



**VIETNAM MACHINERY INSTALLATION  
CORPORATION - JSC**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**



**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC**

No. 124 Minh Khai Street, Hai Ba Trung District,  
Hanoi, S.R. Vietnam

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## **STATEMENT OF THE BOARD OF MANAGEMENT**

The Board of Management of Vietnam Machinery Installation Corporation - JSC (the "Corporation") presents this report together with the consolidated financial statements of the Corporation for the year ended 31 December 2019.

### **BOARD OF DIRECTORS AND BOARD OF MANAGEMENT**

The members of the Board of Directors and the Board of Management of the Corporation who held office during the year and to the date of this report are as follows:

#### **Board of Directors**

Mr. Nguyen Dinh Hai	Chairman
Mr. Le Van Tuan	Member
Mr. Nguyen Van Hung	Member
Mr. Bui Duc Kien	Member
Mr. Nguyen Huu Thanh	Member

#### **Board of Management**

Mr. Le Van Tuan	Chief Executive Officer
Mr. Tran Dinh Dai	Deputy Chief Executive Officer
Mr. Le Quoc An	Deputy Chief Executive Officer
Mr. Nguyen Van Hung	Deputy Chief Executive Officer
Mr. Nguyen Manh Dung	Deputy Chief Executive Officer
Mr. Nguyen Huu Thanh	Deputy Chief Executive Officer (appointed on 01 February 2019)
Mr. Bui Duc Kien	Chief Accountant

### **BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY**

The Board of Management of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.



**STATEMENT OF THE BOARD OF MANAGEMENT (Continued)**

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. The Board of Management is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Corporation has complied with the above requirements in preparing these consolidated financial statements.

**Approval for consolidated financial statements**

We, the Board of Directors of Vietnam Machinery Installation Corporation – JSC, approved the consolidated financial statements for the year ended 31 December 2019 of the Corporation.

For the Board of Directors,

For and on behalf of the Board of Management,



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**Nguyen Dinh Hai**  
Chairman

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**Le Van Tuan**  
Chief Executive Officer

**Vietnam Machinery Installation Corporation - JSC**

**Vietnam Machinery Installation Corporation - JSC**

08 April 2020

08 April 2020

No.: 1021 /VN1A-HN-BC

## INDEPENDENT AUDITORS' REPORT

**To:**                   **The Shareholders**  
                          **The Board of Directors and Board of Management of**  
                          **Vietnam Machinery Installation Corporation – JSC**

We have audited the accompanying consolidated financial statements of Vietnam Machinery Installation Corporation - JSC (the "Corporation"), prepared on 08 April 2020, as set out from page 05 to page 52, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Board of Management's Responsibility for the Consolidated Financial Statements**

The Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting and for such internal control as the Board of Management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 consolidated financial statements.

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

### **Basis for Qualified Opinion**

The Corporation's consolidated financial statements for the year ended 31 December 2018 included the unaudited financial statements of Lisemco Joint Stock Company ("Lisemco" – formerly a subsidiary of the Corporation), which caused us to express a qualified audit opinion on the consolidated financial statements of the previous year. For the year ended 31 December 2019, the Corporation's consolidated financial income included approximately VND 209 billion as interest from divestment of Lisemco, which was calculated based on the unaudited financial statements of Lisemco for the year ended 31 December 2018. In addition, the Corporation's consolidated financial statements for the year ended 31 December 2019 did not include operating results of Lisemco from 01 January 2019 to 26 February 2019 (the day that the Corporation divested all capital at Lisemco). We have not collected audited financial information and financial statements of Lisemco for the aforementioned operating period and financial year, nor fully perform other necessary alternative procedures. Accordingly, we were unable to determine whether adjustment might have been necessary in respect of these figures in the consolidated financial statements for the year ended 31 December 2019 of the Corporation.

## INDEPENDENT AUDITORS' REPORT (Continued)

### Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

### Emphasis of Matters

We draw readers' attention to the following matters:

- As stated in Note 02 of the Notes to the consolidated financial statements, the Corporation's consolidated financial statements for the year ended 31 December 2019 included adjustments according to the conclusion of the State Audit dated 07 March 2019 on the settlement of the state capital portion at the time of official transformation into a joint stock company. As of the issue date of this report, the work related to equitization settlement is being carried out and the Corporation has not received any decision of competent authorities on approval for the equitization finalization at the date of official transformation into a joint stock company.
- As stated in Note 04 of the Notes to the consolidated financial statements, the Board of Management decided to retrospectively adjust some figures of the prior year in the consolidated financial statements for the year ended 31 December 2019 according to the State Audit report for the year ended 31 December 2018 at the Corporation and its subsidiaries

Our qualified opinion is not modified in respect of these matters.



**Trần Xuân Anh**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0723-2018-001-1



**Vu Manh Hung**  
**Auditor**  
Audit Practising Registration Certificate  
No. 2737-2018-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

08 April 2020  
Hanoi, S.R. Vietnam

## CONSOLIDATED BALANCE SHEET

As at 31 December 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance (Restated)
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>7,049,138,362,236</b>	<b>11,180,350,971,263</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>1,079,229,768,393</b>	<b>2,116,695,471,604</b>
1. Cash	111		661,477,751,770	959,776,245,989
2. Cash equivalents	112		417,752,016,623	1,156,919,225,615
<b>II. Short-term financial investments</b>	<b>120</b>		<b>14,973,000,000</b>	<b>186,705,739,170</b>
1. Held-to-maturity investments	123	6	14,973,000,000	186,705,739,170
<b>III. Short-term receivables</b>	<b>130</b>		<b>4,700,862,945,654</b>	<b>5,583,235,853,033</b>
1. Short-term trade receivables	131	7	4,032,141,838,012	4,149,983,741,495
2. Short-term advances to suppliers	132	8	893,479,145,797	1,228,100,604,371
3. Short-term loan receivables	135	9	377,105,669,770	170,644,551,488
4. Other short-term receivables	136	10	564,374,282,182	707,679,889,029
5. Provision for short-term doubtful debts	137	11	(1,166,237,990,107)	(673,172,933,350)
<b>IV. Inventories</b>	<b>140</b>	<b>12</b>	<b>1,126,330,178,774</b>	<b>3,204,693,213,503</b>
1. Inventories	141		1,126,330,178,774	3,207,065,971,787
2. Provision for devaluation of inventories	149		-	(2,372,758,284)
<b>V. Other short-term assets</b>	<b>150</b>		<b>127,742,469,415</b>	<b>89,020,693,953</b>
1. Short-term prepayments	151	13	5,636,181,051	11,270,094,673
2. Value added tax deductibles	152		86,349,575,355	30,450,114,171
3. Taxes and other receivables from the State budget	153	20	35,756,713,009	47,300,485,109

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance (Restated)
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,126,277,779,658</b>	<b>1,871,258,150,387</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>9,585,300,000</b>	<b>23,601,442,532</b>
1. Other long-term receivables	216	10	9,585,300,000	23,601,442,532
<b>II. Fixed assets</b>	<b>220</b>		<b>231,935,272,193</b>	<b>1,029,847,383,265</b>
1. Tangible fixed assets	221	14	188,099,836,019	816,704,109,639
- Cost	222		768,488,102,103	2,607,825,774,872
- Accumulated depreciation	223		(580,388,266,084)	(1,791,121,665,233)
2. Finance lease assets	224	15	26,615,841,745	187,602,088,549
- Cost	225		36,265,392,728	267,756,276,278
- Accumulated depreciation	226		(9,649,550,983)	(80,154,187,729)
3. Intangible assets	227	16	17,219,594,429	25,541,185,077
- Cost	228		18,370,095,231	29,478,446,651
- Accumulated amortisation	229		(1,150,500,802)	(3,937,261,574)
<b>III. Investment property</b>	<b>230</b>	<b>17</b>	<b>24,646,115,682</b>	<b>96,506,802,298</b>
- Cost	231		57,127,963,520	167,688,747,883
- Accumulated depreciation	232		(32,481,847,838)	(71,181,945,585)
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>42,410,133,164</b>	<b>53,582,429,021</b>
1. Construction in progress	242	18	42,410,133,164	53,582,429,021
<b>V. Long-term financial investments</b>	<b>250</b>	<b>6</b>	<b>625,238,443,343</b>	<b>466,847,321,042</b>
1. Investments in associates	252		482,338,197,081	253,688,491,760
2. Equity investments in other entities	253		162,410,715,985	251,237,865,985
3. Provision for impairment of long-term financial investments	254		(19,830,469,723)	(38,099,036,703)
4. Held-to-maturity investments	255		320,000,000	20,000,000
<b>VI. Other long-term assets</b>	<b>260</b>		<b>192,462,515,276</b>	<b>200,872,772,229</b>
1. Long-term prepayments	261	13	183,949,487,629	171,476,359,802
2. Deferred tax assets	262		8,284,339,188	-
3. Goodwill	269		228,688,459	29,396,412,427
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>8,175,416,141,894</b>	<b>13,051,609,121,650</b>

The accompanying notes are an integral part of these consolidated financial statements



**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance (Restated)
<b>C. LIABILITIES</b>	<b>300</b>		<b>7,044,142,613,118</b>	<b>11,457,228,033,800</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>7,017,593,278,240</b>	<b>10,775,282,767,207</b>
1. Short-term trade payables	311	19	3,927,857,773,883	4,270,152,163,036
2. Short-term advances from customers	312	21	530,768,728,222	1,089,090,978,451
3. Taxes and amounts payable to the State budget	313	20	16,484,997,034	132,544,001,380
4. Payables to employees	314		107,515,020,621	279,789,938,528
5. Short-term accrued expenses	315	22	949,936,030,476	1,082,353,476,790
6. Short-term unearned revenue	318	23	1,956,363,466	4,838,722,838
7. Other current payables	319	24	111,418,112,299	463,760,433,441
8. Short-term loans and obligations under finance leases	320	25	1,303,896,127,648	3,328,564,942,901
9. Short-term provisions	321		6,387,782,770	51,342,705,014
10. Bonus and welfare funds	322		61,372,341,821	72,845,404,828
<b>II. Long-term liabilities</b>	<b>330</b>		<b>26,549,334,878</b>	<b>681,945,266,593</b>
1. Long-term trade payables	331		-	4,815,505,839
2. Long-term advances from customers	332		-	42,406,226,726
3. Long-term accrued expenses	333		1,588,264,113	2,859,986,514
4. Long-term unearned revenue	336	23	16,884,282,804	87,204,078,599
5. Other long-term payables	337	24	918,582,854	4,221,309,258
6. Long-term loans and obligations under finance leases	338	26	7,158,205,107	453,843,756,590
7. Deferred tax liabilities	341		-	62,670,811,717
8. Long-term provisions	342		-	23,923,591,350

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance (Restated)
<b>D. EQUITY</b>	<b>400</b>		<b>1,131,273,528,776</b>	<b>1,594,381,087,850</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>27</b>	<b>1,128,512,181,216</b>	<b>1,589,603,372,656</b>
1. Owners' contributed capital	411		797,261,040,000	797,261,040,000
- Ordinary shares carrying voting rights	411a		797,261,040,000	797,261,040,000
2. Other owners' capital	414		1,694,624,230	17,482,549,230
3. Assets revaluation reserve	416		(32,374,321,082)	(51,524,755,076)
4. Foreign exchange reserve	417		(5,099,198,308)	(5,981,346,488)
5. Investment and development fund	418		61,017,446,779	225,443,121,033
6. Other reserves	420		18,290,851	7,611,007,477
7. Retained earnings	421		237,458,959,757	166,250,209,736
- Retained earnings accumulated to the prior year end	421a		321,853,111,747	329,367,623,782
- (Losses) of the current year	421b		(84,394,151,990)	(163,117,414,046)
8. Non-controlling interests	429		68,535,338,989	433,061,546,744
<b>II. Other resources and funds</b>	<b>430</b>		<b>2,761,347,560</b>	<b>4,777,715,194</b>
1. Subsidised funds	431		2,761,347,560	3,997,293,560
2. Funds for fixed assets acquisition	432		-	780,421,634
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>8,175,416,141,894</b>	<b>13,051,609,121,650</b>



