

**CONSTRUCTION JOINT STOCK
COMPANY NO.6**

Reviewed consolidated financial statements
for the period from 01 January 2018 to
30 June 2018 then ended



INDEX

	Page
REPORT OF MANAGEMENT	2 - 3
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	4
CONSOLIDATED BALANCE SHEET	5 - 6
CONSOLIDATED INCOME STATEMENT	7
CONSOLIDATED CASH FLOW STATEMENT	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT	9 - 30

REPORT OF MANAGEMENT

Management of Construction Joint Stock Company No.6 (hereinafter “the Company”) is pleased to present its report and reviewed consolidated financial statements for the period from 01 January 2018 to 30 June 2018 then ended.

GENERAL INFORMATION

Construction Joint Stock Company No.6 is a joint stock company converted from state owned enterprise in accordance with Decision No.4446/QĐ-BGTVT dated 31 December 2002 of the Minister of Transport. The Company operates under the Business Certificate Registration No.0103002966 dated 29 October 2003 issued by Hanoi Department of Planning and Investment of Hanoi. During the course of operation, changes in the business functions of the company, charter capital, information of branch of the company were approved by Hanoi Department of Planning and Investment under the business registration certificate amended from the first to the tenth time dated 20 July 2017, accordingly, the number of the business registration certificate has been replaced with the business code No.0100104901 under the sixth business registration certificate dated 12 May 2010.

Organizational structure:

The Company has 04 factories and 01 subsidiary, details are as follows:

<u>Factories</u>	<u>Address</u>
- Factory 602	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 605	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Material and Construction Factory	Group 38, Dong Anh Town, Dong Anh District, Hanoi
- Thap Cham Construction Material Factory	Do Vinh Ward, Phan Rang Thap Cham City, Ninh Thuan Province
<u>Subsidiaries</u>	
- Phu Ly Stone One Member Co., Ltd	Nam Son Village, Chau Son Ward, Phu Ly City, Ha Nam Province.

The Company's principal activities include:

- Construction of railway and road works; Construction of other civil engineering works; Construction of public utility works; Lease of warehouses and workshops for manufacture; Trade of materials, means, transport equipments; Production and trade of construction materials, steel structure, prefabricated concrete components, asphalt concrete; Testing of construction materials; Quarrying and processing stone.

The Company's head quarter is at Group 36, Dong Anh Town, Dong Anh District, Hanoi.

BOARD OF DIRECTORS

The members of the Board of Directors are elected by the shareholders' meeting for the term of 2017-2022 on 11 April 2017 include:

- Mr. Lai Van Quan	Chairman
- Mr. Pham Xuan Huy	Member
- Mr. Luong Ba Minh	Member
- Mr. Lai The Thien	Member
- Mr. Phan Anh Tuan	Member

MANAGEMENT

The members of the Management are elected by the shareholders' meeting for the term of 2017-2022 on 11 April 2017 include:

- Mr. Pham Xuan Huy	General Director
- Mr. Trinh Xuan Thuy	Deputy General Director
- Mr. Luong Ba Minh	Deputy General Director
- Mr. Luong Anh Tuan	Chief accountant

REPORT OF MANAGEMENT (continued)

SUPERVISORY BOARD

Members of the Supervisory Board are elected by the General Meeting of Shareholders for the term of 2017-2022, including:

- | | |
|-----------------------|-------------------|
| - Mr. Pham Anh Tu | Head of the Board |
| - Mr. Nguyen Van Hoan | Member |
| - Mr. To Van Tuyen | Member |

THE LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Pham Xuan Huy - General Director.

EVENTS AFTER THE BALANCE SHEET DATE

There was no event after the balance sheet date that had material or could have material effects on the Company's operational and business results in subsequent periods after the balance sheet date.

AUDITOR

BDO Audit Services Company Limited has reviewed the Company's consolidated financial statements for the period from 01 January 2018 to 30 June 2018 then ended.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for preparing the Consolidated Financial Statements, which gives a true and fair view of the Company's financial position as at 30 June 2018 and of its performance and its cash flows for the period from 01 January 2018 to 30 June 2018 then ended and confirms that there are no contingent events that might affect the going concern of the Company.

In preparing those Financial Statements, Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements;
- Prepare the Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business;
- Design and implement the internal control system effectively for the preparation and presentation of the consolidated financial statements to detect fraud and risks.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and ensuring that the accompanying financial statements comply with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing legal regulations. Management is also responsible for safeguarding assets of the Company and hence taking reasonable steps for prevention and detection of fraud and other irregularities.

Management confirms that the Company has complied with the above requirements in preparing the accompanying financial statements.

According to Management's opinion, the reviewed Consolidated Financial Statements (accompanying) give a true and fair view of the financial position of the Company as at 30 June 2018 and the results of its operations and cash flows for the period from 01 January 2018 to 30 June 2018 then ended.

Hanoi, 15 August 2018

For and on behalf of Management,



General Director
Pham Xuan Huy

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

*On Consolidated Financial Statements of Construction Joint Stock Company No.6
for the period from 01 January 2018 to 30 June 2018*

**To: SHAREHOLDERS, BOARD OF DIRECTORS AND MANAGEMENT
CONSTRUCTION JOINT STOCK COMPANY NO.6**

We have reviewed the accompanying Consolidated Interim Financial Statements of Construction Joint Stock Company No.6 (hereinafter "the company") issued on 15 August 2018 that set out on pages 05 to 30 including Consolidated Balance sheet as at 30 June 2018, Consolidated Income statement, Consolidated Cash flow statement for the period from 01 January 2018 to 30 June 2018 then ended and Notes to the Consolidated Financial Statements.

Responsibilities of Management

The Company's Management is responsible for the preparation and fair presentation of the Company's Consolidated Interim Financial Statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other prevailing legal regulations, and for such internal control as Management determines to be necessary to ensure the presentation of Consolidated Interim Financial Statements that are free from material misstatements, whether due to fraud or errors.

Responsibilities of Auditors

Our responsibility is to express a conclusion on these Consolidated Interim Financial Statement based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion of Auditors

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the financial position of the entity as at 30 June 2018, and of its financial performance and its cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other prevailing legal regulations on the preparation and presentation of the Consolidated Interim Financial Statements.



