**CNT: Explanation on financial statement**

On 10/04/2017, Construction and Materials Trading Joint Stock Company explained the financial statement as follows:

**I. Qualified Opinion on Allowances for overdue liabilities and provisions for diminution in value of long-term investment in Affiliate Company, other long-term investments:**

*- The amount to be appropriated for overdue debts to be collected by the company: VND 81,866,388,343*

*- The amount to be appropriated for long- term investment devaluation provision: VND 7,053,100,000*

Auditor has calculated the above data as instructed in Circular no. 228/2009/TT-BTC dated December 7, 2009 by Ministry of Finance and Circular no. 89/2013/TT-BTC dated June 28, 2013 by Ministry of Finance guiding the supplement of Circular no. 228.

Receivables of the company were due mainly for 2 – 3 years and from more than 3 years. Therefore, provision to be appropriated shall be from 70% to 100% of debts.

Production and business results of subsidiaries and associates in 2016 were mainly losses and negative undistributed profit after tax as specified in financial statements of subsidiaries, causing owner’s equity to be lower than investment in subsidiaries and associates. Consequently, auditor would like to specify exceptional opinion in financial statements in 2016 for the above provisions.

**II. Conclusion of auditor on specific financial statements for the fiscal year 2016:**

Except the impacts of issues specified in the “basis of exceptional opinion”, the attached specific financial statements honestly and reasonably reflected, in material aspects, the financial situation of Construction and Materials Trading Joint Stock Company as at December 31, 2016 as well business result and cash flow for the fiscal year then ended, in line with the accounting standards, Vietnam corporate accounting regime and other legal regulations related to the financial statements preparation and presentation.