

**CONSTRUCTION JOINT STOCK  
COMPANY NO.6**

Reviewed consolidated financial statements  
for the period from 01 January 2019 to  
30 June 2019 then ended



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## 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 2019 to 30 June 2019 then ended.

### GENERAL INFORMATION

Construction Joint Stock Company No.6 is a joint-stock company converted from a 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 issued by the Hanoi Department of Planning and Investment on 29 September 2003. During the course of operation, changes in the business functions, charter capital, branch information of the Company were approved by Hanoi Department of Planning and Investment under the business registration certificates amendments from the first to the eleventh time dated 3 July 2019, 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 4 factories and 1 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 factories 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. In addition, the Company has no significant activities other than its registered businesses.

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 of the Company during the period 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 17 June 2019</i>
- Mr. Trinh Van Thuy	Member	<i>Appointed on 17 June 2019</i>
- Mr. Phan Anh Tuan	Member	

### MANAGEMENT

Members of Management and the Chief Accountant of the Company during the period and at the date of this report are:

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

### 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.



## 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            |

### 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 2019 to 30 June 2019 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 consolidated financial position as at 30 June 2019 and of its consolidated performance and its consolidated cash flows for the period from 01 January 2019 to 30 June 2019 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 consolidated financial position of the Company and ensuring that the accompanying consolidated 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 the 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 reviewed consolidated financial statements (accompanying) give a true and fair view of the consolidated financial position of the Company as at 30 June 2019 and the consolidated results of its operations and consolidated cash flows for the period from 01 January 2019 to 30 June 2019 then ended.

Hanoi, 29 August 2019

For and on behalf of Management,



General Director  
Pham Xuan Huy



No.: 345/2019/BCSX-BDO

*Hanoi, 29 August 2019*

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

*On Consolidated Financial Statements of Construction Joint Stock Company No.6  
for the period from 01 January 2019 to 30 June 2019*

**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 29 August 2019 that set out on pages 5 to 26 including Consolidated Balance sheet as at 30 June 2019, Consolidated Income statement, Consolidated Cash flow statement for the period from 01 January 2019 to 30 June 2019 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 Statements 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 consolidated financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the period from 01 January 2019 to 30 June 2019 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.

**BDO AUDIT SERVICES COMPANY LIMITED**

Nguyen Tuan Anh - Vice Director

Certificate for Audit application registry: 1906-2018-038-1

**CONSOLIDATED BALANCE SHEET**

As at 30 June 2019

Currency: VND

ASSETS	Code	Note	Closing balance	Opening balance
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>132,667,403,808</b>	<b>137,053,591,344</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>2,250,759,801</b>	<b>1,214,895,337</b>
1. Cash	111		2,250,759,801	1,214,895,337
<b>II. Current financial investments</b>	<b>120</b>		-	-
<b>III. Current receivables</b>	<b>130</b>		<b>59,416,143,147</b>	<b>85,119,750,629</b>
1. Current trade receivables	131	V.2	59,305,307,624	82,215,400,400
2. Current advances to suppliers	132	V.3	1,266,613,141	1,285,351,441
3. Other current receivables	136	V.4.1	4,848,294,956	5,417,914,388
4. Provision for doubtful debts	137	V.5	(6,004,072,574)	(3,798,915,600)
<b>IV. Inventories</b>	<b>140</b>		<b>70,044,086,602</b>	<b>50,215,728,628</b>
1. Inventories	141	V.6	70,044,086,602	50,215,728,628
<b>V. Other current assets</b>	<b>150</b>		<b>956,414,258</b>	<b>503,216,750</b>
1. Current prepaid expenses	151	V.7	304,542,000	303,216,750
2. Value-added tax deductible	152		451,872,258	-
3. Tax and other receivables from the State	153	V.13.2	200,000,000	200,000,000
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>30,281,673,976</b>	<b>32,316,970,587</b>
<b>I. Non-current receivables</b>	<b>210</b>		<b>234,600,000</b>	<b>234,600,000</b>
1. Non-current trade receivables	216	V.4.2	234,600,000	234,600,000
<b>II. Fixed assets</b>	<b>220</b>		<b>19,516,555,750</b>	<b>21,753,346,441</b>
1. Tangible fixed assets	221	V.9	18,138,575,813	20,354,326,502
<i>Historical cost</i>	222		93,926,627,684	95,930,974,684
<i>Accumulated depreciation</i>	223		(75,788,051,871)	(75,576,648,182)
2. Intangible fixed assets	227	V.8	1,377,979,937	1,399,019,939
<i>Historical cost</i>	228		2,235,294,981	2,235,294,981
<i>Accumulated amortization</i>	229		(857,315,044)	(836,275,042)
<b>IV. Non-current work in progress</b>	<b>240</b>		<b>6,413,596,781</b>	<b>6,151,880,427</b>
1. Construction in progress	242	V.10	6,413,596,781	6,151,880,427
<b>V. Non-current financial investments</b>	<b>250</b>		-	-
<b>VI. Other non-current assets</b>	<b>260</b>		<b>4,116,921,445</b>	<b>4,177,143,719</b>
1. Non-current prepaid expenses	261	V.7	4,116,686,491	4,176,928,511
2. Deferred tax assets	262		234,954	215,208
<b>TOTAL ASSETS</b>	<b>270</b>		<b>162,949,077,784</b>	<b>169,370,561,931</b>



