

**CONSTRUCTION JOINT STOCK
COMPANY NO.6**

Audited consolidated financial statements
for the fiscal year ended
31 December 2019



INDEX

	Page
REPORT OF MANAGEMENT	2 - 3
INDEPENDENT AUDITOR'S REPORT	4
CONSOLIDATED BALANCE SHEET	5 - 6
CONSOLIDATED INCOME STATEMENT	7
CONSOLIDATED CASH FLOW STATEMENT	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT	9 - 29

REPORT OF MANAGEMENT

Management of Construction Joint Stock Company No.6 (hereinafter “the Company”) is pleased to present its report and consolidated financial statements for the fiscal year ended December 31, 2019 audited by independent auditors.

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 Department of Planning and Investment of Hanoi. During the course of operation, changes in the business activities of the company, charter capital, information of branch of the company were approved by Department of Planning of Hanoi and Investment under the business registration certificate amended from the first to the eleventh time dated 03, July 2019.

Organizational structure:

The Company has 03 factories and 02 subsidiaries, details are as follows:

Factories

- *Factory 605*
- *Material and Construction Factory*
- *Thap Cham Construction Material Factory*

Address

Group 36, Dong Anh Town, Dong Anh District, Hanoi
Group 38, Dong Anh Town, Dong Anh District, Hanoi
Do Vinh Ward, Phan Rang Thap Cham City, Ninh
Thuan Province

Subsidiaries

- *Phu Ly Stone One Member Co., Ltd*
- *Construction Company No.6 Myanmar Limited*

Nam Son Village, Chau Son Ward, Phu Ly City, Ha
Nam Province.
Thanmini street, PaTha57, Penwagon Township, Bago,
Myanmar

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. In addition, the company has no significant The Company's headquarter is at Group 36, Dong Anh Town, Dong Anh District, Hanoi.

BOARD OF DIRECTORS

The members of the Board of Directors during the year and at the date of this report are:

- | | | |
|----------------------|----------|-----------------------------------|
| - Mr. Lai Van Quan | Chairman | |
| - Mr. Pham Xuan Huy | Member | |
| - Mr. Luong Ba Minh | Member | |
| - Mr. Lai The Thien | Member | <i>Dismissed on June 17, 2019</i> |
| - Mr. Phan Anh Tuan | Member | |
| - Mr. Trinh Van Thuy | Member | <i>Appointed on June 17, 2019</i> |

MANAGEMENT

The members of Management and' chief accountant during the year and at the date of this report are:

- | | |
|----------------------|-------------------------|
| - Mr. Pham Xuan Huy | General Director |
| - Mr. Trinh Van Thuy | Deputy General Director |
| - Mr. Luong Ba Minh | Deputy General Director |
| - Mr. Phan Anh Tuan | Chief Accountant |

SUPERVISORY BOARD

The members of the Supervisory Board during the year and at the date of this report are:

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

REPORT OF MANAGEMENT *(continued)*

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.

SUBSEQUENT 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 separate operations and business results in subsequent periods after the balance sheet date.

AUDITOR

BDO Audit Services Company Limited has audited the Company's consolidated financial statements for the fiscal year ended 31 December, 2019.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for preparing the Consolidated Financial Statements for the fiscal year ended 31 December, 2019, which gives a true and fair view of the Company's position and of the consolidated results of its operations and its consolidated cash flows for the fiscal year then ended and confirms that there are no contingent events that might affect the going concern of the Company.

In preparing those Consolidated 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. On the preparation and presentation of the consolidated financial statements, 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 consolidated financial statements.

According to Management's opinion, the audited Consolidated Financial Statements (accompanying) give a true and fair view of the financial position of the Company as at 31 December, 2019 and the consolidated results of its operations and its consolidated cash flows for the fiscal year then ended.

Hanoi, 16 March 2020

On behalf of Management,



General Director
Pham Xuan Huy

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

Currency: VND

ASSETS	Code	Note	Closing balance	Opening balance
A - CURRENT ASSETS	100		155,345,027,002	137,053,591,344
I. Cash and cash equivalents	110	V.1	19,643,084,887	1,214,895,337
1. Cash	111		19,643,084,887	1,214,895,337
II. Current receivables	130		85,554,446,744	85,119,750,629
1. Current trade receivables	131	V.2	86,805,964,722	82,215,400,400
2. Current advances to suppliers	132	V.3	1,110,417,746	1,285,351,441
3. Intra-company current receivables	133		-	-
4. Other current receivables	136	V4.1	5,233,445,496	5,417,914,388
5. Provision for doubtful current receivables	137	V.5	(7,595,381,220)	(3,798,915,600)
III. Inventories	140		49,814,028,371	50,215,728,628
1. Inventories	141	V.6	49,898,332,376	50,215,728,628
2. Provision for devaluation of inventories	149	V.6	(84,304,005)	-
IV. Other current assets	150		333,467,000	503,216,750
1. Current prepaid expenses	151	V.7.1	133,467,000	303,216,750
2. Deductible VAT	152		-	-
3. Tax and other receivables from the State	153	V.13.2	200,000,000	200,000,000
B - NON - CURRENT ASSETS	200		34,303,989,336	32,316,970,587
I. Non - current receivables	210		1,364,669,217	234,600,000
1. Other non-current receivables	216	V.4.2	1,364,669,217	234,600,000
II. Fixed assets	220		22,921,316,797	21,753,346,441
1. Tangible fixed assets	221	V.8	20,416,105,619	20,354,326,502
<i>Historical cost</i>	222		96,672,050,086	95,930,974,684
<i>Accumulated depreciation</i>	223		(76,255,944,467)	(75,576,648,182)
2. Intangible fixed assets	227	V.9	2,505,211,178	1,399,019,939
<i>Historical cost</i>	228		3,383,566,224	2,235,294,981
<i>Accumulated amortization</i>	229		(878,355,046)	(836,275,042)
III. Non - current work in progress	240		6,213,779,696	6,151,880,427
1. Non-current work in progress	241		-	-
2. Construction in progress	242	V.10	6,213,779,696	6,151,880,427
IV. Non - current financial investments	250		-	-
V. Other non - current assets	260		3,804,223,626	4,177,143,719
1. Non - current prepaid expenses	261	V7.2	3,804,187,922	4,176,928,511
2. Deferred income tax assets	262	V.19	35,704	215,208
3. Goodwill	269		-	-
TOTAL ASSETS	270		189,649,016,338	169,370,561,931

