

**SAOBACDAU TECHNOLOGIES  
CORPORATION AND SUBSIDIARIES**

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS  
For the year ended 31 December 2010**

## CONTENTS

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|   | <b>Page</b> |
|---|-------------|
| Chief Executive Officer's report  | 1 - 2       |
| Independent auditors' report  | 3           |
| Audited consolidated financial statements   |             |
| Consolidated statement of financial position<br>at 31 December 2010                   | 4 - 7       |
| Consolidated income statement<br>for the year ended 31 December 2010                  | 8           |
| Consolidated statement of cash flows<br>for the year ended 31 December 2010           | 9           |
| Accounting policies and explanatory notes<br>to the consolidated financial statements | 10 - 25     |

# SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CHIEF EXECUTIVE OFFICER'S REPORT

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SaoBacDau Technologies Corporation (hereinafter referred to as The Company) presents this report and the audited consolidated financial statements of The Company and its subsidiaries (hereinafter together with The Company referred to as The Group) for the year ended 31 December 2010.

### 1. Background

SaoBacDau Technologies Corporation, formerly known as Informatics Service Provider Co. Ltd., was established in accordance with Business Registration Certificate No. 4103002093 dated 11 February 2004 and other amendment certificates thereafter with the latest one dated 30 December 2010 granted by Ho Chi Minh City Department of Planning and Investment.

The Company registered as a public company at State Securities Commission of Vietnam on 11 December 2007.

The Company's head office is located at Lot U12B – 16A, Street No.22, Tan Thuan Export Processing Zones, Ward Tan Thuan Dong, District 7, Ho Chi Minh City.

The charter capital as described in Business Registration Certificate was VND 80 billion.

Up to 31 December 2010, The Company has 2 subsidiaries.

According to the Business Registration Certificate, The Group's principal activities include the following:

Producing, assembling, repairing informatics and electronics products. Trading in household appliances, informatics and electronics products, office – equipment, cables, kinds of snap-in, electronic components. The consignment of goods agent, trading agency, office machine for rent, trading in telephones, fax, PABX switchboard (included 32 numbers). Trading, installing and maintaining informatics and electronics equipment, informatics network. Trading, producing, installing, maintaining telecommunications equipment. Trading, providing telecommunications service agent. Trading and producing informatics software, designed web. Scientific services: integrating systems, making over information technology. Providing information upload to internet, providing internet services agent (not including internet service providing agent in head office). Consultant, training informatics and telecommunications technology. Designing computer networking system. Office for rent. Trading, installing, repairing, maintaining electrical equipment, automatic control equipment (not including processing mechanic, producing electroplate, recycling waste at head office). Consulting technology transfer. Vocational training. Trading in software, machine, equipment in radio-broadcasting and television. Producing, trading and releasing films, films tabs and discs of being granted for circulations. Trading real estates. Construction of Industrial Civil Project. Plane tickets agent. Scientific Services: integrated system, technology transfer.

### 2. Members of the Board of Directors and the Management

Members of the Board of Directors during the year 2010 and on the date of this report include:

| <i>Full name</i>     | <i>Position</i> |
|----------------------|-----------------|
| Mr. Nguyen Duc Quang | Chairman        |
| Mr. Tran Tuyen Duc   | Vice Chairman   |
| Mr. Do Van Hao       | Member          |
| Mr. Le Hong Phong    | Member          |
| Mr. Hoang Hai Thinh  | Member          |
| Mr. Tran Anh Tuan    | Member          |
| Mr. Dang Nam Son     | Member          |

# SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CHIEF EXECUTIVE OFFICER'S REPORT

Members of the Management during the year 2010 and on the date of this report include:

| <i>Full name</i>    | <i>Position</i>         |
|---------------------|-------------------------|
| Mr. Tran Anh Tuan   | Chief Executive Officer |
| Mr. Hoang Hai Thinh | Chief Business Officer  |
| Mr. Le Hong Phong   | Chief Business Officer  |
| Mr. Vo Hung Anh     | Chief Operator Office   |

### 3. Financial review

The results of The Group's business operations for the year 2010 are shown on the accompanying consolidated financial statements audited by DTL Auditing Company.

### 4. Chief Executive Officer's commitment

Chief Executive Officer is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of The Group and for preparing the consolidated financial statements in accordance with the Vietnamese Accounting Standards and System.

Chief Executive Officer is responsible for safeguarding the assets of The Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Executive Officer ensures that there are no unusual items that may render any amount stated in the consolidated financial statements misleading, and The Group has no any contingent liability or other liability that will or may substantially affect the ability of The Group to meet its obligations as and when they fall due.

As of the date of this report, Chief Executive Officer was not aware of any irregularities that render the figures in the consolidated financial statements misleading and The Group has ability to pay all debts when they fall due.

### 5. Auditor

DTL Auditing Company has been appointed to audit the consolidated financial statements of The Group for the year ended as at 31 December 2010.

### 6. Chief Executive Officer's statement

In Chief Executive Officer's opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of The Group at 31 December 2010, the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting System/Standards.

Ho Chi Minh City, 30 March 2011

**CHIEF EXECUTIVE OFFICER**



**TRAN ANH TUAN**

No: 11.150/BCKTHN-2010

**INDEPENDENT AUDITORS' REPORT****To: Members of the Board of Directors  
Members of the Management  
SAOBACDAU TECHNOLOGIES CORPORATION**

We have audited the accompanying consolidated statement of financial position of SaoBacDau Technologies Corporation (hereinafter referred to as "The Company") and its subsidiaries (hereinafter together with The Company referred to as "The Group") at 31 December 2010, and related consolidated income statement and consolidated statements of cash flows and appended accounting policies and explanatory notes for the year then ended as set out on page 4 to page 25. These consolidated financial statements are the responsibility of The Company's management. Our responsibility is to express an opinion on the true and fair view of these financial statements based on our audit.

**Basis of opinion**

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit and other auditors' report provides a reasonable basis for our opinion.

**Opinion**

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of The Group at 31 December 2010, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards/System and relevant legislation.