To Phi Son  
Preparer



Bui Duc Kien  
Chief Accountant



Le Van Tuan  
Chief Executive Officer


08 April 2020

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year (Restated)
1. Gross revenue from goods sold and services rendered	01	30	7,041,806,938,252	13,412,373,697,414
2. Net revenue from goods sold and services rendered (10=01)	10	30	7,041,806,938,252	13,412,373,697,414
3. Cost of sales	11	31	6,629,783,808,060	12,731,248,711,504
4. Gross profit from goods sold and services rendered (20=10-11)	20		412,023,130,192	681,124,985,910
5. Financial income	21	33	485,010,835,137	176,334,416,842
6. Financial expenses	22	34	356,357,701,252	394,043,246,516
- In which: Interest expense	23		176,676,585,861	341,262,075,718
7. Share of net losses from associates	24		(8,514,623,439)	(13,062,450,834)
8. Selling expenses	25	35	687,479,049	1,678,015,628
9. General and administration expenses	26	35	705,623,405,525	601,531,737,242
10. Operating (loss) (30=20+(21-22)+24-(25+26))	30		(174,149,243,936)	(152,856,047,468)
11. Other income	31		44,399,658,663	37,866,539,207
12. Other expenses	32		4,030,010,773	27,437,054,617
13. Profit from other activities (40=31-32)	40		40,369,647,890	10,429,484,590
14. Accounting loss before tax (50=30+40)	50		(133,779,596,046)	(142,426,562,878)
15. Current corporate income tax expense	51	36	24,568,689,381	38,398,962,468
16. Deferred corporate tax (income)/expense	52	36	(72,197,438,522)	1,146,920,666
17. Net (loss) after corporate income tax (60=50-51-52)	60		(86,150,846,905)	(181,972,446,012)
Losses after tax attributable to Holding Company	61		(84,394,151,990)	(163,117,414,046)
Losses after tax attributable to non-controlling shareholders	62		(1,756,694,915)	(18,855,031,966)
18. Basic (losses) per share	70	37	(2,219)	(2,222)


To Phi Son  
Preparer

Bui Duc Kien  
Chief AccountantLe Van Tuan  
Chief Executive Officer

08 April 2020

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED CASH FLOW STATEMENT**For the year ended 31 December 2019  
(Indirect method)

Unit: VND

ITEMS	Codes	Current year	Prior year (Restated)
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Losses before tax</b>	<b>01</b>	<b>(133,779,596,046)</b>	<b>(142,426,562,878)</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation of fixed assets, investment properties and allocation of goodwill	02	98,946,198,852	209,626,036,618
Provisions	03	659,745,165,102	385,344,357,814
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(1,309,839,930)	1,506,720,042
Gain from investing activities	05	(449,291,333,679)	(113,287,062,592)
Interest expense	06	176,676,585,861	341,262,075,718
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>350,987,180,160</b>	<b>682,025,564,722</b>
Change in receivables	09	(1,459,391,073,768)	(1,158,029,111,898)
Change in inventories	10	(683,842,538,526)	129,682,230,354
Change in payables (excluding accrued loan interest and corporate income tax payable)	11	859,632,890,732	175,833,304,532
Change in prepaid expenses	12	(6,839,214,205)	191,885,810
Interest paid	14	(194,015,803,587)	(383,479,694,511)
Corporate income tax paid	15	(22,013,373,687)	(43,049,032,441)
Other cash outflows	17	(5,896,344,683)	(13,857,624,917)
<b>Net cash used in operating activities</b>	<b>20</b>	<b>(1,161,378,277,564)</b>	<b>(610,682,478,349)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(28,797,599,819)	(19,343,579,745)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	482,435,410	11,413,402,182
3. Cash outflow for lending, buying debt instruments of other entities	23	(38,854,753,574)	(68,627,713,042)
4. Cash recovered from lending, selling debt instruments of other entities	24	52,270,000,000	67,350,313,989
5. Cash recovered from investments in other entities	26	206,724,224,453	162,425,584,801
6. Interest earned, dividends and profits received	27	35,432,592,822	29,014,183,793
<b>Net cash generated by investing activities</b>	<b>30</b>	<b>227,256,899,292</b>	<b>182,232,191,978</b>

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED CASH FLOW STATEMENT (Continued)**For the year ended 31 December 2019  
(Indirect method)

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from share issue and owners' contributed capital	31	-	441,090,000
2. Proceeds from borrowings	33	4,160,108,173,845	5,339,041,452,624
3. Repayment of borrowings	34	(4,196,644,671,915)	(5,479,183,594,096)
4. Repayment of obligations under finance leases	35	(28,771,502,789)	(56,666,253,001)
5. Dividends and profits paid	36	(38,143,917,165)	(58,300,593,845)
<b>Net cash used in financing activities</b>	<b>40</b>	<b>(103,451,918,024)</b>	<b>(254,667,898,318)</b>
<b>Net decreases in cash (50=20+30+40)</b>	<b>50</b>	<b>(1,037,573,296,296)</b>	<b>(683,118,184,689)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>2,116,695,471,604</b>	<b>2,803,208,657,590</b>
Effects of changes in foreign exchange rates	61	107,593,085	(3,395,001,297)
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>1,079,229,768,393</b>	<b>2,116,695,471,604</b>


To Phi Son  
Preparer

Bui Duc Kien  
Chief AccountantLe Van Tuan  
Chief Executive Officer

08 April 2020

The accompanying notes are an integral part of these consolidated financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**1. GENERAL INFORMATION****Structure of ownership**

Vietnam Machinery Installation Corporation – JSC (the “Corporation”) was incorporated under the equitization from Vietnam Machinery Installation Corporation – Co., Ltd under the Prime Minister's Decision No. 1036/QĐ-TTg dated 10 July 2015 approving the equitization plan of Vietnam Machinery Installation Corporation.

Vietnam Machinery Installation Corporation – Co., Ltd as a State-owned enterprise directly under management of the Ministry of Construction, was incorporated under Decision No. 999/BXD - TCLD dated 01 December 1995 of the Minister of Construction and operates under the corporation model in accordance with Enterprise Registration Certificate No. 0100106313 first registered on 01 September 2010.

Under the second amended Enterprise Registration Certificate dated 06 April 2016 issued by Hanoi Authority for Planning and Investment, Vietnam Machinery Installation Corporation – Co., Ltd was officially transformed into a joint stock company named Vietnam Machinery Installation Corporation – JSC with the charter capital of VND 797,261,040,000.

The Corporation's shares have been transacted on Hanoi Stock Exchange's Unlisted Public Company Market (UPCOM) with the symbol of LLM since 16 August 2017.

The head office of the Corporation is located at No. 124 Minh Khai Street, Hai Ba Trung District, Hanoi.

The number of employees of the Corporation and its subsidiaries as at 31 December 2019 was 3,212 (as at 31 December 2018:10,668).

**Operating industry and principal activities**

- Production, business and construction according to the State's plannings and plans for construction development, including the domains of construction and installation of machinery and equipment;
- Acting as EPC general contractor in building civil, industrial, transportation, irrigation, post office, urban and industrial zone infrastructure constructions, line constructions for transformer stations;
- Housing business development, construction consultancy, production and business of building materials;
- Investment and construction of works including: industrial (hydropower, thermal power, cement, petrochemical, paper and steel), civil, transportation, irrigation, water supply and drainage and urban technical infrastructure works;
- Trading in real estate, tourism, travel, hotels, restaurants and amusement parks; transportation of cargo and super-heavy equipment, leasing of construction equipment;
- Construction consultancy, general contractor of all or part of investments projects in industry, civil and technical infrastructure works such as: project formulation, designing (only within the field of registered industry) and set up total cost estimate, supervision consultancy, project management, supply of technology and automatic control equipment;
- Designing, manufacturing equipment and processing steel structures for industrial and civil projects;

- Building and repairing ships and boats for river and sea transportation;
- Inspection, testing, adjustment of electrical equipment, automatic control systems, thermal systems for technological lines, monitoring and quality control of welds and mechanical characteristics of materials;
- Training of technical workers in the professions to serve the Corporation's production and social needs, provision of advanced training and certification to welders; training and implementation of export of Vietnamese labor (within and outside the Corporation) to work abroad for a certain period of time;
- Translation of specialized standards and materials in the field of manufacturing and installation of equipment and new technological lines;
- Business, export of materials, machinery, equipment, spare parts, production materials, consumption materials, raw materials for production, consumption, auto-technological lines, consumer goods, motor vehicle, acting as agents for domestic and foreign manufacturers of goods for production and consumption in compliance with laws.

The Corporation's principal activities are to execute and build construction works.

**Normal production and business cycle**

The Corporation's normal production and business cycle is carried out for a time period of 12 months or less, except some specific works of construction and real estate investment with a time period of more than 12 months.

**Characteristics of the business activities of the Corporation in the fiscal year which have impact on the consolidated financial statements**

During the year, the Corporation divested a number of subsidiaries and associates. Details are as follows:

*Divestment in subsidiaries during the year:*

- On 26 February 2019, the Corporation transferred 13,005,032 shares of Lisemco Joint Stock Company, equivalent to 79.98% of the charter capital through auction, the transferred value is VND 134,602,081,200. Gain from transfer transaction has been recognized in the consolidated income statement.
- On 23 May 2019, the Corporation transferred 1,488,600 shares of Lilama 10 Joint Stock Company, equivalent to 15.05% of the charter capital through auction, the transferred value is VND 61,747,128,000. Gain from transfer transaction has been recognized in the consolidated income statement. The Corporation's proportion of ownership interest in Lilama 10 Joint Stock Company after transferring decreased from 51.05% to 36%. As at 31 December 2019, Lilama 10 Joint Stock Company was the associate of the Corporation.
- On 23 May 2019, the Corporation transferred 1,408,730 shares of Lilama 18 Joint Stock Company, equivalent to 15% of the charter capital through auction, the transferred value is VND 59,659,715,500. Gain from transfer transaction has been recognized in the consolidated income statement. The Corporation's proportion of ownership interest in Lilama 18 Joint Stock Company after transferring decreased from 51% to 36%. As at 31 December 2019, Lilama 18 Joint Stock Company was the associate of the Corporation.
- On 23 May 2019, the Corporation transferred 750,000 shares of Lilama 69.1 Joint Stock Company, equivalent to 9.9% of the charter capital through auction, the transferred value is VND 23,850,000,000. Gain from transfer transaction has been recognized in the consolidated income statement. The Corporation's proportion of ownership interest in Lilama 69.1 Joint Stock Company after transferring decreased from 51% to 41.1%. As at 31 December 2019, Lilama 69.1 Joint Stock Company was the associate of the Corporation.

- On 23 May 2019, the Corporation transferred 2,518,454 shares of Lilama 69.3 Joint Stock Company, equivalent to 30.42% of the charter capital through auction, the transferred value is VND 49,502,731,824. Gain from transfer transaction has been recognized in the consolidated income statement. The Corporation's proportion of ownership interest in Lilama 69.3 Joint Stock Company after transferring decreased from 66.42% to 36%. As at 31 December 2019, Lilama 69.3 Joint Stock Company was the associate of the Corporation.

*Divestment in associates during the year:*

- On 25 January 2019, the Corporation transferred all capital contributed at CIMAS Engineering Company Limited, equivalent to 33% of the charter capital under an agreement, the transferred value is VND 29,193,096,900. Gain from transfer transaction has been recognized in the consolidated income statement. As at 31 December 2019, Cimas Engineering Company Limited was no longer an associate of the Corporation.
- On 14 February 2019, the Corporation transferred all 3,730,515 shares of Lilama 69.2 Joint Stock Company, equivalent to 44.96% of the charter capital through auction, the transferred value is VND 51,919,158,500. Gain from transfer transaction has been recognized in the consolidated income statement. As at 31 December 2019, Lilama 69.2 Joint Stock Company was no longer an associate of the Corporation.

**The Corporation's structure**

As at 31 December 2019, the Corporation had 5 subsidiaries and 11 associates. Summary of the Corporation's subsidiaries and associates as at 31 December 2019 is as follows:

No.	Name	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Main activities
<b>Subsidiary</b>					
1	Lilama South East Asia SDN BHD Co., Ltd	Brunei	99.51%	100.00%	Construction and installation
2	Lilama 5 Joint Stock Company	Thanh Hoa	51.00%	51.00%	Construction and installation
3	Lilama 7 Joint Stock Company	Da Nang	51.00%	51.00%	Construction and installation
4	Lilama Erection Mechanical Joint Stock Company	Ninh Binh	51.00%	51.00%	Construction and installation
5	LHT International Consulting Joint Stock Company	Hanoi	60.00%	60.00%	Industrial factory design consulting
<b>Associate</b>					
6	Lilama 10 Joint Stock Company	Hanoi	36.00%	36.00%	Construction and installation
7	Lilama 18 Joint Stock Company	Ho Chi Minh City	36.00%	36.00%	Construction and installation
8	Lilama 69.1 Joint Stock Company	Bac Ninh	41.10%	41.10%	Construction and installation
9	Lilama 69.3 Joint Stock Company	Hai Duong	36.00%	36.00%	Construction and installation
10	Lilama Engineering Construction and Technology Joint Stock Company	Hanoi	45.45%	45.45%	Design consulting
11	Lilama 45.3 Joint Stock Company	Quang Ngai	40.83%	40.83%	Construction and installation
12	Erection Electromechanics Testing Joint Stock Company	Hanoi	36.18%	36.18%	Technological line testing
13	Lilama 45.1 Joint Stock Company	Ho Chi Minh City	36.00%	36.00%	Construction and installation
14	Lilama 45.4 Joint Stock Company	Dong Nai	35.06%	35.06%	Construction and installation
15	Lilama Construction Investment Joint Stock Company	Hanoi	30.96%	27.72%	Construction and real estate business
16	Lilama Land Joint Stock Company	Hanoi	27.93%	27.93%	Real estate business



### Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2018.