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2019

RESOURCES	Code	Note	Closing balance	Opening balance
C - LIABILITIES	300		152,175,467,456	125,750,056,142
I. Current liabilities	310		151,403,094,456	125,174,838,142
1. Current trade payables	311	V.11	56,210,857,260	49,696,840,860
2. Current advances from customers	312	V.12	4,927,321,104	5,987,527,214
3. Tax and other payables to the State	313	V.13.1	7,691,713,477	4,844,135,134
4. Payables to employees	314	V.14	3,906,147,545	2,673,861,262
5. Current accrued expenses	315	V.15	250,921,214	265,528,614
7. Payables based on stages of construction contract schedule	317		21,362,004,294	-
6. Current unrealized revenues	318	V.16	220,909,091	163,636,363
7. Other current payables	319	V.17	5,593,401,358	5,605,688,812
8. Current borrowings	320	V.20	50,792,745,539	54,974,439,309
9. Bonus and welfare fund	322		447,073,574	963,180,574
II. Non - current liabilities	330		772,373,000	575,218,000
1. Non-current loans and finance lease liabilities	338		-	-
2. Deferred income tax payable	341		-	-
3. Provision of non - current payables	342	V.18	772,373,000	575,218,000
D - OWNERS' EQUITY	400		37,473,548,882	43,620,505,789
I. Owners' equity	410	V.21	37,473,548,882	43,620,505,789
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		-	-
3. Treasury shares	415		(23,190,000)	(23,190,000)
4. Investment and development fund	418		5,370,231,737	5,370,231,737
5. Retained earnings	421		(28,954,272,855)	(22,807,315,948)
- Accumulated retained earnings by the end of the previous year	421a		(22,806,455,114)	(13,068,406,884)
- Retained earnings of the current year	421b		(6,147,817,741)	(9,738,909,064)
TOTAL LIABILITIES AND OWNERS' EQUITY	440		189,649,016,338	169,370,561,931

Preparer



Doan Thi Kim Thanh

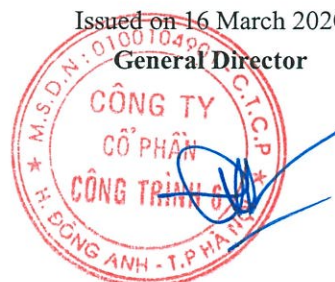
Chief Accountant



Phan Anh Tuan

Issued on 16 March 2020

General Director



Pham Xuan Huy

CONSOLIDATED INCOME STATEMENT

Year 2019

Currency: VND

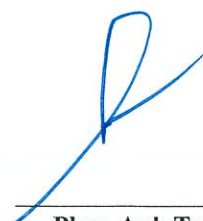
ITEMS	Code	Note	Current year	Previous year
1. Revenue from sale of goods and services	01	VI.1.1	95,842,389,229	94,411,915,401
2. Revenue deductions	02	VI.1.2	-	-
3. Net revenue from sale of goods and services	10		95,842,389,229	94,411,915,401
4. Cost of goods sold	11	VI.2	80,071,867,916	88,287,300,609
5. Gross profits from sale of goods and services	20		15,770,521,313	6,124,614,792
6. Financial income	21	VI.3	4,622,488	139,364,607
7. Financial expenses	22	VI.4	6,047,862,932	6,045,991,160
<i>In which: interest expenses</i>	23		5,035,780,839	5,651,658,704
8. Profit or loss from joint ventures, associates	24		-	-
9. Selling expenses	25	VI.5	2,343,517,156	709,570,420
10. General and administrative expenses	26	VI.6	14,491,048,975	10,854,585,967
11. Net profit from operating activities	30		(7,107,285,262)	(11,346,168,148)
12. Other income	31	VI.7	1,262,611,910	1,748,892,449
13. Other expenses	32	VI.8	277,273,079	101,734,055
14. Other profits	40		985,338,831	1,647,158,394
15. Profit before tax	50		(6,121,946,431)	(9,699,009,754)
16. Current corporate income tax	51	VI.9	24,830,972	38,357,091
17. Deferred corporate income tax	52	VI.10	179,504	1,542,219
18. Profit after corporate income tax	60		(6,146,956,907)	(9,738,909,064)
19. Profit after tax of the parent company	61		(6,146,956,907)	(9,738,909,064)
20. Profit after tax of non-controlling shareholders	62		-	-
21. Basic earnings per share	70	VI.11	(1,007)	(1,595)
22. Diluted earnings per share	71		-	-

