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**SONADEZI AN BINH
JOINT STOCK COMPANY**

**AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2013**



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SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

THE MANAGEMENT'S REPORT

The Management of Sonadezi An Binh Joint Stock Company (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

Sonadezi An Binh Joint Stock Company (previously known as Sonadezi An Binh Construction Joint Stock Company) has been equitized from a state-owned company, No. 1 Construction Enterprise, in accordance with Decision No. 4756/QD.CT-UBT dated 23 December 1999 granted by the People's Committee of Dong Nai Province. The Company was established in accordance with Business Registration Certificate No. 3600449307 (the old one numbered as 4703000001) dated 12 January 2000 and other amendment certificates thereafter with the latest one dated 10 May 2013 granted by Dong Nai Province's Department of Planning and Investment.

The Company's registered head office is located at No.113 - 116 Plot C2, No. 9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province.

The charter capital of the Company as stipulated in the Business Registration Certificate is VND 31,125,000,000.

In addition, at 31 December 2013, the Company has a branch also known as Construction Material and Service Factory - Sonadezi An Binh Joint Stock Company which was established in accordance with Branch Operation Certificate No. 3600449307-001 dated 21 February 2005 and other amendment certificates thereafter with the latest one dated 14 August 2012 granted by Dong Nai Province's Department of Planning and Investment.

2. MEMBERS OF THE BOARD OF DIRECTORS, SUPERVISION 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. Pham Xuan Bach	Chairman
Mr. Le Anh Hoan	Vice Chairman
Mr. Phan Dinh Tham	Member
Mr. Nguyen Minh Huy	Member
Ms. Huynh Hoang Oanh	Member

Members of the Board of Supervision during the year 2013 and on the date of this report include:

<i>Full name</i>	<i>Position</i>
Ms. Pham Thi Hong	Head - Resigned wef 15/04/2013
Ms. Le Thi Le Hang	Head - Appointed wef 15/04/2013
Ms. Phan Thuy Doan	Member
Mr. Nguyen Dinh Cuong	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. Le Anh Hoan	General Director
Mr. Nguyen Minh Huy	Vice General Director

SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

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.

Dong Nai, 15 March 2014

GENERAL DIRECTOR



LE ANH HOAN

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No: 14.242/BCKT-DTL

INDEPENDENT AUDITOR'S REPORT

To: Members of the Board of Directors
Members of the Management
SONADEZI AN BINH JOINT STOCK COMPANY

Report on the financial statements

We have audited the accompanying financial statements of Sonadezi An Binh Joint Stock Company (hereinafter referred to as "the Company") prepared on 15 March 2014 as set out from page 05 to page 35, 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 Sonadezi An Binh Joint Stock Company 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, 15 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

HO NGOC BAO

Audit Practice Registration Certificate

No. 2136-2013-026-1

SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

Expressed in VND

ASSETS	Code	Notes	Ending balance	Beginning balance
A. CURRENT ASSETS	100		231,969,464,504	306,799,253,465
I. Cash and cash equivalents	110	(5.1)	28,577,520,616	90,948,494,090
1. Cash	111		1,077,520,616	11,704,494,090
2. Cash equivalents	112		27,500,000,000	79,244,000,000
II. Short-term investments	120		65,150,000,000	6,400,000,000
1. Short-term investments	121	(5.2)	65,150,000,000	6,400,000,000
2. Provision for diminution in value of short-term investments	129			
III. Accounts receivable	130	(5.3)	62,315,020,185	109,905,371,698
1. Trade receivables	131		59,327,586,445	73,028,107,398
2. Advances to suppliers	132		4,500,145,861	7,861,662,757
3. Intra-company short-term receivables	133			
4. Construction contract in progress receivables	134			28,335,204,897
5. Other receivables	135		1,723,812,789	1,766,921,556
6. Provision for doubtful debts	139		(3,236,524,910)	(1,086,524,910)
IV. Inventories	140	(5.4)	72,623,790,946	98,728,792,051
1. Inventories	141		72,623,790,946	98,728,792,051
2. Provision for decline in value of inventories	149			
V. Other current assets	150		3,303,132,757	816,595,626
1. Short-term prepaid expenses	151		286,216,079	39,913,663
2. Value added tax deductibles	152		2,117,559,432	
3. Tax and other receivables from from the State Budget	154			
4. Other current assets	158	(5.5)	899,357,246	776,681,963

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SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

Expressed in VND

ASSETS	Code	Notes	Ending balance	Beginning balance
B. NON-CURRENT ASSETS	200		131,806,114,246	141,264,931,659
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		78,855,064,022	73,020,864,872
1. Tangible fixed assets	221	(5.6)	10,478,812,721	9,748,008,777
+ Cost	222		27,023,678,873	26,437,800,336
+ Accumulated depreciation	223		(16,544,866,152)	(16,689,791,559)
2. Finance lease assets	224			
+ Cost	225			
+ Accumulated depreciation	226			
3. Intangible fixed assets	227	(5.7)		
+ Cost	228		134,989,392	134,989,392
+ Accumulated amortisation	229		(134,989,392)	(134,989,392)
4. Construction in progress	230	(5.8)	68,376,251,301	63,272,856,095
III. Investment properties	240	(5.10)	27,500,868,587	32,805,652,193
+ Cost	241		72,838,402,402	72,838,402,402
+ Accumulated depreciation	242		(45,337,533,815)	(40,032,750,209)
IV. Long-term investments	250	(5.11)	25,261,338,000	35,411,338,000
1. Investments in subsidiaries	251			
2. Investments in associates, joint-ventures	252		3,600,000,000	3,600,000,000
3. Other long-term investments	258		21,661,338,000	31,811,338,000
4. Provision for diminution in value of long-term investments	259			
V. Other long-term assets	260		188,843,637	27,076,594
1. Long-term prepaid expenses	261		188,843,637	27,076,594
2. Deferred income tax assets	262			
3. Other long-term assets	268			
TOTAL ASSETS	270		363,775,578,750	448,064,185,124