**pp. GENERAL DIRECTOR  
VICE GENERAL DIRECTOR**

**LUC THI VAN**  
CPA No. 0172/KTV

*Ho Chi Minh City, 30 March 2011*

**AUDITOR**

**NGO THANH BINH**  
CPA No. 0524/KTV

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 December 2010

Expressed in Vietnam dong unless otherwise stated

| ASSETS   | Code       | Notes | Ending<br>balance      | Beginning<br>balance   |
|--|------------|-------|------------------------|------------------------|
| <b>A. CURRENT ASSETS</b>   | <b>100</b> |       | <b>221,975,111,169</b> | <b>204,371,451,033</b> |
| <b>I. Cash and cash equivalent</b>                                       | <b>110</b> | 5.1   | <b>11,654,041,315</b>  | <b>17,667,411,070</b>  |
| 1. Cash  | 111        |       | 10,854,041,315         | 13,167,411,070         |
| 2. Cash equivalent   | 112        |       | 800,000,000            | 4,500,000,000          |
| <b>II. Short-term investments</b>  | <b>120</b> |       |                        |                        |
| 1. Short-term investments  | 121        |       |                        |                        |
| 2. Provision for the diminution in value of short-term securities        | 129        |       |                        |                        |
| <b>III. Accounts receivable</b>  | <b>130</b> | 5.2   | <b>166,946,683,131</b> | <b>147,114,443,407</b> |
| 1. Trade receivables   | 131        |       | 150,788,816,734        | 140,822,626,209        |
| 2. Advances to suppliers   | 132        |       | 12,050,204,810         | 5,299,426,638          |
| 3. Receivables from related parties                                      | 133        |       |                        |                        |
| 4. Construction contractor receivables based on agreed progress billings | 134        |       |                        |                        |
| 5. Other receivables   | 135        |       | 4,107,661,587          | 992,390,560            |
| 6. Provision for doubtful debts  | 139        |       |                        |                        |
| <b>IV. Inventories</b>   | <b>140</b> | 5.3   | <b>34,029,587,232</b>  | <b>31,843,355,194</b>  |
| 1. Inventories   | 141        |       | 34,029,587,232         | 32,011,086,422         |
| 2. Provision for decline in inventory                                    | 149        |       |                        | (167,731,228)          |
| <b>V. Other current assets</b>   | <b>150</b> |       | <b>9,344,799,491</b>   | <b>7,746,241,362</b>   |
| 1. Prepaid expenses  | 151        |       | 3,947,083,594          | 2,819,822,502          |
| 2. VAT deductible  | 152        |       | 2,337,890,206          | 1,238,569,208          |
| 3. Tax receivables and other receivable from the State                   | 154        |       |                        |                        |
| 4. Other current assets  | 158        | 5.4   | 3,059,825,691          | 3,687,849,652          |

(the next page is 5)

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 December 2010

Expressed in Vietnam dong unless otherwise stated

| ASSETS  | Code       | Notes | Ending<br>balance      | Beginning<br>balance   |
|---|------------|-------|------------------------|------------------------|
| <b>B. NON-CURRENT ASSETS</b>                    | <b>200</b> |       | <b>41,391,648,257</b>  | <b>41,434,890,168</b>  |
| <b>I. Long-term receivables</b>                 | <b>210</b> |       |                        |                        |
| 1. Long-term trade receivables                  | 211        |       |                        |                        |
| 2. Equity capital allotted to subsidiaries      | 212        |       |                        |                        |
| 3. Long-term receivables from related parties   | 213        |       |                        |                        |
| 4. Other long-term receivables                  | 218        |       |                        |                        |
| 5. Provision for doubtful long-term receivables | 219        |       |                        |                        |
| <b>II. Fixed assets</b>                         | <b>220</b> |       | <b>40,729,787,082</b>  | <b>38,560,500,674</b>  |
| 1. Tangible fixed assets                        | 221        | 5.5   | 12,143,040,510         | 15,447,617,251         |
| - Cost  | 222        |       | 23,507,262,493         | 25,622,548,759         |
| - Accumulated depreciation                      | 223        |       | (11,364,221,983)       | (10,174,931,508)       |
| 2. Finance lease assets                         | 224        |       |                        |                        |
| - Cost  | 225        |       |                        |                        |
| - Accumulated depreciation                      | 226        |       |                        |                        |
| 3. Intangible fixed assets                      | 227        | 5.6   | 2,238,198              | 11,555,837,632         |
| - Cost  | 228        |       | 1,120,662,330          | 12,651,231,530         |
| - Accumulated amortization                      | 229        |       | (1,118,424,132)        | (1,095,393,898)        |
| 4. Construction in progress                     | 230        | 5.7   | 28,584,508,374         | 11,557,045,791         |
| <b>III. Investment property</b>                 | <b>240</b> |       |                        |                        |
| - Cost  | 241        |       |                        |                        |
| - Accumulated depreciation                      | 242        |       |                        |                        |
| <b>IV. Long term investments</b>                | <b>250</b> |       | <b>400,000,000</b>     | <b>1,626,027,833</b>   |
| 1. Investments in subsidiaries                  | 251        |       |                        |                        |
| 2. Investments in associates, joint-ventures    | 252        |       |                        | 1,226,027,833          |
| 3. Other long term investments                  | 258        |       | 400,000,000            | 400,000,000            |
| 4. Provision for long-term investments          | 259        |       |                        |                        |
| <b>V. Other long-term assets</b>                | <b>260</b> |       | <b>261,861,175</b>     | <b>1,248,361,661</b>   |
| 1. Long-term deferred expenses                  | 261        |       | 62,712,375             | 1,049,806,161          |
| 2. Deferred income tax assets                   | 262        |       |                        |                        |
| 3. Other long-term assets                       | 268        |       | 199,148,800            | 198,555,500            |
| <b>VI. Goodwill</b>                             | <b>269</b> |       |                        |                        |
| <b>TOTAL ASSETS</b>                             | <b>270</b> |       | <b>263,366,759,426</b> | <b>245,806,341,201</b> |

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 December 2010

Expressed in Vietnam dong unless otherwise stated

| RESOURCES  | Code       | Notes  | Ending balance         | Beginning balance      |
|--|------------|--------|------------------------|------------------------|
| <b>A. LIABILITIES</b>                            | <b>300</b> |        | <b>169,908,420,520</b> | <b>185,016,283,000</b> |
| <b>I. Current liabilities</b>                    | <b>310</b> |        | <b>169,908,420,520</b> | <b>185,016,283,000</b> |
| 1. Short-term loans and debts                    | 311        | 5.8    | 64,375,517,686         | 97,115,922,941         |
| 2. Trade payables                                | 312        | 5.9    | 82,101,240,570         | 60,514,696,519         |
| 3. Advances from customers                       | 313        | 5.9    | 13,339,613,003         | 19,961,846,159         |
| 4. Statutory obligations                         | 314        | 5.10   | 2,119,549,443          | 1,449,940,657          |
| 5. Payables to employees                         | 315        | 5.11   | 271,200,000            | 1,273,181,766          |
| 6. Accruals                                      | 316        | 5.12   | 2,525,368,587          | 3,276,045,736          |
| 7. Inter-company payables                        | 317        |        |                        |                        |
| 8. Construction contractor payables              |            |        |                        |                        |
| 9. Other payables                                | 319        | 5.13   | 5,175,931,231          | 1,424,649,222          |
| 10. Short-term provision                         | 320        |        |                        |                        |
| 11. Reward and welfare funds                     | 323        |        |                        |                        |
| <b>II. Long-term liabilities</b>                 | <b>330</b> |        |                        |                        |
| 1. Long-term trade payables                      | 331        |        |                        |                        |
| 2. Long-term payables to related parties         | 332        |        |                        |                        |
| 3. Other long-term payables                      | 333        |        |                        |                        |
| 4. Long-term loans and debts                     | 334        |        |                        |                        |
| 5. Deferred income tax payables                  | 335        |        |                        |                        |
| 6. Provision for unemployment funds              | 336        |        |                        |                        |
| 7. Long-term provision                           | 337        |        |                        |                        |
| 8. Unrealized revenue                            | 338        |        |                        |                        |
| 9. Scientific and technological development fund | 339        |        |                        |                        |
| <b>B. OWNERS' EQUITY</b>                         | <b>400</b> | 5.14.1 | <b>89,159,292,400</b>  | <b>56,123,916,756</b>  |
| <b>I. Equity</b>                                 | <b>410</b> |        | <b>89,159,292,400</b>  | <b>56,123,916,756</b>  |
| 1. Contributed legal capital (Share capital)     | 411        | 5.14.2 | 80,000,000,000         | 43,198,040,000         |
| 2. Capital surplus                               | 412        |        | 1,123,900              | 7,960,553,900          |
| 3. Other contributed capital                     | 413        |        |                        |                        |
| 4. Treasury shares                               | 414        |        | (330,000)              | (330,000)              |
| 5. Asset revaluation surplus                     | 415        |        |                        |                        |
| 6. Foreign exchange difference                   | 416        |        | (101,006,412)          | (991,369,527)          |
| 7. Investment and development fund               | 417        |        | 349,878,228            | 349,878,228            |
| 8. Financial reserve fund                        | 418        |        | 1,260,076,573          | 1,075,056,573          |
| 9. Other funds within owners' equity             | 419        |        |                        |                        |
| 10. Undistributed earnings                       | 420        | 5.14.6 | 7,649,550,111          | 4,532,087,582          |
| 11. Capital expenditure fund                     | 421        |        |                        |                        |
| 12. Enterprise reorganization support fund       | 422        |        |                        |                        |
| <b>II. Other capital, funds</b>                  | <b>430</b> |        |                        |                        |
| 1. Subsidy funds                                 | 432        |        |                        |                        |
| 2. Funds invested in fixed assets                | 433        |        |                        |                        |
| <b>C. NON-CONTROLLING INTEREST</b>               | <b>439</b> | 5.15   | <b>4,299,046,506</b>   | <b>4,666,141,445</b>   |
| <b>TOTAL RESOURCES</b>                           | <b>500</b> |        | <b>263,366,759,426</b> | <b>245,806,341,201</b> |



