THU DUC – LONG AN CENTRIFUGAL CONCRETE JOINT STOCK COMPANY

AUDITED FINANCIAL STATEMENTS
For the financial year ended 31 December 2016

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THE MANAGEMENT'S REPORT

The Management of Thu Duc – Long An Centrifugal Concrete Joint Stock Company (hereinafter referred to as "the Company") hereby presents its report and the audited financial statements of the Company for the financial year ended 31 December 2016.

MEMBERS OF THE BOARD OF DIRECTORS, THE CONTROL COMMITTEE AND THE MANAGEMENT

Members of the Board of Directors during the year and on the date of this report include:

Full name	Position
Mr. Tran Vinh Tai	Chairman (Resigned wef 18 April 2016)
Mr. Pham Huu Thien	Chairman (Appointed wef 14 May 2016)
Mr. Pham Ngoc Hiep	Vice Chairman
Mr. Tang Han Kien	Member (Resigned wef 14 July 2016)
Mr. Duong Ngoc Van	Member (Appointed wef 15 July 2016)
Mr. Nguyen Ngoc Hung	Member
Mr. Filip De Bonte	Member
	Member

Members of the Control Committee during the year and on the date of this report include:

Full name	Position
Mr. Tran Trung Dinh	Head
Mr. Mai Thanh Ha	Member
Mr. Thai Manh Hung	Member

Members of the Management during the year and on the date of this report include:

Full name	Position
Mr. Pham Ngoc Hiep	Director
Mr. Ngo Truong Huy	Vice Director
Mr. Duong Ngoc Van	Vice Director

RESPONSIBILITY OF THE MANAGEMENT

The Company's Management is responsible for preparing the financial statements of each period which give a true and fair view of the financial position of the Company and the results of its operations and its cash flows. In preparing these financial statements, the 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 departures that need to be disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement the internal control system effectively for a fair preparation and presentation of the financial statements so as to mitigate error or fraud.

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

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

THE MANAGEMENT'S REPORT (CONTINUED)

AUDITOR

The accompanying financial statements of the Company for the financial year ended 31 December 2016 were audited by RSM Vietnam Auditing & Consulting Company Limited, a member firm of RSM International.

STATEMENT BY THE MANAGEMENT

In the Management's opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and the results of its operations and its cash flows for the financial year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing accounting regulations in Vietnam.

For and on behalf of the Management

CÔNG TY CỔ PHẦN BÊ TÔNG LY TÂM THỦ ĐỨC - LONG AN

Pham Ngoc Hiep
Director
Long An, 01 March 2017

RSM

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INDEPENDENT AUDITOR'S REPORT

To: Members of the Board of Directors
Members of the Management
THU DUC – LONG AN CENTRIFUGAL CONCRETE JOINT STOCK COMPANY

Report on the financial statements

We have audited the accompanying financial statements of Thu Duc – Long An Centrifugal Concrete Joint Stock Company (hereinafter referred to as "the Company") prepared on 01 March 2017 as set out from page 05 to page 35, which comprise the statement of financial position as at 31 December 2016, and the income statement, and cash-flow statement for the financial year then ended, and notes to the financial statements.

Management's Responsibility

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards and Vietnamese Corporate Accounting System and relevant legislation as to the preparation and presentation of interim financial statements and for such internal control as management determines is necessary to enable the preparation and presentation of the 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 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 financial statements are free from material misstatement.

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

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Thu Duc – Long An Centrifugal Concrete Joint Stock Company as at 31 December 2016, and of the results of its financial performance and its cash flows for the financial year then ended in accordance with Vietnamese Accounting Standards and Vietnamese Corporate Accounting System and relevant legislation as to the preparation and presentation of financial statements.

M.S.D.N: 0302361789 - C.T.T.N.H.H - CÔNG TY TNHH KIỂM TOÁN & TƯ VẤN RSM VIỆT NAM - QUẬN 1 - T.P HỒ CHÍ MINH

Dang Xuan Canh
General Director
Audit Practice Registration Certificate:
0067-2016-026-01

Nguyen Thuy Nha Vy
Auditor
Audit Practice Registration Certificate:
1875-2016-026-01

RSM Vietnam Auditing & Consulting Company Limited
Ho Chi Minh City, 01 March 2017

