



A&C AUDITING AND CONSULTING CO., LTD.

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**INTERIM FINANCIAL STATEMENTS**

**FOR THE FIRST 6 MONTHS OF THE FISCAL YEAR  
ENDING 31 DECEMBER 2019**

**CONSTRUCTION  
INVESTMENT CORPORATION**

**3-2**

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**STATEMENT OF THE BOARD OF MANAGEMENT**

The Board of Management of Construction Investment Corporation 3-2 (hereinafter referred to as “the Corporation”) presents this statement together with the Interim Financial Statements for the first 6 months of the fiscal year ending 31 December 2019.

**Business highlights**

Construction Investment Corporation 3-2 is an enterprise which has been equitized from a State-owned enterprise - Construction Investment Company 3-2 under the Decision No. 1214/QĐ-UBND dated 21 April 2008 of People’s Committee of Binh Duong Province. The Corporation has been operating in accordance with the Business Registration Certificate No. 3700146225, registered for the first time on 24 December 2008 and amended for the 10<sup>th</sup> time on 08 August 2018, granted by the Department of Planning and Investment of Binh Duong Province.

**Head office**

- Address : No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province.
- Tel. : (84 - 274) 3 759 446
- Fax : (84 - 274) 3 755 605

The Corporation has affiliates as follows:

Affiliates	Address
Branch of Construction Investment Corporation 3-2 - Construction Stone Plant	No. 635/1A, 1K Highway, Tan An Quarter, Tan Dong Hiep Ward, Di An Town, Binh Duong Province.
Branch of Construction Investment Corporation 3-2 - Concrete Sewer Plant	No. 6, Hill Road 16, Cay Cham Quarter, Thanh Phuoc Ward, Tan Uyen Town, Binh Duong Province.
Branch of Construction Investment Corporation 3-2 - Unburnt Brick Plant	No. 5/138, Binh Duong Boulevard, Hoa Lan 1 Quarter, Thuan Giao Ward, Thuan An Town, Binh Duong Province.

Principal business activities of the Corporation as in the Business Registration Certificate are:

- Constructing road works;
- Growing rubber trees;
- Forest plantation, taking care and nursering forest trees;
- Dismantling;
- Drainage and waste water treatment;
- Installing machinery and industrial equipment;
- Leasing construction machines and equipment;
- Growing other perennial plants;
- Wood exploitation;
- Exploiting other forest products except wood;
- Constructing residential houses ;
- Constructing non-residential houses;
- Wholesaling mining and construction machinery, equipment and spare parts; Wholesaling electrical machinery and equipment, electrical materials (generators, electric motors, wires and other equipment used in electrical circuits);
- Wholesaling materials, other installation equipment in construction;
- Trading iron and steel;
- Trading real estate; leasing land, offices, houses and workshops (in accordance with the planning); providing services related to traffic bridges, ferry bridges by waterways and by roads;
- Providing consultancy, brokerage on real estate, land use right auction;
- Preparing construction sites;





**CONSTRUCTION INVESTMENT CORPORATION 3-2**  
STATEMENT OF THE BOARD OF MANAGEMENT (cont.)

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- Installing, constructing water supply, drainage, heating and air-conditioning systems;
- Completing construction works;
- Producing concrete and products from cement and plaster; producing bricks and tiles (with tunnel technology);
- Producing beds, wardrobes, tables, chairs.
- Wholesaling computers, peripheral devices and software;
- Providing goods transportation by road;
- Cargo loading and unloading for road transportation;
- Leasing motor vehicle;
- Growing flowers and ornamental plants;
- Constructing electrical works;
- Constructing water supply and drainage works;
- Constructing telecommunication and communication works;
- Constructing other public works;
- Constructing other civil engineering works;
- Growing trees, urban grass;
- Installing low-voltage power grids and stations with lines of under 35KV; constructing lighting systems; installing equipment: protection, alarms, fire protection systems, lightning protection systems for construction works;
- Forging, stamping, pressing and laminating metal; refining metal powder (not forging, stamping, pressing, laminating, refining metal at the head office, the head office is only for transaction offices); mechanical processing (except for metal handling, coating, plating);
- Trading telecommunications equipment, audio-visual equipment;
- Warehouse operations (except for coal, scrap, chemicals);
- Constructing irrigation works; dredging canals, bridges and rivers; constructing waste treatment systems;
- Exploiting stone, sand, gravel, soil and clay (only after obtaining permits from competent agencies); processing stone;
- Acting as an agent of sales and goods consignment, commercial brokerage, (except for real estate brokerage, securities brokerage; marriage brokerage involving foreign elements, brokerage for adoption of fathers, mothers, children, adoption involving foreign elements), properties auctions;
- Providing engine fuel (not set up a gas station at the head office);
- Other unclassified wholesaling: Trading instrument, equipment, materials for fire prevention and fighting;
- Providing construction consultancy. Designing civil and industrial construction works, road traffic works: designing architecture for works; designing interior and exterior for works; designing landscape; designing construction structure; designing electrical - electromechanical works; designing water supply and drainage; designing ventilation - heat supply and drainage; designing information and communication networks in construction works; designing fire protection;
- Contributing capital, purchasing shares;
- Weighing goods in relation to transportation;
- Providing consultancy, guidance and executive assistance to businesses and other organizations on management issues, such as strategy and operation plan, human resource policies, implementation and plan; production schedule and monitoring plan. This service provision may include consultancy, guidance or operational assistance to the business;
- Physical, chemical testing and other analyzes of all materials and products include: testing sound and vibration; testing the composition and purity of minerals; testing the physical composition and efficiency of materials, such as strength, durability, thickness, radioactivity, etc.; testing welding techniques and welds; analyzing errors;
- The Corporation must strictly comply with the provisions of the law on land, construction, fire protection, environmental protection and business conditions for conditional business lines.

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## CONSTRUCTION INVESTMENT CORPORATION 3-2

### STATEMENT OF THE BOARD OF MANAGEMENT (cont.)

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#### Board of Management and Executive Officers

The Board of Management and the Executive Officers of the Corporation during the period and as of the date of this statement include:

##### *The Board of Management*

Full name	Position	Appointing/Reappointing/Resigning date
Mr. Vo Van Lanh	Chairman	Reappointed on 23 April 2019
Mr. Tran Van Binh	Member	Reappointed on 23 April 2019
Mr. Nguyen Le Van	Member	Reappointed on 23 April 2019
Mr. Nguyen Huu Nghia	Member	Appointed on 23 April 2019
Mr. Trinh Tien Bay	Member	Appointed on 23 April 2019
Ms. Le Thi Quyet	Member	Resigned on 23 April 2019
Mr. Thuong Van Huyen	Member	Resigned on 23 April 2019

##### *The Board of Directors*

Full name	Position	Reappointing date
Mr. Vo Van Lanh	General Director	25 April 2017
Mr. Tran Van Binh	Deputy General Director	25 April 2017

#### Legal Representative

The Corporation's legal representative during the period and as of the date of this statement is Mr. Vo Van Lanh - General Director (reappointed on 25 April 2017).

#### Auditors

A&C Auditing and Consulting Co., Ltd. has been appointed to review the Corporation's Interim Financial Statements for the first 6 months of the fiscal year ending 31 December 2019.

#### Responsibilities of the Board of Directors

The Board of Directors of the Corporation is responsible for the preparation of the Interim Financial Statements to give a true and fair view of the financial position, the financial performance and the cash flows of the Corporation during the period. In order to prepare these Interim Financial Statements, the Board of Directors must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates prudently;
- state clearly whether the accounting standards applied to the Corporation are followed or not, and all the material differences from these standards are disclosed and explained in the Interim Financial Statements;
- prepare the Interim Financial Statements of the Corporation on the going-concern basis, except for the cases that the going-concern assumption is considered inappropriate;
- design and implement effectively the internal control system in order to ensure that the preparation and presentation of the Interim Financial Statements are free from material misstatements due to frauds or errors.

The Board of Directors hereby ensures that all the accounting books of the Corporation have been fully recorded and can fairly reflect the financial position of the Corporation at any time, and that all the accounting books have been prepared in compliance with the applicable Accounting System. The Board of Directors is also responsible for managing the Corporation's assets and consequently has taken appropriate measures to prevent and detect frauds and other irregularities.

The Board of Directors hereby commits to the compliance with the aforementioned requirements in preparation of the Interim Financial Statements.

**CONSTRUCTION INVESTMENT CORPORATION 3-2**  
STATEMENT OF THE BOARD OF MANAGEMENT (cont.)

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**Approval on the Financial Statements**

The Board of Management hereby approves the accompanying Interim Financial Statements, which give a true and fair view of the financial position as of 30 June 2019, the financial performance and the cash flows for the first 6 months of the fiscal year ending 31 December 2019 of the Corporation, in conformity with the Vietnamese Accounting Standards and System and other legal regulations related to the preparation and presentation of the Interim Financial Statements.

For and on behalf of the Board of Management,



**Vo Van Lanh**  
Chairman

Date: 28 August 2019





No. 1.1241/19/TC-AC

## REPORT ON THE REVIEW OF INTERIM FINANCIAL INFORMATION

**To: THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS  
CONSTRUCTION INVESTMENT CORPORATION 3-2**

We have reviewed the accompanying Interim Financial Statements of Construction Investment Corporation 3-2 (hereinafter referred to as “the Corporation”), which were prepared on 21 August 2019 (from page 08 to page 52), including the Interim Balance Sheet as of 30 June 2019, the Interim Income Statement, the Interim Cash Flow Statement for the first 06 months of the fiscal year ending 31 December 2019 and the Notes to the Interim Financial Statements.

### Responsibility of the Board of Directors

The Board of Directors of the Corporation is responsible for the preparation, true and fair presentation of these Interim Financial Statements in accordance with Vietnamese Accounting Standards and System as well as the legal regulations related to the preparation and presentation of the Interim Financial Statements; and responsible for such internal control as the Corporation’s Board of Directors determines necessary to enable the preparation and presentation of the Interim Financial Statements to be free from material misstatements due to frauds or errors.

### Responsibilities of Auditors

Our responsibility is to express conclusion on these Interim Financial Statements based on our review. We have conducted the review in accordance with the Vietnamese Standard on Review Engagements No. 2410 – Review on interim financial information performed by independent auditor of the entity.

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

### Conclusion of Auditors

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Statements have not given a true and fair view, in all material respects, of the financial position as of 30 June 2019 of the Corporation, its financial performance, its cash flows for the first 06 months of the fiscal year ending 31 December 2019 in conformity with the Vietnamese Accounting Standards and System as well as other legal regulations related to the preparation and presentation of the Interim Financial Statements.

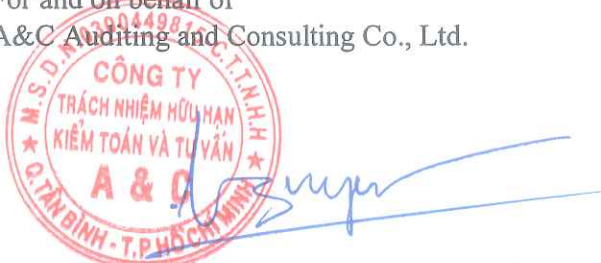




**Other issue**

The Interim Financial Statements and the Financial Statements for the fiscal year ended 31 December 2018 were reviewed and audited by another auditing firm whose auditors expressed the unqualified conclusion with a paragraph emphasizing the performance progress of the share transfer contract on Report on Interim Financial Statements Review on 14 August 2018 and the unqualified opinion on the Auditor's Report on Financial Statements for the fiscal year ended 31 December 2018 on 25 March 2019.

For and on behalf of  
A&C Auditing and Consulting Co., Ltd.



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**Nguyen Minh Tri**  
**Deputy General Director**

*Audit Practice Registration Certificate No. 0089-2018-008-1*

Ho Chi Minh City, 28 August 2019

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**CONSTRUCTION INVESTMENT CORPORATION 3-2**

Address: No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

**INTERIM FINANCIAL STATEMENTS**

For the first 06 months of the fiscal year ending 31 December 2019

**INTERIM BALANCE SHEET****(Full form)**  
**As of 30 June 2019**

Unit: VND

ITEMS	Code	Note	Ending balance	Beginning balance
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>364.882.341.270</b>	<b>407.136.317.593</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>48.689.219.641</b>	<b>38.972.280.405</b>
1. Cash	111		22.334.484.612	33.972.280.405
2. Cash equivalents	112		26.354.735.029	5.000.000.000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>102.731.623.926</b>	<b>98.468.222.182</b>
1. Trading securities	121		-	-
2. Provisions for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123	V.2a	102.731.623.926	98.468.222.182
<b>III. Short-term receivables</b>	<b>130</b>		<b>121.116.944.439</b>	<b>210.019.210.842</b>
1. Short-term trade receivables	131	V.3	65.874.020.818	78.196.025.068
2. Short-term prepayments to suppliers	132	V.4	43.232.951.013	49.674.931.981
3. Short-term inter-company receivables	133		-	-
4. Receivable according to the progress of construction contract	134		-	-
5. Receivables for short-term loans	135		-	-
6. Other short-term receivables	136	V.5	28.283.469.302	98.383.134.982
7. Allowance for short-term doubtful debts	137	V.6	(16.273.496.694)	(16.234.881.189)
8. Deficit assets for treatment	139		-	-
<b>IV. Inventories</b>	<b>140</b>		<b>90.483.422.377</b>	<b>59.676.604.164</b>
1. Inventories	141	V.7	90.756.459.222	59.929.857.789
2. Allowance for inventories	149	V.7	(273.036.845)	(253.253.625)
<b>V. Other current assets</b>	<b>150</b>		<b>1.861.130.887</b>	<b>-</b>
1. Short-term prepaid expenses	151		-	-
2. Deductible VAT	152		1.861.130.887	-
3. Taxes and other receivables from the State	153		-	-
4. Trading Government bonds	154		-	-
5. Other current assets	155		-	-