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SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

Expressed in VND

RESOURCES	Code	Notes	Ending balance	Beginning balance
A. LIABILITIES	300		276,401,791,546	361,700,260,446
I. Current liabilities	310		217,884,853,251	278,817,020,625
1. Short-term debts and loans	311	(5.12)	136,937,311,103	128,577,822,922
2. Trade payables	312	(5.13)	50,525,070,243	68,567,329,603
3. Advances from customers	313	(5.13)	14,990,836,822	52,958,249,407
4. Taxes and amounts payable to the State Budget	314	(5.14)	5,206,808,567	6,490,850,809
5. Payable to employees	315	(5.15)	1,835,111,417	1,803,841,167
6. Accrued expenses	316	(5.16)	2,361,684,400	14,924,356,561
7. Intra-company payables	317			
8. Construction contract in progress payables	318			
9. Other short-term payables	319		537,356,490	1,386,778,489
10. Provision for short-term payables	320		3,469,945,658	2,025,374,507
11. Bonus and welfare funds	323	(5.17)	2,020,728,551	2,082,417,160
II. Long-term liabilities	330		58,516,938,295	82,883,239,821
1. Long-term trade payables	331			
2. Intra-company long-term payables	332			
3. Other long-term payables	333	(5.18)	1,935,470,100	1,935,470,100
4. Long-term debts and loans	334	(5.19)	3,111,500,000	2,665,000,000
5. Deferred income tax liabilities	335			
6. Provision for severance allowance	336			
7. Provision for long-term payables	337			
8. Unrealized revenue	338	(5.20)	53,469,968,195	78,282,769,721
9. Science and technology development fund	339			
B. OWNER'S EQUITY	400		87,373,787,204	86,363,924,678
I. Equity	410		87,373,787,204	86,363,924,678
1. Share capital	411	(5.21.2)	31,125,000,000	31,125,000,000
2. Capital premium	412		20,011,875,000	20,011,875,000
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		9,459,476,756	8,655,059,835
8. Financial reserve fund	418		3,837,869,497	3,435,661,036
9. Other funds within owner's equity	419			
10. Undistributed earnings	420	(5.21.6)	22,939,565,951	23,136,328,807
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		363,775,578,750	448,064,185,124

SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

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		145.47	156.35
6. Budget for non-production activities and projects			

Dong Nai, 15 March 2014

PREPARED



LE THI THANH THU

CHIEF ACCOUNTANT



LE VAN BINH

GENERAL DIRECTOR



LE ANH HOAN

SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

INCOME STATEMENT

For the year ended 31 December 2013

Expressed in VND

ITEMS	Code	Notes	Current year	Previous year
1. Revenue	01		215,682,309,102	246,565,465,135
2. Deductions	02			
3. Net revenue	10	(6.1)	215,682,309,102	246,565,465,135
4. Cost of goods sold	11	(6.2)	194,434,666,622	223,361,719,370
5. Gross profit	20		21,247,642,480	23,203,745,765
6. Financial income	21	(6.3)	8,835,390,552	11,813,467,006
7. Financial expenses	22	(6.4)	8,283,453,326	11,359,230,745
<i>in which, interest expense</i>	23		8,283,030,367	10,850,963,193
8. Selling expenses	24		18,340,000	9,397,514
9. General and administration expenses	25	(6.5)	12,380,251,293	11,143,033,697
10. Operating profit/(loss)	30		9,400,988,413	12,505,550,815
11. Other income	31		1,434,179,442	712,563,952
12. Other expenses	32		572,803,422	319,136,837
13. Net other income/(loss)	40		861,376,020	393,427,115
14. Accounting profit/(loss) before tax	50		10,262,364,433	12,898,977,930
15. Current corporate income tax expense	51	(6.6)	2,218,195,219	2,924,902,768
16. Deferred corporate income tax expense	52			
17. Net profit/(loss) after tax	60		8,044,169,214	9,974,075,162
18. Earning per share	70	(5.21.5)	2,584	3,205

