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**SONADEZI AN BINH
JOINT STOCK COMPANY**

AUDITED FINANCIAL STATEMENTS
For the financial year ended 31 December 2014



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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 financial year ended 31 December 2014.

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 amended 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 as stipulated in the Business Registration Certificate is VND 31,125,000,000.

In addition, at 31 December 2014, 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, SUPERVISORS AND THE MANAGEMENT

Members of the Board of Directors during the year 2014 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 Supervisors during the year 2014 and on the date of this report include:

<i>Full name</i>	<i>Position</i>
Ms. Le Thi Le Hang	Head
Ms. Phan Thuy Doan	Member
Mr. Nguyen Dinh Cuong	Member

Members of the Management during the year 2014 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 judgments 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 2014 and the results of its operations and its cash flows for the financial year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.

Dong Nai, 07 February 2015.

For and on behalf of the Management

GENERAL DIRECTOR



LE ANH HOAN



No: 15.239/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 07 February 2015 as set out from page 05 to page 37, which comprise the statement of financial position as at 31 December 2014, 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 2014, and of the results of its financial performance and its cash flows for the financial 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, 07 February 2015

DTL AUDITING COMPANY LTD.

pp. GENERAL DIRECTOR

VICE GENERAL DIRECTOR



TANG QUỐC THANG

Audit Practice Registration Certificate

No. 0075-2013-026-1

AUDITOR

HO NGOC BAO

Audit Practice Registration Certificate

No. 2136-2013-026-1

SONADEZI AN BINH JOINT STOCK COMPANYAddress: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City,
Dong Nai Province

Form B 01 - DN

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

Expressed in VND

ASSETS	Code	Notes	Ending balance	Beginning balance
A. CURRENT ASSETS	100		273,094,452,045	231,969,464,504
I. Cash and cash equivalents	110	(5.1)	28,880,186,116	28,577,520,616
1. Cash	111		1,440,186,116	1,077,520,616
2. Cash equivalents	112		27,440,000,000	27,500,000,000
II. Short-term investments	120	(5.2)	89,973,000,000	65,150,000,000
1. Short-term investments	121		89,973,000,000	65,150,000,000
2. Provision for diminution in value of short-term investments	129			
III. Accounts receivable	130	(5.3)	53,721,277,060	62,315,020,185
1. Trade receivables	131		42,101,230,496	59,327,586,445
2. Advances to suppliers	132		4,616,833,252	4,500,145,861
3. Intra-company short-term receivables	133			
4. Construction contract in progress receivables	134			
5. Other receivables	135		10,239,738,222	1,723,812,789
6. Provision for doubtful debts	139		(3,236,524,910)	(3,236,524,910)
IV. Inventories	140	(5.4)	98,515,798,937	72,623,790,946
1. Inventories	141		98,515,798,937	72,623,790,946
2. Provision for decline in value of inventories	149			
V. Other current assets	150		2,004,189,932	3,303,132,757
1. Short-term prepaid expenses	151		72,162,600	286,216,079
2. Value added tax deductibles	152		1,252,935,294	2,117,559,432
3. Tax and other receivables from from the State Budget	154			
4. Other current assets	158		679,092,038	899,357,246

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SONADEZI AN BINH JOINT STOCK COMPANYAddress: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City,
Dong Nai Province

Form B 01 - DN

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

Expressed in VND

ASSETS	Code	Notes	Ending balance	Beginning balance
B. NON-CURRENT ASSETS	200		159,486,774,826	131,806,114,246
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		93,334,291,571	78,855,064,022
1. Tangible fixed assets	221	(5.5)	10,727,813,502	10,478,812,721
+ Cost	222		27,419,448,576	27,023,678,873
+ Accumulated depreciation	223		(16,691,635,074)	(16,544,866,152)
2. Finance lease assets	224			
+ Cost	225			
+ Accumulated depreciation	226			
3. Intangible fixed assets	227	(5.6)		
+ Cost	228		134,989,392	134,989,392
+ Accumulated amortisation	229		(134,989,392)	(134,989,392)
4. Construction in progress	230	(5.7)	82,606,478,069	68,376,251,301
III. Investment properties	240	(5.9)	22,226,963,432	27,500,868,587
+ Cost	241		72,838,402,402	72,838,402,402
+ Accumulated depreciation	242		(50,611,438,970)	(45,337,533,815)
IV. Long-term investments	250	(5.10)	43,901,338,000	25,261,338,000
1. Investments in subsidiaries	251			
2. Investments in associates, joint-ventures	252		22,240,000,000	3,600,000,000
3. Other long-term investments	258		21,661,338,000	21,661,338,000
4. Provision for diminution in value of long-term investments	259			
V. Other long-term assets	260		24,181,823	188,843,637
1. Long-term prepaid expenses	261		24,181,823	188,843,637
2. Deferred income tax assets	262			
3. Other long-term assets	268			
TOTAL ASSETS	270		432,581,226,871	363,775,578,750

