

**CONSTRUCTION JOINT STOCK
COMPANY NO. 6**

Audited consolidated financial statements
for the fiscal year ended
31 December 2015



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CONSTRUCTION JOINT STOCK COMPANY NO.6

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

REPORT OF MANAGEMENT

Management of Construction Joint Stock Company No.6 (“the Company”) is pleased to present its report and audited consolidated financial statements for the fiscal year ended December 31, 2015.

GENERAL INFORMATION

Construction Joint Stock Company No.6 is a joint stock company converted from state-owned enterprises in accordance with the Decision No. 4446/QĐ- BGTVT dated December 31, 2002 by the Minister of Transportation. The Company has operated under the Business Registration Certificate No.0103002966 granted by Hanoi Department of Planning and Investment on September 29, 2003. During the course of operation, changes in principal activities, authorized capital, branch information were approved by Hanoi Department of Planning and Investment from the first time to the ninth time dated November 20, 2013, the number of business registration certificates was changed to the business code number 0100104901 in the 6th amended Business Registration Certificate on May 12, 2010.

Organizational structure:

The Company has 08 factories và 01 subsidiary, details are as follows:

<u>Factories</u>	<u>Address</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	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 610	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Materials 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>Subsidiary</u>	
- Phu Ly Stone One member Co., Ltd.,	Nam Son Village, Chau Son Ward, Phu Ly City, Ha Nam Province.

(*): Factory 601 was merged into the Factory 602 since September 01, 2015.

(**): Factory 603 was merged into the Factory 604 since September 01, 2015.

The Company's principal activities include:

- Construction of railways and road projects;
- Construction of other civil engineering works; Construction of public utility works;
- Lease of warehouses and workshops;
- Wholesale of materials, means and transport equipments;
- Production of prefabricated concrete components, asphalt concrete.
- Trade of construction materials, steel structure, prefabricated concrete components, asphalt concrete;
- Testing of construction materials;
- Exploiting and processing stone

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

THE BOARD OF DIRECTORS

The members of the Board of Directors 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 |

CONSTRUCTION JOINT STOCK COMPANY NO.6

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

REPORT OF MANAGEMENT *(continued)*

MANAGEMENT

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

- | | |
|---------------------|-------------------------|
| - Mr. Lai Van Quan | General Director |
| - Mr. Pham Xuan Huy | Deputy General Director |
| - Mr. Tran Huu Hung | Deputy General Director |

THE LEGAL REPRESENTATIVE

AUDITOR

BDO Audit Services Company Limited has audited the Company's consolidated financial statements for the fiscal year ended December 31, 2015.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for preparing the Consolidated Financial Statements for the fiscal year ended December 31, 2015, which gives a true and fair view of the Company's position and of its results and cash flows for the fiscal year then ended and confirms that there is no contingent events that might affect the going concern of the Company.

In preparing those Consolidated Financial Statements, Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures (if any) 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 minimize risks and fraud.

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

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

According to Management's opinion, the audited Consolidated Financial Statements (accompanying) give a true and fair view of the financial position of the Company as at December 31, 2015 and the results of its operations and cash flows for the fiscal year then ended.

Hanoi, March 04, 2016

On behalf of the Management,



General Director
LAI VAN QUAN



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243A De La Thanh St
Dong Da District, Hanoi,
Vietnam

Số: 29 /2016/BCKT-BDO

Hanoi, March 04, 2016

INDEPENDENT AUDITORS' REPORT

*On consolidated Financial Statements of Construction Joint Stock Company No.6
for the fiscal year ended December 31, 2015*

**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 04, 2016 that set out on pages 05 to 34 including Consolidated Balance sheet as at December 31, 2015, Consolidated Income statement, Consolidated Cash flow statement for the fiscal year ended December 31, 2015, and Notes to the Consolidated Financial Statements.

Responsibilities of Management

Management 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 prevailing legal regulations, and for such internal control as Management determines to be necessary to ensure the presentation of Consolidated Financial Statements that are free from material misstatements, whether due to fraud or errors.

Responsibilities of Auditors

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 of the Company are free from material misstatements.

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 risk of material misstatements on the consolidated financial statements, whether due to fraud or errors. 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 Management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Opinion of Auditors

In our opinion, in all material respects, 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, 2015, and of its financial performance 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 the Consolidated Financial Statements.



Nguyen Thi Hong Lien - Deputy Director
Certificate for Audit application registry: 0445-2013-038-1

Trang

Nguyen Quynh Trang - Auditor
Certificate for Audit application registry: 1469-2013-038-1

CONSOLIDATED BALANCE SHEET

As at December 31, 2015

Currency: VND

ASSETS	Code	Note	Closing balance	Opening balance
A - CURRENT ASSETS	100		211,454,709,975	275,860,883,126
I. Cash and cash equivalents	110	V.1	8,457,789,718	17,689,308,435
1. Cash	111		8,457,789,718	17,689,308,435
2. Cash equivalents	112		-	-
II. Current financial investment	120		-	-
1. Trading securities	121		-	-
2. Provision for decline in value of trading securities	122		-	-
3. Investments held to maturity	123		-	-
III. Current receivables	130		130,342,028,994	131,862,393,718
1. Current trade receivables	131	V.2	123,100,965,342	121,921,939,934
2. Advances to suppliers	132	V.3	7,056,090,344	9,171,860,808
3. Current intercompany receivables	133		-	-
4. Receivables according to the progress of construction contracts plan	134		-	-
5. Current loan receivables	135		-	-
6. Other current receivables	136	V.4	3,146,587,308	4,048,548,498
7. Provision for doubtful debts	137	V.5	(2,961,614,000)	(3,279,955,522)
8. Shortage of assets awaiting resolution	139		-	-
IV. Inventories	140		71,890,947,132	126,105,238,841
1. Inventories	141	V.6	71,890,947,132	126,105,238,841
2. Provision for obsolete inventories	149		-	-
V. Other current assets	150		763,944,131	203,942,132
1. Current prepaid expenses	151	V.7	732,206,410	203,942,132
2. Deductible value added tax	152	V.8	31,737,721	-
3. Taxes and other receivables to the State	153		-	-
4. Government bonds purchased for resale	154		-	-
5. Other current assets	155		-	-

CONSOLIDATED BALANCE SHEET *(Continued)*
As at December 31, 2015

ASSETS	Code	Note	Closing balance	Opening balance
B - NON-CURRENT ASSETS	200		43,508,872,530	47,358,851,889
I. Non-current receivables	210		134,600,000	134,600,000
1. Non-current trade receivables	211		-	-
2. Non-current advances to suppliers	212		-	-
3. Working capital provided to subordinate units	213		-	-
4. Non-current intercompany receivables	214		-	-
5. Receivables on non-current loans	215		-	-
6. Other non-current receivables	216	V.4	134,600,000	134,600,000
7. Provision for doubtful non-current debts	219		-	-
II. Fixed assets	220		36,074,419,216	41,798,475,514
1. Tangible fixed assets	221	V.8	31,841,329,266	37,523,305,560
<i>Historical cost</i>	222		108,244,431,946	108,345,798,002
<i>Accumulated depreciation</i>	223		(76,403,102,680)	(70,822,492,442)
2. Finance lease fixed asset	224		-	-
<i>Historical cost</i>	225		-	-
<i>Accumulated depreciation</i>	226		-	-
3. Intangible fixed assets	227	V.9	4,233,089,950	4,275,169,954
<i>Historical cost</i>	228		4,953,644,981	4,953,644,981
<i>Accumulated amortization</i>	229		(720,555,031)	(678,475,027)
III. Investment real property	230		-	-
<i>Historical cost</i>	231		-	-
<i>Accumulated depreciation</i>	232		-	-
IV. Non-current unfinished assets	240	V.10	4,914,988,482	4,606,900,047
1. Non-current work in progress	241		-	-
2. Construction in progress	242		4,914,988,482	4,606,900,047
V. Non-current financial investments	250		-	-
1. Investments in subsidiaries	251		-	-
VI. Other non-current assets	260		1,384,864,832	818,876,328
1. Non-current prepaid expenses	261	V.7	1,384,206,229	818,655,175
2. Deferred income tax assets	262	V.20	658,603	221,153
3. Goodwill	269		-	-
TOTAL ASSETS	270		253,963,582,505	323,219,735,015

