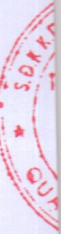




**RSM DTL Auditing**  
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**SAOBACDAU TECHNOLOGIES  
CORPORATION AND SUBSIDIARY**

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS  
For the year ended 31 December 2012**



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# SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARY CHIEF EXECUTIVE OFFICER'S REPORT

Chief Executive Officer of SaoBacDau Technologies Corporation (hereinafter referred to as The Company) hereby presents its report and the audited consolidated financial statements of the Company and its subsidiary (hereinafter together with the Company referred to as The Group) for the year ended 31 December 2012.

## 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 was registered as a public company with 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 2012, The Company has one subsidiary.

The Company's branches at 31 December 2012 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 Group's principal activities include:

Producing, assembling, and repairing informatics and electronics products; trading household appliances, informatics and electronics products, office equipment, cables, and all kinds of snap-in, electronic components; goods consignment agent; trading agency; office machines for rent; trading telephones, fax, PABX switchboard (included 32 numbers); trading, installing and maintaining informatics and electronics equipment, informatics network; trading, producing, installing, maintaining telecommunications equipment; telecommunications service agent; trading and producing informatics software, designing website; 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); consulting, 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 software, machine, equipment in radio-broadcasting and television; producing, trading and releasing films, films tabs and discs with allowed content; trading real estates; construction of industrial civil projects; Plane ticket agent; scientific services: integrated system, technology transfer.

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

Members of the Board of Directors during the year 2012 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. Tran Anh Tuan	Member
Mr. Do Van Hao	Member
Mr. Le Hong Phong	Member
Mr. Hoang Hai Thinh	Member
Mr. Dang Nam Son	Member

# SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARY CHIEF EXECUTIVE OFFICER'S REPORT

Members of Management during the year 2012 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. Ha The Thap	Vice President Operation
Mr. Le Hong Phong	Chief Business Officer

### 3. Financial review

The results of The Group's business operations for the year 2012 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 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.

As of the date of this report, there are no unusual items that may render any amount stated in the consolidated financial statements misleading, and The Group has no guarantees on assets or any contingent liability other than those presented in the consolidated financial statements and accounting documents of The Group.

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

### 5. Auditor

DTL Auditing Company has been appointed to audit the 2012 consolidated financial statements of The Group.

### 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 2012, the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards.

Ho Chi Minh City, 20 March 2013

**CHIEF EXECUTIVE OFFICER**



**TRAN ANH TUAN**



No: 13.196/BCKTHN

## 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 subsidiary (hereinafter together with the Company referred as "The Group") as at 31 December 2012, and related consolidated income statement and consolidated statement of cash flows and accounting policies and explanatory notes to the consolidated financial statements for the year then ended prepared on 20 March 2013 as set out from page 04 to page 27. 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 consolidated 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 as to 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 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 2012, 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 and System and relevant legislation.

Ho Chi Minh City, 20 March 2013

**DTL AUDITING COMPANY LTD.**

**pp. GENERAL DIRECTOR  
VICE GENERAL DIRECTOR**

**KIỂM TOÁN  
D.T.L.**

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

**AUDITOR**

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

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

At 31 December 2012

Expressed in Vietnam dong unless otherwise stated

ASSETS	Code	Notes	Ending balance	Beginning balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>276,267,366,517</b>	<b>172,728,583,196</b>
<b>I. Cash and cash equivalent</b>	<b>110</b>	5.1	<b>6,473,615,147</b>	<b>19,668,408,815</b>
1. Cash	111		6,473,615,147	9,668,408,815
2. Cash equivalent	112			10,000,000,000
<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>250,605,305,499</b>	<b>131,015,655,969</b>
1. Trade receivables	131		248,190,840,478	122,112,901,989
2. Advances to suppliers	132		3,419,026,868	5,589,979,242
3. Receivables from related parties	133			
4. Construction contractor receivables based on agreed progress billings	134			
5. Other receivables	135		300,187,034	3,312,774,738
6. Provision for doubtful debts	139		(1,304,748,881)	
<b>IV. Inventories</b>	<b>140</b>	5.3	<b>7,785,179,881</b>	<b>16,619,063,295</b>
1. Inventories	141		9,659,457,505	17,394,549,713
2. Provision for decline inventory	149		(1,874,277,624)	(775,486,418)
<b>V. Other current assets</b>	<b>150</b>		<b>11,403,265,990</b>	<b>5,425,455,117</b>
1. Prepaid expenses	151		646,714,287	347,662,878
2. VAT deductible	152		6,013,485,956	1,109,537,346
3. Tax receivables and other receivable from the State	154			
4. Other current assets	158	5.4	4,743,065,747	3,968,254,893

(The next page is 5)