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SONADEZI AN BINH JOINT STOCK COMPANYAddress: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City,
Dong Nai Province

Form B 01 - DN

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

Expressed in VND

RESOURCES	Code	Notes	Ending balance	Beginning balance
A. LIABILITIES	300		344,998,305,825	276,401,791,546
I. Current liabilities	310		239,538,851,384	217,884,853,251
1. Short-term debts and loans	311	(5.11)	159,670,208,664	136,937,311,103
2. Trade payables	312	(5.12)	52,792,097,903	50,525,070,243
3. Advances from customers	313	(5.12)	16,036,474,294	14,990,836,822
4. Taxes and amounts payable to the State Budget	314	(5.13)	4,712,179,674	5,206,808,567
5. Payable to employees	315		750,870,500	1,835,111,417
6. Accrued expenses	316			2,361,684,400
7. Intra-company payables	317			
8. Construction contract in progress payables	318			
9. Other short-term payables	319	(5.14)	4,419,574,370	537,356,490
10. Provision for short-term payables	320			3,469,945,658
11. Bonus and welfare funds	323	(5.15)	1,157,445,979	2,020,728,551
II. Long-term liabilities	330		105,459,454,441	58,516,938,295
1. Long-term trade payables	331			
2. Intra-company long-term payables	332			
3. Other long-term payables	333	(5.16)	12,656,985,340	1,935,470,100
4. Long-term debts and loans	334	(5.17)	2,910,900,000	3,111,500,000
5. Deferred income tax liabilities	335			
6. Provision for severance allowance	336			
7. Provision for long-term payables	337			
8. Unrealized revenue	338	(5.18)	89,891,569,101	53,469,968,195
9. Science and technology development fund	339			
B. OWNER'S EQUITY	400		87,582,921,046	87,373,787,204
I. Equity	410	(5.19.1)	87,582,921,046	87,373,787,204
1. Share capital	411	(5.19.2)	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		10,149,820,448	9,459,476,756
8. Financial reserve fund	418		4,183,041,343	3,837,869,497
9. Other funds within owner's equity	419			
10. Undistributed earnings	420	(5.19.6)	22,113,184,255	22,939,565,951
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		432,581,226,871	363,775,578,750

SONADEZI AN BINH JOINT STOCK COMPANYAddress: No.113 - 116 Plot C2, No.9 Street, An Binh Residential Area, An Binh Ward, Bien Hoa City,
Dong Nai Province

Form B 01 - DN

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

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		134.59	145.47
6. Budget for non-production activities and projects			

Dong Nai, 07 February 2015

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

Form B 02 - DN

INCOME STATEMENT

For the financial year ended 31 December 2014

Expressed in VND

ITEMS	Code	Notes	Current year	Previous year
1. Revenue	01		155,264,838,284	215,682,309,102
2. Deductions	02			
3. Net revenue	10	(6.1)	155,264,838,284	215,682,309,102
4. Cost of goods sold	11	(6.2)	144,537,604,716	194,434,666,622
5. Gross profit	20		10,727,233,568	21,247,642,480
6. Financial income	21	(6.3)	10,716,855,040	8,835,390,552
7. Financial expenses	22	(6.4)	8,111,463,965	8,283,453,326
<i>in which, interest expense</i>	23		8,111,463,965	8,283,030,367
8. Selling expenses	24		94,462,429	18,340,000
9. General and administration expenses	25	(6.5)	9,785,449,570	12,380,251,293
10. Operating profit/(loss)	30		3,452,712,644	9,400,988,413
11. Other income	31	(6.6)	5,211,601,389	1,434,179,442
12. Other expenses	32		261,051,102	572,803,422
13. Net other income/(loss)	40		4,950,550,287	861,376,020
14. Accounting profit/(loss) before tax	50		8,403,262,931	10,262,364,433
15. Current corporate income tax expense	51	(6.7)	1,499,826,005	2,218,195,219
16. Deferred corporate income tax expense	52			
17. Net profit/(loss) after tax	60		6,903,436,926	8,044,169,214
18. Earning per share	70	(5.19.5)	2,218	2,584