Some figures of the consolidated financial statements for the year ended 31 December 2018 have been retrospectively adjusted as stated in Note 4.

## 2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

### Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

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

### Basis for conversion financial statements of subsidiaries

Lilama South East Asia SDN BHD Co., Ltd. – a subsidiary of the Corporation uses Brunei Dollar (BND) as presenting currency. For the purpose of preparing the consolidated financial statements for the year ended 31 December 2019 of the Corporation in accordance with the Vietnamese laws, the Corporation has converted the financial statements of Lilama South East Asia SDN BHD Co., Ltd. for the year ended 31 December 2019 prepared in Brunei Dollar (BND) to Vietnam Dong (VND) based on the following principles:

- Assets and liabilities are translated into Vietnam Dong at the actual closing rate, i.e. the transfer rate of the commercial bank where the enterprise regularly has transactions at the reporting date;
- Owner's contributed capital is translated into Vietnam Dong at the actual transaction rates at the capital contribution dates;
- Retained earnings arising after the investment date are translated into Vietnam Dong based on the income statement items;
- Items of the income statement and the cash flow statement are translated into Vietnam Dong at the actual transaction rates at the dates of the transactions. If the average exchange rate of the accounting period is approximately equal to the actual exchange rates at the dates of the transactions (with the difference of no more than 3%), the average exchange rate may be applied.

Exchange differences arising on the conversion of the financial statements prepared in foreign currency into Vietnam Dong are presented in the "Foreign exchange reserve" line item with the code 417 under the "Equity" section in the consolidated balance sheet.

### Equitization finalization

The consolidated financial statements for the year ended 31 December 2019 of the Corporation included adjustments according to the conclusion of the State Audit dated 07 March 2019 on the settlement of the state capital portion at the time of official transformation into a joint stock company. As of the issue date of this report, the work related to equitization settlement is being carried out and the Corporation has not received any decision of competent authorities on approval for the equitization finalization at the date of official transformation into a joint stock company.

**Financial year**

The Corporation's financial year begins on 01 January and ends on 31 December.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Corporation in the preparation of these consolidated financial statements, are as follows:

**Estimates**

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting 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 consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates.

**Basis of consolidation**

The consolidated financial statements incorporate the separate financial statements of the Corporation and the financial statements of its subsidiaries up to 31 December each year. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Corporation.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The effects of changes in proportion of ownership interest in subsidiaries without loss of control are recorded in the retained earnings.

In case the Corporation divests a part of its capital in subsidiaries and after the divestment, the Corporation loses control and the subsidiary becomes an associate of the Corporation, the investment in associates is presented under the equity method. Results from divestment are recorded in the consolidated statement of income.

The profit and loss upon divestment in a subsidiary is determined as the difference between the amount of the parent company gaining from the divestment minus (-) the net assets of the subsidiary transferred to other parties by the parent company and amount of goodwill which has not been amortized until the time the parent company divests.

**Business combinations**

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.



The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

#### **Investments in associates**

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

#### **Goodwill**

Goodwill represents the excess of the cost of acquisition over the Corporation's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is amortised on the straight-line basis over its estimated period of benefit of 10 years.

Goodwill arising on the acquisition of associates and jointly controlled entities is included in the carrying amount of the associates and jointly controlled entities. Goodwill arising on the acquisition of subsidiaries is presented separately as an asset in the consolidated balance sheet.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

#### **Gain on bargain purchase**

Gain on bargain purchase is the difference between the cost of an investment in a subsidiary less than its holding in the net fair value of assets of a subsidiary at the acquisition date. Gain on bargain purchase is immediately recognised in the consolidated income statement at the acquisition date.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **Financial investments**

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

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity including term deposits at banks (including commercial bills, promissory notes, bonds).

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis.

***Equity investments in other entities***

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Corporation has no control, joint control, or significant influence.

Equity investments in other entities are carried at revaluated amount at the official transformation date less provision for impairment.

**Receivables**

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

**Loan receivables**

Loan receivables are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to the Corporation's loan receivables is made in accordance with prevailing accounting regulations.

**Inventories**

Inventories are stated at cost. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories are recorded using the perpetual inventory method.

Work in progress at the end of the year includes direct material costs, direct labor costs, construction machine expenses, overheads collected and allocated to construction works, services, survey and design which are not completed at the end of the year or have been completed but have not been accepted and taken over by customers. Work in progress is determined or valued based on unfinished work volume at the end of the year.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State's regulations on investment and construction management, directly-related expenses and registration fee (if any). In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognised at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	04 - 40
Machinery and equipment	03 - 15
Motor vehicles and transmission equipment	03 - 20
Management tools and equipment	03 - 08
Others	03 - 10

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the consolidated income statement.

Tangible fixed assets of the Corporation are revalued when wholly State-owned enterprises are equitised. The cost and accumulated depreciation of tangible fixed assets are adjusted based on the revaluation value approved by competent authorities as regulated.

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Corporation at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Corporation's general policy on borrowing costs (see below).

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives, as follows:

	<u>Years</u>
Motor vehicles	03 - 10
Machinery and equipment	20

**Intangible assets and amortisation**

Intangible assets represent land use rights, computer software, copyright and patent that are stated at cost less accumulated amortisation.

Cost of land use rights includes total actual cost that the Corporation has spent to obtain the land use right certificate. Indefinite land use rights are not amortized.

Computer software, copyright and patent are initially recorded at purchase price and amortised using the straight-line method from 03 years to 05 years.

Intangible assets are revalued when wholly state-owned enterprises are equitised. The cost and accumulated amortisation of intangible assets are adjusted based on the revaluated amount approved by competent authorities as regulated.

### **Investment properties**

Investment properties are composed of buildings and structures held by the Corporation to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation while investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives from 15 years to 25 years.

### **Construction in progress**

Properties in the course of construction for production, rental and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, other directly attributable costs in accordance with the Corporation's accounting policy. Such costs will be included in the costs of the fixed assets when they are put into use.

According to the State's regulations on investment and construction management, the settled costs of completed construction projects are subject to approval by appropriate level of competent authorities. The final costs of these completed construction projects may vary depending on the final approval by competent authorities.

### **Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments include prepaid land rentals and other types of prepayments. Land rentals represent rentals that have been paid in advance. Other types of prepayments comprise costs of small tools, supplies and spare parts issued for consumption, software copyright overhauling expenses of fixed assets, camp costs and other prepayments. In addition, the Corporation also records trademark value under enterprise valuation minutes dated 30 June 2014 approved by competent authorities.

Prepaid land rentals are allocated to the consolidated income statement using the straight-line method based on lease term. Other expenditures that are evaluated to bring future economic benefits are capitalized as prepayments and allocated into the consolidated income statement under the straight-line method in accordance with prevailing accounting regulations. The trademark value is allocated into the consolidated income statement within 05 years since the date of official transformation into a joint stock company.

### **Payable provisions**

Payable provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

### **Accrued expenses**

Accrued expenses are recognized based on reasonable estimates of the amount payable for goods and services utilized in the year.

Accrued expenses include interest expenses, expenses for construction and installation works and other payables.

Interest expenses are estimated based on the amount of loans, the term and the real interest rate from time to time.

Accrued expenses for construction and installation works are costs accrued in accordance with construction contract revenue which is recognized on the basis of the final acceptance report between the Corporation and the investor and between the Corporation and the subcontractors.

**Revenue recognition**

*Revenue from the sale of goods*

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

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

*Revenue from rendering of services*

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

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

Revenue from construction contracts is recognised in accordance with the Corporation's accounting policy on construction contracts (see below).

Interest from investments is recognised when the Corporation's right to receive payment has been established.

**Construction contracts**

Where the outcome of a construction contract can be estimated reliably and agreed by customers, revenue and costs are recognised by reference to the stage of completion of the contract activity agreed by customers in the year.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable of recovery.

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### Unearned revenue

Unearned revenue mainly reflects amounts received in advance under real estate lease contracts between the Corporation and customers for future lease periods. In addition, the Corporation also recognized unearned revenue for invoices which have been issued but all the obligations thereto according to the contracts have not yet been fulfilled.

### Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

For the purpose of consolidating financial statements, assets and liabilities related to the operations of overseas subsidiaries are converted into the reporting currency at the exchange rate at the balance sheet date. Income and expenses are converted at the average exchange rate of the reporting period unless the exchange rate is highly volatile during the period, in which case the exchange rate will be applied at the date of the transaction. Foreign exchange differences, if any, will be classified into equity and recorded in the item "Foreign exchange differences". Foreign exchange differences are recognized in the income statement of the period when foreign operation of subsidiaries is terminated.

### Borrowing costs

Borrowing costs are recognised in the consolidated income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.



The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

**4. RETROSPECTIVE ADJUSTMENT OF SOME FIGURES OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

According to Audit report No.584/KTNN-TH dated 06 December 2019 of State Audit about auditing results at Vietnam Machinery Installation Corporation - JSC and its subsidiaries for the year ended 31 December 2018, the Corporation's Board of Management decided to make a retrospective adjustment of some figures of the consolidated financial statements for the year ended 31 December 2018. Details are as follows:

**Consolidated balance sheet as at 31 December 2018:**

Items	Codes	Before adjustment	Retrospectively adjustment	Restated
Held-to-maturity investments	123	186,596,863,025	108,876,145	186,705,739,170
Short-term trade receivables	131	4,150,151,699,273	(167,957,778)	4,149,983,741,495
Other short-term receivables	136	506,750,671,363	200,929,217,666	707,679,889,029
Inventories	141	3,562,078,426,857	(355,012,455,070)	3,207,065,971,787
Short-term prepayments	151	10,845,094,673	425,000,000	11,270,094,673
Long-term prepayments	261	170,761,303,245	715,056,557	171,476,359,802
Short-term advances from customers	312	1,296,752,379,242	(207,661,400,791)	1,089,090,978,451
Taxes and amounts payable to the State budget	313	105,273,210,273	27,270,791,107	132,544,001,380
Other current payables	319	446,369,760,449	17,390,672,992	463,760,433,441
Long-term advances from customers	332	40,111,665,935	2,294,560,791	42,406,226,726
Deferred tax liabilities	341	62,781,106,143	(110,294,426)	62,670,811,717
Non-controlling interests	429	432,481,078,488	580,468,256	433,061,546,744
(Losses) of the current year	421b	(170,350,353,637)	7,232,939,591	(163,117,414,046)

**Consolidated income statement as at 31 December 2018:**

Items	Codes	Before adjustment	Retrospectively adjustment	Restated
Gross revenue from goods sold and services rendered	01	13,362,829,440,849	49,544,256,565	13,412,373,697,414
Cost of sales	11	12,688,277,035,593	42,971,675,911	12,731,248,711,504
Financial income	21	176,178,862,200	155,554,642	176,334,416,842
Financial expenses	22	397,429,954,791	(3,386,708,275)	394,043,246,516
- In which: Interest expense	23	344,648,783,993	(3,386,708,275)	341,262,075,718
General and administration expenses	26	601,926,246,342	(394,509,100)	601,531,737,242
Accounting loss before tax	50	(152,935,915,549)	10,509,352,671	(142,426,562,878)
Current corporate income tax expense	51	35,592,723,218	2,806,239,250	38,398,962,468
Deferred corporate tax (income)/expense	52	1,257,215,092	(110,294,426)	1,146,920,666
Losses after tax attributable to Holding Company	61	(170,350,353,637)	7,232,939,591	(163,117,414,046)
Losses after tax attributable to non-controlling shareholders	62	(19,435,500,222)	580,468,256	(18,855,031,966)

*Consolidated cash flow statement as at 31 December 2018:*

Items	Codes	Before adjustment	Retrospectively adjustment	Restated
Losses before tax	01	(152,935,915,549)	10,509,352,671	(142,426,562,878)
Gain from investing activities	05	(113,131,507,950)	(155,554,642)	(113,287,062,592)
Interest expense	06	344,648,783,993	(3,386,708,275)	341,262,075,718
Change in receivables	09	(960,701,238,782)	(197,327,873,116)	(1,158,029,111,898)
Change in inventories	10	(225,330,224,716)	355,012,455,070	129,682,230,354
Change in payables (excluding accrued loan interest and corporate income tax payable)	11	339,344,919,683	(163,511,615,151)	175,833,304,532
Change in prepaid expenses	12	1,331,942,367	(1,140,056,557)	191,885,810

**5. CASH AND CASH EQUIVALENTS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	3,295,503,829	7,738,489,758
Bank demand deposits	658,140,447,941	952,037,756,231
Cash in transit	41,800,000	-
Cash equivalents (i)	417,752,016,623	1,156,919,225,615
	<u><b>1,079,229,768,393</b></u>	<u><b>2,116,695,471,604</b></u>

- (i) Cash equivalents represent term deposits with original terms of less than 3 months at commercial banks.