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

At 31 December 2012

Expressed in Vietnam dong unless otherwise stated

ASSETS	Code	Notes	Ending balance	Beginning balance
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>59,588,920,459</b>	<b>56,239,974,074</b>
<b>I. Long-term receivables</b>	<b>210</b>			
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. Provision for doubtful long-term receivables	219			
<b>II. Fixed assets</b>	<b>220</b>		<b>57,655,509,342</b>	<b>54,514,450,343</b>
1. Tangible fixed assets	221	5.5	31,381,063,388	28,265,666,562
- Cost	222		48,711,455,386	42,975,178,141
- Accumulated depreciation	223		(17,330,391,998)	(14,709,511,579)
2. Finance leases assets	224			
- Cost	225			
- Accumulated depreciation	226			
3. Intangible fixed assets	227	5.6	20,853,243,905	21,524,786,006
- Cost	228		23,578,843,077	23,395,533,536
- Accumulated amortization	229		(2,725,599,172)	(1,870,747,530)
4. Construction in progress	230	5.7	5,421,202,049	4,723,997,775
<b>III. Investment properties</b>	<b>240</b>			
- Cost	241			
- Accumulated depreciation	242			
<b>IV. Long-term investments</b>	<b>250</b>			
1. Investments in subsidiaries	251			
2. Investments in associates, joint-ventures	252			
3. Other long term investments	258			
4. Provision for long-term investments	259			
<b>V. Other long-term assets</b>	<b>270</b>		<b>1,933,411,117</b>	<b>1,725,523,731</b>
1. Long-term deferred expenses	261		1,250,895,124	964,438,997
2. Deferred income tax asset	262	6.8	512,189,417	561,935,934
3. Other long-term assets	268		170,326,576	199,148,800
<b>VI. Amortized Goodwill</b>	<b>269</b>			
<b>TOTAL ASSETS</b>	<b>280</b>		<b>335,856,286,976</b>	<b>228,968,557,270</b>

The accompanying notes are an integral part of the consolidated financial statements

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

At 31 December 2012

Expressed in Vietnam dong unless otherwise stated

RESOURCES	Code	Notes	Ending balance	Beginning balance
<b>A. LIABILITIES</b>	<b>300</b>		<b>236,514,719,287</b>	<b>130,829,990,583</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>235,738,879,287</b>	<b>130,829,990,583</b>
1. Short-term debts and loans	311	5.8	73,219,845,110	54,593,714,950
2. Trade payables	312	5.9	132,008,572,489	54,974,705,531
3. Advances from customers	313	5.9	6,457,069,340	7,045,166,070
4. Statutory obligations	314	5.10	16,885,466,452	5,731,557,247
5. Payable to employees	315	5.11	3,389,746,618	1,362,868,143
6. Accruals	316	5.12	1,660,484,423	4,080,058,994
7. Payables to related parties	317			
8. Construction contractor payables based on agreed progress billings	318			
9. Other payable	319	5.13	2,117,694,855	3,041,919,648
10. Short-term provision	320			
11. Reward and welfare funds	323			
<b>II. Long-term liabilities</b>	<b>330</b>		<b>775,840,000</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	5.14	775,840,000	
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>	5.15.1	<b>93,812,575,724</b>	<b>98,138,566,687</b>
<b>I. Equity</b>	<b>410</b>		<b>93,812,575,724</b>	<b>92,655,269,511</b>
1. Contributed legal capital (Share capital)	411	5.15.2	80,000,000,000	80,000,000,000
2. Capital surplus	412		1,123,900	1,123,900
3. Other contributed capital	413			
4. Treasury shares	414			
5. Asset revaluation surplus	415			
6. Foreign exchange difference	416			
7. Investment and development fund	417		349,878,228	349,878,228
8. Financial reserve fund	418		813,386,788	1,146,765,974
9. Other funds within owners' equity	419			
10. Undistributed earnings	420	5.15.6	12,648,186,808	11,157,501,409
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>	5.16	<b>5,528,991,965</b>	<b>5,483,297,176</b>
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>335,856,286,976</b>	<b>228,968,557,270</b>



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

At 31 December 2012

*Expressed in Vietnam dong unless otherwise stated*

<b>OFF BALANCE SHEET ITEMS</b>	<b>Notes</b>	<b>Ending balance</b>	<b>Beginning balance</b>
1. Assets under operating lease			
2. Goods held under trust or for processing			175,000
3. Goods held by the company on consignment			
4. Bad debts written off			
5. Foreign currencies			
+ USD		201.06	200.10
<b>6. Budgeted operating expenses</b>			

Ho Chi Minh City, 20 March 2013

**CHIEF ACCOUNTANT**

**HO THI HONG HANH**

**CHIEF EXECUTIVE OFFICER**



**TRẦN ANH TUAN**

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

For the year ended 31 December 2012

*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		379,880,624,214	341,635,376,835
2. Deductions	02		1,349,386,828	433,705,000
3. Net revenue	10	6.1	378,531,237,386	341,201,671,835
4. Cost of sales	11	6.2	302,888,684,530	265,060,519,967
5. Gross profit	20		75,642,552,856	76,141,151,868
6. Financial income	21		472,835,094	1,444,073,833
7. Financial expenses	22	6.3	6,197,623,092	17,997,622,774
<i>In which: Interest expense</i>	23		6,087,126,605	10,854,405,357
8. Selling expenses	24	6.4	15,282,233,900	14,332,269,919
9. General and administration expenses	25	6.5	42,710,233,215	34,812,946,809
10. Operating profit/(loss)	30		11,925,297,743	10,442,386,199
11. Other income	31	6.6	2,167,025,394	3,988,553,229
12. Other expenses	32		316,698,186	740,875,249
13. Net other income/(loss)	40		1,850,327,208	3,247,677,980
14. Profit/(loss) in associates, joint-ventures	50			
15. Accounting profit before tax	60		13,775,624,951	13,690,064,179
16.1 Current income tax expense	61	6.7	3,686,397,998	3,081,200,470
16.2 Deferred tax expense	62	6.8	49,746,517	288,954,352
17. Net profit/(loss) after tax	70		10,039,480,436	10,319,909,357
17.1 Non-controlling interest			45,694,789	257,904,404
17.2 Owners of the parent			9,993,785,647	10,062,004,953
18. Earning per share		5.15.5	1,249	1,258