Bui Van Vuong - Deputy General Director

Certificate for Audit application registry: 0780-2018-038-1

CONSOLIDATED BALANCE SHEET

As at 30 June 2018

Currency: VND

ASSETS	Code	Note	Closing balance	Opening balance
A - CURRENT ASSETS	100		139,196,859,614	142,546,652,614
I. Cash and cash equivalents	110	V.1	612,452,639	1,489,410,459
1. Cash	111		612,452,639	1,489,410,459
2. Cash equivalents	112		-	-
II. Current receivables	130		80,876,016,205	94,275,622,709
1. Current trade receivables	131	V.2	75,391,727,669	88,883,396,114
2. Current advances to suppliers	132	V.3.1	2,414,756,191	2,607,469,338
3. Current intercompany receivables	133		-	-
4. Other current receivables	136	V4.1	5,794,708,945	5,509,933,857
5. Provision for doubtful current receivables	137	V.5	(2,725,176,600)	(2,725,176,600)
III. Inventories	140		57,124,048,511	46,107,743,317
1. Inventories	141	V.6	57,124,048,511	46,107,743,317
IV. Other current assets	150		584,342,259	673,876,129
1. Current prepaid expenses	151	V.7.1	242,747,150	473,876,129
2. Deductible value-added tax	152		141,595,109	-
3. Tax and other receivables from the State	153	V.13	200,000,000	200,000,000
B - NON - CURRENT ASSETS	200		35,301,074,484	36,378,487,652
I. Non - current receivables	210		134,600,000	134,600,000
1. Other non - current receivables	216	V.4.2	134,600,000	134,600,000
II. Fixed assets	220		23,788,165,300	26,158,208,453
1. Tangible fixed assets	221	V8	22,368,105,359	24,717,108,510
<i>Historical cost</i>	222		101,924,322,097	102,983,147,091
<i>Accumulated depreciation</i>	223		(79,556,216,738)	(78,266,038,581)
2. Intangible fixed assets	227	V.9	1,420,059,941	1,441,099,943
<i>Historical cost</i>	228		2,235,294,981	2,235,294,981
<i>Accumulated amortization</i>	229		(815,235,040)	(794,195,038)
III. Non - current work in progress	240		6,151,880,427	6,151,880,427
1. Work in progress	241		-	-
2. Construction in progress	242	V.10	6,151,880,427	6,151,880,427
IV. Non - current financial investments	250		-	-
1. Investment in subsidiaries	251		-	-
V. Other non - current assets	260		5,226,428,757	3,933,798,772
1. Non - current prepaid expenses	261	V7.2	5,224,704,901	3,932,041,345
2. Deferred tax assets	262	V.19	1,723,856	1,757,427
3. Goodwill	269		-	-
TOTAL ASSETS	270		174,497,934,098	178,925,140,266

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2018

RESOURCES	Code	Note	Closing balance	Opening balance
C - LIABILITIES	300		125,908,483,222	125,565,725,413
I. Current liabilities	310		125,249,944,222	124,907,186,413
1. Current trade payables	311	V.11	48,231,100,005	54,051,191,538
2. Current advances from customers	312	V.12	5,949,624,125	1,562,423,760
3. Tax and other payables to the State	313	V.13	3,744,612,001	2,466,145,910
4. Payables to employees	314	V.14	2,375,172,292	3,859,550,261
5. Current accrued expenses	315	V15.1	275,983,365	124,854,289
6. Current intercompany payables	316		-	-
7. Current unrealized revenues	318	V.16	326,535,453	163,886,363
8. Other current payables	319	V.17	7,123,549,332	3,847,705,287
9. Current borrowings	320	V.19	56,252,887,075	57,789,648,431
10. Bonus and welfare fund	322		970,480,574	1,041,780,574
II. Non - current liabilities	330		658,539,000	658,539,000
1. Non - current borrowings	338		-	-
2. Deferred tax liabilities	341		-	-
3. Provision of non - current payables	342	V.18	658,539,000	658,539,000
D - OWNERS' EQUITY	400		48,589,450,876	53,359,414,853
I. Owners' equity	410	V.20	48,589,450,876	53,359,414,853
1. Contributed equity	411		61,080,780,000	61,080,780,000
- Common shares with voting rights	411a		61,080,780,000	61,080,780,000
- Preferred shares	411b		-	-
2. Share premium	412		(23,190,000)	(23,190,000)
3. Treasury shares	415		-	-
4. Investment and development fund	418		5,370,231,737	5,370,231,737
5. Retained earnings	421		(17,838,370,861)	(13,068,406,884)
- Accumulated retained earnings by the end of the previous period	421a		(13,068,406,884)	-
- Retained earnings of the current period	421b		(4,769,963,977)	(13,068,406,884)
6. Funds for construction investment	422		-	-
7. Interests of non - controlling shareholders	429		-	-
TOTAL LIABILITIES AND OWNERS' EQUITY	440		174,497,934,098	178,925,140,266

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

Issued on 15 August 2018

General Director



Phạm Xuân Huy

CONSOLIDATED INCOME STATEMENT

For the period from 01 January 2018 to 30 June 2018 then ended

Currency: VND

ITEMS	Code	Note	Current period	Previous period
1. Revenue from sale of goods and services	01	VI.1.1	33,558,208,631	43,878,120,867
2. Revenue deductions	02	VI.1.2	-	463,994,595
3. Net revenue from sale of goods and services	10		33,558,208,631	43,414,126,272
4. Cost of goods sold	11	VI.2	30,470,781,655	39,280,426,323
5. Gross profits from sale of goods and services	20		3,087,426,976	4,133,699,949
6. Financial income	21	VI.3	137,933,679	9,640,478
7. Financial expenses	22	VI.4	3,064,698,856	2,520,398,808
<i>In which: interest expenses</i>	23		2,899,370,217	2,487,974,631
8. Profit or loss from joint ventures, associates	24		-	-
9. Selling expenses	25	VI.5	298,138,742	458,387,579
10. General and administrative expenses	26	VI.6	4,603,332,300	6,011,279,075
11. Net profit from operating activities	30		(4,740,809,243)	(4,846,725,035)
12. Other income	31	VI.7	56,409,092	3,378,166,544
13. Other expenses	32	VI.8	85,530,255	1,654,975
14. Other profits	40		(29,121,163)	3,376,511,569
15. Profit before tax	50		(4,769,930,406)	(1,470,213,466)
16. Current corporate income tax	51		-	-
17. Deferred corporate income tax	52	VI.9	33,571	(1,768,896)
18. Profit after corporate income tax	60		(4,769,963,977)	(1,468,444,570)
19. Profit after tax	61		(4,769,963,977)	(1,468,444,570)
20. Profit after tax of non-controlling shareholders	62		-	-
21. Basic earnings per share	70	VI.10	(781)	(241)
22. Diluted earnings per share	71		-	-

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

Issued on 15 August 2018

General Director



Pham Xuan Huy

CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the period from 01 January 2018 to 30 June 2018 then ended

Currency: VND

ITEMS	Code	Note	Current period	Previous period
I. Cash flows from operating activities				
1. Profit before tax	01		(4,769,930,406)	(1,470,213,466)
2. Adjustments for:				
- Depreciation of fixed assets and investment properties	02		2,720,043,153	3,073,434,572
- Provisions	03		-	-
- Unrealized foreign exchange gains, losses from monetary assets and liabilities in foreign currencies	04		-	-
- Profit, losses from investing activities	05		(137,933,679)	(3,166,004,113)
- Interest expenses	06		2,899,370,217	2,487,974,631
3. Operating income before changes in working capital	08		711,549,285	925,191,624
- Increase, decrease in receivables	09		13,258,011,395	44,780,798,612
- Increase, decrease in inventories	10		(11,016,305,194)	(36,816,590,152)
- Increase, decrease in payables	11		1,501,082,118	7,678,376,224
- Increase, decrease in prepaid expenses	12		(1,061,534,577)	934,943,167
- Interest paid	14		(2,760,193,928)	(2,645,769,774)
- Corporate income tax paid	15		-	(200,000,000)
- Other proceeds from operating activities	16		(71,300,000)	1,500,000
- Other payments for operating activities	17		-	(3,849,963,522)
Net cash flow from operating activities	20		561,309,099	10,808,486,179
II. Cash flows from investing activities				
- Payment for purchases or construction of fixed assets and other non-current assets	21		-	(3,317,593,455)
- Proceeds from fixed assets and other non-current assets disposal	22		-	3,156,363,635
- Interests and dividends received	27		137,933,679	9,640,478
Net cash flow from investing activities	30		137,933,679	(151,589,342)
III. Cash flows from financing activities				
- Drawdown of borrowings	33		21,615,529,235	33,984,059,524
- Repayments of borrowings	34		(23,152,290,591)	(50,155,148,541)
- Dividends, profits paid to shareholders	36		(39,439,242)	(13,679,614,560)
Net cash flow from financing activities	40		(1,576,200,598)	(29,850,703,577)
Net cash flows in the period	50		(876,957,820)	(19,193,806,740)
Cash and cash equivalents at beginning of period	60	V.1	1,489,410,459	24,353,165,261
Effect of exchange rate changes	61		-	-
Cash and cash equivalents at the end of the period	70	V.1	612,452,639	5,159,358,521