**CONSOLIDATED BALANCE SHEET** (Continued)

As at 30 June 2019

RESOURCES	Code	Note	Closing balance	Opening balance
<b>C - LIABILITIES</b>	<b>300</b>		<b>127,608,311,225</b>	<b>125,750,056,142</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>127,033,093,225</b>	<b>125,174,838,142</b>
1. Current trade payables	311	V.11	49,329,862,008	49,696,840,860
2. Current advances from customers	312	V.12	9,286,270,029	5,987,527,214
3. Tax and other payables to the State	313	V.13.1	5,684,770,589	4,844,135,134
4. Payables to employees	314	V.14	2,955,311,424	2,673,861,262
5. Current accrued expenses	315	V.15	289,493,997	265,528,614
6. Current unrealized revenues	318	V.16	169,636,363	163,636,363
7. Other current payables	319	V.17	8,130,928,197	5,605,688,812
8. Current borrowings	320	V.18	50,715,847,044	54,974,439,309
9. Bonus and welfare fund	322		470,973,574	963,180,574
<b>II. Non-current liabilities</b>	<b>330</b>		<b>575,218,000</b>	<b>575,218,000</b>
1. Provision of non-current payables	342	V.19	575,218,000	575,218,000
<b>D - OWNERS' EQUITY</b>	<b>400</b>		<b>35,340,766,559</b>	<b>43,620,505,789</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>V.20</b>	<b>35,340,766,559</b>	<b>43,620,505,789</b>
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
2. Treasury shares	415		(23,190,000)	(23,190,000)
3. Investment and development fund	418		5,370,231,737	5,370,231,737
4. Retained earnings	421		(31,087,055,178)	(22,807,315,948)
- Accumulated retained earnings by the end of the previous period	421a		(22,807,315,948)	(13,068,406,884)
- Retained earnings of the current period	421b		(8,279,739,230)	(9,738,909,064)
<b>II. Other funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>440</b>		<b>162,949,077,784</b>	<b>169,370,561,931</b>

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

Issued on 29 August 2019

General Accountant



Pham Xuan Huy



**CONSOLIDATED INCOME STATEMENT**

For the period from 01 January 2019 to 30 June 2019 then ended

Currency: VND

ITEMS	Cod e	Note	Current period	Previous period
1. Revenue from sale of goods and services	01	VI.1	22,432,767,953	33,558,208,631
2. Revenue deductions	02		-	-
3. Net revenue from sale of goods and services	10		22,432,767,953	33,558,208,631
4. Cost of goods sold	11	VI.2	18,925,386,848	30,470,781,655
5. Gross profits from sale of goods and services	20		3,507,381,105	3,087,426,976
6. Financial income	21	VI.3	1,843,689	137,933,679
7. Financial expenses	22	VI.4	3,174,508,634	3,064,698,856
<i>In which: interest expenses</i>	23		2,478,877,349	2,899,370,217
8. Selling expenses	25	VI.5	1,273,286,252	298,138,742
9. General and administrative expenses	26	VI.6	8,035,605,243	4,603,332,300
10. Net profit from operating activities	30		(8,974,175,335)	(4,740,809,243)
11. Other income	31	VI.7	913,356,108	56,409,092
12. Other expenses	32	VI.8	218,939,749	85,530,255
13. Other profits	40		694,416,359	(29,121,163)
14. Profit before tax	50		(8,279,758,976)	(4,769,930,406)
15. Current corporate income tax	51		-	-
16. Deferred corporate income tax	52		(19,746)	33,571
17. Profit after corporate income tax	60		(8,279,739,230)	(4,769,963,977)

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

Issued on 29 August 2019

General Accountant



Pham Xuan Huy

**CONSOLIDATED CASH FLOW STATEMENT**

(Indirect method)