STATEMENT OF FINANCIAL POSITION
At 31 December 2016

Expressed in VND

ASSETS	Code	Notes	At 31/12/2016	At 01/01/2016
A. CURRENT ASSETS	**100**		**227,796,202,091**	**182,745,917,946**
I. Cash and cash equivalents	**110**	5.1	**9,024,866,726**	**3,582,587,642**
1. Cash	111		9,024,866,726	3,582,587,642
II. Current financial investments	**120**	5.2	**8,050,000,000**	-
1. Held to maturity investments	123		8,050,000,000	-
III. Current account receivables	**130**		**130,338,249,748**	**92,308,396,398**
1. Trade receivables	131	5.3	140,725,376,891	92,039,649,483
2. Advances to suppliers	132		1,222,124,761	7,387,730,360
3. Other current receivables	136	5.4	2,810,146,329	3,862,783,140
4. Provision for doubtful debts	137	5.5	(14,419,398,233)	(10,981,766,585)
IV. Inventories	**140**	5.6	**80,358,273,876**	**85,210,614,145**
1. Inventories	141		83,089,864,027	85,210,614,145
2. Provision for decline in value of inventories	149		(2,731,590,151)	-
V. Other current assets	**150**		**24,811,741**	**1,644,319,761**
1. Current prepayments	151		117,475,741	1,492,971,729
2. Value added tax deductible	152		-	151,348,032
3. Tax and other receivables from the state budget	153		(92,664,000)	-
B. NON-CURRENT ASSETS	**200**		**154,193,210,895**	**123,663,895,736**
I. Non-current account receivables	**210**		**381,999,934**	**34,999,934**
1. Other non-current receivables	216		381,999,934	34,999,934
II. Fixed assets	**220**		**137,810,139,939**	**101,108,289,271**
1. Tangible fixed assets	221	5.7	98,796,783,121	68,977,099,120
Cost	222		187,192,267,342	147,791,880,947
Accumulated depreciation	223		(88,395,484,221)	(78,814,781,827)
2. Finance lease assets	224		6,882,166,667	-
Cost	225		6,940,000,000	-
Accumulated depreciation	226		(57,833,333)	-
3. Intangible fixed assets	227	5.8	32,131,190,151	32,131,190,151
Cost	228		32,162,190,151	32,162,190,151
Accumulated amortisation	229		(31,000,000)	(31,000,000)
III. Non-current assets in progess	**240**		**2,393,226,062**	**7,279,371,860**
1. Construction in progress	242		2,393,226,062	7,279,371,860
IV. Non-current financial investments	**250**		**11,584,528,784**	**11,584,528,784**
1. Investment in other entities	253	5.2	18,452,850,837	18,452,850,837
2. Provision for non-current investments	254		(6,868,322,053)	(6,868,322,053)
V. Other non-current assets	**260**		**2,023,316,176**	**3,656,705,887**
1. Non-current prepayments	261		1,943,873,313	3,540,534,891
2. Deferred income tax assets	262		79,442,863	116,170,996
TOTAL ASSETS (270 = 100 + 200)	**270**		**381,989,412,986**	**306,409,813,682**

STATEMENT OF FINANCIAL POSITION (continued)
At 31 December 2016

Expressed in VND

RESOURCES	Code	Notes	At 31/12/2016	At 01/01/2016
C. LIABILITIES	**300**		**232,231,149,208**	**170,010,192,496**
I. Current liabilities	**310**		**218,735,141,762**	**158,440,879,249**
1. Trade payables	311	5.9	68,942,017,531	47,856,622,985
2. Advances from customers	312	5.10	16,886,336,691	15,418,412,055
3. Taxes and amounts payable to the state budget	313	5.11	6,897,196,909	4,174,190,204
4. Payables to employees	314	5.12	10,001,942,439	6,274,618,199
5. Accrued expenses	315		6,035,462,718	1,519,631,489
6. Other current payables	319		3,543,149,979	2,810,116,621
7. Current loans and obligations under finance leases	320	5.13	90,282,474,543	69,767,153,858
8. Current provisions	321	5.14	11,400,266,109	7,136,611,920
9. Bonus and welfare fund	322		4,746,294,843	3,483,521,918
II. Non-Current liabilities	**330**		**13,496,007,446**	**11,569,313,247**
1. Non-current loans and obligations under finance	338	5.13	13,496,007,446	11,569,313,247
D. OWNER'S EQUITY	**400**		**149,758,263,778**	**136,399,621,186**
I. Equity	**410**	5.15	**149,758,263,778**	**136,399,621,186**
1. Owner's contributed capital	411		96,390,000,000	96,390,000,000
Ordinary shares carrying voting rights	411a		96,390,000,000	96,390,000,000
2. Share premiums	412		950,000,000	950,000,000
3. Treasury shares	415		(200,000)	(200,000)
4. Investment and development fund	418		25,572,798,186	22,465,599,639
5. Retained earnings	421		26,845,665,592	16,594,221,547
Beginning accumulated retained earnings	421a		23,000	23,000
Ending accumulated retained earnings	421b		26,845,642,592	16,594,198,547
TOTAL RESOURCES (440 = 300 + 400)	**440**		**381,989,412,986**	**306,409,813,682**