Dong Nai, 15 March 2014

PREPARED



LE THI THANH THU

CHIEF ACCOUNTANT



LE VAN BINH

GENERAL DIRECTOR




LE ANH HOAN

SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

CASH FLOW STATEMENT (indirect 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. Net profit/(loss) before taxes	01		10,262,364,433	12,898,977,930
2. Adjustment for:				
Depreciation and amortization	02		7,602,674,071	5,917,731,667
Provisions	03		2,150,000,000	500,000,000
Unrealized foreign exchange gains/losses	04		422,959	
Gains/losses from investment	05		(9,061,284,961)	(11,843,467,006)
Interest expense	06		8,283,030,367	10,850,963,193
3. Operating profit/(loss) before adjustments to working capital	08		19,237,206,869	18,324,205,784
Increase or decrease in accounts receivable	09		43,159,054,048	(60,900,706,303)
Increase or decrease in inventory	10		32,608,736,559	13,465,619,998
Increase or decrease in accounts payable (excluding interest expenses payable and corporate income tax payable)	11		(96,038,234,959)	81,990,940,602
Increase or decrease prepaid expenses	12		(408,069,459)	78,291,217
Interest paid	13		(14,256,605,295)	(16,785,291,198)
Corporate income tax paid	14		(2,021,203,249)	(4,212,316,767)
Other cash inflows from operating activities	15		200,000,000	304,000,000
Other cash outflows from operating activities	16		(534,286,036)	(1,182,298,494)
Net cash from operating activities	20		(18,053,401,522)	31,082,444,839
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchase and construction of fixed assets and other long-term assets	21		(8,506,195,206)	(4,068,187,263)
2. Proceeds from disposals of fixed assets and other long-term assets	22		600,000,000	30,000,000
3. Loans to other entities and payments for purchase of debt instruments of other entities	23		(65,150,000,000)	(101,650,000,000)
4. Repayments from borrowers and proceeds from sales of debts instruments of other entities	24		6,400,000,000	105,250,000,000
5. Investments in other entities	25			(10,150,000,000)
6. Proceeds from sales of investments in other entities	26		10,150,000,000	
7. Interest and dividends received	27		8,876,453,302	11,807,248,895
Net cash from investing activities	30		(47,629,741,904)	1,219,061,632

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SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

CASH FLOW STATEMENT (indirect 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. Proceeds from borrowings	33		262,633,258,896	263,688,459,577
4. Repayment of borrowings	34		(253,827,270,715)	(276,969,521,227)
5. Finance lease principal paid	35			
6. Dividends paid	36		(5,493,395,270)	(5,741,150,400)
Net cash from financing activities	40		3,312,592,911	(19,022,212,050)
Net increase/(decrease) in cash (20+30+40)	50		(62,370,550,515)	13,279,294,421
Cash and cash equivalents at beginning of year	60		90,948,494,090	77,669,199,669
Impact of exchange rate fluctuation	61		(422,959)	
Cash and cash equivalents at end of year (50+60+61)	70		28,577,520,616	90,948,494,090

Dong Nai, 15 March 2014

PREPARED



LE THI THANH THU

CHIEF ACCOUNTANT



LE VAN BINH

GENERAL DIRECTOR



LE ANH HOAN

SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

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

Sonadezi An Binh Joint Stock Company (hereinafter referred to as "the Company"), previously known as Sonadezi An Binh Construction Joint Stock Company, has been equitized from state-owned company, No. 1 Construction Enterprise, in accordance with Decision No. 4756/QD.CT-UBT dated 23 December 1999 granted by the People's Committee of Dong Nai province. The Company was established in accordance with Business Registration Certificate No. 3600449307 (the old one numbered as 4703000001) dated 12 January 2000 and other amendment certificates thereafter with the latest one dated 10 May 2013 granted by Dong Nai Province's Department of Planning and Investment.

The Company's registered head office is located at No. 113 - 116 Plot C2, No. 9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province.

The charter capital of the Company as stipulated in the Business Registration Certificate is VND 31,125,000,000.

The number of employees as at 31 December 2013 was 154 people (31 December 2012: 158 people).

1.2. Operating industry and principal activities

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

- Trading real estate, land use rights of the owner, the owner use or rental;
- Processing solid waste (activities, industries, hospitals), liquid waste;
- Producing commercial concrete, paving bricks, block bricks;
- Performing constructions the projects of residence, industry, industrial and technical infrastructures, irrigation and water supply and drainage, traffic;
- Finish the constructions;
- Demolish, ground preparation, construction of building foundations, pile;
- Performing and installing electricity systems, fire protection systems, lightning protection systems, drainage systems;
- Processing and installing mechanics;
- Specialized labor supply;
- Consult, broke real estate;
- Exploit stone, sand, gravel, clay;
- Wholesale petrol, oil and related products;
- Cargo road transportation;
- General support services.

SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

2. FISCAL YEAR, REPORTING CURRENCY

2.1. Fiscal year

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

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.

3. ACCOUNTING STANDARDS, ACCOUNTING SYSTEM

3.1. Accounting Standards, accounting System

The Company has adopted Vietnamese Accounting Standards and System.

3.2. Forms of accounting records

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

3.3. 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 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.

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

A provision for doubtful debts is made for customer accounts past due and for customer accounts where circumstances indicate that these might not be recoverable.

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.

SONADEZI AN BINH JOINT STOCK COMPANY

Address: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City, Dong Nai Province

4.4. Inventories

- Inventory measurement

Inventories are measured at the lower of cost and net realizable value.

The costs of inventories comprises 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 weighted average.

- Method of accounting for inventories

Inventories are recorded under the perpetual inventory method.

- Provision for decline of inventory

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

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

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.

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. Deferred expenses

Deferred expenses represent are tools and supplies, advertising expense and others expense 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.