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

Issued on 16 March 2020

General Director



Pham Xuan Huy

CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

Year 2019

Currency: VND

ITEMS	Code	Note	Current year	Previous year
I. Cash flows from operating activities				
1. Profit before tax	01		(6,121,946,431)	(9,699,009,754)
2. Adjustments for:				
- Depreciation of fixed assets and investment properties	02		4,514,847,307	5,331,832,578
- Provisions	03		4,077,924,625	990,418,000
- Unrealized foreign exchange gains, losses from revaluation of monetary assets and liabilities denominated in foreign currencies	04		49,239	(470,830)
- Profit, losses from investing activities	05		(784,130,162)	(1,670,712,579)
- Interest expenses	06		5,035,780,839	5,651,658,704
3. Operating income before changes in working capital	08		6,722,525,417	603,716,119
- Increase, decrease in receivables	09		(5,361,230,952)	7,632,133,080
- Increase, decrease in inventories	10		317,396,252	(4,107,985,311)
- Increase, decrease in payables	11		29,105,999,189	3,371,868,677
- Increase, decrease in prepaid expenses	12		542,490,339	(74,227,787)
- Interest paid	14		(4,976,049,948)	(5,520,585,212)
- Corporate income tax paid	15		-	-
- Other proceeds from operating activities	16		-	-
- Other payments for operating activities	17		(516,107,000)	(68,999,167)
Net cash flows from operating activities	20		25,835,023,297	1,835,920,399
II. Cash flows from investing activities				
- Payment for purchases or construction of fixed assets and other long - term assets	21		(4,009,220,900)	(576,970,566)
- Proceeds from disposals of fixed assets and other long - term assets	22		781,061,818	1,181,818,181
- Interests and dividends received	27		3,068,344	138,894,398
Net cash flows from investing activities	30		(3,225,090,738)	743,742,013
III. Cash flows from financing activities				
- Drawdown of borrowings	33		28,480,254,752	46,410,090,952
- Repayments of borrowings	34		(32,661,948,522)	(49,225,300,074)
- Dividends, profits paid to shareholders	36		-	(39,439,242)
Net cash flows from financing activities	40		(4,181,693,770)	(2,854,648,364)
Net increase/decrease in cash and cash equivalents during the year	50		18,428,238,789	(274,985,952)
Cash and cash equivalents at the beginning of the year	60	V.1	1,214,895,337	1,489,410,459
Impact of exchange rate changes	61		(49,239)	470,830
Cash and cash equivalents at the end of the year	70	V.1	19,643,084,887	1,214,895,337

Preparer

Chief Accountant

Issued on 16 March 2020

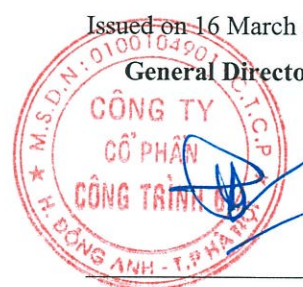
General Director



Doan Thi Kim Thanh



Phan Anh Tuan



Pham Xuan Huy

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2019

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 activities 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 eleventh time dated 03, July 2019.

2. Business sector

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; Construction of other civil engineering works; Lease of warehouses and workshops for manufacture; Trade of materials, means, transport equipments; Production of building materials from clay; Production of cement, lime and plaster; Trading in construction materials, steel structures, prefabricated concrete components, asphalt concrete; Testing of construction materials; 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. In case of construction, the period depends on the contract.

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%
- Construction Company No.6 Myanmar Limited	Thanmini, PaTha57, Penwegon, Bago, Myanmar	100%	100%	100%

List of the Company's factories

Name	Address
- 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

6. Employees

The number of Company's employees signing long-term contract as at 31 December 2019 were 139 people (147 employees as at 31 December 2018).

7. Declaration on comparability of figures on financial statements

Comparative figures are presented in accordance with figures from the audited consolidated financial statement for the fiscal year 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Year 2019

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 December 22, 2014 and Circular No. 202/2014/TT-BTC issued by the Ministry of Finance dated December 22, 2014, guiding the preparation and presentation of the consolidated financial statements.

The consolidated 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 consolidated financial statements have been prepared and presented in accordance with the requirements of the Vietnamese Accounting Standards, the Vietnamese Accounting System and other prevailing legal regulations relating to the preparation and presentation of consolidated financial statements.

IV. APPLICABLE ACCOUNTING STANDARDS

1. 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 31/12/2019 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.

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.

2. 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 to increase: 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 rate of the bank where the Company open its accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

3. Recognition of cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits, cash in transit and current 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. The identification of cash and cash equivalents is in accordance with Vietnam Accounting Standard No. 24 "Cash Flow Statement".

4. 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 payment terms of less than 12 months or a business cycle are classified as current receivables, receivables which have remaining payment 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 12 months (overdue period is determined based on the principal contract, exclusive of the debt rescheduling between contracting parties) is made following principles below:

<u>Overdue</u>	<u>Rate used to make provision</u>
From 1 year to 2 years	50%
From 2 years to 3 years	70%
3 years and more	100%

5. 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 their present location and condition. The net realizable value is determined as the estimated selling price minus (-) the estimated costs of completion the product and the estimated costs necessary to make a sale.

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 upgrade of railway and road which have been performed but not been approved yet by the clients and costs of 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Year 2019

6. 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 all costs necessary to bring the tangible fixed assets into working condition for its intended use. The determination of the historical cost of each category of tangible fixed assets is in accordance with Vietnamese Accounting Standard No. 03 Tangible fixed assets.