Approved by

Pham Ngoc Hiep
Director
Long An, 01 March 2017

Prepared by

Nguyen Van Viet
Chief accountant

INCOME STATEMENT

For the financial year ended 31 December 2016

Expressed in VND

ITEMS	Code	Notes	Year 2016	Year 2015
1. Revenue	01	6.1	491,674,320,503	362,972,122,384
2. Deductions	02		130,834,443	50,994,000
3. Net revenue	10		491,543,486,060	362,921,128,384
4. Cost of sales	11	6.2	421,101,509,280	310,173,908,886
5. Gross profit	20		70,441,976,780	52,747,219,498
6. Financial income	21		145,118,677	126,026,786
7. Financial expense	22	6.3	6,667,792,735	6,081,701,249
Of which, interest expense	23		*6,365,922,912*	*5,353,188,713*
8. Selling expense	25	6.4	13,345,607,187	5,532,213,128
9. General and administration expense	26	6.5	17,113,698,796	18,136,968,923
10. Operating profit/(loss)	30		33,459,996,739	23,122,362,984
11. Other income	31		240,581,890	349,881,183
12. Other expense	32		82,479,311	1,709,049,410
13. Net other income/(loss)	40		158,102,579	(1,359,168,227)
14. Accounting profit/(loss) before tax	50		33,618,099,318	21,763,194,757
15. Current corporate income tax expense	51	6.7	6,735,728,593	5,285,167,206
16. Deferred corporate income tax expense	52		36,728,133	(116,170,996)
17. Net profit/(loss) after tax	60		26,845,642,592	16,594,198,547
18. Basic and diluted earnings per share	70	5.15.5	1,200	1,322

Approved by

CÔNG TY CỔ PHẦN BÊ TÔNG LY TÂM THỦ ĐỨC - LONG AN

Pham Ngoc Hiep
Director
Long An, 01 March 2017

Prepared by

Nguyen Van Viet
Chief accountant

CASH FLOW STATEMENT
(Indirect method)
For the financial year ended 31 December 2016

Expressed in VND

ITEMS	Code	Notes	Year 2016	Year 2015
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit /(loss) before taxes	**01**		33,618,099,318	21,763,194,757
2. Adjustment for:				
Depreciation and amortisation	02		10,390,375,252	8,629,211,035
Provisions	03		11,697,838,044	15,763,007,206
Unrealised foreign exchange gains/losses from revaluation of foreign currency monetary items	04	6.3	(85,238,423)	(29,980,583)
Gains/losses from investment	05		81,890,707	96,910,889
Interest expense	06	6.3	6,365,922,912	5,353,188,713
3. Operating profit /(loss) before adjustments to working capital	**08**		**62,068,887,810**	**51,575,532,017**
Increase or decrease in accounts receivable	09		(44,291,530,347)	2,514,056,215
Increase or decrease in inventories	10		2,120,750,118	(26,111,345,459)
Increase or decrease in accounts payable (excluding interest expense and CIT payable)	11		17,750,656,876	(17,140,202,577)
Increase or decrease prepaid expenses	12		2,972,157,566	28,404,578
Interest paid	14		(6,494,839,377)	(5,317,245,859)
Corporate income tax paid	15	5.11	(5,731,973,989)	(3,741,763,124)
Other cash outflows from operating activities	17		(2,439,724,600)	(591,843,224)
Net cash from operating activities	**20**		**25,954,384,057**	**1,215,592,566**
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Acquisition and construction of fixed assets and other long-term assets	21		(26,112,804,296)	(10,737,561,998)
2. Proceeds from disposals of fixed assets and other long-term assets	22		5,062,847,155	227,272,727
3. Loans to other entities and payments for purchase of debt instruments of other entities	23		(8,050,000,000)	-
4. Interest and dividends received	27		34,330,945	25,095,958
Net cash from investing activities	**30**		**(29,065,626,196)**	**(10,485,193,313)**

(See the next page)

CASH FLOW STATEMENT
(Indirect method)
For the financial year ended 31 December 2016

Expressed in VND

ITEMS	Code	Notes	Year 2016	Year 2015
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from borrowings	33	7.1	194,422,998,118	234,020,103,244
2. Repayment of borrowings	34	7.2	(177,041,399,901)	(218,666,203,200)
3. Dividends paid	36		(8,828,072,827)	(5,800,401,600)
Net cash from financing activities	**40**		**8,553,525,390**	**9,553,498,444**
NET INCREASE/(DECREASE) IN CASH (50 = 20+30+40)	**50**		**5,442,283,251**	**283,897,697**
Cash and cash equivalents at beginning of year	**60**		**3,582,587,642**	**3,298,353,163**
Impact of exchange rate fluctuation	61		(4,167)	336,782
CASH AND CASH EQUIVALENTS AT END OF YEAR (70 = 50+60+61)	**70**	5.1	**9,024,866,726**	**3,582,587,642**

Approved by

Pham Ngoc Hiep
Director
Long An, 01 March 2017

Prepared by

Nguyen Van Viet
Chief accountant