

UNICONS INVESTMENT CONSTRUCTION COMPANY LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



UNICONS INVESTMENT CONSTRUCTION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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UNICONS INVESTMENT CONSTRUCTION COMPANY LIMITED

CORPORATE INFORMATION

Enterprise Registration Certificate

No. 4103005020 dated 14 July 2006 initially issued by the Department of Planning and Investment of Ho Chi Minh City and its latest amended Enterprise Registration Certificate dated 22 June 2018.

Board of Members

Mr. Nguyen Ba Duong	Chairman
Mr. Nguyen Sy Cong	Member
Mr. Tran Quang Quan	Member
Mr. Dang Hoai Nam	Member

Board of Supervision

Ms. Ha Tieu Anh	Chief Supervisor
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Board of Management

Mr. Le Chi Trung	General Director
Mr. Tran The Phuong	Deputy General Director
Mr. Vo Hoang Lam	Deputy General Director (from 21 October 2019)
Mr. Ho Van Thao	Deputy General Director (until 21 October 2019)

Legal representative

Mr. Le Chi Trung	General Director
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Registered office

Floor 5 - 6, 236/6, Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam.

Auditor

PwC (Vietnam) Limited

UNICONS INVESTMENT CONSTRUCTION COMPANY LIMITED

STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Management of Unicons Investment Construction Company Limited ("the Company") is responsible for preparing financial statements which give a true and fair view of the financial position of the Company as at 31 December 2019 and the results of its operations and its cash flows for the year then ended. In preparing these financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or errors.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 5 to 31 which give a true and fair view of the financial position of the Company as at 31 December 2019 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.



On behalf of the Board of Management

Le Chi Trung
General Director

Ho Chi Minh City, SR Vietnam
20 March 2020



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNICONS INVESTMENT CONSTRUCTION COMPANY LIMITED

We have audited the accompanying financial statements of Unicons Investment Construction Company Limited ("the Company") which were prepared on 31 December 2019 and approved by the Board of Management on 20 March 2020. The financial statements comprise the balance sheet as at 31 December 2019, the income statement, the cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on page 9 to 31.

The Board of Management's Responsibility to the financial statements

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of financial statements and for such internal control which the Board of Management determines necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of financial statements.

Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Tran Van Thang
Audit Practising Licence No.
3586-2017-006-1
Authorised signatory

Report reference number: HCM8942
Ho Chi Minh City, 20 March 2020



Thai Van Cuong
Audit Practising Licence No.
3435-2020-006-1

BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2019 VND	2018 VND
100	CURRENT ASSETS		2,991,778,447,762	3,634,151,772,686
110	Cash and cash equivalents	3	52,960,773,880	70,630,004,191
111	Cash		22,960,773,880	70,630,004,191
112	Cash equivalents		30,000,000,000	-
120	Short-term investment		635,440,000,000	515,658,000,000
123	Investments held to maturity	4	635,440,000,000	515,658,000,000
130	Short-term receivables		1,779,144,820,663	2,793,230,064,683
131	Short-term trade accounts receivable	5	1,688,807,049,614	2,676,472,821,169
132	Short-term prepayments to suppliers	6	55,090,872,969	71,847,303,166
136	Other short-term receivables	7	35,246,898,080	44,909,940,348
140	Inventories		440,891,377,149	253,183,438,951
141	Inventories	8	440,891,377,149	253,183,438,951
150	Other current assets		83,341,476,070	1,450,264,861
151	Short-term prepaid expenses		-	1,450,264,861
152	Value added tax ("VAT") to be reclaimed	13(a)	83,341,476,070	-
200	LONG-TERM ASSETS		173,911,644,409	228,229,509,055
220	Fixed assets		106,623,794,076	128,965,074,066
221	Tangible fixed assets	9(a)	95,058,298,389	117,110,220,132
222	Historical cost		189,988,560,106	195,141,404,764
223	Accumulated depreciation		(94,930,261,717)	(78,031,184,632)
227	Intangible fixed assets	9(b)	11,565,495,687	11,854,853,934
228	Historical cost		16,436,458,758	15,623,602,758
229	Accumulated amortisation		(4,870,963,071)	(3,768,748,824)
260	Other long-term asset		67,287,850,333	99,264,434,989
261	Long-term prepaid expenses	10	67,287,850,333	99,264,434,989
270	TOTAL ASSETS		3,165,690,092,171	3,862,381,281,741

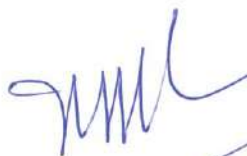
The notes on pages 9 to 31 are an integral part of these financial statements.