For the period from 01 January 2019 to 30 June 2019 then ended

Currency: VND

ITEMS	Cod e	Note	Current period	Previous period
<b>I. Cash flows from operating activities</b>				
1. Profit before tax	01		(8,279,758,976)	(4,769,930,406)
2. Adjustments for:				
- Depreciation of fixed assets and investment properties	02		2,178,457,361	2,720,043,153
- Provisions	03		2,205,156,974	-
- Profit, losses from investing activities	05		(664,723,689)	(137,933,679)
- Interest expenses	06		2,478,877,349	2,899,370,217
3. Operating income before changes in working capital	08		(2,081,990,981)	711,549,285
- Increase, decrease in receivables	09		23,046,578,250	13,258,011,395
- Increase, decrease in inventories	10		(19,828,357,974)	(11,016,305,194)
- Increase, decrease in payables	11		6,424,697,542	1,501,082,118
- Increase, decrease in prepaid expenses	12		58,916,770	(1,061,534,577)
- Interest paid	14		(2,497,903,567)	(2,760,193,928)
- Other proceeds from operating activities	16		(492,207,000)	(71,300,000)
Net cash flow from operating activities	20		4,629,733,040	561,309,099
<b>II. Cash flows from investing activities</b>				
1. Proceeds from fixed assets and other non-current assets disposal	22		662,880,000	-
2. Interests and dividends received	27		1,843,689	137,933,679
Net cash flow from investing activities	30		664,723,689	137,933,679
<b>III. Cash flows from financing activities</b>				
1. Drawdown of borrowings	33		17,699,267,955	21,615,529,235
2. Repayments of borrowings	34		(21,957,860,220)	(23,152,290,591)
3. Dividends, profits paid to shareholders	36		-	(39,439,242)
Net cash flow from financing activities	40		(4,258,592,265)	(1,576,200,598)
Net cash flow in the period	50		1,035,864,464	(876,957,820)
Cash and cash equivalents at beginning of period	60	V.1	1,214,895,337	1,489,410,459
Effect of exchange rate changes	61		-	-
Cash and cash equivalents at the end of the period	70	V.1	2,250,759,801	612,452,639

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

Issued on 29 August 2019

General Accountant



Phạm Xuân Huy



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

For the period from 01 January 2019 to 30 June 2019 then ended

**I. CORPORATE INFORMATION****1. Structure of ownership**

Construction Joint Stock Company No.6 is a joint-stock company converted from a 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 issued by the Hanoi Department of Planning and Investment on 29 September 2003. During the course of operation, changes in the business functions, charter capital, branch information of the Company were approved by Hanoi Department of Planning and Investment under the business registration certificates amendments from the first to the eleventh time dated 3 July 2019, 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; Agent 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 construction equipment and motorbikes;
- Manufacture of mechanical products; Trade of materials, means, and 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 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 as at 30 June 2019 was 130 people (147 employees as at 31 December 2018).

**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 2018 and reviewed consolidated financial statement for the period from 01 January 2018 to 30 June 2018 then ended.

**8. Other information**

According to the minutes of the General Meeting of Shareholders in 2019, due to the ineffective business of Phu Ly Stone One member Co., Ltd, the Board of Directors submitted to the General Meeting of Shareholders a resolution on the sale of Phu Ly Stone One member Co., Ltd for recovering investment capital and that resolution was approved by the General Meeting of Shareholders.

Meanwhile, the General Meeting of Shareholders approved the delisting shares of Construction Joint Stock Company No. 6 on the Hanoi Stock Exchange (HNX) and registering shares on the Upcom Stock Exchange.

The Company has been negotiating a contract to participate in the construction of a railway project in Myanmar. The Board of Management has established a branch in Myanmar with full legal entity status and registered charter capital of USD 50,000. Currently, the Company has registered the operation of its branch in Myanmar but has not signed a contract so it has not implemented the project.

**II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY****1. Accounting period:** starts on January 1 and ends on December 31 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 dated 22 December 2014 issued by the Ministry of Finance, 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 consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and consolidated 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****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 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 which is the date that the Company obtains control, and they are continued to be consolidated until the date when such control ceases.

The financial statements of the parent company and subsidiaries used for the consolidation are prepared for the same accounting period and are applied accounting policies in a uniform manner. The financial statements of the subsidiaries are adjusted to ensure consistency with the policies adopted by the Company when necessary. 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.

*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: Advances to suppliers and Payables.

- *Mobile weighted average exchange rate:*

Shall be used to convert transactions into the currency recorded in accounting books in the Credit side of monetary accounts when making payments in foreign currencies.

*Applicable rates at re-evaluation 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 on demand, cash in transit and short-term investments with a maturity of less than 3 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 Statements".

**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 meals, ground clearance advances, etc.)

*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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)***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 (the overdue period is determined based on the initial contracts of buying and selling without the consideration of due date extension among parties) is made following principles below:

<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 value 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 the 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 2019, the Company did not have inventories which were devalued, obsolete, poor quality, etc. that required provisions.

**5. Recognition of fixed assets and depreciation***a) Recognition of tangible fixed assets and intangible fixed assets**Tangible fixed assets*

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

The historical cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs to bring the tangible fixed assets into work conditions 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:



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

<u>Assets</u>	<u>Useful life</u>
Building and architectural	06-50 years
Machinery and equipment (*)	03-15 years
Means of transportation	06-10 years
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 dated 25 April 2013 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) Land rentals***

The annual land rental cost of the land lot in Group 36, Dong Anh Town, Dong Anh District, Hanoi and the land lot in Hiep Binh Phuoc Ward, Thu Duc District, Ho Chi Minh City are recorded according to the notice of the tax authorities.