CONSOLIDATED BALANCE SHEET *(Continued)*

As at December 31, 2015

RESOURCES	Code	Note	Closing balance	Opening balance
C - LIABILITIES	300		179,682,582,602	243,005,196,576
I. Current liabilities	310		176,837,485,602	240,749,313,576
1. Current trade payables	311	V.11	60,207,927,673	57,675,442,887
2. Current advances from customers	312	V.12	8,904,332,010	25,856,946,629
3. Statutory obligations	313	V.13	9,849,720,950	7,237,381,677
4. Payables to employees	314	V.14	7,988,665,361	13,604,877,418
5. Current accrued expenses	315	V.15	110,833,656	209,066,491
6. Current intercompany payables	316		-	-
7. Payables according to the progress of construction contracts plan	317		-	-
8. Current unrealized revenue	318	V.16	163,636,363	163,636,363
9. Other current payables	319	V.17	10,978,994,945	14,288,265,820
10. Current borrowings and finance lease	320	V.18	76,794,234,070	119,996,676,717
11. Provision for current payables	321		-	-
12. Bonus and welfare fund	322		1,839,140,574	1,717,019,574
13. Price stabilization fund	323		-	-
14. Government bonds purchased for resale	324		-	-
II. Non-current liabilities	330		2,845,097,000	2,255,883,000
1. Non-current trade payables	331		-	-
2. Non-current advances from customers	332		-	-
3. Non-current accrued expenses	333		-	-
4. Intercompany payables on working capital	334		-	-
5. Non-current intercompany payables	335		-	-
6. Non-current unrealized revenue	336		-	-
7. Other non-current payables	337		-	-
8. Non-current borrowings and finance lease	338	V.18	800,000,000	-
9. Convertible bonds	339		-	-
10. Preference shares	340		-	-
11. Deferred income tax	341		-	-
12. Provision for non-current payables	342	V.19	2,045,097,000	2,255,883,000
13. Science and technology development fund	343		-	-

CONSOLIDATED BALANCE SHEET (Continued)

As at December 31, 2015

RESOURCES	Code	Note	Closing balance	Opening balance
D - OWNERS' EQUITY	400		74,280,999,903	80,214,538,439
I. Owners' equity	410	V.21	74,280,999,903	80,214,538,439
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
- Preference shares	411b		-	-
2. Share premium	412		738,841,200	989,164,000
3. Conversion options on bond	413		-	-
4. Other capital of owners	414		-	-
5. Treasury shares	415		(23,190,000)	(23,190,000)
6. Assets revaluation differences	416		-	-
7. Exchange rate differences	417		-	-
8. Investment and development funds	418		11,435,152,239	11,084,274,239
9. Enterprise reorganization assistance fund	419		-	-
10. Other funds of owners	420		-	-
11. Retain earnings	421		1,049,416,464	7,083,510,200
- Accumulated retain earnings by the end of the previous period	421a		-	69,500,117
- Retain earnings of current period	421b		1,049,416,464	7,014,010,083
12. Funds for construction	422		-	-
13. Interests of non - controlling shareholders	429		-	-
II. Funding and other funds	430		-	-
1. Non-business funds	431		-	-
2. Non-business funds used for fixed assets acquisition	432		-	-
TOTAL RESOURCES	440		253,963,582,505	323,219,735,015

Issued on March 04, 2016

Preparer



DOAN THI KIM THANH

Chief Accountant



PHAN ANH TUAN

General Director



LAI VAN QUAN

CONSOLIDATED INCOME STATEMENT

Year 2015

Currency: VND

ITEMS	Code	Note	Current year	Previous year
1. Revenue from sale of goods and services	01	VI.1	254,120,173,613	298,775,390,618
2. Revenue deductions	02		3,445,799,810	-
3. Net revenue from sale of goods and services	10		250,674,373,803	298,775,390,618
4. Cost of goods sold	11	VI.2	226,195,876,322	261,569,461,534
5. Gross revenue from sale of goods and services	20		24,478,497,481	37,205,929,084
6. Financial income	21	VI.3	37,895,647	62,295,454
7. Financial expenses	22	VI.4	10,428,909,968	12,492,266,655
In which: interest expenses	23		10,346,861,760	12,431,148,365
9. Selling expenses	25	VI.5	800,670,562	722,459,978
10. General and administrative expense	26	VI.6	12,059,012,593	15,931,882,887
11. Other proceeds from operating activities	30		1,227,800,005	8,121,615,018
12. Other income	31	VI.7	1,066,810,439	947,198,075
13. Other expenses	32	VI.8	740,752,543	18,590,551
14. Other profit	40		326,057,896	928,607,524
15. Profit before tax	50		1,553,857,901	9,050,222,542
16. Current corporate income tax expense	51		504,878,887	2,031,418,709
17. Deferred corporate income tax expense	52	VI.9	(437,450)	1,228,595
18. Profit after corporate income tax	60		<u>1,049,416,464</u>	<u>7,017,575,238</u>
19. Profit after tax of the Parent company	61		<u>1,049,416,464</u>	<u>7,017,575,238</u>
20. Profit after tax of non-controlling shareholders	62		-	-
21. Basic earnings per share	70	VI.10	<u>172</u>	<u>1,149</u>
22. Diluted earnings per share	71		-	-

Preparer



DOAN THI KIM THANH

Chief Accountant



PHAN ANH TUAN

Issued on March 04, 2016

General Director



LAI VAN QUAN

CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

Year 2015

Currency: VND

ITEMS	Code	Note	Current year	Previous year
I. Cash flows from operating activities				
1. Profit before tax	01		1,554,516,503	9,050,222,542
2. Adjustments for:				
- Depreciation of fixed assets and investment properties	02		7,592,790,754	7,835,820,771
- Provisions	03		(529,127,522)	(1,023,677,978)
- Unrealized foreign exchange gains, losses from monetary assets and liabilities in foreign currencies	04		(1,203,638)	(217,429)
- Profits, losses from investing activities	05		(839,836,365)	(654,253,170)
- Interest expenses	06		10,346,861,760	12,431,148,365
- Other adjustments	07		-	-
3. Operating profit before changes in working capital	08		18,124,001,492	27,639,043,101
- Increase, decrease in receivables	09		1,879,037,184	(1,955,831,162)
- Increase, decrease in inventories	10		54,214,291,709	(8,241,378,347)
- Increase, decrease in payables	11		(15,627,357,206)	(4,599,542,699)
- Increase, decrease in prepaid expenses	12		(1,093,815,332)	433,984,917
- Interest paid	14		(10,431,077,677)	(12,423,917,162)
- Corporate income tax paid	15		(2,327,525,524)	(3,416,896,652)
- Other proceeds from operating activities	16		34,675,000	600,000,000
- Other payments for operating activities	17		(789,750,000)	(1,389,625,000)
Net cash flow from operating activities	20		43,982,479,646	(3,354,163,004)
II. Cash flows from investing activities				
1. Payment for purchases or construction of fixed assets and other non-current assets	21		(2,366,563,544)	(3,749,527,000)
2. Proceeds from fixed assets and other non-current assets disposal	22		943,438,181	727,272,727
3. Cash payment to provide loans and acquire debt instruments of other units	23		-	-
4. Cash receipts from the recovery of loans provided, the re-sale of debt instruments of other units	24		-	-
5. Profit after tax of the Parent company	25		-	-
6. Cash recovered from investments in capital contributions to other units	26		-	-
7. Interests and dividends received	27		36,692,009	62,078,025
Net cash flow from investing activities	30		(1,386,433,354)	(2,960,176,248)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