**CONSTRUCTION INVESTMENT CORPORATION 3-2**

Address: No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

**INTERIM FINANCIAL STATEMENTS**

For the first 06 months of the fiscal year ending 31 December 2019

**Interim Balance Sheet (cont.)**

ITEMS	Code	Note	Ending balance	Beginning balance
<b>B- NON-CURRENT ASSETS</b>	<b>200</b>		<b>453.023.128.353</b>	<b>379.217.930.442</b>
<b>I. Long-term receivables</b>	<b>210</b>		-	-
1. Long-term trade receivables	211		-	-
2. Long-term prepayments to suppliers	212		-	-
3. Working capital in affiliates	213		-	-
4. Long-term inter-company receivables	214		-	-
5. Receivables for long-term loans	215		-	-
6. Other long-term receivables	216		-	-
7. Allowance for long-term doubtful debts	219		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>186.098.498.912</b>	<b>156.908.280.346</b>
1. Tangible fixed assets	221	V.9	143.910.827.496	114.105.485.592
- Historical cost	222		253.415.016.111	215.466.404.362
- Accumulated depreciation	223		(109.504.188.615)	(101.360.918.770)
2. Financial leased assets	224		-	-
- Historical cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.10	42.187.671.416	42.802.794.754
- Initial cost	228		79.414.887.427	79.414.887.427
- Accumulated amortization	229		(37.227.216.011)	(36.612.092.673)
<b>III. Investment property</b>	<b>230</b>	<b>V.11</b>	<b>5.659.674.209</b>	<b>5.939.464.817</b>
- Historical costs	231		8.331.392.116	8.331.392.116
- Accumulated depreciation	232		(2.671.717.907)	(2.391.927.299)
<b>IV. Long-term assets in process</b>	<b>240</b>		<b>22.058.743.261</b>	<b>17.872.494.298</b>
1. Long-term work in process	241		-	-
2. Construction-in-progress	242	V.12	22.058.743.261	17.872.494.298
<b>V. Long-term financial investments</b>	<b>250</b>		<b>165.565.932.657</b>	<b>126.060.788.737</b>
1. Investments in subsidiaries	251	V.2b	3.000.000.000	-
2. Investments in joint ventures and associates	252	V.2b	97.642.800.663	91.233.200.663
3. Investments in other entities	253	V.2b	61.567.194.202	30.365.020.282
4. Provisions for devaluation of long-term financial investments	254	V.2b	(1.144.062.208)	(37.432.208)
5. Held-to-maturity investments	255	V.2b	4.500.000.000	4.500.000.000
<b>VI. Other non-current assets</b>	<b>260</b>		<b>73.640.279.314</b>	<b>72.436.902.244</b>
1. Long-term prepaid expenses	261	V.8	70.444.762.497	66.587.716.793
2. Deferred income tax assets	262	V.13	3.195.516.817	5.849.185.451
3. Long-term components and spare parts	263		-	-
4. Other non-current assets	268		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>817.905.469.623</b>	<b>786.354.248.035</b>



**CONSTRUCTION INVESTMENT CORPORATION 3-2**

Address: No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

**INTERIM FINANCIAL STATEMENTS**

For the first 06 months of the fiscal year ending 31 December 2019

**Interim Balance Sheet (cont.)**

ITEMS	Code	Note	Ending balance	Beginning balance
<b>C - LIABILITIES</b>	<b>300</b>		<b>332.255.414.905</b>	<b>309.468.065.869</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>294.584.622.905</b>	<b>267.657.237.869</b>
1. Short-term trade payables	311	V.14	23.901.190.781	26.982.313.337
2. Short-term advances from customers	312	V.15	18.349.428.926	22.204.400.688
3. Taxes and other obligations to the State Budget	313	V.16	15.361.559.944	18.956.647.133
4. Payables to employees	314	V.17	3.976.330.327	12.687.484.518
5. Short-term accrued expenses	315	V.18	16.456.068.894	43.220.966.536
6. Short-term inter-company payables	316		-	-
7. Payable according to the progress of construction contracts	317		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.19	26.998.598.352	9.885.132.543
10. Short-term borrowings and financial leases	320	V.20a	188.514.718.365	122.333.198.803
11. Provisions for short-term payables	321	V.21	54.590.788	94.827.498
12. Bonus and welfare funds	322	V.22	972.136.528	11.292.266.813
13. Price stabilization fund	323		-	-
14. Trading Government bonds	324		-	-
<b>II. Non-current liabilities</b>	<b>330</b>		<b>37.670.792.000</b>	<b>41.810.828.000</b>
1. Long-term trade payables	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Inter-company payables for working capital	334		-	-
5. Long-term inter-company payables	335		-	-
6. Long-term unearned revenue	336		-	-
7. Other long-term payables	337		-	-
8. Long-term borrowings and financial leases	338	V.20b	37.670.792.000	41.810.828.000
9. Convertible bonds	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax liability	341		-	-
12. Provisions for long-term payables	342		-	-
13. Science and technology development fund	343		-	-

**CONSTRUCTION INVESTMENT CORPORATION 3-2**

Address: No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

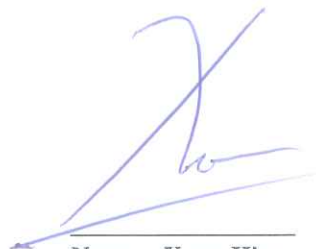
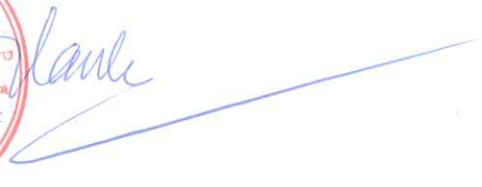
**INTERIM FINANCIAL STATEMENTS**

For the first 06 months of the fiscal year ending 31 December 2019

**Interim Balance Sheet (cont.)**

ITEMS	Code	Note	Ending balance	Beginning balance
<b>D - OWNER'S EQUITY</b>	<b>400</b>		<b>485.650.054.718</b>	<b>476.886.182.166</b>
<b>I. Owner's equity</b>	<b>410</b>		<b>485.650.054.718</b>	<b>476.886.182.166</b>
1. Capital	411	V.23	150.301.450.000	150.301.450.000
- Ordinary shares carrying voting rights	411a		150.301.450.000	150.301.450.000
- Preferred shares	411b		-	-
2. Share premiums	412	V.23	2.190.000.000	2.190.000.000
3. Bond conversion options	413		-	-
4. Other sources of capital	414		-	-
5. Treasury stocks	415		-	-
6. Differences on asset revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418	V.23	155.029.552.361	130.069.054.885
9. Business arrangement supporting fund	419		-	-
10. Other funds	420		-	-
11. Retained earnings	421	V.23	178.129.052.357	194.325.677.281
- Retained earnings accumulated to the end of the previous period	421a		144.857.765.719	134.617.031.950
- Retained earnings of the current period	421b		33.271.286.638	59.708.645.331
12. Construction investment fund	422		-	-
<b>II. Other sources and funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
1. Sources of expenditure	431		-	-
2. Fund to form fixed assets	432		-	-
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>440</b>		<b>817.905.469.623</b>	<b>786.354.248.035</b>

Binh Duong, 21 August 2019


Do Viet Cuong  
Preparer

Nguyen Xuan Hieu  
Chief Accountant

Vo Van Lan  
General Director

**CONSTRUCTION INVESTMENT CORPORATION 3-2**

Address: No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

**INTERIM FINANCIAL STATEMENTS**

For the first 06 months of the fiscal year ending 31 December 2019

**INTERIM INCOME STATEMENT****(Full Form)****For the first 06 months of the fiscal year ending 31 December 2019**

Unit: VND

ITEMS	Code	Note	Accumulated from the beginning of the year	
			Current year	Previous year
1. Sales	01	VI.1a	327.464.519.575	327.313.683.060
2. Sales deductions	02	VI.2	29.500.000	-
3. Net sales	10		327.435.019.575	327.313.683.060
4. Cost of sales	11	VI.3	264.817.691.400	237.607.547.231
5. Gross profit	20		62.617.328.175	89.706.135.829
6. Financial income	21	VI.4	8.070.352.490	6.683.964.787
7. Financial expenses	22	VI.5	6.779.887.301	3.916.241.163
In which: Loan interest expenses	23		5.673.257.301	3.902.306.950
8. Selling expenses	25	VI.6	13.732.308.113	12.093.157.800
9. General and administration expenses	26	VI.7	9.163.084.971	9.687.616.329
10. Net operating profit	30		41.012.400.280	70.693.085.324
11. Other income	31	VI.8	321.838.489	481.525.080
12. Other expenses	32	VI.9	663.790.722	62.234.184
13. Other profit/(loss)	40		(341.952.233)	419.290.896
14. Total accounting profit before tax	50		40.670.448.047	71.112.376.220
15. Current income tax	51	V.16	4.745.492.775	13.616.112.324
16. Deferred income tax	52	V.13	2.653.668.634	-
17. Profit after tax	60		<u>33.271.286.638</u>	<u>57.496.263.896</u>
18. Basic earnings per share	70	VI.11	-	-
19. Diluted earnings per share	71	VI.11	-	-

Binh Duong, 21 August 2019


Do Viet Cuong  
Preparer

Nguyen Xuan Hieu  
Chief AccountantVo Van Lanh  
General Director

This statement should be read in conjunction with the Notes to the Interim Financial Statements



**CONSTRUCTION INVESTMENT CORPORATION 3-2**

Address: No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

**INTERIM FINANCIAL STATEMENTS**

For the first 06 months of the fiscal year ending 31 December 2019

**INTERIM CASH FLOW STATEMENT**

(Full form)

(Indirect method)

For the first 06 months of the fiscal year ending 31 December 2019

Unit: VND

ITEMS	Code	Note	Accumulated from the beginning of the year	
			Current year	Previous year
<b>I. Cash flows from operating activities</b>				
1. Profit before tax	01		40.670.448.047	71.112.376.220
2. Adjustments				
- Depreciation of fixed assets and investment properties	02	V.9, V.10, V.11	10.954.938.665	9.909.425.320
- Provisions and allowances	03	V.2, V.6, V.7, V.21	1.124.792.015	383.412.174
- Exchange gain/ (loss) due to revaluation of monetary items in foreign currencies	04		-	-
- Gain/ (loss) from investing activities	05	VI.4, VI.8	(8.160.769.478)	(6.842.286.331)
- Interest expenses	06	VI.5	5.673.257.301	3.902.306.950
- Others	07		-	-
3. Operating profit before changes of working capital	08		50.262.666.550	78.465.234.333
- Increase/ (decrease) of receivables	09		86.769.716.153	(19.747.569.291)
- Increase/ (decrease) of inventories	10		(30.826.601.433)	3.367.679.922
- Increase/ (decrease) of payables	11		(67.273.182.293)	(14.226.829.443)
- Increase/ (decrease) of prepaid expenses	12		4.380.257.166	1.704.544.665
- Increase/ (decrease) of trading securities	13		-	-
- Interests paid	14	V.19, VI.5	(5.633.350.396)	(3.972.492.964)
- Corporate income tax paid	15	VI.6	(6.387.238.871)	(9.269.511.177)
- Other cash inflows	16		-	-
- Other cash outflows	17		-	-
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>31.292.266.876</b>	<b>36.321.056.045</b>
<b>II. Cash flows from investing activities</b>				
1. Purchases and construction of fixed assets and other non-current assets	21	V.9, V.12, VII	(47.135.208.874)	(18.191.223.873)
2. Proceeds from disposals of fixed assets and other non-current assets	22	V.9, VI.8	737.272.727	883.636.364
3. Cash outflow for lending, buying debt instruments of other entities	23		(4.263.401.744)	(4.118.721.349)
4. Cash recovered from lending, selling debt instruments of other entities	24		-	-
5. Investments into other entities	25		(40.611.773.920)	(4.008.254.600)
6. Withdrawals of investments in other entities	26		-	-
7. Interest earned, dividends and profits received	27	V.5, VI.4	7.656.300.609	5.242.781.098
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(83.616.811.202)</b>	<b>(20.191.782.360)</b>

**CONSTRUCTION INVESTMENT CORPORATION 3-2**

Address: No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

**INTERIM FINANCIAL STATEMENTS**

For the first 06 months of the fiscal year ending 31 December 2019

**Interim Cash Flow Statement (cont.)**

ITEMS	Code	Note	Accumulated from the beginning of the year	
			Current year	Previous year
<b>III. Cash flows from financing activities</b>				
1. Proceeds from issuing stocks and capital contributions from owners	31		-	-
2. Repayment for capital contributions and re-purchases of stocks already issued	32		-	-
3. Proceeds from borrowings	33	V.20a	230.370.944.934	155.088.320.834
4. Repayment for loan principal	34	V.20a	(168.329.461.372)	(196.283.698.908)
5. Payments for financial leased assets	35		-	-
6. Dividends and profit paid to the owners	36		-	(595.715.520)
<i>Net cash flows from financing activities</i>	<b>40</b>		<b>62.041.483.562</b>	<b>(41.791.093.594)</b>
<b>Net cash flows during the period</b>	<b>50</b>		<b>9.716.939.236</b>	<b>(25.661.819.909)</b>
<b>Beginning cash and cash equivalents</b>	<b>60</b>	V.1	<b>38.972.280.405</b>	<b>51.147.987.411</b>
Effects of fluctuations in foreign exchange rates	61		-	-
<b>Ending cash and cash equivalents</b>	<b>70</b>	V.1	<b>48.689.219.641</b>	<b>25.486.167.502</b>

Binh Duong, 21 August 2019


Do Viet Cuong  
Preparer

Nguyen Xuan Hieu  
Chief AccountantVo Van Lanh  
General Director

## CONSTRUCTION INVESTMENT CORPORATION 3-2

No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

#### I. GENERAL INFORMATION

##### 1. Ownership form

Construction Investment Corporation 3-2 (hereinafter referred to as “the Corporation”) is a joint stock company.

##### 2. Operating field

The Corporation’s operating fields are manufacturing, constructing, trading, real estate trading and servicing.

##### 3. Principal business activities

Principal business activities of the Corporation are manufacturing stone, concrete and bricks; constructing works; trading construction materials; trading real estate; leasing car, construction tools.

##### 4. Normal operating cycle

Normal operating cycle of the Corporation is within 12 months.

##### 5. Effects of the Corporation’s operation during the period on the Financial Statements

The Corporation’s profit has significantly decreased although the revenue did not significant change as compared to those at the same period of the previous year. The reason was the changes in revenue structure which increases in areas with low gross profit margin and declines in stone quarrying. This made gross profit sharply decreased. During the first 6 months of 2019, Corporation is exploiting the quarry down to a depth of cote – 150 meters, so the exploitation cost was much higher. Meanwhile, the market for stone products is very difficult when customers are changing to get stones in other areas, the mineral companies lower their prices for completion and the Corporation fails to win new customers; therefore, the sales volume also plummeted and the selling prices also decreased as compared to those of the same period due to competition with other rivals in the region. These factors are attributed to sharp decline in revenue and gross profit of the construction stone business as compare to those of the same period.