***c) Other taxes***

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

Tax reports of the Company will be subject to the 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 periods 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>
Used tools and instruments	12-36 months
Costs of repairing equipment and concrete yard	15-36 months



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Each prepaid expense incurred shall be recorded in details of maturity. At Financial Statement's preparation date, prepaid expenses that have a maturity of less than 12 months or a business cycle since the date of prepayment are classified as current prepaid expenses, and the expenses that have a 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 and other payables are as following principles below:

- *Trade payables:* include commercial payables arisen from purchases of goods, services or assets.
- *Other payables:* include non-commercial payable amounts, not related to trading in goods or services (such as 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, the payables that have remaining repayment terms of less than 12 months or a business cycle are classified as current payables, and the 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 borrowings and finance lease liabilities**

Borrowings and finance lease liabilities shall be specially recorded to each object and terms. As at the consolidated financial statement's preparation date, borrowings and finance lease liabilities that have remaining repayment terms of less than 12 months or a business cycle are classified as current borrowings, and the finance lease that have remaining repayment terms of over 12 months or a business cycle are classified as non-current borrowings and finance lease liabilities.

**10. Recognition 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").

**11. Recognition of accrued expenses**

Accrued expenses include the expenses that have been recorded as the operating cost, but not actually paid at the end of the period to ensure the consistency between revenues and expenses. Accrued expenses are recorded on the basis estimates of payables on used goods and services, which include interest expenses, etc.

***Basis for identification of accrued expenses***

- *Accruals of loan-interest payable in case of later interest payments:* based on the balances of the loan principal, term, and the interest rate applied.

**12. Principles and methods of recording provision payables**

Provisions are recognized when the Company has a current debt obligation (legal obligation or jointly liable obligation) due to result from a fact happened; decrease in economic benefits may happen to lead to the requirement for payment of debt obligation and giving a confident estimate on the 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 provision payables***

Provision payables are recorded (reversed) on the difference from provision for payables set up this period and unspent provision for payables established for the previous period in accounting books.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Basis for recognition of provisions payable**Cost of product, good and construction warranties*

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

The provision for warranty expenses of works is estimated at a rate of 1% of the settlement value of works, based on the commitment in contracts.

**13. Recognition of unrealized revenues**

Unearned revenue is recognized when the Company receives advances from customers in respect of the followings: Prepaid asset rentals; interest received before loan or purchase of debt instruments; the difference between the selling price of deferred payment and installment payment as committed with the selling price paid immediately; revenue equivalent to the value of goods, services or discounts for customers in the traditional client program, etc.

Method of unrealized revenue amortization: Unrealized revenue is amortized and recorded into the business results in the period based on the time and term of the advance payment.

**14. Recognition of owners' equity***a) Recognition of owners' equity*

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

*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 investment and development fund*

According to the Company's Charter, the set up and the use of the investment and development fund are as follows:

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

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

*c) Recognition of retained earnings*

Retained earnings reflect the business results (loss) after corporate income tax and the situation of profit-sharing or dealing with loss. 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).

**15. Recognition of revenue***Revenue 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.

*Revenue from provision of services*

Revenue from provision of services is from experimental services. Revenue of experimental services was recorded as 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 income*

Financial income includes interests received on deposits and exchange rate differences.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

***Revenue 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.

**16. Recognition of cost of goods sold**

Cost of goods sold is recognized on consistently with revenue.

To ensure the prudence 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.

The Company did not record any deductions in cost of goods sold during the period.

**17. Recognition of financial expenses**

Financial expenses include lending and borrowing costs, and interests on late payment of social insurance.

Interest expenses (including accruals) of the reporting period are fully recognized in the period.

**18. General & Administrative expenses**

*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; land rentals, licence tax; provision for doubtful debts; outsourced services (expenses of electricity, water, telephone, fax, asset warranties, etc.); other monetary expenses (entertainment, customer conference, etc.).

The Company did not record any deductions in General and administrative expenses during the period.

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

Cost of construction in progress include the construction costs of the 2-floor house, and the investment project of Suot Kiet Stone Quarry - Binh Thuan Province.

**V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED BALANCE SHEET****1. Cash and cash equivalents**

	<b>Closing balance</b>	<b>Opening balance</b>
Cash on hand	191,686,941	89,835,161
Cash at bank	2,059,072,860	1,125,060,176
<b>Total</b>	<b>2,250,759,801</b>	<b>1,214,895,337</b>

**2. Trade receivables**

	<b>Closing balance</b>	<b>Opening balance</b>
Construction and installation package for VNR-WB4-12:	6,743,041,606	6,743,041,606
Improvement of drainage system for Hue railway station		
Construction package 11: Upgrading the railway section of Bieu Nghi - Ha Long (Km105 + 200 - Km124 + 483)	13,584,800,689	13,584,800,689
Construction work of Vo Lao 2 and Phu Nhuan Bridges on Provincial road 151, Bao Thang District, Lao Cai	6,595,525,550	6,595,525,550
Other customers	32,381,939,779	55,292,032,555
<b>Total</b>	<b>59,305,307,624</b>	<b>82,215,400,400</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****3. Advances to suppliers**

