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**SAOBACDAU TECHNOLOGIES
CORPORATION**

AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2013

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SAOBACDAU TECHNOLOGIES CORPORATON

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City

THE MANAGEMENT'S REPORT

The Management of SaoBacDau Technologies Corporation (hereinafter referred to as "the Company") hereby presents its report and the audited financial statements of the Company for the year ended 31 December 2013.

1. BACKGROUND

SaoBacDau Technologies Corporation has been incorporated in accordance with the Business Registration Certificate No. 4103002093 dated 11 February 2004 and other amended certificates thereafter with the latest one dated 30 December 2010 granted by Ho Chi Minh City's Department of Planning and Investment.

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 stipulated in the Business Registration Certificate is VND 80 billion.

The Company's branches as at 31 December 2013 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.

2. MEMBERS OF THE BOARD OF DIRECTORS, THE CONTROL COMMITTEE, AND THE MANAGEMENT

Members of the Board of Directors during the year 2013 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

Members of the Control Committee during the year 2013 and on the date of this report include:

<i>Full name</i>	<i>Position</i>
Ms. Mai Thi Thuy Mai	Head
Mr. Le Phuoc Lo	Member
Ms. Nguyen Thi Minh Huan	Member

Members of the Management during the year 2013 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. Ha The Thap	Vice President Operation
Mr. Le Hong Phong	Chief Business Office

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NG
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SAOBACDAU TECHNOLOGIES CORPORATON

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City

3. RESPONSIBILITY OF THE MANAGEMENT

The Company's Management is responsible for preparing the financial statements of each year which give a true and fair view of the financial position of the Company and the results of its operations and its cash flows for the year. In preparing these financial statements, the Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any departures that need to be disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement the internal control system effectively for a fair preparation and presentation of the financial statements so as to mitigate error or fraud.

The Management 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 ensure that the financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam. The Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management confirm that the Company has complied with the above requirements in preparing these financial statements.

4. AUDITOR

DTL Auditing Company Ltd., member of RSM International, have expressed the willingness to accept re-appointment.

5. STATEMENT BY THE MANAGEMENT

In the Management's opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2013 and the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.

Ho Chi Minh City, 10 March 2014

For and on behalf of the Management
CHIEF EXECUTIVE OFFICER



TRAN ANH TUAN



No: 14.130/BCKT-DTL

INDEPENDENT AUDITOR'S REPORT

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

Report on the financial statements

We have audited the accompanying financial statements of SaoBacDau Technologies Corporation (hereinafter referred to as "the Company") prepared on 10 March 2014 as set out from page 05 to page 28, which comprise the statement of financial position as at 31 December 2013, and the income statement, and cash-flow statement for the year then ended, and accounting policies and explanatory notes to the financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards and System and relevant legislation as to the preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SaoBacDau Technologies Corporation as at 31 December 2013, and of the results of its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards and System and relevant legislation as to the preparation and presentation of financial statements.

Ho Chi Minh City, 10 March 2014

DTL AUDITING COMPANY LTD.

pp. GENERAL DIRECTOR

VICE GENERAL DIRECTOR



LUC THI VAN

Audit Practice Registration Certificate

No. 0172-2013-026-1

AUDITOR

NGUYEN CHANH THANH

Audit Practice Registration Certificate

No. 0544-2013-026-1

SAOBACDAU TECHNOLOGIES CORPORATION

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

Expressed in VND

ASSETS	Code	Notes	Ending balance	Beginning balance
A. CURRENT ASSETS	100		227,430,086,575	269,626,716,302
I. Cash and cash equivalents	110	5.1	28,266,521,843	5,584,275,978
1. Cash	111		28,266,521,843	5,584,275,978
2. Cash equivalents	112			
II. Short-term investments	120			
1. Short-term investments	121			
2. Provision for diminution in value of shortterm investments	129			
III. Account receivables	130	5.2	178,533,142,244	245,863,328,250
1. Trade receivables	131		172,075,793,905	244,383,596,137
2. Advances to suppliers	132		7,663,451,193	2,784,480,994
3. Intra-company short-term receivables	133			
4. Construction contract in progress receivables	134			
5. Other receivables	135		49,111,168	
6. Provision for doubtful debts	139		(1,255,214,022)	(1,304,748,881)
IV. Inventories	140	5.3	5,019,814,472	7,031,593,321
1. Inventories	141		6,894,092,096	8,905,870,945
2. Provision for decline in value of inventories	149		(1,874,277,624)	(1,874,277,624)
V. Other current assets	150		15,610,608,016	11,147,518,753
1. Short-term prepaid expenses	151	5.4	6,739,679,963	626,123,191
2. Value added tax deductibles	152		2,240,504,845	5,893,002,135
3. Tax and other receivables from the State Budget	154			
4. Other current assets	158	5.5	6,630,423,208	4,628,393,427

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SAOBACDAU TECHNOLOGIES CORPORATION