Ho Chi Minh City, 20 March 2013

**CHIEF ACCOUNTANT**



**HO THI HONG HANH**

**CHIEF EXECUTIVE OFFICER**



**TRAN ANH TUAN**

**SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(DIRECT METHOD)**

For the year ended 31 December 2012

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		301,522,847,439	371,088,342,948
2. Cash paid to suppliers	02		(290,433,361,153)	(304,173,779,312)
3. Cash paid to employees	03		(26,669,448,772)	(22,399,292,008)
4. Interest paid	04		(6,071,262,445)	(10,717,165,978)
5. Income taxes paid	05		(3,561,790,157)	(1,506,966,313)
6. Other cash inflows from operating activities	06		4,133,604,565	7,394,389,051
7. Other cash outflows from operating activities	07		(2,463,513,247)	(1,540,261,215)
<b>Net cash from/(used in) operating activities</b>	<b>20</b>		<b>(23,542,923,770)</b>	<b>38,145,267,173</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
1. Purchase in fixed assets and other long-term assets	21		(4,674,037,422)	(13,706,578,392)
2. Proceeds from disposals of fixed assets and other long-term assets	22		683,661,269	20,718,437
3. Loans to other entities and payments for purchase of debt instruments of other entities	23			(6,000,000,000)
4. Repayments from borrowers and proceeds from sales of debts instruments of other entities	24.00		2,800,000,000	3,200,000,000
5. Investments in other entities	25			1,211,830,500
6. Proceeds from sales of investments in other entities	26			1,211,830,500
7. Interest and dividends received	27		203,503,553	1,009,267,149
<b>Net cash from/(used in) investing activities</b>	<b>30</b>		<b>(986,872,600)</b>	<b>(14,264,762,306)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
1. Capital contribution	31			606,021,710
2. Capital redemption	32			
3. Borrowings	33		157,253,290,141	195,491,925,366
4. Loan repayment	34		(137,823,273,039)	(205,371,227,051)
5. Finance lease principal paid	35			
6. Dividends paid	36		(8,095,014,400)	(6,592,857,392)
<b>Net cash from/(used in) financing activities</b>	<b>40</b>		<b>11,335,002,702</b>	<b>(15,866,137,367)</b>
<b>Net increase/(decrease) in cash (20+30+40)</b>	<b>50</b>		<b>(13,194,793,668)</b>	<b>8,014,367,500</b>
<b>Cash and cash equivalents at beginning of year/(period)</b>	<b>60</b>	5.1	<b>19,668,408,815</b>	<b>11,654,041,315</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>6,473,615,147</b>	<b>19,668,408,815</b>

CHIEF ACCOUNTANT



HO THI HONG HANH

Ho Chi Minh City, 20 March 2013

CHIEF EXECUTIVE OFFICER



TRAN ANH TUAN

# SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARY ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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 was 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 the Business Registration Certificate was VND 80 billion.

The Company's branches at 31 December 2012 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.

Up to 31 December 2012, The Company has one subsidiary as represented in Note 1.3 below (together with the Company hereinafter referred to as The Group).

### 1.2. Business industry

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

Producing, assembling, and repairing informatics and electronics products; trading household appliances, informatics and electronics products, office equipment, cables, and all kinds of snap-in, electronic components; goods consignment agent, trading agency, office machine for rent, trading telephones, fax, PABX switchboard (included 32 numbers); trading, installing and maintaining informatics and electronics equipment, informatics network; trading, producing, installing, maintaining telecommunications equipment; trading, telecommunications service agent; trading and producing informatics software, designed web; scientific services: integrating systems, making over information technology; providing information upload to internet, internet service agent (not including internet service providing agent in head office); consulting, 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 software, machine, equipment in radio-broadcasting and television; producing, trading and releasing films, films tabs and discs with allowed content; trading real estates; construction of industrial civil projects; plane ticket agent; scientific services: integrated system, technology transfer.

### 1.3. The list of subsidiaries

<u>Name of the subsidiary</u>	<u>Address</u>	<u>Voting rights</u>	<u>Ownership interest</u>
SaoBacDau Service Technology Corporation	Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Ward Tan Thuan Dong, District 7, Ho Chi Minh City	69%	69%

# SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARY ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

*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 VND.

## **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**

The 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 2012 are prepared in accordance with Vietnamese Accounting Standard 25 – Consolidated financial statements and accounting for investments in the subsidiary.