Expenditures incurred after the initial recognition (costs of upgrade, 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 life as follows:

<u>Assets</u>	<u>Useful life</u>
Building and architetonc	06 - 50 years
Machinery and equipment (*)	03 - 15 years
Transportation & transmit instrument	06 - 10 years
Instruments & tools 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 obtained the certificates of land use right. The cost of a land use right comprises all costs necessary to bring the land to condition 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 25/04/2013 by the Ministry of Finance, Circular No. 147/2016/TT-BTC dated 13/10/2016 by the Ministry of Finance and Circular No. 28/2017/TT-BTC dated 12/04/2017 by the Ministry of Finance modifies some articles of Circular No. 45/2013/TT-BTC and Circular No. 147/2016/TT-BTC.

7. 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 for the fiscal year 2019 is 20%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

b) Deferred corporate income tax

Deferred corporate income tax is the amount of enterprise income tax payable or will be reimbursed due to the temporary difference between the carrying amount of assets and liabilities for the purpose of preparing and presenting the financial statements and for tax purposes.

c) Land rental

The annual land rental expenses of the company is recognized according to the notice of the tax authorities.

d) Other taxes

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

The Company's tax reports 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.

8. 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>Amortization 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 Consolidated 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.

9. Recognition of payables

The classification of trade payables, other payables follows principles below:

- **Trade payables:** include commercial payables arisen from purchases of goods, services or assets, or the cost of subcontractors, partnership contractors paid by the Company leading the partnership and the investor to the Company account.
- **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 Consolidated 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.

10. Recognition of recording and capitalization of borrowing expenses

Recognition of borrowing expenses

Borrowing expenses include interest expenses and other expenses directly relating to the borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

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

11. 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 fiscal year to ensure the consistency between revenues and expenses. Accrued expenses are interest epenses which is recorded on the basis of borrowing principal, terms and interest applicable.

12. Principles and methods of recording provisions for payable

Provisions are recognized when the Company has current possible debt obligation (legal obligation or jointly liable obligation) due to result of a past event; decrease in economic benefits lead to the requirement for payment of debt obligation; and company gives a reliable estimation on value of such obligation. Provisions are only recorded when satisfying conditions specified in Accounting Standard No. 18 "Provisions, contingent assets and liabilities".

Recognition of provisions for payable

Provisions for payables is recorded (refunded) by the difference between provision for payables made this year, and unsecured provision for payables made in previous year.

Basis for recognition of provisions for payable

Product and construction warranty expense

Provision for product warranty is made for each type of product, good, construction in accordance with Circular No. 48/2019/TT-BTC dated 8 August 2019 guiding the regime of provisioning and estimated the cost of implementation of the company. Construction contract, commercial contract and sale of concrete sleepers have one-year warranty term from the delivery date. Provision for warranty expenses is estimated at 1% of the final settlement value of the construction and term specified in the contract.

13. Recognition of unrealized revenues

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

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

14. Recognition of owners' equity

a) Recognition of owners' equity

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

b) Recognition of exchange difference

Foreign exchange differences means differences incurred from exchange or conversion of the same amounts of foreign currency into accounting currency unit according to different foreign exchange rates. Foreign 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 items derived from foreign currencies at the time of financial statement.

Foreign exchange difference incurred in the year and exchange difference from revaluation of monetary items derived from foreign currencies are recorded in financial income or financial expense at the time of incurring.

c) Recognition of investment and development fund

The appropriation and use of fund is in accordance with the resolution of general meeting of Shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Year 2019

d) Recognition of retained earnings

Retained earnings reflect the business results (loss) after corporate income tax and profit sharing plan or off-set with the loss of the Company. Retained earnings shall be specifically recorded to the operational results of each financial year (previous year, current year) and to each plan content (paying dividends, profit sharing).

15. 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 experimental services were recorded in the business results in the period in proportion to the stage of completion of contract activity.

If the outcome of a contract can not be reliably determined, revenue will be recognized the extent that contract costs incurred are expected to be recoverable.

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.

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 fiscal year.

16. Recognition of revenue deductions

Revenue deductions include the decrease in value of constructions due to the approval of State authority or auditors, recorded according to rules: revenue deductions incurred in the same year is recorded in the period it arises.

In case of construction's revenue was recorded for the previous periods, not until the following period that revenue deductions shall incur, and this event shall arise before the issue time of the financial statements: The Company shall record the decrease in revenue on the financial statements of the reporting period (previous period), in accordance with Vietnamese Accounting Standard 23 "Events after the balance sheet date".

17. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

18. 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.

19. 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; excise; 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 any deduction in general and administrative expenses in the year.

20. Other accounting principles and methods

Construction in progress

Cost of construction in progress includes: the construction costs of the two-storey houses, Suot Kiet stone quarry - Binh Thuan province investment project.

V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED BALANCE SHEET

1. Cash and cash equivalents

	Closing balance	Opening balance
Cash on hand	379,170,686	89,835,161
Cash at bank	19,263,914,201	1,125,060,176
Total cash and cash equivalents	19,643,084,887	1,214,895,337

2. Current trade receivables

	Closing balance	Opening balance
Railway Project Management Board - Ministry of Transport (Construction package No. 11: Upgrading the railway section of Bieu Nghi - Ha Long (Km105 + 200 - Km124 + 483))	13,584,800,689	13,584,800,689
Vietnam Railways Corporation (XL VNR-WB4-12 Package: Rehabilitation of railway drainage system in Hue)	6,743,041,606	6,743,041,606
Lao Cai Traffic Project Management Board - (Package No.1: Project construction: Vo Lao 2 bridge and Phu Nhuan bridge on provincial road 151, Bao Thang District, Lao Cai Province)	5,665,145,550	6,595,525,550
Branch of Vietnam National Coal and Mineral Industries Holding Corporation Limited - Silver Stone Logistics Company - Vinacomin (Construction package No. 21: Railway system construction)	-	5,267,426,200
Cua Ong Coal sorting company - TKV (Construction and sorting railway system)	8,064,529,111	-
Others	52,748,447,766	50,024,606,355
Total	86,805,964,722	82,215,400,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