	<u>Closing balance</u>	<u>Opening balance</u>
Regional Railway Project Management Unit 1	217,474,000	217,474,000
Branch of Transport Investment & Construction Consultant JSC - Transport Investment and Construction Work Consultant Enterprise	171,000,000	171,000,000
Transport Engineering Consulting Joint Stock Company 8	204,119,000	204,119,000
Tien Truong Private Company	165,801,555	165,801,555
Vinh Thai Lao Cai Joint Stock Company	184,026,800	184,026,800
Other suppliers	324,191,786	342,930,086
<b>Total</b>	<b>1,266,613,141</b>	<b>1,285,351,441</b>

**4. Other receivables****4.1 Current other receivables**

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Value</u>	<u>Provision</u>	<u>Value</u>	<u>Provision</u>
Advances	1,128,060,979	-	1,659,957,695	-
The advance payment for ground clearance for the Border Guard Command of Lao Cai Province	489,398,000	-	489,398,000	-
Individual receivable compensation for construction costs	335,495,789	-	335,495,789	-
Mr. Phan Anh Phuong	820,000,000	-	820,000,000	-
Mr. Truong Duy Ha	750,000,000	-	750,000,000	-
Individual receivable payments for Kuwait project	841,044,902	-	841,044,902	-
Others	484,295,286	-	522,018,002	-
<b>Total</b>	<b>4,848,294,956</b>	<b>-</b>	<b>5,417,914,388</b>	<b>-</b>

**4.2 Non-current other receivables**

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Value</u>	<u>Provision</u>	<u>Value</u>	<u>Provision</u>
Deposits for quarry rehabilitation environment	234,600,000	-	234,600,000	-
<b>Total</b>	<b>234,600,000</b>	<b>-</b>	<b>234,600,000</b>	<b>-</b>

**5. Doubtful debts****5.1 Overdue receivables**

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Value</u>	<u>Recoverable amount</u>	<u>Value</u>	<u>Recoverable amount</u>
The hot asphalt concrete floor TNXP Song Da	963,766,356	-	963,766,356	-
Investment and Engineering Construction Joint Stock Company 120	1,073,739,497	-	1,073,739,497	-
Xuan Loc Phat Trading and Construction Company Limited	1,346,651,400	-	-	-
Thanh My Bridge Intersection Project	404,810,607	-	404,810,607	-
Road Company 230	503,033,000	-	503,033,000	-
Others	1,712,071,714	-	853,566,140	-
<b>Total</b>	<b>6,004,072,574</b>	<b>-</b>	<b>3,798,915,600</b>	<b>-</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****5.2 The Company's assessment of the ability to recover overdue debts**

The Company has assessed and made provisions for overdue debts and 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	9,146,386,531	-	9,943,521,412	-
Tools and instruments	226,583,394	-	192,529,857	-
Work-in-progress	23,224,386,997	-	23,532,224,770	-
Finished goods	37,446,729,680	-	16,540,128,631	-
Goods	-	-	7,323,958	-
<b>Total</b>	<b>70,044,086,602</b>	<b>-</b>	<b>50,215,728,628</b>	<b>-</b>

(i) Slow-moving, inferior, unqualified inventories of goods that cannot be sold at the end of the period: VND 0

(ii) Carrying amount of inventory used as mortgage, pledge or guarantee of liabilities: VND 0

**7. Prepaid expenses**

	Closing balance	Opening balance
<b>Current prepaid expenses</b>		
- Used tools and instruments	304,542,000	291,256,000
- Cost of repairing fixed assets	-	11,960,750
<b>Total</b>	<b>304,542,000</b>	<b>303,216,750</b>
	Closing balance	Opening balance
<b>Non-current prepaid expenses</b>		
- Used tools and instruments	1,216,325,090	1,187,744,507
- Cost of repairing fixed assets	892,611,666	739,645,805
- Grant of mining rights	2,007,749,735	2,249,538,199
<b>Total</b>	<b>4,116,686,491</b>	<b>4,176,928,511</b>

**8. Increase and decrease in intangible fixed assets**

	Land use rights	Other intangible fixed assets	Total
<b>Historical cost</b>			
Opening balance	2,235,294,981	-	2,235,294,981
Purchase in the year	-	-	-
Disposal and sales	-	-	-
<b>Closing balance</b>	<b>2,235,294,981</b>	<b>-</b>	<b>2,235,294,981</b>
<b>Accumulated depreciation</b>			
Opening balance	836,275,042	-	836,275,042
Depreciation in the year	21,040,002	-	21,040,002
<b>Closing balance</b>	<b>857,315,044</b>	<b>-</b>	<b>857,315,044</b>
<b>Carrying value</b>			
Opening balance	1,399,019,939	-	1,399,019,939
<b>Closing balance</b>	<b>1,377,979,937</b>	<b>-</b>	<b>1,377,979,937</b>

In which:

Historical cost of fully depreciated tangible fixed assets but still in use: VND 131,294,981

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 loans: VND 0

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****9. Increase and decrease in tangible fixed assets**