## **4. Significant accounting policies**

### **4.1. Consolidation principles**

The consolidated financial statements incorporate the financial statements of the Company, its subsidiary that is accounted for under the equity method for the year ended 31 December 2012. The financial statements of the subsidiary have been prepared for the same financial year using uniform accounting policies to those used by the Company. Adjustments were made for any different accounting policies to ensure consistency between the subsidiary 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 amounts 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 spot exchange rate between the reporting currency and the foreign currency at the date of the transaction. The exchange differences arising on the settlement of monetary items are recognized in profit or loss in the period in which they arise. At the end of the reporting period, foreign currency monetary items excluding advances to suppliers, prepaid expenses, and unearned revenues, which are denominated in foreign currency, are reported using the closing rate and exchange differences resulting from the reporting after offsetting are recognized in profit or loss in the period in which they arise.

# SAOBACDAU TECHNOLOGIES CORPORATION AND SUBSIDIARY ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

*Expressed in Vietnam dong unless otherwise stated*

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## 4.4. Inventories

- Inventory measurement

Inventories are measured at the lower of cost and 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 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 subsidiary are measured using the weighted average method.

- Method of accounting for inventories

Inventories are recorded under the perpetual inventory method.

- Provision for impairment in inventory

Where, by the year-end, the net realizable value of inventories is lower than cost, provision for impairment 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

A provision for doubtful debts is made for customer accounts past due and for customer accounts which show indications 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 cost. The cost of a tangible fixed asset is the total expense incurred by The Group 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 cost. The cost of an intangible fixed asset is the total expense incurred by The Group to acquire an asset at the time the asset is put into operation for its intended use.

- Depreciation and amortization

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

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The estimated useful lives are as follows:

+ Buildings, structures	15 years
+ Machinery and equipment	3 - 5 years
+ Means of transportations, transmitters	6 years
+ Management equipment and devices	2 - 8 years
+ Administrative software	3 years
+ Land use rights	30 years

**4.7. Investments in subsidiaries**

- Investments in the subsidiary are accounted for under the equity method.
- Other short-term and long-term investments are recorded at cost.
- The basis for making provisions for the diminution in the value of investments in long- and short-term securities is as follows:

At year end, if the market value of securities held under investments declines at a price lower than the cost, a provision for the diminution in value of the investments is 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 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.

**4.9. Equity**

- The owners' equity is recorded when contributed.
- Dividend recognition

Dividends are recognized as a liability at the date of declaration.

- Principles for provision of reserves from profit after tax

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

**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 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.

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**4.11. Taxation**

- Principles and recognition of current income tax expenses: Current tax expenses are defined on the basis of taxable income and the rate of corporate income tax (CIT) of the current year.
- Principles and recognition of deferred income tax expense: Deferred tax expenses are defined on the basis of the deductible temporary differences, taxable temporary differences and the estimated CIT rate that will be applied for the years that assets and liabilities will be recovered, and the tax rates using the tax rates (and tax laws) that have been effected at the fiscal year - end.
- 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 applicable to different transactions can be interpreted in many ways, the tax amounts presented in the consolidated financial statements can be amended in accordance with the Tax Department's final assessments.

**4.12. Financial instruments**

- Initial recognition

*Financial assets*

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of The Group comprise cash and short-term deposits, receivables, other receivables, loans.

*Financial liabilities*

At the date of initial recognition financial liabilities are recognized at cost net of transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of The Group comprise trade payables, other payables, debts, and borrowings.

- Re-measurement after initial recognition

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

**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.

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

**5.1. Cash and cash equivalents**

	<b>Ending balance</b>	<b>Beginning balance</b>
Cash on hand	260,897,880	523,422,917
Cash in bank	6,212,717,267	9,144,985,898
Cash equivalents	-	10,000,000,000
<b>Total</b>	<b>6,473,615,147</b>	<b>19,668,408,815</b>

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



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**5.2. Accounts receivable**

	<b>Ending balance</b>	<b>Beginning balance</b>
Trade receivables	248,190,840,478	122,112,901,989
Advances to suppliers	3,419,026,868	5,589,979,242
Other receivables	300,187,034	3,312,774,738
<b>Total short-term receivables</b>	<b>251,910,054,380</b>	<b>131,015,655,969</b>
Provision for doubtful debts	(1,304,748,881)	-
<b>Net realizable value of trade receivables and other receivables</b>	<b>250,605,305,499</b>	<b>131,015,655,969</b>

Account receivables arose during the normal business activities of The Group.

**5.3. Inventories**

	<b>Ending balance</b>	<b>Beginning balance</b>
At the Company's stock	2,927,870,604	6,764,242,358
Goods issued to implement	5,843,731,990	7,925,834,452
Leased goods	48,326,729	283,705,683
Ha Noi Branch	113,832,531	102,652,319
Raw materials	211,265,923	1,561,058,315
Work in process	514,429,728	757,056,586
<b>Total costs</b>	<b>9,659,457,505</b>	<b>17,394,549,713</b>
Provision for slow moving and obsolete inventories	(1,874,277,624)	(775,486,418)
<b>Net realizable value of inventories</b>	<b>7,785,179,881</b>	<b>16,619,063,295</b>

**5.4. Other current assets**

	<b>Ending balance</b>	<b>Beginning balance</b>
Advances	819,571,150	2,072,431,791
Short term deposits	3,923,494,597	1,895,823,102
<b>Total</b>	<b>4,743,065,747</b>	<b>3,968,254,893</b>