##### 6. Structure of the Corporation

###### *Subsidiaries*

The Corporation only invested in Tien Phuoc Construction Mineral Joint Stock Company – a subsidiary, located at Nam Dong Phu Industrial Park, Tan Lap Commune, Dong Phu District, Binh Phuoc Province. Principal business activities of this subsidiary are exploiting and processing stone. As of the balance sheet date, the Corporation’s capital contribution rate at this subsidiary is 80%, equivalent to voting rate and benefit rate.

###### *Joint ventures and associates*

Companies	Address	Principal business activities	Contribution rate	Ownership rate	Voting rate
Mien Dong Joint-Stock Company	Road No. 1, Bien Hoa 1 Industrial Park, An Binh Ward, Bien Hoa City, Dong Nai Province.	Manufacturing, quarrying stone, trading real estate and construction and installation activities.	32,01%	32,01%	32,01%
Thu Duc - Long An Centrifugal Concrete Joint Stock Company	Hamlet 3, An Thanh Commune, Ben Luc District, Long An Province.	Trading construction materials	24,33%	24,33%	24,33%



## CONSTRUCTION INVESTMENT CORPORATION 3-2

No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

### INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

#### Notes to the Interim Financial Statements (cont.)

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#### *Affiliates which are not legal entities and cannot do accounting works independently*

Affiliates	Address
Branch of Construction Investment Corporation 3-2 - Construction Stone Plant	No. 635/1A, 1K Highway, Tan An Quarter, Tan Dong Hiep Ward, Di An Town, Binh Duong Province.
Branch of Construction Investment Corporation 3-2 - Concrete Culvert Plant	No. 6, Hill Road 16, Cay Cham Quarter, Thanh Phuoc Ward, Tan Uyen Town, Binh Duong Province.
Branch of Construction Investment Corporation 3-2 - Unburnt Brick Plant	No. 5/138, Binh Duong Boulevard, Hoa Lan 1 Quarter, Thuan Giao Ward, Thuan An Town, Binh Duong Province.

#### 7. Statement on information comparability on the Interim Financial Statements

The figures in the current period can be comparable with corresponding figures in the previous period.

#### 8. Employees

As of the balance sheet date, there have been 327 employees working for the Corporation (at the beginning of the year: 338 employees).

## II. FISCAL YEAR AND ACCOUNTING CURRENCY

### 1. Fiscal year

The fiscal year of the Corporation is from 01 January to 31 December annually.

### 2. Accounting currency unit

The accounting currency unit is Vietnamese Dong (VND) because the Corporation's transactions are primarily made in VND.

## III. ACCOUNTING STANDARDS AND SYSTEM

### 1. Accounting system

The Corporation applies the Vietnamese Accounting Standards and System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 and other Circulars guiding the implementation of Vietnamese Accounting Standards of the Ministry of Finance in the preparation and presentation of Interim Financial Statements.

### 2. Statement on the compliance with the Accounting Standards and System

The Board of Directors ensures to follow all the requirements of the Vietnamese Accounting Standards and System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 as well as other Circulars guiding the implementation of Vietnamese Accounting Standards of the Ministry of Finance in the preparation and presentation of Interim Financial Statements.

## CONSTRUCTION INVESTMENT CORPORATION 3-2

No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

### INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

Notes to the Interim Financial Statements (cont.)

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#### IV. ACCOUNTING POLICIES

##### 1. Accounting convention

All the Financial Statements are prepared on the accrual basis (except for the information related to cash flows).

##### 2. Foreign currency transactions

Transactions in foreign currencies are converted at the actual exchange rates ruling as of the transaction dates. The ending balances of monetary items in foreign currencies are converted at the actual exchange rates ruling as of the balance sheet date.

Foreign exchange differences arisen from foreign currency transactions during the period shall be included into financial income or financial expenses. Foreign exchange differences due to the revaluation of ending balances of the monetary items in foreign currencies after offsetting their positive differences against negative differences shall be included into financial income or financial expenses.

The exchange rate used to convert foreign currency transactions is the actual exchange rate ruling as at the time of these transactions. The actual exchange rates applied to foreign currency transactions are as follows:

- For the foreign currency trading contract (including spot contract, forward contract, future contract, option contract, currency swap): the exchange rate stipulated in the contracts of trading foreign currency between the Corporation and the Bank.
- For capital contribution made or received: the buying rate of the bank where the Corporation opens its account to receive capital contributed from investors as of the date of capital contribution.
- For receivables: the buying rate ruling as at the time of transaction of the commercial bank where the Corporation designates the customers to make payments.
- For payables: the selling rate ruling as at the time of transaction of the commercial bank where the Corporation supposes to make payments.
- For acquisition of assets or immediate payments in foreign currency (not included into payable accounts): the buying rate of the commercial bank where the Corporation makes payments.

The exchange rates used to re-evaluate the ending balances of monetary items in foreign currencies are determined according to the following principles:

- For foreign currency deposits: the buying rate of the bank where the Corporation opens its foreign currency account.
- For monetary items in foreign currencies classified as other assets: the buying rate of BIDV – Binh Duong Branch where the Corporation frequently conducts transactions.
- For monetary items in foreign currencies classified as liabilities: the selling rate of BIDV – Binh Duong Branch where the Corporation frequently conducts transactions.

##### 3. Cash and cash equivalents

Cash includes cash on hand and demand deposits in banks. Cash equivalents are short-term investments of which the due dates cannot exceed 03 months from the dates of the investments and the convertibility into cash is easy, and which do not have a lot of risks in the conversion into cash as of the balance sheet date.



## CONSTRUCTION INVESTMENT CORPORATION 3-2

No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

Notes to the Interim Financial Statements (cont.)

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### 4. Financial investments

#### *Held-to-maturity investments*

Investments are classified as held-to-maturity investments that the Corporation intends and is able to hold to maturity. Held-to-maturity investments include term deposits (including debentures and promissory note), bonds, preferred shares that the issuer are required to re-purchase at a certain date in the future and held-to-maturity loans for the purpose of receiving periodical interest as well as other held-to-maturity investments.

Held-to-maturity investments are initially recognized at cost including the purchase cost and other transaction costs. After initial recognition, these investments are recorded at recoverable value. Interest from these held-to-maturity investments after acquisition date is recognized in the profit or loss on the basis of the interest income to be received. Interests arising prior to the Corporation's acquisition of held-to-maturity investments are recorded as a decrease in the costs as at the acquisition time.

When there are reliable evidences proving that a part or the whole investment cannot be recovered and the loss are reliably determined, the loss is recognized as financial expenses during the period while the investment value is derecognized.

#### *Investments in subsidiaries, joint ventures, associates*

Subsidiary is an entity that is controlled by the Corporation. Control is the Corporation's power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

#### *Joint ventures*

A joint venture is an entity which is established by a contractual arrangement whereby the Corporation and the involved parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers.

#### *Associates*

An associate is an entity which the Corporation has significant influence but not the control to govern the financial and operating policies. Significant influence is the right to participate in making the associate's financial and operating policies but not control those policies.

#### *Initial recognition*

Investments in subsidiaries, joint ventures, associates are initially recognized at costs, including the cost of purchase or capital contributions plus other directly attributable transaction cost. In case of investment in non-monetary assets, the costs of the investment are recognized at the fair value of non-monetary assets at the arising time.

Dividends and profits of the periods prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit of the periods after the purchase of investments are recorded into the Corporation's revenues. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity is followed up.

#### *Provisions for impairment of investments in subsidiaries, joint ventures, associates*

Provisions for impairment of investments in subsidiaries, joint ventures, associates is made when the subsidiaries, joint ventures, associates suffer from losses at the rate equal to the difference between the actual capital invested by investors in subsidiaries, joint ventures, associates and the actual owner's equity multiplying (x) by the Corporation's rate of capital contribution over the total actual capital invested by investors in subsidiaries, joint ventures, associates. If the subsidiaries, joint ventures, associates are consolidated into Consolidated Financial Statements, the basis for impairment provisions is the Consolidated Financial Statements.



## CONSTRUCTION INVESTMENT CORPORATION 3-2

No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

### INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

#### Notes to the Interim Financial Statements (cont.)

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Increases/(decreases) in the provisions for impairment of investments in subsidiaries, joint ventures, associates are recorded into "Financial expenses".

#### *Investments in equity instruments of other entities*

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Corporation to have the control, joint control or significant influence on these entities.

Investments in equity instruments of other entities are initially recognized at costs, including cost of purchase plus other directly attributable transaction costs. Values of these investments are derecognized for dividends and profits arising in the periods prior to the acquisition of such investments. Dividends and profit arising in the periods after the acquisition of investments are recorded into the Corporation's revenue. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity of shares is followed up.

Provisions for impairment of investments in equity instruments of other entities are made as follows:

- For investments in listed shares or fair value of investments which is reliably measured, provisions are made on the basis of the market value of shares.
- For investments of which the fair value cannot be measured at the time of reporting, provisions are made on the basis of the losses suffered by investees, at the rate equal to the difference between the actual capital invested by investors and the actual owner's equity multiplying (x) by the Corporation's rate of capital contribution over the total actual capital invested by investors in these investees.

Increases/(decreases) in the provisions for impairment of investments in equity instruments of other entities are recorded into "Financial expenses".

## 5. Receivables

Receivables are recognized at the carrying amounts less allowances for doubtful debts.

The classification of receivables as trade receivables and other receivables is made according the following principles:

- Trade receivables reflect receivables concerning the commercial nature arising from purchase and sale transactions between the Corporation and customers who are independent to the Corporation.
- Other receivables reflect receivables not concerning the commercial nature and irrelevant to purchase and sale transactions.

Allowance is made for each doubtful debt on the basis of the debt age or estimated loss as follows:

- As for outstanding debts:
  - 30% of the value of debts outstanding from over 06 months to under 01 year.
  - 50% of the value of debts outstanding from 01 year to under 02 years.
  - 70% of the value of debts outstanding from 02 years to under 03 years.
  - 100% of the value of debts outstanding from over 03 years.
- As for doubtful debts: Allowance is made on the basis of the estimated loss.

Increases/(decreases) in the obligatory allowance for doubtful debts as of the balance sheet date are recorded into "General and administration expenses".

## CONSTRUCTION INVESTMENT CORPORATION 3-2

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### INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

#### Notes to the Interim Financial Statements (cont.)

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#### 6. Inventories

Inventories are recognized at the lower of cost or net realizable value.

Cost of inventories is determined as follows:

- For materials and merchandises: Costs comprise costs of purchases and other directly relevant costs incurred in bringing the inventories to their present location and conditions.
- Work-in-process: Costs comprise costs of main materials, labor and other directly relevant costs.
- For finished goods: Costs comprise costs of materials, direct labor and directly relevant general manufacturing expenses allocated on the basis of normal operations.

Stock-out costs are determined in accordance with the weighted average method and recorded in line with the perpetual method.

Net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for inventories is recognized for each type of inventories when their costs are higher than their net realizable values. Increases/(decreases) in the obligatory allowance for inventories as of the balance sheet date are recorded into "Costs of sales".

#### 7. Prepaid expenses

Prepaid expenses comprise actual expenses arising and relevant to financial performance in several accounting periods. Prepaid expenses of the Corporation mainly include expenses of tools, land rental, exploration materials and equipment, construction and repair expenses. These prepaid expenses are allocated over the prepayment period or period of corresponding economic benefits generated from these expenses.

##### *Tools*

Expenses of tools being put into use are allocated into expenses in accordance with the straight-line method for the maximum period of 03 years.

##### *Expenses of fixed asset repairs*

Expenses of fixed asset repairs arising once with high value are allocated into expenses in accordance with the straight-line method in 03 years.

##### *Expenses of non-permanent land use rights transfer*

Expenses of non-permanent land use rights transfer reflects the amount already paid for the transfer of land being used by the Corporation. Expenses of non-permanent land use rights transfer are allocated over the term regulated in Certificates of land use rights.

##### *Land rental*

Land rental reflects the rental already prepaid for the land being used by the Corporation. Land rental is allocated over the lease term as regulated in the land lease.

##### *Other expenses*

Other expenses are allocated into expenses in accordance with the straight-line method for the maximum period of 03 years.





## CONSTRUCTION INVESTMENT CORPORATION 3-2

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INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

Notes to the Interim Financial Statements (cont.)

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### 8. Operating leased assets

A lease is classified as an operating lease if it transfers substantially all the risks and rewards incident to ownership belonging to the lessor. The lease expenses are allocated in the Corporation's operation costs in accordance with the straight-line method over the lease term and do not depend on the method of lease payment.

### 9. Tangible fixed assets

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of tangible fixed assets include all the expenses paid by the Corporation to bring the asset to its working condition for its intended use. Other expenses arising subsequent to initial recognition are included into historical costs of fixed assets only if it can be clearly demonstrated that the expenditure has resulted in future economic benefits expected to be obtained from the use of these assets. Those which do not meet the above conditions will be recorded into operation costs during the period.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the period.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years applied are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	06 – 25
Machinery and equipment	06 – 12
Vehicles	05 – 10
Office equipment	03 – 08
Other fixed assets	03 – 08

### 10. Intangible fixed assets

Intangible fixed assets are determined by their initial costs less accumulated amortization.

Initial costs of intangible fixed assets include all the costs paid by the Corporation to bring the asset to its working condition for its intended use. Other costs relevant to intangible fixed assets arising subsequent to initial recognition are included into operation costs during the period only if these costs are associated with a specific intangible fixed asset and result in future economic benefits expected to be obtained from the use of these assets.

When an intangible fixed asset is sold or disposed, its initial costs and accumulated amortization are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the period.

The Corporation's intangible fixed asset includes:

#### *Land use right*

Land use right includes all the actual expenses paid by the Corporation directly related to the land being used such as expenses to obtain the land use right, expenses for house removal, land clearance and ground leveling, registration fees, etc.



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INTERIM FINANCIAL STATEMENTS

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Notes to the Interim Financial Statements (cont.)