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

Expressed in VND

ASSETS	Code	Notes	Ending balance	Beginning balance
B. NON-CURRENT ASSETS	200		55,563,312,680	56,252,498,195
I. Long-term receivables	210			
1. Long-term trade receivables	211			
2. Business capital in dependent units	212			
3. Intra-company long-term receivables	213			
4. Other long-term receivables	218			
5. Provision for doubtful long-term receivables	219			
II. Fixed assets	220		41,838,130,244	43,176,845,717
1. Tangible fixed assets	221	5.6	31,941,890,054	22,323,601,812
+ Cost	222		47,974,990,193	36,255,773,077
+ Accumulated depreciation	223		(16,033,100,139)	(13,932,171,265)
2. Finance lease assets	224			
+ Cost	225			
+ Accumulated depreciation	226			
3. Intangible fixed assets	227	5.7	9,896,240,190	20,853,243,905
+ Cost	228		12,292,533,967	23,562,728,077
+ Accumulated amortisation	229		(2,396,293,777)	(2,709,484,172)
4. Construction in progress	230			
III. Investment property	240			
+ Cost	241			
+ Accumulated depreciation	242			
IV. Long term investments	250	5.8	12,957,316,713	12,204,758,230
1. Investments in subsidiaries	251		13,800,000,000	13,800,000,000
2. Investments in associates, joint-ventures	252			
3. Other long-term investments	258			
4. Provision for long-term investments	259		(842,683,287)	(1,595,241,770)
V. Other long-term assets	260		767,865,723	870,894,248
1. Long-term prepaid expenses	261		560,226,056	870,894,248
2. Deferred income tax assets	262	6.9	207,639,667	
3. Other long-term assets	268			
TOTAL ASSETS	270		282,993,399,255	325,879,214,497

SAOBACDAU TECHNOLOGIES CORPORATION

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

Expressed in VND

RESOURCES	Code	Notes	Ending balance	Beginning balance
A. LIABILITIES	300		197,199,088,657	232,168,346,530
I. Current liabilities	310		194,101,536,581	231,392,506,530
1. Short-term debts and loans	311	5.9	81,799,070,006	73,219,845,110
2. Trade payables	312	5.10	79,942,174,719	131,107,765,499
3. Advances from customers	313	5.10	23,305,502,692	5,859,244,830
4. Taxes and amounts payable to the State Budget	314	5.11	1,854,013,075	16,856,479,025
5. Payables to employees	315			3,176,049,300
6. Accrued expenses	316	5.12	1,740,666,667	
7. Intra-company payables	317			
8. Construction contract in progress payables	318			
9. Other short-term payables	319	5.13	5,460,109,422	1,173,122,766
10. Provision for short-term payables	320			
11. Bonus and welfare funds	323			
II. Long term liabilities	330		3,097,552,076	775,840,000
1. Long-term trade payables	331			
2. Intra-company long-term payables	332			
3. Other long-term payables	333			
4. Long-term debts and loans	334	5.14	3,097,552,076	775,840,000
5. Deferred income tax liabilities	335			
6. Provision for severance allowance	336			
7. Provision for long-term payables	337			
8. Unrealized revenue	338			
9. Science and technology development fund	339			
B. OWNER'S EQUITY	400		85,794,310,598	93,710,867,967
I. Equity	410	5.15.1	85,794,310,598	93,710,867,967
1. Share capital	411	5.15.2	80,000,000,000	80,000,000,000
2. Capital premium	412		1,123,900	1,123,900
3. Other contributed capital	413			
4. Treasury shares	414		(3,963,240,000)	
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		1,155,674,609	813,386,788
9. Other funds within owners' equity	419			
10. Undistributed earnings	420		8,250,873,861	12,546,479,051
11. Capital expenditure fund	421			
12. Enterprise reorganization support fund	422			
II. Other capital, funds	430			
1. Subsidy funds	432			
2. Subsidy funds invested in fixed assets	433			
TOTAL RESOURCES	440		282,993,399,255	325,879,214,497

The accompanying notes are an integral part of the financial statements

SAOBACDAU TECHNOLOGIES CORPORATION

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward,
District 7, Ho Chi Minh City

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

OFF STATEMENT OF FINANCIAL POSITION 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		210,807.44	201.06
6. Budget for non-production activities and projects			

Ho Chi Minh City, 10 March 2014

PREPARED

CHIEF ACCOUNTANT

CHIEF EXECUTIVE OFFICER



TRAN PHAN THUY AN



HO THI HONG HANH

TRAN ANH TUAN

SAOBACDAU TECHNOLOGIES CORPORATIONAddress: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward,
District 7, Ho Chi Minh City**INCOME STATEMENT**

For the year ended 31 December 2013

Expressed in VND

ITEMS	Code	Notes	Current year	Previous year
1. Revenue	01		325,091,243,873	368,871,839,818
2. Deductions	02			1,348,386,828
3. Net revenue	10	6.1	325,091,243,873	367,523,452,990
4. Cost of goods sold	11	6.2	264,385,211,092	296,592,883,208
5. Gross profit	20		60,706,032,781	70,930,569,782
6. Financial income	21		91,366,078	463,311,844
7. Financial expenses	22	6.3	11,724,070,618	5,011,197,434
<i>in which, interest expense</i>	23		11,420,703,064	6,086,166,605
8. Selling expense	24	6.4	13,052,805,148	14,560,266,839
9. General and administration expense	25	6.5	38,365,808,995	39,403,875,686
10. Operating profit/(loss)	30		(2,345,285,902)	12,418,541,667
11. Other income	31	6.6	18,333,893,664	2,608,083,839
12. Other expenses	32	6.7	10,289,917,962	286,990,035
13. Net other income/(loss)	40		8,043,975,702	2,321,093,804
14. Accounting profit/(loss) before tax	50		5,698,689,800	14,739,635,471
15. Current corporate income tax expense	51	6.8	1,702,337,075	3,686,397,998
16. Deferred corporate income tax expense	52	6.9	(207,639,667)	
17. Net profit/(loss) after tax	60		4,203,992,392	11,053,237,473