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5.5. Tangible fixed assets	Buildings, structures	Machinery and equipment	Means of transportations, transmitters	Management equipment and devices	Total
<b>Cost</b>					
Beginning balance	14.812.723.510	27.684.984.542	253.100.014	224.370.075	42.975.178.141
Purchase	10.416.000	2.945.011.703	1.489.400.000	134.264.545	4.579.092.248
Self-construction	-	1.467.151.861	-	-	1.467.151.861
Transferred from inventories	-	3.553.985.779	-	-	3.553.985.779
Disposals	-	(3.628.543.884)	-	(38.462.728)	(3.667.006.612)
Others	-	(196.946.031)	-	-	(196.946.031)
<b>Ending balance</b>	<b>14.823.139.510</b>	<b>31.825.643.970</b>	<b>1.742.500.014</b>	<b>320.171.892</b>	<b>48.711.455.386</b>
<b>Accumulated Depreciation</b>					
Beginning balance	492.670.080	13.847.819.878	191.231.124	177.790.497	14.709.511.579
Depreciation	988.252.184	4.677.534.365	248.043.890	71.224.743	5.985.055.182
Disposals	-	(3.347.510.368)	-	(16.664.395)	(3.364.174.763)
<b>Ending balance</b>	<b>1.480.922.264</b>	<b>15.177.843.875</b>	<b>439.275.014</b>	<b>232.350.845</b>	<b>17.330.391.998</b>
<b>Net book value</b>					
Beginning balance	14.320.053.430	13.837.164.664	61.868.890	46.579.578	28.265.666.562
<b>Ending balance</b>	<b>13.342.217.246</b>	<b>16.647.800.095</b>	<b>1.303.225.000</b>	<b>87.821.047</b>	<b>31.381.063.388</b>

The amount of year-end net book value of tangible fixed assets mortgaged for loans is VND 14,645,442,246 – Refer to Note 5.8 and 5.14.

Cost of tangible fixed assets fully depreciated but still in use is VND 7,638,390,117.

In 2012, The Company transferred some machines and equipment from inventories to tangible fixed assets to use in TSC and IT Department according to the Decision No. 01/2012/QĐ-TGD dated 31 March 2012, No. 02/2012/QĐ-TGD dated 10 April 2012 and No. 03/2012/QĐ-TGD dated 30 September 2012.

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**5.6. Intangible fixed assets**

Items	Land use rights	Administrative software	Total
<b>Cost</b>			
Beginning balance	22,144,596,006	1,250,937,530	23,395,533,536
Purchase	-	183,309,541	183,309,541
<b>Ending balance</b>	<b><u>22,144,596,006</u></b>	<b><u>1,434,247,071</u></b>	<b><u>23,578,843,077</u></b>
<b>Accumulated amortization</b>			
Beginning balance	738,153,200	1,132,594,330	1,870,747,530
Amortization	763,606,758	91,244,884	854,851,642
<b>Ending balance</b>	<b><u>1,501,759,958</u></b>	<b><u>1,223,839,214</u></b>	<b><u>2,725,599,172</u></b>
<b>Net book value</b>			
Beginning balance	21,406,442,806	118,343,200	21,524,786,006
<b>Ending balance</b>	<b><u>20,642,836,048</u></b>	<b><u>210,407,857</u></b>	<b><u>20,853,243,905</u></b>

The amount of year-end net book value of intangible fixed assets mortgaged for loans is VND 20,642,836,048 - Refer to Note 5.8.

Cost of intangible fixed assets fully depreciated but still in use is VND 1,106,662,330.

**5.7. Construction in progress**

	Ending balance	Beginning balance
Project Saigon Pearl	4,332,539,203	3,220,185,105
Project Petroland District 2	1,088,662,846	580,113,707
Project Orient Apartment	-	735,214,138
Project V-Star	-	163,571,160
Project A&B Tower	-	24,913,665
<b>Total</b>	<b><u>5,421,202,049</u></b>	<b><u>4,723,997,775</u></b>

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

	<b>Ending balance</b>	<b>Beginning balance</b>
Bank loans	64,719,845,110	47,334,914,950
Other loans	8,500,000,000	7,258,800,000
<b>Total</b>	<b><u>73,219,845,110</u></b>	<b><u>54,593,714,950</u></b>

Bank loans bear the interest rates from 12.7% to 21% per year for VND and from 5% to 7.3% per year for USD. These loans were guaranteed by:

- The office and land use rights at Lot U12B-16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City with carrying amount of VND 13,342,217,246 and VND 20,642,836,048, respectively – Refer to Notes 5.5 and 5.6.
- Land use rights and the properties of individuals attached to the land at 83B Tran Ke Xuong, Ward 7, Phu Nhuan District, Ho Chi Minh City. It is belonged to individual properties.
- Land use rights and the properties of individuals attached to the land at 43 Dang Dung, Tan Dinh Ward, District 1, Ho Chi Minh City. It is belonged to individual properties.
- Rights of claiming future debts and goods, electronic equipment, software, ect. that are created by these loans together with the right of claiming future debts.
- Receivables arising from the contracts signed between The Company and some special clients.