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

Issued on 15 August 2018

General Director



Pham Xuan Huy

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. CORPORATE INFORMATION

1. Structure of ownership

Construction Joint Stock Company No.6 is a joint stock company converted from state owned enterprise in accordance with Decision No.4446/QĐ-BGTVT dated 31 December 2002 of the Minister of Transport. The Company operates under the Business Certificate Registration No.0103002966 dated 29 October 2003 issued by Hanoi Department of Planning and Investment of Hanoi. During the course of operation, changes in the business functions of the company, charter capital, information of branch of the company were approved by Hanoi Department of Planning and Investment under the business registration certificate amended from the first to the tenth time dated 20 July 2017, accordingly, the number of the business registration certificate has been replaced with the business code No.0100104901 under the sixth business registration certificate dated 12 May 2010.

2. Business sector

Combining various of business sector, include: Commercial business; Service; Construction; Exploiting and processing stone for construction.

3. Business activities

The Company's principal activities include:

- Construction of railways and road projects; Construction of all kinds of houses;
- Investment in the construction of infrastructures in residential areas and urban centers;
- Construction of other civil engineering works;
- Installation of electrical systems; Preparation of surface; Construction of public utility works;
- Rail transport services and rail transport support services;
- Exploiting and processing stone (except for stones banned by the State);
- Lease of warehouses and workshops for manufacture; Argent for petrol and oil retail;
- Testing of construction materials; Topographic survey within the scope of construction projects; Design of railway and road works; Design of civil and industrial structures;
- Commercial business; Guest house (not including bar business, karaoke rooms, discotheque);
- Cargo transportation by road; Repair of motorbikes, construction equipment;
- Manufacture of mechanical products; Trade of materials, means, transport equipments;
- Production of building materials from clay; Production of cement, lime and plaster; Production of prefabricated concrete components, asphalt concrete; Manufacture of steel structures; Trading in construction materials, steel structures, prefabricated concrete components, asphalt concrete.
- Exploitation of stone, sand, gravel and clay; Processing stones;

4. Normal operating cycle

The Company's operating cycle is the period from the purchase of materials involved in the production process to the conversion into cash or assets that are easily converted into cash, usually no more than 12 months.

5. Organizational structure

List of the Company's subsidiaries

Name	Address	Ratio of voting rights	Ratio of capital contribution	Ratio of benefits
- Phu Ly Stone One member Co., Ltd	Nam Son Village, Chau Son Ward, Phu Ly City, Ha Nam Province	100%	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)*List of the Company's factories*

Name	Address
- Factory 602	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 605	Group 36, Dong Anh Town, Dong Anh District, Hanoi
Material and Construction Factory	Group 36, Dong Anh Town, Dong Anh District, Hanoi
Thap Cham Construction Material Factory	Do Vinh Ward, Phan Rang Thap Cham City, Ninh Thuan Province

6. Employees

The number of Company's employees as at 30 June 2018 were 164 people (169 employees as at 31 December 2017).

7. Declaration on comparability of figures on consolidated financial statements

Comparative figures are presented in accordance with figures from the audited consolidated financial statement for the fiscal year 2017 and reviewed consolidated financial statement for the period from 01 January 2017 to 30 June 2017 then ended by BDO Audit Services Company Limited.

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY**1. Accounting period:** starts on 01 January and ends on 31 December of the calendar year.**2. Accounting currency**

The accounting currency is Vietnam dong (VND).

III. APPLICABLE ACCOUNTING SYSTEM AND ACCOUNTING STANDARDS**1. Applicable accounting system**

The Company applies the Vietnamese Enterprise Accounting System issued in conjunction with Circular No. 200/2014/TT-BTC dated 22 December 2014 and Circular No. 202/2014/TT-BTC issued by the Ministry of Finance dated 22 December 2014, guiding the preparation and presentation of the consolidated financial statements.

The Financial Statements are using the historical cost principle and in accordance with Vietnamese Accounting Standards. The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

2. Declaration on compliance with Accounting Standards and Accounting System

Management has ensured that the financial statements have been prepared and presented in accordance with the requirements of the Vietnamese Accounting Standards, the Vietnamese Accounting System and the guiding documents relating to the preparation and presentation of financial statements.

Basis of consolidation of financial statements

The consolidated financial statements have been prepared on the basis of the consolidated financial statements of the parent company and its subsidiaries controlled by the Company as at 30 June 2018 in accordance with Vietnamese Accounting Standards. The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date when such control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The financial statements of the parent and subsidiaries used for the consolidation are prepared for the same accounting period and are accounted for using the accounting policies in a uniform manner. Where necessary, the financial statements of the subsidiaries are adjusted to ensure the consistency with the policies adopted by the Company. Intra-group transactions, debts and unrealized gains, losses on intra-group transactions are eliminated in the consolidated financial statements.

IV. APPLICABLE ACCOUNTING STANDARDS**1. Applicable exchange rates**

The commercial bank selected by the Company to apply the exchange rate: Bank for Investment and Development of Vietnam - East Hanoi Branch.

Applicable exchange rates for recording transactions

- *Actual exchange rate at the time of transaction:*

Shall be used to convert transactions into the accounting currency for ones recorded for increases: Production and Operating expenses, Advances to suppliers, Payables.

Applicable rates at the end of the period

For foreign currency deposits: The applicable exchange rates shall be the buying exchange rates of the bank where the Company open its accounts.

2. Recognition of cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits, cash in transit and short - term investments with maturity of less than three months that can be easily transferred to cash without any risks in transferring at the date of the report.

3. Recognition of receivables

The amounts of receivables shall be classified into trade receivables, other receivables following principles below:

- **Trade receivables:** include commercial receivables generating from purchase - sale related transactions.
- **Other receivables:** include non - commercial or non - trading receivables (such as: advance for operating activities to employees, collaterals, deposits,...).

Monitoring receivables

Receivables shall be recorded specifically to original terms and remaining recovery terms as at the reporting date, original currencies and each object. At the financial statements' preparation date, receivables which have remaining recovery terms of less than 12 months or a business cycle are classified as current receivables, receivables which have remaining recovery terms of over 12 months or a business cycle are classified as non - current receivables.

Recognized receivables do not exceed the recoverable amounts.