**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 December 2010

Expressed in Vietnam dong unless otherwise stated

| OFF CONSOLIDATED STATEMENT<br>OF FINANCIAL POSITION ITEMS | Notes | Ending<br>balance | Beginning<br>balance |
|---|-------|-------------------|----------------------|
| 1. Assets under operating lease                           |       |                   |                      |
| 2. Goods held under trust or for processing               |       | 175,000           | 648,000              |
| 3. Goods held by the company on consignment               |       |                   |                      |
| 4. Bad debts written off                                  |       |                   |                      |
| 5. Foreign currencies                                     |       |                   |                      |
| + USD   |       | 455.37            | 1,080.22             |
| 6. Budgeted operating expenses                            |       |                   |                      |

Ho Chi Minh City, 30 March 2011

CHIEF ACCOUNTANT

HO THI HONG HANH

CHIEF EXECUTIVE OFFICER



TRAN ANH TUAN

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENT**

For the year ended on 31 December 2010

*Expressed in Vietnam dong unless otherwise stated*

| <b>ITEMS</b>  | <b>Code</b> | <b>Notes</b> | <b>Current year</b> | <b>Previous year</b> |
|---|-------------|--------------|---------------------|----------------------|
| 1. Revenue  | 01          |              | 283,840,587,155     | 325,173,194,944      |
| 2. Deductions   | 02          |              | 3,453,301           | 16,086,000           |
| 3. Net revenue  | 10          | 6.1          | 283,837,133,854     | 325,157,108,944      |
| 4. Cost of sales  | 11          | 6.2          | 226,513,164,061     | 266,069,073,419      |
| 5. Gross profit   | 20          |              | 57,323,969,793      | 59,088,035,525       |
| 6. Financial income   | 21          | 6.3          | 1,566,172,778       | 1,422,345,505        |
| 7. Financial expenses   | 22          | 6.4          | 13,647,887,624      | 9,399,454,129        |
| <i>In which: Interest expense</i>                               | 23          |              | 6,651,821,033       | 6,586,667,775        |
| 8. Selling expenses   | 24          | 6.5          | 12,410,590,771      | 13,038,492,180       |
| 9. General and administration expenses                          | 25          | 6.6          | 26,327,807,042      | 34,111,920,236       |
| 10 Operating profit/(loss)                                      | 30          |              | 6,503,857,134       | 3,960,514,485        |
| 11. Other income  | 31          | 6.7          | 15,841,011,122      | 532,780,987          |
| 12. Other expense   | 32          | 6.8          | 15,689,670,650      | 644,854,412          |
| 13. Net other income/(loss)                                     | 40          |              | 151,340,472         | (112,073,425)        |
| 14. Profit/(loss) in associates, joint-ventures                 | 50          |              |                     | 2,027,833            |
| 15. Accounting profit before tax                                | 60          |              | 6,655,197,606       | 3,850,468,893        |
| 16.1 Current corporate income tax expense                       | 61          | 6.9          | 1,506,966,313       | 683,475,098          |
| 16.2 Deferred income tax expense                                | 62          |              |                     |                      |
| 17. Net profit/(loss) after tax                                 | 70          |              | 5,148,231,293       | 3,166,993,795        |
| 17.1 Non-controlling interest                                   | 71          |              | (323,369,855)       | (533,408,729)        |
| 17.2 Profit after tax of the shareholders of The Parent Company | 72          |              | 5,471,601,148       | 3,700,402,524        |
| 18. Earnings per share  | 80          | 5.14.5       | 1,008               | 773                  |

Ho Chi Minh City, 30 March 2011

CHIEF ACCOUNTANT



HO THI HONG HANH

CHIEF EXECUTIVE OFFICER



TRẦN ANH TUẤN

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)**

For the year ended on 31 December 2010

Expressed in Vietnam dong unless otherwise stated

| ITEMS  | Code      | Notes | Current year           | Previous year           |
|--|-----------|-------|------------------------|-------------------------|
| <b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>   |           |       |                        |                         |
| 1. Cash receipts from customers  | 01        |       | 276,220,864,338        | 273,534,470,678         |
| 2. Cash paid to suppliers  | 02        |       | (238,893,794,121)      | (274,893,045,920)       |
| 3. Cash paid to employees  | 03        |       | (20,587,199,538)       | (24,053,149,114)        |
| 4. Interest paid   | 04        |       | (6,651,821,033)        | (6,537,377,773)         |
| 5. Income taxes paid   | 05        |       | (683,475,098)          | (3,871,095,633)         |
| 6. Other cash inflows from operating activities  | 06        |       | 10,601,932,566         | 11,494,546,526          |
| 7. Other cash outflows from operating activities   | 07        |       | (12,219,322,251)       | (7,724,792,722)         |
| <b>Net cash from/(used in) operating activities</b>  | <b>20</b> |       | <b>7,787,184,863</b>   | <b>(32,050,443,958)</b> |
| <b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |           |       |                        |                         |
| 1. Purchase of fixed assets and other long-term assets                                     | 21        |       | (25,296,311,313)       | (3,848,597,294)         |
| 2. Proceeds from disposals of fixed assets and other long-term assets                      | 22        |       | 15,424,991,460         | 50,035,439              |
| 3. Loans to other entities and payments for purchase of debt instruments of other entities | 23        |       |                        |                         |
| 4. Repayments from borrowers and proceeds from sales of debt instruments of other entities | 24        |       |                        |                         |
| 5. Investments in other entities   | 25        |       | (95,000,000)           |                         |
| 6. Proceeds from sales of investments in other entities                                    | 26        |       | 6,747,720,000          | 9,538,950,000           |
| 7. Interest and dividends received   | 27        |       | 743,215,179            | 819,875,375             |
| <b>Net cash from/(used in) investing activities</b>  | <b>30</b> |       | <b>(2,475,384,674)</b> | <b>6,560,263,520</b>    |
| <b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>   |           |       |                        |                         |
| 1. Capital contribution  | 31        |       | 28,842,530,000         |                         |
| 2. Capital redemption  | 32        |       |                        |                         |
| 3. Borrowings  | 33        |       | 194,537,469,727        | 224,789,195,091         |
| 4. Loan repayment  | 34        |       | (229,108,260,198)      | (199,360,333,989)       |
| 5. Finance lease principal paid  | 35        |       |                        |                         |
| 6. Dividends paid  | 36        |       | (2,159,885,500)        |                         |
| <b>Net cash from/(used in) financing activities</b>  | <b>40</b> |       | <b>(7,888,145,971)</b> | <b>25,428,861,102</b>   |
| <b>Net increase/(decrease) in cash (20+30+40)</b>  | <b>50</b> |       | <b>(2,576,345,782)</b> | <b>(61,319,336)</b>     |
| <b>Cash and cash equivalents at beginning of year/(period)</b>                             | <b>60</b> | 5.1   | <b>14,230,387,097</b>  | <b>17,728,730,406</b>   |
| Impact of exchange rate fluctuation  | 61        |       |                        |                         |
| <b>Cash and cash equivalents at end of year/(period) (50+60+61)</b>                        | <b>70</b> | 5.1   | <b>11,654,041,315</b>  | <b>17,667,411,070</b>   |