6. FINANCIAL INVESTMENTS

	Closing balance		Opening balance (Restated)	
	VND Cost	VND Book value	VND Cost	VND Book value
<b>a. Held-to-maturity investments</b>				
<b>a1. Short-term</b>	<b>14,973,000,000</b>	<b>14,973,000,000</b>	<b>186,705,739,170</b>	<b>186,705,739,170</b>
- Time deposits (i)	14,973,000,000	14,973,000,000	186,705,739,170	186,705,739,170
<b>a2. Long-term</b>	<b>320,000,000</b>	<b>320,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>
- Bonds	320,000,000	320,000,000	20,000,000	20,000,000

(i) As at 31 December 2019, short-term held-to-maturity investments represent term deposits with original terms of over 3 months and remaining terms of less than 12 months at commercial joint stock banks.

	Closing balance		Opening balance	
	VND Cost	VND Fair value	VND Cost	VND Fair value
<b>b. Investments in associates</b>				
Lilama 10 Joint Stock Company	52,111,309,091	92,739,241,075	-	-
Lilama 18 Joint Stock Company	86,688,820,750	121,604,141,899	-	-
Lilama 69.1 Joint Stock Company	28,832,055,556	60,983,979,696	-	-
Lilama 69.3 Joint Stock Company	37,785,837,458	44,949,289,666	-	-
Lilama Engineering Construction and Technology Joint Stock Company	1,100,135,974	972,261,447	1,100,135,974	1,009,464,032
Lilama 45.3 Joint Stock Company	7,002,100,000	19,398,863,168	7,002,100,000	19,528,243,032
Erection Electromechanics Testing Joint Stock Company	3,907,800,000	10,278,795,937	3,907,800,000	10,394,102,172
Lilama 45.1 Joint Stock Company	18,908,271,421	15,555,960,661	18,908,271,421	15,561,185,871
Lilama 45.4 Joint Stock Company	5,188,680,200	-	5,188,680,200	-
Lilama Construction Investment Joint Stock Company	86,548,866,279	85,743,171,946	86,548,866,279	93,577,865,857
Lilama Land Joint Stock Company	29,697,241,118	30,112,491,586	29,697,241,118	30,100,802,732
CFMAS Engineering Company Limited	-	-	23,380,334,584	23,425,191,888
Lilama 69.2 Joint Stock Company	-	-	14,629,473,600	48,706,381,190
Lilama 18.1 Joint Stock Company	-	-	10,200,000,000	11,385,254,986
	<b>357,771,117,847</b>	<b>482,338,197,081</b>	<b>200,562,903,176</b>	<b>253,688,491,760</b>

	Closing balance		Opening balance	
	Cost	VND Provision	Cost	VND Provision
<b>c. Equity investments in other entities</b>				
Hua Na HydroPower Joint Stock Company	85,696,088,606	-	85,696,088,606	-
Song Thao Cement Joint Stock Company	35,716,560,384	-	35,716,560,384	-
PetroVietnam Marine Shipyard Joint Stock Company	19,799,036,703	19,799,036,703	37,799,036,703	37,799,036,703
Thang Long Cement Joint Stock Company	16,169,971,505	-	16,169,971,505	-
Lilama Mechanics & Environmental Corporation	2,863,166,195	-	2,863,166,195	-
Phu My Trung Viet Joint Stock Company (Lilama SHB)	2,165,892,592	31,433,020	2,165,892,592	-
Phu Son Cement Joint Stock Company	-	-	70,500,000,000	-
Hung Loi Hydropower Project	-	-	300,000,000	300,000,000
Contributed capital in BOT with Thang Long Construction Joint Stock Corporation	-	-	27,150,000	-
	<b>162,410,715,985</b>	<b>19,830,469,723</b>	<b>251,237,865,985</b>	<b>38,099,036,703</b>

Except for investments in listed companies on Hanoi Stock Exchange (HNX) and Ho Chi Minh Stock Exchange (HOSE) whose fair value is determined at the closing price as at the balance sheet date, the Corporation has not assessed the fair value of the remaining financial investments as at the balance sheet date since there is no comprehensive guidance of relevant prevailing regulations on determination of fair value of these financial statements.

7. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance (Restated)
	VND	VND
Management Board of Song Hau 1 Petroleum Power Project-PVN	2,439,990,381,552	1,636,172,250,267
Thai Binh 2 Thermal Power Plant Project Management Board - PVC	482,107,483,291	398,711,959,245
THYSSENKRUPP INDUSTRIAL SOLUTIONS BRN SDN BHD	239,467,946,932	-
Song Thao Cement Joint Stock Company	103,202,330,026	116,263,060,588
Doosan Heavy Industries Vietnam Co., Ltd.	94,294,959,900	299,610,610,683
Management Board of Long Phu 1 Petroleum Power Project	68,066,520,033	52,785,266,082
Son La Hydropower Plant Project Management Board	16,129,562,000	54,351,065,910
Hoa Phat Dung Quat Steel Joint Stock Company	4,168,670,588	80,144,637,881
Xuan Thanh Cement Joint Stock Company	-	116,810,011,516
Technopromexport Company	-	109,585,422,938
Jurong Engineering Company Limited	-	57,508,589,893
Others	584,713,983,690	1,228,040,866,492
	<b>4,032,141,838,012</b>	<b>4,149,983,741,495</b>
<b>Receivables from related parties (Details presented in Note 39)</b>	<b>46,206,281,517</b>	<b>29,833,655,410</b>

8. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance	Opening balance
	VND	VND
Bach Dang Construction Corporation	453,752,587,741	453,752,587,741
Lisemco Joint Stock Company	60,489,232,148	-
Vung Ang Thermal Power Project Management Board	46,716,011,731	46,716,011,731
Hanoi Lilama Joint Stock Company	35,208,754,102	35,208,754,102
PetroVietnam Construction Joint Stock Corporation	33,768,077,581	85,209,720,635
Minh Anh Construction Joint Stock Company	23,575,090,441	33,747,660,073
HAMON RESEARCH-COTTRELL ITALIA S.P.A	-	160,673,275,607
Van Hoi Phat Trading & Technology Co., Ltd	-	112,607,069,608
Hanoi Construction Corporation - JSC	-	20,677,022,291
Others	239,969,392,053	279,508,502,583
	<b>893,479,145,797</b>	<b>1,228,100,604,371</b>
<b>Advances to related parties (Details presented in Note 39)</b>	<b>66,302,562,333</b>	<b>55,867,167,146</b>

9. SHORT-TERM LOAN RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Lisemco Joint Stock Company	227,646,699,893	-
Lilama 45.1 Joint Stock Company	109,861,383,422	127,425,130,046
Lilama 45.3 Joint Stock Company	25,624,278,455	25,624,278,455
Lilama Investment - Construction Joint Stock Company	-	3,621,834,987
Lilama SHB Investment - Construction Joint Stock Company	13,973,308,000	13,973,308,000
	<b>377,105,669,770</b>	<b>170,644,551,488</b>
<b>Loan receivables from related parties (Details presented in Note 39)</b>	<b>135,485,661,877</b>	<b>156,671,243,488</b>

10. OTHER RECEIVABLES

	Closing balance	Opening balance (Restated)
	VND	VND
<b>a. Current</b>		
Loan and deposit interest receivables	207,318,132,096	71,041,445,461
Receivables for troubleshooting of Vung Ang 1 Thermal Power Plant Project (i)	195,102,922,051	195,102,922,051
Advances to employees	18,067,884,593	60,219,420,909
Receivables for land use right of the 21-floor apartment building	49,891,712,464	49,891,712,464
Short-term mortgages and deposits	1,000,000,000	35,734,358,329
Receivables from equitization	200,000,000	200,000,000
Expenses for compensation for site clearance of Tu Ky Factory Project	-	15,009,785,232
Receivable from the construction team	-	162,379,853,654
Others	92,793,630,978	118,100,390,929
	<b><u>564,374,282,182</u></b>	<b><u>707,679,889,029</u></b>
<b>b. Non-current</b>		
Long-term mortgages and deposits	9,585,300,000	23,601,442,532
	<b><u>9,585,300,000</u></b>	<b><u>23,601,442,532</u></b>
<b>Loan receivables from related parties (Details presented in Note 39)</b>	<b><u>36,643,086,316</u></b>	<b><u>22,485,842,949</u></b>

- (i) Represent the remaining receivables of Rotor troubleshooting of Vung Ang 1 Thermal Power Plant project from the investors who is Vung Ang - Quang Trach Power Project Management Board.

VIETNAM MACHINERY INSTALLATION CORPORATION - JSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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11. BAD DEBTS

	Closing balance			Opening balance		
	VND	VND	VND	VND	VND	VND
	Cost	Recoverable amounts	Provision	Cost	Recoverable amounts	Provision
- Lisemco Joint Stock Company	428,925,437,147	1,081,101,960	427,844,335,187	-	-	-
- Thai Binh 2 Thermal Power Plant Project Management Board	260,392,020,104	-	260,392,020,104	172,218,731,375	105,703,988,860	66,514,742,515
- Lilama 45.1 Joint Stock Company	138,712,723,371	-	138,712,723,371	154,498,890,222	12,883,997,222	141,614,893,000
- Song Thao Cement Joint Stock Company	103,202,330,026	-	103,202,330,026	116,263,060,588	34,878,918,176	81,384,142,412
- Lilama Hanoi Joint Stock Company	87,928,473,803	-	87,928,473,803	87,928,473,803	3,618,301,626	84,310,172,177
- Lilama 45.3 Joint Stock Company	30,284,036,622	-	30,284,036,622	27,898,416,296	1,965,848,845	25,932,567,451
- Lilama SHB Investment - Construction Joint Stock Company	25,085,543,998	-	25,085,543,998	25,085,543,998	1,452,137,215	23,633,406,783
- Hua Na Hydropower Joint Stock Company	20,026,382,739	-	20,026,382,739	-	-	-
- Song Vang Hydropower Joint Stock Company	15,097,651,580	-	15,097,651,580	15,097,651,580	-	15,097,651,580
- Songsan Co., Ltd. - Vinashin	11,323,093,592	-	11,323,093,592	11,323,093,592	-	11,323,093,592
- Technopromexport Company	-	-	-	109,585,422,938	54,792,711,469	54,792,711,469
- Thanh Liem Cement Joint Stock Company	-	-	-	42,208,649,211	29,189,005,862	13,019,643,349
- Soda Chu Lai Production Joint Stock Company	-	-	-	34,369,174,732	24,037,128,951	10,332,045,781
- Kamadhenu Ventures Ltd	-	-	-	28,845,370,306	2,530,017,547	26,315,352,759
- Executive Board of Dong Nai 5 Hydropower Project - Song Da Corporation	-	-	-	13,884,251,578	-	13,884,251,578
- Others	61,391,120,196	15,049,721,111	46,341,399,085	143,927,974,267	38,909,715,363	105,018,258,904
	<b>1,182,368,813,178</b>	<b>16,130,823,071</b>	<b>1,166,237,990,107</b>	<b>983,134,704,486</b>	<b>309,961,771,136</b>	<b>673,172,933,350</b>

As at 31 December 2019, the Corporation made provision for bad debts based on assessing the recoverability of the receivables. The cost is the value of the overdue debt which is determined as a bad debt, the recoverable amount of the bad debts is determined at cost less provision.

12. INVENTORIES

	Closing balance		Opening balance (Restated)	
	Cost	VND	Cost	VND
		Provision		Provision
Goods in transit	-	-	8,890,475,299	-
Raw materials	23,111,467,705	-	103,261,875,092	2,372,758,284
Tools and supplies	1,182,774,367	-	4,559,534,247	-
Work in progress (i)	1,101,729,105,452	-	3,087,914,231,443	-
Finished goods	306,831,250	-	2,439,855,706	-
	<b>1,126,330,178,774</b>	<b>-</b>	<b>3,207,065,971,787</b>	<b>2,372,758,284</b>

(i) Work in progress includes works which are under construction.