(Indirect method)

Year 2015

ITEMS	Code	Note	Current year	Previous year
III. Cash flows from financing activities				
1. Proceed from capital contribution and share issuance	31		-	-
2. Repayment of contributions to owners, repurchase of share issued	32		-	-
3. Drawdown of borrowings	33		149,512,027,207	198,410,106,810
4. Repayment of borrowings	34		(191,914,469,854)	(186,598,647,072)
5. Repayments of finance lease principal	35		-	-
6. Dividends and interest paid to shareholders	36		(9,426,326,000)	(4,111,591,200)
<i>Net cash flow from financing activities</i>	<i>40</i>		<i>(51,828,768,647)</i>	<i>7,699,868,538</i>
Net increase/decrease in the cash and cash equivalents during the year	50		(9,232,722,355)	1,385,529,286
Cash and cash equivalents at beginning of the year	60	V.1	17,689,308,435	16,303,561,720
Effect of exchange rate changes	61		1,203,638	217,429
Cash and cash equivalents at the end of the year	70	V.1	<u>8,457,789,718</u>	<u>17,689,308,435</u>

Issued on March 04, 2016

Preparer



DOAN THI KIM THANH

Chief Accountant



PHAN ANH TUAN

General Director




LAI VAN QUAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

I. CORPORATE INFORMATION

1. Structure of ownership

Construction Joint Stock Company No.6 is a joint stock company converted from state-owned enterprises in accordance with the Decision No.4446/QĐ - BGTVT dated December 31, 2002 by the Minister of Transportation. The Company has operated under the Business Registration Certificate No.0103002966 granted by Hanoi Department of Planning and Investment on September 29, 2003. During the course of operation, changes in principal activities, authorized capital, branch information have been approved by Hanoi Department of Planning and Investment from the first time to the ninth time dated November 20, 2013, the number of business registration certificates was changed to the business code number 0100104901 in the 6th amended Business Registration Certificate on May 12, 2010.

2. Business sector

Combining various of business sectors, 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;
- Railway transport services, Rail transportation of goods, Direct activity support services for rail transport;
- Exploiting and processing stone (except for stones banned by the State);
- Lease of warehouses and workshops for manufacture; argnet for petrol and oil retail;
- Testing of construction materials; Topographic survey within the scope of construction projects; Design of railway and road works; Design of civil and industrial structures;
- Commercial business; Guest house (not including bar business, karaoke rooms, discotheque);
- Cargo transportation by road; Repair of motorbikes, construction equipment;
- Manufacture of mechanical products; Trade of materials, means, transport equipments;
- Production of building materials from clay; Production of cement, lime and plaster; Production of prefabricated concrete components, asphalt concrete; Manufacture of steel structures; Trading in construction materials, steel structures, prefabricated concrete components, asphalt concrete.
- Exploitation of stone, sand, gravel and clay; Processing stones;

4. Normal operating cycle

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

5. The Company's business characteristics during the year that have an impact on the financial statements

At the beginning of the year, the State did not divestment completely in the Company, therefore, the Company had difficulties in bidding for work (because the Company's charter capital owned by the State was over 30% of the charter capital, according to the bidding law and guiding circulars, the Company is not eligible to participate in bidding for projects of the Railways and Ministry of Transportation). On July 14, 2015, Vietnam Railways has transferred 908,000 shares of the Company reducing the state's capital to 29% to facilitate the company to participate in bidding packages with state's capital .

6. Organizational structure

List of the Company's subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

Name	Address	Ratio of voting rights	Ratio of capital	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%

List of the dependent accounting units

Name	Address
- 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	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Factory 610	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 601 was merged into the Factory 602 since September 01, 2015.

(**): Factory 603 was merged into the Factory 604 since September 01, 2015.

7. Employees

The number of Company's employees signing long-term contract as at December 31, 2015 were 285 people (348 employees as at December 31, 2014).

8. 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 2014.

Since January 01, 2015, the Company applies Circular No. 200/2014/TT-BTC issued by the Ministry of Finance dated December 22, 2014, providing guidance on the Corporate Accounting System, replacing the regulations Decision No. 15/2006/QD-BTC dated March 20, 2006 and Circular No. 244/2009/TT-BTC dated December 31, 2009. This Circular takes effect for the financial year beginning on January 1, 2015.

The application of Circular No. 200 has no material effect on the comparability of the data presented in this financial statement. A number of comparative information has been reclassified to conform with the presentation of this year. (Details are in Note VII, item 5)

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

1. Accounting period: starts on January 01, 2015 and ends on December 31, 2015 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 Corporate Accounting System issued in conjunction with Circular No. 200/2014/TT-BTC dated December 22, 2014 and Circular No. 202/2014/TT-BTC issued by the Ministry of Finance dated December 22, 2014, guiding the preparation and presentation of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

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 financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

2. Declaration on compliance with Accounting Standards and Accounting System

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

Basis of consolidation of financial statements

The consolidated financial statements have been prepared on the basis of the consolidated financial statements of the parent company and its subsidiary controlled by the Company as at December 31, 2015 in accordance with Vietnamese Accounting Standards. The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

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

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

IV. APPLICABLE ACCOUNTING STANDARDS

1. Applicable exchange rates

The commercial bank selected by the Company to apply the exchange rate: Joint Stock Commercial 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: Production and operating expenses, Advances to suppliers, Payables.

- *Specific identification bookkeeping rate:*

Shall be used to convert transactions into the accounting currency for ones recorded for decrease: Payables, Advances to suppliers for goods received.

- *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 the end of the period

For foreign currency deposits: The exchange rate is the bank's purchasing rate where the Company opens the foreign currency account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

2. Recognition of cash and cash equivalents

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

3. Recognition of receivables

The amounts receivable shall be classified into trade receivables, intra-company receivables, and other receivables following rules below:

- *Trade receivables:* include commercial receivables generating from purchase-sale related transactions.
- *Other receivables:* include non-commercial or non-trading receivables (such as: advance for operating activities to employees, mortgages, pledges, receivables from work canteen, fine receivables, compensation, 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.

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 balances are recorded as general and administrative expenses on the income statement.
- The provision of doubtful debts which has been overdue for over 12 months (overdue period is determined based on the investor approves the final settlement of the project) 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 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 investor and construction materials in progress at the end of fiscal year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

The method of making provision for impairment of inventories: Provision against devaluation of goods in stock is made for the value of expected losses due to devaluation (due to 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.

5. Recognition of fixed assets and depreciation

Tangible fixed assets

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

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

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

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

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

<u>Assets</u>	<u>Useful life</u>
Building and architetonic	06-50 years
Machinery and equipment (*)	03-15 years
Means of transportation	06-10 years
Instruments for management	04-08 years
Other fixed assets	06-10 years

(*): For tangible asset is "Stone Crushing Line 250 tons per hour", the Company applied the depreciation method in accordance with productive-output method of depreciation 9,500 VND per m³ instead of the straight line method applied from fiscal year 2012. In the fiscal year ended on December 31, 2015, the application of depreciation method of productive-output makes the depreciation expense of the Company was, increased VND 38,077,910 in comparision with straight line method. Therefore, accumulated depreciation expenses as at December 31, 2015 was decreased approximately VND 636,507,590.