3. Advances to suppliers

	Closing balance	Opening balance
Regional Railway Project Management Unit 1	217,474,000	217,474,000
Branch of Traffic Investment & Construction Consultant Joint Stock Company - Traffic Infrastructure Engineering And Investment Consultant Enterprise	171,000,000	171,000,000
Vinap Trading and Production Joint Stock Company	78,750,000	78,750,000
Ha Nam Branch of Industrial Environment Joint Stock Company	-	60,000,000
Tien Truong private enterprise	165,801,555	165,801,555
Others	477,392,191	592,325,886
Total	1,110,417,746	1,285,351,441

4. Other receivables

4.1 Current other receivables

	Closing balance		Opening balance	
	Value	Provision	Value	Provision
Advances to employees	1,272,465,747	-	1,659,957,695	-
Personal receivables for Coeet project	841,044,902	-	841,044,902	-
Phan Anh Phuong	820,000,000	-	820,000,000	-
Truong Duy Ha	750,000,000	-	750,000,000	-
Receivables from construction compensation	335,495,789	-	335,495,789	-
Others	1,214,439,058	-	1,011,416,002	-
Total	5,233,445,496	-	5,417,914,388	-

4.2 Non-current other receivables

	Closing balance		Opening balance	
	Value	Provision	Value	Provision
Deposits	1,364,669,217	-	234,600,000	-
Total	1,364,669,217	-	234,600,000	-

5. Doubtful receivables

5.1 Overdue receivables, loans, or not overdue, but are unlikely to be recovered

	Closing balance		Opening balance	
	Value	Recoverable amount	Value	Recoverable amount
Current receivables, loans				
Group of the volunteer youth	963,766,356	-	963,766,356	-
Bao Quan Company Limited	283,532,774	-	283,532,774	-
Traffic Infrastructure Construction 5 Corporation	404,810,607	-	404,810,607	-
Maintenance and repairment 715 Company Limited	299,368,000	-	299,368,000	-
Road 230 company	503,033,000	-	503,033,000	-
Investment and Engineering Construction 120 JSC	2,505,391,142	-	1,073,739,497	-
Anh Binh An Construction JSC	276,694,355	-	-	-
Minh Hien Company Limited	250,724,500	-	-	-
Xuan Loc Phat Trading and Construction Co., Ltd.	1,346,651,400	-	-	-
Hien Minh Company Limited	386,890,460	-	-	-
Others	374,518,626	-	270,665,366	-
Total	7,595,381,220	-	3,798,915,600	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

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	
	<i>Value</i>	<i>Provision</i>	<i>Value</i>	<i>Provision</i>
Raw materials	8,660,978,446	-	9,943,521,412	-
Tools and supplies	360,724,968	-	192,529,857	-
Work - in - progress	21,498,832,748	-	23,532,224,770	-
Finished goods	19,377,974,732	(84,304,005)	16,540,128,631	-
Goods	-	-	8,400,000	-
Provision for devaluation of inventories	(178,518)	-	(1,076,042)	-
Total	49,898,332,376	(84,304,005)	50,215,728,628	-

7. Prepaid expenses

7.1 Current prepaid expenses

	Closing balance	Opening balance
Tools and instruments	133,467,000	296,216,750
Grant of mining rights	-	-
Others	-	7,000,000
Total	133,467,000	303,216,750

7.2 Non - current prepaid expenses

	Closing balance	Opening balance
Tools and instruments	1,058,473,736	1,187,744,507
Grant of mining rights	1,869,109,630	2,249,538,199
Fixed assets repair and maintenance expenses	876,604,556	739,645,805
Total	3,804,187,922	4,176,928,511

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Increase and decrease in tangible fixed assets

	<i>Building and architectonic</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 01/01/2019	22,365,348,388	56,025,258,479	13,808,031,510	427,526,363	3,304,809,944	95,930,974,684
Purchase in the year	400,000,000	3,852,523,333	573,030,900	-	-	4,825,554,233
New construction	539,890,350	-	-	-	-	539,890,350
Switch to Investment property	-	-	-	-	-	-
Disposal	-	(4,524,369,181)	(100,000,000)	-	-	(4,624,369,181)
As at 31/12/2019	23,305,238,738	55,353,412,631	14,281,062,410	427,526,363	3,304,809,944	96,672,050,086
Accumulated depreciation						
As at 01/01/2019	16,138,696,756	44,635,831,434	11,414,544,728	401,190,214	2,986,385,050	75,576,648,182
Depreciation in the year	1,570,017,420	2,056,888,437	770,349,819	10,872,732	64,638,895	4,472,767,303
Switch to Investment property	-	-	-	-	-	-
Disposal	-	(3,751,804,348)	(41,666,670)	-	-	(3,793,471,018)
As at 31/12/2019	17,708,714,176	42,940,915,523	12,143,227,877	412,062,946	3,051,023,945	76,255,944,467
Carrying value						
As at 01/01/2019	6,226,651,632	11,389,427,045	2,393,486,782	26,336,149	318,424,894	20,354,326,502
As at 31/12/2019	5,596,524,562	12,412,497,108	2,137,834,533	15,463,417	253,785,999	20,416,105,619

In which:

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

46,661,890,943 dong.

