

**SAOBACDAU TECHNOLOGIES
CORPORATION**

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

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SAOBACDAU TECHNOLOGIES CORPORATION

CHIEF EXECUTIVE OFFICER'S REPORT

SaoBacDau Technologies Corporation (hereinafter referred to as The Company) presents this report and the audited financial statements of The Company 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's Department of Planning and Investment.

The Company registered as a public company with State Securities Commission 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 of The Company at 31 December 2010 was VND 80 billion.

The Company's branches at 31 December 2010 include:

- Ha Noi Branch: Room 404, D40 Giang Vo Street, Ba Dinh District, Ha Noi City.
- Da Nang Branch: 02 Quang Trung Street, Hai Chau District, Da Nang City.

According to the Business Registration Certificate, 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: intergrating 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

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 Office
Mr. Vo Hung Anh	Chief Operator Office
Mr. Le Hong Phong	Chief Business Office

3. Financial review

The results of The Company's business operations for the year 2010 are shown on the accompanying 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 Company and for preparing the financial statements in accordance with the Vietnamese Accounting Standards and System.

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

As of the date of this report, there are no unusual items that may render any amount stated in the financial statements misleading, and The Company has no any guarantee on assets or any contingent liability incurred without presented in the financial statements and accounting documents of The Company.

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

5. Auditor

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

6. Chief Executive Officer's statement

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

Ho Chi Minh City, 30 March 2010

CHIEF EXECUTIVE OFFICER



TRAN ANH TUAN

No: 11.150/BCKT-2010

INDEPENDENT AUDITORS' REPORT

**To: Members of the Board of Directors
Members of the Management
SAOBACDAU TECHNOLOGIES CORPORATION**

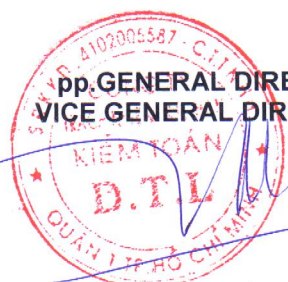
We have audited the accompanying statement of financial position of SaoBacDau Technologies Corporation (hereinafter referred to as "The Company") at 31 December 2010, and related income statement and statement of cash flows and appended accounting policies and explanatory notes to the financial statements for the year then ended as set out from page 4 to page 23. These 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SaoBacDau Technologies Corporation at 31 December 2010, and of the results of its operations and its 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 2010

AUDITOR

NGO THANH BINH
CPA No. 0524/KTV

SAOBACDAU TECHNOLOGIES CORPORATION
STATEMENT OF FINANCIAL POSITION

At 31 December 2010

Expressed in Vietnam dong unless otherwise stated

ASSETS	Code	Notes	Ending Balance	Beginning Balance
A. CURRENT ASSETS	100		212,318,822,870	191,433,558,762
I. Cash and cash equivalent	110	5.1	10,442,030,032	9,448,385,515
1. Cash	111		10,442,030,032	9,448,385,515
2. Cash equivalent	112		-	-
II. Short-term investments	120		-	-
1. Short-term investments	121		-	-
2. Provision for the diminution in value of short-term securities	129		-	-
III. Accounts receivable	130	5.2	161,672,714,556	144,526,145,474
1. Trade receivables	131		149,213,143,654	139,582,414,503
2. Advances to suppliers	132		9,345,207,553	3,966,629,666
3. Receivables from related parties	133		7,949,324	17,101,305
4. Construction contractor receivables based on agreed progress billings	134		-	-
5. Other receivables	135		3,106,414,025	960,000,000
6. Provision for doubtful debts	139		-	-
IV. Inventories	140	5.3	31,343,904,069	30,490,712,644
1. Inventories	141		31,343,904,069	30,490,712,644
2. Provision for decline in inventory	149		-	-
V. Other current assets	150		8,860,174,213	6,968,315,129
1. Prepaid expenses	151	5.4	3,923,861,865	2,819,822,502
2. VAT deductible	152		1,919,016,909	780,702,990
3. Tax receivables and other receivable from the State	154		-	-
4. Other current assets	158	5.5	3,017,295,439	3,367,789,637

(The next page is 05)