The provision for doubtful debts

- The provision for doubtful debts represents the amounts of outstanding receivables at the balance sheet date that the Company expected to be non-recoverable. Increases and decreases to the provision are recorded as general and administrative expenses on the income statement.
- The provision of doubtful debts which has been overdue for over 6 months (overdue period is determined based on the the investor's approval of the final settlement of the project) is made following principles below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

<i>Overdue</i>	<i>Rate of provision made</i>
From 1 year to 2 years	50%
From 2 years to 3 years	70%
3 years and more	100%

4. Recognition of inventories

Inventories are determined based on the lower of cost and net realizable value. The determination complies with the provisions of Accounting Standard No. 02 - "Inventories", namely: the price of inventories includes all costs of purchases, costs of conversion and other costs directly related to bringing the inventories to the location and current status. The net realizable value is determined as the estimated selling price minus (-) the estimated costs to complete the product and the estimated costs necessary for consumption.

Method of inventory value calculation: Weighted average

Method of inventory accounting: Perpetual inventory count.

Method of determination of work - in - progress at the end of the period:

Work in progress at the end of the period is determined as the total cost of the works related to construction, renovation, reinforcement and upgrading of railway and road works which have been performed but not yet been approved by the clients and construction materials in progress at the end of fiscal year.

The method of making provision for impairment of inventories: Provision for impairment of inventories is made for the value of expected losses due to devaluation (discounts, obsolete, poor quality, inferior, etc) of raw materials and finished goods owned by the Company based on the reasonable evidence of devaluation at the end of the fiscal year. Increases and decreases in the provision are recorded in cost of goods sold during the period.

According to Management, as at 30 June 2018, the Company did not have inventories which were devalued, obsolete, poor quality, etc. that required provisions.

5. Recognition of fixed assets and depreciation***Tangible fixed assets***

Tangible fixed assets are measured at historical cost less accumulated depreciation.

The historical cost of tangible fixed asset comprises of its purchase price and any directly attributable costs to bring the tangible fixed assets into work condition for its intended use. The identification of the historical cost of each category of tangible fixed assets is in accordance with Vietnamese Accounting Standard No. 03 on tangible fixed assets.

Expenditures incurred after the initial recognition (costs of upgrading, renovation, maintenance, etc.) are recognized in operating expenses in the period. Where it can be clearly demonstrated that these expenses increase the expected future economic benefits of the use of fixed assets that exceed the standard operating level initially assessed, these expenses are capitalized as additional costs of the fixed asset.

When a tangible fixed asset is sold or disposed of, its historical cost and accumulated depreciation are removed from the balance sheet, and any gain or loss resulted from the disposal of the asset is included in the income statement.

Depreciation of tangible fixed assets is calculated on a straight - line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Useful life</u>
Building and architectural	06-50 years
Machinery and equipment (*)	03-15 years
Transportation	06-10 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Instruments for management 04-08 years

Other tangible fixed assets 06-10 years

(*): As for the fixed asset "Stone Crushing Line 250 tons per hour", the Company applies the depreciation method using the production with the deduction amount of 9,500 VND per m3 instead of the straight line method since the fiscal year 2012.

Intangible fixed assets

Intangible fixed assets are measured at historical cost less accumulated amortization.

Land use rights

Land use rights are recognized as intangible fixed assets when the Company is granted the certificates of land use right. The cost of a land use right comprises all costs directly attributable to bringing the land into use for its intended use. Land use rights are amortized on a straight-line basis over the period of land use.

Other regulations of management, use and depreciation of fixed assets

Other regulations of management, use and depreciation of fixed assets are complied by the Company according to Circular No. 45/2013/TT-BTC dated 25 April 2013 by the Ministry of Finance, Circular No. 147/2016/TT-BTC dated 13 October 2016 by the Ministry of Finance and Circular No. 28/2017/TT-BTC dated 12 April 2017 by the Ministry of Finance modifies some articles of Circular No. 45/2013/TT-BTC and Circular No. 147/2016/TT-BTC dated 13 October 2016 by Ministry of Finance guiding of management, use and depreciation of fixed assets.

6. Tax accounting principles***a) Current corporate income tax***

Current tax expense is based on taxable income and corporate income tax rates of the current year. The corporate income tax rate is 20%.

b) Other taxes

Other taxes are applied according to current tax regulations in Vietnam.

Tax reports of the Company will be subject to inspection of tax authorities. Since the application of laws and regulations on taxation for different types of transactions can be interpreted in many different ways, the amounts presented in the financial statements could be changed according to the final decision of the tax authorities.

7. Recognition of prepaid expenses

Prepaid expenses are expenses actually incurred but they are related to operation result of many accounting period and the transfer of these expenses to operating expenses of subsequent accounting periods.

Prepaid expenses are amortized on a straight-line basis, including:

<u>Expenses</u>	<u>Allocation period</u>
Value of tools, rotary packaging, rental furniture	12-36 months
Major repairs of fixed assets expenses incurring one time	18 months
Costs of repairing equipment and concrete yard	15-36 months

Each prepaid expense incurred shall be recorded in details of maturity. At Financial Statement's preparation date, prepaid expenses that have maturity of less than 12 months or a business cycle since the date of prepayment are classified as current prepaid expenses, expenses that have maturity of over 12 months or a business cycle since the date of prepayment are classified as non - current expenses.

8. Recognition of payables

The classification of trade payables, other payables are as following principles below:

- **Trade payables:** include commercial payables arisen from purchases of goods, services or assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- **Other payables:** include non - commercial payable amounts, not related to trading in goods or services (such as: payables due to borrow property, payables the fines, compensation, payables the collaterals, deposits, payables related to social insurance, health insurance, unemployment insurance, or union funds,...).

Monitoring payables

Payables shall be specially recorded to original terms and remaining terms as at the reporting date, original currencies and each object. At Financial Statement's preparation date, payables that have remaining repayment terms of less than 12 months or a business cycle are classified as current payables, payables that have remaining repayment terms of over 12 months or a business cycle are classified as non - current payables.

Recognized payables are not lower than payable obligations.

9. Recognition of record and capitalization of borrowing expenses***Recognition of borrowing expenses***

Borrowing expenses include interest expenses and expenses directly relating to the borrowings (such as appraisal costs, audit costs, loan application cost, etc.)

Borrowing expenses are recognized as financial expenses of the period as incurred (except capitalization cases according to regulations in Vietnam Accounting Standards No. 16 "Borrowing expenses").

10. Recognition of accrued expenses

Accrued expenses include expenses that have been recored into the operating cost, but not actually paid at the end of the period to ensure the consistency between revenues and expenses. Accrued expenses are interest epxenses which is recorded on the basis of borrowing principal, terms and interest applicable.

11. Principles and methods of recording provisions payable

Provisions are recognized when the Company has current debt obligation (legal obligation or jointly liable obligation) due to result from a fact happened; Decrease in economic benefits may happen leading to the requirement for payment of debt obligation; and giving a confident estimation on value of such debt obligation. Provisions are only recorded when having enough conditions for recording as provisions in Accounting Standard No. 18 "Provisions, contingent assets and liabilities".

Recognition of provisions payable

Provisions payables is recorded (refunded) on the difference from provision for payables set up this period, more (less) than unspent provision for payables established for previous period in accounting books.

Basis for recognition of provisions payable***Cost of products, goods and construction warranty***

Provision for product warranty is made for each type of product, goods, construction works committed to the warranty in accordance with commitments with customers.

Provision for warranty expenses of works is estimated at 1% of the final settlement value of the works, basis of commitment in the contract.

12. Recognition of unrealized revenues

Unrealized revenue is recognized when the Company receives advances from customers in respect of advances for property rental from customers.