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

0 dong.

Carrying value of tangible fixed assets at the end of the year used as collaterals for loans:

4,815,479,230 dong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

9. Increase and decrease in intangible fixed assets

	<i>Land use rights</i>	<i>Others</i>	<i>Total</i>
Historical cost			
As at 01/01/2019	2,235,294,981	-	2,235,294,981
Purchase in the year	1,148,271,243	-	1,148,271,243
As at 31/12/2019	3,383,566,224	-	3,383,566,224
Accumulated amortization			
As at 01/01/2019	836,275,042	-	836,275,042
Amortization in the year	42,080,004	-	42,080,004
As at 31/12/2019	878,355,046	-	878,355,046
Carrying value			
As at 01/01/2019	1,399,019,939	-	1,399,019,939
As at 31/12/2019	2,505,211,178	-	2,505,211,178

10. Long-term work in progress

	<i>Closing balance</i>	<i>Opening balance</i>
Constructions in progress		
+ Construction of two-storey house		284,648,090
+ Suoi Kiet quarry's investment project	6,213,779,696	5,589,058,341
+ Construction of expanding the processing area		278,173,996
Total	6,213,779,696	6,151,880,427

11. Current trade payables

	<i>Closing balance</i>		<i>Opening balance</i>	
	<i>Value</i>	<i>Amount able to be paid off</i>	<i>Value</i>	<i>Amount able to be paid off</i>
Construction Investment 3 Joint Stock Company	19,127,358,336	19,127,358,336	17,732,210,014	17,732,210,014
Railway Corporation Joint Stock Company	5,862,540,820	5,862,540,820	5,862,540,820	5,862,540,820
Hanoi Construction Investment Joint Stock Company	2,042,344,900	2,042,344,900		
Railway factory supplies 2	1,728,138,500	1,728,138,500	1,728,138,500	1,728,138,500
Thanh Nhat Global Joint Stock Company	858,403,804	858,403,804	858,403,804	858,403,804
Huy Ha Trading Co.Ltd	1,375,917,422	1,375,917,422	1,184,676,657	1,184,676,657
Tropical Plastic Joint Stock Company	1,187,554,451	1,187,554,451	808,132,671	808,132,671
Ha Ninh Bridge and Road Mechanism Joint Stock Company	3,630,609,630	3,630,609,630	1,009,020,000	1,009,020,000
Công ty TNHH TM - VT Giang Đình	2,341,005,600	2,341,005,600	2,203,739,200	2,203,739,200
Viet Phat Ninh Thuan Co.Ltd	2,054,495,000	2,054,495,000	1,419,685,180	1,419,685,180
Other	16,002,488,797	16,002,488,797	16,890,294,014	16,890,294,014
Total	56,210,857,260	56,210,857,260	49,696,840,860	49,696,840,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

12. Current advances from customers

	<u>Closing balance</u>	<u>Opening balance</u>
Department of Maintenance Committee of Transport Infrastructure (Package No.3)	-	2,594,714,000
Nguyen Thi Nga (*)	2,000,000,000	2,000,000,000
Dual railway stations project	1,092,528,300	1,092,528,300
Duong Thanh Tuan	1,500,000,000	-
Other	334,792,804	300,284,914
Total	4,927,321,104	5,987,527,214

(*): The Company is in process of transferring land use rights in Ho Chi Minh city. Currently, the Company and customer are submitting documents to authority in order to adjust from annual rental payment to one-time payment to complete a transaction.

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

	<u>Opening</u>	<u>Payable in year</u>	<u>Paid in year</u>	<u>Closing balance</u>
VAT on domestic goods	1,533,234,047	5,119,463,352	4,442,003,009	2,210,694,390
VAT on imported goods	-	974,287,398	974,287,398	-
Import and export taxes	-	64,447,673	64,447,673	-
Corporate income tax	379,449,368	24,830,972	-	404,280,340
Personal income tax	8,670,730	24,657,130	22,164,130	11,163,730
Resource tax	1,481,391,401	1,500,100,110	420,000,000	2,561,491,511
Land tax, land rental	252,868,408	2,084,735,124	1,845,741,996	491,861,536
License tax	-	9,000,000	9,000,000	-
Charges, fees and other payables	1,188,521,180	1,412,633,543	588,932,753	2,012,221,970
Total	4,844,135,134	11,214,155,302	8,366,576,959	7,691,713,477

13.2 Tax receivable

	<u>Opening</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	-	17,488,534
Factory 605	1,676,655,786	480,973,684
Material and Construction Factory	317,477,526	388,186,731
Thap Cham construction material Factory	347,396,606	530,040,475
Head office	901,080,144	739,070,598
Phu Ly Stone One member Co., Ltd	397,185,903	518,101,240
Construction Company No.6 Myanmar Limited	266,351,580	-
Total	3,906,147,545	2,673,861,262

15. Current accrued expenses

	<u>Closing balance</u>	<u>Opening balance</u>
Interest payable to Bank	143,017,081	88,527,781
Interest payable to personal loans	107,904,133	177,000,833
Total	250,921,214	265,528,614

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

16. Current unrealized revenues

	Closing balance	Opening balance
- Petroleum retail business	220,909,091	163,636,363
Total	220,909,091	163,636,363