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 (see Note V.9). Indefinite land use rights is not amortized with historical cost of VND 2,718,350,000.

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 April 25, 2013 by the Ministry of Finance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

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 of the parent company is 22% and Phu Ly Stone One member Co., Ltd is 20%.

b) Other taxes

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

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

7. Recognition of prepaid expenses

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

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

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

Each prepaid expense incurred shall be recorded in details of maturity. As at the reporting date, prepaid expenses that have maturity of less than 12 months or a business cycle since the date of prepayment are classified as current prepaid expenses, expenses that have maturity of over 12 months or a business cycle since the date of prepayment are classified as non-current expenses.

8. Recognition of payables

The classification of trade payables, intercompany 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, or payable amounts that are not related to trading in goods or services (such as interests payable, dividends payable and profits payable, financial investment expenses payable, payables paid by another party, borrowings payable, fines payable, compensation payable, assets in surplus awaiting resolution, payables related to social insurance, health insurance, unemployment insurance, or union funds, etc.)

Monitoring payables

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

Recognized payables are not lower than payable obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. Recognition of record and capitalization of borrowing expenses

Recognition of borrowing expenses

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

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

10 Recognition of accrued expenses

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

11 Principles and methods of recording provisions payable

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

Recognition of provisions payable

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

Basis for recognition of provisions payable

Cost of product and construction warranty

Provision for product warranty is made for each type of product, goods, construction works which has warranty commitment with the amount established in commitments with customers.

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

12. Recognition of unrealized revenues

Unrealized revenue is recognized when the Company receives advances from customers related to advances for property rental from customers.

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

13. Recognition of owners' equity

a) Recognition of owners' equity, share premium

Contributions from owners: Recorded as the actual contributed capital of owners.

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

Treasury shares: Treasury shares are shares issued and bought-back by the Company and they are not cancelled and shall be re-issued in accordance with law on securities. Value of treasury shares is includes repurchase prices and expenses directly related to repurchase of shares, such as expenses of transaction and information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

b) Recognition of exchange differences

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

Exchange differences incurred during the year and foreign exchange differences due to revaluation of accounts derived from foreign currencies at the end of the financial year are recorded in financial income or financial expenses in the year.

c) Recognition of Retained earnings.

Retained earnings reflect business results (profit, loss) after corporate income tax and situation of income distribution or loss handling. Retained earnings shall be specifically recorded to the operational result of each fiscal year (previous year, current year), and to each profit sharing content (appropriation of fund, supplementation of operating capital, distribution of dividends, profits for shareholders and investors).

14. Recognition of revenues

Revenues from sales of finished goods

Revenues from sale 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 receivables or the possibility of goods returned.

Revenues from provision of services

Revenues from provision of services are from experimental services. Revenue from experimental services were recorded in the income statement in the period corresponding to the portion of services completed during the period.

Revenue from construction contract

Revenue from construction activities is recognized when they have the minutes of acceptance, settlement and payment accepted by the customer. Where the results of a construction contract can be reliably determined, the revenue and cost of goods sold relating to the construction contract are recognized corresponding to part of the works finished at the end of the financial year.

Other revenue

Revenue from rental according to operating lease contract: recorded in the income statement of the period using the straight-line method during the rental period .

Financial income

Financial income includes: Interests received on deposits and exchange rate differences.

Interests received on deposits: Recorded on the basis of the actual time and interest rates of each period, unless the probability of recovering interest is uncertainty determined. Gain on exchange rate differences are recognized as incurred.

15. Recognition of revenue deductions

Revenue deductions include the reduction of the value of the final settlement of the construction work due to the approval process of the competent state agency or audit, which is recognized on the following principles: Revenue deductions incurred in the same period of construction activities are adjusted to decrease revenue in the incurring period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

In cases where construction revenue is recorded from the previous periods, the revenue deduction incurred after the date of issued financial statements of the following period: the Company records a decrease in revenue of the incurring period (the next period).

16. Recognition of cost of goods sold

Cost of goods sold is recognized consistently with revenue principle.

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

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

17. Recognition of financial expenses

Financial expenses include the cost of borrowing capital, the interest paid for late payment of social insurance. Interest expenses (including accruals) of the reporting period are fully recognized for the period. Expenses for late payment of social insurance are recognized as actually incurred.

18. General & Administrative expenses

General and administrative expenses: are general management expenses, including salary expenses of administrative staffs (salary, wages, subsidies, etc.); social insurance, health insurance, labor union expenses, unemployment insurance of administrative staff, expenses for office materials, labor instruments, depreciation of fixed assets used for administration, lease rent, excise, provision for bad debts, outsourced services (electricity, water, telephone, fax, assets warranty, fire and explosive accidents, etc.) other monetary expenses (entertainment, customer conference, etc.) .

Deductions in General & Administrative expense include: reversal of provision for doubtful debts.

V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE BALANCE SHEET

1. Cash and cash equivalents

	<u>Closing balance</u>	<u>Opening balance</u>
Cash on hand	226,814,825	448,782,355
Cash at bank	8,230,974,893	17,240,526,080
Total	8,457,789,718	17,689,308,435
Cash equivalents	-	-
Total cash and cash equivalents	8,457,789,718	17,689,308,435

2. Receivables

2.1 Current receivables

	<u>Closing balance</u>	<u>Opening balance</u>
<i>Work package No. 60 Km1971 + 700QL1A: HCM-Trung Luong</i>	1,483,362,451	6,328,705,451
<i>Work package 21:XD Km100-Km134 + 580 Southern Hau River Road</i>	1,497,797,406	1,538,244,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	<u>Closing balance</u>	<u>Opening balance</u>
<i>Works package VNR-WB4-12: Improvements to Hue drainage system</i>	8,102,367,840	8,102,367,840
<i>Work package 9: XD06 underground tunnel and 23,518 Km separation fence for railways and Hanoi-HCM City: ATGT stage 2</i>	8,055,124,241	10,055,124,241
<i>Work package 17: Renovating and upgrading section Km909-1003 and set up BVTC Project: Replacing TVBT K1, K2, TVS = TVBTDUL stage 1</i>	1,000,000,000	1,000,000,000
<i>Work package 11 Upgrading railways section of Bieu Nghi - Ha Long (Km105 + 200-Km124 + 483)</i>	8,085,592,000	-
<i>Traffic construction: Construction of Tam Bac road bridge and Thi Cau bridge under package: construction of 3 new bridges</i>	7,718,329,000	972,879,000
<i>Contract: NSJV-CP2-016 (7/3/12): Supply of materials for the GTCP2 road Km144-230 project upgrading railway section of Yen Vien - Lao Cai</i>	9,692,537,166	14,407,010,153
<i>Contract: NKSP-VN-CP2-006 (28/2/12) package: CP2 XD Km144-230 Project: Upgrading Yen Vien-Lao Cai Railway</i>	5,493,117,628	11,278,710,525
<i>Contract: NKSP-VN-CP2-015 (7/3/12) package: CP2 XD Km144-230 Project: Upgrading Yen Vien - Lao Cai</i>	11,733,690,566	14,671,214,459
<i>Construction of works under phase 2 of plan 1856 according to emergency orders: 9.9 gathering roads and 17 crossroads</i>	10,163,264,000	10,163,264,000
<i>Phu Khanh Railway Management Co., Ltd.,</i>	1,384,362,900	-
<i>Construction of the district center - roads of Man Than district and Sin Cheng - Thao Chu Phin road, Simacai district</i>	2,788,672,854	4,886,209,054
<i>Work package 9: Supplying materials, equipment, construction, installation test of railway, loading and unloading yard inside factory: DAPs</i>	2,751,724,600	-
<i>Work package 7: Construction of railway overpass bridge of project Bao Ha-Kim Son-Lu street, Bao Thang district, Bao Yen</i>	1,373,303,110	-
<i>120 Investment and Engineering Construction JSC.</i>	2,401,060,930	-
<i>Project of Providing TVBTDH according to the contract: 2015-S-H 0171 signed on 30/03/2015</i>	2,750,167,950	-
<i>Work package 07 Upgrading, renovating Vang Danh railway station project: Renovation of Vang Danh Railway Station</i>	14,027,851,521	-
<i>Work package of repair of Major road to the Thap Cham station</i>	3,957,520,425	-
<i>Ha Hai Railway One member Co., Ltd.,</i>	1,424,246,851	1,289,132,951
<i>Vinh Phu Railway One member Co., Ltd.,</i>	2,885,278,992	3,867,377,100
<i>Thanh Hoa Railway Management Co., Ltd.,</i>	1,106,000,000	-
<i>Others</i>	13,225,592,911	33,361,700,963
Total	123,100,965,342	121,921,939,934