	<i>Building and architectonic</i>	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Instruments for management</i>	<i>Other tangible fixed assets</i>	<i>Total</i>
<b>Historical cost</b>						
As at 01 January 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 period	-	-	-	-	-	-
Disposal and sale	-	(1,904,347,000)	(100,000,000)	-	-	(2,004,347,000)
Other decreases	-	-	-	-	-	-
<b>As at 30 June 2019</b>	<b>22,365,348,388</b>	<b>54,120,911,479</b>	<b>13,708,031,510</b>	<b>427,526,363</b>	<b>3,304,809,944</b>	<b>93,926,627,684</b>
<b>Accumulated depreciation</b>						
As at 01 January 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	775,077,177	964,853,069	372,932,463	5,436,366	39,118,284	2,157,417,359
Other increases	-	-	-	-	-	-
Switched to Investment properties	-	-	-	-	-	-
Disposal and sale	-	(1,904,347,000)	(41,666,670)	-	-	(1,946,013,670)
Other decreases	-	-	-	-	-	-
<b>As at 30 June 2019</b>	<b>16,913,773,933</b>	<b>43,696,337,503</b>	<b>11,745,810,521</b>	<b>406,626,580</b>	<b>3,025,503,334</b>	<b>75,788,051,871</b>
<b>Carrying value</b>						
As at 01 January 2019	6,226,651,632	11,389,427,045	2,393,486,782	26,336,149	318,424,894	20,354,326,502
<b>As at 30 June 2019</b>	<b>5,451,574,455</b>	<b>10,424,573,976</b>	<b>1,962,220,989</b>	<b>20,899,783</b>	<b>279,306,610</b>	<b>18,138,575,813</b>

In which:

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

VND 50,668,807,169

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 15,914,757,487



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****10. Construction in progress**

	<u>Closing balance</u>	<u>Opening balance</u>
Two-floor house project	284,648,090	284,648,090
The investment project to construct Suoi Kiet quarry - Binh Thuan Province	5,589,058,341	5,589,058,341
Others	539,890,350	278,173,996
<b>Total</b>	<b><u>6,413,596,781</u></b>	<b><u>6,151,880,427</u></b>

**11. Current trade payables**

	<u>Closing balance</u>		<u>Opening balance</u>	
	<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	5,862,540,820	5,862,540,820	5,862,540,820	5,862,540,820
Construction Investment 3 Joint Stock Company	18,035,812,302	18,035,812,302	17,732,210,014	17,732,210,014
Others	25,431,508,886	25,431,508,886	26,102,090,026	26,102,090,026
<b>Total</b>	<b><u>49,329,862,008</u></b>	<b><u>49,329,862,008</u></b>	<b><u>49,696,840,860</u></b>	<b><u>49,696,840,860</u></b>

**12. Current advances from customers**

	<u>Closing balance</u>	<u>Opening balance</u>
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
Board of Maintenance of Transport Infrastructure Work: Package 03 of Thinh Liet Crossroads	-	2,594,714,000
Thuan Hai Railway Joint Stock Company	2,800,000,000	-
Saigon Railway Management Joint Stock Company	1,000,000,000	-
Phu Khanh Railways Management Joint Stock Company	1,500,000,000	-
Mrs. Nguyen Thi Nga	2,000,000,000	2,000,000,000
Others	893,741,729	300,284,914
<b>Total</b>	<b><u>9,286,270,029</u></b>	<b><u>5,987,527,214</u></b>

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

	<u>Opening balance</u>	<u>Payable in period</u>	<u>Paid in period</u>	<u>Closing balance</u>
VAT on domestic goods	1,533,234,047	418,041,155	1,266,539,853	684,735,349
VAT on imported goods	-	513,864,065	513,864,065	-
Personal income tax	8,670,730	16,580,699	14,937,699	10,313,730
Resource tax	1,481,391,401	931,694,310	-	2,413,085,711
Land rentals	252,868,408	1,883,479,460	1,757,045,258	379,302,610
Other taxes	-	9,000,000	9,000,000	-
Charges, fees and other payables	1,188,521,180	1,017,196,094	387,833,453	1,817,883,821
<b>Total</b>	<b><u>4,844,135,134</u></b>	<b><u>4,789,855,783</u></b>	<b><u>3,949,220,328</u></b>	<b><u>5,684,770,589</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****13.2 Tax receivable**

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

**Value-added tax**

The company pays VAT by the deduction method. The value-added tax rate is 10%.

**Land rentals**

The company has to pay housing and land tax for the office building at Block 36, Dong Anh Town, Dong Anh District, Hanoi and the land lot in Hiep Binh Phuoc Ward, Thu Duc District, Ho Chi Minh. The tax rates complied with notices of tax authorities.

**Other taxes**

The company declared and submitted other taxes according to regulations.