Ho Chi Minh City, 10 March 2014

PREPARED

CHIEF ACCOUNTANT

CHIEF EXECUTIVE OFFICER



TRAN PHAN THUY AN



HO THI HONG HANH



TRAN ANH TUAN

SAOBACDAU TECHNOLOGIES CORPORATION

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward,
District 7, Ho Chi Minh City

CASH FLOW STATEMENT (direct method)

For the year ended 31 December 2013

Expressed in VND

ITEMS	Code	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Cash receipts from customers	01		447,406,834,579	292,375,561,891
2. Cash paid to suppliers	02		(381,385,658,094)	(284,012,308,394)
3. Cash paid to employees	03		(28,867,920,220)	(23,706,994,530)
4. Interest paid	04		(11,420,703,064)	(6,070,398,445)
5. Corporate income taxes paid	05		(3,824,348,446)	(3,561,790,157)
6. Other cash inflows from operating activities	06		8,829,829,392	1,742,383,137
7. Other cash outflows from operating activities	07		(5,797,746,179)	(619,330,644)
Net cash from operating activities	20		24,940,287,968	(23,852,877,142)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchase of fixed assets and other long-term assets	21		(16,282,288,980)	(4,251,430,558)
2. Proceeds from disposals of fixed assets and other long-term assets	22		15,203,640,188	683,661,269
3. Loans to other entities and payments for purchase of debt instruments of other entities	23			
4. Repayments from borrowers and proceeds from sales of debts instruments of other entities	24			2,800,000,000
5. Investments in other entities	25			
6. Proceeds from sales of investments in other entities	26			
7. Interest and dividends received	27		81,736,415	203,503,553
Net cash from investing activities	30		(996,912,377)	(564,265,736)

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SAOBACDAU TECHNOLOGIES CORPORATION

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward,
District 7, Ho Chi Minh City

CASH FLOW STATEMENT (direct method)

For the year ended 31 December 2013

Expressed in VND

ITEMS	Code	Notes	Current year	Previous year
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from issuing stocks and capital contribution from owners	31			
2. Capital redemption, payments for shares repurchases	32		(3,963,240,000)	
3. Proceeds from borrowings	33		296,818,736,489	157,171,290,141
4. Repayment of borrowings	34		(286,015,298,465)	(137,741,273,039)
5. Finance lease principal paid	35			
6. Dividends paid	36		(8,101,327,750)	(8,095,014,400)
Net cash from financing activities	40		(1,261,129,726)	11,335,002,702
Net increase/(decrease) in cash (20+30+40)	50		22,682,245,865	(13,082,140,176)
Cash and cash equivalents at beginning of year	60		5,584,275,978	18,666,416,154
Impact of exchange rate fluctuation	61			
Cash and cash equivalents at end of year (50+60+61)	70		28,266,521,843	5,584,275,978

Ho Chi Minh City, 10 March 2014

PREPARED

CHIEF ACCOUNTANT

CHIEF EXECUTIVE OFFICER





TRAN PHAN THUY AN

HO THI HONG HANH

TRAN ANH TUAN

SAOBACDAU TECHNOLOGIES CORPORATION

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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

1. CORPORATE INFORMATION

1.1. Structure of ownership

SaoBacDau Technologies Corporation (hereinafter referred to as the Company), formerly known as Informatics Service Provider Limited Company. On 30 August 2007, the Company was transformed into a joint stock company by the name of SaoBacDau Technologies Corporation under Business Registration Certificate No. 4103002093 dated 11 February 2004 and other amended certificates thereafter with the latest one dated 30 December 2010 granted by Ho Chi Minh City's Department of Planning and Investment.

The Company was 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 Company's branches as at 31 December 2013 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.

The number of employees as at 31 December 2013 was 172 (31 December 2012: 168).

1.2. Operating industry and principal activities

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: integrating systems, making over information technology. Providing information upload to internet, providing internet services agent (not including internet service providing agent in head office). Consultant, training informatics and telecommunications technology. Designing computer networking system. Office for rent. Trading, installing, repairing, maintaining electrical equipment, automatic control equipment (not including processing mechanic, producing electroplate, recycling waste at head office). Consulting technology transfer. Vocational training. Trading in software, machine, equipment in radio-broadcasting and television. Producing, trading and releasing films, films tabs and discs of being granted for circulations. Trading real estates. Construction of Industrial Civil Project. Plane tickets agent. Scientific Services: integrated system, technology transfer.