As at 31 December 2019, the work in progress by construction work was as follows:

	Closing balance	Opening balance (Restated)
	VND	VND
Song Hau 1 Thermal Power Plant	566,167,406,819	833,407,747,676
A/U Brunei Nitrogen Fertilizer Plant	199,187,192,949	120,097,099,032
Thai Binh 2 Thermal Power Plant	54,825,142,768	77,221,680,639
Long Phu Thermal Power Plant	25,005,891,468	102,321,594,541
Tan Thang Cement Project	23,007,724,550	162,066,549,613
Long Phu Substation Project	17,408,069,859	72,653,083,360
Vung Ang 1 Thermal Power Plant	12,334,628,610	31,915,230,059
Xuan Thanh Cement Project	2,063,489,704	71,169,626,757
Vinh Tan 4 Thermal Power Plant - Extension	-	81,853,825,367
Barh India Thermal Power Plant	-	215,053,416,575
Duyen Hai 3 Thermal Power Plant	-	139,551,319,739
VNT Pulp Factory 19	-	98,331,004,880
Others	201,729,558,725	1,082,272,053,205
	<b>1,101,729,105,452</b>	<b>3,087,914,231,443</b>



13. PREPAYMENTS

	Closing balance	Opening balance (Restated)
	VND	VND
<b>a. Current</b>		
- Tools and supplies issued for consumption	112,471,561	3,081,415,116
- Overhauling expenses of fixed assets	-	3,053,519,315
- Other short-term prepaid expenses	5,523,709,490	5,135,160,242
	<b>5,636,181,051</b>	<b>11,270,094,673</b>
<b>b. Non-current</b>		
- Temporary construction for A/U Brunei Nitrogen Fertilizer Plant	60,145,351,628	-
- Tools and supplies issued for consumption	13,909,981,953	62,464,038,338
- Land rental fee	8,655,280,482	31,187,790,378
- Prepayment for A/U Brunei Nitrogen Fertilizer Plant	67,552,783,262	2,316,002,849
- Long-term prepaid expenses for Long Phu Thermal Power Plant project	6,101,539,619	6,032,437,070
- Long-term prepayment for Song Hau 1 Thermal Power Plant construction	3,420,199,208	8,825,525,291
- Difference from revaluation of the enterprises value	1,314,647,443	2,554,042,243
- Other long-term prepayments	22,849,704,034	58,096,523,633
	<b>183,949,487,629</b>	<b>171,476,359,802</b>

VIETNAM MACHINERY INSTALLATION CORPORATION - JSC  
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14. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Motor vehicles, transmission equipment	Management tool and equipment	Others	Total
	VND	VND	VND	VND	VND	VND
<b>COST</b>						
Opening balance	854,783,428,400	949,381,504,296	715,913,060,342	24,616,016,079	63,131,765,755	2,607,825,774,872
Additions	814,808,160	15,188,514,673	1,491,608,188	2,160,452,359	115,500,000	19,770,883,380
Acquisition of finance lease assets	-	17,845,749,219	5,630,301,815	-	-	23,476,051,034
Disposals	(55,886,691)	(3,993,901,507)	(563,762,786)	(704,312,516)	(104,000,000)	(5,421,863,500)
Decrease due to divestments from subsidiaries	(699,813,589,048)	(749,903,155,637)	(388,265,039,886)	(15,119,390,202)	(24,084,716,702)	(1,877,185,891,475)
Affect of conversion of financial statements	5,972,890	15,429,588	-	1,745,314	-	23,147,792
<b>Closing balance</b>	<b>155,734,733,711</b>	<b>228,534,140,632</b>	<b>334,206,167,673</b>	<b>10,954,511,034</b>	<b>39,058,549,053</b>	<b>768,488,102,103</b>
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	380,624,692,696	725,955,061,101	605,994,129,271	23,022,660,119	55,525,122,046	1,791,121,665,233
Charge for the year	17,999,705,032	29,574,760,157	24,744,291,102	1,085,015,637	1,306,923,201	74,710,695,129
Acquisition of finance lease assets	-	8,681,683,640	3,061,789,540	-	-	11,743,473,180
Disposals	(52,259,519)	(3,989,829,733)	(491,973,270)	(704,312,516)	(104,000,000)	(5,342,375,038)
Decrease due to divestments from subsidiaries	(305,257,139,522)	(612,487,704,207)	(340,843,304,932)	(14,367,183,254)	(18,890,646,257)	(1,291,845,978,172)
Affect of conversion of financial statements	355,629	321,040	-	109,083	-	785,752
<b>Closing balance</b>	<b>93,315,354,316</b>	<b>147,734,291,998</b>	<b>292,464,931,711</b>	<b>9,036,289,069</b>	<b>37,837,398,990</b>	<b>580,388,266,084</b>
<b>NET BOOK VALUE</b>						
Opening balance	474,158,735,704	223,426,443,195	109,918,931,071	1,593,355,960	7,606,643,709	816,704,109,639
Closing balance	62,419,379,395	80,799,848,634	41,741,235,962	1,918,221,965	1,221,150,063	188,099,836,019

As stated in Note 25 and 26, net book value of tangible fixed assets used as mortgage for loans as at 31 December 2019 is VND 81,717,296,625 (as at 31 December 2018: VND 577,141,437,651).

Cost of tangible fixed assets includes VND 235,543,857,648 (as at 31 December 2018: VND 852,828,290,430) of assets which have been fully depreciated but are still in use.

**15. INCREASES, DECREASES IN FINANCE LEASE ASSETS**

	<b>Machinery and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>COST</b>			
<b>Opening balance</b>	<b>213,466,261,282</b>	<b>54,290,014,996</b>	<b>267,756,276,278</b>
Financial lease in the year	7,238,279,000	8,672,063,637	15,910,342,637
Transfer to tangible fixed assets	(17,694,950,219)	(5,619,801,815)	(23,314,752,034)
Decrease due to divestments from subsidiaries	(179,487,590,063)	(44,598,884,090)	(224,086,474,153)
<b>Closing balance</b>	<b>23,522,000,000</b>	<b>12,743,392,728</b>	<b>36,265,392,728</b>
<b>ACCUMULATED DEPRECIATION</b>			
<b>Opening balance</b>	<b>58,855,705,391</b>	<b>21,298,482,338</b>	<b>80,154,187,729</b>
Charge for the year	11,874,723,106	4,617,064,793	16,491,787,899
Transfer to tangible fixed assets	(8,681,683,640)	(3,061,789,540)	(11,743,473,180)
Decrease due to divestments from subsidiaries	(57,834,386,538)	(17,418,564,927)	(75,252,951,465)
<b>Closing balance</b>	<b>4,214,358,319</b>	<b>5,435,192,664</b>	<b>9,649,550,983</b>
<b>NET BOOK VALUE</b>			
<b>Opening balance</b>	<b>154,610,555,891</b>	<b>32,991,532,658</b>	<b>187,602,088,549</b>
<b>Closing balance</b>	<b>19,307,641,681</b>	<b>7,308,200,064</b>	<b>26,615,841,745</b>

16. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Copyright, patent	Total
	VND	VND	VND	VND
<b>COST</b>				
Opening balance	22,415,519,047	5,194,016,784	1,868,910,820	29,478,446,651
Decrease due to divestments from subsidiaries	(6,161,662,000)	(3,077,778,600)	(1,868,910,820)	(11,108,351,420)
<b>Closing balance</b>	<b>16,253,857,047</b>	<b>2,116,238,184</b>	<b>-</b>	<b>18,370,095,231</b>
<b>ACCUMULATED AMORTIZATION</b>				
Opening balance	-	2,174,600,367	1,762,661,207	3,937,261,574
Charge for the year	-	784,491,024	-	784,491,024
Decrease due to divestments from subsidiaries	-	(1,808,590,589)	(1,762,661,207)	(3,571,251,796)
<b>Closing balance</b>	<b>-</b>	<b>1,150,500,802</b>	<b>-</b>	<b>1,150,500,802</b>
<b>NET BOOK VALUE</b>				
Opening balance	22,415,519,047	3,019,416,417	106,249,613	25,541,185,077
<b>Closing balance</b>	<b>16,253,857,047</b>	<b>965,737,382</b>	<b>-</b>	<b>17,219,594,429</b>

As stated in Note 25, the net book value of the intangible assets which are used to secure banking facilities granted to the Corporation is VND 5,656,177,835 as at 31 December 2019 (as at 31 December 2018: VND 5,656,177,835).

17. INCREASES, DECREASES IN INVESTMENT PROPERTIES

	Buildings, structures
	VND
<b>COST</b>	
Opening balance	167,688,747,883
Decrease due to divestments from subsidiaries	(110,560,784,363)
<b>Closing balance</b>	<b>57,127,963,520</b>
<b>ACCUMULATED DEPRECIATION</b>	
Opening balance	71,181,945,585
Charge for the year	4,313,719,523
Decrease due to divestments from subsidiaries	(43,013,817,270)
<b>Closing balance</b>	<b>32,481,847,838</b>
<b>NET BOOK VALUE</b>	
Opening balance	96,506,802,298
<b>Closing balance</b>	<b>24,646,115,682</b>

According to VAS No. 05 - *Investment Properties*, the fair value of investment properties as at 31 December 2019 is required to be disclosed. However, the Corporation could not determine the fair value as at 31 December 2019; therefore, no information about the fair value is disclosed in the Notes to the consolidated financial statements.

18. CONSTRUCTION IN PROGRESS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
High-rise housing and office complex Project in District 9, Ho Chi Minh City	35,579,511,953	35,570,711,953
The Corporation's office building Project at Ring Road 3	4,025,382,349	4,025,382,349
Renovating workshop to transfer welding rod	1,167,547,045	1,167,547,045
Housing Investment Project in Bac Giang Swamp	-	3,727,813,256
Gia Minh - Thuy Nguyen Industrial Zone	-	3,521,805,938
Lilama 69.3 Tu Ky equipment manufacturing factory	-	2,243,489,708
Other constructions	1,637,691,817	3,325,678,772
	<u>42,410,133,164</u>	<u>53,582,429,021</u>

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VIETNAM MACHINERY INSTALLATION CORPORATION - JSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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19. TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
	VND		VND	
Doosan Heavy Industries and Construction Co., Ltd (Song Hau 1 Thermal Power Project)	1,933,239,206,341	1,933,239,206,341	1,926,769,087,016	1,926,769,087,016
Babcock & Wilcox Beijing Co., Ltd.	290,633,660,766	290,633,660,766	290,846,386,686	290,846,386,686
Lilama 18 Joint Stock Company	203,246,488,561	203,246,488,561	-	-
Toshiba Group and Sojitz Corporation Joint Venture	191,760,883,723	191,760,883,723	190,564,768,367	190,564,768,367
National Research Institute of Mechanical Engineering (NARIME)	120,926,636,101	120,926,636,101	62,852,528,667	62,852,528,667
Petroleum Pipeline & Tank Construction Joint Stock Company	101,082,402,954	101,082,402,954	84,096,835,815	84,096,835,815
Others	1,086,968,495,437	1,086,968,495,437	1,715,022,556,485	1,715,022,556,485
	<b>3,927,857,773,883</b>	<b>3,927,857,773,883</b>	<b>4,270,152,163,036</b>	<b>4,270,152,163,036</b>
<b>Trade payables to related parties (Details presented in Note 39)</b>	<b>346,287,799,485</b>	<b>346,287,799,485</b>	<b>24,583,047,012</b>	<b>24,583,047,012</b>

20. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance	Net off with payable amount	Over-paid during the year	Decrease due to divestments from subsidiaries	Closing balance
	VND	VND	VND	VND	VND
<b>a. Receivables</b>					
Output value added tax	5,691,385,491	64,640,997	12,269,611,086	50,647,040	17,845,708,540
Import, export duties	1,743,892,812	13,519,246,339	13,519,246,339	-	1,743,892,812
Corporate income tax	22,293,973,233	14,078,646,027	8,006,965,897	103,115,787	16,119,177,316
Personal income tax	-	-	37,647,357	-	37,647,357
Land housing tax, land rental	17,559,946,589	-	-	17,559,946,589	-
Environmental taxes and other taxes	11,286,984	4,000,000	3,000,000	-	10,286,984
<b>Total</b>	<b>47,300,485,109</b>	<b>27,666,533,363</b>	<b>33,836,470,679</b>	<b>17,713,709,416</b>	<b>35,756,713,009</b>

VIETNAM MACHINERY INSTALLATION CORPORATION - JSC  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	Opening balance (Restated)	Payable during the year	Paid during the year	Decrease due to divestments from subsidiaries	Closing balance
	VND	VND	VND	VND	VND
<b>b. Payables</b>					
Value added tax	81,280,997,597	180,729,044,734	211,986,444,084	37,430,383,608	12,593,214,639
Import, export duties	-	1,528,500,739	1,528,500,739	-	-
Corporate income tax	21,541,948,924	10,490,043,354	14,006,407,790	17,712,401,269	313,183,219
Personal income tax	7,488,175,200	9,617,999,341	8,335,689,390	7,940,051,020	830,434,131
Land housing tax, land rental	1,415,396,754	5,584,249,836	5,562,257,917	517,072,133	920,316,540
Environmental taxes and other taxes	293,637,043	21,776,279,669	20,242,068,207	-	1,827,848,505
Fees, charges and other payables	20,523,845,862	-	553,912,746	19,969,933,116	-
<b>Total</b>	<b>132,544,001,380</b>	<b>229,726,117,673</b>	<b>262,215,280,873</b>	<b>83,569,841,146</b>	<b>16,484,997,034</b>