17. Current other payables

	Closing balance	Opening balance
Social insurance, health insurance and unemployment insurance	3,339,544,396	3,509,807,248
Union fund	89,298,417	122,735,628
Current deposits received	50,000,000	50,000,000
Payables for employees termination	1,337,131,894	1,090,544,394
Collection of stock of the poor	165,200,000	165,200,000
Vietnam Railway Corporation	154,985,806	154,985,806
Other	457,240,845	512,415,736
Total	5,593,401,358	5,605,688,812

18. Non-current payables provision

	Closing balance	Opening balance
Provision for warranty goods	496,046,858	459,098,016
Provision for warranty of construction	276,326,142	116,119,984
Total	772,373,000	575,218,000

19. Deferred income tax assets and deferred income tax liabilities

a) Deferred income tax assets

	Closing balance	Opening balance
- Corporate income tax rate used to identify value of deferred income tax assets	20%	20%
- Deferred income tax assets relating to the deductible temporary differences	35,704	215,208
Deferred income tax assets	35,704	215,208

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Borrowings

		Opening balance		During the year		Closing balance	
		Value	Amount able to be paid off	Increase	Decrease	Value	Amount able to be paid off
Current borrowings							
Joint Stock Commercial Bank for Investment and Development of Vietnam	(i)	47,874,439,309	47,874,439,309	21,744,559,752	24,941,948,522	44,677,050,539	44,677,050,539
Loan of individuals	(ii)	7,100,000,000	7,100,000,000	6,735,695,000	7,720,000,000	6,115,695,000	6,115,695,000
Ms. Dam Thi Kim Cuc		3,000,000,000	3,000,000,000	2,850,000,000	2,800,000,000	3,050,000,000	3,050,000,000
Mr. Nguyen Van Phong		180,000,000	180,000,000		-	180,000,000	180,000,000
Ms. Nguyen Thi Hanh		1,200,000,000	1,200,000,000	-	500,000,000	700,000,000	700,000,000
Ms. Dam Thi Kim Thanh		800,000,000	800,000,000	-	800,000,000	-	-
Ms. Le Thi Ngoc		700,000,000	700,000,000	2,000,000,000	700,000,000	2,000,000,000	2,000,000,000
Ms. Nguyen Thi Huong		1,120,000,000	1,120,000,000	-	1,120,000,000	-	-
Others		100,000,000	100,000,000	1,885,695,000	1,800,000,000	185,695,000	185,695,000
Total		54,974,439,309	54,974,439,309	28,480,254,752	32,661,948,522	50,792,745,539	50,792,745,539

Details of current bank and financial companies borrowings:

(i): The Credit Agreement No. 01/2019/153713/HĐTD dated 16/09/2019 for the purpose of supplementing working capital. Loan term: 12 months. Interest rate: floating depending on the moment of receiving each indebtedness certificate. This loan is secured by movable and immovable property under the Mortgage Agreement No. 01/2017/153713/HĐBD and the Mortgage Agreement No.01/2018/58877106/HĐBD. For loan contracts that are due, the Company has proposed an extension according to the proposal of restructuring CT6-TCKT debt payment in April 2019 and accepted by the bank.

(ii): Loan from individual is for the purpose of supplementing working capital. Loan term: 3 months or more. Interest rate is adjusted according to Bank's interest rate in the end of the year, is 10% per year (do not exceed bank's interest rate). This loan is a unsecured loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***21. Owners' equity****21.1. Increase and decrease in owners' equity**

	Charter capital	Share premium	Treasury Stock	Foreign exchange differences	Investment and development fund	Retained earnings	Total
Opening balance of the previous year	61,080,780,000		(23,190,000)	-	5,370,231,737	(13,068,406,884)	53,359,414,853
Increase capital in the previous ye.	-	-	-	-	-	(9,738,909,064)	(9,738,909,064)
Profit in the previous year	-	-	-	-	-	-	-
Balance of the end of the previous year	61,080,780,000	-	(23,190,000)	-	5,370,231,737	(22,807,315,948)	43,620,505,789
Beginning balance of the current y	61,080,780,000	-	(23,190,000)	-	5,370,231,737	(22,807,315,948)	43,620,505,789
Profit in the current year	-	-	-	-	-	(6,146,956,907)	(6,146,956,907)
Closing balance at the end of the current year	61,080,780,000	-	(23,190,000)	-	5,370,231,737	(28,954,272,855)	37,473,548,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

21.2. Details of owners' capital contribution

	Current year	Previous year
Contributions from the State	9,704,330,000	9,704,330,000
Contributions from 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

	Closing balance	Opening balance
Investment capital of owners		
+ Equity capital at the beginning of the year	61,080,780,000	61,080,780,000
+ Equity capital increased during the year	-	-
+ Equity capital decreased during the year	-	-
+ Equity capital at the end of the year	61,080,780,000	61,080,780,000
Dividends, profit distributed		

Shares

	Closing balance	Opening balance
Number of shares registered to issue	6,108,078	6,108,078
Number of shares issued to public		
- Common shares	6,108,078	6,108,078
- Preferred shares	-	-
Number of reacquired 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	-	-
Par value of outstanding shares:	10,000 VND	

21.3. Other funds of equity

Purpose of funds

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

22. Foreign currencies

Details of amount of foreign currencies held by the Company:

Content	Closing balance	Opening balance
USD	756,936.44	943,64
KYRAT	17,300,033	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

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 year	Previous year
Revenues from sale of goods, finished goods	61,134,191,268	75,699,797,089
Revenues from experimental services	133,780,000	114,102,000
Revenue from construction contract	34,574,417,961	18,598,016,312
Total	95,842,389,229	94,411,915,401