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The land use right of the Corporation is amortized as follows:

- Land use right assigned by the State with collection of land use fees is amortized in accordance with the straight-line method over the land assigned period (50 years); if the land use right is permanent, it is not amortized.
- Land use right legally transferred is amortized in accordance with the straight-line method over the term of land use right (42 – 50 years), if the land use right is permanent, it is not amortized.

### *Computer software*

Expenses attributable to computer software, which is not a part associated with the relevant hardware, will be capitalized. Costs of computer software include all the expenses paid by the Corporation until the date the software is put into use. Computer software is amortized in accordance with the straight-line method in 03-08 years.

## 11. Investment properties

Investment property is property which is a building or part of a building, infrastructure held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation. Investment properties are measured at their historical costs less accumulated depreciation. Historical cost includes all the expenses paid by the Corporation or the fair value of other considerations given to acquire the assets up to the date of its acquisition or construction.

Expenses related to investment property arising subsequent to initial recognition should be added to the historical cost of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Corporation.

When the investment property is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain or loss arising from such disposals is included in the income or the expenses.

The transfer from owner-occupied property or inventories into investment property shall be made when, and only when, there is a change in use evidenced by the end of owner-occupation and the commencement of an operating lease to another party or the end of construction. The transfer from investment property to owner-occupied property or inventories shall be made when, and only when, there is a change in use evidenced by the commencement of owner-occupation or the commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the historical cost or net book value of investment property at the date of transfer.

Investment property is depreciated in accordance with the straight-line method with the depreciation period of houses and infrastructure is 25 years and 06 - 15 years respectively.

## 12. Construction-in-progress

Construction-in-progress reflects the expenses (including relevant loan interest expenses following the accounting policies of the Corporation) directly attributable to assets under construction, machinery and equipment under installation for purposes of production, leasing and management as well as the repair of fixed assets in progress. These assets are recorded at historical costs and not depreciated.

## 13. Payables and accrued expenses

Payables and accrued expenses are recorded for the amounts payable in the future associated with the goods and services already received. Accrued expenses are recorded based on reasonable estimates for the amounts payable.

## CONSTRUCTION INVESTMENT CORPORATION 3-2

No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

### INTERIM FINANCIAL STATEMENTS

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#### Notes to the Interim Financial Statements (cont.)

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The classification of payables as trade payables, accrued expenses, and other payables is made on the basis of following principles:

- Trade payables reflect payables of commercial nature arising from the purchase of goods, services, or assets, of which the seller is an independent entity with the Corporation.
- Accrued expenses reflect expenses for goods, services received from suppliers or supplied to customers but have not been paid, invoiced or lack of accounting records and supporting documents; pay on leave payable to employees; and accrual of operation expenses.
- Other payables reflect payables of non-commercial nature and irrelevant to purchase, sales of goods or provisions of services.

The payables and accrued expenses are classified as short-term and long-term items in the Balance Sheet on the basis of their remaining term as of the balance sheet date.

#### 14. Provisions for payables

Provisions are recorded when the Corporation has present obligations (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

If time causes material effects, the provisions will be determined by deducting the amount to be spent in future to settle the liability at the pre-tax discount rate that reflects the assessments of the time value of money and the specific risks from this liability in the current market. The increase in provisions due to the effect of time will be recognized as a financial expense.

The Corporation's provisions for payables only include expenses on warranty of construction works:

Provisions for warranty expenses are made for each type of construction works under the commitment of warranty.

The extraction of provisions for warranty of is 0,19% on total value of warranty works for civil works, and 0,45% on total value of infrastructure works. This rate is estimated on the basis of the warranty expenses in the previous years and weighted rate of all the possible bad results with corresponding probability. Upon expiry of the warranty period, provisions for warranty of construction works which are not used or not used up are recorded in other income.

#### 15. Owner's equity

##### *Capital*

Capital is recorded according to the actual amounts invested by shareholders.

##### *Share premiums*

Share premiums are recorded in accordance with the difference between the issuance price and face value upon the IPO, additional issue or the difference between the re-issuance price and carrying value of treasury shares and the equity component of convertible bonds upon maturity date. Expenses directly related to the additional issue of shares and the re-issuance of treasury shares are recorded as a decrease in share premiums.

#### 16. Profit distribution

Profit after tax is distributed to the shareholders after appropriation for funds under the Charter of the Corporation as well as legal regulations and approved by the General Meeting of Shareholders.



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### INTERIM FINANCIAL STATEMENTS

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#### Notes to the Interim Financial Statements (cont.)

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The distribution of profits to the shareholders is made with consideration toward non-cash items in the retained earnings that may affect cash flows and payment of dividends such as profit due to revaluation of assets contributed as investment capital, profit due to revaluation of monetary items, financial instruments and other non-cash items.

Dividends are recorded as payables upon approval of the General Meeting of Shareholders.

#### 17. Recognition of sales and income

##### *Sales of merchandises*

Sales of merchandises, finished goods shall be recognized when all of the following conditions are satisfied:

- The Corporation transfers most of risks and benefits incident to the ownership of products or goods to customers.
- The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods, products sold.
- The amount of sales can be measured reliably. When the contracts stipulate that buyers have the right to return products, goods purchased under specific conditions, sales are recorded only when those specific conditions are no longer exist and buyers retains no right to return products, goods (except for the case that such returns are in exchange for other goods or services).
- The Corporation received or shall probably receive the economic benefits associated with sale transactions.
- The cost incurred or to be incurred in respect of the sale transaction can be measured reliably.

##### *Sales of service provision*

Sales of service provision shall be recognized when all of the following conditions are satisfied:

- The amount of sales can be measured reliably. When the contract stipulates that the buyer is entitled to return the services provided under specific conditions, sales is recognized only when these specific conditions are no longer existed and the buyer is not entitled to return the services provided.
- The Corporation received or shall probably receive the economic benefits associated with the provision of services.
- The stage of completion of the transaction at the end of reporting period can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

In the case that the services are provided in several accounting periods, the determination of sales is done on the basis of the stage of completion as of the balance sheet date.

##### *Sales of real estates*

Sales of real estates that invested by the Corporation shall be recognized when all of the following conditions are satisfied:

- real estates are fully completed and handed over to the buyers, and the Corporation transfers most of risks and benefits incident to the ownership of real estate to the buyer.
- the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estates sold.
- the amount of sales can be measured reliably.
- the Corporation received or shall probably receive the economic benefits associated with the transaction.
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



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#### Notes to the Interim Financial Statements (cont.)

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In case the customer has the right to complete the interior of the real estate and the Corporation completes the interiors according to the designs, models as requested by customer under a separate contract on interior completion, revenues are recognized upon the completion and handover of the main construction works to customers.

#### *Income from leasing operating assets*

Income from leasing operating assets is recognized in accordance with the straight-line method during the lease term. Rentals received in advance for several periods are allocated to revenues in consistence with the lease term.

#### *Interest*

Interest is recorded, based on the term and the actual interest rate applied in each particular period.

#### *Dividends and profit shared*

Dividends and profit shared are recognized when the Corporation has the right to receive dividends or profit from the capital contribution. Particularly, the dividends paid in form of shares are not recorded as an increase in value, but the increasing quantity is followed up.

### 18. Construction contracts

Construction contract is a contract agreed for acquisition of an asset or combined assets closely relevant or mutually dependent on their design, technology, function or basic using purpose.

When the outcome of the construction contracts is estimated reliably:

- For the construction contracts stipulating that the contractors are paid according to the planned progress, revenue and costs related to these contracts are recognized in proportion to the stage of completion of contract activity as determined by the Corporation itself.
- For the construction contracts stipulating that the contractors are paid according to the work actually performed, revenue and costs related to these contracts are recognized in proportion to the stage of completion of contract activity as confirmed in the invoices made by the customers.

Increases/(decreases) in revenue of the works done, compensation receivable and other receivables are only recognized upon the agreement with customers.

When the results of the contract implementation cannot be estimated reliably:

- Contract revenue is recognized only to the extent that contract costs incurred are expected to be reliably recoverable.
- Contract costs are only recognized as actually incurred.

The difference between the accumulated revenue from the construction contract already recognized and the accumulated amount in the invoices according to the planned progress of contract is recognized as an amount receivable or an amount payable according to the planned progress of implementation of the construction contracts.

### 19. Sales deductions

Sales deductions include trade discounts, sales allowances, sales returns incurred in the same period of providing goods, merchandises, services, in which revenues are derecognized.

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Notes to the Interim Financial Statements (cont.)

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In case of goods, merchandises, services provided in the previous periods but trade discounts, sales allowances, sales returns incurred in the current period, revenues are derecognized as follows:

- If sales allowances, trade discounts, sales returns incur prior to the release of the Interim Financial Statements, revenues are derecognized on the Interim Financial Statements of the current period.
- If sales allowances, trade discounts, sales returns incur after the release of the Interim Financial Statements, revenues are derecognized on the Interim Financial Statements of the following period.

### **20. Borrowing costs**

Borrowing costs are interests and other costs that the Corporation directly incurs in connection with the borrowing.

Borrowing costs are recorded as an expense when it is incurred. In case the borrowing costs are directly attributable to the construction or the production of an asset in progress, which takes a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be included in the cost of that asset. To the extent that the borrowings are especially for the purpose of construction of fixed assets and investment properties, the borrowing cost is eligible for capitalization even if construction period is under 12 months. Incomes arisen from provisional investments as loans are recognized as a decrease in the costs of relevant assets.

In the event that general borrowings are partly used for the acquisition, construction or production of an asset in progress, the costs eligible for capitalization will be determined by applying the capitalization rate to average accumulated expenditure on construction or production of that asset. The capitalization rate is computed at the weighted average interest rate of the borrowings not yet paid during the period, except for particular borrowings serving the purpose of obtaining a specific asset.

### **21. Expenses**

Expenses are those that result in outflows of the economic benefits and are recorded at the time of transactions or when incurrence of the transaction is reliable regardless of whether payment for expenses is made or not.

Expenses and their corresponding revenues are simultaneously recognized in accordance with matching principle. In the event that matching principle conflicts with prudence principle, expenses are recognized based on the nature and regulations of accounting standards in order to guarantee that transactions can be fairly and truly reflected.

### **22. Corporate income tax**

Corporate income tax includes current income tax and deferred income tax.

#### ***Current income tax***

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses brought forward.

#### ***Deferred income tax***

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the Financial Statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.



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#### Notes to the Interim Financial Statements (cont.)

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Carrying values of deferred corporate income tax assets are considered as of the balance sheet date and will be reduced to the rate that ensures enough taxable income against which the benefits from part of or all of the deferred income tax can be used. Deferred corporate income tax assets, which have not been recorded before, are considered as of the balance sheet date and are recorded when there is certainly enough taxable income to use these unrecognized deferred corporate income tax assets.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rate to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the Income Statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity.

The Corporation shall offset deferred tax assets and deferred tax liabilities if:

- The Corporation has the legal right to offset current income tax assets against current income tax liabilities; and
- Deferred income tax assets and deferred income tax liabilities are relevant to corporate income tax which is under the management of one tax authority either:
  - Of the same subject to corporate income tax; or
  - The Corporation has intention to pay current income tax liabilities and current income tax assets on a net basis or recover tax assets and settle tax liability simultaneously in each future period to the extent that the majority of deferred income tax liabilities or deferred income tax assets are paid or recovered.

#### 23. Related parties

A party is considered a related party of the Corporation in case that party is able to control the Corporation or to cause material effects on the financial decisions as well as the operations of the Corporation. A party is also considered a related party of the Corporation in case that party is under the same control or is subject to the same material effects.

Considering the relationship of related parties, the nature of relationship is focused more than its legal form.

#### 24. Segment reporting

A business segment is a distinguishable component of the Corporation that is engaged in manufacturing or providing products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Corporation that is engaged in manufacturing or providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

The segment information is prepared and presented in conformity with the accounting policies applicable to the preparation and presentation of the Interim Financial Statements of the Corporation.

#### 25. Financial instruments

##### *Financial assets*

The classification of financial assets depends on their nature and purposes and is determined at the date of initial recognition. The financial assets of the Corporation include cash and cash equivalents, trade receivables, other receivables, loans, listed and non-listed financial instruments, and derivatives.



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At the date of initial recognition, financial assets are recognized at original cost plus other costs directly related to the acquisition or issuance of those financial assets.

#### *Financial liabilities*

The classification of financial liabilities depends on their nature and purposes and is determined at the date of initial recognition. The financial liabilities of the Corporation include trade payables, borrowings and other payables.

At the date of initial recognition, the financial liabilities are recorded at original cost less other costs directly related to those financial liabilities.

## V. ADDITIONAL INFORMATION ON THE ITEMS OF THE INTERIM BALANCE SHEET

### 1. Cash and cash equivalents

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	959.786.887	1.202.940.945
Demand deposits in banks	21.374.697.725	32.769.339.460
Cash equivalents (*)	26.354.735.029	5.000.000.000
<b>Total</b>	<b><u>48.689.219.641</u></b>	<b><u>38.972.280.405</u></b>

(\*) Bank deposits of which the principal maturity is under 03 months.

### 2. Financial investments

The financial investments of the Corporation include held-to-maturity investments and investments in other entities. The Corporation's financial investments are as follows:

#### 2a. Held-to-maturity investments

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Original costs</u>	<u>Carrying value</u>	<u>Original costs</u>	<u>Carrying value</u>
<i>Short-term</i>	<i>102.731.623.926</i>	<i>102.731.623.926</i>	<i>98.468.222.182</i>	<i>98.468.222.182</i>
Term deposits (*)	102.731.623.926	102.731.623.926	98.468.222.182	98.468.222.182
<i>Long-term</i>	<i>4.500.000.000</i>	<i>4.500.000.000</i>	<i>4.500.000.000</i>	<i>4.500.000.000</i>
Bonds (**)	4.500.000.000	4.500.000.000	4.500.000.000	4.500.000.000
<b>Total</b>	<b><u>107.231.623.926</u></b>	<b><u>107.231.623.926</u></b>	<b><u>102.968.222.182</u></b>	<b><u>102.968.222.182</u></b>

(\*) This item reflects 12-month deposits. This deposit has been mortgaged to secure the overdraft loans from BIDV – Southern Binh Duong Branch (see Note No. V.20a).

(\*\*) This item reflects bonds of BIDV issued on 19 December 2018, of which the 7-year bonds are valued at VND 2.520.000.000 and the 10-year bonds are valued at VND 1.980.000.000. The interest of these bonds are paid annually at a floating rate.