**21. SHORT-TERM ADVANCES FROM CUSTOMER**

	<u>Closing balance</u>	<u>Opening balance</u> (Restated)
	VND	VND
ThyssenKrupp Industrial	226,290,535,362	242,292,352,186
Doosan Heavy Industries Vietnam Co., Ltd	113,928,726,042	28,847,781,261
PetroVietnam Gas South East Gas Management Board - Vietnam Gas Corporation	62,885,910,137	-
Branch of PetroVietnam Technical Services Corporation - Long Phu 1 Thermal Power Plant Management Board	40,621,122,445	78,509,402,896
Management Board of Construction Investment Project under the Health Service of Kien Giang Province	-	146,428,561,000
Tan Thang Cement Joint Stock Company	-	51,427,679,655
Hitachi Mitsubishi Hydro Corporation	-	59,089,783,038
Others	87,042,434,236	482,495,418,415
	<b><u>530,768,728,222</u></b>	<b><u>1,089,090,978,451</u></b>

**22. SHORT-TERM ACCRUED EXPENSES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Management Board of Song Hau 1 Petroleum Power Project - PVN	479,548,749,238	616,877,756,460
Vung Ang 1 Thermal Power Plant Project	113,667,365,179	115,594,140,454
Thai Binh 2 Thermal Power Plant Project	82,419,189,627	16,669,937,307
Tan Thang Cement Project	12,427,544,471	-
A/U Brunei Nitrogen Fertilizer Plant Project	65,674,187,212	8,366,669,550
Long Phu Thermal Power Plant Project	-	7,937,324,462
Loan and bond interest expenses	16,411,037,336	28,339,280,570
Vinh Tan 4 Thermal Power Plant Project	1,916,088,883	65,841,006,852
Xuan Thanh Cement Project	-	46,344,305,833
Son La Hydropower Plant Project	16,912,136,965	15,016,333,932
Others	160,959,731,565	161,366,721,370
	<b><u>949,936,030,476</u></b>	<b><u>1,082,353,476,790</u></b>

**23. UNEARNED REVENUE**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a. Short-term</b>		
Revenue received in advance from office rental	917,558,342	4,838,722,838
Unrealized profits from sales to associates	1,038,805,124	-
	<b><u>1,956,363,466</u></b>	<b><u>4,838,722,838</u></b>
<b>b. Long-term</b>		
Revenue received in advance from office rental	16,884,282,804	87,204,078,599
	<b><u>16,884,282,804</u></b>	<b><u>87,204,078,599</u></b>



24. OTHER PAYABLES

	Closing balance	Opening balance (Restated)
	VND	VND
<b>a. Short-term</b>		
Trade union fee	3,240,844,566	9,165,352,740
Social insurance, health insurance, unemployment insurance	21,151,727,106	59,099,961,499
Payable related to advances to employee	46,360,060,683	57,628,751,575
Payable input VAT deducted (i)	17,390,672,992	17,390,672,992
Interest expenses payable	-	3,729,554,667
Interest of late payment of insurance premiums	-	21,459,721,864
Payable for equitization	200,000,000	10,636,293,980
Payable to the State Treasury	-	30,719,805,800
Advances received from share transfer	-	51,919,158,500
Payable to the Project Team	-	94,000,607,710
Other payables	23,074,806,952	108,010,552,114
	<b>111,418,112,299</b>	<b>463,760,433,441</b>
<b>Other short-term payables to related parties (Details presented in Note 39)</b>	<b>1,065,029,229</b>	<b>284,562,728</b>
<b>b. Long-term</b>		
Long-term deposits received	918,582,854	4,221,309,258
<b>Total</b>	<b>918,582,854</b>	<b>4,221,309,258</b>
<b>Other long-term payables to related parties (Details presented in Note 39)</b>	<b>375,240,000</b>	-

- (i) Represents the amount of output tax payable corresponding to the input VAT deducted during the rotor troubleshooting of Unit 1 of Vung Ang Thermal Power Plant corresponding to the remaining amount of the troubleshooting which will be paid.

**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN/HN**

**25. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

	Opening balance		In the year			Closing balance	
	Amount	VND Amount able to be paid off	Increases	Decreases	VND Decrease due to divestments from subsidiaries	Amount	VND Amount able to be paid off
Short-term loans	3,255,100,789,402	3,255,100,789,402	4,157,999,643,514	3,790,369,349,025	2,324,754,377,639	1,297,976,706,252	1,297,976,706,252
- Loans from banks (i)	3,222,394,153,543	3,222,394,153,543	4,157,999,643,514	3,790,369,349,025	2,292,047,741,780	1,297,976,706,252	1,297,976,706,252
- Loans from others	32,706,635,859	32,706,635,859	-	-	32,706,635,859	-	-
Current portion of long-term loans	28,342,987,003	28,342,987,003	6,519,961,788	16,275,322,890	17,515,125,901	1,072,500,000	1,072,500,000
(See Note 26)							
Current portion of long-term obligations under finance leases	45,121,166,496	45,121,166,496	18,920,217,407	28,771,502,789	30,422,959,718	4,846,921,396	4,846,921,396
(See Note 26)							
	<b>3,328,564,942,901</b>	<b>3,328,564,942,901</b>	<b>4,183,439,822,709</b>	<b>3,835,416,174,704</b>	<b>2,372,692,463,258</b>	<b>1,303,896,127,648</b>	<b>1,303,896,127,648</b>

(i) Details of loans from banks are as below:

Name of bank	Name of lender	Interest	Current year	Prior year	Mortgage
			VND	VND	
- Joint Stock Commercial Bank for Investment & Development of Viet Nam- Transaction Center 1 Branch	Vietnam Machinery Installation Corporation- JSC	Floating rate	715,673,063,583	535,166,287,243	Revenue from the Project
- Joint Stock Commercial Bank for Investment & Development of Viet Nam- Thai Ha Branch	Vietnam Machinery Installation Corporation- JSC	Floating rate	8,646,000,000	-	Unsecured loan
- Tien Phong Commercial Joint Stock Bank- Thang Long Branch	Vietnam Machinery Installation Corporation- JSC	Floating rate	149,888,889,576	26,584,794,795	Unsecured loan
- Sai Gon- Ha Noi Commercial Joint Stock Bank- Headquarter	Vietnam Machinery Installation Corporation- JSC	Floating rate	-	36,545,829,892	Unsecured loan
- Bao Viet Joint Stock Commercial Bank- Transaction Center Branch	Vietnam Machinery Installation Corporation- JSC	Floating rate	-	35,978,721,863	Unsecured loan
- Joint Stock Commercial Bank for Investment & Development of Viet Nam- Ninh Binh Branch	Lilama Erection Mechanical Joint Stock Company	Floating rate	87,585,222,780	80,623,514,844	Tangible fixed assets
- Military Commercial Joint Stock Bank- Ninh Binh Branch	Lilama Erection Mechanical Joint Stock Company	Floating rate	29,483,069,147	41,938,312,073	Tangible fixed assets

**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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<b>Name of bank</b>	<b>Name of lender</b>	<b>Interest</b>	<b>Current year VND</b>	<b>Prior year VND</b>	<b>Mortgage</b>
- Vietnam Joint Stock Commercial Bank of Industry and Trade- Sam Son Branch	Lilama 5 Joint Stock Company	Floating rate	43,828,526,914	45,243,902,806	Tangible fixed assets
- Joint Stock Commercial Bank for Investment & Development of Viet Nam- Bim Son Branch	Lilama 5 Joint Stock Company	Floating rate	185,007,045,168	195,256,773,862	Tangible fixed assets
- Vietnam Maritime Commercial Joint Stock Bank- Da Nang City	Lilama 7 Joint Stock Company	Floating rate	41,121,619,671	36,386,770,211	Tangible fixed assets, land use rights
- Vietnam Bank for Agriculture and Rural Development - Da Nang Branch	Lilama 7 Joint Stock Company	Floating rate	36,743,269,413	35,860,777,676	Tangible fixed assets, land use rights
- Vietnam Bank for Agriculture and Rural Development - Lang Ha Branch	Lilama 10 Joint Stock Company	Floating rate	-	58,126,400,010	Unsecured loan
- Tien Phong Commercial Joint Stock Bank	Lilama 10 Joint Stock Company	Floating rate	-	43,194,351,397	Unsecured loan
- Joint stock Commercial Bank for Foreign Trade of Vietnam- Hanoi Branch	Lilama 10 Joint Stock Company	Floating rate	-	58,478,968,986	Unsecured loan
- Joint Stock Commercial Bank for Investment & Development of Viet Nam- Southern Hanoi Branch	Lilama 10 Joint Stock Company	Floating rate	-	61,985,013,787	Motor vehicles, land use right
- Joint Stock Commercial Bank for Investment & Development of Viet Nam- Ho Chi Minh City Branch	Lilama 18 Joint Stock Company	Floating rate	-	171,766,857,319	and assets on land Valuable papers
- Joint Stock Commercial Bank for Investment & Development of Viet Nam- Song Nai Branch	Lilama 18 Joint Stock Company	Floating rate	-	320,050,510,956	Valuable papers
- Joint stock Commercial Bank for Foreign Trade of Vietnam- Ho Chi Minh City Branch	Lilama 18 Joint Stock Company	Floating rate	-	127,522,527,361	Tangible fixed assets and valuable papers
- Vietnam Joint Stock Commercial Bank of Industry and Trade- Thu Thiem Branch	Lilama 18 Joint Stock Company	Floating rate	-	210,914,571,762	Tangible fixed assets and valuable papers
- Vietnam Joint Stock Commercial Bank of Industry and Trade- Bac Ninh Branch	Lilama 69.1 Joint Stock Company	Floating rate	-	115,461,809,355	Land use rights, machinery and equipment
- Joint Stock Commercial Bank for Investment & Development of Viet Nam- Bac Ninh City Branch	Lilama 69.1 Joint Stock Company	Floating rate	-	99,900,904,208	Bank deposits
- Lien Viet Commercial Joint Stock Bank- Bac Ninh Branch	Lilama 69.1 Joint Stock Company	Floating rate	-	11,787,972,808	Unsecured loan
- Joint stock Commercial Bank for Foreign Trade of Vietnam- Bac Ninh Branch	Lilama 69.1 Joint Stock Company	Floating rate	-	45,300,407,178	Unsecured loan
- Public Vietnam Bank- Bac Ninh Branch	Lilama 69.1 Joint Stock Company	Floating rate	-	38,480,575,006	Unsecured loan

**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN/HN**

Name of bank	Name of lender	Interest	Current year VND	Prior year VND	Mortgage
- Tien Phong Commercial Joint Stock Bank- Thang Long Branch	Lilama 69.1.1 Joint Stock Company	Floating rate	-	75,346,583,238	Unsecured loan
- Vietnam Joint Stock Commercial Bank of Industry and Trade- Hai Duong Branch	Lilama 69.3 Joint Stock Company	Floating rate	-	254,118,687,999	Tangible fixed assets
- Joint Stock Commercial Bank for Investment & Development of Viet Nam- Hai Duong Branch	Lilama 69.3 Joint Stock Company	Floating rate	-	141,217,659,834	Tangible fixed assets
- Joint Stock Commercial Bank for Investment & Development of Viet Nam- Hai Phong Branch	Lisemco Joint Stock Company	Floating rate	-	96,427,255,498	Bank deposits, real estate
- Vietnam Prosperity Joint Stock Commercial Bank- Hai Phong Branch	Lisemco Joint Stock Company	Floating rate	-	48,726,360,214	Revenue from the Project
- An Binh Commercial Joint Stock Bank- Hai Phong Branch	Lisemco Joint Stock Company	Floating rate	-	158,389,886,806	Revenue from the Project, tangible fixed assets
- Vietnam technological and Commercial Joint Stock Bank- Hai Phong Branch	Lisemco Joint Stock Company	Floating rate	-	15,611,164,556	Revenue from the Project
			<b>1,297,976,706,252</b>	<b>3,222,394,153,543</b>	

**26. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases due to divestments from subsidiaries	Amount	Amount able to be paid off
Long-term loans						
- Loans obtained from banks	22,410,349,949	22,410,349,949	2,108,530,331	6,519,961,788	17,373,293,492	625,625,000
- Loans obtained from others	22,233,959,673	22,233,959,673	2,108,530,331	6,519,961,788	17,196,903,216	625,625,000
Long-term obligations under finance leases	176,390,276	176,390,276	-	-	176,390,276	-
Bonds issued	45,919,824,817	45,919,824,817	13,237,531,200	18,920,217,407	33,704,558,503	6,532,580,107
	385,513,581,824	385,513,581,824	4,486,418,176	390,000,000,000	-	-
	<b>453,843,756,590</b>	<b>453,843,756,590</b>	<b>19,832,479,707</b>	<b>415,440,179,195</b>	<b>51,077,851,995</b>	<b>7,158,205,107</b>