Dong Nai, 07 February 2015

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

Form B 03 - DN

CASH FLOW STATEMENT (indirect method)

For the financial year ended 31 December 2014

Expressed in VND

ITEMS	Code	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit/(loss) before taxes	01		8,403,262,931	10,262,364,433
2. Adjustment for:				
Depreciation and amortization	02		7,386,272,431	7,602,674,071
Provisions	03			2,150,000,000
Unrealized foreign exchange gains/losses	04			422,959
Gains/losses from investment	05		(11,117,132,188)	(9,061,284,961)
Interest expense	06		8,111,463,965	8,283,030,367
3. Operating profit/(loss) before adjustments to working capital	08		12,783,867,139	19,237,206,869
Increase or decrease in accounts receivable	09		10,879,815,011	43,159,054,048
Increase or decrease in inventory	10		(24,174,396,096)	32,608,736,559
Increase or decrease in accounts payable (excluding interest expenses payable and corporate income tax payable)	11		37,123,707,942	(96,038,234,959)
Increase or decrease prepaid expenses	12		378,715,293	(408,069,459)
Interest paid	13		(13,195,835,355)	(14,256,605,295)
Corporate income tax paid	14		(2,091,707,322)	(2,021,203,249)
Other cash inflows from operating activities	15		11,189,875,240	200,000,000
Other cash outflows from operating activities	16		(2,397,158,111)	(534,286,036)
Net cash from operating activities	20		30,496,883,741	(18,053,401,522)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchase and construction of fixed assets and other long-term assets	21		(13,866,688,302)	(8,506,195,206)
2. Proceeds from disposals of fixed assets and other long-term assets	22		660,000,000	600,000,000
3. Loans to other entities and payments for purchase of debt instruments of other entities	23		(24,823,000,000)	(65,150,000,000)
4. Repayments from borrowers and proceeds from sales of debts instruments of other entities	24			6,400,000,000
5. Investments in other entities	25		(18,640,000,000)	
6. Proceeds from sales of investments in other entities	26			10,150,000,000
7. Interest and dividends received	27		9,545,672,500	8,876,453,302
Net cash from investing activities	30		(47,124,015,802)	(47,629,741,904)

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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

Form B 03 - DN

CASH FLOW STATEMENT (indirect method)

For the financial year ended 31 December 2014

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		429,544,106,391	262,633,258,896
4. Repayment of borrowings	34		(407,011,808,830)	(253,827,270,715)
5. Finance lease principal paid	35			
6. Dividends paid	36		(5,602,500,000)	(5,493,395,270)
Net cash from financing activities	40		16,929,797,561	3,312,592,911
Net increase/(decrease) in cash (20+30+40)	50		302,665,500	(62,370,550,515)
Cash and cash equivalents at beginning of year	60		28,577,520,616	90,948,494,090
Impact of exchange rate fluctuation	61			(422,959)
Cash and cash equivalents at end of year (50+60+61)	70		28,880,186,116	28,577,520,616

Dong Nai, 07 February 2015

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

Form B 09 – DN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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 amended 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 2014 was 130 (31 December 2013: 154 employees).

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

Form B 09 – DN

2. FINANCIAL YEAR, REPORTING CURRENCY

2.1. Financial year

The Company's financial 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 2014 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

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

Form B 09 – DN

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 are reported as short-term and long-term prepaid expenses on the statement of financial position which mainly include tools and supplies, advertising expense and other expenses. 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 amortised over the useful life.

- Amortization

The costs of intangible fixed assets are amortised 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 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

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 recognised based on information available at the year-end and estimates by past 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 of creating 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 (see 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 (22%).
 - + 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 financial year-end.

- 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 and other financial assets.

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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, borrowings and other financial liabilities.