2. FISCAL YEAR, REPORTING CURRENCY

2.1. Fiscal year

The Company's fiscal year is from 01 January to 31 December.

2.2. Reporting currency

The Company maintains its accounting records in Vietnam Dong (VND).

2.3. Accounting convention

The accompanying financial statements, expressed in VND, are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.

SAOBACDAU TECHNOLOGIES CORPORATION

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City

3. ACCOUNTING STANDARDS, ACCOUNTING SYSTEM

3.1. Accounting standards, accounting system

The Company has adopted Vietnamese Accounting Standards and System.

3.2. Statement of compliance with Vietnamese Accounting Standards

The Company's financial statements for the year ended 31 December 2013 are prepared in accordance with Vietnamese Accounting Standards and System.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. 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 recognised 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 offset are recognised in profit or loss in the period in which they arise.

4.2. Cash and Cash equivalents

Cash and cash equivalents comprise cash in hand and at bank, cash in transit, savings, collateral, deposits, and short-term investments for a period not exceeding 3 months or highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.3. Trade receivables and other receivables

- Recognition method

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

- Provision for doubtful debts

Provisions for doubtful debts are recognised for customer accounts past due and for customer accounts where circumstances indicate that these might not be recoverable. The provision for doubtful debts is recognised in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by Ministry of Finance.

Difference between the required balance and the existing balance of provision for doubtful debts are recorded as a general and administrative expense in the income statement.

4.4. Inventories

- Inventory measurement

Inventories are measured at the lower of cost and net realisable 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 the 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.

- Provision for decline in value of inventories

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

The provision is an excess of the cost of inventories over their net realisable value. The provision is recognized for obsolete, slow-moving and defective inventory items in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by Ministry of Finance.

Difference between the required balance and the existing balance of the provision for decline in value of inventories is included in cost of goods sold in the income statement.

SAOBACDAU TECHNOLOGIES CORPORATION

Address: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City

Inventories are written down to net realisable value on an item-by-item basis. For services being rendered, provision is recognised 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. Deferred expenses

Deferred expenses are tools, consumables with large value issued into production and cost of goods sold of projects which are not yet finished and are reported as short-term or long-term prepaid expenses in the statement of financial position. These expenses are amortised over the period for which the amount are paid or the period in which economic benefits are generated in relation to these expenses.

4.6. Tangible fixed assets

▪ Tangible fixed asset recognition

Tangible fixed assets are initially recognised at cost. The cost of purchased tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to their working condition and location for its intended use.

For fixed assets monitored, managed and depreciated by enterprises under Circular No. 203/2009/TT-BTC dated 20 November 2009 but now ineligible for the primary price of fixed assets in accordance with the Circular 45/2013/TT-BTC dated 25 April 2013 (Article 3) issued by The Finance Department, the residual value of these assets shall be transferred in tools and equipment and amortized into the enterprise's costs of business and production not exceed three years from the effective date of this Circular.

▪ 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:

+ Buildings, structures	15 years
+ Machinery and equipment	3 - 5 years
+ Vehicles	6 years

4.7. Intangible fixed asset

Intangible fixed assets are initially recognised at cost. The cost of an intangible fixed asset is the total amount of expense incurred by the Company to acquire an asset at the time the asset is put into operation for its intended use, as follows:

Land use rights

Intangible fixed assets represent land use right that is stated at cost less accumulated amortization. The Company's land use right pertains to land located at Lot U12B-16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam which the Company can use for 30 years. Land use right is amortised using the straight-line method over the duration of the right to use the land.

Computer Software

Accounting software is not an indispensable component of hardware and recognised as an intangible asset and depreciated over the useful life.

4.8. Investments in subsidiary

- Investments in subsidiary is accounted for under the cost method.
- Method of making provisions for financial investment losses:

For long-term investments: Provision for diminution in value of long-term investments is recognised in accordance with Circular No.228/2009/TT-BTC dated 07 December 2009 (Circular 228) and Circular No. 89/2013/TT-BTC dated 28 June 2013 modifying Circular 228 issued by Ministry of Finance which allow provision to be recognised for investments in economic institutions that have suffered losses (unless losses according to the business plan before initial investment) with a maximum provision equal to the amount of invested capital for each investment.

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4.9 Accrued expenses and provisions

- Accrued expenses are recognised based on information available at the year-end and estimates by past experience.
 - A provision shall be recognised when: the Company has a present legal or constructive obligation as a result of a past event; a reliable estimate can be made of the amount of the obligation; and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions shall not be recognised for future operating losses.
- Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

4.10 Severance allowance to employees

Pursuant to the Law on Social Insurance, effective from 01 January 2009, 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. With the implementation of the unemployment scheme, the Company is no longer required to provide for severance allowance the service period after 01 January 2009. In addition, according to Circular 180/2012/TT-BTC dated 24 October 2012 issued by Ministry of Finance, since the financial year 2012, the Company has not provided for severance allowance under Circular 82/2003/TT-BTC dated 14 August 2003 issued by Ministry of Finance and the severance allowance outstanding (if any) was reversed in the year 2012.