Long-term loans, obligations under finance leases and bonds issued are repayable as per following payment schedule:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
On demand or within one year	5,919,421,396	73,464,153,499
In the second year	4,399,706,396	140,548,122,584
In the third to fifth year inclusive	2,758,498,711	313,209,762,940
After five years	-	85,871,066
	<b><u>13,077,626,503</u></b>	<b><u>527,307,910,089</u></b>
Less: Amount due for settlement within 12 months (show under shor-term loans and obligations under finance leases)	5,919,421,396	73,464,153,499
<b>Amount due for settlement after 12 months</b>	<b><u>7,158,205,107</u></b>	<b><u>453,843,756,590</u></b>

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VIETNAM MACHINERY INSTALLATION CORPORATION - JSC  
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27. OWNERS' EQUITY

Movement in owners' equity:

	Owners' contributed capital	Other owners' capital	Assets revaluation reserve	Foreign exchange reserve	Investment and development fund	Other reserves	Retained earnings	Non - controlling interests	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND
<b>Prior year's opening balance</b>	<b>797,261,040,000</b>	<b>17,482,549,230</b>	<b>437,057,628</b>	-	<b>198,502,105,007</b>	<b>7,802,181,990</b>	<b>365,810,127,576</b>	<b>534,968,065,842</b>	<b>1,922,263,127,273</b>
(Loss) for the year (Restated)	-	-	-	-	-	-	(163,117,414,046)	(18,855,031,966)	(181,972,446,012)
Exchange rate difference due to reporting currency conversion	-	-	-	(5,981,346,488)	-	-	-	-	(5,981,346,488)
Subsidiaries' capital increase	-	-	-	-	-	-	-	441,090,000	441,090,000
Subsidiaries' capital decrease	-	-	-	-	-	-	-	(8,960,000,000)	(8,960,000,000)
Changes in net assets upon subsidiaries' capital increase	-	-	-	-	-	-	(78,870,647)	78,870,647	-
Change due to divestment from subsidiaries	-	-	(51,961,812,704)	-	(1,167,970,849)	(287,571,910)	54,401,552,445	(58,073,801,096)	(57,089,604,114)
Profit distribution	-	-	-	-	28,108,986,875	96,397,397	(28,205,384,272)	-	-
Allocated to bonus and welfare funds	-	-	-	-	-	-	(14,878,911,069)	(5,706,792,680)	(20,585,703,749)
Cash dividends declared	-	-	-	-	-	-	(47,835,662,400)	(10,824,083,967)	(58,659,746,367)
Others	-	-	-	-	-	-	154,772,149	(6,770,036)	148,002,113
<b>Prior year's closing balance (Restated)</b>	<b>797,261,040,000</b>	<b>17,482,549,230</b>	<b>(51,524,755,076)</b>	<b>(5,981,346,488)</b>	<b>225,443,121,033</b>	<b>7,611,007,477</b>	<b>166,250,209,736</b>	<b>433,061,546,744</b>	<b>1,589,603,372,656</b>
(Loss) for the year	-	-	-	-	-	-	(84,394,151,990)	(1,756,694,915)	(86,150,846,905)
Exchange rate difference due to reporting currency conversion	-	-	-	63,788,350	-	-	-	-	63,788,350
Profit distribution (i)	-	-	-	-	15,629,795,329	13,318,830	(15,643,114,159)	-	-
Allocated to bonus and welfare funds (i)	-	-	-	-	-	-	(14,047,560,591)	(4,769,634,286)	(18,817,194,877)
Cash dividends declared (ii)	-	-	-	-	-	-	(31,890,441,600)	(6,383,200,000)	(38,273,641,600)
Change due to divestment from subsidiaries, associates	-	(15,787,925,000)	19,150,433,994	-	(180,055,469,583)	(7,606,035,456)	218,074,847,029	(351,667,731,619)	(317,891,880,635)
Reclassification	-	-	-	818,359,830	-	-	(818,359,830)	-	-
Others	-	-	-	-	-	-	(72,468,838)	51,053,065	(21,415,773)
<b>Current year's closing balance</b>	<b>797,261,040,000</b>	<b>1,694,624,230</b>	<b>(32,374,321,082)</b>	<b>(5,099,198,308)</b>	<b>61,017,446,779</b>	<b>18,290,851</b>	<b>237,458,959,757</b>	<b>68,535,338,989</b>	<b>1,128,512,181,216</b>

**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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- (i) Profit distribution and allocation to bonus and welfare funds during the year are extracted from profit in 2018 of the Corporation and its subsidiaries under the General Meeting of Shareholders Resolution.
- (ii) The cash dividend that the holding company - the Corporation recorded as a decrease in retained earnings in the consolidated financial statements are dividends in 2018 declared according to Resolution No. 334/NQ-HDQT dated 30 October 2019 of the Corporation's Board of Directors. Dividends are paid at the rate of 4% in cash from retained earnings as at 31 December 2018 on the holding company's separate financial statements. Dividend distribution in subsidiaries is dividend in cash declared according to the resolutions of the Board of Directors of subsidiaries.

<b>Shares</b>	<b>Closing balance</b>	<b>Opening balance</b>
Number of shares issued to the public	79,726,104	79,726,104
<i>Ordinary shares</i>	79,726,104	79,726,104
Number of outstanding shares in circulation	79,726,104	79,726,104
<i>Ordinary shares</i>	79,726,104	79,726,104

Par value of ordinary shares is VND 10,000 per share.

**Charter capital**

According to the 2<sup>nd</sup> amended Enterprise Registration Certificate dated 06 April 2016 issued by Hanoi Authority for Planning and Investment, the charter capital of the Corporation is VND 797,261,040,000. As at 31 December 2019, the charter capital was fully contributed by shareholders as follows:

<b>Shareholders</b>	<b>Closing balance</b>		<b>Opening balance</b>	
	<b>Capital contributed</b>	<b>Amount</b>	<b>Capital contributed</b>	<b>Amount</b>
Ministry of Construction	VND	Share	VND	Share
	780,324,040,000	78,032,404	780,324,040,000	78,032,404
Other shareholders	16,937,000,000	1,693,700	16,937,000,000	1,693,700
	<b>797,261,040,000</b>	<b>79,726,104</b>	<b>797,261,040,000</b>	<b>79,726,104</b>
		<b>100</b>		<b>100</b>

According to Decision No. 593/QĐ-SGDHN dated 09 August 2017 and Notice No. 1031/TB-SGDHN dated 09 August 2017 of Hanoi Stock Exchange, stocks of the Corporation have been transacted on the Unlisted Public Company Market (under Hanoi Stock Exchange) with the symbol of LLM and the deposited quantity of 79,726,104 shares, par value of VND 10,000 per share and total value of VND 797,261,040,000. The first trading date was 16 August 2017.

**28. OFF-BALANCE SHEET ITEMS**

**Foreign currencies**

	<u>Closing balance</u>	<u>Opening balance</u>
United States Dollar (USD)	22,830,595.08	44,352,545.94
Euro (EUR)	6,452.02	22,417.03
Japanese Yen (JPY)	-	5,109.00
Russian Rub (RUB)	-	39.17
Brunei Dollar (BND)	238,005.42	314,630.89

**29. BUSINESS AND GEOGRAPHICAL SEGMENTS**

**Business segment**

During the year, the main business of the Corporation was construction and installation of machinery and construction equipment. Therefore, the Corporation does not present the report by business segment. Revenue and cost are disclosed in detail in terms of sales and cost of goods sold and services rendered in Note 30 and Note 31.

**Geographical segment**

The Corporation has only one subsidiary, Lilama South East Asia Co., Ltd. SDN BHD operates outside the territory of Vietnam (this subsidiary was established in Brunei to implement the A/U Brunei Fertilizer Plant project) with revenue of VND 508,262,178,946 in 2019, accounting for 7% of the total consolidated revenue of the Corporation. Other subsidiaries and the Corporation operating in the territory of Vietnam. Therefore, the Corporation does not present division report by geographical area.

**30. REVENUE FROM GOODS SOLD AND SERVICES RENDERED**

	<u>Current year</u>	<u>Prior year (Restated)</u>
	<u>VND</u>	<u>VND</u>
<b>Sales of merchandise and services</b>	<b>7,041,806,938,252</b>	<b>13,412,373,697,414</b>
<u>In which:</u>		
Revenue from contracts of construction and installation activities	6,885,299,073,749	13,183,572,138,475
Revenue from goods sold	34,178,875,293	180,678,360,850
Revenue from services rendered	122,328,989,210	45,727,395,551
Revenue from other activities	-	2,395,802,538
<b>Total revenue from goods sold and services rendered</b>	<b>7,041,806,938,252</b>	<b>13,412,373,697,414</b>
<b>Revenue from related parties (Details presented in Note 39)</b>	<b>119,259,679,783</b>	<b>6,797,347,401</b>

**31. COST OF SALES**

	<u>Current year</u>	<u>Prior year (Restated)</u>
	<u>VND</u>	<u>VND</u>
Cost of construction and installation activities	6,486,101,936,485	12,530,872,313,345
Cost of goods sold	31,436,208,497	168,813,083,573
Cost of services rendered	112,245,663,078	29,745,571,904
Cost of other activities	-	1,817,742,682
<b>Total</b>	<b>6,629,783,808,060</b>	<b>12,731,248,711,504</b>



**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**32. PRODUCTION COST BY NATURE**

	Current year	Prior year (Restated)
	VND	VND
Raw materials and consumables	929,664,422,070	2,308,917,682,825
Labour	1,006,240,839,907	1,567,299,025,284
Depreciation, amortisation of fixed assets, investment properties and allocation of goodwill	98,639,590,740	209,626,036,618
Provisions	536,727,081,639	324,536,705,462
Out-sourced services	1,189,507,859,886	1,327,833,607,111
Cost of subcontracting	3,724,772,769,834	6,700,613,503,896
Other monetary expenses	111,835,771,144	159,102,563,727
	<b><u>7,597,388,335,220</u></b>	<b><u>12,597,929,124,923</u></b>

**33. FINANCIAL INCOME**

	Current year	Prior year (Restated)
	VND	VND
Interest on deposits, loans, bonds	65,861,655,174	52,242,050,549
Gain from transfer of shares (i)	390,150,385,318	64,960,576,521
Foreign exchange gain	27,953,818,321	58,496,732,922
Dividends, profit distribution	840,011,940	-
Other financial incomes	204,964,384	635,056,850
	<b><u>485,010,835,137</u></b>	<b><u>176,334,416,842</u></b>

- (i) Including proceeds from transfer of shares of subsidiaries and associates in the period and the Second Payment under the Agreement for transfer of shares of Vung Ang II Thermal Power Joint Stock Company ("VAPCO") with an amount of USD 4,455,328.10. According to the Share Transfer Agreement No. 09/2011/HDCN/REE-LILAMA entered into on 28 September 2011 between the Corporation and Refrigeration and Electrical Engineering Corporation ("REE"), the Second Payment are released when and only when the Conditions for transaction completion are met, including the signing of (1) BOT Contract by VAPCO and shareholders of VAPCO and (2) Power Purchase Agreement (PPA) by VAPCO. All of above conditions have been met in the period and the Corporation has received this payment from REE.

In addition, the Corporation's consolidated financial income included approximately VND 209 billion as interest from divestments of Lisemco Joint Stock Company ("Lisemco" - formerly a subsidiary of the Corporation), and excluded operating results of Lisemco from 01 January 2019 to 26 February 2019 (the day that the Corporation divested all its capital at Lisemco).