- Depreciation and amortization

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

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The estimated useful lives are as follows:

+ Buildings, structures	05 - 25 years
+ Machinery and equipment	03 - 08 years
+ Means of transportations, transmitter	06 - 10 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:

Computer Software

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

- Depreciation and amortization

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

The estimated useful lives for Computer Software is 03 years

4.8. Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes necessary fees to acquire assets including related construction fees, equipment, other fees and interest expense in accordance with the group's accounting policy. These expenses will be temporarily converted to fixed asset cost (if no finalisation is approved) when the assets are put into use.

Under the state regulation on investment and construction management, subject to management decentralisation, construction finalisation value should be approved by competent agencies. The final construction finalisation value could be changed subject to the finalisation approved by competent agencies.

4.9. Investment properties

- Investment property recognition

Investment properties are measured initially at cost. The cost of an investment property is the total amount of cash or cash equivalents paid or the fair value of other considerations given to acquire an asset at the time of its acquisition or construction. The costs include initial transaction charges.

- Investment property depreciation

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

The estimated useful lives are as follows:

+ Buildings, structures	05 - 25 years
+ Land use rights	48 years

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4.10. Capitalization of borrowing costs

- Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognised in the income statement when incurred.

4.11. Investments in associates

- Investments in associates are accounted for under the cost method.
- Other short-term and long-term investment are recorded at cost.
- Method of making provisions for financial investment losses:

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.

4.12. Accrued expenses

Accrued expenses are recognized based on information available at the year-end and estimates by experience.

4.13. Equity

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

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

- Principles for provision of reserves from profit after tax

Reserves are created and used according to the resolution of The Annual General Meeting of shareholders.

4.14. 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.
- Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts (as below).
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable

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4.15. Recognition of construction contract revenues and expenses

- Where a construction contract stipulates that the payment is made to the contractor according to the set schedule, and when the construction contract performance result is reliably estimated, the revenues and costs related to the contract shall be recognized by reference to the completed volume determined by the contractor on the date of preparing the financial statements, regardless of whether invoices for the payments according to the set schedule have been billed or not and how much money is recorded on invoices.
- Where a construction contract stipulates that the payment is made to the contractor according to the value of performed work volume, and when the contract performance result is reliably determined and certified by customers, the revenues and costs related to such contract shall be recognized by reference to the completed work volume certified by the customers in the period and reflected in the billed invoices.

4.16. 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 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.
 - + Tax incentive, tax exemption and reduction: In respect of the income arising from Suoi Tre 1 Industrial Cluster project, according to Investment Certificate No. 47121000060 dated 12 October 2007 granted by Dong Nai Province's People's Committee, the CIT rate is 20% for the first 10 years starting from the first year of operation (Year 2008) and 25% for the succeeding years. This project will be exempted from CIT for 2 years starting from the first year it generates a taxable profit (Year 2008) and entitled to 50% reduction of the amount of tax payable for 3 subsequent years.
- Value Added Tax

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

+ Construction	10%
+ 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.

4.17. 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 Company comprise cash and short-term deposits, other short-term and long-term investments, trade and other receivables.

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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 Company comprise trade and other payables, accruals, debts and borrowings.

- Re-measurement after initial recognition

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

4.18. 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.

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5. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE STATEMENT OF FINANCIAL POSITION

5.1. Cash and cash equivalents

VND

	Ending balance	Beginning balance
Cash on hand	311,239,556	481,763,599
Cash at bank	766,281,060	11,222,730,491
Cash equivalents	27,500,000,000	79,244,000,000
Total	28,577,520,616	90,948,494,090

Cash equivalents represented term deposits not exceeding 3 months in banks, in which term deposits were pledged as short-term and long-term loan security are VND 15,000,000,000 - Refer to Notes 5.12 and 5.19

5.2. Short-term investments

Representing term deposits from 3 - 6 months at banks with interest rates from 6.8% to 8.5% per year. In which term deposits were pledged as short-term and long-term loan security are VND 51,500,000,000 - Refer to Notes 5.12 and 5.19

5.3. Accounts receivable

VND

	Ending balance	Beginning balance
Trade receivables	59,327,586,445	73,028,107,398
Advances to suppliers	4,500,145,861	7,861,662,757
Construction contractor receivables based on agreed progress billings	-	28,335,204,897
Other receivables	1,723,812,789	1,766,921,556
Total short-term receivables	65,551,545,095	110,991,896,608
Provision for doubtful debts	(3,236,524,910)	(1,086,524,910)
Net realizable value of trade receivables and other receivables	62,315,020,185	109,905,371,698

Trade receivables arose during the ordinary course of business activities of the Company, in which the receivables from related parties are VND 33,140,648,054 - Refer to Note 7.

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Breakdown of trade receivables is as follows:

	VND	
	Ending balance	Beginning balance
Receivables from construction activities	35,261,255,406	44,112,857,388
Receivables from designing activities	3,862,076	3,862,076
Receivables from selling construction materials	18,772,872,725	23,465,699,639
Receivables from trading houses	438,000,001	2,324,000,001
Receivables from leasing land	3,424,301,194	1,672,020,834
Receivables from leasing factories	127,985,988	1,035,984,704
Others	1,299,309,055	413,682,756
Total	59,327,586,445	73,028,107,398

Advances to suppliers mainly represented those to purchase raw materials and the advances to sub-contractors for construction works.