SAOBACDAU TECHNOLOGIES CORPORATION
STATEMENT OF FINANCIAL POSITION

At 31 December 2010

Expressed in Vietnam dong unless otherwise stated

ASSETS	Code	Notes	Ending Balance	Beginning Balance
B. NON-CURRENT ASSETS	200		43,914,061,620	48,372,644,756
I. Long-term receivables	210		-	-
1. Long-term trade receivables	211		-	-
2. Equity capital allotted to subsidiary	212		-	-
3. Long-term receivables from related parties	213		-	-
4. Other long-term receivables	218		-	-
5. Provisions for doubtful long-term receivables	219		-	-
II. Fixed assets	220		32,590,404,880	30,528,375,137
1. Tangible fixed assets	221	5.6	5,762,525,420	8,146,935,694
- Cost	222		15,895,363,666	17,222,269,307
- Accumulated depreciation	223		(10,132,838,246)	(9,075,333,613)
2. Finance lease assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	5.7	-	11,540,056,601
- Cost	228		1,090,547,330	12,607,116,530
- Accumulated depreciation	229		(1,090,547,330)	(1,067,059,929)
4. Construction in progress	230	5.8	26,827,879,460	10,841,382,842
III. Investment property	240		-	-
- Cost	241		-	-
- Accumulated depreciation	242		-	-
IV. Long term investments	250	5.9	11,323,656,740	17,844,269,619
1. Investments in subsidiaries	251		14,729,067,050	17,929,067,050
2. Investments in associates, joint-ventures	252		-	1,224,000,000
3. Other long-term investments	258		400,000,000	400,000,000
4. Provision for long-term investments	259		(3,805,410,310)	(1,708,797,431)
V. Other long-term assets	260		-	-
1. Long-term deferred expenses	261		-	-
2. Deferred income tax asset	262		-	-
3. Other long-term assets	268		-	-
TOTAL ASSETS	270		256,232,884,490	239,806,203,518

SAOBACDAU TECHNOLOGIES CORPORATION
STATEMENT OF FINANCIAL POSITION

At 31 December 2010

Expressed in Vietnam dong unless otherwise stated

RESOURCES	Code	Notes	Ending Balance	Beginning Balance
A. LIABILITIES	300		165,990,857,358	181,476,069,091
I. Current liabilities	310		165,990,857,358	181,476,069,091
1. Short-term loans and debts	311	5.10	64,375,517,686	98,855,325,362
2. Trade payables	312	5.11	81,804,330,208	59,693,356,401
3. Advances from customers	313	5.11	13,127,849,114	19,410,207,218
4. Statutory obligations	314	5.12	2,112,224,058	1,169,566,358
5. Payables to employees	315	5.13	271,200,000	1,152,518,866
6. Accruals	316		-	-
7. Payables to related parties	317		7,949,324	17,101,305
8. Construction contractor payables based on agreed progress billings	318		-	-
9. Other payable	319	5.14	4,291,786,968	1,177,993,581
10. Short-term provision	320		-	-
11. Bonus and welfare funds	323		-	-
II. Long term liabilities	330		-	-
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. Unearned revenues	338		-	-
9. Science and technology development funds	339		-	-
B. OWNERS' EQUITY	400	5.15.1	90,242,027,132	58,330,134,427
I. Equity	410		90,242,027,132	58,330,134,427
1. Contributed legal capital (Share capital)	411	5.15.2	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 differences	416		(101,006,412)	(991,369,527)
7. Investment and development fund	417		349,878,228	349,878,228
8. Financial reserved fund	418		1,260,076,573	1,075,056,573
9. Other funds within owners' equity	419		-	-
10. Undistributed earnings	420	5.15.5	8,732,284,843	6,738,305,253
11. Capital expenditure fund	421		-	-
12. Enterprise reorganization support fund	422		-	-
II. Other capital, funds	430		-	-
1. Subsidy funds	432		-	-
2. Funds invested in fixed assets	433		-	-
TOTAL RESOURCES	440		256,232,884,490	239,806,203,518

SAOBACDAU TECHNOLOGIES CORPORATION
STATEMENT OF FINANCIAL POSITION

At 31 December 2010

Expressed in Vietnam dong unless otherwise stated

OFF BALANCE SHEET ITEMS	Notes	Ending Balance	Beginning Balance
1. Assets under operating lease		-	-
2. Goods held under trust or for processing		-	-
3. Goods held by the company on consignment		-	-
4. Bad debts written off		-	-
5. Foreign currencies		-	-
+ USD		455.37	100.77
6. Budgeted operating expenses		-	-