2.2 Trade receivables from related parties

As at December 31, 2015, there was no balance with related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

3. Advances to suppliers

3.1 Current advances to suppliers

	<u>Closing balance</u>	<u>Opening balance</u>
- Area 1 Railway Project Management Board	1,612,649,000	1,612,649,000
- Tianjin huashi international trade co., LTD	1,076,226,481	-
- Long Hung Works Joint Stock Company	693,443,694	2,799,302,990
- VVMI - Investment and Construction Joint Stock Company	700,891,456	-
- HT Vietnam Joint Stock Company	298,373,909	1,410,000,000
- Others	2,674,505,804	3,349,908,818
Total	<u>7,056,090,344</u>	<u>9,171,860,808</u>

3.2 Advances to related parties

As at December 31, 2015, there was no balance with related parties.

4. Other receivables

Other current receivables

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Value</u>	<u>Provision</u>	<u>Value</u>	<u>Provision</u>
Receivables from employees	2,533,764,055	-	2,959,916,828	-
Other receivables	612,823,253	-	1,088,631,670	-
Total	<u>3,146,587,308</u>	<u>-</u>	<u>4,048,548,498</u>	<u>-</u>

Other non-current receivables

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Value</u>	<u>Provision</u>	<u>Value</u>	<u>Provision</u>
Receivables from equitization	-	-	-	-
Receivables from distributed dividends and profits	-	-	-	-
Receivables from employees	-	-	-	-
Collaterals, deposits	134,600,000	-	134,600,000	-
Total	<u>134,600,000</u>	<u>-</u>	<u>134,600,000</u>	<u>-</u>

5. Doubtful debts

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

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Cost</u>	<u>Recoverable amount</u>	<u>Cost</u>	<u>Recoverable amount</u>
Current receivables				
- Minh Lap Road Km 100-Km103 construction	127,362,203	-	127,362,203	-
- Minh Lap Trench Building Km 100 -: - 103	358,401,000	-	358,401,000	-
- Hot asphalt concrete slabs TNXP Song Da work	963,766,356	-	963,766,356	-
- Hot asphalt concrete slabs TNXP Da Nang work	36,933,000	-	36,933,000	-
- Bao Quan Company Limited	283,532,774	-	283,532,774	141,766,387
- Thai Son II - QT-TN Residential work	33,472,000	-	33,472,000	-
- Renovating and upgrading National Highway No.12, Muong Lay - Dien Bien Phu section work	33,116,561	-	33,116,561	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

- Thanh My bridge intersection	404,810,607	-	404,810,607	-
- Co Loa Trading Production Concrete JSC	49,335,000	-	49,335,000	-
- Thanh An Trading Service and Investment JSC	54,036,000	-	54,036,000	-
- Do Thi Minh Nguyet	-	-	51,635,000	-
- 715 Road Management and Repair One Member Co., Ltd.,	299,368,000		334,168,000	233,917,600
- R230., JSC	503,033,000	185,553,000	503,033,000	185,553,000
- Mr. Nguyen Ba Huynh	-	-	9,941,500	-
- Others	-	-	29,882,514,488	29,284,864,980
Total	3,147,166,501	185,553,000	33,126,057,489	29,846,101,967

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

The Company has assessed and made provisions for overdue debts, irrecoverable debts with appropriate caution.

The Company will continue to take measures to ensure the recovery of overdue debts.

6. Inventories

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
Raw materials	13,530,565,953	-	18,831,721,643	-
Tools and instruments	265,374,305	-	215,151,887	-
Work - in - progress	43,069,221,163	-	86,627,677,239	-
Finished products	15,007,747,622	-	20,314,152,491	-
Goods	18,038,089	-	116,535,581	-
Total	71,890,947,132	-	126,105,238,841	-

7. Prepaid expenses

	Closing balance	Opening balance
<i>Current prepaid expenses</i>		
Stones exploration rights expenses	-	167,578,632
- Environmental impact assessment	-	36,363,500
- Tools and instruments	728,293,910	-
- Others	3,912,500	-
Total	732,206,410	203,942,132

	Closing balance	Opening balance
<i>Non-current prepaid expenses</i>		
- Tools and instruments	542,437,497	452,593,786
- Mold for the production of sleepers	-	19,811,244
- Other non-current prepaid expenses	87,599,091	-
- Fixed assets repair expenses	754,169,641	346,250,145
Total	1,384,206,229	818,655,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

8. Increase and decrease in tangible fixed assets

	<i>Building and architectonic</i>	<i>Machinery and equipment</i>	<i>Transportation & transmit instrument</i>	<i>Tool and instrument for management</i>	<i>Other fixed assets</i>	<i>Total</i>
Historical cost						
As at Dec 31, 2014	19,621,293,670	65,472,052,990	19,437,951,977	557,130,654	3,257,368,711	108,345,798,002
Purchase in the year	-	727,272,727	414,144,546	-	-	1,141,417,273
Construction	844,330,563	-	-	-	-	844,330,563
Disposal, sale	(285,389,024)	(498,648,056)	(1,303,076,812)	-	-	(2,087,113,892)
Other decreases	-	-	-	-	-	-
As at Dec 31, 2015	20,180,235,209	65,700,677,661	18,549,019,711	557,130,654	3,257,368,711	108,244,431,946
Accumulated depreciation						
As at Dec 31, 2014	12,033,295,454	40,852,049,221	15,445,965,857	527,863,117	1,963,318,793	70,822,492,442
Depreciation in the year	1,661,969,473	4,220,493,670	1,243,479,231	18,180,740	406,587,636	7,550,710,750
Other increases	-	-	-	-	-	-
Disposal, sale	(265,222,294)	(401,801,406)	(1,303,076,812)	-	-	(1,970,100,512)
Other decreases	-	-	-	-	-	-
As at Dec 31, 2015	13,430,042,633	44,670,741,485	15,386,368,276	546,043,857	2,369,906,429	76,403,102,680
Carrying value						
As at Dec 31, 2014	7,587,998,216	24,620,003,769	3,991,986,120	29,267,537	1,294,049,918	37,523,305,560
As at Dec 31, 2015	6,750,192,576	21,029,936,176	3,162,651,435	11,086,797	887,462,282	31,841,329,266

In which:

Historical cost of fully depreciated tangible fixed assets but still in use:	VND 42,196,702,848
Historical cost of tangible fixed assets for disposal at the year end:	VND -
Carrying value of tangible fixed assets at the end of the year for mortgage, pledge and guaranteed loans:	VND 8,632,482,360 (Details are in Notes V.16.1 and V.18.1)