Breakdown of other receivables is as follows:

	VND	
	Ending balance	Beginning balance
Accrued deposit interest	1,582,236,806	1,623,299,556
Other receivables	141,575,983	143,622,000
Total	1,723,812,789	1,766,921,556

5.4. Inventories

	VND	
	Ending balance	Beginning balance
Raw materials	468,458,426	616,879,320
Tools and supplies	32,691,650	-
Work in process	71,691,011,183	98,015,784,098
Finished goods	431,629,687	96,128,633
Total costs	72,623,790,946	98,728,792,051
Provision for slow moving and obsolete inventories	-	-
Net realizable value of inventories	72,623,790,946	98,728,792,051

5.5. Other current assets

	VND	
	Ending balance	Beginning balance
Advances	446,357,246	323,681,963
Short-term deposits	453,000,000	453,000,000
Total	899,357,246	776,681,963

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5.6. Tangible fixed assets

				VND
Items	Buildings, structures	Machinery and equipment	Means of transportations, transmitter	Total
Cost				
Beginning balance	13,982,468,151	2,916,277,793	9,539,054,392	26,437,800,336
Purchase	-	-	3,022,800,000	3,022,800,000
Self-construction	-	380,000,000	-	380,000,000
Disposals	(224,377,660)	(355,714,901)	(2,236,828,902)	(2,816,921,463)
Ending balance	<u>13,758,090,491</u>	<u>2,940,562,892</u>	<u>10,325,025,490</u>	<u>27,023,678,873</u>
Accumulated Depreciation				
Beginning balance	7,092,749,982	2,681,740,618	6,915,300,959	16,689,791,559
Depreciation	1,269,490,094	82,228,072	946,172,299	2,297,890,465
Disposals	(219,394,089)	(355,714,901)	(1,867,706,882)	(2,442,815,872)
Ending balance	<u>8,142,845,987</u>	<u>2,408,253,789</u>	<u>5,993,766,376</u>	<u>16,544,866,152</u>
Net book value				
Beginning balance	6,889,718,169	234,537,175	2,623,753,433	9,748,008,777
Ending balance	<u>5,615,244,504</u>	<u>532,309,103</u>	<u>4,331,259,114</u>	<u>10,478,812,721</u>

The historical cost of tangible fixed assets are mortgaged as short-term and long-term loan security in amount of VND 15,957,158,299 - Refer to Notes 5.12 and 5.19.

The historical cost of tangible fixed assets fully depreciated but still in use is VND 9,872,750,837.

5.7. Intangible fixed assets

	VND
Items	Computer software
Cost	
Beginning balance	134,989,392
Purchase	-
Ending balance	<u>134,989,392</u>
Accumulated Depreciation	
Beginning balance	134,989,392
Amortization	-
Ending balance	<u>134,989,392</u>
Net book value	
Beginning balance	-
Ending balance	<u>-</u>

The historical cost of intangible fixed assets fully amortized but still in use is VND 134,989,392.

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5.8. Construction in progress

	VND	
	Ending balance	Beginning balance
Bao Vinh Industrial Cluster construction	60,692,150,205	55,794,560,669
Other constructions	<u>7,684,101,096</u>	<u>7,478,295,426</u>
Total	<u>68,376,251,301</u>	<u>63,272,856,095</u>

5.9. Capitalization of borrowing costs

In 2013, the Company has capitalized borrowing cost in amount of VND 6,503,735,454. This borrowing cost arised from bank loans to build Bao Vinh Sewage Treatment System and Bao Vinh Industrial Cluster Construction.

5.10. Investment property

	VND		
Items	Land use rights	Buildings, structures	Total
Cost			
Beginning balance	10,406,285,313	62,432,117,089	72,838,402,402
Ending balance	<u>10,406,285,313</u>	<u>62,432,117,089</u>	<u>72,838,402,402</u>
Accumulated Depreciation			
Beginning balance	576,183,768	39,456,566,441	40,032,750,209
Depreciation	216,797,616	5,087,985,990	5,304,783,606
Ending balance	<u>792,981,384</u>	<u>44,544,552,431</u>	<u>45,337,533,815</u>
Net book value			
Beginning balance	9,830,101,545	22,975,550,648	32,805,652,193
Ending balance	<u>9,613,303,929</u>	<u>17,887,564,658</u>	<u>27,500,868,587</u>

All of investment property are mortgaged as short-term and long-term loan security - Refer to Notes 5.12 and 5.19.

The historical cost of investment property fully depreciated but still in use is VND 6,585,550,935.

5.11. Long-term finance investments

	VND	
	Ending balance	Beginning balance
Investments in associates	3,600,000,000	3,600,000,000
Other long-term investments	<u>21,661,338,000</u>	<u>31,811,338,000</u>
Total cost of long-term investments	<u>25,261,338,000</u>	<u>35,411,338,000</u>
Provision for decline in value of long-term investments	-	-
Net value of long-term investments	<u>25,261,338,000</u>	<u>35,411,338,000</u>

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Investments in associates represented investments in 360,000 shares of Sonacons Construction Joint Stock Company. All of these shares are pledged as short-term and long-term loan security - Refer to Notes 5.12 and 5.19.