Individual short-term loans bear the interest rate from 14% to 14.5% per year for VND without any lien over the Company's assets.

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

	<b>Ending balance</b>	<b>Beginning balance</b>
Trade payables	132,008,572,489	54,974,705,531
Advances from customers	6,457,069,340	7,045,166,070
<b>Total</b>	<b><u>138,465,641,829</u></b>	<b><u>62,019,871,601</u></b>

Trade payables arose during the normal business activities of The Group.

**5.10. Statutory obligations**

	<b>Ending balance</b>	<b>Beginning balance</b>
Value added tax	13,021,040,773	2,263,949,637
Export, import duties	4,485,836	246,986,042
Corporation income tax	3,686,397,998	3,081,200,470
Personal income tax	173,541,845	139,421,098
<b>Total</b>	<b><u>16,885,466,452</u></b>	<b><u>5,731,557,247</u></b>

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**5.11. Payable to employees**

Representing salary expense of the 13<sup>th</sup> month of year 2012 payable to employees.

**5.12. Accrued expenses**

	<b>Ending balance</b>	<b>Beginning balance</b>
Payables to partners, investors	882,848,633	501,886,915
Accrued construction expenses	383,606,790	3,315,119,808
Others	394,029,000	263,052,271
<b>Total</b>	<b><u>1,660,484,423</u></b>	<b><u>4,080,058,994</u></b>

**5.13. Other payables and obligations**

	<b>Ending balance</b>	<b>Beginning balance</b>
Trade union expenditure	536,686,186	456,926,786
Surplus of assets awaiting resolution	96,301,631	96,301,631
Social, health, unemployment insurance	26,247,975	172,167,677
Other payables and obligations	1,458,459,063	2,316,523,554
<b>Total</b>	<b><u>2,117,694,855</u></b>	<b><u>3,041,919,648</u></b>

Deatails of other payables and obligations are as follows:

	<b>Ending balance</b>	<b>Beginning balance</b>
Payables to partners of cable television services	398,869,758	872,609,407
Payables to suppliers	70,517,267	382,976,136
Payables to partners of telephone services	3,591,641	100,554,872
Others	985,480,397	960,383,139
<b>Total</b>	<b><u>1,458,459,063</u></b>	<b><u>2,316,523,554</u></b>

**5.14. Long-term loans and debts**

Representing the bank loan bears the interest rates to 19% per year for VND. This loan was guaranteed by the tangible asset which comes from this loan with carrying amount of VND 1,303,225,000 – Refer to Note 5.5.

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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
<b>Previous year's beginning balance</b>	80.000.000.000	1.123.900	(330.000)	(101.006.412)	349.878.228	1.260.076.573	8.221.348.384	89.731.090.673
Previous year's profit	-	-	-	-	-	-	10.062.004.953	10.062.004.953
Dividends	-	-	-	-	-	-	(7.110.216.000)	(7.110.216.000)
Distributed to funds	-	-	-	-	-	273.580.057	(273.580.057)	-
Used funds	-	-	-	-	-	(386.890.656)	-	(386.890.656)
Sale treasury share	-	-	330.000	-	-	-	-	330.000
Foreign exchange difference	-	-	-	101.006.412	-	-	-	101.006.412
Increase from unconsolidation	-	-	-	-	-	-	314.534.228	314.534.228
Others	-	-	-	-	-	-	(56.590.099)	(56.590.099)
<b>Current year beginning balance</b>	<b>80.000.000.000</b>	<b>1.123.900</b>			<b>349.878.228</b>	<b>1.146.765.974</b>	<b>11.157.501.409</b>	<b>92.655.269.511</b>
Current year's profit	-	-	-	-	-	-	9.993.785.647	9.993.785.647
Dividends	-	-	-	-	-	-	(8.000.000.000)	(8.000.000.000)
Distributed to funds	-	-	-	-	-	503.100.248	(503.100.248)	-
Funds used	-	-	-	-	-	(836.479.434)	-	(836.479.434)
<b>Current year ending balance</b>	<b>80.000.000.000</b>	<b>1.123.900</b>	-	-	<b>349.878.228</b>	<b>813.386.788</b>	<b>12.648.186.808</b>	<b>93.812.575.724</b>

According to the Decision No. 13/2012/QĐ-HDQT dated 31 December 2012, The Company used the Financial reserved fund to cover tax obligations arised from tax finalizations from the year 2007 to 2011.

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

	<b>Ending balance</b>	<b>Beginning balance</b>
Founding shareholders	37,471,360,000	27,013,590,000
Other shareholders	42,528,640,000	52,986,410,000
<b>Total</b>	<b>80,000,000,000</b>	<b>80,000,000,000</b>

**5.15.3. Dividends**

	<b>Current year</b>	<b>Previous year</b>
Dividends paid on common shares	8,000,000,000	7,110,216,000
Representing dividends of year 2011 with rate 10%.		

**5.15.4. Shares**

▪ Authorized common shares	8,000,000	8,000,000
▪ Issued common share	8,000,000	8,000,000
▪ Outstanding common shares	8,000,000	8,000,000
▪ Par value per outstanding share: VND 10,000 per share.		