9. Increase and decrease in intangible fixed assets

	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
Historical cost			
As at Dec 31, 2014	4,953,644,981	-	4,953,644,981
Purchase in the year	-	-	-
Internally established	-	-	-
Other decreases	-	-	-
As at Dec 31, 2015	4,953,644,981	-	4,953,644,981
Accumulated amortization			
As at Dec 31, 2014	678,475,027	-	678,475,027
Amortization in the year	42,080,004	-	42,080,004
Other increases	-	-	-
Disposal, sale	-	-	-
Other decreases	-	-	-
As at Dec 31, 2015	720,555,031	-	720,555,031
Carrying value			
As at Dec 31, 2014	4,275,169,954	-	4,275,169,954
As at Dec 31, 2015	4,233,089,950	-	4,233,089,950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10. Construction in progress

Construction in progress

	<u>Closing balance</u>	<u>Opening balance</u>
Project of office in Da Nang	13,636,364	13,636,364
Two storey housing in project	284,648,090	284,648,090
Thung Mo Stone mining road	-	201,475,201
Investment project to construct Suoi Kiet quarry - Binh Thuan	4,616,704,028	4,107,140,392
Total	<u>4,914,988,482</u>	<u>4,606,900,047</u>

11. Trade payables

11.1 Current trade payables

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Value</u>	<u>Amount able to pay off</u>	<u>Value</u>	<u>Amount able to pay off</u>
<i>Branch of Export-Import Railway VTTB JSC - Dong Anh Mechanical Factory</i>	3,854,225,575	3,854,225,575	1,357,160,434	1,357,160,434
<i>Son Anh Export - Import JSC</i>	1,668,690,924	1,668,690,924	-	-
<i>Export-Import Railway VTTB JSC Railway materials factory 2</i>	2,080,168,620	2,080,168,620	3,541,274,205	3,541,274,205
<i>Railway Construction Corporation</i>	1,728,138,500	1,728,138,500	1,728,138,500	1,728,138,500
<i>Investment and Construction JSC</i>	5,971,398,433	5,971,398,433	5,971,398,433	5,971,398,433
<i>Hanoi Construction Investment JSC</i>	5,679,529,399	5,679,529,399	-	-
<i>Construction JSC No. 2</i>	1,939,774,896	1,939,774,896	3,698,570,832	3,698,570,832
<i>Quang Binh Railway Management one member Co., Ltd.,</i>	5,120,394,661	5,120,394,661	3,661,428,490	3,661,428,490
<i>Nghe Tinh Railway Management one member Co., Ltd.,</i>	2,003,314,185	2,003,314,185	4,841,587,278	4,841,587,278
<i>Hanoi Agriculture Investment and Development One member Co., Ltd.,</i>	1,344,146,500	1,344,146,500	3,416,192,751	3,416,192,751
<i>Binh Nam Construction and Commercial JSC</i>	4,606,875,727	4,606,875,727	1,801,644,018	1,801,644,018
<i>Anh Toan Co., Ltd.,</i>	981,224,200	981,224,200	-	-
<i>Others</i>	1,836,112,044	1,836,112,044	2,453,626,371	2,453,626,371
Total	<u>60,207,927,673</u>	<u>60,207,927,673</u>	<u>57,675,442,887</u>	<u>57,675,442,887</u>

11.2 Trade payables to related parties

As at December 31, 2015, there was no balance with related parties.

12. Advances from customers

12.1 Current advances from customers

	<u>Closing balance</u>	<u>Opening balance</u>
- Restoration and repair of railway No.3 work and the construction of dual stations	1,092,528,300	1,092,528,300
- Work package 01: Lo river bank protection construction from CD16 pile to CDK8 pile Tuyen Quang	1,249,956,600	2,749,999,000
- Work package 8: Extend railway of 3 stations: Tien An, Thua Luu, Cau Hai; Add the 3rd line of Lac Son station	1,261,369,645	-
- Work package No. 1: Construction of works under the project: House for workers - Khanh Hoa coal company	716,010,587	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

- Work: package 1 Construction of section Km0-Km4 under the project: Na Nhung-Mold road 112, Ban Lau commune, Muong Khuong district	3,830,000,000	-
- Work package 11 Upgrading Railway section of Bieu Nghi - Ha Long (Km105 + 200-Km124 + 483)	-	8,559,000,000
- Work package 9: Supply of materials, equipment, construction, railway test, loading and unloading yards inside the factory Project: DAPs	-	5,115,083,930
- Contract No: ETF-CP1-140502 dated 29/05/2014 of package: CPI Yen Vien - Lao Cai	-	4,362,577,218
- Others	754,466,878	3,977,758,181
Total	8,904,332,010	25,856,946,629

12.2 Advances from related parties

As at December 31, 2015, there was no balance with related parties.

13. Statutory obligations

Tax payables

	Opening balance	Payable in the year	Paid amount in year	Closing balance
VAT on domestic goods	5,084,608,153	13,735,243,134	9,278,695,374	9,541,155,913
VAT on imported goods	-	482,146,190	482,146,190	-
Corporate income tax	2,027,525,524	504,878,887	2,327,525,524	204,878,887
Personal income tax	-	549,641,721	549,169,071	472,650
Resource tax	87,673,600	782,477,711	849,616,111	20,535,200
Land tax and land rental	-	1,769,712,545	1,695,835,045	73,877,500
Other taxes	-	19,655,310	19,655,310	-
Charges, fees and other payables	37,574,400	347,498,403	376,272,003	8,800,800
Total	7,237,381,677	18,191,253,901	15,578,914,628	9,849,720,950

Value added tax

The Company's value added tax is paid under deduction method. The value added tax rate is as follows:

. Goods	10%
. Services	10%
. Construction	10%

Import, export tax

The Company declared and paid according to the notice of Customs.

Land rental

The land rental of the Company shall be paid according to the land rent notice of the tax authority.

Other taxes

The Company declared and paid according to regulations.

14. Payables to employees

	Closing balance	Opening balance
Payables to employees	7,988,665,361	13,604,877,418
Total	7,988,665,361	13,604,877,418

15. Accrued expenses

15.1 Current expenses payable

	Closing balance	Opening balance
Interest expenses	110,833,656	209,066,491
Total	110,833,656	209,066,491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

16. Unrealized revenue

<i>16.1 Current unrealized revenue</i>	<u>Closing balance</u>	<u>Opening balance</u>
Revenue received in advance	163,636,363	163,636,363
Total	163,636,363	163,636,363

17. Other payables

<i>17.1 Other current payables</i>	<u>Closing balance</u>	<u>Opening balance</u>
Social insurance	127,389,327	391,256,648
Union fund	430,307,907	476,537,291
Payables to Vietnam Railways (VNR)	9,315,250,048	12,670,992,048
Other payables	1,080,430,634	745,857,445
Total	10,978,994,945	14,288,265,820