4.11 Equity

- The owners' equity is recorded when contributed.
- Treasury shares recognition and disclosure

Treasury shares are recorded at cost and are disclosed as the amount which decreases equity in financial position.

- Dividend recognition

Dividend is recognised as a liability at the date of declaring dividend.

- Principles of creating reserves from profit after tax are created in accordance with Annual General Meeting.
- Profit after tax could be shared to shareholders after being approved by Annual General Meeting and creating reserves in accordance with The Company's charter.

4.12 Revenue recognition

- Revenue from selling goods is measured at the fair value of the consideration received or receivable. In most cases, revenue is recognised when transferring the risks and rewards of ownership to the buyer.
- Revenue of a transaction involving the rendering of services is recognised 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 recognised by reference to the stage of completion at the end of the reporting period.

4.13 Taxation

- *Corporate Income Tax*
 - + Principles and recognition of current income tax expense: Current tax expense is defined on the basis of taxable income and the rate of corporate income tax (CIT) of the current year is 25%.
 - + Principles and recognition of deferred income tax expense: Deferred tax expense is 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.

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▪ Value Added Tax

The goods sold and services rendered by the Company are subject to value added tax at the following rates:

+ Computer software	0%
+ Goods	10%
+ Rental services and other services	10%

▪ *Other taxes:* applicable in accordance with the prevailing tax law in Vietnam.

The tax reports of the Company will be inspected by the Tax Department. Application of the laws and regulations on tax to different transactions can be interpreted by many ways; therefore, the tax amounts presented in the financial statements can be amended in accordance with the Tax Department's final assessment.

4.14 Financial instruments

▪ Initial recognition

Financial assets

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

Financial assets of the Company comprise cash and short-term deposits, receivables and other receivables, loans and unlisted financial instruments.

Financial liabilities

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

Financial liabilities of the Company comprise trade payables and 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.

4.15 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.

4.16 Comparative figures

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

Statement of financial position (excerpted)

	VND	
	Beginning balance	Beginning balance
	(Reclassified)	(As previously reported)
Current internal receivables	-	58,164,828
Current internal payables	-	58,164,828

The reclassification of comparative figures is due: Net off Current internal receivables and payables.

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SAOBACDAU TECHNOLOGIES CORPORATIONAddress: Lot U12B – 16A, Street 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward,
District 7, Ho Chi Minh City**5. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE STATEMENT OF FINANCIAL POSITION****5.1. Cash and cash equivalents**

	Ending balance	VND Beginning balance
Cash in hand	234,442,091	223,201,425
Cash at bank	28,032,079,752	5,361,074,553
Total	<u>28,266,521,843</u>	<u>5,584,275,978</u>

5.2. Account receivables

	Ending balance	VND Beginning balance
Trade receivables	172,075,793,905	244,383,596,137
Advances to suppliers	7,663,451,193	2,784,480,994
Other receivables	49,111,168	-
Total short-term receivables	<u>179,788,356,266</u>	<u>247,168,077,131</u>
Provision for doubtful debts	(1,255,214,022)	(1,304,748,881)
Net realisable value of trade receivables and other receivables	<u>178,533,142,244</u>	<u>245,863,328,250</u>

Account receivables arose during the ordinary course of business activities of the Company. In which, account receivables from related parties are VND 849,764,856 – Refer to Note 7.

5.3. Inventories

	Ending balance	VND Beginning balance
The Company's stock	3,911,366,301	2,899,979,695
Goods issued to implement	2,865,735,444	5,843,731,990
Leased warehouse	3,157,820	48,326,729
Ha Noi Branch	113,832,531	113,832,531
Total costs	<u>6,894,092,096</u>	<u>8,905,870,945</u>
Provision for decline in value of inventories	(1,874,277,624)	(1,874,277,624)
Net realisable value of inventories	<u>5,019,814,472</u>	<u>7,031,593,321</u>

5.4. Prepaid expenses

	Ending balance	VND Beginning balance
Prepaid expenses for pending projects	5,453,223,138	491,045,896
Tools and supplies	1,286,456,825	135,077,295
Total	<u>6,739,679,963</u>	<u>626,123,191</u>

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5.5. Other current assets

	VND	
	Ending balance	Beginning balance
Advances	2,931,178,587	705,178,830
Short term deposits, mortgages and collateral	3,699,244,621	3,923,214,597
Total	<u>6,630,423,208</u>	<u>4,628,393,427</u>

5.6. Tangible fixed assets

Items				VND
	Buildings, structures	Machinery and equipment	Means of transportations	Total
Cost				
Beginning balance	14,823,139,510	19,690,133,553	1,742,500,014	36,255,773,077
Purchase	315,454,545	2,761,579,123	-	3,077,033,668
Transferred from construction in progress	-	13,157,149,312	-	13,157,149,312
Disposals	-	(1,215,253,598)	-	(1,215,253,598)
Transferred to tools and supplies	-	(3,299,712,266)	-	(3,299,712,266)
Ending balance	<u>15,138,594,055</u>	<u>31,093,896,124</u>	<u>1,742,500,014</u>	<u>47,974,990,193</u>
Accumulated Depreciation				
Beginning balance	1,480,922,264	12,011,973,987	439,275,014	13,932,171,265
Depreciation	990,401,495	4,325,413,486	248,233,332	5,564,048,313
Disposals	-	(1,215,253,598)	-	(1,215,253,598)
Transferred to tools and supplies	-	(2,247,865,841)	-	(2,247,865,841)
Ending balance	<u>2,471,323,759</u>	<u>12,874,268,034</u>	<u>687,508,346</u>	<u>16,033,100,139</u>
Net book value				
Beginning balance	13,342,217,246	7,678,159,566	1,303,225,000	22,323,601,812
Ending balance	<u>12,667,270,296</u>	<u>18,219,628,090</u>	<u>1,054,991,668</u>	<u>31,941,890,054</u>