Method of unrealized revenue allocate: Unrealized revenues are allocate and recorded in the income statement in the period, based on the term of advance receipt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**13. Recognition of owners' equity*****a) Recognition of owners' equity, share premium, treasury shares***

Contributions from owners: are recorded as the actual contributed capital of owners.

Share premium: Recorded the difference between the issue price and the par value of shares, the difference between price of repurchasing of treasury stocks and the re-issue price of treasury stocks.

Treasury shares: Treasury shares are shares issued and bought-back by the Company and they are not cancelled and shall be re-issued in accordance with law on securities.

b) Recognition of exchange differences

Exchange differences means differences incurred from real exchange or the conversion of the same amounts of foreign currency into accounting currency unit according to different foreign exchange rates. Exchange differences primarily incurred in the following cases: Actual purchase, sale, transfer, exchange, payment of economic operations which incurred in foreign currency in period; Revaluating accounts derived from foreign currencies at the time of financial statement.

Exchange difference incurred in the year and exchange difference due to revaluation of accounts derived from foreign currencies are recorded in financial income or financial expense at the time of incurring.

c) Recognition of investment and development fund

Purpose of use: Expansion investment of business and production scale, or for intensive investment of enterprises.

Authority to issue decision to set up and use the fund: General meeting of Shareholders.

d) Recognition of retained earnings

Retained earnings reflect the business results (loss) after corporate income tax and profit sharing situation. Retained earnings shall be specifically recorded to the operational results of each financial year (previous period, current period) and to each profit sharing content (dividends for shareholders).

14. Recognition of revenues***Revenues from sales of finished goods***

Sales of concrete sleepers, construction stones, etc are recognized when the outcomes of such transactions can be reliably measured and the Company is able to obtain economic benefits from these transactions. Revenue is recognized when the majority of risks and benefits of ownership of the goods have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding the recovery of the funds or the possible return of funds.

Revenues from provision of services

Revenues from provision of services are from experimental services. Revenues of experimental services were recorded to the business results in the period correspond to the service portion completed in the period.

If the outcome of a contract can not be reliably determined, revenue will only be recognized at the recoverable level of the costs recognized.

Financial incomes

Financial incomes include interests received on deposits and exchange rate differences.

Interests received on deposits: are records based on term and interest rate of each period, unless recoverability is uncertain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)*Revenues from construction contracts*

Revenue from construction contracts are recognized when they have minutes of acceptance, final settlements and payment accepted by customer. When the results of performance contract can be determined reliably, revenue and costs of good sold related to construction contracts are recognized corresponding to part of works finished at the end of the period.

15. Recognition of revenue deductions

Revenue deductions include the decreasing of final settlement value of constructions due to the process of Competent state management agencies or auditors, recorded follow rules: revenue deductions incurred in the same year the construction works, decreased to revenue of the period its incurred.

In case of construction's revenue was recorded for the prior period, after the date of issued financial statement of the following year, the revenue deductions incurred: The company decreased revenue of the period its incurred (the following period).

16. Recognition of cost of goods sold

Cost of goods sold is recognized on consistently with revenue.

To ensure the prudent principle, the costs exceeding the normal level of inventories are immediately recognized as expenses during the period (after deducting the compensation, if any), which includes the costs of raw materials for direct consumption exceeding normal levels, labor costs, overall fixed manufacturing costs not allocated to the production costs, lost and missing inventories, etc.

Deductions in cost of goods sold are the value of the construction be reduced after the audit or the final settlement of capital construction .

17. Recognition of financial expenses

Financial expenses include: the cost of borrowing capital, the interest paid on late payment of social insurance. Interest expenses (including accrued expenses) of the financial report period were fully recognized for the period. Expenses for late payment of social insurance premiums are recognized as actually incurred.

18. Selling and General & Administrative expenses

Selling expenses: are actual expenses incurred during the sale of goods including selling staff expenses, shipping costs, etc.

The Company did not incur deduction in selling expenses in the year.

General and administrative expenses: are general management expenses, including salaries for administrative employees (salaries, wages, allowances, etc); social insurance, health insurance, trade union funds, unemployment insurance for business managers; expenses for office supplies, labor tools, depreciation of fixed assets used for enterprise management; lease rent, licence tax; provision for doubtful receivables; outsourced services (electricity, water, telephone, fax, asset warranties, etc); other monetary expenses (entertainment, customer conference, etc.).

The Company did not incur deduction in selling expenses in the year.

19. Other accounting principles and methods**Construction in progress**

Cost of construction in progress include: the construction costs of the 2 storey house, investment project of Suot Kiet stone quarry - Binh Thuan province, Works to upgrade the dump of materials.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED BALANCE SHEET****1. Cash and cash equivalents**

	Closing balance	Opening balance
Cash on hand	350,013,012	311,329,811
Cash at bank	262,439,627	1,178,080,648
Cash in transit	-	-
Total	612,452,639	1,489,410,459
Cash equivalents	-	-
Total cash and cash equivalents	612,452,639	1,489,410,459

2. Trade receivables**2.1 Current trade receivables**

	Closing balance	Opening balance
Railway Project Management Board - Ministry of Transport (Construction package 11: Upgrading the railway section of Bieu Nghi - Ha Long (Km105 + 200 - Km124 + 483))	13,584,800,689	13,584,800,689
Group 6 Railway of China Co., Ltd (Contract of supplying tie-bar Cat Linh - Ha Dong No. YNQG-PJHW-W008)	1,143,274,000	6,320,811,000
Group 6 Railway of China Co., Ltd (Package of railway construction Cat Linh - Ha Dong)	8,368,791,200	9,368,791,200
Others	52,294,861,780	59,608,993,225
Total	75,391,727,669	88,883,396,114

3. Advances to suppliers**3.1 Current advances to suppliers**

	Closing balance	Opening balance
Regional Railway Project Management Unit 1	547,781,000	547,781,000
Anh Binh An Construction JSC	-	469,889,352
Truong Phuoc Loc Company Limited	-	313,455,179
Others	1,866,975,191	1,276,343,807
Total	2,414,756,191	2,607,469,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Other receivables

4.1 Current other receivables

	Closing balance		Opening balance	
	Value	Provision	Value	Provision
The advance payment for ground clearance for the Border Guard Command of Lao Cai province	489,398,000	-	489,398,000	-
Advances	2,017,370,950	-	1,753,204,660	-
Individual receivable compensation for construction costs	335,495,789	-	2,085,495,789	-
Individual receivable payment for Kuwait project	841,044,902	-	841,044,902	-
Mr. Phan Anh Phuong	820,000,000	-	-	-
Mr. Truong Duy Ha	750,000,000	-	-	-
Others	541,399,304	-	340,790,506	-
Total	5,794,708,945	-	5,509,933,857	-

4.2 Non-current other receivables

	Closing balance		Số đầu kỳ	
	Value	Provision	Value	Provision
Deposits	134,600,000	-	134,600,000	-
Total	134,600,000	-	134,600,000	-

5. Doubtful receivables

5.1 Overdue receivables

	Closing balance		Opening balance	
	Value	Recoverable amount	Value	Recoverable amount
<i>Current receivables, short-term loans</i>				
The hot asphalt concrete floor TNXP Song Da	963,766,356	-	963,766,356	-
Bao Quan Co., Ltd	283,532,774	-	283,532,774	-
Construction of Thach My bridge intersection	404,810,607	-	404,810,607	-
Maintenance and repair 715 Co., Ltd	299,368,000	-	299,368,000	-
Road company 230	503,033,000	-	503,033,000	-
Others	270,665,863	-	270,665,863	-
Total	2,725,176,600	-	2,725,176,600	-

5.2 The Company's assessment of the ability to recover overdue debt

The Company has assessed and made provisions for overdue debts, irrecoverable debts with appropriate caution. The Company will continue to take measures to ensure the recovery of overdue debts.