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**Notes to the Interim Financial Statements (cont.)****2b. Investments in other entities**

	Ending balance			Beginning balance		
	Original costs	Provisions	Fair value	Original costs	Provisions	Fair value
<b>Investments in subsidiaries</b>	<b>3.000.000.000</b>	-	-	-	-	-
Tien Phuoc Mineral and Construction Joint Stock Company <sup>(i)</sup>	3.000.000.000	-	-	-	-	-
<b>Investments in joint ventures, associates</b>	<b>97.642.800.663</b>	<b>(1.144.062.208)</b>	-	<b>91.233.200.663</b>	<b>37.432.208</b>	-
Thu Duc - Long An Centrifugal Concrete Joint Stock Company <sup>(ii)</sup>	55.373.968.455	-	-	55.373.968.455	-	-
Mien Dong Joint- Stock Company <sup>(iii)</sup>	42.268.832.208	(1.144.062.208)	41.124.770.000	35.859.232.208	37.432.208	35.821.800.000
<b>Investments into other entities</b>	<b>61.567.194.202</b>	-	-	<b>30.365.020.282</b>	-	-
Binh Duong General Construction and Consultation Joint Stock Company <sup>(iv)</sup>	200.887.800	-	-	200.887.800	-	-
Hoa An Joint-Stock Company <sup>(v)</sup>	49.553.806.402	-	69.704.250.000	30.164.132.482	-	40.657.052.000
Dong Phu - Binh Duong Highway Building Operation Transfer Joint Stock Company <sup>(vi)</sup>	11.812.500.000	-	-	-	-	-
<b>Total</b>	<b>162.209.994.865</b>	<b>(1.144.062.208)</b>	-	<b>121.598.220.945</b>	<b>37.432.208</b>	-

(i) According to the Business Registration Certificate No. 3801197314, registered for the first time on 27 March 2019 of Tien Phuoc Mineral and Construction Joint Stock Company, the total charter capital is VND 69.000.000.0000. Construction Investment Corporation 3-2 registered for the direct capital contribution of VND 55.200.000.000, accounted for 80% of total charter capital. As of the balance sheet date, the Corporation contributed VND 3.000.000.000, equivalent to 4,35% of charter capital. The charter capital to be invested in Tien Phuoc Mineral and Construction Joint Stock Company is VND 52.200.000.000.

(ii) As of the balance sheet date, the Corporation held 3.667.268 shares, equivalent to 24,33% of charter capital of Thu Duc - Long An Centrifugal Concrete Joint Stock Company (Beginning balance: 3.667.268 shares, equivalent to 24,33% of charter capital).

(iii) During the period, the Corporation additionally purchased 500.000 shares of Mien Dong Joint- Stock Company at the purchasing price of VND 6.409.600.000. As of the balance sheet date, the Corporation held 3.485.150 shares, equivalent to 32,01% of charter capital of Mien Dong Joint- Stock Company (Beginning balance: 2.985.150 shares, equivalent to 27,41% of charter capital).

(iv) As of the balance sheet date, the Corporation held 18.098 shares, equivalent to 3,52% of charter capital of Binh Duong General Construction and Consultation Joint Stock Company.

(v) During the period, the Corporation additionally purchased 645.290 shares of Hoa An Joint-Stock Company at the purchasing price of VND 20.680.253.920. As of the balance sheet date, the Corporation held 1.991.550 shares, equivalent to 13,17% of charter capital of Hoa An Joint-Stock Company (Beginning balance: 1.346.260 shares, equivalent to 8,9% of charter capital).

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## CONSTRUCTION INVESTMENT CORPORATION 3-2

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#### Notes to the Interim Financial Statements (cont.)

- (vi) During the period, the Corporation has registered to purchase 3.375.000 shares at the purchasing price of VND 33.750.000.000 (accounted for 15% charter capital of Dong Phu - Binh Duong Highway Building Operation Transfer Joint Stock Company). As of 30 June 2019, the Corporation contributed VND 11.812.500.000 according to the capital contribution progress of the project. The charter capital to be invested is VND 21.937.500.000.

#### *Fair value*

Fair value of investments with listed price is determined at the listed price as of the balance sheet date. The Corporation has not determined the fair value of the investments without listed price because there is no specific instruction on determination of fair value.

#### *Operation of subsidiaries, joint ventures, associates*

Tien Phuoc Construction Mineral Joint Stock Company is currently in the stage of construction has not generated revenue yet.

Dong Phu - Binh Duong Highway Building Operation Transfer Joint Stock Company is in the stage of construction.

Other joint ventures and associates have been in the normal operation with profits and have not experienced any significant change compared to that of the previous year.

#### *Provisions for investments in other entities*

Fluctuations in provisions for investments in other entities are as follows:

	<u>Current period</u>	<u>Previous period</u>
Beginning balance	37.432.208	-
Additional extraction	1.106.630.000	-
<b>Ending balance</b>	<b>1.144.062.208</b>	<b>-</b>

#### *Transactions with subsidiaries, joint ventures, associates*

Significant transactions between the Corporation and its subsidiaries, joint ventures and associates are as follows:

	<u>Accumulated from the beginning of the year</u>	
	<u>Current year</u>	<u>Previous year</u>
<b>Mien Dong Joint- Stock Company</b>	<b>34.783.613.489</b>	<b>10.997.790.454</b>
<i>Sales of merchandises</i>	14.814.221.277	5.929.909
<i>Sales of service provisions</i>	10.158.723.363	-
<i>Liquidation of fixed assets</i>	-	883.636.364
<i>Purchase of materials</i>	1.407.008.849	355.669.581
<i>Dividend distribution</i>	600.000.000	600.000.000
<i>Dividend shared</i>	1.394.060.000	3.858.225.000
<i>Capital contribution</i>	6.409.600.000	5.294.329.600
<b>Tien Phuoc Mineral and Construction Joint Stock Company</b>	<b>3.000.000.000</b>	<b>-</b>
<i>Capital contribution</i>	3.000.000.000	-

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**Notes to the Interim Financial Statements (cont.)****3. Short-term trade receivables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Receivables from related parties</i>	<b>12.705.652.838</b>	<b>7.561.275.035</b>
Mien Dong Joint- Stock Company	12.665.214.377	805.459.945
Phuc Tai Cooperative	40.438.461	6.755.815.090
<i>Receivables from other customers</i>	<b>53.168.367.980</b>	<b>70.634.750.033</b>
Construction Investment Joint Stock Company No.14	3.987.609.955	3.987.609.955
Project Management Board of Dau Tieng District	329.045.447	8.010.167.547
Thu Duc Centrifugal Concrete Joint Stock Company No. 1	1.241.814.969	4.348.685.450
Project Management Board of Bau Bang District	6.133.962.000	10.107.316.000
Hai Dang Joint Stock Company	-	4.999.861.979
Other customers	41.475.935.609	39.181.109.102
<b>Total</b>	<b><u>65.874.020.818</u></b>	<b><u>78.196.025.068</u></b>

**4. Short-term prepayments to suppliers**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Prepayments to related parties</i>	<b>4.395.314.892</b>	-
Phuc Tai Cooperatives	4.395.314.892	-
<i>Prepayments to other suppliers</i>	<b>38.837.636.121</b>	<b>49.674.931.981</b>
Mr. Tran Huu Nghia	30.725.000.000	30.725.000.000
Other suppliers	8.112.636.121	18.949.931.981
<b>Total</b>	<b><u>43.232.951.013</u></b>	<b><u>49.674.931.981</u></b>

**5. Other short-term receivables**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	Value	Allowance	Value	Allowance
<i>Receivables from related parties</i>	<b>5.380.540.000</b>	-	<b>5.380.540.000</b>	-
Mr. Tran Van Binh - Advance	5.380.540.000	-	5.380.540.000	-
<i>Receivables from other organizations and individuals</i>	<b>22.902.929.302</b>	-	<b>93.002.594.982</b>	-
Receivables under the entrusted investment contract	-	-	45.740.710.067	-
Interest to be received	2.622.195.410	-	3.616.059.268	-
Dividend shared	1.394.060.000	-	-	-
Short-term mortgages and deposits	10.090.205.643	-	13.288.450.977	-
Advances	8.665.126.159	-	30.330.057.993	-
Insurance receivables	2.556.631	-	3.952.875	-
Other short-term receivables	128.785.459	-	23.363.802	-
<b>Total</b>	<b><u>28.283.469.302</u></b>	<b><u>-</u></b>	<b><u>98.383.134.982</u></b>	<b><u>-</u></b>



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**Notes to the Interim Financial Statements (cont.)****6. Doubtful debts**

	Ending balance		Beginning balance			
	Outstanding period	Original costs	Recoverable amount	Outstanding period	Original costs	Recoverable amount
<b>Mr. Tran Huu Nghia</b>						
<i>Prepayments to suppliers</i>	<i>From 1 to 2 years</i>	30.725.000.000	15.362.500.000	<i>Under 1 year</i>	30.725.000.000	15.362.500.000
<b>Quang Phuoc Co., Ltd.</b>						
<i>Trade receivables</i>	<i>Over 3 years</i>	264.782.117	-	<i>Over 3 years</i>	264.782.117	-
<b>Xuan Loan Private Enterprise</b>						
<i>Trade receivables</i>	<i>Over 3 years</i>	200.366.498	-	<i>Over 3 years</i>	200.366.498	-
<b>Other organizations and individuals</b>		613.499.403	167.651.324		499.186.006	91.953.432
<i>Trade receivables</i>	<i>Over 3 years</i>	292.830.692	-	<i>Over 3 years</i>	306.475.193	-
<i>Trade receivables</i>	<i>From 2 to 3 years</i>	114.766.867	34.430.059	<i>From 2 to 3 years</i>	36.559.996	10.967.999
<i>Trade receivables</i>	<i>From 1 to 2 years</i>	54.550.124	27.275.061	<i>From 1 to 2 years</i>	141.600.693	70.800.347
<i>Trade receivables</i>	<i>Under 1 year</i>	151.351.720	105.946.204	<i>Under 1 year</i>	14.550.124	10.185.087
<b>Total</b>		<b>31.803.648.018</b>	<b>15.530.151.324</b>		<b>31.689.334.621</b>	<b>15.454.453.432</b>

Fluctuations in allowances for doubtful debts are as follows:

	Current period	Previous period
Beginning balance	16.234.881.189	791.762.798
Additional extraction	38.615.505	391.185.067
<b>Ending balance</b>	<b>16.273.496.694</b>	<b>1.182.947.865</b>

**7. Inventories**

	Ending balance		Beginning balance	
	Original costs	Allowance	Original costs	Allowance
Materials and supplies	11.149.219.150	(22.363.264)	14.059.350.191	(22.363.264)
Tools	497.723.431	-	505.359.795	-
Work-in-process	45.264.197.214	-	9.858.718.145	-
Finished goods (*)	30.332.542.480	(250.673.581)	33.534.837.516	(230.890.361)
Merchandises	3.512.776.947	-	1.971.592.142	-
<b>Total</b>	<b>90.756.459.222</b>	<b>(273.036.845)</b>	<b>59.929.857.789</b>	<b>(253.253.625)</b>

The value of stagnant, unqualified and non-consumable inventories is as follows:

	Ending balance	Beginning balance
Materials and supplies	22.363.264	22.363.264
Finished goods	250.673.581	230.890.361
<b>Total</b>	<b>273.036.845</b>	<b>253.253.625</b>

Ending balance of finished goods which are real estates with the carrying value of VND 20.453.401.859 (Beginning balance: VND 20.158.181.085) has been mortgaged to secure the loans from BIDV – Southern Binh Duong Branch (see Note No. V.20a).

Fluctuations in allowances for inventories are as follows:

	Current period	Previous period
Beginning balance	253.253.625	207.013.662
Additional extraction	19.783.220	-
Reversal	-	(7.772.893)
<b>Ending balance</b>	<b>273.036.845</b>	<b>199.240.769</b>

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**Notes to the Interim Financial Statements (cont.)****8. Long-term prepaid expenses**

	<u>Ending balance</u>	<u>Beginning balance</u>
Expenses of tools	3.411.435.557	4.633.126.033
Land use right of Thanh Phuoc	48.130.298.581	48.643.232.491
+ <i>Expenses of land use rights transfer</i>	42.258.467.701	42.708.824.371
+ <i>Expenses of land rental paid once</i>	5.871.830.880	5.934.408.120
Land rental paid once	14.646.910.547	6.629.962.814
Expenses of assets repairs	1.017.882.165	361.580.332
Expenses of granting mineral mining rights	1.848.215.470	3.696.430.948
Expenses for mineral exploitation survey	859.890.403	1.563.124.629
Expenses for motor vehicle washing yards	530.129.774	1.060.259.546
<b>Total</b>	<b><u>70.444.762.497</u></b>	<b><u>66.587.716.793</u></b>

Some long-term prepaid expenses are land use rights and land rental paid once, of which the carrying values are VND 60.760.178.520 (Beginning balance: VND 53.229.563.319), have been mortgaged to secure loans from BIDV - Southern Binh Duong Branch, VietinBank - Binh Duong Branch and secure for guarantee letters at the MBBank (see Notes No. V.20a, V.20b).