The amount of year-end net book value of tangible fixed assets mortgaged as loan security totaled VND 13,722,261,964 – Refer to Note 5.9 and Note 5.14.

The historical cost of tangible fixed assets fully depreciated but still in use totaled VND 8,631,965,651.

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5.7. Intangible fixed assets

Items			VND
	Land use rights	Administration software	Total
Cost			
Beginning balance	22,144,596,006	1,418,132,071	23,562,728,077
Purchase	-	48,106,000	48,106,000
Disposals	(11,199,142,250)	-	(11,199,142,250)
Transferred to tools and supplies	-	(119,157,860)	(119,157,860)
Ending balance	<u>10,945,453,756</u>	<u>1,347,080,211</u>	<u>12,292,533,967</u>
Accumulated amortization			
Beginning balance	1,501,759,958	1,207,724,214	2,709,484,172
Amortization	602,699,537	104,671,713	707,371,250
Disposals	(984,752,161)	-	(984,752,161)
Transferred to tools and supplies	-	(35,809,484)	(35,809,484)
Ending balance	<u>1,119,707,334</u>	<u>1,276,586,443</u>	<u>2,396,293,777</u>
Net book value	-	-	-
Beginning balance	20,642,836,048	210,407,857	20,853,243,905
Ending balance	<u>9,825,746,422</u>	<u>70,493,768</u>	<u>9,896,240,190</u>

The net book value of intangible fixed assets mortgaged as loan security totalled VND 9,825,746,422 – Refer to Note 5.9.

The historical cost of intangible fixed assets fully depreciated but still in use totalled VND 1,090,547,330.

5.8. Long-term finance investments

Representing investment in the subsidiary - Sao Bac Dau Technology Service Joint Stock Company with rate 69%.

5.9. Short-term debts and loans

	VND	
	Ending balance	Beginning balance
Bank loans	54,853,225,651	64,719,845,110
Other loans	24,959,679,354	8,500,000,000
Current portion of long-term liabilities – Refer to 5.14	1,986,165,001	-
Total	<u>81,799,070,006</u>	<u>73,219,845,110</u>

Bank loans bear the interest rates from 8.9% per year to 13.9% per year for VND. 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 12,667,270,296 and VND 9,825,746,422, respectively – Refer to Notes 5.6 and 5.7.
- 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 which 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 which belonged to individual properties.

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- Right 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 SaoBacDau Technologies Corporation and some specific clients.
- Other short-term loans bear the interest rate from 11% per year to 12.5% per year for VND without any lien over The Company's assets.

5.10. Trade payables and advances from customers

	Ending balance	VND Beginning balance
Trade payables	79,942,174,719	131,107,765,499
Advances from customers	23,305,502,692	5,859,244,830
Total	<u>103,247,677,411</u>	<u>136,967,010,329</u>

Trade payables arose during the ordinary course of business activities of the Company.

5.11. Statutory obligations

	Ending balance	VND Beginning balance
Corporation income tax	1,702,337,075	3,686,397,998
Personal income tax	152,871,600	144,554,418
Value added tax	(1,195,600)	13,021,040,773
Export, import duties	-	4,485,836
Total	<u>1,854,013,075</u>	<u>16,856,479,025</u>

5.12. Accrued expense

Representing accruals for Internet connection service sales had billed to the customer – Refer to Note 5.13, according to agreement contract between SaoBacDau Technologies Corporation and partners:

- Vietnam Data Communication Company III.
- Viettel Da Nang branch – Viettel Group.

5.13. Other payables and obligations

	Ending balance	VND Beginning balance
Trade union dues	566,358,816	536,686,186
Dividend payables	320,924,750	422,344,200
Social, health, unemployment insurance	3,584,360	5,392,380
Other payables and obligations(*)	4,569,241,496	208,700,00
Total	<u>5,460,109,422</u>	<u>1,173,122,766</u>

(*) In which, other payables related to unrealised revenue of providing Internet service to the customer in 2 years under contract No.10 (DNG8b-DC) dated 25 August 2012 between SaoBacDau Technologies Corporation and Technology Development Project Management and Communication Board in Danang with the amount of VND 4,460,000,000.

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5.14. Long-term debts and loans

		VND
	Ending balance	Beginning balance
Bank loans	510,432,000	775,840,000
Other loans	4,573,285,077	-
Current portion of long-term liabilities – Refer to 5.9	(1,986,165,001)	-
Total	<u>3,097,552,076</u>	<u>775,840,000</u>

Bank loans represented those with the term 03 years and bore the interest rate 5.4% per year for VND. The principal outstanding as at 31 December 2013 totaled VND 265,440,000 and the current portions of long - term loans totaled VND 244,992,000. These loans guaranteed by the tangible asset which comes from this loan with carrying amount of VND 1,054,991,668 – Refer to Note 5.6.