6 Inventories

	Closing balance		Opening balance	
	Value	Provision	Value	Provision
Raw materials	11,708,939,350	-	9,407,766,026	-
Tools and instruments	275,836,141	-	73,390,208	-
Work - in - progress	31,607,643,969	-	20,193,853,855	-
Finished goods	13,413,511,051	-	16,269,777,363	-
Goods	118,118,000	-	162,955,865	-
Total	57,124,048,511	-	46,107,743,317	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**7. Prepaid expenses**

	<u>Closing balance</u>	<u>Opening balance</u>
7.1 Current prepaid expenses		
Tools and instruments	183,773,000	181,309,629
Grant of mining rights	-	291,666,667
Cost of repairing fixed assets	48,060,500	-
Các khoản khác	10,913,650	899,833
Total	242,747,150	473,876,129
	<u>Số cuối kỳ</u>	<u>Số đầu kỳ</u>
7.2 Non - current prepaid expenses		
Tools and instruments	1,785,371,026	1,828,515,086
Cost of repairing fixed assets	256,325,329	287,994,759
Grant of mining rights	2,711,295,073	-
Cost of mine-design project	375,732,872	453,763,175
Other non - current prepaid expenses	95,980,601	1,361,768,325
Total	5,224,704,901	3,932,041,345

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Increase and decrease in tangible fixed assets

	<i>Building and architetonc</i>	<i>Machinery and equipment</i>	<i>Transportation & transmit instrument</i>	<i>Tool and instrument for management</i>	<i>Other tangible fixed assets</i>	<i>Total</i>
Historical cost						
As at 01 January 2018	22,831,067,756	61,011,302,252	15,455,882,009	427,526,363	3,257,368,711	102,983,147,091
Purchase in the period	-	150,000,000	200,000,000	-	-	350,000,000
New construction	-	-	-	-	-	-
Other decreases	-	-	-	-	-	-
Disposal	-	(642,092,000)	(766,732,994)	-	-	(1,408,824,994)
As at 30 June 2018	22,831,067,756	60,519,210,252	14,889,149,015	427,526,363	3,257,368,711	101,924,322,097
Accumulated depreciation	-					
As at 01 January 2018	14,995,713,542	47,392,891,912	12,393,864,187	390,317,482	3,093,251,458	78,266,038,581
Depreciation in the year	770,648,324	1,330,195,574	495,329,718	5,436,366	97,393,169	2,699,003,151
Switch to Investment properties	-	-	-	-	-	-
Disposal	-	(642,092,000)	(766,732,994)	-	-	(1,408,824,994)
As at 30 June 2018	15,766,361,866	48,080,995,486	12,122,460,911	395,753,848	3,190,644,627	79,556,216,738
Carrying value						
As at 01 January 2018	7,835,354,214	13,618,410,340	3,062,017,822	37,208,881	164,117,253	24,717,108,510
As at 30 June 2018	7,064,705,890	12,438,214,766	2,766,688,104	31,772,515	66,724,084	22,368,105,359

In which:

Historical cost of fully depreciated tangible fixed assets but still in use:

VND 53,458,942,938

Historical cost of tangible fixed assets for disposal at the year end:

VND 0

Carrying value of tangible fixed assets at the end of the year for mortgage, pledge and guaranteed loans:

VND 65,846,356,780

(Details at Note V.20 to the financial statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Increase and decrease in intangible fixed assets

	<i>Land use rights</i>	<i>Other intangible fixed assets</i>	<i>Total</i>
Historical cost			
As at 01 January 2018	2,235,294,981	-	2,235,294,981
Purchase in the year	-	-	-
Disposal	-	-	-
Other decreases	-	-	-
As at 30 June 2018	2,235,294,981	-	2,235,294,981
Hao mòn lũy kế			
As at 01 January 2018	794,195,038	-	794,195,038
Amortization in the year	21,040,002	-	21,040,002
Other decreases	-	-	-
As at 30 June 2018	815,235,040	-	815,235,040
Carrying value			
As at 01 January 2018	1,441,099,943	-	1,441,099,943
As at 30 June 2018	1,420,059,941	-	1,420,059,941

10. Construction in progress

	<i>Closing balance</i>	<i>Opening balance</i>
Construction in progress		
+ Investment project to construct Suoi Kiet quarry	5,589,058,341	5,589,058,341
+ Expansion of processing area	278,173,996	278,173,996
+ Two-storey mechanical housing project	284,648,090	284,648,090
+ Upgrading the dump of materials	-	-
Total	6,151,880,427	6,151,880,427

11 Trade payables

11.1 Current trade payables

	<i>Closing balance</i>		<i>Opening balance</i>	
	<i>Value</i>	<i>Amount able to pay off</i>	<i>Value</i>	<i>Amount able to pay off</i>
Railway Corporation Joint Stock Company	5,739,189,820	5,739,189,820	5,739,189,820	5,739,189,820
Construction Investment 3 Joint Stock Company	18,185,397,780	18,185,397,780	20,063,197,780	20,063,197,780
Others	24,306,512,405	24,306,512,405	28,248,803,938	28,248,803,938
Total	48,231,100,005	48,231,100,005	54,051,191,538	54,051,191,538

12. Advances from customers

12.1 Current advances from customers

	<i>Closing balance</i>	<i>Opening balance</i>
Japan Vietnam Medical Instrument Joint Stock Company (Restoration and repair works of railway No. 3A and the construction of dual stations)	1,092,528,300	1,092,528,300
Committee of traffic infrastructure maintenance	2,594,714,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Mrs. Nguyen Thi Nga	2,000,000,000	-
Others	262,381,825	469,895,460
Total	5,949,624,125	1,562,423,760

13 Tax and other payables to the State**13.1 Tax payable**

	<u>Opening balance</u>	<u>Payable in year</u>	<u>Paid in year</u>	<u>Closing balance</u>
VAT on domestic goods	1,771,976,873	722,151,086	1,756,781,383	737,346,576
Import and export tax	-	535,088,869	535,088,869	-
Corporate income tax	341,092,277	-	-	341,092,277
Personal income tax	9,600,833	33,975,722	36,156,492	7,420,063
Resource tax	223,328,000	852,111,700	456,751,999	618,687,701
Land tax, land rental	-	906,304,357	779,870,153	126,434,204
Charges, fees and other payables	120,147,927	3,072,563,186	1,279,079,933	1,913,631,180
Total	2,466,145,910	6,122,194,920	4,843,728,829	3,744,612,001

13.2 Tax receivable

	<u>Opening balance</u>	<u>Payable in year</u>	<u>Paid in year</u>	<u>Closing balance</u>
Corporate income tax	200,000,000	-	-	200,000,000
Total	200,000,000	-	-	200,000,000

