

**CONSTRUCTION JOINT STOCK  
COMPANY NO. 6**

Consolidated financial statements  
for the fiscal year ended  
December 31, 2013



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## REPORT OF MANAGEMENT

Management of Construction Joint Stock Company ("the Company") is pleased to present its report and audited consolidated financial statements for the fiscal year ended December 31, 2013 by independent auditors.

### GENERAL INFORMATION

Construction Joint Stock Company No.6 (hereinafter "the Company") is the joint stock company converted from state-owned company in accordance to Decision No.4446/QD-BGTVT dated December 31, 2002 of the Minister of Transport. The Company operates under the Business Registration Certificate No.0103002966 dated September 29, 2003 issued and ninth amended on November 20, 2013 by Hanoi Department of Plan and Investment.

#### *Organizational structure:*

As at December 31, 2013, the Company has 08 factories/ branches and 01 subsidiaries, details are as follows:

<u>Name of the unit</u>	<u>Address</u>
<u>Factories/ Branches</u>	
- Factory 601	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 602	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 603	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 604	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 605 (Construction team)	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
- Factory 610	Group 36, Dong Anh Town, Dong Anh District, Hanoi
<u>Subsidiary:</u>	
- Phu Ly Stone One Member Co., Ltd	Nam Son, Chau Son Commune, Phu Ly City, Ha Nam Province

In the fiscal year ended on December 31, 2013, the Company's main activities include:

- *Construction of railways and road projects;*
- *Construction of other civil engineering works;*
- *Construction of public utility works;*
- *Exploiting and processing stone (except for stones banned by the State);*
- *Lease of warehouses and workshops for manufacture;*
- *Trade of materials, means, transport equipments;*
- *Production of prefabricated concrete components and asphalt concrete;*
- *Trade of construction materials, steel structure, prefabricated concrete components, asphalt concrete;*
- *Testing construction materials.*

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

## REPORT OF MANAGEMENT (Continued)

### THE BOARD OF DIRECTORS

Member of the Board of Directors managing the Company's activities during the fiscal year and at the date of this report include:

-	Mr. Lai Van Quan	Chairman	
-	Mr. Pham Xuan Huy	Member	
-	Mr. Tran Huu Hung	Member	
-	Mr. Phan Anh Tuan	Member	
-	Mr. Ma Ngoc Yen	Member	<i>Dismissed from 03/07/2013</i>

### MANAGEMENT

Members of Management managing the Company's activities during the fiscal year and at the date this report include:

-	Mr. Lai Van Quan	General Director	
-	Mr. Pham Xuan Huy	Deputy Director	
-	Mr. Tran Huu Hung	Deputy Director	
-	Mr. Ma Ngoc Yen	Deputy Director	<i>Dismissed from 03/07/2013</i>

### SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

As at the balance sheet date, the Company's Management believes that there was no event after the balance sheet date could cause the data and information presented in the audited consolidated financial statements of the Company to be misstated.

### AUDITORS

BDO Audit Services Company Limited has audited the consolidated financial statements for the fiscal year ended December 31, 2013 of Construction Joint Stock Company No.6.

### MANAGEMENT'S RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Company as at December 31, 2013 and results of its operation and cash flows for the fiscal year then ended. 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 the accounting records are fully recorded, reflect the truthfulness and reasonableness of the financial position of the Company and ensure that the consolidated financial statements of the Company are prepared in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and relevant legal regulations. Management is also responsible safeguarding



## REPORT OF MANAGEMENT (Continued)

### MANAGEMENT'S RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 the opinion of the Company's Management, the audited consolidated financial statements (accompanying) give a true and fair view of the financial position of the Company as at December 31, 2013 and the results of its consolidated operations and cash flows for the fiscal year then ended.

*Hanoi, March 10, 2014*

On behalf of the Board of Directors and Management



**LAI VAN QUAN**

**General Director**

No.: 50 /2014/BCKT - BDO

*Hanoi, March 10, 2014*

## INDEPENDENT AUDITORS' REPORT

*On the consolidated financial statements for the fiscal year ended December 31, 2013  
of Construction Joint Stock Company No.6*

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

We have audited the accompanying consolidated financial statements of Construction Joint Stock Company No.6 issued on March 10, 2014 as set out on pages 06 to 31 that comprise the consolidated balance sheet as at December 31, 2013, the consolidated income statement, the consolidated cash flow statement and Notes to the consolidated financial statements for the fiscal year ended.

## Management's Responsibilities

Management of the Company is responsible for the preparation and fair presentation of the Company's consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other relevant legal regulations to the preparation and presentation of consolidated financial statements, and for such internal control as Management determines to be necessary to enable the presentation of consolidated financial statements free from material misstatements, whether due to fraud or errors.

## Auditors' Responsibilities

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

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

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

## Audit opinion

In our opinion, in all material aspects, the accompanying consolidated financial statements give a true and fair view of the financial position of Construction Joint Stock Company No.6 as at December 31, 2013, as well as the results of operations and cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other prevailing legal regulations on the preparation and presentation of consolidated financial statements.



**MAI LAN PHUONG**

General Director

Certificate for Audit application registry  
No.0077-2013-038-1

Trang

NGUYEN QUYNH TRANG

**Auditor**

Certificate for Audit application registry  
No.1469-2013-038-1



## CONSTRUCTION JOINT STOCK COMPANY NO.6

## Consolidated financial statements

Address: Group 36, Dong Anh Town, Dong Anh District, Hanoi

for the fiscal year ended December 31, 2013

## CONSOLIDATED BALANCE SHEET

December 31, 2013

Currency: VND

ASSETS	CODE	NOTE	31/12/2013	01/01/2013
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>263,178,177,305</b>	<b>320,618,228,218</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	V.1	<b>16,303,561,720</b>	<b>4,809,875,723</b>
1. Cash	111		16,303,561,720	4,809,875,723
2. Cash equivalents	112		-	-
<b>II. Short-term financial investments</b>	<b>120</b>		<b>-</b>	<b>-</b>
<b>III. Current receivables</b>	<b>130</b>		<b>126,808,000,660</b>	<b>196,421,223,234</b>
1. Trade receivables	131		118,607,319,156	190,685,580,914
2. Advances to suppliers	132		12,190,572,300	8,355,413,646
3. Intercompany receivables	133		-	-
4. Receivables according to the progress of the construction contract plan	134		-	-
5. Other receivables	135	V.2	334,435,704	495,222,338
6. Provision for doubtful debts	139		(4,324,326,500)	(3,114,993,664)
<b>IV. Inventories</b>	<b>140</b>	V.3	<b>117,862,631,899</b>	<b>117,176,584,954</b>
1. Inventories	141		117,862,631,899	117,176,584,954
2. Provision for obsolete inventories	149		-	-
<b>V. Other current assets</b>	<b>150</b>		<b>2,203,983,026</b>	<b>2,210,544,307</b>
1. Current prepaid expenses	151		116,730,000	22,423,827
2. Deductible value added tax	152		-	-
3. Tax and other receivables from the State	154	V.4	-	1,500,000
4. Government bond repurchase transactions	157		-	-
5. Other current assets	158		2,087,253,026	2,186,620,480
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>52,080,850,704</b>	<b>58,338,894,565</b>
<b>I. Non-current receivables</b>	<b>210</b>		<b>-</b>	<b>-</b>
<b>II. Fixed assets</b>	<b>220</b>		<b>50,604,948,732</b>	<b>56,665,948,550</b>
1. Tangible fixed assets	221	V.5	41,712,721,565	44,981,061,844
- Historical cost	222		106,935,689,822	107,459,523,602
- Accumulated depreciation	223		(65,222,968,257)	(62,478,461,758)
2. Finance leases	224		-	-
3. Intangible fixed assets	227	V.6	4,343,508,939	4,411,847,943
- Historical cost	228		4,953,644,981	4,953,644,981
- Accumulated amortization	229		(610,136,042)	(541,797,038)
4. Construction in progress	230	V.7	4,548,718,228	7,273,038,763
<b>III. Investment properties</b>	<b>240</b>		<b>-</b>	<b>-</b>
<b>IV. Long-term financial investments</b>	<b>250</b>		<b>-</b>	<b>-</b>
1. Investments in subsidiaries	251		-	-
2. Investments in associates and joint ventures	252		-	-
3. Other long-term financial investments	258		-	-
4. Provision for diminution in value of long-term financial investments	259		-	-
<b>V. Other non-current assets</b>	<b>260</b>		<b>1,475,901,972</b>	<b>1,672,946,015</b>
1. Non-current prepaid expenses	261	V.8	1,339,852,224	1,538,109,165
2. Deferred tax assets	262		1,449,748	236,850
3. Other non-current assets	268		134,600,000	134,600,000
<b>VI. Goodwill</b>	<b>269</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>270</b>		<b>315,259,028,009</b>	<b>378,957,122,783</b>