- 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	480,729,553	311,239,556
Cash at bank	959,456,563	766,281,060
Cash equivalents	<u>27,440,000,000</u>	<u>27,500,000,000</u>
Total	<u>28,880,186,116</u>	<u>28,577,520,616</u>

Cash equivalents represented term deposits not exceeding 3 months at banks with interest rate 5% per year.

5.2. Short-term investments

Representing term deposits from 3 - 12 months at banks with interest rates from 5% to 7.3% per year, in which the term deposits were pledged as short-term loan security in amount of VND 54 billions - Refer to Notes 5.11.

5.3. Accounts receivable

	VND	
	Ending balance	Beginning balance
Trade receivables	42,101,230,496	59,327,586,445
Advances to suppliers	4,616,833,252	4,500,145,861
Other receivables	<u>10,239,738,222</u>	<u>1,723,812,789</u>
Total short-term receivables	<u>56,957,801,970</u>	<u>65,551,545,095</u>
Provision for doubtful debts	<u>(3,236,524,910)</u>	<u>(3,236,524,910)</u>
Net realizable value of trade receivables and other receivables	<u>53,721,277,060</u>	<u>62,315,020,185</u>

Trade receivables arose during the ordinary course of business activities of the Company, in which the receivables from related parties are VND 12,284,075,803 - Refer to Note 7.

Breakdown of trade receivables is as follows:

	VND	
	Ending balance	Beginning balance
Receivables from construction activities	17,153,248,870	35,261,255,406
Receivables from designing activities	3,862,076	3,862,076
Receivables from selling construction materials	19,448,392,954	18,772,872,725
Receivables from trading houses	93,000,001	438,000,001
Receivables from leasing land	3,951,910,952	3,424,301,194
Receivables from leasing factories	140,881,187	127,985,988
Others	<u>1,309,934,456</u>	<u>1,299,309,055</u>
Total	<u>42,101,230,496</u>	<u>59,327,586,445</u>

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Advances to suppliers mainly represented those to purchase raw materials and the advances to sub-contractors for construction works. In which, the advances to related parties are VND 323,366,108 – Refer to Note 7.

Breakdown of other receivables is as follows:

	VND	
	Ending balance	Beginning balance
Accrued deposit interests	2,753,419,346	1,582,236,806
Capital contributed to the highway 91	7,476,000,000	-
Others	10,318,876	141,575,983
Total	<u>10,239,738,222</u>	<u>1,723,812,789</u>

5.4. Inventories

	VND	
	Ending balance	Beginning balance
Raw materials	740,457,915	468,458,426
Tools and supplies	50,931,225	32,691,650
Work in process	97,535,073,149	71,691,011,183
Finished goods	189,336,648	431,629,687
Total costs	<u>98,515,798,937</u>	<u>72,623,790,946</u>
Provision for slow moving and obsolete inventories	-	-
Net realizable value of inventories	<u>98,515,798,937</u>	<u>72,623,790,946</u>

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5.5. Tangible fixed assets

Items				VND
	Buildings, structures	Machinery and equipment	Means of transportations, transmitter	Total
Cost				
Beginning balance	13,758,090,491	2,940,562,892	10,325,025,490	27,023,678,873
Purchase	-	-	2,621,090,909	2,621,090,909
Disposals	-	-	(2,225,321,206)	(2,225,321,206)
Ending balance	<u>13,758,090,491</u>	<u>2,940,562,892</u>	<u>10,720,795,193</u>	<u>27,419,448,576</u>
Accumulated Depreciation				
Beginning balance	8,142,845,987	2,408,253,789	5,993,766,376	16,544,866,152
Depreciation	787,181,595	109,371,960	1,215,813,721	2,112,367,276
Disposals	-	-	(1,965,598,354)	(1,965,598,354)
Ending balance	<u>8,930,027,582</u>	<u>2,517,625,749</u>	<u>5,243,981,743</u>	<u>16,691,635,074</u>
Net book value				
Beginning balance	5,615,244,504	532,309,103	4,331,259,114	10,478,812,721
Ending balance	<u>4,828,062,909</u>	<u>422,937,143</u>	<u>5,476,813,450</u>	<u>10,727,813,502</u>

The historical cost of tangible fixed assets are mortgaged as short-term and long-term loan security in amount of VND 21,658,040,902 - Refer to Notes 5.11 and 5.17.