18 Borrowing and finance lease liabilities

18.1 Current borrowing and finance lease liabilities

	<u>Opening balance</u>		<u>During the year</u>		<u>Closing balance</u>	
	<u>Cost</u>	<u>Amount able to pay off</u>	<u>Increase</u>	<u>Decrease</u>	<u>Cost</u>	<u>Amount able to pay off</u>
<i>Current borrowings</i>	119,996,676,717	119,996,676,717	148,712,027,207	191,914,469,854	76,794,234,070	76,794,234,070
Joint Stock Commercial Bank for Investment and Development of Vietnam						
(i) Borrowings of individuals	119,796,676,717	119,796,676,717	132,367,027,207	179,799,469,854	72,364,234,070	72,364,234,070
(ii) <i>Mrs. Dam Thi Kim Cuc</i>	-	-	8,000,000,000	8,000,000,000	-	-
<i>Mrs. Pham Thi Quynh Mai</i>	-	-	4,800,000,000	2,850,000,000	1,950,000,000	1,950,000,000
<i>Mrs. Nguyen Thi Huong</i>	-	-	550,000,000	550,000,000	-	-
<i>Mrs. Nguyen Thi Hanh</i>	-	-	1,600,000,000	-	1,600,000,000	1,600,000,000
<i>Mr. Nguyen Van Phong</i>	-	-	180,000,000	-	180,000,000	180,000,000
<i>Mrs. Doan Thi Kim Thanh</i>	-	-	550,000,000	-	550,000,000	550,000,000
<i>Mr. Nguyen Van Dien</i>	200,000,000	200,000,000	-	200,000,000	-	-
<i>Mrs. Nguyen Thi Ha</i>	-	-	265,000,000	215,000,000	50,000,000	50,000,000
<i>Mr. Duong Thi Thu Phuong</i>	-	-	200,000,000	100,000,000	100,000,000	100,000,000
<i>Mr. Pham Van Tam</i>	-	-	200,000,000	200,000,000	-	-
Total	119,996,676,717	119,996,676,717	148,712,027,207	191,914,469,854	76,794,234,070	76,794,234,070

Details of current bank borrowings:

(i) Credit Agreement No. 01/2015/153713/HDTD dated June 26, 2015 to supplement working capital. Term: 12 months. Rate: Floating rate. This loan is secured by the mortgage of movable and immovable property under the Mortgage Agreement No. 01/2012/HDTCTS and amended and supplemented documents to this mortgage contract.

(ii) Borrowings from individuals is for the purpose of supplementing working capital. Term: indefinite. Interest rate: according to the contract. This loan is a trust loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18.2 Non-current borrowing and finance lease liabilities

	Opening balance		During the year		Closing balance	
	Cost	Amount able to pay off	Increase	Decrease	Cost	Amount able to pay off
<i>Non-current borrowings</i>	-	-	800,000,000	-	800,000,000	800,000,000
Lai Huy Hoang (i)	-	-	800,000,000	-	800,000,000	800,000,000
Total	-	-	800,000,000	-	800,000,000	800,000,000

Details of current bank borrowings:

(i): Borrowings from individuals is for the purpose of buying fixed assets (excavator), term of borrowing is 3 years since December 21, 2015. Interest rate: 9% per year.

19 Provision for payables

Provision for current payables

	Closing balance	Opening balance
Provision for product warranty	207,730,732	72,684,090
Provision for construction warranty	1,837,366,268	2,183,198,910
Provision for enterprise restructuring	-	-
Provision for periodic fixed assets repair expenses	-	-
Provision for environmental restoration	-	-
Total	2,045,097,000	2,255,883,000

20 Deferred income tax assets and deferred income tax

a) Deferred income tax assets

	Current year	Previous year
- Income tax rate used to determine deferred income tax assets	22%	22%
- Deferred income tax assets related to deductible temporary difference	658,603	221,153
- Deferred income tax assets related to unused taxable losses	-	-
- Deferred income tax assets related to unused tax incentives	-	-
- Offset against deferred income tax payables	-	-
Deferred income tax assets	658,603	221,153

21. Owners' equity

21.1 Increase and decrease in owners' equity

	Contributions from owners	Share premium	Treasury share	Exchange rate differences	Retained earnings	Investment and development funds	Total
Opening balance of the previous year	61,080,780,000	989,164,000	(23,190,000)	-	10,315,429,762	9,546,072,239	81,908,256,001
Increased capital in the previous year	-	-	-	-	-	-	-
Profit in the previous year	-	-	-	-	7,017,575,238	-	7,017,575,238
Other increases	-	-	-	217,429	-	-	217,429
Contributing bonus and welfare fund	-	-	-	-	(1,025,468,000)	-	(1,025,468,000)
Remuneration of the Board of Directors	-	-	-	-	(358,914,000)	-	(358,914,000)
Dividends paid to shareholders	-	-	-	-	(7,326,910,800)	-	(7,326,910,800)
Funds appropriated	-	-	-	-	(1,538,202,000)	1,538,202,000	-
Other decreases	-	-	-	(217,429)	-	-	(217,429)
Balance of the end of the previous year/beginning of the current year	61,080,780,000	989,164,000	(23,190,000)	-	7,083,510,200	11,084,274,239	80,214,538,439
Increased capital in the year	-	-	-	-	-	-	-
Profit in the year	-	-	-	-	1,049,416,464	-	1,049,416,464
Other increases	-	-	-	1,203,638	250,322,800	-	251,526,438
Contributing bonus and welfare fund	-	-	-	-	(701,756,000)	-	(701,756,000)
Remuneration of the Board of Directors	-	-	-	-	(175,440,000)	-	(175,440,000)
Dividends paid to shareholders	-	-	-	-	(6,105,759,000)	-	(6,105,759,000)
Funds appropriated (*)	-	-	-	-	(350,878,000)	350,878,000	-
Other decreases	-	(250,322,800)	-	(1,203,638)	-	-	(251,526,438)
Closing balance of the current year	61,080,780,000	738,841,200	(23,190,000)	-	1,049,416,464	11,435,152,239	74,280,999,903

(*) Resolution of Annual General Meeting of shareholders 2015 of Construction Joint Stock Company No.6 No. 01/NQ-DHDCD dated April 13, 2015 has approved the plan of distributing profits, plan to pay dividends to shareholders. During the year, the Company transferred from share premium to profit with the amount of VND 250,322,800, appropriated Development and Investment fund of VND 350,878,000, dividend payment to shareholders (at the rate of 10% actual contributed amount) of VND 6,105,759,000, paid remuneration to the Board of Directors and the Board of Supervisors with the amount of VND 175,440,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

21.2 Details of owners' capital contribution

	<u>Current year</u>	<u>Previous year</u>
Contributed by the State	17,714,330,000	26,794,330,000
Contribution of others shareholders	43,366,450,000	34,286,450,000
Total	<u>61,080,780,000</u>	<u>61,080,780,000</u>

Capital transactions with owners and distribution of dividends, profit sharing

	<u>Closing balance</u>	<u>Opening balance</u>
Investment capital of owners:		
+ Equity capital at the beginning of the year	61,080,780,000	61,080,780,000
+ Equity capital increased during the year	-	-
+ Equity capital decreased during the year	-	-
+ Equity capital at the end of the year	61,080,780,000	61,080,780,000
Dividends, profit distributed	6,105,759,000	7,326,910,800

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares register 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
- Preference shares	-	-
Number of bought back shares	2,319	2,319
- Common shares	2,319	2,319
- Preference shares	-	-
Number of outstanding shares	6,105,759	6,105,759
- Common shares	6,105,759	6,105,759
- Preference shares	-	-

Par value of outstanding shares 10,000 VND

19.4 Other funds of equity

Purpose of funds

Investment and development fund: Used for investment and expansion of business activities in the future such as capital investment in other enterprises, purchase of fixed assets, capital construction, research and development, training and improving work environment.

