**VE2: Explanation for the difference in financial statement of 2019 before and after auditing**

On 10 Mar 2020, VNECO2 Electricity Construction Joint Stock Company explained the difference in financial statement of 2019 before and after auditing as follows:

Based on the financial statement of 2019 of VNECO2 Electricity Construction Joint Stock Company audited by RSM Auditing and Consulting Co., Ltd, VNECO2 Electricity Construction Joint Stock Company would like to explain the reasons for the difference in the financial statements before and after the audit as follows:

1. About assets: Total assets of the 2019 financial statement after auditing increased by VND 236,162,260 compared to the unaudited financial statement of 2019

- Increase in short-term receivables from customers was due to reclassification of debts of the project of VNECO

- Increase in provision for short-term receivables was due to additional deduction according to accounting standards

- Increase or decrease in short-term and long-term CPTT was due to reclassification of short and long term amounts

- Reduction in the state’s tax receivables was due to increase in the payable taxes

- Increase in provision for long-term financial investments was due to provisions

2. Regarding capital resources: Total capital in the audited financial statement of 2019 increased by VND 236,162,260 compared to the unaudited financial statement of 2019

- Increase in the account of deferred revenue was due to reclassifying debts of projects of VNECO

- Reduction in short-term expenses was due to reduction of advance of many actual expenses, then being reduced

- Decrease in retained profit in this period was due to an increase in payable CIT but the total retained profit increased due to reclassification of CIT under the tax inspection decision

3. Regarding profit: The profit in the unaudited financial statement of 2019 decreased by VND 15,158,994 compared to the audited 2019 financial statement

- Cost of goods sold decreased due to decrease in accruals. The management expense increased due to provisions. Increase in corporate income tax was due to reclassification of taxes according to tax examination records and increase in payable CIT in the period

4. About the cash flow

- Reclassification between amounts paid for production and business activities and proceeds from liquidation of assets, proceeds from capital contribution to other units and proceeds from loans and dividends. Specific figures are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Changed main indicators | 31 Dec 2019 | 31 Dec 2019 | Difference |
| Unaudited | Audited |
| I. Assets | 28,717,906,968 | 28,954,069,228 | 236,162,260 |
| Provisions for short-term doubtful debts (\*) | (901,173,464) | (915,240,858) | (14,067,394) |
| Short-term receivables from customers | 7,493,838,752 | 7,757,845,468 | 264,006,716 |
| Short-term prepaid expenses | 138,560,085 | 122,087,718 | (16,472,367) |
| Long-term prepaid expenses | 50,843,439 | 67,315,806 | 16,472367 |
| Taxes and other receivables of the State | 56,320,607 | 47,215,279 | (9,105,328) |
| Provisions for long-term financial investments (\*) |  | (4,563,606) | (4,563,606) |
| II. Capital resources | 28,717,906,968 | 28,954,069,228 | 236,162,260 |
| Short-term deferred revenue | 1,620,627,024 | 1,884,633,740 | 264,006,716 |
| Other short-term payables | 470,068,679 | 468,632,734 | (1,435,945) |
| Short-term payables | 178,246,727 | 140,370,765 | (37,875,962) |
| Retained after-tax profit | 423,919,314 | 435,386,765 | 11,467,451 |
| III. Production and business results |  |  |  |
| Cost of goods sold | 19,670,876,042 | 19,633,000,080 | - 37,875,962 |
| Financial expenses | 335,702,120 | 199,437,061 | - 136,265,059 |
| Financial income | 394,537,634 | 258,993,451 | - 135,544,183 |
| Enterprise management expense | 1,674,417,693 | 1,692,441,752 | 18,024,059 |
| Other income |  |  |  |
| Current income tax expense | 5,083,509 | 40,815,282 | 35,731,773 |
| Profit after tax | 224,334,035 | 209,175,041 | (15,158,994) |
| VI. Cash flow | 634,815,313 | 634,815,313 |  |
| Proceeds from sales, services | 21,933,771,160 | 20,320,644,366 | (1,613,126,794) |
| Payment to suppliers of goods and services | (17,370,535,511) | (13,086,953,134) | 4,283,582,377 |
| Cash payment to employees | (4,303,676,856) | (4,053,896,995) | 249,779,861 |
| Loan interest payment | (27,752,869) | (23,796,204) | 3,956,665 |
| Corporate income tax payment |  |  |  |
| Other revenues from business activities | 1,082,873,616 | 2,696,000,410 | 1,613,126,794 |
| Other expenses | (910,262,171) | (5,351,336,513) | (4,441,074,342) |
| Expenses for shopping, construction of fixed assets and long-term assets | (8,525,000) | (128,525,000) | (120,000 000) |
| Interest, dividends and shared profits | 238,922,944 | 262,678,383 | 23,755,439 |