Ho Chi Minh City, 30 March 2011

CHIEF ACCOUNTANT

HO THI HONG HANH

CHIEF EXECUTIVE OFFICER



TRẦN ANH TUAN

SAOBACDAU TECHNOLOGIES CORPORATION
INCOME STATEMENT

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

ITEMS	Code	Notes	Current year	Previous year
1. Revenue	01		281,800,426,317	313,277,089,797
2. Deductions	02		-	-
3. Net revenue	10	6.1	281,800,426,317	313,277,089,797
4. Cost of sales	11	6.2	225,213,496,358	261,187,717,730
5. Gross profit	20		56,586,929,959	52,089,372,067
6. Financial income	21	6.3	1,450,029,981	1,218,217,260
7. Financial expenses	22	6.4	15,744,500,503	10,967,417,819
<i>In which: Interest expense</i>	23		6,651,821,033	6,533,014,246
8. Selling expenses	24	6.5	12,410,590,771	11,654,287,183
9. General and administration expenses	25	6.6	24,033,519,699	25,881,136,077
10. Operating profit/(loss)	30		5,848,348,967	4,804,748,248
11. Other income	31	6.7	15,653,204,639	375,073,793
12. Other expenses	32	6.8	15,655,702,203	324,388,602
13. Net other income/(loss)	40		(2,497,564)	50,685,191
14. Accounting profit before tax	50		5,845,851,403	4,855,433,439
15. Current tax expense	51	6.9	1,506,966,313	683,475,098
16. Deferred tax expense	52		-	-
17. Net profit/(loss) after tax	60		4,338,885,090	4,171,958,341

Ho Chi Minh City, 30 March 2011

CHIEF ACCOUNTANT

HO THI HONG HANH

CHIEF EXECUTIVE OFFICER



TRẦN ANH TUAN

SAOBACDAU TECHNOLOGIES CORPORATION
STATEMENT OF CASH FLOWS (direct method)

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

ITEMS	Code	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Cash receipts from customers	01		273,873,766,448	269,839,491,227
2. Cash paid to suppliers	02		(237,297,588,301)	(271,482,265,762)
3. Cash paid to employees	03		(18,775,590,247)	(19,823,500,560)
4. Interest paid	04		(6,651,821,033)	(6,533,014,246)
5. Income taxes paid	05		(683,475,098)	(3,802,426,317)
6. Other cash inflows from operating activities	06		7,002,177,978	3,204,859,716
7. Other cash outflows from operating activities	07		(8,316,258,427)	(324,388,602)
Net cash from/(used in) operating activities	20		9,151,211,320	(28,921,244,544)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchase of fixed assets and other long-term assets	21		(20,845,812,579)	(3,568,723,995)
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		-	(1,413,445,332)
4. Repayments from borrowers and proceeds from sales of debts instruments of other entities	24		-	301,553,445
5. Payments for investments in other entities	25	7	(2,245,000,000)	(7,039,067,050)
6. Proceeds from sales of investments in other entities	26	7	6,747,720,000	9,538,950,000
7. Interest and dividends received	27		648,680,287	775,166,461
Net cash from/(used in) investing activities	30		(269,420,832)	(1,355,531,032)
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Capital contribution	31		28,842,530,000	-
2. Capital redemption	32		-	-
3. Borrowings	33		194,537,469,727	224,977,748,551
4. Loan repayment	34		(229,108,260,198)	(199,452,737,927)
5. Finance lease principal paid	35		-	-
6. Dividends paid	36		(2,159,885,500)	-
Net cash from/(used in) financing activities	40		(7,888,145,971)	25,525,010,624
Net increase/(decrease) in cash (20+30+40)	50		993,644,517	(4,751,764,952)
Cash and cash equivalents at beginning of year/(period)	60	5.1	9,448,385,515	14,200,150,467
Impact of exchange rate fluctuation	61		-	-
Cash and cash equivalents at end of year/(period) (50+60+61)	70	5.1	10,442,030,032	9,448,385,515

CHIEF ACCOUNTANT

HO THI HONG HANH

Hồ Chí Minh City, 30 March 2011

CHIEF EXECUTIVE OFFICER



TRAN ANH TUAN

SAOBACDAU TECHNOLOGIES CORPORATION

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE 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 financial statements.