The historical cost of tangible fixed assets fully depreciated but still in use totalled VND 10,081,545,597.

5.6. Intangible fixed assets

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

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

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5.7. Construction in progress

VND

	Ending balance	Beginning balance
Bao Vinh Industrial Cluster construction	72,420,062,372	60,692,150,205
Suoi Tre Industrial construction	4,642,002,897	2,217,785,896
Other constructions	5,544,412,800	5,466,315,200
Total	82,606,478,069	68,376,251,301

5.8. Capitalization of borrowing costs

In 2014, the Company has capitalised borrowing cost in amount of VND 4,702,241,270. This borrowing cost arised from bank loans to build Bao Vinh Industrial Cluster construction and other constructions in progress.

5.9. 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	10,406,285,313	62,432,117,089	72,838,402,402
Accumulated Depreciation			
Beginning balance	792,981,384	44,544,552,431	45,337,533,815
Depreciation	216,797,616	5,057,107,539	5,273,905,155
Ending balance	1,009,779,000	49,601,659,970	50,611,438,970
Net book value			
Beginning balance	9,613,303,929	17,887,564,658	27,500,868,587
Ending balance	9,396,506,313	12,830,457,119	22,226,963,432

All of investment property are mortgaged as short-term loan security - Refer to Notes 5.11.

The historical cost of investment property fully depreciated but still in use totalled VND 7,044,592,480.

5.10. Long-term finance investments

VND

	Ending balance	Beginning balance
Investments in associates	22,240,000,000	3,600,000,000
Other long-term investments	21,661,338,000	21,661,338,000
Total cost of long-term investments	43,901,338,000	25,261,338,000
Provision for decline in value of long-term investments	-	-
Net value of long-term investments	43,901,338,000	25,261,338,000

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Investments in associates represented investments in 360,000 shares of Sonacons Construction Joint Stock Company and 20% share capital in Highway 91 Can Tho - An Giang Investments Joint Stock Company.

Breakdown of other long-term investments is as follows:

	Ending balance		Beginning balance	
	Shares	Amount	Shares	Amount
	VND			
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
Total	1,402,290	21,661,338,000	1,402,290	21,661,338,000

In which, shares of Sonadezi Chau Duc and Sonadezi Long Binh are pledged as short-term loan security - Refer to Notes 5.11.

5.11. Short-term loans

	VND	
	Ending balance	Beginning balance
Bank loans	117,817,073,284	135,453,311,103
Current portion of long-term loans - Refer to Note 5.17	41,853,135,380	1,484,000,000
Total	159,670,208,664	136,937,311,103

Short-term bank loans represented those with the term from 6 to 12 months and bore interest rates from 8% to 10% per year to supplement the Company's working capital. These loans were secured by term deposits in bank, shares of financial investments, fixed assets and property investments - Refer to Notes 5.2, 5.5, 5.9 and 5.10.

5.12. Trade payables and advances from customers

	VND	
	Ending balance	Beginning balance
Trade payables	52,792,097,903	50,525,070,243
Advances from customers	16,036,474,294	14,990,836,822
Total	68,828,572,197	65,515,907,065

Trade payables arose during the ordinary course of business of the Company, in which payables to related parties are VND 10,376,099,065 - Refer to Note 7.

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Breakdown of advances from customers is as follows:

	VND	
	Ending balance	Beginning balance
Advances from constructions	15,059,911,870	7,389,931,249
Advances from leasing land	658,115,550	7,213,124,544
Advances from purchasing construction materials	318,381,500	204,642,737
Others	65,374	183,138,292
Total	<u>16,036,474,294</u>	<u>14,990,836,822</u>

In which, advances from related parties are VND 760,033,737 - Refer to Note 7.