BALANCE SHEET
(continued)

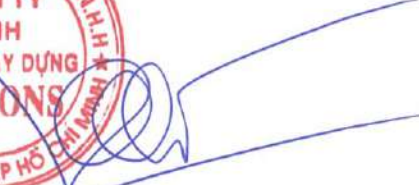
Code	RESOURCES	Note	As at 31 December	
			2019 VND	2018 VND
300	LIABILITIES		1,613,310,591,672	2,472,054,935,828
310	Short-term liabilities		1,613,310,591,672	2,472,054,935,828
311	Short-term trade accounts payable	11	1,008,983,985,808	1,342,684,487,522
312	Short-term advances from customers	12	48,575,664,171	26,221,697,794
313	Tax and other payables to the State	13(b)	19,858,172,296	93,258,506,486
315	Short-term accrued expenses	14	498,509,326,256	921,290,593,522
318	Short-term unearned revenue		1,784,152,990	-
319	Other short-term payables	15	9,286,054,196	43,463,481,443
321	Provision for short-term liabilities	16	23,314,896,273	12,432,819,603
322	Bonus and welfare funds	17	2,998,339,682	32,703,349,458
400	OWNER'S EQUITY		1,552,379,500,499	1,390,326,345,913
410	Capital and reserves		1,552,379,500,499	1,390,326,345,913
411	Owner's capital	18, 19	94,500,000,000	94,500,000,000
415	Owner's other capital	19	89,996,634,545	89,996,634,545
418	Investment and development funds	19	963,314,053,351	563,314,053,351
421	Undistributed earnings	19	404,568,812,603	642,515,658,017
421a	- Undistributed post-tax profits from previous years	19	224,511,658,017	282,395,873,555
421b	- Post-tax profit of current year	19	180,057,154,586	360,119,784,462
440	TOTAL RESOURCES		3,165,690,092,171	3,862,381,281,741



Ngo Hong Nguyen
Preparer



Nguyen Thi Phuc Long
Chief Accountant

Le Chi Trung
General Director
20 March 2020

The notes on pages 9 to 31 are an integral part of these financial statements.

INCOME STATEMENT

Code		Note	Year ended 31 December	
			2019 VND	2018 VND
01	Revenue from sales of goods and rendering of services		5,663,491,020,784	8,406,392,795,412
02	Less deductions		-	-
10	Net revenue from sales of goods and rendering of services	21	5,663,491,020,784	8,406,392,795,412
11	Cost of goods sold and services rendered	22	(5,364,640,162,567)	(7,874,273,283,244)
20	Gross profit from sales of goods and rendering of services		298,850,858,217	532,119,512,168
21	Financial income	23	47,739,116,079	31,735,182,986
22	Financial expenses	24	(8,058,386)	(254,995,909)
26	General and administration expenses	25	(124,919,375,443)	(138,011,760,392)
30	Net operating profit		221,662,540,467	425,587,938,853
31	Other income	26	10,644,624,861	39,753,547,695
32	Other expenses	26	(6,339,662,821)	(14,417,506,583)
40	Net other income		4,304,962,040	25,336,041,112
50	Net accounting profit before tax		225,967,502,507	450,923,979,965
51	Business income tax ("BIT") - current	27	(45,910,347,921)	(90,804,195,503)
52	BIT - deferred		-	-
60	Net profit after tax		180,057,154,586	360,119,784,462



Ngo Hong Nguyen
Preparer



Nguyen Thi Phuc Long
Chief Accountant



Le Chi Trung
General Director
20 March 2020

The notes on pages 9 to 31 are an integral part of these financial statements.