This financial statement must be read in conjunction with the accompanying notes



**CONSOLIDATED BALANCE SHEET**

December 31, 2013

(Continued)

Currency: VND

RESOURCES	CODE	NOTE	31/12/2013	01/01/2013
<b>A. LIABILITIES</b>	<b>300</b>		<b>233,350,772,008</b>	<b>299,656,259,244</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>230,951,945,645</b>	<b>298,473,854,896</b>
1. Borrowings	311	V.9	108,185,216,979	82,964,775,558
2. Trade payable	312		48,443,119,330	58,740,336,055
3. Advances from customers	313		26,925,617,466	122,918,364,623
4. Statutory obligations	314	V.10	13,020,128,738	10,908,815,998
5. Payables to employees	315		19,626,959,139	9,957,426,167
6. Accrued expenses	316	V.11	201,835,288	-
7. Intercompany payables	317		11,207,872,448	8,004,452,848
8. Payables according to the progress of the construction contract plan	318		-	-
9. Other payables	319	V.12	1,860,019,683	2,782,116,268
10. Provision for current payables	320		-	-
11. Bonus and welfare fund	323		1,481,176,574	2,197,567,379
12. Government bond repurchase transactions	327		-	-
<b>II. Non-current liabilities</b>	<b>330</b>		<b>2,398,826,363</b>	<b>1,182,404,348</b>
1. Trade payable	331		-	-
2. Intercompany payables	332		-	-
3. Other payables	333		-	-
4. Borrowings	334		-	-
5. Deferred tax liabilities	335		-	-
6. Severance allowance	336		-	-
7. Provision for non-currency payables	337	V.13	2,235,190,000	1,182,404,348
8. Unrealized revenue	338		163,636,363	-
9. Science and technology development fund	339		-	-
<b>B. OWNERS' EQUITY</b>	<b>400</b>		<b>81,908,256,001</b>	<b>79,300,863,539</b>
<b>I. Capital</b>	<b>410</b>	V.14	<b>81,908,256,001</b>	<b>79,300,863,539</b>
1. Issued share capital	411		61,080,780,000	61,080,780,000
2. Share premium	412		989,164,000	989,164,000
3. Other capitals of owners	413		-	-
4. Treasury shares	414		(23,190,000)	(23,190,000)
5. Asset revaluation differences	415		-	-
6. Exchange rate differences	416		-	-
7. Investment and development fund	417		6,372,957,934	6,172,721,739
8. Financial reserve fund	418		3,173,114,305	2,972,878,110
9. Other funds of owners	419		-	-
10. Retained earnings	420		10,315,429,762	8,108,509,690
11. Capital for investment in capital construction	421		-	-
12. Assistance fund for restructuring enterprises	422		-	-
<b>II. Other funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
1. Funds	432		-	-
2. Funds that have formed fixed assets	433		-	-
<b>C. MINORITY INTEREST</b>	<b>439</b>		<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>315,259,028,009</b>	<b>378,957,122,783</b>



**CONSOLIDATED BALANCE SHEET**

December 31, 2013

(Continued)

OFF CONSOLIDATED BALANCE SHEET ITEMS	NOTE	31/12/2013	01/01/2013
1. Leased assets		-	-
2. Goods held under trust or for processing		-	-
3. Goods received on consignment for sale, deposit		-	-
4. Bad debt written off		-	-
5. Foreign currencies (USD)	V.1	446.00	456.06
6. Enterprise, project expenditure estimate		-	-



PHAN ANH TUAN

Chief Accountant



Hanoi, March 10, 2014



LAI VAN QUAN

Director

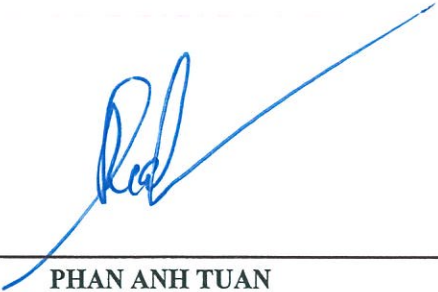
**CONSOLIDATED INCOME STATEMENT**

Year 2013

Currency: VND

ITEMS	CODE	NOTE	YEAR 2013	YEAR 2012
1. Revenue from sale of goods and rendering of services	01	VI.15	314,377,410,457	313,508,987,286
2. Revenue deductions	02		-	-
3. Net revenue from sale of goods and rendering of services	10	VI.15	314,377,410,457	313,508,987,286
4. Cost of goods sold	11	VI.16	275,943,450,980	287,391,164,848
5. Gross profit from sale of goods and rendering of services	20		38,433,959,477	26,117,822,438
6. Financial income	21	VI.17	115,160,631	660,495,215
7. Financial expenses	22	VI.18	7,401,420,372	9,145,458,411
- In which: Interest expenses	23		7,318,317,042	8,992,172,272
8. Selling expenses	24		375,554,025	346,765,987
9. General and administrative expenses	25		18,463,009,850	14,157,591,962
10. Net profit from operating activities	30		12,309,135,861	3,128,501,293
11. Other income	31		2,604,234,296	2,814,773,931
12. Other expenses	32		1,246,899,131	751,756,879
13. Other profit	40		1,357,335,165	2,063,017,052
14. Profit or loss from associates and joint ventures	45		-	-
15. Profit before tax	50		13,666,471,026	5,191,518,345
16. Current corporate income tax expenses	51	VI.19	3,413,003,467	1,186,731,270
17. Deferred corporate income tax expenses	52		(1,212,898)	63,175
18. Net profit after corporate income tax	60		10,254,680,457	4,004,723,900
18.1 Profit after tax of minority shareholders	61		-	-
18.2 Profit after tax of shareholders of parent company	62		10,254,680,457	4,004,723,900
19. Basic earning per share	70	VI.21	1,680	656