**9. Tangible fixed assets**

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
<b>Historical costs</b>					
Beginning balance	52.613.336.172	112.132.691.927	49.257.400.447	1.462.975.816	215.466.404.362
Acquisition during the period	-	21.221.547.944	1.176.501.727	-	22.398.049.671
Completed constructions	12.651.709.195	4.896.748.170	-	-	17.548.457.365
Disposal and liquidation	-	(1.896.995.287)	-	-	(1.896.995.287)
Other decrease (Transfer to tools)	-	-	-	(100.900.000)	(100.900.000)
<b>Ending balance</b>	<b><u>65.265.045.367</u></b>	<b><u>136.353.992.754</u></b>	<b><u>50.433.902.174</u></b>	<b><u>1.362.075.816</u></b>	<b><u>253.415.016.111</u></b>
<i>In which:</i>					
Assets fully depreciated but still in use	7.747.093.773	33.889.739.571	12.541.392.078	1.088.500.361	55.266.725.783
Assets waiting for liquidation	-	-	-	-	-
<b>Depreciation</b>					
Beginning balance	15.064.748.133	58.713.916.013	26.344.672.429	1.237.582.195	101.360.918.770
Depreciation during the period	2.250.748.854	4.820.542.683	2.944.372.273	44.360.909	10.060.024.719
Disposal and liquidation	-	(1.896.995.287)	-	-	(1.896.995.287)
Other decrease (Transfer to tools)	-	-	-	(19.759.587)	(19.759.587)
<b>Ending balance</b>	<b><u>17.315.496.987</u></b>	<b><u>61.637.463.409</u></b>	<b><u>29.289.044.702</u></b>	<b><u>1.262.183.517</u></b>	<b><u>109.504.188.615</u></b>
<b>Net book values</b>					
Beginning balance	37.548.588.039	53.418.775.914	22.912.728.018	225.393.621	114.105.485.592
<b>Ending balance</b>	<b><u>47.949.548.380</u></b>	<b><u>74.716.529.345</u></b>	<b><u>21.144.857.472</u></b>	<b><u>99.892.299</u></b>	<b><u>143.910.827.496</u></b>
<i>In which:</i>					
Assets temporarily not in use	-	-	-	-	-
Assets waiting for liquidation	-	-	-	-	-

Some tangible fixed assets, of which the net book values are VND 10.084.693.348 (Beginning balance: VND 10.093.438.085), have been mortgaged to secure the loans from BIDV - Southern Binh Duong Branch and VietinBank - Binh Duong Branch (see Notes No. V.20a, V.20b).



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**Notes to the Interim Financial Statements (cont.)****10. Intangible fixed assets**

	<u>Land use right</u>	<u>Computer software</u>	<u>Total</u>
<b>Initial costs</b>			
Beginning balance	78.581.967.427	832.920.000	79.414.887.427
<b>Ending balance</b>	<b>78.581.967.427</b>	<b>832.920.000</b>	<b>79.414.887.427</b>
<i>In which:</i>			
Assets fully amortized but still in use	24.866.741.751	481.920.000	25.348.661.751
<b>Amortization</b>			
Beginning balance	35.984.966.993	627.125.680	36.612.092.673
Amortization during the period	539.673.102	75.450.236	615.123.338
<b>Ending balance</b>	<b>36.524.640.095</b>	<b>702.575.916</b>	<b>37.227.216.011</b>
<b>Net book values</b>			
Beginning balance	42.597.000.434	205.794.320	42.802.794.754
<b>Ending balance</b>	<b>42.057.327.332</b>	<b>130.344.084</b>	<b>42.187.671.416</b>
<i>In which:</i>			
Assets temporarily not in use	-	-	-
Assets waiting for liquidation	-	-	-

Some intangible fixed assets are land use right, of which the carrying values are VND 31.659.394.114 (Beginning balance: VND 32.135.254.072), have been mortgaged to secure the loans from BIDV - Southern Binh Duong Branch and VietinBank - Binh Duong Branch (see Notes No. V.20a, V.20b).

**11. Investment property for lease**

	<u>Houses</u>	<u>Infrastructure</u>	<u>Total</u>
<b>Historical costs</b>			
Beginning balance	7.374.299.499	957.092.617	8.331.392.116
<b>Ending balance</b>	<b>7.374.299.499</b>	<b>957.092.617</b>	<b>8.331.392.116</b>
<i>In which:</i>			
Assets fully depreciated but still leasing	-	-	-
<b>Depreciation</b>			
Beginning balance	2.097.967.979	293.959.320	2.391.927.299
Depreciation during the period	200.032.890	79.757.718	279.790.608
<b>Ending balance</b>	<b>2.298.000.869</b>	<b>373.717.038</b>	<b>2.671.717.907</b>
<b>Net book values</b>			
Beginning balance	5.276.331.520	663.133.297	5.939.464.817
<b>Ending balance</b>	<b>5.076.298.630</b>	<b>583.375.579</b>	<b>5.659.674.209</b>

Investment property for lease, of which the net book values are VND 1.876.596.330 (Beginning balance: VND 1.943.277.420), have been mortgaged to secure the loans from BIDV - Southern Binh Duong Branch (see Note No. V.20a).

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**Notes to the Interim Financial Statements (cont.)****12. Construction-in-progress**

	<u>Beginning balance</u>	<u>Increase during the period</u>	<u>Inclusion into fixed assets during the period</u>	<u>Other decrease (Inclusion into prepaid expenses)</u>	<u>Ending balance</u>
Acquisition of fixed assets	7.450.513.026	42.205.269.466	(20.112.855.035)	(8.156.162.457)	21.386.765.000
Construction-in-progress	10.421.981.272	7.687.001.172	(18.215.591.123)	-	671.978.261
<i>Thanh Phuoc concrete workshop - Phase 2</i>	7.183.192.757	2.778.323.916	(9.961.516.673)	-	-
<i>Batching plant of semi-dry concrete 60m3/h</i>	-	3.815.424.632	(3.815.424.632)	-	-
<i>Other constructions</i>	3.238.788.515	1.093.252.624	(4.438.649.818)	-	671.978.261
<b>Total</b>	<b>17.872.494.298</b>	<b>49.892.270.638</b>	<b>(38.328.446.158)</b>	<b>(8.156.162.457)</b>	<b>22.058.743.261</b>

**13. Deferred income tax assets**

	<u>Beginning balance</u>	<u>Inclusion into operation results during the period</u>	<u>Ending balance</u>
Deferred income tax assets related to temporarily deductible differences	5.849.185.451	(2.653.668.634)	3.195.516.817
<i>Amount for granting rights to exploit construction stone</i>	2.173.818.546	-	2.173.818.546
<i>Accrued expenses</i>	3.675.366.905	(2.653.668.634)	1.021.698.271
<b>Total</b>	<b>5.849.185.451</b>	<b>(2.653.668.634)</b>	<b>3.195.516.817</b>

The corporate income tax rate used for determining deferred income tax assets is 20%.

**14. Short-term trade payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payables to related parties</i>	302.848.503	382.971.198
Mien Dong Joint- Stock Company	302.848.503	85.371.917
Phuc Tai Cooperative	-	297.599.281
<i>Payables to other suppliers</i>	23.598.342.278	26.599.342.139
Viet Steel Co., Ltd.	-	2.849.757.305
Construction Investment Corporation Phuoc Tien	-	4.019.612.036
Other suppliers	23.598.342.278	19.729.972.798
<b>Total</b>	<b>23.901.190.781</b>	<b>26.982.313.337</b>

The Corporation has no outstanding trade payables.

**15. Short-term advances from customers**

	<u>Ending balance</u>	<u>Beginning balance</u>
Management Board of construction investment projects of Tan Uyen District	969.582.000	1.717.047.000
Management Board of Thu Dau Mot City Construction Investment Project	12.666.798.000	15.793.512.000
Other customers	4.713.048.926	4.693.841.688
<b>Total</b>	<b>18.349.428.926</b>	<b>22.204.400.688</b>



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**Notes to the Interim Financial Statements (cont.)****16. Taxes and other obligations to the State Budget**

	<b>Beginning balance</b>	<b>Amount payable during the period</b>	<b>Amount already paid during the period</b>	<b>Ending balance</b>
VAT on local sales	2.041.402.482	2.743.436.058	(4.784.838.540)	-
VAT on imports	-	1.339.465.020	(1.339.465.020)	-
Export-import duties	-	262.640.200	(262.640.200)	-
Corporate income tax	4.886.064.427	4.745.492.775	(6.387.238.871)	3.244.318.331
Personal income tax	37.920.875	1.771.519.620	(1.766.940.442)	42.500.053
Natural resource tax	843.734.300	4.466.034.631	(4.404.017.931)	905.751.000
Non-agricultural land tax	-	52.355.612	(52.355.612)	-
Land rental	-	696.621.000	(696.621.000)	-
Withholding tax	-	140.144.588	(140.144.588)	-
License tax	-	7.000.000	(6.000.000)	1.000.000
Fees, legal fees, and other duties	11.147.525.049	1.477.674.595	(1.457.209.084)	11.167.990.560
- <i>Environmental protection fee</i>	278.432.319	1.472.410.695	(1.451.945.184)	298.897.830
- <i>Registration fees</i>	-	5.263.900	(5.263.900)	-
- <i>Amount for granting rights to exploit construction stone</i>	10.869.092.730	-	-	10.869.092.730
<b>Total</b>	<b>18.956.647.133</b>	<b>17.702.384.099</b>	<b>(21.297.471.288)</b>	<b>15.361.559.944</b>

**Value added tax (VAT)**

The Corporation has to pay VAT in accordance with the deduction method at the rate of 10%.

**Export-import duties**

The Corporation has declared and paid these duties in line with the Customs' notices.

**Corporate income tax**

The Corporation has to pay corporate income tax on taxable income at the rate of 20%.

Estimated corporate income tax payable during the period is as follows:

	<b>Accumulated from the beginning of the year Current year</b>	<b>Previous year</b>
Total accounting profit before tax	40.670.448.047	71.112.376.220
Increases/(decreases) of accounting profit to determine profit subject to corporate income tax:		
- <i>Increases</i>	411.938.999	401.519.115
- <i>Decreases</i>	(13.268.343.171)	-
Income subject to tax	27.814.043.875	71.513.895.335
Income exempted from tax	(4.086.580.000)	(3.433.333.716)
Taxable income	23.727.463.875	68.080.561.619
Corporate income tax rate	20%	20%
<b>Corporate income tax payable</b>	<b>4.745.492.775</b>	<b>13.616.112.324</b>

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#### Notes to the Interim Financial Statements (cont.)

Determination of corporate income tax liability of the Corporation is based on prevailing regulations on tax. Nonetheless, these tax regulations may change from time to time and tax regulations applicable to variety of transactions can be interpreted differently. Hence, the tax amounts presented in the Interim Financial Statements can be changed upon the inspection of tax authorities.

#### *Natural resources tax*

The Corporation has to pay natural resources tax imposed on stone quarrying at the rate of 10% over the taxable value.

#### *Land rental*

Land rental is paid according to the notices of the tax department.

#### *Other taxes*

The Corporation has declared and paid these taxes in line with the prevailing regulations.

#### 17. Payables to employees

This item reflects the salary to be paid to employees.

#### 18. Short-term accrued expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Temporarily accrued costs of construction and installation	5.801.775.728	35.124.041.108
Expenses for rehabilitation of quarry environment	4.350.147.084	4.250.308.734
Land rental	4.411.878.498	1.026.852.420
Appropriation of local support expenses at Tan Dong Hiep quarry	1.831.836.667	1.958.204.000
Other short-term accrued expenses	60.430.917	861.560.274
<b>Total</b>	<b><u>16.456.068.894</u></b>	<b><u>43.220.966.536</u></b>

#### 19. Other short-term payables

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade Union's expenditure	103.391.280	100.014.220
Dividends payable	18.064.656.395	28.482.395
Payables for temporarily works warranty of construction teams, subcontractors	7.162.412.053	9.088.381.410
Loan interest expenses	221.774.822	181.867.917
Other short-term payables	1.446.363.802	486.386.601
<b>Total</b>	<b><u>26.998.598.352</u></b>	<b><u>9.885.132.543</u></b>

The Corporation has no other outstanding debts.

#### 20. Short-term/long-term borrowings and financial lease

##### 20a. Short-term borrowings

	<u>Ending balance</u>	<u>Beginning balance</u>
Short-term loan from BIDV – Southern Binh Duong Branch <sup>(i)</sup>	180.234.646.365	114.053.126.803
Current portions of long-term loans (see Note No. V.20b)	8.280.072.000	8.280.072.000
<b>Total</b>	<b><u>188.514.718.365</u></b>	<b><u>122.333.198.803</u></b>



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#### Notes to the Interim Financial Statements (cont.)

- (i) Loan from BIDV – Southern Binh Duong Branch is to supplement the working capital with credit line of VND 400.000.000.000 at the interest rate defined for each loan receipt. The maximum loan term for each loan is 12 months. This loan is secured by mortgaging 12-month deposit balance, some other assets: finished real estate, prepaid expenses which are land use right, tangible fixed assets, intangible fixed assets and investment property (see Notes No. V.7, V.8, V.9, V.10 and V.11).

The Corporation is solvent over short-term loans.

Details of increases/(decreases) of short-term borrowings during the period are as follows:

	<u>Current period</u>	<u>Previous period</u>
Beginning balance	122.333.198.803	146.721.355.858
Increases during	230.370.944.934	155.088.320.834
Transfer from long-term borrowings	4.140.036.000	3.551.880.000
Amount already paid	<u>(168.329.461.372)</u>	<u>(196.283.698.908)</u>
<b>Ending balance</b>	<b><u>188.514.718.365</u></b>	<b><u>109.077.857.784</u></b>

#### 20b. Long-term borrowings

The medium and long-term loan from Vietinbank – Binh Duong Branch is to acquire fixed assets and invest in Thanh Phuoc Plant. The loan term are 5 years and 10 years respectively, starting from the first disbursement date at the floating interest rate. This loan is secured by mortgaging some prepaid expenses which are land use right, tangible fixed assets and intangible fixed assets (see Notes No. V.8, V.9 and V.10).

Payment schedule of long-term borrowings and financial lease is as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Under 1 year	8.280.072.000	8.280.072.000
From 1 year to 5 years	23.265.388.000	25.069.408.000
Over 5 year	14.405.404.000	16.741.420.000
<b>Total</b>	<b><u>45.950.864.000</u></b>	<b><u>50.090.900.000</u></b>

Details of increase/(decrease) of long-term borrowings and financial leases are as follows:

	<u>Current period</u>	<u>Previous period</u>
Beginning balance	41.810.828.000	39.994.248.000
Transfer to short-term loans	<u>(4.140.036.000)</u>	<u>(3.551.880.000)</u>
<b>Ending balance</b>	<b><u>37.670.792.000</u></b>	<b><u>36.442.368.000</u></b>

#### 21. Provisions for short-term payables

This item reflects provisions for warranty of construction works. Details are as follows:

	<u>Current period</u>	<u>Previous period</u>
Beginning balance	94.827.498	252.644.965
Increase due to extraction	-	58.551.215
Amount already used during the period	<u>(40.236.710)</u>	<u>(248.366.807)</u>
<b>Ending balance</b>	<b><u>54.590.788</u></b>	<b><u>62.829.373</u></b>

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**Notes to the Interim Financial Statements (cont.)****22. Bonus and welfare funds**

	<u>Beginning balance</u>	<u>Increase due to appropriation from profit</u>	<u>Disbursement during the period</u>	<u>Ending balance</u>
Bonus fund	5.270.617.404	2.311.157.173	(7.375.217.173)	206.557.404
Welfare fund	6.021.649.409	2.311.157.174	(7.769.192.827)	563.613.756
Bonus fund for the Executive Officers	-	1.848.925.739	(1.646.960.371)	201.965.368
<b>Total</b>	<b><u>11.292.266.813</u></b>	<b><u>6.471.240.086</u></b>	<b><u>(16.791.370.371)</u></b>	<b><u>972.136.528</u></b>

**23. Owner's equity****23a. Statement on fluctuations in owner's equity**

Information on the fluctuation of owner's equity is presented in the attached Appendix 01.