14. Payables to employees

	<u>Closing balance</u>	<u>Opening balance</u>
Factory 602	425,354,981	446,603,482
Factory 605	601,361,969	1,838,378,015
Material and Construction Factory	252,201,897	520,045,278
Thap Cham construction material Factory	288,337,160	319,895,145
Head office	166,536,409	222,494,375
Phu Ly Stone One member Co., Ltd	641,379,876	512,133,966
Total	2,375,172,292	3,859,550,261

15. Accrued expenses**15.1 Current accrued expenses**

	<u>Closing balance</u>	<u>Opening balance</u>
Interest expenses payable	275,983,365	124,854,289
Others	-	-
Total	275,983,365	124,854,289

16. Unrealized revenues**16.1 Current unrealized revenues**

	<u>Closing balance</u>	<u>Opening balance</u>
Current unrealized revenues	326,535,453	163,886,363
Total	326,535,453	163,886,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**17. Other payables****17.1 Current other payables**

	<u>Closing balance</u>	<u>Opening balance</u>
Social insurance, health insurance and unemployment insurance	3,760,528,888	2,032,244,366
Union fund	168,712,383	61,953,169
Receipt of current collaterals and mortgages	50,000,000	50,000,000
Tracking the stock collection of the poor	165,200,000	165,200,000
Others:		
+ <i>Vietnam Railways</i>	194,425,048	194,425,048
+ <i>Others</i>	988,388,934	988,388,934
+ <i>Others</i>	1,796,294,079	355,493,770
Total	<u>7,123,549,332</u>	<u>3,847,705,287</u>

18. Payables provision**18.1 Provision of non - current payables**

	<u>Closing balance</u>	<u>Opening balance</u>
Provision for warranty goods	314,675,927	314,675,927
Provision for warranty of construction works	343,863,073	343,863,073
Total	<u>658,539,000</u>	<u>658,539,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Borrowings

19.1 Current borrowings

		Opening balance		During the period		Closing balance	
		Value	Amount able to pay off	Increase	Decrease	Value	Amount able to pay off
Current borrowings							
Joint Stock Commercial Bank for Investment and Development of Vietnam	(i)	51,559,648,431	51,559,648,431	18,305,595,235	19,892,356,591	49,972,887,075	49,972,887,075
Loan of individuals	(ii)	6,230,000,000	6,050,000,000	3,309,934,000	3,259,934,000	6,280,000,000	6,280,000,000
- Ms. Dam Thi Kim Cuc		2,500,000,000	2,500,000,000	-	-	2,500,000,000	2,500,000,000
- Mr. Nguyen Van Phong		180,000,000	-	-	-	180,000,000	180,000,000
- Ms. Nguyen Thi Hanh		1,200,000,000	1,200,000,000	-	-	1,200,000,000	1,200,000,000
- Ms. Nguyen Thi Huong		500,000,000	500,000,000	550,000,000	-	1,050,000,000	1,050,000,000
- Ms. Doan Thi Kim Thanh		850,000,000	850,000,000			850,000,000	850,000,000
- Ms. Le Thi Ngoc		1,000,000,000	1,000,000,000	950,000,000	1,950,000,000	-	-
- Mr. Do Xuan Dien		-	-	1,299,934,000	1,299,934,000	-	-
- Mr. Nguyen Van Sang		-	-	500,000,000	-	500,000,000	500,000,000
- Mr. Nguyen Dinh Lich		-	-	10,000,000	10,000,000	-	-
Total		57,789,648,431	57,609,648,431	21,615,529,235	23,152,290,591	56,252,887,075	56,252,887,075

(i): The Credit Agreement No.01/2017/153713/HDTD dated 08 August 2017 for the purpose of supplementing working capital, guarantee, open letter of credit. Loan term: 12 months. Interest rate: floating. This loan is secured by the mortgage of movable and immovable property under the Mortgage Agreement No.01/2017/153713/HDBD, Mortgage Agreement No.02/2017/153713/HDBD and amendments to this mortgage contract.

(ii): Loan from individual is for the purpose of supplementing working capital. Loan term included in each contracts but no more than 12 months. Interest rates: adjusted according to the interest rates of commercial bank, interest rates applied in the period from 01 January 2018 to 30 June 2018 is 10% per year. These loans are trust loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Owners' equity

20.1. Increase and decrease in owners' equity

	Contribution of owners	Share premium	Treasury shares	Exchange differences	Investment and development fund	Retained earnings	Total
Opening balance of the previous period	61,080,780,000	-	(23,190,000)	-	8,701,960,259	1,552,878,678	71,312,428,937
Profit in the previous period	-	-	-	-	-	(13,068,406,884)	(13,068,406,884)
Other increases	-	-	-	-	-	-	-
Appropriate the development and investment fund	-	-	-	-	-	-	-
Remuneration of the Board of Directors	-	-	-	-	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-
Funds appropriated	-	-	-	-	(3,331,728,522)	(1,552,878,678)	(4,884,607,200)
Other decreases	-	-	-	-	-	-	-
Balance of the end of the previous period	61,080,780,000	-	(23,190,000)	-	5,370,231,737	(13,068,406,884)	53,359,414,853
Beginning balance of the current period	61,080,780,000	-	(23,190,000)	-	5,370,231,737	(13,068,406,884)	53,359,414,853
Profit in the current period	-	-	-	-	-	(4,769,963,977)	(4,769,963,977)
Other increases	-	-	-	-	-	-	-
Funds appropriated	-	-	-	-	-	-	-
Distribute profits (*)	-	-	-	-	-	-	-
Other decreases	-	-	-	-	-	-	-
Closing balance at the end of the current period	61,080,780,000	-	(23,190,000)	-	5,370,231,737	(17,838,370,861)	48,589,450,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**20.2. Details of owners' capital contribution**

	<u>Current period</u>	<u>Previous period</u>
Contributed by the State	9,704,330,000	9,704,330,000
Contributions of other shareholders	51,376,450,000	51,376,450,000
Total	61,080,780,000	61,080,780,000

Capital transactions with owners and distribution of dividends, profit sharing

	<u>Current period</u>	<u>Previous period</u>
Investment capital of owners		
+ Equity capital at the beginning of the period	61,080,780,000	61,080,780,000
+ Equity capital increased during the period	-	-
+ Equity capital decreased during the period	-	-
+ Equity capital at the end of the year	61,080,780,000	61,080,780,000
Dividends, profit distributed		4,884,607,200

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares registered for issuance	6,108,078	6,108,078
Number of shares issued /sold to the public		
- Common shares	6,108,078	6,108,078
- Preferred shares	-	-
Number of bought back shares		
- Common shares	2,319	2,319
- Preferred shares	-	-
Number of outstanding shares	6,105,759	6,105,759
- Common shares	6,105,759	6,105,759
- Preferred shares	-	-
Face value of outstanding shares:	10,000 VND	

20.3. Other funds of equity**Purpose of funds**

Investment and development fund: be used according to the State's regulations and shareholders' resolutions.