Hanoi, March 10, 2014

  
 PHAN ANH TUAN  
 Chief Accountant


  
 LAI VAN QUAN  
 Director



## CONSTRUCTION JOINT STOCK COMPANY NO.6

## Consolidated financial statements

Address: Group 36, Dong Anh Town, Dong Anh District, Hanoi

for the fiscal year ended December 31, 2013

## CONSOLIDATED CASH FLOW STATEMENT

Indirect method

Year 2013

Currency: VND

ITEMS	CODE	YEAR 2013	YEAR 2012
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	13,666,471,026	5,191,518,345
2. Adjustments for			
- Depreciation of fixed assets	02	8,005,708,419	9,455,772,184
- Provisions	03	2,262,118,488	(2,320,723,437)
- Gain, loss on unrealized exchange differences	04	(130,479)	(186,813)
- Gain, loss from investment activities	05	(2,479,575,607)	(2,943,210,889)
- Interest expenses	06	7,318,317,042	8,992,172,272
3. Operating income before changes in working capital	08	28,772,908,889	18,375,341,662
- Increase, decrease in receivables	09	68,030,194,492	(48,705,496,157)
- Increase, decrease in inventories	10	(685,099,547)	(9,690,191,481)
- Increase or decrease of payables (excluding interest payable, income tax payable)	11	(93,858,202,581)	21,059,627,821
- Increase, decrease in prepaid expenses	12	639,139,504	236,581,863
- Interest paid	13	(7,283,856,483)	(8,951,139,997)
- Corporate income tax paid	14	(3,981,602,285)	(500,000,000)
- Other proceeds from operating activities	15	-	-
- Other payments for operating activities	16	(733,050,117)	(1,553,634,201)
Net cash flows from operating activities	20	(9,099,568,128)	(29,728,910,490)
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Payment for purchases or construction of fixed assets and other non-current assets	21	(2,995,302,182)	(5,811,946,881)
2. Proceeds from sales, disposal of fixed assets and other non-current assets	22	2,364,545,455	2,471,363,644
3. Interests and dividends received	27	115,030,152	660,495,215
Net cash flows from investing activities	30	(515,726,575)	(2,680,088,022)
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Drawdown of borrowings	33	156,448,015,563	117,012,287,639
2. Repayments of borrowings	34	(131,227,574,142)	(81,898,468,715)
3. Payment for financial lease	35	-	-
4. Dividends, profits paid to shareholders	36	(4,111,591,200)	(6,167,386,800)
Net cash flows from financing activities	40	21,108,850,221	28,946,432,124
<b>NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	50	11,493,555,518	(3,462,566,388)
Cash and cash equivalents at the beginning of the year	60	4,809,875,723	8,272,442,111
Impact of exchange rate changes in foreign currency	61	130,479	-
Cash and cash equivalents at the end of the year	70	16,303,561,720	4,809,875,723

PHAN ANH TUAN

Chief Accountant

Hanoi, March 10, 2014

LAI VAN QUAN

Director

This financial statement must be read in conjunction with the accompanying notes



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. GENERAL INFORMATION**

Construction Joint Stock Company No.6 (hereinafter “the Company”) is the joint stock company converted from state-owned company in accordance to Decision No.4446/QĐ-BGTVT dated December 31, 2002 of the Minister of Transport. The Company operates under the Business Registration Certificate No.0103002966 dated September 29, 2003 issued and amended for the ninth time on November 20, 2013 by Hanoi Department of Plan and Investment.

**The Company's principal activities include:**

- Construction of railways and road projects; Construction of all kinds of houses;
- Investing in the construction of residential and urban infrastructure;
- Construction of other civil engineering works;
- Installation of electrical system; Preparation of surface; Construction of public utility works;
- Rail passenger transportation; Rail freight; Direct support services for rail transport;
- 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 construction materials; Topographic survey within the scope of construction project; Design of railway and road works; Design of civil and industrial structures;
- Commercial business, guest house (excludes bar, karaoke room, discotheque business);
- Cargo transportation by road;
- Repair of construction equipment; motorbikes;
- Manufacture of mechanical product;
- Trade of materials, means, transport equipments;
- Wholesale of materials, means and transport equipments;
- Production of construction materials from clay; Production of cement, lime and gypsum; Production of prefabricated concrete components, asphalt concrete; Production of steel structure;
- Production of prefabricated concrete components and asphalt concrete;
- Trade of construction materials, steel structure, prefabricated concrete components, asphalt concrete;
- Testing construction materials.

**Organizational structure :**

As at December 31, 2013, the Company has 08 factories/branches, details are as follows:

<u>Name of the unit</u>	<u>Address</u>
<b>Factories/Branches</b>	
- Factory 601	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 602	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 603	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 604	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 605 (Construction team)	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
- Factory 610	Group 36, Dong Anh Town, Dong Anh District, Hanoi



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. GENERAL INFORMATION (Continued)**Subsidiary:

Phu Ly Stone One Member Co., Ltd was established in accordance to Decision 01/QD-HDQT dated January 18, 2008 of the Chairman of Construction Joint Stock Company No.6. The Company operates under the Business Registration Certificate No. 0604.000020 dated February 20, 2008 issued by Department of Planning and Investment of Ha Nam Province with charter capital of 15 million dong. During the course of operation, changes in business functions, charter capital of the Company were approved by the Department of Planning and Investment of Ha Nam Province under the Business Registration Certificate amended for the second time on May 26, 2011. The subsidiary's head office is located at Nam Son village, Chau Son commune, Phu Ly city, Ha Nam province. As at December 31, 2013, the Company holds 100% of the owners' equity of this subsidiary.

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

As at December 31, 2013, the number of the Company's employees who sign long-term contracts currently working at the Company is 360 persons, in which the number of managers is 69 persons.

**II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING PERIOD****Basis for consolidation**

Applicable accounting system: The Company applies the Vietnamese Accounting Standards issued in accordance to Decision No. 15/2006/QD-BTC dated March 20, 2006. Circular No. 206/2009/TT-BTC dated October 27, 2009 guiding the accounting of government bond repurchase transactions and Circular No. 244/2009/TT-BTC guiding amendments and supplements to the enterprise accounting regime dated December 31, 2009 of Minister of Finance.

The consolidated financial statements are prepared on the basis of the consolidated financial statements of the Parent company and its subsidiaries controlled by the parent company as at December 31, 2013, 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.

*Subsidiary* is fully consolidated from the date of acquisition which is the date on which the Company obtains control over subsidiaries and continues to be consolidated until the date when such control of the Company ceases.

The financial statements of the Parent and the subsidiary used for consolidation are prepared for the same accounting period and are applied with accounting policies consistently. Where necessary, the separate financial statements of the subsidiary are adjusted to ensure consistency with the policies adopted by the Company. Intercompany transactions, receivables, payables, and gains and losses arising from intercompany transactions are eliminated in the consolidated financial statements.

**Form of accounting book:** Journal of vouchers.

**Accounting period:** The Company's fiscal year starts on January 01 and ends on December 31 of the calendar year.

**Accounting currency:** The Company records accounting books and prepares financial statement in Vietnamese currency (VND).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****III. APPLICABLE ACCOUNTING STANDARDS**

As at the date of this financial statement, the Company's Management has been aware of twenty six (26) Vietnamese Accounting Standards issued by the Ministry of Finance as follows :

- Decision 149/2001/QD-BTC dated December 31, 2001 issued and announced four (4) Vietnamese accounting standards (phase 1). Guidance on the implementation of these standards has been issued by the Ministry of Finance through Circular 161/2007/TT-BTC dated December 31, 2007.
- Decision 165/2002/QD-BTC dated December 31, 2002 issued and announced six (6) Vietnamese accounting standards (phase 2). Guidance on the implementation of these standards has been issued by the Ministry of Finance through Circular 161/2007/TT-BTC dated December 31, 2007.
- Decision 234/2003/QD-BTC dated December 30, 2003 issued and announced six (6) Vietnamese accounting standards (phase 3). Guidance on the implementation of these standards has been issued by the Ministry of Finance through Circular 161/2007/TT-BTC dated December 31, 2007.
- Decision 12/2005/QD-BTC dated February 15, 2005 issued and announced six (6) Vietnamese accounting standards (phase 4). Guidance on the implementation of these standards has been issued by the Ministry of Finance through Circular 20/2006/TT-BTC dated March 20, 2006.
- Decision 100/2005/QD-BTC dated December 28, 2005 issued and announced four (4) Vietnamese accounting standards (phase 5). Guidance on the implementation of these standards has been issued by the Ministry of Finance through Circular 21/2006/TT-BTC dated March 20, 2006.
- Circular No. 210/2009/TT – BTC dated November 06, 2009 guiding the application of the International Financial Reporting Standards on the presentation of financial statements and disclosures of financial instruments.