Rate of appropriation of fund

- Investment and development fund: 5% of profit after tax;
- Bonus fund 5% of profit after tax;
- Welfare fund 5% of profit after tax;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

VI. ADDITIONAL INFORMATION ABOUT ITEMS ON THE INCOME STATEMENT

1. Revenues from sale of good and services

1.1 Revenues from sale of good and services

	<u>Current year</u>	<u>Previous year</u>
Revenues from sale of goods, finished goods	32,468,585,546	29,440,953,437
Revenues from experimental services	260,615,450	412,090,455
Revenue from other activities	1,686,226,362	-
Revenue from construction contract	219,704,746,255	268,922,346,726
Total	<u>254,120,173,613</u>	<u>298,775,390,618</u>

Revenue deductions

	<u>Current year</u>	<u>Previous year</u>
Deduction of construction contract revenue when approving the project settlement	3,445,799,810	-
Total	<u>3,445,799,810</u>	<u>-</u>

2. Cost of goods sold

	<u>Current year</u>	<u>Previous year</u>
Cost of goods sold and finished goods	30,714,838,887	23,547,602,201
Cost of experimental services provided	281,279,916	104,729,117
Cost of construction contract	194,965,166,346	237,917,130,216
Cost of other activities	234,591,173	-
Total	<u>226,195,876,322</u>	<u>261,569,461,534</u>

3. Financial incomes

	<u>Current year</u>	<u>Previous year</u>
Interest on deposits and loans	36,692,009	62,078,025
Gains on foreign exchanges	1,203,638	217,429
Total	<u>37,895,647</u>	<u>62,295,454</u>

4. Financial expenses

	<u>Current year</u>	<u>Previous year</u>
Borrowing interests	10,346,861,760	12,431,148,365
Other financial expenses	82,048,208	61,118,290
Total	<u>10,428,909,968</u>	<u>12,492,266,655</u>

5. Selling expenses

	<u>Current year</u>	<u>Previous year</u>
Selling staff expenses	192,195,476	138,484,120
Materials, packaging expenses	171,750,070	243,629,652
Fixes asset depreciation expenses	121,266,506	126,022,006
Outsourced services expenses	258,759,360	196,132,000
Other monetary expenses	56,699,150	18,192,200
Total	<u>800,670,562</u>	<u>722,459,978</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

6. General and administrative expenses

	<u>Current year</u>	<u>Previous year</u>
Administrative employee expenses	5,477,337,928	7,337,054,631
Management material expenses	64,774,737	44,330,010
Office supply expenses	6,435,000	-
Fixes asset depreciation expenses	1,090,647,548	1,181,572,965
Taxes, fees and charges	442,441,236	206,641,600
Outsourced services expenses	-	19,643,840
Other monetary expenses	4,977,376,144	7,142,639,841
Total	<u>12,059,012,593</u>	<u>15,931,882,887</u>

Decreases in general and administrative expenses

	<u>Current year</u>	<u>Previous year</u>
Reversal of provision for bad debts	308,400,022	64,189,836
Total	<u>12,367,412,615</u>	<u>15,996,072,723</u>

7. Other income

	<u>Current year</u>	<u>Previous year</u>
Disposal, sale of fixed assets	803,144,356	947,198,075
Income from surface leasing, electricity	242,762,833	-
Others	20,903,250	-
Total	<u>1,066,810,439</u>	<u>947,198,075</u>

8. Other expenses

	<u>Current year</u>	<u>Previous year</u>
Fines	4,897,310	-
Tax arrears	691,576,452	-
Others	44,278,781	18,590,551
Total	<u>740,752,543</u>	<u>18,590,551</u>

9. Production and Operating costs

	<u>Current year</u>	<u>Previous year</u>
Raw material cost	60,700,529,340	164,586,054,669
Labour cost	53,063,859,903	84,706,298,787
Fixed asset depreciation cost	7,592,790,754	7,835,820,771
Other monetary costs	35,088,958,417	55,257,613,175
Total	<u>156,446,138,414</u>	<u>5,219,539,512,522</u>

10. Deferred corporate income tax expenses

	<u>Current year</u>	<u>Previous year</u>
Deferred corporate income tax expenses arisen from taxable temporary differences	(658,603)	(221,153)
Deferred corporate income tax expenses arisen from the reversal of deferred income tax assets	221,153	1,449,748
Total deferred corporate income tax expenses	<u>(437,450)</u>	<u>1,228,595</u>

11. Basic earnings per share

basic earnings per share is determined by dividing the profit or loss after tax allocated to common shareholders and the number of weighted average number of common shares outstanding in the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year 2015

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

	<u>Current year</u>	<u>Previous year</u>
Profits after corporate income tax	1,049,416,464	7,017,575,238
Adjustments to increase, decrease accounting profit to identify the profit distributed to shareholders holding common shares:	-	-
Profit distributed to common shareholders of the Company	<u>1,049,416,464</u>	<u>7,017,575,238</u>
Weighted number of outstanding common shares in the year (*)	6,105,759	6,105,759
Earning per share	<u>172</u>	<u>1,149</u>

(*)Weighted number of common shares circulated in the year are determined as follows:

	<u>Current year</u>	<u>Previous year</u>
Weighted number of outstanding common shares at the beginning of the year	6,105,759	6,105,759
Weighted number of outstanding common shares in the year	<u>6,105,759</u>	<u>6,105,759</u>

VII. OTHER INFORMATION

1. 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.

2. Potential debts, commitments and other information

As at December 31, 2015, Construction Joint Stock Company No.6 does not reflect the liability of Vietnam Railways (VNR) for the amount of VND 457,937,671 being debited by the Vietnam Railways (this is a superior management deposit of subcontractors before changed to a joint stock company - prior to September 30, 2003). The hand-over documents from Construction No.6 Company to Construction Joint Stock Company No.6 signed by Vietnam railways and the hand-over documents to CT6 do not include this payables. The company has reported VNR and proposed to handle this difference.

3. Transactions with related parties

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

3. Transactions with key management personnel and related individuals

Key management members and related individuals include: members of the Board of Directors, Management, Board of Supervisors, Chief Accountant and close family members of these individuals.

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

	<u>Current year</u>	<u>Previous year</u>
<i>Board of Directors, Management and Board of Supervisors</i>		
Remuneration	175,440,000	358,914,000
Salaries	2,478,264,953	3,365,480,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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List of other related parties of the Company includes:

<u>Related parties</u>	<u>Relation ship</u>
Vietnam Railways (VNR)	Associate

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

<u>Other payables</u>	<u>Closing balance</u>	<u>Opening balance</u>
Vietnam Railways (VNR)	9,315,250,048	12,670,992,048

4. Comparative figures

Comparative figures are the figures in the consolidated financial statements for the fiscal year ended December 31, 2014 audited by BDO Audit Services Company Limited.

5. Changes in accounting policy

In 2015, the Company prepares and presents financial statements in accordance with Circular No. 200/2014/TT-BTC issued by the Ministry of Finance dated December 22, 2014, providing guidance on the Corporate Accounting System. Some items were reclassified to comply with current regulations, details are as follows:

	<u>Code</u>	<u>Audited figures</u>	<u>Adjusted figures</u>	<u>Differences</u>
Balance sheet				
Other current receivables	136	1,088,631,670	4,048,548,498	(2,959,916,828)
Other current assets	155	2,959,916,828	-	2,959,916,828
Current borrowings (*)		119,796,676,717	-	119,796,676,717
Current borrowings and finance lease liabilities	320	-	119,796,676,717	(119,796,676,717)
Current intercompany payables	317	12,670,992,048	-	12,670,992,048
Other current payables	319	1,617,273,772	14,288,265,820	(12,670,992,048)
Investment and development fund	418	7,398,425,934	11,084,274,239	(3,685,848,305)
Financial reserve funds (*)		3,685,848,305	-	3,685,848,305
Other non-current receivables	216	-	134,000,000	(134,000,000)
Other non-current assets	268	134,000,000		(134,000,000)
Income statement				
Other income	31	742,448,021	607,350,439	135,097,582
Other expenses	32	135,097,582	-	(135,097,582)

(*) Code of these items no longer exist on the balance sheet as stipulated in Circular 200/2014/TT-BTC dated December 22, 2014.

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Preparer



DOAN THI KIM THANH

Chief Accountant



PHAN ANH TUAN

General Director



LAI VAN QUAN