Breakdown of other long-term investments is as follows:

	Ending balance		Beginning balance	
	Shares	Amount	Shares	Amount
Sonadezi Service Joint Stock Company	100,000	1,000,000,000	100,000	1,000,000,000
Sonadezi Chau Duc Joint Stock Company	700,000	7,000,000,000	700,000	7,000,000,000
Long Khanh Water Supply Joint Stock Company	98,000	1,054,088,000	98,000	1,054,088,000
Sonadezi Long Binh Joint Stock Company	504,290	12,607,250,000	504,290	12,607,250,000
Term deposits	-	-	-	10,150,000,000
Total	1,402,290	21,661,338,000	1,402,290	31,811,338,000

In which, shares of Sonadezi Chau Duc Joint Stock Company and Sonadezi Long Binh Joint Stock Company are pledged as short-term and long-term loans security - Refer to Notes 5.12 and 5.19.

5.12. Short-term loans

	VND	
	Ending balance	Beginning balance
Bank loans	135,453,311,103	125,962,499,344
Current portion of long-term loans - refer to Note 5.19	1,484,000,000	2,615,323,578
Total	136,937,311,103	128,577,822,922

Bank loans represented those with the term 6 months and bore interest rates from 7.5% to 10.2% per year to supplement the Company's working capital. These loans were secured by all assets on the land, machinery and equipment, means of transportations at the Company's office, valuable papers, shares of financial investments and term deposits - Refer to Notes 5.1, 5.2, 5.6, 5.10 and 5.11.

5.13. Trade payables and advances from customers

	VND	
	Ending balance	Beginning balance
Trade payables	50,525,070,243	68,567,329,603
Advances from customers	14,990,836,822	52,958,249,407
Total	65,515,907,065	121,525,579,010

Trade payables arose during the ordinary course of business of the Company, in which payables to related parties are VND 11,248,080,124 - Refer to Note 7.

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Breakdown of advances from customers is as follows:

	VND	
	Ending balance	Beginning balance
Advances from constructions	7,389,931,249	52,665,753,789
Advances from leasing land	7,213,124,544	-
Advances from purchasing construction materials	204,642,737	109,422,700
Others	183,138,292	183,072,918
Total	14,990,836,822	52,958,249,407

In which, advances from related parties are VND 712,656,439 - Refer to Note 7.

5.14. Statutory obligations

	VND	
	Ending balance	Beginning balance
Value added tax	25,384,091	1,479,998,150
Corporate income tax	1,255,994,532	1,059,002,562
Personal income tax	119,739,035	120,775,097
Land use tax	3,831,075,000	3,831,075,000
Total	5,232,192,658	6,490,850,809

5.15. Payables to employees

Representing bonus payable to employees.

5.16. Accruals

	VND	
	Ending balance	Beginning balance
Sub-contractor expenses	2,361,684,400	14,858,356,561
Other expenses	-	66,000,000
Total	2,361,684,400	14,924,356,561

Accrued expenses for leasing Suoi Tre 1 Industrial Cluster were recognised by reference to rental revenue, when the investment property has yet to be formed. Up to now, the investment property has formed partially and the cost of leased asset are depreciated.

5.17. Reward and welfare funds

	VND	
	Current year	Previous year
Beginning balance	2,082,417,160	1,541,870,380
Additions during the year	1,206,625,382	1,496,111,274
Payments during the year	(1,268,313,991)	(955,564,494)
Ending balance	2,020,728,551	2,082,417,160

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5.18. Other long-term payables

	VND	
	Cuối năm	Đầu năm
Ulhwa Vietnam Company Limited	1,237,495,620	1,237,495,620
Woo Won Vietnam Company Limited	575,860,500	575,860,500
Asia Reed Vietnam Company Limited	<u>122,113,980</u>	<u>122,113,980</u>
Total	<u>1,935,470,100</u>	<u>1,935,470,100</u>

5.19. Long-term loans and debts

	VND	
	Ending balance	Beginning balance
Long-term loans	4,595,500,000	5,280,323,578
Current portion of long-term loans - Refer to Note 5.12	<u>(1,484,000,000)</u>	<u>(2,615,323,578)</u>
Total	<u>3,111,500,000</u>	<u>2,665,000,000</u>

Long-term bank loans represented those from Dong Nai Province's Investment and Development Fund with the term from 42 months to 60 months and bore interest rates from 6.3% to 12% per year. The loans were secured by assets to be raised through borrowed funds - Refer to Notes 5.1, 5.2, 5.6, 5.10 and 5.11.

5.20. Unrealized revenue

	VND	
	Ending balance	Beginning balance
Revenue from construction of B2	-	57,847,800,000
Revenue from leasing land of Suoi Tre 1 Industrial Cluster	8,642,632,422	11,537,449,846
Revenue from construction of Drainage system An Quoi – An Thanh Trung – An Giang	8,368,386,784	-
Revenue from construction of 768 Street	11,017,233,147	-
Revenue from other construction	<u>25,441,715,842</u>	<u>8,897,519,875</u>
Total	<u>53,469,968,195</u>	<u>78,282,769,721</u>

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5.21. Owner's equity**5.21.1. Changes in Owner's equity**

	VND					
	Paid in Capital	Capital surplus	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
Previous year's beginning balance	31,125,000,000	20,011,875,000	7,657,652,320	2,936,957,278	21,895,626,591	83,627,111,189
Previous year's profit	-	-	-	-	9,974,075,162	9,974,075,162
Distributed to funds	-	-	997,407,515	498,703,758	-	1,496,111,273
Decreases	-	-	-	-	(8,733,372,946)	(8,733,372,946)
Current year's beginning balance	<u>31,125,000,000</u>	<u>20,011,875,000</u>	<u>8,655,059,835</u>	<u>3,435,661,036</u>	<u>23,136,328,807</u>	<u>86,363,924,678</u>
Current year's profit	-	-	-	-	8,044,169,214	8,044,169,214
Distributed to funds	-	-	804,416,921	402,208,461	-	1,206,625,382
Decreases	-	-	-	-	(8,240,932,070)	(8,240,932,070)
Current year's ending balance	<u>31,125,000,000</u>	<u>20,011,875,000</u>	<u>9,459,476,756</u>	<u>3,837,869,497</u>	<u>22,939,565,951</u>	<u>87,373,787,204</u>