**5.15.5. Earnings per share**

	<b>Current year</b>	<b>Previous year</b>
Profit after tax of the shareholders of the Parent Company	9,993,785,647	10,062,004,953
Average number of outstanding shares	8,000,000	8,000,000
<b>Earnings per share (EPS)</b>	<b>1,249</b>	<b>1,258</b>

**5.15.6. Retained earnings**

	<b>Current year</b>	<b>Previous year</b>
Balance at beginning of year	11,157,501,409	8,221,348,384
Profit after tax	9,993,785,647	10,062,004,953
Distributed to financial reserve fund	(503,100,248)	(273,580,057)
Dividends	(8,000,000,000)	(7,110,216,000)
Loss reversal from liquidation of Vietcomnet	-	314,534,228
Decrease due to changes in capital contribution rate to Sao Bac Dau Technology Service Joint Stock Company	-	(56,590,099)
<b>Balance at end of year</b>	<b>12,648,186,808</b>	<b>11,157,501,409</b>

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**5.16. Non-controlling interests**

	<b>Current year</b>	<b>Previous year</b>
Beginning balance	5,483,297,176	4,578,138,519
Capital increase during the year	-	605,691,710
Capital decrease during the year	-	(60,000,000)
Net profit attributable to non-controlling interests	45,694,789	257,904,404
Increase due to cease of consolidation of Vietcomnet (liquidated)	-	44,972,444
Increase due to changes in capital contribution rate to Sao Bac Dau Technology Service Joint Stock Company	-	56,590,099
<b>Balance at end of year</b>	<b><u>5,528,991,965</u></b>	<b><u>5,483,297,176</u></b>

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

**6.1. Revenues from selling goods and rendering services**

	<b>Current year</b>	<b>Previous year</b>
Sale of goods	367,030,238,294	325,451,935,806
Rendering of services	11,866,105,530	15,496,153,892
Other revenue	984,280,390	687,287,137
Sales returns	(1,349,386,828)	(393,580,000)
Deductions	-	(40,125,000)
<b>Net revenues</b>	<b><u>378,531,237,386</u></b>	<b><u>341,201,671,835</u></b>

**6.2. Cost of goods sold**

	<b>Current year</b>	<b>Previous year</b>
Cost of goods sold	290,528,986,508	256,206,885,055
Cost of services rendered	11,067,843,108	8,106,049,722
Others	1,291,854,914	747,585,190
<b>Total</b>	<b><u>302,888,684,530</u></b>	<b><u>265,060,519,967</u></b>

**6.3. Financial expenses**

	<b>Current year</b>	<b>Previous year</b>
Interest expenses	6,087,126,605	10,854,405,357
Losses on foreign exchange rate differences	86,190,412	6,106,394,533
Loss on disposal of investments in Vietcomnet	-	1,036,822,884
Others	24,306,075	-
<b>Total</b>	<b><u>6,197,623,092</u></b>	<b><u>17,997,622,774</u></b>



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**6.4. Selling Expenses**

	<b>Current year</b>	<b>Previous year</b>
Employee expenses	5,408,203,488	5,366,206,933
Tools, office stationery expenses	71,191,705	157,498,543
Depreciation expenses	1,073,377,012	1,297,669,076
Warranty expenses	56,677,875	163,936,945
Pre-sales expenses	905,864,075	1,173,392,561
Service expenses	4,045,507,473	2,793,404,163
Others	3,721,412,272	3,380,161,698
<b>Total</b>	<b><u>15,282,233,900</u></b>	<b><u>14,332,269,919</u></b>

**6.5. General and administration expenses**

	<b>Current year</b>	<b>Previous year</b>
Employee expenses	26,232,354,125	20,932,075,487
Equipment expenses	702,148,448	601,498,859
Office stationery expenses	186,193,127	218,366,060
Depreciation expenses	4,499,328,437	2,903,438,568
Provision expenses	1,304,748,881	-
Taxation, fee and charges	14,768,000	24,891,000
Money transfer expenses	393,303,970	1,171,874,237
Service expenses	6,363,359,248	5,928,123,974
Others	3,014,028,979	3,032,678,624
<b>Total</b>	<b><u>42,710,233,215</u></b>	<b><u>34,812,946,809</u></b>

**6.6. Other income**

	<b>Current year</b>	<b>Previous year</b>
Income from disposal of fixed assets and tools	226,364,196	23,354,799
Others	1,940,661,198	3,965,198,430
<b>Total</b>	<b><u>2,167,025,394</u></b>	<b><u>3,988,553,229</u></b>

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**6.7. Current income tax expenses**

	<b>Current year</b>	<b>Previous year</b>
Accounting profit before tax during the year	13,775,624,951	13,690,064,179
Add adjustments according to the CIT law	20,304,206	595,748,368
Less adjustments according to the CIT law	(12,510,683)	(1,961,010,668)
Unused tax loss carry forward	(198,986,067)	-
Taxable income from normal business activities	<u>13,584,432,407</u>	<u>12,324,801,879</u>
Current income tax rate	25%	25%
Current income tax expenses from normal business activities	<u>3,686,397,998</u>	<u>3,081,200,470</u>
<b>Current tax expenses during the year</b>	<b><u>3,686,397,998</u></b>	<b><u>3,081,200,470</u></b>

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

**6.8. Deferred tax expenses**

Deferred tax assets, deferred tax liabilities and the change in the current year and previous year are detailed as follows:

	Loss carry- forward
Beginning balance of previous year	850,890,286
Credit to profit for the previous year	(288,954,352)
Beginning balance of the current year	<u>561,935,934</u>
Credit to profit for the current year	(49,746,517)
<b>Ending balance of the current year</b>	<b><u>512,189,417</u></b>

**7. Related parties disclosures**

▪ According to Vietnam Accounting Standards, the following entity are determined to be related parties:

<u>Name of the related party</u>	<u>Relationship</u>
Sao Bac Dau Technology Service Joint Stock Company	Subsidiary

▪ Transactions between the parent company and the subsidiary have been eliminated during consolidation.

