



**RSM DTL Auditing**  
Connected for Success

**SONADEZI AN BINH  
JOINT STOCK COMPANY**

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

## SONADEZI AN BINH JOINT STOCK COMPANY GENERAL DIRECTOR'S REPORT

The General Director 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 2012.

### 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/QĐ.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 09 April 2010 granted by Dong Nai Province's Department of Planning and Investment.

The Company's head office is located at No.113 – 116 Plot C2, 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.

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

- Designing and performing constructions of industry, residence, traffic, irrigation and water supply and drainage projects;
- Performing constructions of urban technical infrastructures and industrial zones;
- Producing, processing, trading construction materials, construction structures;
- Performing construction consulting services and maintaining constructions of projects of residence, industry, industrial and technical infrastructures;
- Leasing fixed assets and supplying specialized labors;
- Leveling and treating foundation of constructions;
- Processing and installing mechanics, electricity, water, fire protection systems, lightning protection systems, industrial equipment and interior decoration;
- Investing, building and trading housing and residential areas, factories and warehouses;
- Producing commercial concrete, paving bricks, block bricks;
- Surveying topography and geology of projects;
- Preparing feasible and pre-feasible study reports;
- Processing solid waste (activities, industries, hospitals), liquid waste;
- Trading real estate.

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## **SONADEZI AN BINH JOINT STOCK COMPANY**

### **GENERAL DIRECTOR'S REPORT**

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#### **2. Members of the Board of Directors, the Control Committee and the Management**

Members of the Board of Directors during the year 2012 and on the date of this report include:

<i>Full name</i>	<i>Position</i>
Mr. 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 Control Committee during the year 2012 and on the date of this report include:

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

Members of the Management during the year 2012 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

#### **3. Financial review**

The results of The Company's business operations for the year 2012 are shown on the accompanying financial statements audited by DTL Auditing Company.

#### **4. The General Director's commitment**

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of The Company and for preparing the financial statements in accordance with the Vietnamese Accounting Standards and System.

The General Director is responsible for safeguarding the assets of The Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

## SONADEZI AN BINH JOINT STOCK COMPANY GENERAL DIRECTOR'S REPORT

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### 5. Auditor

DTL Auditing Company has been appointed to audit the financial statements of The Company for the year ended 31 December 2012.

### 6. The General Director's statement

In The General Director's opinion, the accompanying financial statements give a true and fair view of the financial position of The Company at 31 December 2012 and the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System:

*Dong Nai, 16 March 2013*



GENERAL DIRECTOR

LE ANH HOAN





**RSM DTL Auditing**

Connected for Success

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No: 13.174/BCKT-DTL

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Sonadezi An Binh Joint Stock Company (hereinafter referred to as "The Company") as at 31 December 2012, and the related income statement and statement of cash flows, accounting policies and explanatory notes to the financial statements for the year then ended prepared on 16 March 2013 as set out from page 05 to page 32. These financial statements are the responsibility of The Company's management. Our responsibility is to express an opinion on the true and fair view of these financial statements based on our audit.

### Basis of opinion

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sonadezi An Binh Joint Stock Company at 31 December 2012, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and relevant legislation.