Ho Chi Minh City, 30 March 2011

CHIEF ACCOUNTANT



HO THI HONG HANH

CHIEF EXECUTIVE OFFICER



TRAN ANH TUAN

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES  
ACCOUNTING POLICIES AND EXPLANATORY NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

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

**1. Background**

**1.1. General information**

SaoBacDau Technologies Corporation (hereinafter referred to as The Company), formerly known as Informatics Service Provider Co. Ltd., was established in accordance with Business Registration Certificate No. 4103002093 dated 11 February 2004 and other amendment certificates thereafter with the latest one dated 30 December 2010 granted by Ho Chi Minh City Department of Planning and Investment.

The Company registered as a public company at State Securities Commission of Vietnam on 11 December 2007.

The Company's head office is located at Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City.

The charter capital as described in Business Registration Certificate was VND 80 billion.

Up to 31 December 2010, The Company has 2 subsidiaries as represented in Note 1.3 below (together with The Company hereinafter referred to as The Group).

**1.2. Business industry**

The Company's principal activities include:

Producing, assembling, repairing informatics and electronics products. Trading in household appliances, informatics and electronics products, office – equipment, cables, kinds of snap-in, electronic components. The consignment of goods agent, trading agency, office machine for rent, trading in telephones, fax, PABX switchboard (included 32 numbers). Trading, installing and maintaining informatics and electronics equipment, informatics network. Trading, producing, installing, maintaining telecommunications equipment. Trading, providing telecommunications service agent. Trading and producing informatics software, designed web. Scientific services: integrating systems, making over information technology. Providing information upload to internet, providing internet services agent (not including internet service providing agent in head office). Consultant, training informatics and telecommunications technology. Designing computer networking system. Office for rent. Trading, installing, repairing, maintaining electrical equipment, automatic control equipment (not including processing mechanic, producing electroplate, recycling waste at head office). Consulting technology transfer. Vocational training. Trading in software, machine, equipment in radio-broadcasting and television. Producing, trading and releasing films, films tabs and discs of being granted for circulations. Trading real estates. Construction of Industrial Civil Project. Plane tickets agent. Scientific Services: integrated system, technology transfer.

**1.3. The list of subsidiaries**

**The list of direct subsidiaries**

| <u>No.</u> | <u>Name of subsidiaries</u>                              | <u>Address</u>  | <u>Voting rights</u> | <u>Ownership interest</u> |
|------------|--|---|----------------------|---------------------------|
| 1.         | Viet Communication and Networks Technologies Corporation | 208-210 Khanh Hoi Street, Ward 6, District 4, Ho Chi Minh City  | 98%                  | 98%                       |
| 2.         | Viet Thanh Cong Network Technologies Joint Stock Company | Lot U12b – 16a, Street 22, Tan Thuan Export Processing Zones, Ward Tan Thuan Dong, District 7, Ho Chi Minh City | 67.2%                | 67.2%                     |

Viet Communication and Networks Technologies Corporation has ceased its operations since October 2010 and now is the process of being dissolved.

# SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## ACCOUNTING POLICIES AND EXPLANATORY NOTES

### TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

*Expressed in Vietnam dong unless otherwise stated*

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#### **2. Fiscal year, reporting currency**

##### **2.1. Fiscal year**

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

##### **2.2. Reporting currency**

The Group maintains its accounting records in Dong Vietnam.

#### **3. Accounting standards, accounting system**

##### **3.1. Accounting standards, accounting system**

The Group has adopted Vietnamese Accounting Standards and system.

##### **3.2. Forms of accounting records**

A form of accounting records applied in The Group is General Journal Voucher.

##### **3.3. Statement of compliance with Vietnamese Accounting Standards**

The Group's consolidated financial statements for the year ended 31 December 2010 are prepared in accordance with Vietnamese Accounting Standards 25 – Consolidated financial statements and accounting for investments in subsidiaries.

#### **4. Significant accounting policies**

##### **4.1. Consolidation principles**

The consolidated financial statements incorporate the financial statements of The Company, its subsidiaries that are accounted for under the equity method for the year ended 31 December 2010. The financial statements of the subsidiaries have been prepared for the same financial year using uniform accounting policies as with that of The Company. The adjustments were implemented for any different accounting policies to ensure consistency between the subsidiaries and The Company.

All inter-company balances and transactions, including unrealized inter-company profits or losses, are eliminated in full.

##### **4.2. Cash and Cash equivalents**

Cash comprises cash on hand, cash in transit and demand deposits. Cash equivalents are short-term investments (for a period not exceeding 3 months) that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

##### **4.3. Foreign currency transactions**

Transactions in foreign currencies are recorded, on initial recognition, in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction. At the end of the reporting period, foreign currency monetary items are reported using the closing rate and exchange rate differences resulting from the reporting are treated as follows:

- With regard to cash, cash at bank, cash in transit, short-term debts denominated in foreign currencies, the exchange rate differences are recorded as an item in the owners' equity section of the statement of financial position and reversed at the beginning of next year.
- With regard to long-term receivables, the exchange rate differences are recorded as financial income or expense in the current year.

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

*Expressed in Vietnam dong unless otherwise stated*

- With regard to long-term payables in foreign currencies:
  - + In case of increase, the exchange rate differences are recorded as a financial expense and deductible for Corporate Income Tax purposes. If such treatment causes the financial result of The Group loss, the exchange rate differences can be deferred to avoid incurring the loss provided that the exchange rate differences currently expensed are matched up with the exchange rate difference of the current portion of long term payables in foreign currencies. The remainder of the exchange rate differences is allocated over a period not exceeding 5 years thereafter.
  - + In case of decrease, the exchange rate differences are recorded as a financial income.

**4.4. Inventories**

- Inventory measurement

Inventories are measured at cost. Where the net realizable value is lower than cost, inventories are measured at the net realizable value.

The costs of inventories comprise all costs of purchase, costs of conversion, and other costs incurred in bringing inventories to their present current location and condition.

The costs of purchase comprise the purchase price, non-reimbursable taxes and duties, and transport, handling and other costs directly attributable to the purchase. Trade discount and sales rebates on substandard and obsolete goods purchased are deducted from the costs of purchase.

- Method of determining closing balance of inventories

The inventories of the parent company are measured using the first-in, first-out method.

The inventories of the subsidiaries are measured using the weighted average method.

- Method of accounting for inventories

Inventories are recorded under the perpetual inventory method.

- Provision for decline in inventory

Where, by the year-end, the net realizable value of inventories is lower than cost, provision for decline in inventories is required.