In compliance with the decisions and circulars guiding the above Vietnamese Accounting Standards, Management has selected Vietnamese Accounting Standards applicable to the Company's business activities to prepare the financial statements.

**IV. APPLICABLE ACCOUNTING POLICIES****Accounting estimates**

The preparation of these financial statements in accordance to Vietnamese Accounting Standards, Vietnamese Accounting System and the relevant legal regulations relating to the preparation and presentation of these financial statements require Management to have estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses throughout the fiscal year. Although the accounting estimates are based on Management's best knowledge, actual figures may differ from the estimates and assumptions made.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits, cash in transit and short-term investments with maturities of no more than 3 months from the date of purchase that are highly liquid, and easily converted into money and does not have much risk in converting into cash.

**Receivables**



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

Receivables are presented in the financial statements at the carrying amounts of trade receivables and other receivables after deducting (-) estimated provision for doubtful debts based on Management's consideration of outstanding balances at the end of the financial year.

The provision for doubtful debts represents the estimated value of receivables that are not yet possible for the Company to collect at the balance sheet date. Increases and decreases to the provision balance are recorded as general and administrative expense in the income statement.

**IV. APPLICABLE ACCOUNTING STANDARDS (Continued)****Inventories**

Inventories are determined based on the lower of cost and net realizable value. 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 accounting:* Perpetual inventory count.

*Method of determining the price of inventories:*

+ For industrial production: Apply weighted average method

+ For inventories used for capital construction: Apply specific identification method

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

The method of determining work – in – progress at the end of the period shall be the total cost of the works related to the construction, renovation, reinforcement and upgrading of railway and road works that have been implemented but has not yet been accepted by the investor for settlement or is in the period of awaiting for the price subsidy of the investor and the value of unfinished construction materials products at the end of the fiscal year.

*Provision for obsolete inventories* is made for the value of expected losses due to devaluation (due to discounts, obsolete, poor quality, inferior, etc) of raw materials, finished products 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 balance are recorded in cost of goods sold in the income statement.

**Tangible fixed assets and Depreciation**

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

The historical cost of tangible fixed asset comprises of its purchase price and any directly attributable costs to bring the fixed assets into work condition for its intended use. The cost of tangible fixed assets, which are self-constructed, self-built includes the actual construction and production costs plus the costs of installation and testing.

Expenditures incurred after the tangible fixed assets are put into use as such cost of maintenance, renovation and overhaul are recognized in the income statement 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.



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

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

<i>Assets</i>	<i>Depreciation</i>
Building and structure	06 - 50 years
Machinery and equipment	03 – 10 years
Means of transportation	07 - 10 years
Instruments and t	04 - 08 years
Other assets	06 – 10 years

**Intangible fixed assets and Amortization**

Intangible fixed assets are Land use rights that are recognized as intangible fixed asset when the Company is granted a land use right certificate. The historical 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 their estimated useful lives. Indefinite-term land use rights are not amortized.

**Construction in progress**

Construction in progress includes work in progress (*including concrete mixing station, Suoi Kiet stone quarry, road to Thung Mo exploitation site and etc.*) and is carried at cost. This includes the costs of construction, installation of machinery, equipments and other direct costs. Construction in progress is depreciated only when these assets are completed and put into production.

**Borrowing expenses**

Borrowing expenses consist of interest expenses, other expenses incurred in borrowing procedures that are directly related to the construction or production of a work in progress that is included in the cost of the asset (capitalized) after deducting the income from the temporary investment of the borrowings. Borrowing expenses are capitalized when the Company is likely to gain future benefits from the use of the asset and the interest expense can be reliably measured. The capitalization of borrowing expenses will cease when the principal activities necessary for preparing the work in progress for use or sale have been completed. Subsequent borrowing expenses are recognized in the income statement as incurred

**Prepaid expenses**

Non-current prepaid expenses are on the balance sheet and amortized over the prepayment period of expenses corresponding to the economic benefits generated by these expenses.

The following expenses are recorded to non-current prepaid expenses to be allocated to the income statement.

- Used tools and equipments with great value are allocated no more than 03 years;
- The value of the mold used for the production of concrete sleepers is allocated at the rate of VND 20,000/bar, respectively, produced in the year;
- The carrying values of assets that are not qualified as fixed assets are allocated to operating expenses in the period according to the straight-line method over a period of 02 years.

**Accrued expenses**

Accrued expenses include expenses that have been recorded into the operating cost, but not actually paid at the end of the fiscal year to ensure the consistency between revenues and expenses. At the time of actual expenditure, the accountant shall record the addition or reduction of expenses for the difference with the deducted amount (if any). Expenses paid at the balance sheet date are the interest expense



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

payable to the Commercial Joint Stock Bank for Investment and Development of Vietnam – East Hanoi Branch.

**Provisions**

Provisions are recognized when the Company incurs liabilities (legal obligation or related obligation) arising out of events that occurred in the past. The payment of such obligations could result in a reduction in the economic benefits and the value of the obligation can be reliably estimated. Provisions are not recognized for any future operating losses.

Where the Company estimates part or all of the costs to pay an provision to be reimbursed by a third party, such as through an insurance policy, the reimbursement shall be recorded as one separte property when receiving reimbursement is almost certain. Costs related to contingencies are charged to the income statement after deducting provisions

If the effect on the time value of money is material, the value of an provision to be discounted to the present value using the discount rate is the pre-tax rate and clearly reflects the specific risk. of that debt. Where the value of the provision is discounted, the increase over the period of the provision is recognized as financial expense.

***Provisions for warranty expenses***

The Company is making advance deductions for warranty expenses of works at the rate of 1% of the final settlement value of the works.

**Transactions in foreign currency**

Transactions not arising in Vietnam dong are translated into Vietnam dong at the actual transaction exchange rate on the transaction date of the commercial bank where the transaction occurs. Closing balance of items denominated in foreign currencies is converted into Vietnam dong at the buying rate of the commercial bank where the Company opens its accounts. Actual exchange rate differences arising during the period and differences due to re-evaluation of balance in foreign currency are recognized in the financial income or expenses in the fiscal year.

**Issued share capital and Share premium**

Issued share capital is recognized as the actual amount invested by the shareholders.

Share premium is the difference between the actual amount collected and the face value when shares are issued for the first time, or the additional issuance of shares, and the increase or decrease between the actual proceeds and share repurchase price when treasury shares are reissued.

Treasury shares are shares issued by the Company and are repurchased by the Company at the actual acquisition cost including the acquisition cost and other directly attributable costs of acquisition such as transaction and information costs. The proceeds from the re-issuance or sale of treasury shares after deducting expenses directly related to the reissuance or sale of treasury shares shall be included in the owners' equity.

Retained earnings on the balance sheet as at December 31, 2013 is the profit from business activities of the Company after subtracting (-) corporate income tax and distribution of profit.

The distribution of profits and appropriation of funds shall be made in accordance with the Charter of Organization and Operation of the Company and be decided by the General Assembly of Shareholders.

**Revenue**

Revenue is recognized when the Company is able to obtain economic benefits that can be reliably measured. Net revenue is measured at the fair value of the consideration received or receivable after



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

deducting trade discounts, rebates on sales and returned goods. The following specific recognition criteria must also be met when recording revenue:

Revenue from sale of goods

Sale of concrete sleepers is recognized when the outcome 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 receivables or the possibility of goods returned

Construction contract revenue

Revenue from construction activities is recognized when there are minutes of acceptance, settlement and the customer agrees to make payment. Where the outcome of a construction contract can be reliably estimated, the revenue and expense relating to the construction contract is recognized corresponding to the portion of the work completed at the balance sheet date.