**23b. Details of capital contribution of the owners**

	<u>Ending balance</u>	<u>Beginning balance</u>
Hoa An Joint-Stock Company	13.882.510.000	7.456.910.000
America LLC	12.451.770.000	12.451.770.000
Peter Eric Dennis	12.220.640.000	12.220.640.000
PYN Elite Fund	11.018.480.000	11.018.480.000
Other shareholders	100.728.050.000	107.153.650.000
<b>Total</b>	<b><u>150.301.450.000</u></b>	<b><u>150.301.450.000</u></b>

**23c. Shares**

	<u>Ending balance</u>	<u>Beginning balance</u>
Number of shares registered to be issued	15.030.145	15.030.145
Number of shares already sold	15.030.145	15.030.145
- Common shares	15.030.145	15.030.145
- Preferred shares	-	-
Number of shares repurchased	-	-
- Common shares	-	-
- Preferred shares	-	-
Number of outstanding shares	15.030.145	15.030.145
- Common shares	15.030.145	15.030.145
- Preferred shares	-	-

Face value of outstanding shares: VND 10.000.

**23d. Profit distribution**

During the period, the Corporation has distributed profits in accordance with the Resolution No. 01/NQ-ĐHĐCĐ dated 23 April 2019 of 2019 General Meeting of Shareholders:

	<u>Amount distributed</u>	<u>Numbers appropriated in the previous year</u>	<u>Numbers appropriated in the current year</u>
• Dividend distributed to shareholders	36.072.348.000	18.036.174.000	18.036.174.000
• Appropriation for investment and development fund	24.960.497.476		24.960.497.476
• Appropriation for bonus and welfare funds	4.622.314.347		4.622.314.347
• Appropriation for bonus fund to the Executive Officers	1.848.925.739		1.848.925.739





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**Notes to the Interim Financial Statements (cont.)****24. Off-interim balance sheet items****24a. External leased assets**

The total minimum lease payment in the future for irrevocable leasing contracts will be settled as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Under 01 year	648.000.000	168.000.000
From 01 year to 05 years	1.644.000.000	-
<b>Total</b>	<b><u>2.292.000.000</u></b>	<b><u>168.000.000</u></b>

**24b. Treated doubtful debts**

	<u>Ending balance</u>	<u>Beginning balance</u>	<u>Reasons for writing off</u>
Van Hai Construction Company Limited	484.735.894	484.735.894	Irrecoverable
Tien Phat Iron and Steel Construction Company Limited	660.504.913	660.504.913	Irrecoverable
Other subjects	1.149.413.384	1.149.413.384	Irrecoverable
<b>Total</b>	<b><u>2.294.654.191</u></b>	<b><u>2.294.654.191</u></b>	

**VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INTERIM INCOME STATEMENT****1. Sales****1a. Gross sales**

	<b>Accumulated from the beginning of the year</b>	
	<u>Current year</u>	<u>Previous year</u>
Sales of merchandises	150.163.305.131	97.970.990.275
Sales of finished goods	121.576.982.521	162.923.903.538
Sales of service provisions	19.613.441.756	8.929.721.240
Sales of real estate trading	637.647.723	430.104.539
Sales of construction contracts	35.473.142.444	57.058.963.468
<b>Total</b>	<b><u>327.464.519.575</u></b>	<b><u>327.313.683.060</u></b>

**1b. Sales to related parties**

Apart from sales of goods and service provisions with subsidiaries, joint ventures, associates are presented in Note. V.2b, the Corporation also has service provisions to other related parties which is Phuc Tai Cooperative, details are as follows:

	<b>Accumulated from the beginning of the year</b>	
	<u>Current year</u>	<u>Previous year</u>
Sales of goods	2.902.966.036	1.686.999.315
Sales of finished goods	18.548.443.821	9.725.870.000
Sales of service	7.655.293.013	4.544.088.001
<b>Total</b>	<b><u>29.106.702.870</u></b>	<b><u>15.956.957.316</u></b>

**2. Sales deductions**

This item reflects sales returns.

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**Notes to the Interim Financial Statements (cont.)****3. Costs of sales**

	Accumulated from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Costs of merchandises sold	124.482.377.403	69.011.501.959
Costs of finished goods sold	89.997.492.331	101.167.319.454
Costs of services provided	16.820.148.141	7.882.386.643
Costs of real estate trading	279.790.608	209.392.492
Costs of construction activities	33.218.099.697	59.344.719.576
Allowance for inventories	19.783.220	(7.772.893)
<b>Total</b>	<b><u>264.817.691.400</u></b>	<b><u>237.607.547.231</u></b>

**4. Financial income**

	Accumulated from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Demand deposit interests	13.855.739	16.374.382
Term deposit interests	3.776.916.751	3.234.256.689
Dividends and profit received	4.086.580.000	3.433.333.716
Interest on bonds and commercial bills	193.000.000	-
<b>Total</b>	<b><u>8.070.352.490</u></b>	<b><u>6.683.964.787</u></b>

**5. Financial expenses**

	Accumulated from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Loan interest expenses	5.673.257.301	3.902.306.950
Exchange loss arising	-	13.934.213
Provision for devaluation of trading securities and investment loss	1.106.630.000	-
<b>Total</b>	<b><u>6.779.887.301</u></b>	<b><u>3.916.241.163</u></b>

**6. Selling expenses**

	Accumulated from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Expenses for employees	900.317.207	626.696.634
Tools	22.632.719	20.666.664
Depreciation/(amortization) of fixed assets	44.803.320	7.467.220
Shipping service expenses	11.979.493.828	10.339.815.500
Other expenses	785.061.039	1.098.511.782
<b>Total</b>	<b><u>13.732.308.113</u></b>	<b><u>12.093.157.800</u></b>



**CONSTRUCTION INVESTMENT CORPORATION 3-2**

No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

**INTERIM FINANCIAL STATEMENTS**

For the first 06 months of the fiscal year ending 31 December 2019

**Notes to the Interim Financial Statements (cont.)****7. General and administration expenses**

	Accumulated from the beginning of the year	
	Current year	Previous year
Employees	5.164.308.340	5.222.935.864
Office supplies	142.249.844	184.175.613
Depreciation/(amortization) of fixed assets	579.924.535	552.209.761
Taxes, fees and legal fees	22.232.814	-
Allowance for doubtful debts	38.615.505	391.185.067
External services rendered	1.198.090.662	770.319.315
Other cash expenses	2.017.663.271	2.566.790.709
<b>Total</b>	<b>9.163.084.971</b>	<b>9.687.616.329</b>

**8. Other income**

	Accumulated from the beginning of the year	
	Current year	Previous year
Proceeds from liquidation, disposal of fixed assets, investment properties	104.272.727	158.321.544
Leasing land and house in Thuan Giao	42.362.346	36.816.691
Fines for violation of the contract	83.543.306	20.503.701
Collection of written-off doubtful debts	-	85.286.125
Other income	91.660.110	180.597.019
<b>Total</b>	<b>321.838.489</b>	<b>481.525.080</b>

**9. Other expenses**

	Accumulated from the beginning of the year	
	Current year	Previous year
Fines for administrative violation	166.908.000	40.289.138
Expenses for surveying and exploration of construction stone	488.900.000	-
Other expenses	7.982.722	21.945.046
<b>Total</b>	<b>663.790.722</b>	<b>62.234.184</b>

**10. Deferred income tax**

This item reflects deferred income tax arising from reversal of deferred income tax assets.

**11. Earnings per share**

Information on the earnings per share is presented in the Consolidated Interim Financial Statements.

**12. Operating costs**

	Accumulated from the beginning of the year	
	Current year	Previous year
Materials and supplies	108.835.655.959	100.354.041.171
Labor	25.674.297.003	34.708.791.091
Depreciation/(amortization) of fixed assets and investment property	10.954.938.665	9.909.425.320
External services rendered	35.945.056.151	53.655.967.182
Other expenses	20.290.980.560	26.043.701.702
<b>Total</b>	<b>201.700.928.338</b>	<b>224.671.926.466</b>

## CONSTRUCTION INVESTMENT CORPORATION 3-2

No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

### INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

Notes to the Interim Financial Statements (cont.)

## VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE INTERIM CASH FLOW STATEMENT

During the period, the Corporation has purchased by receiving debts of some fixed assets valued at VND 2.079.820.297 (Beginning balance: VND 6.286.502).

In addition, the Corporation also advanced the amount of VND 1.044.170.604 to purchase some fixed assets (Beginning balance: VND 4.124.346.391).

## VIII. OTHER DISCLOSURES

### 1. Operating leased assets

As at the balance sheet date, the total minimum rental in the future for irrevocable operating leases is paid as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Less than 01 year	1.178.454.545	747.090.909
From 01 year to 05 years	4.410.909.091	3.564.909.091
<b>Total</b>	<b><u>5.589.363.636</u></b>	<b><u>4.312.000.000</u></b>

### 2. Transactions and balances with related parties

The Corporation's related parties include the key managers, their related individuals and other related parties.

#### 2a. Transactions and balances with the key managers and their related individuals

The Corporation's key managers include members of the Board of Management and the Executive Officers (the Board of Directors and the Chief Accountant). The key managers' related individuals are their close family members.

##### *Transactions with the key managers and their related individuals*

The Corporation has no sales of goods and service provisions as well as other transactions with the key managers and their related individuals.

##### *Receivables from and payables to the key managers and their related individuals*

Receivables from and payables to the key managers and their related individuals are presented in the Note No.V.5.

##### *Income of the key managers*

	<b>Accumulated from the beginning of the year</b>	
	<u>Current year</u>	<u>Previous year</u>
The Board of Directors	1.134.418.194	1.214.037.698
The Board of Management and Executive Officers	2.546.983.645	1.834.433.565
<b>Total</b>	<b><u>3.681.401.839</u></b>	<b><u>3.048.471.263</u></b>



## CONSTRUCTION INVESTMENT CORPORATION 3-2

No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

### INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

#### Notes to the Interim Financial Statements (cont.)

#### 2b. Transactions and balances with other related parties

Other related parties of the Corporation include:

<b>Other related parties</b>	<b>Relationship</b>
Tien Phuoc Construction Mineral Joint Stock Company	Subsidiary
Mien Dong Joint- Stock Company	Associate
Thu Duc - Long An Centrifugal Concrete Joint Stock Company	Associate
Hoa An Joint-Stock Company	Major shareholders
Phuc Tai Cooperative	Founding shareholders

#### Transactions with other related parties

Apart from sales of goods and service provisions presented in Note No. V.2b and VI.1b, the Corporation also has other transactions with other related parties as follows:

	<b>Accumulated from the beginning of the year</b>	
	<b>Current year</b>	<b>Previous year</b>
<b>Phuc Tai Cooperative</b>		
Purchase of goods (finished stone)	90.949.194	315.577.695
Land rental	6.072.000.000	6.095.119.048
Purchase of services	375.000.000	-
<b>Hoa An Joint-Stock Company</b>		
Dividends shared	3.983.100.000	2.692.520.000

The prices of merchandises and services supplied to other related parties at the agreed prices. The purchases of merchandises and services from other related parties are done at the agreed prices.

#### Receivables from and payables to other related parties

Receivables from and payables to other related parties are presented in Notes No. V.3, V.4 and V.14.

The receivables from other related parties are unsecured and will be paid in cash. No provision has been made for the receivables from other related parties.

#### 3. Segment information

The Corporation's segment information is presented according to business segment and geographical segments. The primary reporting format is the business segments.

#### 3a. Information on business segment

The Corporation has the following main business segments:

- Segment 01: Manufacture.
- Segment 02: Construction.
- Segment 03: Construction materials.
- Segment 04: Others

Segment information on business segment of the Corporation is presented in the attached Appendix 02.

#### 3b. Information on geographical segment

All operations of the Corporation take place only in Vietnamese territory.

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### INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

#### Notes to the Interim Financial Statements (cont.)

#### 4. Financial risk management

The Corporation is exposed to the following financial risks: credit risk, liquidity risk and market risk. The Board of Directors is responsible for setting policies and controls to minimize financial risks as well as to monitor the implementation of such policies and controls.

##### 4a. Credit risk

Credit risk is the risk that one contractual party will cause a financial loss for the Corporation by its failure to pay for its obligations.

Credit risk of the Corporation mainly arises from its trade receivables and cash in bank.

##### *Trade receivables*

The Corporation reduces its credit risks by entering into transactions only with the entities which are assessed to have good financial positions and by asking the new customers, who deal with the company for the first time or of whom the information on financial position has not been obtained or provide collaterals. In addition, the Corporation's accountants always follow up the receivables and speed up for the recoveries.

Trade receivables of the Corporation are related to various entities operating in different fields of business and geographical areas; therefore, the credit risk exposed from trade receivables is low.

##### *Cash in bank*

The Corporation's term deposits and demand deposits are in the well-known banks in Vietnam; therefore, the credit risk level arising from cash in bank is low.

The maximum credit risk level on financial assets is their carrying values (see Note No. VIII.5 regarding carrying values of financial assets).

Analysis of outstanding age and devaluation of financial assets is as follows:

	Not yet overdue or devaluated	Already overdue and/ (or) devaluated	Total
<b>Ending balance</b>			
Cash and cash equivalents	48.689.219.641	-	48.689.219.641
Held-to-maturity investments	107.231.623.926	-	107.231.623.926
Trade receivables	64.795.372.800	1.078.648.018	65.874.020.818
Other receivables	14.235.246.512	-	14.235.246.512
Available-for-sale financial assets	61.567.194.202	-	61.567.194.202
<b>Total</b>	<b>296.518.657.081</b>	<b>1.078.648.018</b>	<b>297.597.305.099</b>
<b>Beginning balance</b>			
Cash and cash equivalents	38.972.280.405	-	38.972.280.405
Held-to-maturity investments	102.968.222.182	-	102.968.222.182
Trade receivables	77.231.690.447	964.334.621	78.196.025.068
Other receivables	62.668.584.114	-	62.668.584.114
Available-for-sale financial assets	30.365.020.282	-	30.365.020.282
<b>Total</b>	<b>312.205.797.430</b>	<b>964.334.621</b>	<b>313.170.132.051</b>



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### INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

#### Notes to the Interim Financial Statements (cont.)

#### 4b. Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities.

The Corporation's liquidity risks mainly arise from the differences in maturity dates of financial assets and financial liabilities.