- The provision is the excess of the cost of inventories over their net realizable value.

Inventories are written down to net realizable value on an item-by-item basis. For services being rendered, provision is made in respect of each service for which a separate selling price will be charged.

Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

**4.5. Trade receivables and other receivables**

- Recognition method

Trade receivables and other receivables are stated at expected collectible value.

- Provision for doubtful debts

The provision for doubtful debts is made for amounts past due and amounts, which have signs that they might not be recoverable.

**4.6. Recognition, depreciation and amortization of fixed assets**

- Tangible fixed asset recognition

Tangible fixed assets are initially recognized at their costs. The cost of a tangible fixed asset is the amount of all expenses paid by The Group to acquire an asset at the time the asset is put into operation for its intended use.

# SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## ACCOUNTING POLICIES AND EXPLANATORY NOTES

### TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

#### ▪ Intangible fixed asset recognition

Intangible fixed assets are initially recognized at their costs. The cost of an intangible fixed asset is the amount of all expenses paid by The Group to acquire an asset at the time the asset is put into operation for its intended use.

#### ▪ Depreciation and amortization

The costs of fixed assets are depreciated on a straight-line method over their estimated useful lives.

The estimated useful lives are as follows:

|  |           |
|--|-----------|
| + Machinery and equipment                | 3-5 years |
| + Means of transportations, transmitters | 3-5 years |
| + Management equipment and devices       | 2-5 years |
| + Computer Software                      | 3 years   |

#### **4.7. Capitalization of borrowing costs and other expenses**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset when it is probable that they will result in future economic benefits and the costs can be measured reliably. The capitalization rate is the weighted average of the borrowings that are outstanding during the period, other than borrowings made specifically for obtaining a qualifying asset.

#### **4.8. Investments in subsidiaries, associates**

- Investments in subsidiaries are accounted for under the equity method.
- Investments in joint-ventures, associates are accounted for under the equity method.
- Other short-term and long-term investments are recorded at cost.
- Method of making provisions for diminution in value of investments in long- and short-term securities:

At year end, if market value of the securities held under investments declines at a price lower than the cost, the provisions for diminution in value of investments are made. The provision is the excess of the cost of securities over their net realizable value.

#### **4.9. Recognition of accrued expenses and provisions**

- Accrued expenses are recognized based on information available at the year-end and estimates by past experience.
- Pursuant to Law on Social Insurance, The Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time.

#### **4.10. Equity**

- The owners' equity is recorded when contributed.
- Treasury share recognition and presentation.

Treasury shares are recognized at purchase cost and presented in the statement of financial position as a deduction from equity.

- Dividend recognition

Dividend is recognized as liability at the date of declaring dividend.

- Principles for provision of reserves from profit after tax

Reserves are created in accordance with the charters of the Companies in The Group.

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

*Expressed in Vietnam dong unless otherwise stated*

**4.11. Revenue recognition**

- Revenue from selling goods is measured at the fair value of the consideration received or receivable. In most cases, revenue is recognized when transferring the risks and rewards of the ownership to the buyer.
- Revenue of a transaction involving the rendering of services is recognized when the outcome of this transaction can be estimated reliably. When a transaction involving the rendering of services is attributable to several periods, each period's revenue is recognized by reference to the stage of completion at the end of the reporting period.

**4.12. Taxation**

- Principles and recognition of current income tax expenses: Current tax expenses are defined on a basis of taxable income and rate of corporate income tax (CIT) of the current year.
- The tax reports of the companies in The Group will be inspected by the Tax Department. Since application of the laws and regulations on tax to the different transactions can be interpreted by many ways; therefore, the tax amounts presented on the consolidated financial statements can be changed in accordance with the Tax Department's final decision for the financial statements of the companies in the Group.

**4.13. Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**4.14. Comparative figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.

Income statement (excerpted)

|                         | <b>Current year</b> | <b>Previous year</b>     |
|-------------------------|---------------------|--------------------------|
|                         | (Reclassified)      | (As previously reported) |
| Selling expenses        | 13,038,492,180      | 14,449,808,824           |
| Administration expenses | 34,111,920,236      | 32,700,603,592           |
| Earnings per share      | 773                 | 926                      |

**5. Additional information for items shown in the consolidated statements of financial position**

**5.1. Cash and cash equivalents**

|                  | <b>Ending balance</b>        | <b>Beginning balance</b>     |
|------------------|------------------------------|------------------------------|
| Cash on hand     | 1,295,971,743                | 5,162,546,876                |
| Cash in bank     | 9,558,069,572                | 7,999,880,113                |
| Cash in transit  | -                            | 4,984,081                    |
| Cash equivalents | 800,000,000                  | 4,500,000,000                |
| <b>Total</b>     | <b><u>11,654,041,315</u></b> | <b><u>17,667,411,070</u></b> |

Cash equivalents are term deposits for a period not exceeding 3 months.



**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

**5.2. Accounts receivable**

|  | <b>Ending<br/>balance</b> | <b>Beginning<br/>balance</b> |
|--|---------------------------|------------------------------|
| Trade receivables  | 150,788,816,734           | 140,822,626,209              |
| Advances to suppliers  | 12,050,204,810            | 5,299,426,638                |
| Other receivables  | 4,107,661,587             | 992,390,560                  |
| <b>Total short-term receivables</b>  | <b>166,946,683,131</b>    | <b>147,114,443,407</b>       |
| Provision for doubtful debts   | -                         | -                            |
| <b>Net realizable value of trade receivables and<br/>other receivables</b> | <b>166,946,683,131</b>    | <b>147,114,443,407</b>       |

Account receivables were incurred in normal business activities of The Group.

Advances to suppliers include advances to suppliers of System Integrated Center Project at Tan Thuan Export Processing Zone in amount of VND 7,587,250,663.

Other receivables represent advances for tender guarantees.

**5.3. Inventories**

|  | <b>Ending<br/>balance</b> | <b>Beginning<br/>balance</b> |
|--|---------------------------|------------------------------|
| Raw materials                                      | 2,685,683,163             | 442,733,501                  |
| Work in process                                    | -                         | 518,536,185                  |
| Merchandise  | 31,343,904,069            | 31,049,816,736               |
| <b>Total costs</b>                                 | <b>34,029,587,232</b>     | <b>32,011,086,422</b>        |
| Provision for slow moving and obsolete inventories | -                         | (167,731,228)                |
| <b>Net realizable value of inventories</b>         | <b>34,029,587,232</b>     | <b>31,843,355,194</b>        |

**5.4. Other current assets**

|   | <b>Ending<br/>balance</b> | <b>Beginning<br/>balance</b> |
|---|---------------------------|------------------------------|
| Advances                                      | 1,639,498,202             | 2,048,934,567                |
| Short term deposits, mortgages and collateral | 1,420,327,489             | 1,638,915,085                |
| <b>Total</b>                                  | <b>3,059,825,691</b>      | <b>3,687,849,652</b>         |