Where the outcome of a construction contract cannot be reliably estimated, the revenue is recognized only to the extent of the costs incurred in the contract in which the reimbursement is reasonable.

Revenue from rendering of services

Revenue from rendering of services is the revenue from office leasing, testing and quality control services. Revenue from office rentals is recognized in the income statement on a straight-line basis over the period of the lease. Revenue from testing and quality control services of works is recognized in the income statement in the period corresponding to the portion of services completed in the period.

Other revenues

Other revenues include interest on deposits, liquidation of fixed assets. Interest income is recognized on an accrual basis (taking into account the interest earned by the asset) unless it is probable that the interest will be recovered uncertainly. Income from asset liquidation is recognized when the result of transactions is reliably defined and the majority of risks, benefits and ownership of goods is transferred to the buyers.

**Tax**Current corporate income tax

Current income tax expense is determined based on taxable income and corporate income tax rate of the current year (25%).

Deferred corporate income tax

Deferred corporate income tax payable is corporate income tax payable in the future calculated on the taxable temporary difference subject to the current corporate income tax.

Deferred income tax is determined for temporary differences as at the balance sheet date between the income tax calculation base of the assets and liabilities and their carrying amounts for the purpose of preparing the financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences.

The reversal of deductible temporary differences results in a reduction in the determination of future taxable profits. The Company will only be entitled to economic benefits in the form of tax deductions if it has sufficient taxable profits to offset such reductions. As a result, the Company only recognizes deferred income tax assets when it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

The tax benefit for the use of deductible temporary differences is deemed to be certain when there are sufficient taxable temporary differences relating to the same tax authorities of the Company.

Deferred tax liabilities are determined at the tax rates that are expected to apply in the year when assets are gained or liabilities are settled based on tax rates enacted at the balance sheet date.

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

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

Tax reports of the Company will be subject to inspection of tax authorities. Since the application of laws and regulations on taxation for different 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.

**Financial instruments**Initial recognition and presentation*Financial assets*

At the time of initial recognition, financial assets are recorded at cost plus transaction costs directly attributable to the issuance or purchase of financial assets. Financial assets include cash, deposits at other credit institutions, trade receivables and other receivables and loans.

*Financial liabilities*

Financial liabilities are initially recognized at cost plus attributable transaction costs associated with the issuance of the financial liabilities. The Company's financial liabilities include trade payables, other payables, borrowings and accrued expenses.

Value of the initial recognition

Currently, Circular 210 does not provide a regulation for revaluation of financial instruments after the initial recognition. As a result, the value after the initial recognition of the financial instruments is measured at cost.

Offsetting financial instruments

The financial assets and liabilities denominated in foreign currencies are offset and the net amount will be presented in the financial statements if and only if the entity has the legal right to clear the recorded values and intention to offset on a net basis, or to acquire assets and settle liabilities at the same time.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED BALANCE SHEET**

The following items are presented in Vietnamese currency (VND)

**1. Cash and cash equivalents**

	31/12/2013	01/01/2013
Cash on hand (i)	162,639,438	191,854,952
Cash at bank (ii)	16,140,922,282	4,618,020,771
<b>Total</b>	<b>16,303,561,720</b>	<b>4,809,875,723</b>

(i) The cash on hand balance on December 31, 2013 include:

	VND
+ Construction Joint Stock Company No.6	133,395,531
+ Phu Ly Stone One Member Co., Ltd	29,243,907
<b>Total</b>	<b>162,639,438</b>

(ii) The bank deposit balances as at December 31, 2013 include:

	USD	VND
+ Construction Joint Stock Company No.6	446	9,393,367
+ Construction Joint Stock Company No.6	-	15,950,287,939
+ Phu Ly Stone One Member Co., Ltd	-	181,240,976
<b>Total</b>	<b>446</b>	<b>16,140,922,282</b>

**2. Other receivables**

	31/12/2013	01/01/2013
Others	334,435,704	495,222,338
<b>Total</b>	<b>334,435,704</b>	<b>495,222,338</b>

**3. Inventories**

	31/12/2013	01/01/2013
Raw materials	44,758,483,980	24,124,916,117
Tools and equipments	264,424,874	368,177,999
Work in progress	51,039,176,385	64,583,872,417
Finished products	21,706,244,227	27,997,619,923
Goods	94,302,433	101,998,498
<b>Total of original price of the inventory</b>	<b>117,862,631,899</b>	<b>117,176,584,954</b>
Allowance on obsolete inventories	-	-
<b>Net realizable value of the inventories</b>	<b>117,862,631,899</b>	<b>117,176,584,954</b>

**4. Tax and other receivables from the State**

	31/12/2013	01/01/2013
Overpaid corporate income tax	-	-
Overpaid personal income tax	-	1,500,000
<b>Total</b>	<b>-</b>	<b>1,500,000</b>



## CONSTRUCTION JOINT STOCK COMPANY NO.6

Address: Group 36, Dong Anh Town, Dong Anh District, Hanoi

Consolidated financial statements  
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED BALANCE SHEET (Continued)

## 5. Increase and decrease in tangible fixed assets:

	Building and structure	Machinery and equipment	Means of transportation	Instrument & tool for	Other fixed assets	Total
<b>HISTORICAL COST</b>						
As at 01/01/2013	19,465,590,873	63,878,434,786	11,229,513,028	9,612,316,204	3,273,668,711	107,459,523,602
Purchase in the year	-	1,170,360,000	330,000,000	1,494,942,182	-	2,995,302,182
Completed capital construction	-	3,199,729,565	-	-	-	3,199,729,565
Other increases	-	-	-	-	-	-
Transferred to investment properties	-	-	-	-	-	-
Sale, disposal	-	(4,129,921,429)	(376,862,000)	(750,143,786)	-	(5,256,927,215)
Other decreases	(49,113,567)	(558,181,692)	(28,098,000)	(810,245,053)	(16,300,000)	(1,461,938,312)
As at 31/12/2013	19,416,477,306	63,560,421,230	11,154,553,028	9,546,869,547	3,257,368,711	106,935,689,822
<b>ACCUMULATED DEPRECIATION</b>						
As at 01/01/2013	8,815,126,131	36,899,788,104	10,123,317,244	5,499,122,916	1,141,107,363	62,478,461,758
Depreciation in the year	1,605,153,146	4,351,405,719	561,824,924	998,567,486	420,418,140	7,937,369,415
Other increases	-	-	-	-	-	-
Transferred to investment properties	-	-	-	-	-	-
Sale, disposal	-	(2,980,672,467)	(376,862,000)	(750,143,786)	-	(4,107,678,253)
Other decreases	(34,736,645)	(397,411,076)	(28,098,000)	(617,472,112)	(7,466,830)	(1,085,184,663)
As at 31/12/2013	10,385,542,632	37,873,110,280	10,280,182,168	5,130,074,504	1,554,058,673	65,222,968,257
<b>CARRYING VALUE</b>						
As at 01/01/2013	10,650,464,742	26,978,646,682	1,106,195,784	4,113,193,288	2,132,561,348	44,981,061,844
As at 31/12/2013	9,030,934,674	25,687,310,950	874,370,860	4,416,795,043	1,703,310,038	41,712,721,565

In which: Historical cost of fully depreciated tangible fixed assets but still in use VND 37,473,652,284

Historical cost of temporary assets not used: VND -

Carrying value of the tangible fixed asset used for mortgage, pledge: VND 12,263,722,072 (Details at Note V.9 Notes to the financial statements)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED BALANCE SHEET