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5.21.2. Details of owner's equity

	VND			
	Ending balance		Beginning balance	
	Amount	Ratio	Amount	Ratio
Sonadezi Corporation	11,812,000,000	38%	11,812,000,000	38%
Employees	3,101,930,000	10%	3,101,930,000	10%
Others	16,211,070,000	52%	16,211,070,000	52%
Total	31,125,000,000	100%	31,125,000,000	100%

At 31 December 2013, shareholders have contributed fully the charter capital under the Business Registration Certificate.

5.21.3. Dividends

	VND	
	Current year	Previous year
Dividends paid in the year:	5,493,395,270	5,741,150,400
▪ <i>Dividends in year 2011</i>	-	4,392,180,800
▪ <i>Dividends in year 2012</i>	5,493,395,270	1,348,969,600

Dividends in year 2013 will be declared after organize the Annual General Meeting of Shareholders in year 2013.

5.21.4. Shares

	Current year	Previous year
▪ Authorized ordinary shares	3,112,500	3,112,500
▪ Issued ordinary share	3,112,500	3,112,500
▪ Outstanding ordinary shares	3,112,500	3,112,500

Par value per outstanding share: VND 10,000 per share.

5.21.5. Earnings per share

	VND	
	Current year	Previous year
Profit after tax	8,044,169,214	9,974,075,162
Average number of outstanding shares	3,112,500	3,112,500
Earnings per share (EPS)	2,584	3,205

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5.21.6. Retained earnings

	VND	
	Current year	Previous year
Balance at beginning of year	23,136,328,807	21,895,626,591
Profit after tax	8,044,169,214	9,974,075,162
Distributed to investment and development fund	(804,416,921)	(997,407,514)
Distributed to financial reserve fund	(402,208,461)	(498,703,758)
Distributed to bonus and welfare fund	(1,206,625,382)	(1,496,111,274)
Dividend distribution	(5,493,395,270)	(5,741,150,400)
Others	(334,286,036)	-
Balance at ending of year	<u>22,939,565,951</u>	<u>23,136,328,807</u>

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6. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT**6.1. Revenues from selling goods and rendering services**

	VND	
	Current year	Previous year
Revenues from construction activities	144,709,858,418	154,527,478,766
Revenues from trading houses	-	33,338,611,676
Revenue from leasing factories	7,972,275,801	7,710,069,518
Revenue from selling construction materials	53,491,050,440	43,947,455,571
Revenue from selling sub-materials	-	1,686,758,928
Revenue from leasing industrial zone infrastructure	9,509,124,443	5,355,090,676
Net revenues	<u>215,682,309,102</u>	<u>246,565,465,135</u>

In which, revenue from rendering of services to related parties are VND 107,193,637,222 – Refer to Note 7.

6.2. Cost of goods sold

	VND	
	Current year	Previous year
Cost of construction activities	134,595,009,697	143,937,494,387
Cost of trading houses	-	28,816,801,260
Cost of leasing factories	2,202,954,143	1,608,563,243
Cost of selling construction materials	52,435,309,908	43,564,829,800
Cost of selling sub-materials	-	1,654,619,473
Cost of leasing industrial zone infrastructure	5,201,392,874	3,779,411,207
Total	<u>194,434,666,622</u>	<u>223,361,719,370</u>

6.3. Financial income

	VND	
	Current year	Previous year
Deposit interest	7,870,297,552	10,089,177,006
Dividends, profit received	965,093,000	1,724,290,000
Total	<u>8,835,390,552</u>	<u>11,813,467,006</u>

6.4. Financial expenses

	VND	
	Current year	Previous year
Interest expenses	8,283,030,367	10,850,963,193
Loss on foreign exchange rate differences	422,959	508,267,552
Total	<u>8,283,453,326</u>	<u>11,359,230,745</u>

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6.5. General and administration expenses

	VND	
	Current year	Previous year
Employee expenses	6,338,489,233	7,159,742,414
Office stationery expenses	45,603,200	129,889,100
Depreciation and amortization expenses	878,488,576	417,624,271
Taxes, charges and fees	144,365,345	141,946,224
Provision expenses	2,150,000,000	500,000,000
Service expenses	651,289,137	909,083,758
Sundry expenses in cash	2,172,015,802	1,884,747,930
Total	12,380,251,293	11,143,033,697

6.6. Current corporate income tax expenses

	VND	
	Current year	Previous year
Accounting profit before tax during the year	10,262,364,433	12,898,977,930
Add adjustments according to the CIT law	113,800,000	480,082,720
Less adjustments according to the CIT law	(965,093,000)	(1,724,290,000)
Assessable income from normal business activities	9,411,071,433	11,654,770,650
In which:		
<i>Income from activities at the rate of 20%</i>	2,691,452,794	(74,734,038)
<i>Income from activities at the rate of 25%</i>	6,719,618,639	11,729,504,688
Current CIT expenses during the year	2,218,195,219	2,924,902,768

The adjustments for the increase in the taxable income are mainly non - tax – deductible items as regulated by CIT law such as: expenses incomplete invoice and source voucher are required by law.