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

*Expressed in Vietnam dong unless otherwise stated*

**5.5 . Tangible fixed assets**

|                                 | Buildings,<br>structure | Machinery and<br>equipment | Means of<br>transportation,<br>transmitters | Management<br>equipment and<br>devices | Total                 |
|---------------------------------|-------------------------|----------------------------|---|--|-----------------------|
| <b>Cost</b>                     |                         |                            |   |  |                       |
| Beginning balance               | 4,968,540,511           | 19,362,985,889             | 253,100,014                                 | 1,037,922,345                          | 25,622,548,759        |
| Purchase                        | -                       | 4,640,563,999              | -   | 63,082,637                             | 4,703,646,636         |
| Disposals                       | (4,968,540,511)         | (998,929,129)              | -   | -                                      | (5,967,469,640)       |
| Decrease from consolidation     | -                       | -                          | -   | (851,463,262)                          | (851,463,262)         |
| <b>Ending balance</b>           | <b>-</b>                | <b>23,004,620,759</b>      | <b>253,100,014</b>                          | <b>249,541,720</b>                     | <b>23,507,262,493</b> |
| <b>Accumulated depreciation</b> |                         |                            |   |  |                       |
| Beginning balance               | 1,006,515,296           | 8,354,290,440              | 56,244,450                                  | 757,881,322                            | 10,174,931,508        |
| Depreciation                    | 86,505,643              | 3,669,223,382              | 67,493,337                                  | 74,862,647                             | 3,898,085,009         |
| Disposals                       | (1,093,020,939)         | (942,015,194)              | -   | -                                      | (2,035,036,133)       |
| Decrease from consolidation     | -                       | -                          | -   | (673,758,401)                          | (673,758,401)         |
| <b>Ending balance</b>           | <b>-</b>                | <b>11,081,498,628</b>      | <b>123,737,787</b>                          | <b>158,985,568</b>                     | <b>11,364,221,983</b> |
| <b>Net book value</b>           |                         |                            |   |  |                       |
| Beginning balance               | 3,962,025,215           | 11,008,695,449             | 196,855,564                                 | 280,041,023                            | 15,447,617,251        |
| <b>Ending balance</b>           | <b>-</b>                | <b>11,923,122,131</b>      | <b>129,362,227</b>                          | <b>90,556,152</b>                      | <b>12,143,040,510</b> |

Historical cost of tangible fixed assets fully depreciated but still in use is VND 6,147,875,531.

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

**5.6. Intangible fixed assets**

| Items                           | Land use rights  | Accounting software  | Total                |
|---------------------------------|------------------|----------------------|----------------------|
| <b>Cost</b>                     |                  |                      |                      |
| Beginning balance               | 11,516,569,200   | 1,134,662,330        | 12,651,231,530       |
| Disposals                       | (11,516,569,200) | -                    | (11,516,569,200)     |
| Decreases from consolidation    | -                | (14,000,000)         | (14,000,000)         |
| <b>Ending balance</b>           | <b>-</b>         | <b>1,120,662,330</b> | <b>1,120,662,330</b> |
| <b>Accumulated amortization</b> |                  |                      |                      |
| Beginning balance               | -                | 1,095,393,898        | 1,095,393,898        |
| Amortization                    | -                | 28,859,069           | 28,859,069           |
| Decreases from consolidation    | -                | (5,828,835)          | (5,828,835)          |
| <b>Ending balance</b>           | <b>-</b>         | <b>1,118,424,132</b> | <b>1,118,424,132</b> |
| <b>Net book value</b>           |                  |                      |                      |
| Beginning balance               | 11,516,569,200   | 39,268,432           | 11,555,837,632       |
| <b>Ending balance</b>           | <b>-</b>         | <b>2,238,198</b>     | <b>2,238,198</b>     |

Historical cost of intangible fixed assets fully depreciated but still in use is VND 1,118,424,132.

**5.7. Construction in progress**

|  | Ending balance        | Beginning balance     |
|--|-----------------------|-----------------------|
| Project "System Integrated Center at Tan Thuan Export Processing Zone" | 26,827,879,460        | 10,841,382,842        |
| - Land rental  | 19,229,926,000        | 8,975,362,000         |
| - Construction cost  | 5,156,040,917         | 43,895,636            |
| - Interest expenses  | 2,261,863,921         | 1,822,161,206         |
| - Others   | 180,048,622           | -                     |
| Project Saigon Pearl   | 1,147,627,931         | 384,305,068           |
| Project Orient Apartment   | 286,577,047           | 57,259,363            |
| Project V-Star   | 163,571,160           | 163,571,160           |
| Project A&B Tower  | 149,359,896           | 4,518,448             |
| Others   | 9,492,880             | 106,008,910           |
| <b>Total</b>   | <b>28,584,508,374</b> | <b>11,557,045,791</b> |

The Project "System Integrated Center construction at Tan Thuan Export Processing Zone" was mortgaged for short-term bank loans – Refer to Note 5.8.

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

**5.8. Short-term loans and debts**

|              | <b>Ending<br/>balance</b> | <b>Beginning<br/>balance</b> |
|--------------|---------------------------|------------------------------|
| Bank loans   | 63,375,517,686            | 86,093,909,941               |
| Other loans  | 1,000,000,000             | 11,022,013,000               |
| <b>Total</b> | <b>64,375,517,686</b>     | <b>97,115,922,941</b>        |

Bank loans bore the interest rates from 10.5% to 15.3% per year for VND and from 4.1% to 7.5% per year for USD. These loans were guaranteed by:

- + The Project "System Integrated Center at Tan Thuan Export Processing Zone" - Refer to Note 5.7.
- + Receivables incurred from the contracts signed between SaoBacDau Technologies Corporation and some special clients.
- + Land use rights and the properties of individuals attached to the land at 74/1A Hai Ba Trung, District 1, Ho Chi Minh City and 34 Dang Dung, District 1, Ho Chi Minh City.

Individual short-term loans bore the interest rate of 14.5% per year for VND without any lien over the Company's assets.

**5.9. Trade payables and advances from customers**

|                         | <b>Ending<br/>balance</b> | <b>Beginning<br/>balance</b> |
|-------------------------|---------------------------|------------------------------|
| Trade payables          | 82,101,240,570            | 60,514,696,519               |
| Advances from customers | 13,339,613,003            | 19,961,846,159               |
| <b>Total</b>            | <b>95,440,853,573</b>     | <b>80,476,542,678</b>        |

Trade payables were incurred in normal business activities of The Group.

**5.10. Statutory obligations**

|                        | <b>Ending<br/>balance</b> | <b>Beginning<br/>balance</b> |
|------------------------|---------------------------|------------------------------|
| Value added tax        | 338,340,569               | 279,767,856                  |
| Export, import duties  | 91,895,463                | 158,823,392                  |
| Corporation income tax | 1,502,119,231             | 700,070,274                  |
| Personal income tax    | 169,299,791               | 268,501,159                  |
| Withholdings tax       | 17,894,389                | 36,386,733                   |
| Other taxes            | -                         | 6,391,243                    |
| <b>Total</b>           | <b>2,119,549,443</b>      | <b>1,449,940,657</b>         |

**5.11. Payable to employees**

Represented by the thirteenth salaries 2010 payables to employees.