**14. Payables to employees**

	Closing balance	Opening balance
Factory 602	2,864,224	17,488,534
Factory 605	384,481,673	480,973,684
Material and Construction Factory	391,281,035	388,186,731
Thap Cham Construction Material Factory	727,107,340	530,040,475
Head office	571,762,098	739,070,598
Phu Ly Stone One member Co., Ltd	877,815,054	518,101,240
<b>Total</b>	<b>2,955,311,424</b>	<b>2,673,861,262</b>

**15. Current accrued expenses**

	Closing balance	Opening balance
Payable interest expenses	289,493,997	265,528,614
<b>Total</b>	<b>289,493,997</b>	<b>265,528,614</b>

**16. Current unrealized revenues**

	Closing balance	Opening balance
Current unrealized revenues	169,636,363	163,636,363
<b>Total</b>	<b>169,636,363</b>	<b>163,636,363</b>

**17. Current other payables**

	Closing balance	Opening balance
Social insurance, health insurance and unemployment insurance	4,111,273,317	3,494,380,391
Union fund	91,401,264	122,735,628
Payables due to termination of labor contracts	1,305,100,594	1,090,544,394
Rentals for fixed assets of head office	1,776,424,178	-
Others	828,290,578	890,516,601
<b>Total</b>	<b>8,130,928,197</b>	<b>5,605,688,812</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****18. Borrowings and finance lease liabilities**

	Opening balance		During the year		Closing balance	
	Value	Amount able to pay off	Increase	Decrease	Value	Amount able to pay off
<i>Bank borrowings (i)</i>	47,874,439,309	47,874,439,309	14,138,572,955	15,337,860,220	46,675,152,044	46,675,152,044
The Joint Stock Commercial Bank for Investment and Development of Vietnam - Dong Anh Branch	47,874,439,309	47,874,439,309	14,138,572,955	15,337,860,220	46,675,152,044	46,675,152,044
<i>Personal Borrowings (ii)</i>	7,100,000,000	7,100,000,000	3,560,695,000	6,620,000,000	4,040,695,000	4,040,695,000
- Dam Thi Kim Cuc	3,000,000,000	3,000,000,000	-	2,000,000,000	1,000,000,000	1,000,000,000
- Nguyen Thi Hanh	1,200,000,000	1,200,000,000	-	300,000,000	900,000,000	900,000,000
- Doan Thi Kim Thanh	800,000,000	800,000,000	-	800,000,000	-	-
- Le Thi Ngoc	700,000,000	700,000,000	500,000,000	700,000,000	500,000,000	500,000,000
- Nguyen Thi Huong	1,120,000,000	1,120,000,000	-	1,120,000,000	-	-
- Dam Thi Kim Cuc	-	-	1,350,000,000	-	1,350,000,000	1,350,000,000
- Others	280,000,000	280,000,000	1,710,695,000	1,700,000,000	290,695,000	290,695,000
<b>Total</b>	<b>54,974,439,309</b>	<b>54,974,439,309</b>	<b>17,699,267,955</b>	<b>21,957,860,220</b>	<b>50,715,847,044</b>	<b>50,715,847,044</b>

*Details of current borrowings:*

(i): Credit Contract No.01/2018/153713/HDTD dated 29 August 2018 to supplement working capital. Its loan term was 12 months. The interest rate was determined based on the time of receive loan contracts. This loan was secured by mortgage of movable real estate and immovable real estate under Mortgage Contract No.01/2017/153713/HDBD, Mortgage Contract No.01/2017/153713/HDBD and Mortgage Contract No.01/2018/58877106/HDBD.

(ii): This is a personal loan to supplement working capital. Its loan term was over 3 months. The interest rate was adjusted according to the interest rate of the lending commercial bank at the end of the year, which was 10%/year (not exceeding the interest rate of the loan from the bank). This loan is unsecured.

**19. Provision of non-current payables**

	Closing balance	Opening balance
Provision for good warranty	459,098,016	459,098,016
Provision for warranty of construction works	116,119,984	116,119,984
<b>Total</b>	<b>575,218,000</b>	<b>575,218,000</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****20. Owners' equity****20.1 Increase and decrease in owners' equity**

	Contribution of owners	Share premium	Investment and development	Retained earnings	Total
Opening balance of the previous period	61,080,780,000	(23,190,000)	5,370,231,737	(13,068,406,884)	53,359,414,853
Increased capital in the previous period	-	-	-	-	-
Profit in the previous period	-	-	-	(9,738,909,064)	(9,738,909,064)
Funds appropriated	-	-	-	-	-
Dividends and profit distributed	-	-	-	-	-
<b>Balance of the end of the previous period</b>	<b>61,080,780,000</b>	<b>(23,190,000)</b>	<b>5,370,231,737</b>	<b>(22,807,315,948)</b>	<b>43,620,505,789</b>
Beginning balance of the current period	61,080,780,000	(23,190,000)	5,370,231,737	(22,807,315,948)	43,620,505,789
Increased capital in the current period	-	-	-	-	-
Profit in the current period	-	-	-	(8,279,739,230)	(8,279,739,230)
Dividends and profit distributed	-	-	-	-	-
<b>Closing balance at the end of the current period</b>	<b>61,080,780,000</b>	<b>(23,190,000)</b>	<b>5,370,231,737</b>	<b>(31,087,055,178)</b>	<b>35,340,766,559</b>

**20.2 Details of owners' capital contribution**

	Closing balance	Opening balance
Contribution of the State	9,704,330,000	9,704,330,000
Contributions of other shareholders	51,376,450,000	51,376,450,000
<b>Total</b>	<b>61,080,780,000</b>	<b>61,080,780,000</b>

**Capital transactions with owners and distribution of dividends, profit sharing**

	Current period	Previous period
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 and profit distributed	-	-

**Shares**

	Current period	Previous period
Number of shares registered for issuance		
Number of shares issued /sold to the public	6,108,078	6,108,078
- Common shares	6,108,078	6,108,078
- Preferred shares	-	-



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	<u>Current period</u>	<u>Previous period</u>
Number of bought-back shares	2,319	2,319
- 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: VND 10,000.