Other loan were unsecured with the term 03 years from Cisco Systems Capital Asia Pte and bore interest rate 6.51% per year. The principal outstanding as at 31 December 2013 totaled VND 2,832,112,076 and the current portions of long-term loans totaled VND 1,741,173,001.

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5.15. Owner's equity**5.15.1. Changes in owner's equity**

	Paid in capital	Capital surplus	Treasury shares	Investment & development fund	Financial reserved fund	Undistributed earnings after tax	Total
Previous year's beginning balance	80,000,000,000	1,123,900	-	349,878,228	1,146,765,974	9,996,341,826	91,494,109,928
Previous year's profit	-	-	-	-	-	11,053,237,473	11,053,237,473
Dividends declared	-	-	-	-	-	(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)
Current year beginning balance	80,000,000,000	1,123,900	-	349,878,228	813,386,788	12,546,479,051	93,710,867,967
Current year's profit	-	-	-	-	-	4,203,992,392	4,203,992,392
Dividends declared	-	-	-	-	-	(7,999,908,300)	(7,999,908,300)
Distributed to funds	-	-	-	-	499,689,282	(499,689,282)	-
Purchasing treasury shares	-	-	(3,963,240,000)	-	-	-	(3,963,240,000)
Funds used	-	-	-	-	(157,401,461)	-	(157,401,461)
Current year ending balance	80,000,000,000	1,123,900	(3,963,240,000)	349,878,228	1,155,674,609	8,250,873,861	85,794,310,598

VND

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5.15.2. Details of owner's equity

	VND	
	Ending balance	Beginning balance
Founding shareholders	44,973,080,000	37,471,360,000
Other shareholders	35,026,920,000	42,528,640,000
Treasury shares	(3,963,240,000)	-
Total	<u>76,036,760,000</u>	<u>80,000,000,000</u>

5.15.3. Dividends

	VND	
	Current year	Previous year
Dividends paid	7,999,908,300	8,000,000,000
Representing dividends of year 2012 with rate 10% in accordance with Annual General Meeting dated 13 April 2013.		

5.15.4. Shares

▪ Authorized common shares	8,000,000	8,000,000
▪ Issued common share	8,000,000	8,000,000
▪ Acquired common shares	396,324	-
▪ Outstanding common shares	7,603,676	8,000,000
▪ Par value per outstanding share: VND 10,000 per share.		

6. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT

6.1. Revenue from selling goods and rendering services

	VND	
	Current year	Previous year
Sale of goods	302,272,275,075	359,884,793,094
Rendering of services	22,818,968,798	8,987,046,724
Sales returns	-	(1,348,386,828)
Net revenue	<u>325,091,243,873</u>	<u>367,523,452,990</u>

6.2. Cost of goods sold

	VND	
	Current year	Previous year
Cost of merchandise sold	253,327,757,706	288,766,187,336
Costs of services rendered	11,057,453,386	7,826,695,872
Total	<u>264,385,211,092</u>	<u>296,592,883,208</u>

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6.3. Financial expense

	VND	
	Current year	Previous year
Interest expenses	11,420,703,064	6,086,166,605
Losses on foreign exchange rate differences	1,055,926,037	86,190,412
Reverse for investment devaluation	(752,558,483)	(1,161,159,583)
Total	<u>11,724,070,618</u>	<u>5,011,197,434</u>

6.4. Selling expense

	VND	
	Current year	Previous year
Employee expenses	4,810,175,246	4,689,049,427
Stationery	115,542,207	71,191,705
Depreciation expenses	759,206,645	1,073,377,012
Warranty expenses	101,346,654	56,677,875
Pre-sales expenses	815,382,782	905,864,075
Service expenses	1,605,583,281	4,044,307,473
Other expenses	4,845,568,333	3,719,799,272
Total	<u>13,052,805,148</u>	<u>14,560,266,839</u>

6.5. General and administration expense

	VND	
	Current year	Previous year
Employee expenses	23,795,529,182	23,825,907,843
Material expenses	682,111,485	702,148,448
Office stationery expenses	108,079,365	125,496,637
Depreciation expenses	4,998,926,449	4,427,280,749
Taxation, fee and charges	21,190,091	11,768,000
Remittance fee	452,471,096	393,303,970
Provision expenses	(49,534,859)	1,304,748,881
Service expenses	5,419,269,435	5,613,075,456
Other expenses	2,937,766,751	3,000,145,702
Total	<u>38,365,808,995</u>	<u>39,403,875,686</u>

6.6. Other income

	VND	
	Current year	Previous year
Income from disposal and sale of fixed assets	15,193,987,188	683,661,269
Other income	3,139,906,476	1,924,422,570
Total	<u>18,333,893,664</u>	<u>2,608,083,839</u>