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

*Expressed in Vietnam dong unless otherwise stated*

**5.12. Accrued expenses**

|                               | <b>Ending<br/>balance</b>   | <b>Beginning<br/>balance</b> |
|-------------------------------|-----------------------------|------------------------------|
| Accrued construction expenses | 2,344,877,644               | 2,344,877,644                |
| Others                        | 180,490,943                 | 931,168,092                  |
|                               | <u><b>2,525,368,587</b></u> | <u><b>3,276,045,736</b></u>  |

**5.13. Other payables and obligations**

|  | <b>Ending<br/>balance</b>   | <b>Beginning<br/>balance</b> |
|--|-----------------------------|------------------------------|
| Implementation fees                    | 2,909,780,000               | -                            |
| Trade union expenditure                | 363,635,316                 | 374,316,641                  |
| Social, health, unemployment insurance | 103,323,238                 | 313,581,724                  |
| Surplus of assets awaiting resolution  | 88,996,069                  | 6,244,200                    |
| Other payables and obligations         | 1,710,196,608               | 730,506,657                  |
| <b>Total</b>                           | <u><b>5,175,931,231</b></u> | <u><b>1,424,649,222</b></u>  |

*(the next page is 20)*

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

*Expressed in Vietnam dong unless otherwise stated*

**5.14. Owner's equity**

**5.14.1 Changes in owner's equity**

|   | Paid in capital       | Capital surplus      | Treasury shares  | Foreign exchange differences | Investment & development fund | Financial reserved fund | Undistributed earnings after tax | Total                 |
|---|-----------------------|----------------------|------------------|------------------------------|-------------------------------|-------------------------|----------------------------------|-----------------------|
| <b>Previous year's beginning balance</b>    | 37,563,790,000        | 7,960,553,900        | -                | -                            | 356,100,733                   | 525,710,169             | 7,323,165,095                    | 53,729,319,897        |
| Previous year's equity increases            | 5,634,250,000         | -                    | -                | -                            | -                             | -                       | -                                | 5,634,250,000         |
| Previous year's profit                      | -                     | -                    | -                | -                            | -                             | -                       | 3,700,402,524                    | 3,700,402,524         |
| Purchase back                               | -                     | -                    | (330,000)        | -                            | -                             | -                       | -                                | (330,000)             |
| Foreign exchange difference                 | -                     | -                    | -                | (991,369,527)                | -                             | -                       | -                                | (991,369,527)         |
| Dividends declared                          | -                     | -                    | -                | -                            | -                             | -                       | (5,634,250,000)                  | (5,634,250,000)       |
| Distributed to funds                        | -                     | -                    | -                | -                            | -                             | 549,346,404             | (549,346,404)                    | -                     |
| Gain/Loss from increased minority interests | -                     | -                    | -                | -                            | (6,222,505)                   | -                       | (307,365,553)                    | (313,588,058)         |
| Other                                       | -                     | -                    | -                | -                            | -                             | -                       | (518,080)                        | (518,080)             |
| <b>Current year beginning balance</b>       | <b>43,198,040,000</b> | <b>7,960,553,900</b> | <b>(330,000)</b> | <b>(991,369,527)</b>         | <b>349,878,228</b>            | <b>1,075,056,573</b>    | <b>4,532,087,582</b>             | <b>56,123,916,756</b> |
| Current year's equity increases             | 36,801,960,000        | (7,959,430,000)      | -                | -                            | -                             | -                       | -                                | 28,842,530,000        |
| Current year's profit                       | -                     | -                    | -                | -                            | -                             | -                       | 5,471,601,148                    | 5,471,601,148         |
| Purchase back                               | -                     | -                    | -                | -                            | -                             | -                       | -                                | -                     |
| Dividends declared                          | -                     | -                    | -                | -                            | -                             | -                       | (2,159,885,500)                  | (2,159,885,500)       |
| Distributed to funds                        | -                     | -                    | -                | -                            | -                             | 185,020,000             | (185,020,000)                    | -                     |
| Foreign exchange difference                 | -                     | -                    | -                | 890,363,115                  | -                             | -                       | -                                | 890,363,115           |
| Other                                       | -                     | -                    | -                | -                            | -                             | -                       | (9,233,119)                      | (9,233,119)           |
| <b>Current year ending balance</b>          | <b>80,000,000,000</b> | <b>1,123,900</b>     | <b>(330,000)</b> | <b>(101,006,412)</b>         | <b>349,878,228</b>            | <b>1,260,076,573</b>    | <b>7,649,550,111</b>             | <b>89,159,292,400</b> |

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

**5.14.2. Details of owner's equity**

|                       | <b>Ending<br/>balance</b> | <b>Beginning<br/>balance</b> |
|-----------------------|---------------------------|------------------------------|
| Founding shareholders | 25,322,760,000            | 21,880,630,000               |
| Other shareholders    | 54,677,240,000            | 21,317,410,000               |
| <b>Total</b>          | <b>80,000,000,000</b>     | <b>43.198,040,000</b>        |

**5.14.3. Dividends**

|                                     | <b>Current year</b> | <b>Previous year</b> |
|-------------------------------------|---------------------|----------------------|
| Dividends declared on common shares | 2,159,885,500       | 5,634,250,000        |

The dividends declared are for the year 2009 and have been paid by cash at the rate of 5% of owner's equity.

According to Decision No. 04/2011/QĐ-HĐQT dated 26 January 2011, SaoBacDau Technologies Corporation declared dividends for the year 2010 at the rate of 5% and paid by cash to shareholders.

**5.14.4. Shares**

|  |           |           |
|--|-----------|-----------|
| ▪ Authorized common shares                               | 8,000,000 | 4,319,804 |
| ▪ Issued common share                                    | 8,000,000 | 4,319,804 |
| ▪ Treasury common share                                  | 33        | 33        |
| ▪ Outstanding common shares                              | 7,999,967 | 4,319,771 |
| ▪ Par value per outstanding share: VND 10,000 per share. |           |           |

**5.14.5. Earnings per share**

|   | <b>Current year</b> | <b>Previous year<br/>(Adjusted)</b> |
|---|---------------------|-------------------------------------|
| Profit after tax of the shareholders<br>of The Parent Company | 5,471,601,148       | 3,700,402,524                       |
| Average number of outstanding shares                          | 5,425,683           | 4,790,027                           |
| <b>Earnings per share (EPS)</b>                               | <b>1,008</b>        | <b>773</b>                          |

**5.14.6. Retained earnings**

|                                       | <b>Current year</b>  | <b>Previous year</b> |
|---------------------------------------|----------------------|----------------------|
| Balance at beginning of year          | 4,532,087,582        | 7,323,165,095        |
| Profit after tax                      | 5,471,601,148        | 3,700,402,524        |
| Distributed to financial reserve fund | (185,020,000)        | (549,346,404)        |
| Dividends                             | (2,159,885,500)      | (5,634,250,000)      |
| Others                                | (9,233,119)          | (307,883,633)        |
| <b>Balance at end of year</b>         | <b>7,649,550,111</b> | <b>4,532,087,582</b> |

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

**5.15. Non-controlling interests**

|  | <b>Current year</b>         | <b>Previous year</b>        |
|--|-----------------------------|-----------------------------|
| Beginning balance  | 4,666,141,445               | 3,678,408,319               |
| Increases through business combination                       | 6,274,916                   | (641,246,014)               |
| Increased capital contribution by non-controlling interests  | -                           | 2,168,308,290               |
| Decreased capital contribution by non-controlling interests  | (50,000,000)                | (3,426,000,000)             |
| Net profit attributable to non-controlling interests         | (323,369,855)               | (533,408,729)               |
| Allocated to funds attributable to non-controlling interests | -                           | (5,384,860)                 |
| Dividends paid to non-controlling interests                  | -                           | (535,560)                   |
| <b>Balance at end of year</b>                                | <b><u>4,299,046,506</u></b> | <b><u>4,666,141,445</u></b> |

**6. Additional information for items shown in the consolidated income statement**

**6.1. Revenues**

|                       | <b>Current year</b>           | <b>Previous year</b>          |
|-----------------------|-------------------------------|-------------------------------|
| Sale of goods         | 261,255,200,007               | 287,339,587,895               |
| Rendering of services | 22,585,387,148                | 37,833,607,049                |
| Deductions            | (3,453,301)                   | (16,086,000)                  |
| <b>Net revenues</b>   | <b><u>283,837,133,854</u></b> | <b><u>325,157,108,944</u></b> |