The Corporation controls liquidity risk by regularly following up the current payment requests as well as estimated payment requests in the futures to maintain an appropriate amount of cash as well as loans, supervising the cash flows actually arisen in comparison with estimation to minimize the effects of the changes in cash flows to the Corporation.

The terms of payments to non-derivative financial liabilities (excluding interest payable) are based on the undiscounted payments supposed to make according to the contracts as follows:

	<u>Less than 01 year</u>	<u>From 01 year to 05 years</u>	<u>Over 05 years</u>	<u>Total</u>
<b>Ending balance</b>				
Trade payables	30.585.812.153	-	-	30.585.812.153
Borrowings	188.514.718.365	23.265.388.000	14.405.404.000	226.185.510.365
Other payables	43.351.275.966	-	-	43.351.275.966
<b>Total</b>	<b><u>262.451.806.484</u></b>	<b><u>23.265.388.000</u></b>	<b><u>14.405.404.000</u></b>	<b><u>300.122.598.484</u></b>
<b>Beginning balance</b>				
Trade payables	23.901.190.781	-	-	23.901.190.781
Borrowings	188.514.718.365	25.069.408.000	16.741.420.000	226.185.510.365
Other payables	43.351.275.966	-	-	43.351.275.966
<b>Total</b>	<b><u>255.767.185.112</u></b>	<b><u>25.069.408.000</u></b>	<b><u>16.741.420.000</u></b>	<b><u>293.437.977.112</u></b>

The Board of Directors believes that the risk level associated with payments to financial liabilities is low. The Corporation has sufficient capacity to settle all financial obligations when they are due from its operating cash flows and from the amounts receivable from mature financial assets. The Corporation is able to approach capital sources and loans falling due within 12 months, which can be extended with the current creditors.

#### 4c. Market risk

Market risk is the risk that the fair value or cash flows in the future of a financial instrument will fluctuate due to changes in market prices.

Market risks exposed to the operations of the Corporation include interest rate risk and merchandise/material price.

The sensitivity analyses and evaluations below are related to the Corporation's financial position as of 31 December 2018 and as of 30 June 2019 on the basis of net debt value. The changes of interest rate and merchandise price for analyses are assumed on the basis of the judgments of what can be happen in the next 01 year in the observable conditions of the current market.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or cash flows of in the future a financial instrument will fluctuate due to changes in market interest rates.

The Corporation's interest rate risk substantially relates to loans at floating interest rate.

## CONSTRUCTION INVESTMENT CORPORATION 3-2

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### INTERIM FINANCIAL STATEMENTS

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#### Notes to the Interim Financial Statements (cont.)

The Corporation controls the interest rate risk by analyzing the market situation in order to give appropriate decision on choosing the time for getting loans, choosing appropriate loan terms to get the most favorable interest rates as well as maintaining loan structure with appropriate floating interest rate and fixed interest rate.

The Corporation's financial instruments at floating interest rates are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash and cash equivalents	26.354.735.029	5.000.000.000
Held-to-maturity investments	107.231.623.926	102.968.222.182
Borrowings	(226.185.510.365)	(164.144.026.803)
<b>Net financial assets/(liabilities)</b>	<b><u>(92.599.151.410)</u></b>	<b><u>(56.175.804.621)</u></b>

As of the balance sheet date, with the assumption that other variables were constant, if the interest rates of VND denominated loans at floating interest rates increase/decrease by 2%/year the profit after tax and owner's equity of the Corporation in the current year will decrease/increase by VND 1.851.983.028 (same period of the previous year decrease/increase VND 755.080.358).

#### *Merchandise price risk*

The Corporation is exposed to the risk related to fluctuations in merchandise prices. The Corporation manages the merchandise price risk by following up the market information and related situations to control the time for purchasing merchandises, preparing manufacturing plan and keeping the volumes of inventories at reasonable level.

The Corporation has not used derivatives to hedge against merchandise price risk.

#### **4d. Collaterals**

##### *Collaterals given to other entities*

The Corporation has mortgaged 12-month deposits to secure the loan from BIDV – Southern Binh Duong Branch (see Note No. V.20a). Carrying values of these collaterals as of the balance sheet date are totally VND 102.731.623.926 (Beginning balance: VND 98.468.222.182).

The Corporation's collaterals will be released when financial obligations are fulfilled. There are no special terms and conditions in respect of the uses of these collaterals.

##### *Collaterals received from other entities*

The Corporation has not received any collateral from other entities as at 30 June 2019 and as at 31 December 2018.

#### **5. Financial assets and financial liabilities**

The carrying value of financial assets is as follows:

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Original costs</u>	<u>Provisions</u>	<u>Original costs</u>	<u>Provisions</u>
Cash and cash equivalents	48.689.219.641	-	38.972.280.405	-
Held-to-maturity investments	107.231.623.926	-	102.968.222.182	-
Trade receivables	65.874.020.818	(910.996.694)	78.196.025.068	(872.381.189)
Other receivables	14.235.246.512	-	62.668.584.114	-
Available-for-sale financial assets	61.567.194.202	-	30.365.020.282	-
<b>Total</b>	<b><u>297.597.305.099</u></b>	<b><u>(910.996.694)</u></b>	<b><u>313.170.132.051</u></b>	<b><u>(872.381.189)</u></b>



## CONSTRUCTION INVESTMENT CORPORATION 3-2

No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

### INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

Notes to the Interim Financial Statements (cont.)

#### *Financial liabilities*

The carrying value of financial liabilities is as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade payables	23.901.190.781	26.982.313.337
Borrowings	226.185.510.365	164.144.026.803
Other payables	43.351.275.966	53.006.084.859
<b>Total</b>	<b><u>293.437.977.112</u></b>	<b><u>244.132.424.999</u></b>

#### *Fair values*

The Corporation has not determined fair value of financial assets and financial liabilities yet because the Circular No. 210/2009/TT-BTC dated 06 November 2009 of the Ministry of Finance as well as prevailing regulations have not provided specific guidance.

## 6. Comparative figures

### 6a. Errors

The Corporation has retrospectively adjusted the Financial Statements of the previous year due to the lack appropriation on the cost of construction contracts.

### 6b. Effects of the adjustments of errors

	Code	Figures before adjustment	Adjustments	Figures after adjustment
<i>Interim Balance Sheet</i>				
Deferred income tax assets	262	2.173.818.546	3.675.366.905	5.849.185.451
Short-term accrued expenses	315	24.844.132.013	18.376.834.523	43.220.966.536
Retained earnings	421	209.027.144.899	(14.701.467.618)	194.325.677.281

## 7. Subsequent events

There is no material subsequent event which is required to adjust figures or disclosures in the Interim Financial Statements.

**Do Viet Cuong**  
Preparer

**Nguyen Xuan Hieu**  
Chief Accountant



Binh Duong, 21 August 2019

**Vo Van Lanh**  
General Director

## CONSTRUCTION INVESTMENT CORPORATION 3-2

Address: No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

### INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

#### Appendix 01: Statement on fluctuation in owner's equity

Unit: VND

	Capital	Share premiums	Investment and development fund	Retained earnings	Total
Beginning balance of the previous year	136.639.920.000	2.190.000.000	105.322.664.416	195.837.473.682	439.990.058.098
Increase of capital from profits	13.661.530.000	-	-	(13.661.530.000)	-
Profit in the previous period	-	-	-	57.496.263.896	57.496.263.896
Extraction for funds	-	-	24.746.390.469	(31.162.121.332)	(6.415.730.863)
Dividends, profit shared	-	-	-	(16.396.790.400)	(16.396.790.400)
<b>Ending balance of the previous period</b>	<b>150.301.450.000</b>	<b>2.190.000.000</b>	<b>130.069.054.885</b>	<b>192.113.295.846</b>	<b>474.673.800.731</b>
Beginning balance of the current year	150.301.450.000	2.190.000.000	130.069.054.885	194.325.677.281	476.886.182.166
Profit in the current period	-	-	-	33.271.286.638	33.271.286.638
Extraction for funds	-	-	24.960.497.476	(31.431.737.562)	(6.471.240.086)
Dividends, profit shared	-	-	-	(18.036.174.000)	(18.036.174.000)
<b>Ending balance of the current period</b>	<b>150.301.450.000</b>	<b>2.190.000.000</b>	<b>155.029.552.361</b>	<b>178.129.052.357</b>	<b>485.650.054.718</b>

Do Viet Cuong  
Preparer

Nguyen Xuan Hieu  
Chief Accountant



Binh Duong, 21 August 2019

Vo Van Lan  
General Director



**CONSTRUCTION INVESTMENT CORPORATION 3-2**

Address: No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

## INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

**Appendix 02: Segment information according to business segments**

Unit: VND

The information on financial performance, fixed assets, other non-current assets and remarkable non-cash expenses according to business segments of the Corporation is as follows:

	Construction	Manufacture	Construction materials	Others	Total
<b>Current period</b>					
Net external sales	35.473.142.444	121.547.482.521	150.163.305.131	20.251.089.479	327.435.019.575
Net inter-segment sales	-	-	-	-	-
<b>Total net sales</b>	<b>35.473.142.444</b>	<b>121.547.482.521</b>	<b>150.163.305.131</b>	<b>20.251.089.479</b>	<b>327.435.019.575</b>
Segment financial performance	2.255.042.747	31.703.649.438	25.680.927.728	2.977.708.262	62.617.328.175
Expenses not attributable to segments					(22.895.393.084)
Operating profit					39.721.935.091
Financial income					8.070.352.490
Financial expenses					(6.779.887.301)
Other income					321.838.489
Other expenses					(663.790.722)
Current income tax					(4.745.492.775)
Deffered income tax					(2.653.668.634)
<b>Profit after tax</b>					<b>33.271.286.638</b>
<b>Total expenses on acquisition of fixed assets and other non-current assets</b>	<b>160.072.093</b>	<b>55.166.248.104</b>	<b>-</b>	<b>-</b>	<b>55.326.320.197</b>
<b>Total depreciation/ (amortization) and allocation of long-term prepayments</b>	<b>117.915.311</b>	<b>16.839.676.250</b>	<b>51.176.700</b>	<b>279.790.608</b>	<b>17.288.558.869</b>
<b>Total remarkable non-cash expenses (except for depreciation/ (amortization) and allocation of long-term prepayments)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**CONSTRUCTION INVESTMENT CORPORATION 3-2**

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## INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

**Appendix 02: Segment information according to business segments (cont.)**

	Construction	Manufacture	Construction materials	Others	Total
<b>Previous year</b>					
Net external sales	57.058.963.468	162.923.903.538	97.970.990.275	9.359.825.779	327.313.683.060
Net inter-segment sales	-	-	-	-	-
<b>Total net sales</b>	<b>57.058.963.468</b>	<b>162.923.903.538</b>	<b>97.970.990.275</b>	<b>9.359.825.779</b>	<b>327.313.683.060</b>
Segment financial performance	(2.285.756.108)	61.764.356.977	28.959.488.316	1.268.046.644	89.706.135.829
Expenses not attributable to segments					(21.780.774.129)
Operating profit					67.925.361.700
Financial income					6.683.964.787
Financial expenses					(3.916.241.163)
Other income					481.525.080
Other expenses					(62.234.184)
Current income tax					(13.616.112.324)
Deffered income tax					-
<b>Profit after tax</b>					<b>57.496.263.896</b>
<b>Total expenses on acquisition of fixed assets and other non-current assets</b>	<b>929.206.855</b>	<b>18.533.195.692</b>	<b>-</b>	<b>-</b>	<b>19.462.402.547</b>
<b>Total depreciation/ (amortization) and allocation of long-term prepayments</b>	<b>181.914.192</b>	<b>11.691.471.694</b>	<b>17.058.900</b>	<b>209.392.492</b>	<b>12.099.837.278</b>
<b>Total remarkable non-cash expenses (except for depreciation/ (amortization) and allocation of long-term prepayments)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





**CONSTRUCTION INVESTMENT CORPORATION 3-2**

Address: No. 45A, Nguyen Van Tiet Street, Lai Thieu Ward, Thuan An Town, Binh Duong Province

## INTERIM FINANCIAL STATEMENTS

For the first 06 months of the fiscal year ending 31 December 2019

**Appendix 02: Segment information according to business segments (cont.)**

The Corporation's assets and liabilities according to business segments are as follows:

	Construction	Manufacture	Construction materials	Others	Total
<b>Ending balance</b>					
Direct assets of segment	-	-	-	-	-
Allocated assets	59.196.370.595	202.834.294.467	250.587.403.534	33.794.327.627	546.412.396.223
Unallocated assets					271.493.073.400
<b>Total assets</b>					<b>817.905.469.623</b>
Direct liabilities of segment	-	-	-	-	-
Allocated liabilities	35.890.049.080	122.975.998.536	151.928.135.483	20.489.095.278	331.283.278.377
Unallocated liabilities					972.136.528
<b>Total liabilities</b>					<b>332.255.414.905</b>
<b>Beginning balance</b>					
Direct assets of segment	-	-	-	-	-
Allocated assets	96.920.534.835	276.743.055.054	166.413.832.265	15.898.629.511	555.976.051.665
Unallocated assets					230.378.196.370
<b>Total assets</b>					<b>786.354.248.035</b>
Direct liabilities of segment	-	-	-	-	-
Allocated liabilities	51.979.501.334	148.420.208.616	89.249.487.026	8.526.602.080	298.175.799.056
Unallocated liabilities					11.292.266.813
<b>Total liabilities</b>					<b>309.468.065.869</b>


Do Viet Cuong  
Preparer

Nguyen Xuan Hieu  
Chief Accountant

Binh Duong, 21 August 2019

Vo Van Lanh  
General Director



A&C AUDITING AND CONSULTING CO., LTD.

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