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6.7. Other expenses

	VND	
	Current year	Previous year
Expense from disposal and sale of fixed assets	10,214,390,089	281,033,516
Other expense	75,527,873	5,956,519
Total	<u>10,289,917,962</u>	<u>286,990,035</u>

6.8. Current corporate income tax expense

	VND	
	Current year	Previous year
Accounting profit before tax for the year	6,698,689,800	14,739,635,471
Add: adjustments according to CIT law	4,661,841,833	5,956,519
Less: adjustments according to CIT law	<u>(3,551,183,333)</u>	-
Taxable income from ordinary business activities	6,809,348,300	14,745,591,990
Current CIT rate	25%	25%
Current CIT expense from ordinary business activities	<u>1,702,337,075</u>	<u>3,686,397,998</u>
Current CIT expense for the year	<u>1,702,337,075</u>	<u>3,686,397,998</u>

The adjustments for the increases (decreases) in the taxable income are as follows:

- Add adjustments: Unearned revenue of Internet connection service but had billed to the customer and some of expense items are non-deductible expenses when finalizing corporation income tax with amount of VND 166,84 million.
- Less adjustments: Expense accrued corresponding with revenue of Internet connection service had billed to customers.

6.9. Deferred Corporate income tax expense and Deferred income tax asset

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

	VND	
	Unrealised revenue	Total
Beginning balance	-	-
Deferred Corporate income tax expense (Credit to profit or loss for the current year)	207,639,667	207,639,667
Ending Balance	<u>207,639,667</u>	<u>207,639,667</u>

7. RELATED PARTIES DISCLOSURES

- According to Vietnam Accounting Standards, the following entities and individuals are determined to be related parties:

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

- At the end of the reporting period, the balances with related parties are as follows:

	VND	
	Ending balance	Beginning balance
Accounts receivable – Refer to Note 5.2	849,764,856	3,096,648,409

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- Details of important inter-company transactions entered into during the year were as follows:

	VND	
	Current year	Previous year
Selling goods	8,023,882,132	6,043,572,324
Purchasing goods	102,792,800	-

- Remuneration of the Board of Directors and Salary of the Chief Executive Officer:

	VND	
	Current year	Previous year
Remuneration of the Board of Directors	680,481,300	860,796,540
Salary of the Chief Executive Officer	939,007,223	841,572,000
Total	<u>1,619,488,523</u>	<u>1,702,368,540</u>

8. FINANCIAL INSTRUMENTS

- Capital risk management

The Company manages its capital to ensure that the Company 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 Company 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 4.14.

- Categories of financial instruments

	VND	
	<u>Carrying amounts</u>	
	31 Dec. 2013	01 Jan. 2013
Financial assets		
Cash and cash equivalents	28,266,521,843	5,584,275,978
Trade and other receivables	170,869,691,051	243,078,847,256
Other financial assets	3,699,244,621	3,923,214,597
Total	<u>202,835,457,515</u>	<u>249,967,872,115</u>
Financial liabilities		
Borrowings	84,896,622,082	73,995,685,110
Trade and other payables	80,016,416,215	131,530,109,699
Accruals	1,740,666,667	-
Total	<u>166,653,704,964</u>	<u>205,525,794,809</u>

The Company has not assessed the fair value of its financial assets and liabilities as at the balance date since there is no comprehensive guidance under Circular 210/2009/TT-BTC dated 06 November 2009 (Circular 2010) 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.

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- 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 Company does not hedge these risk exposures due to the lack of a market to purchase financial instruments.

- Market risk

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

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

Foreign currency risk management

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

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

	Liabilities		Assets	
	31 Dec. 2013	01 Jan. 2013	31 Dec. 2013	01 Jan. 2013
United States Dollars (USD)	2,394,948.34	3,537,508.14	210,816.44	201.06

Interest rate risk management

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

The Company has significant interest rate risks arising from interest bearing loans. The Company's interest bearing loans are arranged at fixed interest rates and therefore it is also exposed to fair value interest rate risk from these loans.

Price risk

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company 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 Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company 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 Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company 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 have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	VND		
	Less than 1 year	From 1- 5 years	Total
31 Dec. 2013			
Trade and other payables	80,016,416,215	-	80,016,416,215
Borrowings	81,799,070,006	3,097,552,076	84,896,622,082
Accruals	-	1,740,666,667	1,740,666,667
01 Jan. 2013			
Trade and other payables	131,530,109,699	-	131,530,109,699
Borrowings	73,219,845,110	775,840,000	73,995,685,110

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

The following table details the Company'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 Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	VND		
	Less than 1 year	From 1- 5 years	Total
31 Dec. 2013			
Trade and other receivables	170,869,691,051	-	170,869,691,051
Other financial assets	3,699,244,621	-	3,699,244,621
01 Jan. 2013			
Trade and other receivables	243,078,847,256	-	243,078,847,256
Other financial assets	3,923,214,597	-	3,923,214,597

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 financial statements.

10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2013 were authorised for issue by the Chief Executive Officer on 10 March 2014.

Ho Chi Minh City, 10 March 2014

PREPARED BY

CHIEF ACCOUNTANT

CHIEF EXECUTIVE OFFICER


TRAN PHAN THUY AN


HO THI HONG HANH




TRAN ANH TUAN