1.2 Revenue deductions

	Current year	Previous year
Devaluation of sale	-	-
Total	-	-

2. Cost of goods sold

	Current year	Previous year
Cost of goods sold	323,133,776	10,692,331,001
Cost of finished goods	48,321,447,002	56,345,412,015
Cost of services provided	92,190,000	33,052,572
Cost of construction contracts	31,335,097,138	21,216,505,021
Total	80,071,867,916	88,287,300,609

3. Financial incomes

	Current year	Previous year
Interest on deposits and loans	3,068,344	138,894,398
Unrealized gain on foreign exchanges	1,554,144	470,209
Total	4,622,488	139,364,607

4. Financial expenses

	Current year	Previous year
Interest expense	5,035,780,839	5,651,658,704
Realized loss on foreign exchanges	29,612,722	-
Other	982,469,371	394,332,456
Total	6,047,862,932	6,045,991,160

5. Selling expenses

	Current year	Previous year
Selling staff expenses	209,166,867	285,125,205
Materials, packaging expenses	491,618,506	308,761,512
Fixed asset depreciation expenses	52,794,519	72,537,608
Tools, supplies expenses	-	-
Outsourced services expenses	1,556,575,446	38,646,095
Other monetary expenses	33,361,818	4,500,000
Total	2,343,517,156	709,570,420

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

6. General and Administrative expenses

	Current year	Previous year
Administrative employee expenses	3,396,330,978	3,999,354,569
Management material expenses	131,160,976	46,322,138
Office supply expenses	72,481,847	36,393,225
Fixed asset depreciation expenses	1,254,461,091	1,270,230,534
Provisions expenses	2,475,156,974	-
Taxes, fees and charges	12,512,671	10,926,853
Outsourced service expenses	1,083,334,349	465,996,661
Other monetary expenses	6,065,610,089	5,025,361,987
Total	14,491,048,975	10,854,585,967

7. Other incomes

	Current year	Previous year
Disposal of fixed assets and tools	781,061,818	1,181,818,181
Others	481,550,092	567,074,268
Total	1,262,611,910	1,748,892,449

8. Other expenses

	Current year	Previous year
Disposal of fixed assets and tools	-	-
Penalty fees	-	-
Others	277,273,079	101,734,055
Total	277,273,079	101,734,055

9. Current corporate income tax

	Current year	Previous year
Corporate income tax calculated based on taxable income for the current year	24,830,972	38,357,091
Adjust the income tax expenses of previous years to the current income tax expenses this year	-	-
Total current corporate income tax	24,830,972	38,357,091

10. Deferred corporate income tax expenses

	Current year	Previous year
Deferred corporate income tax expenses arisen from taxable temporary differences	179,504	1,542,219
Total deferred corporate income tax expenses	179,504	1,542,219

11. 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

	Current year	Previous year
Accounting profits after corporate income tax	(6,146,956,907)	(9,738,909,064)
Adjustment to increase, decrease accounting profits to identify profit distributed to common shareholders:		
Distributed profits to the Company's common shareholders	(6,146,956,907)	(9,738,909,064)
Average outstanding common shares during the year (*)	6,105,759	6,105,759
Basic earnings per share	(1,007)	(1,595)

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

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

12. Production and Operating costs

	Current year	Previous year
Raw material cost	44,523,066,247	41,701,532,751
Labour cost	22,062,695,573	17,316,303,456
Fixed asset depreciation cost	4,521,897,307	5,331,832,578
Other monetary costs	37,426,118,945	24,580,343,696
Total	108,533,778,072	88,930,012,481

VII. OTHER INFORMATION

1. Contingent liabilities

As at December 31, 2019, the Company did not record payables to Vietnam Railways Corporation with the amount of VND 457.937.671 which was included in Vietnam Railways Corporation's accounting book (this was a subcontractors's deposit for higher management before the Company transferred to the joint stock company, September 30, 2003). In the dossier handed over from Construction Company No.6 to Construction Joint Stock Company No.6 that was witnessed by Vietnam Railways Corporation and the dossier of capital transfer handed over to Construction Joint Stock Company, this amount did not exist. Construction Joint Stock Company No.6 has reported to Vietnam Railway Corporation and requested to clear this difference.

2. Subsequent events after the balance sheet date

In order to transfer the project of Suot Kiet stone quarry - Binh Thuan province, the Board of Directors submitted a project to establish Suoi Kiet Stone Company Limited (with a charter capital of VND 10.000.000.000) to continue implementing the project and applying for a license (replace for the previous operational model of Suoi Kiet Stone Unit). However, the legal procedures have not been complete yet. The transactions arising of the investment project are being monitored and recorded in the Company's accounting books and the accounting books of 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year 2019

3.1 Transactions with key management personnel and related individuals

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

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

	Current year	Previous year
Management and Board of General Directors, Supervisory Board		
Salary, bonus, allowance	1,396,132,271	1,470,969,132
Total	1,396,132,271	1,470,969,132

3.2 Other related parties

List of other related parties of the Company includes:

Related parties	Relationship
Vietnam Railways Corporation	Big shareholder

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

	Current year	Previous year
Trade payables		
Vietnam Railways Corporation		
Other payables	154,985,806	154,985,806
Accounts receivables	6,743,041,606	6,743,041,606
Total	6,898,027,412	6,898,027,412

4. Comparative figures

Comparative figures are the figures in the consolidated financial statements for the fiscal year ended 31 December, 2018 audited by BDO Audit Services Company Limited.


Issued on 16 March 2020

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

General Director



Pham Xuan Huy