CASH FLOW STATEMENT
(Indirect method)


		Year ended 31 December	
Code	Note	2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit before tax	225,967,502,507	450,923,979,965
	Adjustments for:		
02	Depreciation and amortisation	23,939,410,738	20,958,586,007
03	Provisions	21,294,306,009	12,240,212,738
04	Unrealised foreign exchange (gains)/losses	(636,401,875)	207,302,010
05	Profits from investing activities	(49,339,134,214)	(31,593,457,362)
08	Operating profit before changes in working capital	221,225,683,165	452,736,623,358
09	Decrease/(increase) in receivables	945,187,641,211	(694,364,764,790)
10	Increase in inventories	(187,707,938,198)	(47,389,361,246)
11	(Decrease)/increase in payables	(829,452,284,868)	227,069,364,262
12	Decrease/(increase) in prepaid expenses	33,426,849,517	(13,692,685,664)
15	BIT paid	(69,451,281,033)	(84,173,079,322)
17	Other payments on operating activities	(47,709,009,776)	(4,000,000,000)
20	Net cash inflows/(outflows) from operating activities	65,519,660,018	(163,813,903,402)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(5,273,235,739)	(26,198,157,946)
22	Proceeds from disposals of fixed assets	3,855,796,782	3,422,068,216
23	Term deposit	(678,583,000,000)	(555,658,000,000)
24	Term deposit collections	558,801,000,000	597,197,000,000
27	Interest received	37,755,020,649	35,142,834,274
30	Net cash (outflows)/inflows from investing activities	(83,444,418,308)	53,905,744,544
50	Net decrease in cash and cash equivalents	(17,924,758,290)	(109,908,158,858)
60	Cash at beginning of year	3 70,630,004,191	180,572,993,859
61	Effect of foreign exchange differences	255,527,979	(34,830,810)
70	Cash and cash equivalents at end of year	3 52,960,773,880	70,630,004,191

Major non-cash transactions during the year were sales of fixed assets amounting to VND4,831,291,202 which have not yet been collected as at 31 December 2019 and purchases of fixed assets amounting to VND2,659,577,591 which have not been paid as at 31 December 2019.


 Ngo Hong Nguyen
 Preparer


 Nguyen Thi Phuc Long
 Chief Accountant




 Le Chi Trung
 General Director
 20 March 2020

The notes on pages 9 to 31 are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****1 GENERAL INFORMATION**

Unicons Investment Construction Company Limited ("The Company") is a one-member limited liability company which was established in SR Vietnam pursuant to Enterprise Registration Certificate No. 4103005020 dated 14 July 2006 issued by the Department of Planning and Development of Ho Chi Minh City and its latest amended Enterprise Registration Certificate dated 22 June 2018.

The Company's principal activity is to provide construction services.

The normal business cycle of the Company is 12 months.

As at 31 December 2019, the Company had 825 employees (as at 31 December 2018: 1,055 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The financial statements have been prepared under the historical cost convention.

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The financial statements in the Vietnamese language are the official statutory financial statements of the Company. The financial statements in the English language have been translated from the Vietnamese version.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.3 Currency

The financial statements are measured and presented in Vietnamese Dong ("VND"). The Company determines its accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used for list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labour, materials and other production or operating costs and normally used as payments of those costs.

In addition, the Company also uses this currency to raise financial resources and/or regularly collects this currency from business operation and savings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Exchange rates**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and other short-term investments with an original maturity of three months or less.

2.6 Receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties), or based on the expected loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the balance sheet based on the remaining period from the balance sheet date to the maturity date.

2.7 Inventories

Construction works-in-progress are stated at the lower of cost and net realisable value. Cost comprises the original cost of purchase plus the cost of bringing the construction materials and construction costs to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and necessary estimated hand-over expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Investments held-to-maturity**

Investments held-to-maturity are investments which the Company's Board of Management has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits, preference shares which the issuer is required to buy back in the future, lendings held to maturity for interest earning, and other investments held-to-maturity. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part.

2.9 Fixed assets*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets bringing them to their suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The principal depreciation period of each asset class are as follows:

	Year
Buildings and structures	6 - 25
Machineries and equipment	2 - 8
Office equipment	2 - 6
Motor vehicles	6 - 7
Software	2 - 3
Land use right	50

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.11 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet. Prepaid expenses are recorded at historical cost and allocated on the straight line basis method over estimated useful lives.