▪ Details of important transactions with significant influence investors entered into during the year were as follows:

	<b>Current year</b>	<b>Previous year</b>
Loans	-	6,000,000,000
Interest income	-	826,000,000

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- Remuneration of the Board of Directors and salary of the management:

	<b>Current year</b>	<b>Previous year</b>
Remuneration of the Board of Directors	860,796,540	818,301,850
Salary of Chief Executive Officer	841,572,000	662,199,090
<b>Total</b>	<b><u>1,702,368,540</u></b>	<b><u>1,480,500,940</u></b>

**8. Financial instruments**

- Capital risk management

The Group manages its capital to ensure that The Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of The Group consists of net debt and equity attributable to equity holders of The Company (comprising capital, reserves and retained earnings).

- Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 4.12.

- Categories of financial instruments

	<b>Carrying amounts</b>	
	<b>31 Dec. 2012</b>	<b>01 Jan. 2012</b>
<b>Financial assets</b>		
Cash and cash equivalents	6,473,615,147	19,668,408,815
Trade and other receivables	247,186,278,631	125,425,676,727
Other financial assets	4,093,821,173	2,094,971,902
<b>Total</b>	<b><u>257,753,714,951</u></b>	<b><u>147,189,057,444</u></b>
<b>Financial liabilities</b>		
Borrowings	73,995,685,110	54,593,714,950
Trade and other payables	133,258,331,552	57,291,229,085
Accruals	1,660,484,423	4,080,058,994
<b>Total</b>	<b><u>208,914,501,085</u></b>	<b><u>115,965,003,029</u></b>

The Group has not assessed fair value of its financial assets and liabilities as at the balance date since there are no comprehensive guidance under Circular 210 and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of IFRS on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

- Financial risk management objectives

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group does not hedge these risk exposures due to the lack of a market to purchase financial instruments.

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- **Market risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Group does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

*Foreign currency risk management*

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group does not hedge this risk due to the lack of any market to purchase such instruments.

The carrying amounts of The Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	<b>Liabilities</b>		<b>Assets</b>	
	<b>31 Dec. 2012</b>	<b>01 Jan. 2012</b>	<b>31 Dec. 2012</b>	<b>01 Jan. 2012</b>
United States Dollars (USD)	3,537,508.14	1,232,926.92	201.06	200.10

*Interest rate risk management*

The Group has significant interest rate risks arising from interest bearing loans which are arranged. The Group is exposed to interest rate risk as The Group borrow funds at both fixed and floating interest rates. The risk is managed by The Group by maintaining an appropriate mix between fixed and floating rate borrowings.

*Price risk*

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments

- **Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to The Group. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

- **Liquidity risk management**

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that The Group believes can generate within that period. The Group policy is to regularly monitor current and expected liquidity requirements to ensure that The Group maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

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The following table details The Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which The Group can be required to pay. The table includes both interest and principal cash flows. The contractual maturity is based on the earliest date on which The Group may be required to pay.

31 Dec. 2012	Less than 1 year	From 1- 5 years	Total
Trade and other payables	133,258,331,552	-	133,258,331,552
Borrowings	73,219,845,110	775,840,000	73,995,685,110
Accruals	1,660,484,423	-	1,660,484,423
01 Jan. 2012	Less than 1 year	From 1- 5 years	Total
Trade and other payables	57,291,229,085	-	57,291,229,085
Borrowings	54,593,714,950	-	54,593,714,950
Accruals	4,080,058,994	-	4,080,058,994

The management assessed the liquidity risk concentration at low level. The management believes that The Group will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

The following table details The Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets, if any. The inclusion of information on non-derivative financial assets is necessary in order to understand The Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

31 Dec. 2012	Less than 1 year	From 1- 5 years	Total
Trade and other receivables	247,186,278,631	-	247,186,278,631
Other financial assets	3,923,494,597	170,326,576	4,093,821,173
01 Jan. 2012	Less than 1 year	From 1- 5 years	Total
Trade and other receivables	125,425,676,727	-	125,425,676,727
Other financial assets	2,094,971,902	-	2,094,971,902

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

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

**10. Approval of consolidated financial statements**

The consolidated financial statements for the year ended 31 December 2012 were authorized for issue by Chief Executive Officer on 20 March year 2013.

Ho Chi Minh City, 20 March 2013

**CHIEF ACCOUNTANT**

**HO THI HONG HANH**

**THE CHIEF EXECUTIVE OFFICER**



**TRAN ANH TUAN**