The adjustments for the decrease in the taxable income are dividends received from investment to other companies.

6.7. Production and business costs by elements

	VND	
	Current year	Previous year
Materials expenses	79,405,229,969	80,044,168,095
Employee expenses	36,172,828,472	16,166,583,550
Construction machine expenses	2,150,964,582	2,214,156,594
Depreciation and amortization expenses	7,602,674,071	5,944,701,901
Provision expenses	2,150,000,000	500,000,000
Rendered service expenses	3,380,583,107	5,309,682,004
Sundry expenses in cash	58,837,962,601	112,427,721,697
Total	189,700,242,802	222,607,013,841

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7. RELATED PARTIES DISCLOSURES

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

<u>Name of related parties</u>	<u>Relationship</u>
1. Sonadezi Corporation	Significant influence Investor
2. Sonacons Construction Joint Stock Company	Associate
3. Sonadezi Service Joint Stock Company	Fellow subsidiary company
4. Sonadezi Chau Duc Shareholding Company	Fellow subsidiary company
5. Long Khanh Water Supply Joint Stock Company	Fellow subsidiary company
6. Sonadezi Long Binh Shareholding Company	Fellow subsidiary company
7. Sonadezi Long Thanh Joint Stock Company	Fellow subsidiary company
8. Dong Nai Construction & Water Supply One-member Company Limited	Fellow subsidiary company
9. Mr. Le Anh Hoan	General Director

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

	VND	
	Ending balance	Beginning balance
Accounts receivable - Refer to Note 5.3	33,140,648,054	31,052,848,058
Accounts payable - Refer to Note 5.13	(11,248,080,124)	(39,246,701,978)
Advances from customers - Refer to Note 5.13	(712,656,439)	-

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

	VND	
	Current year	Previous year
Rendering of services - Refer to Note 6.1	107,193,637,222	15,315,696,449
Cost of services rendered	37,435,666,402	122,181,932,294

- Remuneration of the Management, the Board of Directors and the Board of Supervision:

	VND	
	Current year	Previous year
Remuneration of the Management	1,082,137,719	1,022,151,576
Remuneration of the Board of Directors and Supervision	233,777,778	156,000,000
Total	1,315,915,497	1,178,151,576

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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 maximizing the return to stakeholders through the optimization of the debt and equity balance.

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

- Significant accounting policies

Details of the significant accounting policies and methods adopted for each class of financial asset and financial liability are disclosed in Note 4.17.

- Categories of financial instruments

	VND	
	<u>Carrying amounts</u>	
	31 Dec. 2013	01 Jan. 2013
Financial assets		
Cash and cash equivalents	28,577,520,616	90,948,494,090
Trade and other receivables	57,673,298,341	73,708,504,044
Short-term investments	65,150,000,000	6,400,000,000
Other long-term investments	21,661,338,000	31,811,338,000
Other financial assets	453,000,000	453,000,000
Total	<u>173,515,156,957</u>	<u>203,321,336,134</u>
Financial liabilities		
Borrowings	140,048,811,103	131,242,822,922
Trade and other payables	51,055,230,769	69,910,962,128
Accruals	2,361,684,400	14,924,356,561
Other financial liabilities	1,935,470,100	1,935,470,100
Total	<u>195,401,196,372</u>	<u>218,013,611,711</u>

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

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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
US Dollars (USD)		-	145.47	156.35

Interest rate risk management

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

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The Company is exposed to interest rate risk as entities in 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.

- 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 table has 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
31 Dec. 2013	Less than 1 year	More than 1 year	Total
Trade and other payables	51,055,230,769	-	51,055,230,769
Accruals	2,361,684,400	-	2,361,684,400
Borrowings	136,937,311,103	3,111,500,000	140,048,811,103
Other financial liabilities	-	1,935,470,100	1,935,470,100
01 Jan. 2013	Less than 1 year	More than 1 year	Total
Trade and other payables	69,910,962,128	-	69,910,962,128
Accruals	14,924,356,561	-	14,924,356,561
Borrowings	128,577,822,922	2,665,000,000	131,242,822,922
Other financial liabilities	-	1,935,470,100	1,935,470,100

The Management assessed the liquidity risk concentration at high 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
31 Dec. 2013	Less than 1 year	More than 1 year	Total
Trade and other receivables	57,673,298,341	-	57,673,298,341
Short-term investments	65,150,000,000	-	65,150,000,000
Long-term investments	-	21,661,338,000	21,661,338,000
Other financial assets	453,000,000	-	453,000,000
01 Jan. 2013	Less than 1 year	More than 1 year	Total
Trade and other receivables	73,708,504,044	-	73,708,504,044
Short-term investments	6,400,000,000	-	6,400,000,000
Long-term investments	-	31,811,338,000	31,811,338,000
Other financial assets	453,000,000	-	453,000,000

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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 authorized for issue by the General Director on 15 March 2014.

Dong Nai, 15 March 2014

PREPARED BY

LE THI THANH THU

CHIEF ACCOUNTANT

LE VAN BINH

GENERAL DIRECTOR



LE ANH HOAN