21 Foreign currencies

Details of amount of foreign currencies held by the Company:

<u>Content</u>	<u>Closing balance</u>	<u>Opening balance</u>
USD	949.14	1,108.49

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**VI. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED INCOME STATEMENT****1. Revenues from sale of goods and services****1.1 Revenues from sale of goods and services**

	Current period	Previous period
Revenues from sale of goods, finished goods	30,972,974,631	34,800,847,802
Revenues from experimental services	36,702,000	210,420,091
Revenue from construction contract	2,548,532,000	8,866,852,974
Total	33,558,208,631	43,878,120,867

1.2 Revenue deductions

	Current period	Previous period
Deduction of construction contract revenue when approving the project settlement	-	463,994,595
Total	-	463,994,595

2. Cost of goods sold

	Current period	Previous period
Cost of goods sold and finished goods	28,437,661,026	30,461,126,313
Cost of services provided	33,052,572	126,212,515
Cost of construction activities	2,000,068,057	8,693,087,495
Total	30,470,781,655	39,280,426,323

3. Financial incomes

	Current period	Previous period
Interest on deposits and loans	137,933,679	9,640,478
Total	137,933,679	9,640,478

4. Financial expenses

	Current period	Previous period
Borrowing interests	2,899,370,217	2,487,974,631
Other financial expenses	165,328,639	32,424,177
Total	3,064,698,856	2,520,398,808

5. Selling expenses

	Current period	Previous period
Selling staff expenses	134,221,497	161,499,515
Materials, packaging expenses	81,857,400	62,185,699
Fixed asset depreciation expenses	62,416,669	62,583,335
Outsourced services expenses	19,643,176	172,119,030
Other monetary expenses	-	-
Total	298,138,742	458,387,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**6. General and Administrative expenses**

	<u>Current period</u>	<u>Previous period</u>
Administrative employee expenses	1,840,578,719	3,247,626,671
Management material expenses	32,616,040	72,848,562
Fixed asset depreciation expenses	669,397,212	535,652,737
Taxes, fees and charges	669,456,881	758,010,082
Outsourced service and other monetary expenses	1,391,283,448	1,397,141,023
Total	4,603,332,300	6,011,279,075

7. Other incomes

	<u>Current period</u>	<u>Previous period</u>
Disposal of fixed assets	56,409,092	3,063,757,453
Others	-	314,409,091
Total	56,409,092	3,378,166,544

8. Other expenses

	<u>Current period</u>	<u>Previous period</u>
Fines	-	-
Others	85,530,255	1,654,975
Total	85,530,255	1,654,975

9. Deferred corporate income tax expenses

	<u>Current period</u>	<u>Previous period</u>
Deferred corporate income tax expenses arisen from taxable temporary differences	-	(3,119,320)
Deferred corporate income tax expenses arisen from the reversal of deferred income tax assets	33,571	1,350,424
Total deferred corporate income tax expenses	33,571	(1,768,896)

10. Basic earnings per share

Basic earnings per share are calculated by dividing after -tax profit or loss distributed to the Company's common shareholders for the weighted average number of outstanding common shares during the period.

The Company used the following information to calculate basic earnings per share:

	<u>Current period</u>	<u>Previous period</u>
Accounting profits after corporate income tax	(4,769,963,977)	(1,468,444,570)
Adjustment to increase, decrease accounting profits to identify profit distributed to common shareholders:	-	-
Distributed profits to the Company's common shareholders	(4,769,963,977)	(1,468,444,570)
Average outstanding common shares during the period (*)	6,105,759	6,105,759
Basic earnings per share	(781)	(241)

(*) Average outstanding common shares during the year are identified as follows:

	<u>Current period</u>	<u>Previous period</u>
Average number of outstanding common shares at the beginning of the period	6,105,759	6,105,759
Add: Average common shares issued during the period	-	-
Deduct: Average number of treasury stocks bought back during the period	-	-
Average number of outstanding common shares during the period	6,105,759	6,105,759

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**11. Production and Operating costs**

	<u>Current period</u>	<u>Preious period</u>
Raw material cost	16,922,327,004	35,508,613,798
Labour cost	8,259,693,300	14,769,886,924
Fixed asset depreciation cost	2,789,220,720	3,102,517,905
Other monetary costs	9,207,880,451	19,005,072,753
Total	<u>37,179,121,475</u>	<u>72,386,091,380</u>

VII. OTHER INFORMATION**1. Contingent liabilities**

As at 30 June 2018, payables to Vietnam Railways of Construction Joint Stock Company No.6 does not reflect the amount of VND 457,937,671 that the Vietnam Railways is debiting (this is the higher level managerial funds of the subcontractors arising before the Company moving to the joint stock company - before 30 September 2003). In the dossier handed over from Construction Company No.6 to Construction Joint Stock Company No.6 that was witnessed by Vietnam Railways and the dossier of capital transfer handed over to Construction Joint Stock Company, there was not this amount. Construction Joint Stock Company No.6 has reported to Vietnam Railway and proposed to handle this difference.

2. Events after the balance sheet date

The company is transferring the land use right in Ho Chi Minh City. Currently, the company and client are submitting to the competent authority to transfer the land lease annual payment to a one-time payment for performing the transaction.

To transfer the project of Suoi Kiet quarry in Binh Thuan province. Management of the Company has set up Suoi Kiet Stone One member Co., Ltd., (independently accounted with the charter capital of VND 10,000,000,000, in words: ten billion Vietnamese dong) to continue the project and applying for a license (replacement for former model of Suoi Kiet Stone Factory). However, in fact, the Company has not yet implemented but only completing legal documents. Expenses incurred in this project are being monitored and accounted in accounting books of the Head Office and Thap Cham Construction Material Factory.

3. Transactions with related parties

A party is considered as related if it can control the other parties or has significant influence on the other party in making financial and operating decisions. Related parties comprise enterprises including parent company, subsidiaries, individual directly or indirectly through one or more intermediaries, control or are controlled by, or under the same control as the Company. Associates, individuals owning, directly or indirectly, an interest in the voting right of the Company and its subsidiaries that give them significant influence on the enterprise, key management personnel, including directors and officers, close members of the family of these individuals or associates and companies associated with these individuals also constitute related parties.

3.1 Transactions with key management personnel and related individuals

Key management members and related individuals include: members of the Board of Directors, Management, Supervisory Board and their intimate family members.

Transactions with key management members and related individuals are as follows:

	<u>Current period</u>	<u>Previous period</u>
Board of Directors, Management, Supervisory Board		
Salary, bonus, allowance	861,007,803	1,002,253,031
Total	<u>861,007,803</u>	<u>1,002,253,031</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**3.2 Other related parties**

List of other related parties of the Company includes:

<u>Related parties</u>	<u>Relationship</u>
Tam Duc Thai Binh Co., Ltd	Wife of Mr. Lai The Thien (Member of the Board) is the owner of Tam Duc Thai Binh Co., Ltd

Transactions with these related parties in the period are as follows:

	<u>Current period</u>	<u>Previous period</u>
<i>Tam Duc Thai Binh Co., Ltd</i>		
Sale	-	5,075,401,908
Purchase	449,877,000	1,956,646,000

At the balance sheet date, receivable and payable balances to other related parties are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
<i>Receivables</i>		
<i>Tam Duc Thai Binh Co., Ltd</i>		
Advances to suppliers	314,386,362	-
Total	314,386,362	-
<i>Payables</i>		
<i>Tam Duc Thai Binh Co., Ltd</i>		
Purchase of goods payables	-	242,348,938
Total	154,985,806	436,773,986

4. Comparative figures

Comparative figures are the figures in the audited financial statements for the fiscal year ended 31 December 2017 and reviewed financial statement for the period from 01 January 2017 to 30 June 2017 then ended by BDO Audit Services Company Limited.

Issued on 15 August 2018

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

General Director



Pham Xuan Huy