1. Background

1.1. Structure of ownership

SaoBacDau Technologies Corporation (hereinafter referred to as The Company) formerly known as Inmormatics 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's Department of Planning and Investment.

The Company registered as a public company with State Securities Commission 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 of The Company at 31 December 2010 was 80 billion VND.

The Company's branches at 31 December 2010 include:

- Ha Noi Branch: Room 404, D40 Giang Vo Street, Ba Dinh District, Ha Noi City.
- Da Nang Branch: 02 Quang Trung Street, Hai Chau District, Da Nang City.

1.2. Business industry

According to the Business Registration Certificate, 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: intergrating 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. Fiscal year, reporting currency

2.1. Fiscal year

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

2.2. Reporting currency

The Company maintains its accounting records in VND.

3. Accounting standards, accounting system

3.1. Accounting standards, accounting system

The Company has adopted Vietnamese Accounting Standards and System.

3.2. Forms of accounting records

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

SAOBACDAU TECHNOLOGIES CORPORATION

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

3.3. Statement of compliance with Vietnamese Accounting Standards

The Company's financial statements for the year ended 31 December 2010 are prepared in accordance with Vietnamese Accounting Standards and System.

4. Significant accounting policies

4.1. 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.

4.2. Foreign currency translations

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.

- 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 Company 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.

4.3. 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 are measured using the first-in, first-out method.

- Method of accounting for inventories

Inventories are recorded under the perpetual inventory method.

SAOBACDAU TECHNOLOGIES CORPORATION

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

4.4. 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.

4.5. 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 Company to acquire an asset at the time the asset is put into operation for its intended use.

- 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 Company 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	2 - 3 years
+ Means of transportations, transmitters	4 years
+ Accounting software	3 years

4.6. Capitalization of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets 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.

4.7. Investments in subsidiaries, associates

- Investments in subsidiaries, associates are accounted for under the cost method.
- Other short-term and long-term investment 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.

4.8. 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 Company and its employees are required to contribute to 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.

SAOBACDAU TECHNOLOGIES CORPORATION

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

Expressed in Vietnam dong unless otherwise stated

4.9. 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 a liability at the date of declaring dividend.

- Principles for provision of reserves from profit after tax

Reserves are created in accordance with the Company's charter.

4.10. 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.

4.11. Taxation

- Principles and recognition of current income tax expenses: Current tax expenses are defined on basis of taxable income and rate of corporate income tax (CIT) of the current year.
- The tax reports of The Company 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 financial statements can be changed in accordance with the Tax Department's final decision.

4.12. 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.

4.13. Comparative figures

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

Income statement (excerpted)

	Current year (Reclassified)	Previous year (As previously reported)
Selling expenses	11,654,287,183	13,065,603,827
Administration expenses	25,881,136,077	24,469,819,433

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5. Additional information for items shown in the statement of financial position

5.1. Cash and cash equivalents

	Ending balance	Beginning balance
Cash on hand	1,223,870,788	2,210,589,830
Cash in bank	9,218,159,244	7,232,811,604
Cash in transit	-	4,984,081
Total	10,442,030,032	9,448,385,515

5.2. Accounts receivable

	Ending balance	Beginning balance
Trade receivables	149,213,143,654	139,582,414,503
Advances to suppliers	9,345,207,553	3,966,629,666
Short-term internal receivables	7,949,324	17,101,305
Other receivables	3,106,414,025	960,000,000
Total short-term receivables	161,672,714,556	144,526,145,474
Provision for doubtful debts	-	-
Net realizable value of trade receivables and other receivables	161,672,714,556	144,526,145,474

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

Advances to suppliers include advances to suppliers of the 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

The inventories are at the following locations:

	Ending balance	Beginning balance
The Company's stock	24,941,979,790	8,909,492,817
Goods issued but not yet invoiced	5,930,490,766	20,785,711,351
Leased warehouse	361,060,178	729,513,343
Ha Noi Branch	110,373,335	65,995,133
Total cost	31,343,904,069	30,490,712,644
Provision for slow moving and obsolete inventories	-	-
Net realizable value of inventories	31,343,904,069	30,490,712,644

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5.4. Prepaid expenses

	Ending balance	Beginning balance
Tools and supplies	206,041,404	326,263,095
Deferred expenses	3,717,820,461	2,493,559,408
Total	<u>3,923,861,865</u>	<u>2,819,822,503</u>

Deferred expenses are fees for implementation of projects and will be expensed when the projects are completed.

