**DGT: Explanation for the financial statement of 2019**

On 20 Apr 2020, Dona Transportation Construction Joint Stock Company explained the financial statement of 2019 as follows:

Dona Transportation Construction Joint Stock Company explains the business results, basis of the qualified opinion and retrospective adjustment of Accounting Financial Consulting Services Company Limited on the financial statement of 2019 as follows:

1. Operation results in 2019

Unit: VND million

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No | Main indicators | Plan 2019 | Realization 2019 | Rate  |
| 1 | Revenue | 219,000 | 13,782 | 6.27% |
| 2 | Profit before tax  | 8,200 | 686 | 8.37% |
| 3 | After-tax profit  | 6,560 | 686 | 10.5% |

- In 2019, the value of construction contracts transferred from 2018 was over VND 10 billion. In 2019 the Company won only one project worth about VND 0.7 billion

- Most transitional projects were in the end stage with small value; the new projects were also few, so in 2019, the Company could not complete the revenue plan

- For projects with higher profit proportion in 2019 such as Tan Cang 4 Quarry which has not yet been put in exploitation, hot asphalt concrete station and Dak Lua sand mining enterprise with low revenue. Therefore, the Company's total revenue was only 6.29%, resulting in not achieving the revenue as expected by the Company

2. On the basis of the qualified opinion:

- For the provision for doubtful receivables: VND 1,888,793,693, the Company did not record in the 2019 business results, the Company explains this opinion as follows:

Due to the characteristics of the transport construction industry, most of the construction is funded by the state budget, the main works are BOT, so the settlement can be prolonged; many works which are not settled despite over the warranty period so the provision was not made in 2019

- Interest expense was not recognized in 2019 by the Company: VND 4,395,729,061 - Company explains as follows:

Till the end of 2019, the debts of the Company at BIDV were nearly VND 56 billion, which were overdue, so the construction money was all collected by the bank and the interest was not temporarily recognized in the interest expense in the financial year due to the failure to pay interest to the bank. After the Company arranges its financial resources and makes interest payment to the bank, the Company will record in the following years

- In 2019, the Company recorded a allocation of 70% of management expenses into the cost of capital construction investment (Tan Cang quarry) with the amount of: VND 6,149,019,202, the Company explains as follows:

Because at present, all the resources of the Company are concentrated in construction investment to solve related issues for Tan Cang quarry to be exploited soon, the Company has allocated 70% of management expense into capital construction

- Late payment penalty interest rate not recorded in 2019: VND 2,595,105,373. The company explain as follows:

Like the loan interest, in 2019, the debts of the Company at BIDV were overdue, the money from the works was collected by the bank, therefore, the Company was not able to pay this interest expense and late payment interest expense in 2019 financial statement, so the Company did not record this late payment interest in financial statement of 2018. The Company is trying to arrange financial sources for payment and additional record for subsequent financial years

3. Regarding the adjustment of the balance at the beginning of the year 2019 compared to the previous financial statements, the Company explains as follows:

- During the operation of the Company in 2019, the Company focused efforts to collect debts. However, most of the debts were outstanding for a long time, some businesses and individuals could not be contacted, so the Management Board decided to set up provisions for the debt which need to be made as prescribed at the time of preparing the December 31, 2018 financial statement as follows:

3.1 Retrospective entries 2018

|  |  |  |
| --- | --- | --- |
| No | Retrospective content | Retrospective value |
| 1 | Making provision for bad debts  | 25,477,958,358 |

3.2 Comparable figures restated (Presented in section 4, notes of financial statement)

a. Balance Sheet

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Item | Code | 31 Dec 2018 before adjustment | 31 Dec 2018 after adjustment |
| 1 | Provisions for short-term doubtful receivables | 137 | (3,068,285,099) | (28,546,243,457) |
| 2 | Undistributed NPAT for this period | 421b | 38,911,836 | (25,439,046,522) |

b. Adjustments in the Income Statement:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Item | Code | 31 Dec 2018 before adjustment | 31 Dec 2018 after adjustment |
| 1 | Administrative expense | 26 | 2,814,014,374 | 28,291,972,732 |
| 2 | Profit before tax  | 50 | 38,911,836 | 25,439,046,522 |
| 3 | After-tax profit  | 60 | 38,911,836 | 25,439,046,522 |
| 4 | Basic earnings per share | 70 | 16 | (10,254) |
| 5 | Decreased earnings per share | 71 | 16 | (10,254) |

c. Adjustments in the cash flow:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Item | Code | 31 Dec 2018 before adjustment | 31 Dec 2018 after adjustment |
| 1 | Profit before tax  | 01 | 38,911,836 | (25,439,046,522) |
| 2 | Provisions | 03 | 0 | 25,477,958,358 |