2.12 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables, and payables not relating to purchases of goods and services.

Payables are classified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.13 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in operating expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.15 Capital and reserves**

Charter capital of the owner is recorded according to the actual amounts contributed.

Owners' other capital represents other capital of the owners at the reporting date.

Undistributed earnings record the Company's results after BIT at the reporting date.

2.16 Appropriation of profit

Profit after BIT could be distributed to owner after approval at General Meeting of members, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

(a) Investment and development fund

The investment and development fund is appropriated from profit after BIT of the Company and approved by members in the General Meeting of members. This fund is used for serving the Company's expansion or in-depth investment.

(b) Bonus and welfare fund

The bonus and welfare fund is appropriated from profit after BIT of the Company and approved by members in the General Meeting of members. The fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits.

2.17 Revenue recognition**(a) Sales of goods**

Revenue from the sale of goods is recognised in the income statement when all five (5) following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sales obligation. In cases where the Company gives promotional goods to customers associated with their purchases, the Company allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.17 Revenue recognition (continued)****(b) Revenue from rendering services**

Revenue from rendering of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Revenue from construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are only recognised when incurred during the period.

When the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Company uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in the financial year. The percentage of completion is measured by reference to the proportion of actual completed work incurred to date to the estimated total work of each contract, the amount of work completed and confirmed by customers.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and profits recognised (less recognised losses) exceed progress billings, the balance is presented as construction contracts-in-progress receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as construction contracts-in-progress payables.

(d) Interest income

Interest income is recognised on an earned basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Cost of goods sold and services rendered**

Cost of goods sold and cost of rendered services are cost of finished goods, merchandises, materials sold or services rendered during the period, and recorded on the basis of matching with revenue and on a prudence basis.

2.19 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs; social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, outside services and other expenses.

2.20 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.21 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Company considers the substance of the relationship not merely the legal form.

2.22 Use of estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese (Corporate) Accounting System and applicable regulations on preparation and presentation of financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3 CASH AND CASH EQUIVALENTS

	2019 VND	2018 VND
Cash on hand	726,633,106	204,874,094
Cash at bank	22,234,140,774	70,425,130,097
Cash equivalents (*)	30,000,000,000	-
	<u>52,960,773,880</u>	<u>70,630,004,191</u>

(*) Including term deposits with original maturity of less than 3 months, earning applicable interest rates.

4 INVESTMENTS HELD-TO-MATURITY

	2019		2018	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	635,440,000,000	635,440,000,000	515,658,000,000	515,658,000,000

Including term deposits with maturity of more than 3 months and less than 12 months, earning applicable interest rates.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2019 VND	2018 VND
Third parties (*)	1,424,783,611,194	2,083,626,052,729
Related parties (Note 29(b))	264,023,438,420	592,846,768,440
	<u>1,688,807,049,614</u>	<u>2,676,472,821,169</u>

(*) As at 31 December 2019, details for customers accounting from 10% or more of the total balance of short-term trade accounts receivable – third parties are as follows:

	2019 VND	2018 VND
Masterise Group Corporation	<u>171,474,464,204</u>	<u>110,393,870,884</u>

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2019 VND	2018 VND
Third parties	<u>55,090,872,969</u>	<u>71,847,303,166</u>

As at 31 December 2019, there is no supplier accounting from 10% or more of total balance of short-term prepayments to suppliers.