5.5. Other current assets

	Ending balance	Beginning balance
Advances	1,597,347,950	1,743,463,714
Short term deposits, mortgages and collateral	1,419,947,489	1,624,325,923
Total	<u>3,017,295,439</u>	<u>3,367,789,637</u>

5.6. Tangible fixed assets

Items	Buildings, structures	Machinery and equipment	Means of transportations, transmitters	Total
Cost				
Beginning balance	4,968,540,511	12,000,628,782	253,100,014	17,222,269,307
Purchase	-	4,640,563,999	-	4,640,563,999
Disposals	(4,968,540,511)	(998,929,129)	-	(5,967,469,640)
Other decreases	-	-	-	-
Ending balance	<u>-</u>	<u>15,642,263,652</u>	<u>253,100,014</u>	<u>15,895,363,666</u>
Accumulated Depreciation				
Beginning balance	1,006,515,296	8,012,573,867	56,244,450	9,075,333,613
Depreciation	86,505,643	2,938,541,786	67,493,337	3,092,540,766
Disposals	(1,093,020,939)	(942,015,194)	-	(2,035,036,133)
Other decreases	-	-	-	-
Ending balance	<u>-</u>	<u>10,009,100,459</u>	<u>123,737,787</u>	<u>10,132,838,246</u>
Net book value				
Beginning balance	3,962,025,215	3,988,054,915	196,855,564	8,146,935,694
Ending balance	<u>-</u>	<u>5,633,163,193</u>	<u>129,362,227</u>	<u>5,762,525,420</u>

Historical cost of tangible fixed assets fully depreciated but still in use is VND 6,092,334,270.

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5.7. Intangible fixed assets

Items	Land use rights	Accounting software	Total
Cost			
Beginning balance	11,516,569,200	1,090,547,330	12,607,116,530
Purchase	-	-	-
Disposals	(11,516,569,200)	-	(11,516,569,200)
Ending balance	-	1,090,547,330	1,090,547,330
Accumulated amortization			
Beginning balance	-	1,067,059,929	1,067,059,929
Amortization	-	23,487,401	23,487,401
Other decreases	-	-	-
Ending balance	-	1,090,547,330	1,090,547,330
Net book value			
Beginning balance	11,516,569,200	23,487,401	11,540,056,601
Ending balance	-	-	-

Historical cost of intangible fixed assets fully depreciated but still in use is VND 1,090,547,330.

5.8. Construction in progress

	Ending balance	Beginning balance
Project "System Intergrated Center at Tan Thuan Export Processing Zone"		
+ Land rental	19,229,926,000	8,975,326,000
+ Contrucion cost	5,156,040,917	43,895,636
+ Interest expenses	2,261,863,921	1,822,161,206
+ Others	180,048,622	-
Total	26,827,879,460	10,841,382,842

The Project "System Intergrated Center construction at Tan Thuan Export Processing Zone" was mortgaged for short-term bank loans – Refer to Note 5.10.

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5.9. Long-term finance investments

	Ending balance	Beginning balance
Investments in subsidiaries	14,729,067,050	17,929,067,050
Investments in associates, joint ventures	-	1,224,000,000
Other long-term investments	400,000,000	400,000,000
Total cost of long-term finance investments	15,129,067,050	19,553,067,050
Provision for decline in value of long-term investments	(3,805,410,310)	(1,708,797,431)
Net value of long-term investments	11,323,656,740	17,844,269,619

Investment in subsidiaries are detailed as follows:

	Ending balance		Beginning balance	
	Quantity	Value	Quantity	Value
Viet Thanh Cong Network Technologies Joint Stock	1,178,907	11,789,067,050	963,907	2,940,000,000
Viet Communication and Networks Technology Corporation	294,000	2,940,000,000	294,000	9,639,067,050
SaoBacDau Academy Corporation	-	-	40,000	400,000,000
Consultant and Training Netpro Limited Company	-	-	495,000	4,950,000,000
Total	1,472,907	14,729,067,050	1,792,907	17,929,067,050

Other long-term investment represented 8% investment in Skill Group Corporation.