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

*Investment and development fund* was used according to the State's regulations and shareholders' resolutions.

**21. Off-balance sheet items****All types of foreign currencies**

Details of the amount of each foreign currency held by the Company in the original currencies are as follows:

<u>Item</u>	<u>Closing balance</u>	<u>Opening balance</u>
USD	937.04	943.64

**VI. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED INCOME STATEMENT****1. Revenues from sale of goods and services**

	<u>Current period</u>	<u>Previous period</u>
Revenues from sale of goods, finished goods	10,697,973,901	30,972,974,631
Revenues from experimental services	41,590,000	36,702,000
Revenue from construction contract	11,693,204,052	2,548,532,000
<b>Total</b>	<b>22,432,767,953</b>	<b>33,558,208,631</b>

**2. Cost of goods sold**

	<u>Current period</u>	<u>Previous period</u>
Cost of goods and finished goods sold	7,709,489,936	28,437,661,026
Cost of services rendered	-	33,052,572
Cost of construction contracts	11,215,896,912	2,000,068,057
<b>Total</b>	<b>18,925,386,848</b>	<b>30,470,781,655</b>

**3. Financial incomes**

	<u>Current period</u>	<u>Previous period</u>
Interest on deposits and loans	1,843,689	137,933,679
<b>Total</b>	<b>1,843,689</b>	<b>137,933,679</b>

**4. Financial expenses**

	<u>Current period</u>	<u>Previous period</u>
Borrowing interests	2,478,877,349	2,899,370,217
Other financial expenses	695,631,285	165,328,639
<b>Total</b>	<b>3,174,508,634</b>	<b>3,064,698,856</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****5. Selling expenses**

	<u>Current period</u>	<u>Previous period</u>
Selling staff expenses	88,581,699	134,221,497
Materials, packaging expenses	221,424,073	81,857,400
Fixed asset depreciation expenses	25,800,000	62,416,669
Outsourced services expenses	937,480,480	19,643,176
<b>Total</b>	<b>1,273,286,252</b>	<b>298,138,742</b>

**6. General and Administrative expenses**

	<u>Current period</u>	<u>Previous period</u>
Administrative employee expenses	1,483,512,370	1,840,578,719
Fixed asset depreciation expenses	600,833,286	669,397,212
Taxes, fees and charges	1,651,702,468	669,456,881
Provision expenses	2,475,156,974	-
Other expenses	1,824,400,145	1,423,899,488
<b>Total</b>	<b>8,035,605,243</b>	<b>4,603,332,300</b>

**7. Other incomes**

	<u>Current period</u>	<u>Previous period</u>
Disposal and sales of fixed assets	604,546,670	-
Others	308,809,438	56,409,092
<b>Total</b>	<b>913,356,108</b>	<b>56,409,092</b>

**8. Other expenses**

	<u>Current period</u>	<u>Previous period</u>
Others	218,939,749	85,530,255
<b>Total</b>	<b>218,939,749</b>	<b>85,530,255</b>

**9. Production and Operating costs**

	<u>Current period</u>	<u>Previous period</u>
Raw material cost	22,743,379,029	17,012,461,417
Labour cost	10,163,819,215	10,234,493,516
Fixed asset depreciation cost	2,178,457,361	3,521,034,601
Other monetary costs	13,990,271,649	11,793,821,653
<b>Total</b>	<b>49,075,927,254</b>	<b>42,561,811,187</b>

**VII. OTHER INFORMATION****1. 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.

**2. Transactions with related parties**

A party is considered as related if it can control the other parties or has a significant influence on the other party in making financial and operating decisions. Related parties comprise enterprises including the parent company, subsidiaries, the 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)****2.1 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 close family members.

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

	<u>Current period</u>	<u>Previous period</u>
<b><i>Board of Directors, Management, Supervisory Board</i></b>		
Salary, bonus, allowance	760,185,445	785,634,314

**2.2 Other related parties**

List of other related parties of the Company includes:

<u>Related parties</u>	<u>Relationship</u>
Vietnam Railway Corporation	A major shareholder

The Company did not generate any transactions with these related parties during the period.

***Pricing policy for transactions between the Company and other related parties***

Purchases of goods and services from related parties are subject to the negotiated prices. Receivables are unsecured and will be paid in cash. No provision for doubtful debts is made for receivables from related parties.

**3. Comparative figures**

Comparative figures are the figures in the audited consolidated financial statements for the fiscal year ended 31 December 2018 and reviewed consolidated financial statement for the period from 01 January 2018 to 30 June 2018 then ended by BDO Audit Services Company Limited.

Issued on 29 August 2019

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

General Accountant



Phạm Xuân Huy