7 OTHER SHORT-TERM RECEIVABLES

	2019 VND	2018 VND
Interest receivables	21,384,109,862	12,152,401,699
Advance for employees	11,613,493,135	31,053,934,049
Deposits	2,234,847,000	1,685,976,000
Others	14,448,083	17,628,600
	<u>35,246,898,080</u>	<u>44,909,940,348</u>

8 INVENTORIES

	2019 VND	2018 VND
Constructions in progress	<u>440,891,377,149</u>	<u>253,183,438,951</u>

Details of constructions in progress by projects are as follows:

	2019 VND	2018 VND
G-homes - Thao Dien Ward, District 2	74,359,404,158	39,698,636,125
Ha Long five-star hotel - Construction of experimental bored pile	70,587,019,589	7,019,425,707
Other projects	295,944,953,402	206,465,377,119
	<u>440,891,377,149</u>	<u>253,183,438,951</u>

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9 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machineries and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost						
As at 1 January 2019	32,158,967,734	145,502,467,301	8,937,530,329	5,492,723,109	3,049,716,291	195,141,404,764
New purchases	-	7,073,411,875	-	46,545,455	-	7,119,957,330
Disposals	-	(12,272,801,988)	-	-	-	(12,272,801,988)
As at 31 December 2019	32,158,967,734	140,303,077,188	8,937,530,329	5,539,268,564	3,049,716,291	189,988,560,106
Accumulated depreciation						
As at 1 January 2019	10,617,741,358	56,207,165,606	3,724,148,948	4,432,412,429	3,049,716,291	78,031,184,632
Charge for the year	972,437,388	19,992,845,862	1,142,550,663	729,362,578	-	22,837,196,491
Disposals	-	(5,938,119,406)	-	-	-	(5,938,119,406)
As at 31 December 2019	11,590,178,746	70,261,892,062	4,866,699,611	5,161,775,007	3,049,716,291	94,930,261,717
Net book value						
As at 1 January 2019	21,541,226,376	89,295,301,695	5,213,381,381	1,060,310,680	-	117,110,220,132
As at 31 December 2019	20,568,788,988	70,041,185,126	4,070,830,718	377,493,557	-	95,058,298,389

As at 31 December 2019, the historical cost of fully depreciated tangible fixed assets but still in use was VND33,411,711,656 (as at 31 December 2018: VND29,693,102,509).

9 FIXED ASSETS (continued)**(b) Intangible fixed assets**

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2019	13,342,681,128	2,280,921,630	15,623,602,758
New purchases	-	812,856,000	812,856,000
As at 31 December 2019	<u>13,342,681,128</u>	<u>3,093,777,630</u>	<u>16,436,458,758</u>
Accumulated amortisation			
As at 1 January 2019	2,246,437,010	1,522,311,814	3,768,748,824
Charge for the year	266,843,664	835,370,583	1,102,214,247
As at 31 December 2019	<u>2,513,280,674</u>	<u>2,357,682,397</u>	<u>4,870,963,071</u>
Net book value			
As at 1 January 2019	<u>11,096,244,118</u>	<u>758,609,816</u>	<u>11,854,853,934</u>
As at 31 December 2019	<u><u>10,829,400,454</u></u>	<u><u>736,095,233</u></u>	<u><u>11,565,495,687</u></u>

As at 31 December 2019, the historical cost of fully amortised intangible fixed assets but still in use was VND1,910,305,630 (as at 31 December 2018: VND474,445,630).

10 LONG-TERM PREPAID EXPENSES

	2019 VND	2018 VND
Tools and supplies for constructions	65,471,225,038	94,441,429,011
Tools and supplies for offices	1,816,625,295	4,823,005,978
	<u>67,287,850,333</u>	<u>99,264,434,989</u>

Movements of prepaid expenses during the year are as follows:

	2019 VND	2018 VND
Opening balance	99,264,434,989	85,696,413,400
Increase	31,314,321,137	63,696,761,297
Allocation	(63,290,905,793)	(50,128,739,708)
Closing balance	<u>67,287,850,333</u>	<u>99,264,434,989</u>

11 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2019 VND	2018 VND
Third parties (*)	944,663,103,669	1,237,400,194,481
Related parties (Note 29(b))	64,320,882,139	105,284,293,041
	<u>1,008,983,985,808</u>	<u>1,342,684,487,522</u>

As at 31 December 2019, there is no supplier accounting from 10% or more of total balance of short-term trade accounts payable – third parties.