5.10. Short-term loans and debts

	Ending balance	Beginning balance
Bank loans	63,375,517,686	86,093,909,941
Individual loans	1,000,000,000	12,761,415,421
Total	64,375,517,686	98,855,325,362

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 Intergrated Center at Tan Thuan Export Processing Zone" - Refer to Note 5.8.
- + Receivables incurred from the contracts signed between Sao Bac Dau 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, HCM city and 34 Dang Dung, District 1, HCM city.

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

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5.11. Trade payables and advances from customers

	Ending balance	Beginning balance
Trade payables	81,804,330,208	59,693,356,401
Advances from customers	13,127,849,114	19,410,207,218
Total	<u>94,932,179,322</u>	<u>79,103,563,619</u>

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

5.12. Statutory obligations

	Ending balance	Beginning balance
Value added tax	338,340,569	202,181,609
Export, import duties	91,895,463	111,185,561
Corporation income tax	1,506,966,313	683,475,098
Contractor tax	17,894,389	21,442,258
Personal income tax	157,127,324	151,281,832
Total	<u>2,112,224,058</u>	<u>1,169,566,358</u>

5.13. Payables to employees

Represented by the 13th month 2010 salaries payables to employees.

5.14. Other payables and obligations

	Ending Balance	Beginning balance
Trade union expenditure	363,635,316	374,316,641
Social, health, unemployment insurance	-	248,501,800
Implementation fees	2,909,780,000	-
Other payables and obligations	1,018,371,652	555,175,140
Total	<u>4,291,786,968</u>	<u>1,177,993,581</u>

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5.15. Owner's equity

5.15.1 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
Previous year's beginning balance	37,563,790,000	7,960,553,900	-	-	349,878,228	525,710,169	8,639,783,316	55,039,715,613
Previous year's equity increases	5,634,250,000	-	-	-	-	-	-	5,634,250,000
Previous year's profit	-	-	-	-	-	-	4,171,958,341	4,171,958,341
Purchase back	-	-	(330,000)	-	-	-	-	(330,000)
Dividends declared	-	-	-	-	-	-	(5,634,250,000)	(5,634,250,000)
Distributed to funds	-	-	-	-	-	549,346,404	(549,346,404)	-
Funds payments	-	-	-	-	-	-	-	-
Foreign exchange difference	-	-	-	(991,369,527)	-	-	-	(991,369,527)
Others	-	-	-	-	-	-	110,160,000	110,160,000
Current year beginning balance	43,198,040,000	7,960,553,900	(330,000)	(991,369,527)	349,878,228	1,075,056,573	6,738,305,253	58,330,134,427
Current year's equity increases	36,801,960,000	(7,959,430,000)	-	-	-	-	-	28,842,530,000
Current year's profit	-	-	-	-	-	-	4,338,885,090	4,338,885,090
Purchase back	-	-	-	-	-	-	-	-
Dividends declared	-	-	-	-	-	-	(2,159,885,500)	(2,159,885,500)
Distributed to funds	-	-	-	-	-	185,020,000	(185,020,000)	-
Funds payments	-	-	-	-	-	-	-	-
Foreign exchange difference	-	-	-	890,363,115	-	-	-	890,363,115
Current year ending balance	80,000,000,000	1,123,900	(330,000)	(101,006,412)	349,878,228	1,260,076,573	8,732,284,843	90,242,027,132

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5.15.2. Details of owner's equity

	Ending balance	Beginning balance
Founding shareholders	25,322,760,000	21,880,630,000
Other shareholders	54,677,240,000	21,317,410,000
Total	80,000,000,000	43,198,040,000

5.15.3. Dividends

	Current year	Previous year
Dividends declared on common shares	2,159,885,500	5,634,250,000

The dividends represented the 2009 dividends at 5% by cash.

According to Decision No. 04/2011/QĐ-HĐQT dated 26 November 2011, SaoBacDau Technologies Corporation will declare 5% dividend of 2010 by cash to shareholders.

