b>	<b>68,209,255</b>
152	1. VAT deductible		39,909,200	68,209,255
153	2. Taxes receivables		-	-
200	<b>B. FIXED ASSETS AND LONG-TERM INVESTMENTS</b>		<b>25,453,736,354</b>	<b>29,498,332,170</b>
210	<b>I. Long-term receivables</b>		<b>209,069,000</b>	<b>177,069,000</b>
216	1. Other long-term receivables		209,069,000	177,069,000
219	2. Provisions for long-term doubtful receivables (*)		-	-
220	<b>II. Fixed assets</b>		<b>12,189,108,365</b>	<b>15,205,023,000</b>
221	1. Tangible fixed assets	V.6	10,378,505,365	13,258,064,000
222	- Historical cost		89,007,554,151	89,198,428,262
223	- Accumulated depreciation		(78,629,048,786)	(75,940,364,262)
227	2. Intangible fixed assets	V.7	1,810,603,000	1,946,959,000
228	- Historical cost		2,506,913,401	2,506,913,401
229	- Accumulated amortization		(696,310,401)	(559,954,401)
230	<b>III. Investment properties</b>		-	-
240	<b>IV. Unfinished long-term assets</b>		<b>4,612,461,934</b>	<b>4,612,461,934</b>
242	1. Construction-in-progress	V.8	4,612,461,934	4,612,461,934
250	<b>V. Long-term financial investments</b>		-	-
260	<b>VI. Other long-term assets</b>		<b>8,443,097,055</b>	<b>9,503,778,236</b>
261	1. Long-term prepaid expenses	V.9	3,082,434,148	5,448,321,877
262	2. Deferred income tax assets	V.10	5,360,662,907	4,055,456,359
270	<b>TOTAL ASSETS</b>		<b>445,241,988,710</b>	<b>490,330,363,280</b>



LICOGI 14 JOINT STOCK COMPANY

Address: No. 2068 Hung Vuong boulevard, Nong Trang ward, Viet Tri city, Phu Tho province.

BALANCE SHEET (cont.)

As at 31st December 2016

Code	RESOURCES	Notes	Ending balance	Beginning balance
1	2	3	4	5
300	<b>C. LIABILITIES</b>		355,087,659,320	422,426,570,034
310	<b>I. Current liabilities</b>		355,087,659,320	422,426,570,034
311	1. Short-term trade payables	V.11	15,942,821,668	16,345,465,304
312	2. Short-term advance payments from customers	V.12	280,161,564,453	346,165,405,478
313	3. Tax and statutory obligations	V.13	3,239,337,748	18,069,434,627
314	4. Payables to employees		1,231,607,113	845,608,892
315	5. Short-term accruals		-	-
319	6. Other short-term payables	V.14	7,671,222,262	9,892,276,135
320	7. Short-term finance lease loans and liabilities	V.15	40,283,616,000	26,378,575,580
322	8. Bonus and welfare funds	V.16	6,557,490,076	4,729,804,018
330	<b>II. Long-term liabilities</b>		-	-
400	<b>D. OWNERS' EQUITY</b>		90,154,329,390	67,903,793,246
410	<b>I. Capital of the owners</b>	V.17	90,154,329,390	67,903,793,246
411	1. Owners' invested equity		50,000,000,000	34,480,000,000
411a	- Common stocks with voting rights		50,000,000,000	34,480,000,000
411b	- Preferred stocks		-	-
412	2. Surplus of share capital		840,689,000	840,689,000
418	3. Development and investment funds		11,598,104,961	8,903,535,278
421	4. Undistributed earnings after tax		27,715,535,429	23,679,568,968
421a	- Accumulated undistributed earnings after tax to the end of previous year		6,158,977,968	8,413,004,509
421b	- Accumulated undistributed earnings after tax in current year		21,556,557,461	15,266,564,459
430	<b>II. Other capital, funds</b>		-	-
440	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		445,241,988,710	490,330,363,280

Phu Tho province, 21st February 2017.

Prepared by

Chief Accountant

Director



Mr. IIA VAN LOI



Mrs. LE THI THANH




Mr. PHAM GIA LY