5.13. Statutory obligations

	VND	
	Ending balance	Beginning balance
Corporate income tax	720,400,760	1,255,994,532
Personal income tax	160,703,914	119,739,035
Land use tax	3,831,075,000	3,831,075,000
Total	<u>4,712,179,674</u>	<u>5,206,808,567</u>

5.14. Other short-term payables

	VND	
	Ending balance	Beginning balance
Social insurance	2,195,964	2,195,964
Land compensation payable	4,209,736,000	-
Interest accruals	148,030,406	530,160,526
Others	59,612,000	5,000,000
Total	<u>4,419,574,370</u>	<u>537,356,490</u>

5.15. Reward and welfare funds

	VND	
	Current year	Previous year
Beginning balance	2,020,728,551	2,082,417,160
Additions during the year	1,035,515,539	1,206,625,382
Other increase	30,360,000	-
Utilisations during the year	(1,929,158,111)	(1,268,313,991)
Ending balance	<u>1,157,445,979</u>	<u>2,020,728,551</u>

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5.16. Other long-term payables

	VND	
	Ending balance	Beginning balance
Deposit received from leasing factories	1,935,470,100	1,935,470,100
Deposit received from buying houses in S4 residence area	2,458,000,000	-
Deposit received from leasing land at Suoi Tre Industrial Zone	8,203,515,240	-
Others	60,000,000	-
Total	12,656,985,340	1,935,470,100

5.17. Long-term loans and debts

	VND	
	Ending balance	Beginning balance
Long-term loans	44,764,035,380	4,595,500,000
Current portion of long-term loans - Refer to Note 5.11	(41,853,135,380)	(1,484,000,000)
Total	2,910,900,000	3,111,500,000

Long-term bank loans represented those from Dong Nai Environmental Protection Fund and other banks with the term from 12 months to 60 months and bore interest rates from 6.3% to 12% per year. The loans were secured by assets arosed from borrowings and fixed assets of the Company - Refer to Notes 5.5.

5.18. Unrealized revenue

	VND	
	Ending balance	Beginning balance
Revenue from leasing land of Suoi Tre 1 Industrial Zone	21,021,305,917	8,642,632,422
Revenue from constructions	68,870,263,184	44,827,335,773
Total	89,891,569,101	53,469,968,195

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5.19. Owner's equity

5.19.1. 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	8,655,059,835	3,435,661,036	23,136,328,807	86,363,924,678
Previous year's profit	-	-	-	-	8,044,169,214	8,044,169,214
Distributed to funds	-	-	804,416,921	402,208,461	(2,413,250,764)	(1,206,625,382)
Dividends	-	-	-	-	(5,493,395,270)	(5,493,395,270)
Other decreases	-	-	-	-	(334,286,036)	(334,286,036)
Current year's beginning 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>
Current year's profit	-	-	-	-	6,903,436,926	6,903,436,926
Distributed to funds	-	-	690,343,692	345,171,846	(2,071,031,077)	(1,035,515,539)
Dividends	-	-	-	-	(5,602,500,000)	(5,602,500,000)
Other decreases	-	-	-	-	(56,287,545)	(56,287,545)
Current year's ending balance	<u>31,125,000,000</u>	<u>20,011,875,000</u>	<u>10,149,820,448</u>	<u>4,183,041,343</u>	<u>22,113,184,255</u>	<u>87,582,921,046</u>

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5.19.2. 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 2014, shareholders have contributed fully the charter capital under the Business Registration Certificate.

5.19.3. Dividends

	VND	
	Current year	Previous year
Dividends paid in the year:	5,602,500,000	5,493,395,270
▪ <i>Dividends in year 2012</i>	-	5,493,395,270
▪ <i>Dividends in year 2013</i>	5,602,500,000	-

Dividends in year 2014 will be declared after organize the Annual General Meeting of Shareholders in year 2014.

5.19.4. 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.

5.19.5. Earnings per share

	VND	
	Current year	Previous year
Profit after tax	6,903,436,926	8,044,169,214
Average number of outstanding shares	3,112,500	3,112,500
Earnings per share (EPS)	2,218	2,584

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5.19.6. Retained earnings

	VND	
	Current year	Previous year
Balance at beginning of year	22,939,565,951	23,136,328,807
Profit after tax	6,903,436,926	8,044,169,214
Distributed to investment and development fund	(690,343,692)	(804,416,921)
Distributed to financial reserve fund	(345,171,846)	(402,208,461)
Distributed to bonus and welfare fund	(1,035,515,539)	(1,206,625,382)
Dividend distribution	(5,602,500,000)	(5,493,395,270)
Others	(56,287,545)	(334,286,036)
Balance at ending of year	22,113,184,255	22,939,565,951

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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
Revenue from construction activities	81,772,562,482	144,709,858,418
Revenue from leasing factories	8,433,449,361	7,972,275,801
Revenue from selling construction materials	54,847,772,821	53,491,050,440
Revenue from leasing infrastructure in industrial zone	<u>10,211,053,620</u>	<u>9,509,124,443</u>
Net revenues	<u>155,264,838,284</u>	<u>215,682,309,102</u>

In which, revenue from rendering services to related parties are VND 76,600,994,710 – Refer to Note 7.