12 SHORT-TERM ADVANCES FROM CUSTOMERS

	2019 VND	2018 VND
Third parties	<u>48,575,664,171</u>	<u>26,221,697,794</u>

As at 31 December 2019, details for customers accounting from 10% or more of the total balance of short-term advances from customers are as follows:

	2019 VND	2018 VND
Phu Quoc Civil Construction Company Limited	35,000,000,000	-
Antt Nha Trang Investment and Trading Joint Stock Company	6,594,840,773	-
Nhut Tan Agricultural and Forestry Joint Stock company	<u>5,995,600,000</u>	<u>-</u>

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13 TAX AND OTHER RECEIVABLES/PAYABLES TO THE STATE

Movements of tax and other receivables/payables to the State during the year are as follows:

(a)	Tax receivables				
		Opening balance VND	Increase during the year VND	Net-off during the year VND	Payment during the year VND
	VAT	-	537,971,737,216	(454,630,261,146)	-
					83,341,476,070
(b)	Tax payables				
		Opening balance VND	Payable during the year VND	Net-off during the year VND	Payment during the year VND
	BIT	40,908,892,672	45,910,347,921	-	(69,451,281,033)
	Personal income tax	12,275,601,513	43,148,062,028	-	(52,933,450,805)
	VAT	40,074,012,301	515,444,170,646	(454,630,261,146)	(100,887,921,801)
	Import tax	-	307,919,559	-	(307,919,559)
	Others	-	43,460,590	-	(43,460,590)
		93,258,506,486	604,853,960,744	(454,630,261,146)	(223,624,033,788)
					19,858,172,296

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14 SHORT-TERM ACCRUED EXPENSES

	2019 VND	2018 VND
Construction costs	498,419,188,146	921,290,593,522
Others	90,138,110	-
	<u>498,509,326,256</u>	<u>921,290,593,522</u>

15 OTHER SHORT-TERM PAYABLES

	2019 VND	2018 VND
Payables to construction team and employees	5,902,185,994	42,454,426,541
Other payables	3,383,868,202	1,009,054,902
	<u>9,286,054,196</u>	<u>43,463,481,443</u>

16 SHORT-TERM PROVISION FOR LIABILITIES

	2019 VND	2018 VND
Provision for construction warranty	<u>23,314,896,273</u>	<u>12,432,819,603</u>

Movements of provision for construction warranty during the year are as follows:

	2019 VND	2018 VND
Opening balance	12,432,819,603	11,090,711,035
Increase	23,597,419,000	12,849,000,000
Utilisation	(10,412,229,339)	(10,898,104,170)
Reversal	(2,303,112,991)	(608,787,262)
Closing balance	<u>23,314,896,273</u>	<u>12,432,819,603</u>

17 BONUS AND WELFARE FUND

Movements of bonus and welfare fund during the year are as follow:

	2019 VND	2018 VND
Opening balance	32,703,349,458	11,678,849,458
Increase	18,004,000,000	25,024,500,000
Utilisation	(47,709,009,776)	(4,000,000,000)
Closing balance	<u>2,998,339,682</u>	<u>32,703,349,458</u>

18 OWNER'S CAPITAL

	Charter capital VND	%	Amount contributed VND
Coteccons Construction Joint Stock Company	<u>94,500,000,000</u>	<u>100</u>	<u>94,500,000,000</u>

Pursuant to the latest Enterprise Registration Certificate No. 4103005020 dated 22 June 2018, the charter capital of the Company is VND94,500 million, has been fully contributed.

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19 MOVEMENTS IN OWNER'S EQUITY

	Owner's capital VND	Owner's other capital VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2018	94,500,000,000	89,996,634,545	164,812,563,156	705,921,863,750	1,055,231,061,451
Net profit for the year	-	-	-	360,119,784,462	360,119,784,462
Appropriation of investment and development fund	-	-	398,501,490,195	(398,501,490,195)	-
Appropriation of bonus and welfare fund	-	-	-	(25,024,500,000)	(25,024,500,000)
As at 31 December 2018	94,500,000,000	89,996,634,545	563,314,053,351	642,515,658,017	1,390,326,345,913
Net profit for the year	-	-	-	180,057,154,586	180,057,154,586
Appropriation of investment and development fund (i)	-	-	400,000,000,000	(400,000,000,000)	-
Appropriation of bonus and welfare fund (i)	-	-	-	(18,004,000,000)	(18,004,000,000)
As at 31 December 2019	94,500,000,000	89,996,634,545	963,314,053,351	404,568,812,603	1,552,379,500,499

(i) The Company has appropriated the investment and development fund and the bonus and welfare fund from the 2018 post-tax undistributed earnings with the respective amounts of VND400 billion and VND18,004 million in accordance with the Resolution No. 01/2019/NQ-ĐHCD dated 9 April 2019.