## 6. Increase and decrease in intangible fixed assets

	<i>Land use rights</i>	<i>Management software</i>	<i>Total</i>
<b>HISTORICAL COST</b>			
As at 01/01/2013	4,953,644,981	-	4,953,644,981
Purchase in the year	-	-	-
Other increases	-	-	-
Sale, disposal	-	-	-
Other decreases	-	-	-
<b>As at 31/12/2013</b>	<b>4,953,644,981</b>	<b>-</b>	<b>4,953,644,981</b>
<b>ACCUMULATED AMORTIZATION</b>			
As at 01/01/2013	541,797,038	-	541,797,038
Depreciation in the year	68,339,004	-	68,339,004
Other increases	-	-	-
Sale, disposal	-	-	-
Other decreases	-	-	-
<b>As at 31/12/2013</b>	<b>610,136,042</b>	<b>-</b>	<b>610,136,042</b>
<b>CARRYING VALUE</b>			
As at 01/01/2013	4,411,847,943	-	4,411,847,943
<b>As at 31/12/2013</b>	<b>4,343,508,939</b>	<b>-</b>	<b>4,343,508,939</b>

In which:

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

VND 0

Carrying value of the intangible fixed asset used for mortgage, pledge:

VND 4,317,249,958

(Details at V.9 - Notes to the financial statement)

## 7. Construction in progress

	<b>31/12/2013</b>	<b>01/01/2013</b>
Total construction in progress:	<b>4,548,718,228</b>	<b>7,273,038,763</b>
In which large works:		
+ Concrete and cement mixing station work at the Material and Construction Factory	-	2,724,320,535
+ Suoi Kiet quarry work	4,048,958,573	4,048,958,573
+ Cost of office design work in Da Nang	13,636,364	13,636,364
+ 2-storey mechanical house	284,648,090	284,648,090
+ Cost for making roads to Thung Mo stone exploitation area	201,475,201	201,475,201

## 8. Non-current prepaid expenses

	<b>31/12/2013</b>	<b>01/01/2013</b>
Instrument tool standby for allocation	856,555,904	1,538,109,165
Value of the mold for the production of sleepers	390,012,909	-
Carrying value of assets not qualified for fixed assets	93,283,411	-
	<b>1,339,852,224</b>	<b>1,538,109,165</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED BALANCE SHEET (Continued)****9. Current borrowings**

	31/12/2013	01/01/2013
Current borrowings	108,185,216,979	82,964,775,558
+ Commercial Joint Stock Bank for Investment and Development of Vietnam - East Hanoi Branch	107,905,216,979	82,964,775,558
+ Borrowings from Mr. Nguyen Van Dien	200,000,000	-
+ Borrowings from Ms. Do Thi Thien	80,000,000	-
Current portion of non-current borrowings	-	-
<b>Total</b>	<b>108,185,216,979</b>	<b>82,964,775,558</b>

**9.1 Details of current borrowings from banks**

<i>Agreements/ Borrowings</i>	<i>Credit limit</i>	<i>Closing balance</i>	<i>Principal &amp; interest payment term</i>	<i>Interest</i>	<i>Collateral</i>
Commercial Joint Stock Bank for Investment and Development of Vietnam - East Hanoi Branch					
No.01/2013/HDTDTM	155,000,000,000	107,905,216,979	The principal will be paid according to each principal withdrawal, interest is paid on the 25th of each month	Corresponding to each principal withdrawal	Mortgage of all assets under the asset mortgage contract No. 01/2012/HDTCTS dated 22/05/2012 and the amended document No. 01/2012/PLHDTCTS dated 13/07/2012; Full mortgage of real estate under the property mortgage contract No. 01/2012/HDTCTS dated 22/05/2012 and the amended document No. 01/2012/PLHDTCTS dated 13/07/2012.
<b>Total</b>		<b>107,905,216,979</b>			

**10. Statutory obligations**

	31/12/2013	01/01/2013
Value added tax	9,572,550,871	6,852,630,211
Excise tax	-	-
Import, export tax	-	-
Corporate income tax	3,413,003,467	3,981,602,285
Personal income tax	-	14,600,841
Resource tax	21,403,200	2,331,000
Charges, fees and other payables	13,171,200	57,651,661
<b>Total</b>	<b>13,020,128,738</b>	<b>10,908,815,998</b>

**11. Accrued expenses**

	31/12/2013	01/01/2013
Major repair cost of fixed assets	-	-
Interest expense payable	201,835,288	-
<b>Total</b>	<b>201,835,288</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED BALANCE SHEET

## 12. Other current payables

	31/12/2013	01/01/2013
Surplus of assets awaiting resolution	-	-
Union fee	506,831,768	667,932,803
Social insurance	513,350,675	647,730,836
Health insurance	5,902,329	26,579,169
Unemployment insurance	4,677,972	8,129,902
Other payables	829,256,939	1,431,743,558
<b>Total</b>	<b>1,860,019,683</b>	<b>2,782,116,268</b>

## 13. Provision for payables

	Provision for warranty expenses	Other provision	Total
<b>Current year</b>			
As at 01/01/2013	1,182,404,348		1,182,404,348
Increase in the year	1,052,785,652		1,052,785,652
Used in the year	-		-
Reversal of unused allowances	-		-
Adjustment due to discounted cash flow	-		-
<b>As at 31/12/2013</b>	<b>2,235,190,000</b>	<b>-</b>	<b>2,235,190,000</b>
<b>In which</b>			
Provision for current payables	-		-
Provision for non-current payables	2,235,190,000		2,235,190,000
<b>As at 01/01/2013</b>	<b>1,182,404,348</b>		<b>1,182,404,348</b>
Provision for current payables	-		-
Provision for non-current payables	1,182,404,348		1,182,404,348



## CONSTRUCTION JOINT STOCK COMPANY NO.6

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED BALANCE SHEET (Continued)

## 14. Owners' equity

Increase and decrease in owners' equity

	Issued share capital	Share premium	Treasury share	Exchange rate differences	Investment & development	Financial reserve fund	Retained earnings	Total
<b>Opening balance at the beginning of the previous year</b>	<b>61,080,780,000</b>	<b>989,164,000</b>	<b>(23,190,000)</b>	-	<b>4,602,508,771</b>	<b>2,177,771,626</b>	<b>16,835,576,642</b>	<b>85,662,611,039</b>
Increased capital in previous year	-	-	-	-	-	-	-	-
Profit in the previous year	-	-	-	-	-	-	4,004,723,900	4,004,723,900
Adjustment increases after tax inspection	-	-	-	-	-	-	2,586,660,968	2,586,660,968
Other increases	-	-	-	-	-	-	1,641,176,000	1,641,176,000
Board of Directors' remuneration	-	-	-	-	-	-	(392,553,200)	(392,553,200)
Dividend distribution to shareholders	-	-	-	-	-	-	(10,990,366,200)	(10,990,366,200)
Appropriating fund	-	-	-	-	1,570,212,968	795,106,484	(3,753,179,805)	(1,387,860,353)
Other decreases	-	-	-	-	-	-	(1,823,528,615)	(1,823,528,615)
<b>Balance at end of previous year/ beginning of the current year</b>	<b>61,080,780,000</b>	<b>989,164,000</b>	<b>(23,190,000)</b>	-	<b>6,172,721,739</b>	<b>2,972,878,110</b>	<b>8,108,509,690</b>	<b>79,300,863,539</b>
Increased capital in the year	-	-	-	-	-	-	-	-
Profit in the year	-	-	-	-	-	-	10,254,680,457	10,254,680,457
Other increases	-	-	-	-	-	-	-	-
Distributing reward and welfare fund	-	-	-	-	-	-	(200,236,195)	(200,236,195)
Board of Directors' remuneration	-	-	-	-	-	-	(120,141,000)	(120,141,000)
shareholders	-	-	-	-	-	-	(7,326,910,800)	(7,326,910,800)
Appropriating fund (*)	-	-	-	-	200,236,195	200,236,195	(400,472,390)	-
Other decreases	-	-	-	-	-	-	-	-
<b>Closing balance at the end of year</b>	<b>61,080,780,000</b>	<b>989,164,000</b>	<b>(23,190,000)</b>	-	<b>6,372,957,934</b>	<b>3,173,114,305</b>	<b>10,315,429,762</b>	<b>81,908,256,001</b>