6.2. Cost of goods sold

	VND	
	Current year	Previous year
Cost of construction activities	81,239,970,067	134,595,009,697
Cost of leasing factories	3,122,350,044	2,202,954,143
Cost of selling construction materials	52,957,783,199	52,435,309,908
Cost of leasing infrastructure in industrial zone	<u>7,217,501,406</u>	<u>5,201,392,874</u>
Total	<u>144,537,604,716</u>	<u>194,434,666,622</u>

6.3. Financial income

	VND	
	Current year	Previous year
Deposit interest	9,021,133,040	7,870,297,552
Dividends, profit received	<u>1,695,722,000</u>	<u>965,093,000</u>
Total	<u>10,716,855,040</u>	<u>8,835,390,552</u>

6.4. Financial expenses

Interest expenses incurred are recognized in profit and loss this year.

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6.5. General and administration expenses

	VND	
	Current year	Previous year
Employee expenses	6,161,231,026	6,338,489,233
Office stationery expenses	87,258,709	45,603,200
Depreciation and amortization expenses	823,447,369	878,488,576
Taxes, charges and fees	117,426,973	144,365,345
Provision expenses	-	2,150,000,000
Service expenses	416,004,306	651,289,137
Others	2,180,081,187	2,172,015,802
Total	9,785,449,570	12,380,251,293

6.6. Other income

	VND	
	Current year	Previous year
Reverse of B2 apartment provisions	3,446,745,658	-
Income from disposal of fixed assets	660,000,000	600,000,000
Others	1,104,855,731	834,179,442
Total	5,211,601,389	1,434,179,442

6.7. Current corporate income tax expenses

	VND	
	Current year	Previous year
Accounting profit before tax during the year	8,403,262,931	10,262,364,433
Add adjustments according to the CIT law	109,850,000	113,800,000
Less adjustments according to the CIT law	(1,695,722,000)	(965,093,000)
Assessable income from normal business activities	6,817,390,931	9,411,071,433
In which:	-	-
<i>Income from activities at the rate of 20%</i>	-	2,691,452,794
<i>Income from activities at the rate of 25%</i>	-	6,719,618,639
<i>Income from activities at the rate of 22%</i>	6,817,390,931	-
Current CIT expenses during the year	1,499,826,005	2,218,195,219

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The adjustments for the increase in the taxable income are mainly non - tax – deductible items as regulated by CIT law such as: Remuneration paid to Board of Directors who are not directly involved in directing production and business, expenses arising not relation to production and business activities of the Company.

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

6.8. Production and business costs by elements

	VND	
	Current year	Previous year
Materials expenses	81,386,428,935	79,405,229,969
Employee expenses	15,253,491,091	36,172,828,472
Depreciation and amortization expenses	7,386,272,431	7,602,674,071
Service expenses	68,098,844,078	41,877,011,824
Others	<u>7,890,584,412</u>	<u>15,786,241,718</u>
Total	<u>180,015,620,947</u>	<u>180,843,986,054</u>

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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 balances with related parties are as follows:

	Ending balance	Beginning balance	VND
Accounts receivable - Refer to Note 5.3			
<i>Sonadezi Long Thanh Joint Stock Company</i>	4,617,390,961	1,102,493,508	
<i>Sonadezi Chau Duc Shareholding Company</i>	2,155,195,631	3,130,768,464	
<i>Sonadezi Long Binh Shareholding Company</i>	467,152,415	3,862,076	
<i>Sonacons Construction Joint Stock Company</i>	5,044,336,796	2,688,864,298	
Total	<u>12,284,075,803</u>	<u>6,925,988,346</u>	
Advances to suppliers - Refer to Note 5.3			
<i>Long Khanh Water Supply Joint Stock Company</i>	323,366,108	-	
Accounts payable - Refer to Note 5.12			
<i>Sonadezi Long Thanh Joint Stock Company</i>	1,691,936	1,691,936	
<i>Sonadezi Service Joint Stock Company</i>	21,450,000	45,452,632	
<i>Long Khanh Water Supply Joint Stock Company</i>	340,228,258	340,228,258	
<i>Sonacons Construction Joint Stock Company</i>	10,011,542,271	8,684,829,524	
<i>Sonadezi Corporation</i>	1,186,600	-	
Total	<u>10,376,099,065</u>	<u>9,072,202,350</u>	
Advances from customers - Refer to Note 5.12			
<i>Sonadezi Corporation</i>	760,033,737	-	