**34. FINANCIAL EXPENSES**

	Current year	Prior year (Restated)
	VND	VND
Loans and bonds interest	176,676,585,861	341,262,075,718
Provision for impairment of investments and doubtful loan interest	158,459,021,945	3,338,978,164
Foreign exchange loss	19,164,078,449	43,395,320,641
Loss on disposal of financial investments	-	2,414,090,550
Other financial expenses	2,058,014,997	3,632,781,443
	<b><u>356,357,701,252</u></b>	<b><u>394,043,246,516</u></b>

**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**35. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES**

	Current year	Prior year (Restated)
	VND	VND
<b>General and administration expenses arising in the year</b>		
Management personnel expenses	108,145,279,746	145,197,053,947
Management materials cost	1,358,918,490	1,426,410,164
Office stationery	3,018,682,554	3,379,142,445
Depreciation and amortisation of fixed assets and allocation of goodwill	9,989,228,457	18,434,342,980
Provision for doubtful debts	530,339,298,969	341,831,139,850
Taxes, fees and charges	1,034,588,529	3,431,891,098
Out-sourced services	26,849,873,842	25,134,359,442
Others	24,887,534,938	62,697,397,316
	<b>705,623,405,525</b>	<b>601,531,737,242</b>
<b>Selling expenses arising in the year</b>		
Salary costs and salary deductions	448,439,000	980,012,000
Raw materials and consumables, tools and dies, and depreciation	140,145,331	483,549,858
Other selling expenses	98,894,718	214,453,770
	<b>687,479,049</b>	<b>1,678,015,628</b>

**36. CORPORATE INCOME TAX EXPENSE**

*Current corporate income tax expense:*

	Current year	Prior year (Restated)
	VND	VND
Corporate income tax expense based on taxable profit in the current year	24,568,689,381	33,412,663,623
Adjustments for corporate income tax expense in previous years to the current year	-	4,986,298,845
<b>Total current corporate income tax expense</b>	<b>24,568,689,381</b>	<b>38,398,962,468</b>

The current corporate income tax expense of the Corporation and its subsidiaries is as follows:

	Current year	Prior year (Restated)
	VND	VND
Vietnam Machinery Installation Corporation - JSC	14,618,653,566	12,331,051,755
Lilama Erection Mechanical Joint Stock Company	75,722,667	440,243,304
Lilama 10 Joint Stock Company	2,223,960,715	4,807,400,561
Lilama 18 Joint Stock Company	7,155,924,658	19,195,910,620
Lilama 69.1 Joint Stock Company	324,844,672	1,378,467,881
Lilama 69.3 Joint Stock Company	31,367,687	124,909,002
LHT International Consulting Joint Stock Company	138,215,416	120,979,345
<b>Total current corporate income tax expense</b>	<b>24,568,689,381</b>	<b>38,398,962,468</b>

The corporate income tax rate of the Corporation and its subsidiaries, which incur corporate income tax expenses during the year, is applied at the normal tax rate of 20%.

**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Deferred corporate income tax (income)/expense:*

	Current year	Prior year (Restated)
	VND	VND
- Deferred corporate income tax (income)/expense arising from deductible/taxable temporary differences	(72,197,438,522)	1,146,920,666
<b>Total deferred corporate income tax (income)/expense</b>	<b>(72,197,438,522)</b>	<b>1,146,920,666</b>

**37. BASIC (LOSSES) PER SHARE**

The calculation of basic (loss) per share for the year ended 31 December 2019 is based on loss for the year attributable to ordinary shareholders and weighted average ordinary shares in circulation for the year, as follows:

	Current year	Prior Period (Restated)
<b>(Loss) in the year attributable to ordinary shareholders of the Holding Company (VND)</b>	<b>(84,394,151,990)</b>	<b>(163,117,414,046)</b>
- Allocate to bonus and welfare funds from the profits of the Holding Company and its subsidiaries (i)	(12,831,322,493)	(14,047,560,591)
<b>(Loss) to calculate basic (losses) per share (VND)</b>	<b>(97,225,474,483)</b>	<b>(177,164,974,637)</b>
Average ordinary shares in circulation for the year (shares)	79,726,104	79,726,104
<b>Basic (losses) per share (VND/share)</b>	<b>(1,219)</b>	<b>(2,222)</b>

- (i) The Corporation estimates the appropriation of bonus and welfare fund from the profits of the Holding Company and its subsidiaries for the purpose of calculating basic earnings per share for the financial year ended 31 December 2019 based on the expected rate of distribution to bonus and welfare fund from 2019 profit after tax of the Holding Company and its subsidiaries, equal to the rate of distribution to bonus and welfare fund from 2018's after-tax profit.

**Restatement of basic (losses) per share (VND/share) in the prior year**

The basic (losses) per share of the prior year are restated due to the effect of the retrospective adjustment to the loss of the Holding Company's shareholders and the actual rate of deduction for bonus and welfare fund from the profit of 2018, according to the resolutions of the General Meeting of Shareholders of the Holding Company and subsidiaries in the year, details are as follows:

	Prior year (reported)	Adjusted	Prior year (Restated)
<b>(Loss) in the year attributable to ordinary shareholders of the Holding Company (VND)</b>	<b>(170,350,353,637)</b>	<b>7,232,939,591</b>	<b>(163,117,414,046)</b>
- Allocate to bonus and welfare funds from the profits of the Holding Company and its subsidiaries	(13,941,976,074)	(105,584,517)	(14,047,560,591)
<b>(Loss) to calculate basic (losses) per share (VND)</b>	<b>(184,292,329,711)</b>	<b>7,127,355,074</b>	<b>(177,164,974,637)</b>
Average ordinary shares in circulation for the year (shares)	79,726,104		79,726,104
<b>Basic (losses) per share (VND/share)</b>	<b>(2,312)</b>	<b>90</b>	<b>(2,222)</b>

**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**38. LEASE COMMITMENT**

To serve production and business activities, the Corporation and its subsidiaries have signed irrevocable operating lease contracts to lease land, offices, etc. with a long-term lease term and annual land rental payment. Accordingly, the Corporation and its subsidiaries will incur future payments for these operating leases.

At the end of the financial year, the Corporation has non-cancellable operating lease commitments with the following payment schedule:

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Within one year	2,882,500,068	2,882,500,068
In the second to fifth year inclusive	8,577,816,744	10,540,000,272
After five years	51,530,636,083	52,450,952,623
	<b>62,990,952,895</b>	<b>65,873,452,963</b>

**39. RELATED PARTY TRANSACTIONS AND BALANCES**

*List of related parties with significant transactions and balances for the year:*

<b>No.</b>	<b>Name</b>	<b>Relationship</b>
1	Lilama 10 Joint Stock Company (i)	Associate
2	Lilama 18 Joint Stock Company (i)	Associate
3	Lilama 69.1 Joint Stock Company (i)	Associate
4	Lilama 69.3 Joint Stock Company (i)	Associate
5	Lilama 45.3 Joint Stock Company	Associate
6	Erection Electromechanics Testing Joint Stock Company	Associate
7	Lilama 45.1 Joint Stock Company	Associate
8	Lilama 45.4 Joint Stock Company	Associate
9	Lilama Construction Investment Joint Stock Company	Associate
10	Lilama Land Joint Stock Company	Associate

(i) During the year, the Corporation transferred a part of its ownership in these companies, which resulted in these companies being transferred from subsidiaries to associates. Transactions with these associates are disclosed in the consolidated financial statements as the transactions mainly arising from the date that they become associates of the Corporation until 31 December 2019.

*During the year, the Corporation entered into the following significant transactions with its related parties:*

	<b>Current year</b>	<b>Prior year</b>
	<b>VND</b>	<b>VND</b>
<b>Sales of goods and services</b>	<b>119,259,679,783</b>	<b>6,797,347,401</b>
Lilama 18 Joint Stock Company	57,845,606,638	-
Lilama 69.1 Joint Stock Company	20,801,010,178	-
Lilama 69.3 Joint Stock Company	19,791,558,804	-
Lilama 10 Joint Stock Company	19,265,938,680	-
Lilama 45.1 Joint Stock Company	864,652,062	5,940,180,594
Electromechanics Testing Joint Stock Company	289,146,619	433,079,093
Lilama 45.4 Joint Stock Company	176,374,981	18,176,523
Lilama Land Joint Stock Company	167,126,300	239,311,927
Lilama Construction Investment Joint Stock Company	32,061,221	-
Lilama 45.3 Joint Stock Company	26,204,300	166,599,264

**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
<b>Purchases</b>	<b>1,003,219,498,193</b>	<b>60,236,051,650</b>
Lilama 18 Joint Stock Company	399,002,742,550	-
Lilama 10 Joint Stock Company	231,206,285,167	-
Lilama 69.1 Joint Stock Company	201,679,132,387	-
Lilama 69.3 Joint Stock Company	120,501,710,394	-
Erection Electromechanics Testing Joint Stock Company	29,703,780,192	46,698,811,040
Lilama 45.1 Joint Stock Company	21,125,847,503	13,821,012,470
Lilama 45.3 Joint Stock Company	-	(283,771,860)
<b>Dividends received</b>	<b>7,265,975,000</b>	-
Lilama 10 Joint Stock Company	3,560,400,000	-
Lilama 18 Joint Stock Company	3,379,925,000	-
Erection Electromechanics Testing Joint Stock Company	325,650,000	-
<b>Interest earned</b>	<b>14,157,243,367</b>	<b>11,829,821,723</b>
Lilama 45.1 Joint Stock Company	11,771,623,041	9,330,957,251
Lilama 45.3 Joint Stock Company	2,385,620,326	2,498,864,472

*Significant related party balances as at the balance sheet date were as follows:*

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>Short-term trade receivables</b>	<b>46,206,281,517</b>	<b>29,833,655,410</b>
Lilama 45.1 Joint Stock Company	14,287,837,661	23,821,677,167
Lilama 10 Joint Stock Company	10,605,627,217	-
Lilama 69.3 Joint Stock Company	9,673,032,871	-
Lilama 18 Joint Stock Company	4,358,034,463	-
Lilama 45.4 Joint Stock Company	3,510,895,558	3,316,883,079
Lilama 45.3 Joint Stock Company	2,618,119,979	2,595,129,122
Lilama 69.1 Joint Stock Company	1,136,233,768	-
Lilama Construction Investment Joint Stock Company	16,500,000	16,500,000
Erection Electromechanics Testing Joint Stock Company	-	42,900,000
Lilama Land Joint Stock Company	-	40,566,042
<b>Short-term loan receivables</b>	<b>135,485,661,877</b>	<b>156,671,243,488</b>
Lilama 45.1 Joint Stock Company	109,861,383,422	127,425,130,046
Lilama 45.3 Joint Stock Company	25,624,278,455	25,624,278,455
Lilama Construction Investment Joint Stock Company	-	3,621,834,987
<b>Other short-term receivables</b>	<b>36,643,086,316</b>	<b>22,485,842,949</b>
Lilama 45.1 Joint Stock Company	28,851,339,949	17,079,716,908
Lilama 45.3 Joint Stock Company	4,659,758,167	2,274,137,841
Lilama 45.4 Joint Stock Company	3,131,988,200	3,131,988,200

**VIETNAM MACHINERY INSTALLATION CORPORATION - JSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>Trade payables</b>	<b>346,287,799,485</b>	<b>24,583,047,012</b>
Lilama 18 Joint Stock Company	203,246,488,561	-
Lilama 10 Joint Stock Company	77,273,859,660	-
Lilama 69.3 Joint Stock Company	40,280,662,542	-
Lilama 69.1 Joint Stock Company	6,047,310,170	-
Erection Electromechanics Testing Joint Stock Company	19,434,194,844	15,394,113,663
Lilama Construction Investment Joint Stock Company	5,283,708	5,283,708
Lilama 45.1 Joint Stock Company	-	7,505,949,272
Lilama 45.3 Joint Stock Company	-	1,677,700,369
<b>Short-term advances to suppliers</b>	<b>66,302,562,333</b>	<b>55,867,167,146</b>
Lilama 45.1 Joint Stock Company	53,671,265,241	42,759,009,927
Lilama 45.4 Joint Stock Company	11,431,018,327	11,431,018,327
Lilama 45.3 Joint Stock Company	1,200,278,765	1,194,444,892
Erection Electromechanics Testing Joint Stock Company	-	482,694,000
<b>Other short-term payable</b>	<b>1,065,029,229</b>	<b>284,562,728</b>
Lilama 18 Joint Stock Company	508,088,389	-
Lilama 10 Joint Stock Company	107,426,432	-
Lilama 69.1 Joint Stock Company	77,493,504	-
Lilama 45.1 Joint Stock Company	264,188,320	165,080,864
Lilama 45.3 Joint Stock Company	38,864,960	30,397,440
Lilama 45.4 Joint Stock Company	28,897,544	28,897,544
Erection Electromechanics Testing Joint Stock Company	40,070,080	17,946,880
Lilama Land Joint Stock Company	-	42,240,000
<b>Other long-term payable</b>	<b>375,240,000</b>	-
Lilama 18 Joint Stock Company	333,000,000	-
Lilama Land Joint Stock Company	42,240,000	-

**Salary and remuneration of the Board of Directors and Board of Management during the year:**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Salary and remuneration of the Board of Directors, Board of Management	3,909,160,000	3,096,000,000

**40. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash recovered from investments in other entities in the year does not include VND 253,958,818,708 (2018: VND 8,340,193,086), which is the balance of cash and cash equivalents of subsidiaries at the time of the Corporation's divestment. Therefore, cash recovered from investments in other entities in cash flows from investing activities has been adjusted by the same amount.



**To Phi Son**  
Preparer



**Bui Duc Kien**  
Chief Accountant



**Le Van Tuan**  
Chief Executive Officer

08 April 2020