(\*): According to the Resolution of the Annual General Meeting of Shareholders 2013 No. 01/NQ-DHDCD dated April 09, 2013 of the Construction Joint Stock Company No.6 approving the plan of distribution of profit and dividends to shareholders, the Company set up a financial reserve fund of VND 200,236,195, a investment and development fund of VND 200,236,195, a welfare fund of VND 200,236,195, dividend distribution to shareholders (12% for the actual contributed capital) of VND 7,326,910,800 to pay remuneration to the Board of Directors and Supervisory VND 120,141,000.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED BALANCE SHEET**

Details of owners' issued share capital

	31/12/2013			01/01/2013		
	Total	Common shares	Preferred shares	Total	Common shares	Preferred shares
Capital contributed by the State	26,794,330,000	26,794,330,000	-	26,794,330,000	26,794,330,000	-
Capital contributed by other shareholders	34,286,450,000	34,286,450,000	-	34,286,450,000	34,286,450,000	-
Share premium	989,164,000	989,164,000	-	989,164,000	989,164,000	-
Treasury shares	(23,190,000)	(23,190,000)	-	(23,190,000)	(23,190,000)	-
<b>Total</b>	<b>62,046,754,000</b>	<b>62,046,754,000</b>	<b>-</b>	<b>62,046,754,000</b>	<b>62,046,754,000</b>	<b>-</b>

Capital transactions with owners and distribution of dividends

	2013	2012
Issued share capital		
+ Issued share capital at the beginning of the year	61,080,780,000	61,080,780,000
+ Issued shares increased in the year	-	-
+ Issued shares decreased in the year	-	-
+ Issued share capital at the end of the year	61,080,780,000	61,080,780,000
Distributed dividend, profit	7,326,910,800	10,990,366,200

Dividends:

	2013	2012
Dividend declared after the balance sheet date		
+ Dividend declared on common stock	12%/year	18%/year

Shares:

	2013	2012
Number of shares registered for issuance	6,108,078	6,108,078
Number of shares issued /sold to the public	6,108,078	6,108,078
+ Common shares	6,108,078	6,108,078
+ Preferred shares	-	-
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: 10.000 VND

Other funds belonging to owners' equity:

	31/12/2013	01/01/2013
Investment and development fund	6,372,957,934	6,172,721,739
Financial reserve fund	3,173,114,305	2,972,878,110

The purpose of setting up funds:

+ Investment and development fund is used for investment in expanding business activities in the future such as investment in procurement of fixed assets, capital construction, research and development, training and improving environmental job.

+ The financial reserve fund is set up to protect the Company's normal business operations from business risks or losses, or to provide for unplanned losses or damage due to objective reasons or due to unforeseen circumstances such as fire, the economic and financial instability situation in the country or abroad.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### VI. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED INCOME STATEMENT

The following items are presented in Vietnamese currency (VND).

#### 15. Revenue from sale of goods and rendering of services

	2013	2012
Total revenue from sale of goods and rendering of services	314,377,410,457	313,508,987,286
<i>In which:</i>		
Revenue from sale of goods	24,994,889,929	47,228,873,752
Revenue from rendering of services	282,838,183	211,111,909
Revenue from construction works	289,099,682,345	266,069,001,625
Revenue deductions	-	-
services	314,377,410,457	313,508,987,286
Net revenue from goods exchange	24,994,889,929	47,228,873,752
Net revenue from rendering of services	282,838,183	211,111,909
Net revenue from construction works	289,099,682,345	266,069,001,625

#### 16. Cost of goods sold and services rendered

	2013	2012
Cost of goods and finished products sold	21,504,689,644	43,973,584,975
Cost of services rendered	78,219,076	291,187,700
Cost of construction activities	254,360,542,260	243,126,392,173
Total	275,943,450,980	287,391,164,848

#### 17. Financial income

	2013	2012
Interest on deposits and loans	115,030,152	647,522,402
Interest on the sale of foreign currency	-	-
Gains on realized exchange differences	-	-
Gains on unrealized exchange differences	130,479	186,813
Interest on deferred payment	-	-
Revenue from other financial activities	-	12,786,000
Total	115,160,631	660,495,215

#### 18. Financial expenses

	2013	2012
Borrowing interests	7,318,317,042	8,992,172,272
Losses on realized exchange differences	-	75,227,498
Losses on unrealized exchange differences	-	-
Allowance for investments	-	-
Others	83,103,330	78,058,641
Total	7,401,420,372	9,145,458,411

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****VI. ADDITIONAL INFORMATION ABOUT ITEMS ON THE CONSOLIDATED INCOME STATEMENT****19. Current corporate tax expenses**

	2013	2012
Corporate income tax expenses calculated based on taxable income of the current year	3,413,003,467	1,186,731,270
Adjusting the income tax expense of the previous year to the current tax expense of the current year	-	-
<b>Total</b>	<b>3,413,003,467</b>	<b>1,186,731,270</b>

**20. Production and operating cost**

	2013	2012
Raw material cost	184,935,305,161	184,810,812,778
Labour cost	66,630,051,725	48,867,643,230
Fixed asset depreciation cost	8,005,708,419	9,455,772,184
Outsourced services and other monetary cost	53,614,497,153	49,558,886,747
<b>Total</b>	<b>313,185,562,458</b>	<b>292,693,114,939</b>

**21. 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 common shares outstanding during the period.

The Company does not calculate and present the diluted earnings per share as there is no detailed guidance from the Ministry of Finance or the lack of information on the market.

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

	2013	2012
Accounting profits after the corporate income tax	10,254,680,457	4,004,723,900
Distributed profits to the Company's common shareholders	10,254,810,936	4,004,910,713
Average number of common shares outstanding during the year	6,105,759	6,105,759
<b>Basic earnings per share</b>	<b>1,680</b>	<b>656</b>

Average number of common shares outstanding during the year are identified as follows:

	2013	2012
Average number of common shares outstanding at beginning of year	6,105,759	6,105,759
Average number of common shares issued during the year	-	-
Deduct : Number of bought back treasury shares	-	-
Average number of common shares outstanding during the year	6,105,759	6,105,759

**VII. FINANCIAL INSTRUMENTS****1. The purpose and policy of financial risk management**

The activities of the Company cause the Company to bear market risk, credit risk, liquidity risk. The Company's overall financial risk management policy focuses on anticipating unwanted market fluctuations and focuses on mitigating adverse effects on the Company's business results.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****VII. FINANCIAL INSTRUMENTS (CONTINUED)****1. Financial risk management objectives and policies (Continued)***Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate in response to changes in market prices. Market prices have various types of risks: interest rate risk, currency risk. Financial instruments affected by the market risk include deposits, trade receivables and borrowings. The purpose of market risk management is to manage and control market risks within acceptable limits while maximizing returns.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate in response to changes in market interest rates. The market risk due to changes in interest rate of the Company is mainly related to cash and short-term deposits of the Company.

The Company manages interest rate risk by analyzing the competitive situation in the market to obtain interest rates that are beneficial for the Company's purposes and remain within the limits of its risk management.

*Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate in response to changes in exchange rates. The Company performs a number of transactions denominated in foreign currencies, whereby the Company will bear the risk of fluctuations in exchange rates.

*Credit risk*

Credit risk is the risk that a party joins to a financial instrument or customer contract fails to perform its obligations, resulting in financial loss to the Company. The Company has appropriate credit policies and regularly monitors the situation to assess whether the Company is exposed to credit risk. Credit risk is assessed at a low level. The Company has credit risk from bank deposits, trade receivables. The maximum credit risk for each group of financial assets is equal to the carrying amount of the financial asset group on the balance sheet.

*Bank deposit*

The Company mainly maintains balance of deposits at well known banks in Vietnam. The Company found that the concentration of credit risk on bank deposits was low.

*Trade receivables*

Receivables at risk have been provisioned as described in the balance sheet.

*Liquidity risk*

Liquidity risk is a risk that the Company has difficulty in performing its financial obligations due to lack of capital. Liquidity risk arises mainly from the fact that financial assets and financial liabilities have different maturities.

The Company monitors liquidity risk by maintaining cash and cash equivalents at the level deemed necessary by Management to finance the Company's business operations and to minimize the effects of changes in cash flows.

*Liquidity risk*

The maturity of financial assets and financial liabilities of the Company is based on the unpaid value that are not discounted as follows:

	<i>On demand</i>	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>Total</i>
<b>On 31/12/2013</b>				
Cash and cash equivalents	16,303,561,720	-	-	16,303,561,720
Investments	-	-	-	-
Trade and other receivables	-	118,941,754,860	-	118,941,754,860
Other financial assets	-	2,087,253,026	134,600,000	2,221,853,026
<b>Total</b>	<b>16,303,561,720</b>	<b>121,029,007,886</b>	<b>134,600,000</b>	<b>137,467,169,606</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## On 31/12/2013

Borrowings	-	108,185,216,979	-	108,185,216,979
Trade and other payables	-	50,303,139,013	-	50,303,139,013
Accrued expenses	-	201,835,288	-	201,835,288
<b>Total</b>	-	<b>158,690,191,280</b>	-	<b>158,690,191,280</b>
<b>Net liquidity difference</b>	<b>16,303,561,720</b>	<b>(37,661,183,394)</b>	<b>134,600,000</b>	<b>(21,223,021,674)</b>

	<i>On demand</i>	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>Total</i>
<b>On 01/01/2013</b>				
Cash and cash equivalents	4,809,875,723	-	-	4,809,875,723
Investments	-	-	-	-
Trade and other receivables	-	191,180,803,252	-	191,180,803,252
Other financial assets	-	2,186,620,480	134,600,000	2,321,220,480
<b>Total</b>	<b>4,809,875,723</b>	<b>193,367,423,732</b>	<b>134,600,000</b>	<b>198,311,899,455</b>

## On 01/01/2013

Borrowings	-	82,964,775,558	-	82,964,775,558
Trade and other payables	-	61,522,452,323	-	61,522,452,323
Accrued expenses	-	-	-	-
<b>Total</b>	-	<b>144,487,227,881</b>	-	<b>144,487,227,881</b>
<b>Net liquidity difference</b>	<b>4,809,875,723</b>	<b>48,880,195,851</b>	<b>134,600,000</b>	<b>53,824,671,574</b>

## 2. Financial assets and liabilities

The table below presents the carrying amount and fair value of financial instruments as disclosed in the Company's financial statements:

	<i>Carrying value</i>		<i>Fair value</i>	
	<b>31/12/2013</b>	<b>01/01/2013</b>	<b>31/12/2013</b>	<b>01/01/2013</b>
	<i>VND</i>	<i>VND</i>	<i>VND</i>	<i>VND</i>
<b>Financial assets</b>				
Cash and cash equivalents	16,303,561,720	4,809,875,723	16,303,561,720	4,809,875,723
Current financial investments	-	-	-	-
Trade receivables	118,607,319,156	190,685,580,914	114,282,992,656	190,685,580,914
Other receivables	334,435,704	495,222,338	334,435,704	495,222,338
Other financial assets	2,221,853,026	2,321,220,480	2,221,853,026	2,321,220,480
	<b>137,467,169,606</b>	<b>198,311,899,455</b>	<b>133,142,843,106</b>	<b>198,311,899,455</b>
	<i>Carrying value</i>		<i>Fair value</i>	
	<b>31/12/2013</b>	<b>01/01/2013</b>	<b>31/12/2013</b>	<b>01/01/2013</b>
	<i>VND</i>	<i>VND</i>	<i>VND</i>	<i>VND</i>
<b>Financial liabilities</b>				
Borrowings	108,185,216,979	82,964,775,558	108,185,216,979	82,964,775,558
Trade payables	48,443,119,330	58,740,336,055	48,443,119,330	58,740,336,055
Accrued expenses	201,835,288	-	201,835,288	-
Other current payables	1,860,019,683	2,782,116,268	1,860,019,683	2,782,116,268
	<b>158,690,191,280</b>	<b>144,487,227,881</b>	<b>158,690,191,280</b>	<b>144,487,227,881</b>



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

The fair values of financial assets and liabilities denominated in foreign currencies are recognized at the amount that a financial instrument could be converted into a current transaction between the parties, except where it is required to sell or liquidate.

The Company uses the following methods and assumptions used to estimate fair value:

- The fair value of cash and short-term deposits, payables and other current liabilities corresponds to the carrying amounts of these items due to their short-term maturity.

- The fair value of receivables is equal to the carrying amount less the value of provision made.

**VIII. OTHER INFORMATION****1. Information about related parties**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.

In the fiscal year 2013, Vietnam Railways (the Parent company) was identified as a related party of the Company.

Transactions with related parties

Members of the Board of Directors and Supervisory Board are laborers without definite terms, currently holding positions. Except for the remuneration paid to the Board of Directors according to the Resolution of the General Meeting of Shareholders, no additional benefits shall be paid.

Remuneration paid to the members of the Board of Directors, Management, Supervisory Board of the Company incurs during the year as follows:

	2013
Mr. Lai Van Quan	666,700,588
Mr. Pham Xuan Huy	474,752,161
Mr. Tran Huu Hung	472,277,835
Mr. Phan Anh Tuan	476,296,767
Mr. Ma Ngoc Yen	172,474,000
Mr. Pham Anh Tu	285,072,130
Mr. Trinh Van Thuy	295,523,646
Mr. To Van Tuyen	276,040,914
<b>Total</b>	<b>3,119,138,041</b>

Balances to related parties:

At the balance sheet date, balances to related parties are as follows:

<u>Related parties</u>	<u>Relationship</u>	<u>Receivables</u>	<u>Payables</u>
<b>I. Intercompany payables</b>			11,052,886,642
1. Vietnam Railways			11,052,886,642

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. Contingent liabilities, commitments, and other financial information**

As at 31 December 2012, payables to Vietnam Railways of Construction Joint Stock Company No.6 does not reflect the amount of VND 457,937,671 that the Vietnam Railways is debiting (this is the higher level managerial funds of the subcontractors arising before the Company moving to the joint stock company). In the dossier handed over from Construction Company No.6 to Construction Joint Stock Company No.6 that was witnessed by Vietnam Railways and the dossier of capital transfer handed over to Construction Joint Stock Company, there was not this amount. Construction Joint Stock Company No.6 has reported to Vietnam Railway and proposed to handle this difference.

**3. 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 operational and business results in subsequent periods after the balance sheet date.

**4. Comparative figures**

Comparative figures are the figures in the consolidated financial statements for the fiscal year ended December 31, 2012 audited by BDO Audit Services Company Limited.



**PHAN ANH TUAN**  
Chief Accountant



Hanoi, March 10, 2014

**LAI VAN QUAN**  
Director