5.15.4. 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.		

5.15.5. Retained earnings distribution

	Current year	Previous year
Balance at beginning of year	6,738,305,253	8,639,783,316
Profit after tax	4,338,885,090	4,171,958,341
Distributed to financial reserve fund	(185,020,000)	(549,346,404)
Dividends declared	(2,159,885,500)	(5,634,250,000)
Others		(110,160,000)
Balance at end of year	8,732,284,843	6,738,305,253

6. Additional information for items shown in the income statement

6.1. Revenues from selling goods and rendering services

	Current year	Previous year
Sale of goods	260,988,673,552	287,623,724,625
Rendering of services	20,811,752,765	25,653,365,172
Net revenues	281,800,426,317	313,277,089,797

6.2. Cost of goods sold

	Current year	Previous year
Cost of merchandise sold	214,493,770,060	242,219,875,994
Costs of services rendered	10,719,726,298	18,967,841,736
Total	225,213,496,358	261,187,717,730

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6.3. Financial income

	Current year	Previous year
Gains on realized foreign exchange rate differences	800,925,489	844,143,768
Gains from transferring capital	489,600,000	254,444,444
Interest income	159,504,492	119,629,048
Total	<u>1,450,029,981</u>	<u>1,218,217,260</u>

6.4. Financial expenses

	Current year	Previous year
Losses on realized foreign exchange rate differences	6,996,066,591	2,725,606,142
Interest expenses	6,651,821,033	6,533,014,246
Provision for investment devaluation	2,096,612,879	1,708,797,431
Total	<u>15,744,500,503</u>	<u>10,967,417,819</u>

6.5. Selling expenses

	Current year	Previous year
Employee expenses	4,843,653,739	5,145,865,064
Stationery	219,187,419	211,689,730
Depreciation expenses	1,305,654,763	1,242,273,441
Warranty expenses	528,477,508	349,604,661
Pre-sales expenses	1,120,991,085	1,492,648,200
Service expenses	1,462,029,272	459,779,115
Others	2,930,596,985	2,752,426,972
Total	<u>12,410,590,771</u>	<u>11,654,287,183</u>

6.6. Administration expenses

	Current year	Previous year
Employee expenses	15,766,002,211	16,008,411,673
Material expenses	227,991,607	370,976,940
Office stationery expenses	78,380,145	125,416,192
Depreciation expenses	1,811,750,520	2,381,083,381
Taxation, fee and charges	42,895,000	88,783,121
Remittance fee	291,514,834	518,967,106
Service expenses	4,023,112,386	3,402,556,473
Others	1,791,872,996	2,984,941,191
Total	<u>24,033,519,699</u>	<u>25,881,136,077</u>

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6.7. Other income

	Current year	Previous year
Income from disposal of fixed assets	15,424,718,730	45,702,686
Other income	228,485,909	329,371,107
Total	15,653,204,639	375,073,793

In which, the income from selling the building at 208 – 210 Khanh Hoi Street, District 4, Ho Chi Minh City is VND 15.409.090.909.

6.8. Other expenses

	Current year	Previous year
Expenses from disposal of fixed assets	15,449,002,707	101,941,153
Other expense	206,699,496	222,447,449
Total	15,655,702,203	324,388,602

In which, the net book value of the building at 208 – 210 Khanh Hoi, District 4, Ho Chi Minh City is VND 15.384.202.109.

6.9. Current tax expenses

	Current year	Previous year
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)	-
Taxable income from normal business activities	5,538,265,250	3,905,571,987
Current income tax rate	25%	25%
Current income tax expenses from normal business activities	1,384,566,313	976,392,997
Less income tax exemption according to the Circular No.03/2009/TT-BTC dated 13 January 2009	-	292,917,899
Additional taxes expenses from other income	122,400,000	-
Current tax expenses during the year	1,506,966,313	683,475,098

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

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

	Current year	Previous year
Acquisition of subsidiaries:		
▪ The total purchase consideration	2,245,000,000	7,039,067,050
▪ The amount of cash and cash equivalent available in subsidiaries purchased	2,245,000,000	7,039,067,050
Disposal of 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 the Board of Directors and Salary of the Chief Executive Officer

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

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 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 financial statements since 2010.

11. Approval of financial statements

The 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