**6.2. Cost of goods sold**

|                            | <b>Current year</b>           | <b>Previous year</b>          |
|----------------------------|-------------------------------|-------------------------------|
| Cost of goods sold         | 214,703,871,063               | 242,447,308,378               |
| Costs of services rendered | 11,809,292,998                | 23,621,765,041                |
| <b>Total</b>               | <b><u>226,513,164,061</u></b> | <b><u>266,069,073,419</u></b> |

**6.3. Financial income**

|  | <b>Current year</b>         | <b>Previous year</b>        |
|--|-----------------------------|-----------------------------|
| Gains on foreign exchange rate differences | 800,925,489                 | 861,419,914                 |
| Gains from transferring capital            | 489,600,000                 | 254,444,444                 |
| Interest income                            | 275,647,289                 | 306,481,147                 |
| <b>Total</b>                               | <b><u>1,566,172,778</u></b> | <b><u>1,422,345,505</u></b> |

**6.4. Financial expenses**

|   | <b>Current year</b>          | <b>Previous year</b>        |
|---|------------------------------|-----------------------------|
| Losses on foreign exchange rate differences | 6,996,066,591                | 2,812,786,354               |
| Interest expenses                           | 6,651,821,033                | 6,586,667,775               |
| <b>Total</b>                                | <b><u>13,647,887,624</u></b> | <b><u>9,399,454,129</u></b> |



**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

**6.5. Selling expenses**

|                                   | <b>Current year</b>          | <b>Previous year</b>         |
|-----------------------------------|------------------------------|------------------------------|
| Employee expenses                 | 4,843,653,739                | 5,845,597,042                |
| Tools, office stationery expenses | 219,187,419                  | 224,322,647                  |
| Collaboration expenses            | -                            | 108,819,500                  |
| Depreciation expenses             | 1,305,654,763                | 1,245,940,113                |
| Warranty expenses                 | 528,477,508                  | 358,035,067                  |
| Advertising, marketing expenses   | -                            | 47,827,645                   |
| Service expenses                  | 1,462,029,272                | 600,122,723                  |
| Pre-sales expenses                | 1,120,991,085                | 1,496,841,889                |
| Others                            | 2,930,596,985                | 3,110,985,554                |
| <b>Total</b>                      | <b><u>12,410,590,771</u></b> | <b><u>13,038,492,180</u></b> |

**6.6. Administration expenses**

|                            | <b>Current year</b>          | <b>Previous year</b>         |
|----------------------------|------------------------------|------------------------------|
| Employee expenses          | 17,297,734,072               | 19,267,656,159               |
| Equipment expenses         | 227,991,607                  | 1,288,334,339                |
| Office stationery expenses | 179,243,192                  | 207,977,128                  |
| Depreciation expenses      | 1,891,984,846                | 2,602,875,418                |
| Taxation, fee and charges  | 53,575,514                   | 386,635,076                  |
| Money transfer expenses    | 291,514,834                  | 518,967,106                  |
| Service expenses           | 4,548,222,852                | 4,471,185,916                |
| Others                     | 1,837,540,125                | 5,368,289,094                |
| <b>Total</b>               | <b><u>26,327,807,042</u></b> | <b><u>34,111,920,236</u></b> |

**6.7. Other income**

|                                      | <b>Current year</b>          | <b>Previous year</b>      |
|--------------------------------------|------------------------------|---------------------------|
| Income from disposal of fixed assets | 15,424,718,730               | 45,702,686                |
| Other income                         | 416,292,392                  | 487,078,301               |
| <b>Total</b>                         | <b><u>15,841,011,122</u></b> | <b><u>532,780,987</u></b> |

**6.8. Other expenses**

|  | <b>Current year</b>          | <b>Previous year</b>      |
|--|------------------------------|---------------------------|
| Expenses from disposal of fixed assets | 15,449,002,707               | 101,941,153               |
| Other expense                          | 240,667,943                  | 542,913,259               |
| <b>Total</b>                           | <b><u>15,689,670,650</u></b> | <b><u>644,854,412</u></b> |

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

*Expressed in Vietnam dong unless otherwise stated*

**6.9 Current income tax expenses**

|  | <b>Current year</b>  | <b>Previous year</b> |
|--|----------------------|----------------------|
| Accounting profit before tax during the year   | 5,845,851,403        | 4,855,433,439        |
| Add adjustments according to the CIT law   | 171,539,059          | 41,508,075           |
| Less adjustments according to the CIT law  | (101,006,412)        | (991,369,527)        |
| Less other income (from transfer of real estate and deposit interest, loan interest)                           | (378,118,800)        | -                    |
|  | <hr/>                | <hr/>                |
| Taxable income from normal business activities   | 5,538,265,250        | 3,905,571,987        |
| Current income tax rate  | 25%                  | 25%                  |
|  | <hr/>                | <hr/>                |
| Current income tax expenses from normal business activities  | 1,384,566,313        | 976,392,997          |
| Less income tax exemption according to Circular No. 03/2009-TT-BTC   | -                    | (292,917,899)        |
| Additional taxes expenses from other income (from transfer of real estate and deposit interest, loan interest) | 122,400,000          | -                    |
|  | <hr/>                | <hr/>                |
| <b>Current tax expenses during the year</b>  | <b>1,506,966,313</b> | <b>683,475,098</b>   |

The adjustments for increase, decrease in the taxable income are mainly non - tax - deductible items as regulated by CIT law.

**7. Additional information for items shown in the statements of cash flows**

|  | <b>Current year</b> | <b>Previous year</b> |
|--|---------------------|----------------------|
| Disposal of subsidiaries and associates:                                     |                     |                      |
| ▪ The total disposal consideration   | 8,118,600,000       | 2,038,950,000        |
| ▪ The amount of cash and cash equivalent available in associates disposed of | 6,747,720,000       | 9,538,950,000        |

**8. Related parties disclosures**

Remuneration of Board of Directors and Salary of the Management

|  | <b>Current year</b>  | <b>Previous year</b> |
|--|----------------------|----------------------|
| Remuneration of the Board of Directors | 735,096,000          | 715,684,606          |
| Salary of Chief Executive Officer      | 454,848,800          | 451,260,120          |
|  | <hr/>                | <hr/>                |
| <b>Total</b>                           | <b>1,189,944,800</b> | <b>1,166,944,726</b> |

**9. Events after the end of the reporting period**

There were no significant events incurred after the end of the reporting period to the date of the consolidated financial statements.

**10. Other notes information**

Ministry of Finance has issued Circular No. 244/2009/TT-BTC dated 31/12/2009 providing guidance on amendment and supplement to accounting regulations related to the following issues: currency; guidance on accounting regulations for foreign contractors; guidance on amendment and supplement to accounting transactions. These regulations have been applied for presentation of the consolidated financial statements since 2010.

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARIES  
ACCOUNTING POLICIES AND EXPLANATORY NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2010

*Expressed in Vietnam dong unless otherwise stated*

**11. Approval of financial statements**

The consolidated financial statements for the year ended 31 December 2010 were authorized for issue by The Chief Executive Officer on 30 March 2011.

*Ho Chi Minh City, 30 March 2011*

**CHIEF ACCOUNTANT**



**HO THI HONG HANH**

**CHIEF EXECUTIVE OFFICER**



**TRAN ANH TUAN**