20 OFF BALANCE SHEET ITEMS**(a) Foreign currency**

As at 31 December 2019, included in cash were balances held in foreign currency of USD607,464, equivalent to VND14,038,504,364 (as at 31 December 2018: USD1,126,451, equivalent to VND26,071,700,757).

(b) Commitments under operating leases

The future minimum lease payments under non-cancellable operating leases were presented in Note 30.

21 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2019 VND	2018 VND
Net revenue from construction contracts (*)	5,662,123,836,464	8,405,355,680,400
Net revenue from leasing out construction equipment	1,234,473,920	806,427,012
Other net revenue	132,710,400	230,688,000
	<u>5,663,491,020,784</u>	<u>8,406,392,795,412</u>

(*) Net revenue from construction contracts are as follows:

	2019 VND	2018 VND
Net revenue from outstanding construction contracts recognised during the year	4,256,582,718,682	7,900,847,096,539
Net revenue from completed construction contracts recognised during the year	1,405,541,117,782	504,508,583,861
	<u>5,662,123,836,464</u>	<u>8,405,355,680,400</u>

	2019 VND	2018 VND
Net accumulated revenue from outstanding construction contracts up to end of this year	<u>12,231,379,238,902</u>	<u>14,231,595,659,362</u>

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22 COST OF GOODS SOLD AND SERVICES RENDERED

	2019 VND	2018 VND
Cost of construction contracts	5,341,042,743,567	7,861,424,283,244
Provision of provision for construction warranty	23,597,419,000	12,849,000,000
	<u>5,364,640,162,567</u>	<u>7,874,273,283,244</u>

23 FINANCIAL INCOME

	2019 VND	2018 VND
Interest income	46,986,728,812	31,593,457,362
Realised foreign exchange gains	115,985,392	141,725,624
Net gain from foreign currency translation at year-end	636,401,875	-
	<u>47,739,116,079</u>	<u>31,735,182,986</u>

24 FINANCIAL EXPENSES

	2019 VND	2018 VND
Realised foreign exchange losses	8,058,386	47,693,899
Net loss from foreign currency translation at year-end	-	207,302,010
	<u>8,058,386</u>	<u>254,995,909</u>

25 GENERAL AND ADMINISTRATION EXPENSES

	2019 VND	2018 VND
Staff costs	87,536,291,043	93,526,381,678
Office tools and supplies	3,439,826,903	7,580,900,163
Depreciation and amortisation	3,310,820,990	3,427,642,827
Transportations	1,928,264,793	2,232,689,484
Outside services expenses	14,313,665,820	14,808,558,352
Other expenses	14,390,505,894	16,435,587,888
	<u>124,919,375,443</u>	<u>138,011,760,392</u>

26 OTHER INCOME AND OTHER EXPENSES

	2019 VND	2018 VND
Other income		
Reversal of over-accrued constructions costs	5,376,746,860	38,136,851,724
Reversal of provision for construction warranty	2,303,112,991	608,787,262
Net gains from disposal of fixed assets	2,352,405,402	-
Others	612,359,608	1,007,908,709
	<u>10,644,624,861</u>	<u>39,753,547,695</u>
Other expenses		
Construction warranty expenses	6,088,442,161	14,390,356,999
Others	251,220,660	27,149,584
	<u>6,339,662,821</u>	<u>14,417,506,583</u>

27 BIT

The BIT tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	2019 VND	2018 VND
Net accounting profit before tax	225,967,502,507	450,923,979,965
Tax calculated at a rate of 20%	45,193,500,502	90,184,795,993
Effect of:		
Non-deductible expenses	351,832,049	619,399,510
Under-provision in previous years	365,015,370	-
BIT charge	<u>45,910,347,921</u>	<u>90,804,195,503</u>