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- 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		
<i>Sonadezi Corporation</i>	12,512,313,085	75,894,681,383
<i>Sonacons Construction Joint Stock Company</i>	7,769,905,476	4,406,743,024
<i>Sonadezi Chau Duc Shareholding Company</i>	35,654,887,106	13,937,731,514
<i>Sonadezi Long Binh Shareholding Company</i>	3,636,407,878	5,136,728,561
<i>Sonadezi Long Thanh Joint Stock Company</i>	<u>17,027,481,165</u>	<u>4,526,249,305</u>
Total	<u>76,600,994,710</u>	<u>103,902,133,787</u>
Cost of services rendered		
<i>Sonadezi Corporation</i>	306,787,285	-
<i>Sonacons Construction Joint Stock Company</i>	5,719,879,705	37,313,629,010
<i>Sonadezi Chau Duc Shareholding Company</i>	88,411,391	85,907,360
<i>Sonadezi Long Thanh Joint Stock Company</i>	247,103,630	-
<i>Dong Nai Construction & Water Supply One-member Company Limited</i>	44,210,358	-
<i>Sonadezi Service Joint Stock Company</i>	<u>463,139,163</u>	<u>36,130,032</u>
Total	<u>6,869,531,532</u>	<u>37,435,666,402</u>

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

	VND	
	Current year	Previous year
Remuneration of the Management	1,438,944,426	1,082,137,719
Remuneration of the Board of Directors and Supervisors	<u>153,000,000</u>	<u>233,777,778</u>
Total	<u>1,591,944,426</u>	<u>1,315,915,497</u>

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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 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 4.17.

- Categories of financial instruments

	VND	
	<u>Carrying amounts</u>	
	31 Dec. 2014	01 Jan. 2014
Financial assets		
Cash and cash equivalents	28,880,186,116	28,577,520,616
Trade and other receivables	49,094,124,932	57,673,298,341
Short-term investments	89,973,000,000	65,150,000,000
Other long-term investments	21,661,338,000	21,661,338,000
Other financial assets	483,000,000	453,000,000
Total	<u>190,091,649,048</u>	<u>173,515,156,957</u>
Financial liabilities		
Borrowings	162,581,108,664	140,048,811,103
Trade and other payables	57,199,864,309	51,055,230,769
Accruals	-	2,361,684,400
Other financial liabilities	12,656,985,340	1,935,470,100
Total	<u>232,437,958,313</u>	<u>195,401,196,372</u>

The Company has not assessed the fair value of its financial assets and liabilities as at the reporting date since there is no comprehensive guidance under Circular 210/2009/TT-BTC dated 06 November 2009 issued by Ministry of Finance (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. 2014	01 Jan. 2014	31 Dec. 2014	01 Jan. 2014
US Dollars (USD)		-	134.59	145.47

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.

Price risk management

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 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		
	Less than 1 year	More than 1 year	Total
31 Dec. 2014			
Trade and other payables	57,199,864,309	-	57,199,864,309
Borrowings	159,670,208,664	2,910,900,000	162,581,108,664
Other financial liabilities	-	12,656,985,340	12,656,985,340
01 Jan. 2014			
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

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	More than 1 year	Total
31 Dec. 2014			
Trade and other receivables	49,094,124,932	-	49,094,124,932
Short-term investments	89,973,000,000	-	89,973,000,000
Long-term investments	-	21,661,338,000	21,661,338,000
Other financial assets	483,000,000	-	483,000,000
01 Jan. 2014			
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

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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 financial year ended 31 December 2014 were authorized for issue by the General Director on 07 February 2015.

Dong Nai, 07 February 2015

PREPARED BY



LE THI THANH THU

CHIEF ACCOUNTANT



LE VAN BINH

GENERAL DIRECTOR



LE ANH HOAN