The BIT charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

28 COST OF OPERATION BY FACTOR

Costs of operation by factor represents all costs incurred during the year, excluding cost of merchandises for trading activities. The details are as follows:

	2019 VND	2018 VND
Raw materials	2,184,480,699,754	2,831,877,292,970
Staff costs	593,338,966,613	1,133,999,972,650
Tools and supplies	126,952,762,927	152,405,223,933
Depreciation and amortisation	23,939,410,738	20,958,586,007
Outside service expenses	2,666,423,970,347	3,822,613,141,064
Other expenses	82,131,665,829	97,820,188,258
	<u>5,677,267,476,208</u>	<u>8,059,674,404,882</u>

29 RELATED PARTY DISCLOSURES

The Company is controlled by Cotecons Construction Joint Stock Company which owns 100% of the Company's charter capital.

(a) Related party transactions

During the year, the following transactions are carried out with related parties:

	2019 VND	2018 VND
i) Rendering of construction services		
Cotecons Construction Joint Stock Company	635,760,398,260	1,281,204,270,031
Ricons Construction Investment Joint Stock Company	<u>987,727,497</u>	<u>877,624,212</u>
ii) Purchases of goods and services		
Cotecons Construction Joint Stock Company	15,717,438,081	15,364,850,133
Ricons Construction Investment Joint Stock Company	52,283,320,707	406,855,295,193
Riland Investment Joint Stock Company	<u>230,880,232,916</u>	<u>-</u>
iii) Purchases of fixed assets		
Cotecons Construction Joint Stock Company	<u>857,425,645</u>	<u>-</u>

29 RELATED PARTY DISCLOSURES (continued)**(a) Related party transactions (continued)**

	2019 VND	2018 VND
<i>iv) Compensation of key management</i>		
Gross salaries and other benefits	10,385,883,000	11,114,845,707

(b) Year end balances with related parties

	2019 VND	2018 VND
Short-term trade accounts receivable (Note 5)		
Coteccons Construction Joint Stock Company	264,012,053,673	592,075,405,967
Ricons Construction Investment Joint Stock Company	11,384,747	771,362,473
	<u>264,023,438,420</u>	<u>592,846,768,440</u>
Other short-term receivables		
Coteccons Construction Joint Stock Company	-	248,976,000
	<u>-</u>	<u>248,976,000</u>
Short-term trade accounts payable (Note 11)		
Coteccons Construction Joint Stock Company	2,466,009,070	4,555,211,657
Ricons Construction Investment Joint Stock Company	330,791,303	100,729,081,384
Riland Investment Joint Stock Company	61,524,081,766	-
	<u>64,320,882,139</u>	<u>105,284,293,041</u>

30 COMMITMENTS**(a) Operating lease commitment**

The future minimum lease payments under non-cancellable operating leases are as follows:

	2019 VND	2018 VND
Within one year	3,635,005,800	3,540,850,800
Between one and five years	14,425,959,100	3,156,129,900
Total minimum payments	<u>18,060,964,900</u>	<u>6,696,980,700</u>

30 COMMITMENTS (continued)**(b) Other commitments**

As at 31 December 2019, the Company had outstanding guarantees with the banks as follows:

Bank name	Guarantee facility VND
Joint Stock Commercial Bank for Investment and Development of Vietnam – Ho Chi Minh Branch	908,407,810,172
Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Saigon Branch	705,093,576,895
Vietnam Technological and Commercial Joint Stock Bank – Ho Chi Minh Branch	132,486,463,928
Tien Phong Commercial Joint Stock Bank – Ho Chi Minh Branch	115,936,634,638
Vietnam International Commercial Joint Stock Bank – Ho Chi Minh Branch	27,529,913,358
Vietnam Joint Stock Commercial Bank for Industry and Trade – Branch 3, Ho Chi Minh City	3,115,420,000
	<u>1,892,569,818,991</u>

31 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified to conform to current financial statements' presentation.

The financial statements were approved by the Board of Management on 20 March 2020.



Ngo Hong Nguyen
Preparer



Nguyen Thi Phuc Long
Chief Accountant




Le Chi Trung
General Director