*Ho Chi Minh City, 16 March 2013*

**DTL AUDITING COMPANY LTD  
pp. GENERAL DIRECTOR  
VICE GENERAL DIRECTOR**



**LUC THI VAN**

CPA No. 0172/KTV

**AUDITOR**

**HO NGOC BAO**

CPA No. 2136/KTV

**SONADEZI AN BINH JOINT STOCK COMPANY**  
**STATEMENT OF FINANCIAL POSITION**

At 31 December 2012

Expressed in Vietnam dong unless otherwise stated

<b>ASSETS</b>	<b>Code</b>	<b>Notes</b>	<b>Ending balance</b>	<b>Beginning balance</b>
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>306,799,253,465</b>	<b>249,185,387,342</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>(5.1)</b>	<b>90,948,494,090</b>	<b>77,669,199,669</b>
1. Cash	111		11,704,494,090	3,275,199,669
2. Cash equivalents	112		79,244,000,000	74,394,000,000
<b>II. Short-term investments</b>	<b>120</b>		<b>6,400,000,000</b>	<b>10,000,000,000</b>
1. Short-term investments	121		6,400,000,000	10,000,000,000
2. Provision for the diminution in value of short-term securities	129			
<b>III. Accounts receivable</b>	<b>130</b>	<b>(5.2)</b>	<b>109,905,371,698</b>	<b>46,612,285,695</b>
1. Trade receivables	131		73,028,107,398	35,397,857,412
2. Advances to suppliers	132		7,861,662,757	9,849,420,348
3. Inter-company receivables	133			
4. Construction contractor receivables based on agreed progress billings	134		28,335,204,897	
5. Other receivables	135		1,766,921,556	1,951,532,845
6. Provision for doubtful debts	139		(1,086,524,910)	(586,524,910)
<b>IV. Inventories</b>	<b>140</b>	<b>(5.3)</b>	<b>98,728,792,051</b>	<b>111,127,901,950</b>
1. Inventories	141		98,728,792,051	111,127,901,950
2. Provision for decline in inventory	149			
<b>V. Other current assets</b>	<b>150</b>		<b>816,595,626</b>	<b>3,776,000,028</b>
1. Prepaid expenses	151		39,913,663	96,156,476
2. VAT deductible	152			3,136,761,552
3. Tax receivables and other receivables from the State	154			
4. Other current assets	158	<b>(5.4)</b>	776,681,963	543,082,000

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**SONADEZI AN BINH JOINT STOCK COMPANY**  
**STATEMENT OF FINANCIAL POSITION**

At 31 December 2012

Expressed in Vietnam dong unless otherwise stated

ASSETS	Code	Notes	Ending balance	Beginning balance
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>141,264,931,659</b>	<b>126,851,019,468</b>
<b>I. Long-term receivables</b>	<b>210</b>			
1. Long-term trade receivables	211			
2. Equity capital allotted to subsidiary	212			
3. Long-term inter-company receivables	213			
4. Other long-term receivables	218			
5. Provision for doubtful long-term receivables	219			
<b>II. Fixed assets</b>	<b>220</b>		<b>73,020,864,872</b>	<b>64,960,693,517</b>
1. Tangible fixed assets	221	(5.5)	9,748,008,777	6,023,468,959
+ Cost	222		26,437,800,336	20,667,609,467
+ Accumulated depreciation	223		(16,689,791,559)	(14,644,140,508)
2. Finance lease assets	224			
+ Cost	225			
+ Accumulated depreciation	226			
3. Intangible fixed assets	227	(5.6)		5,729,490
+ Cost	228		134,989,392	134,989,392
+ Accumulated depreciation	229		(134,989,392)	(129,259,902)
4. Construction in progress	230	(5.7)	63,272,856,095	58,931,495,068
<b>III. Investment properties</b>	<b>240</b>	(5.9)	<b>32,805,652,193</b>	<b>36,579,862,953</b>
+ Cost	241		72,838,402,402	72,838,402,402
+ Accumulated depreciation	242		(40,032,750,209)	(36,258,539,449)
<b>IV. Long-term investments</b>	<b>250</b>	(5.10)	<b>35,411,338,000</b>	<b>25,261,338,000</b>
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		31,811,338,000	21,661,338,000
4. Provision for long-term investments	259			
<b>V. Other long-term assets</b>	<b>260</b>		<b>27,076,594</b>	<b>49,124,998</b>
1. Long-term prepaid expenses	261		27,076,594	49,124,998
2. Deferred income tax assets	262			
3. Other long-term assets	268			
<b>TOTAL ASSETS</b>	<b>270</b>		<b>448,064,185,124</b>	<b>376,036,406,810</b>

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**SONADEZI AN BINH JOINT STOCK COMPANY**  
**STATEMENT OF FINANCIAL POSITION**

At 31 December 2012

Expressed in Vietnam dong unless otherwise stated

RESOURCES	Code	Notes	Ending balance	Beginning balance
<b>A. LIABILITIES</b>	<b>300</b>		<b>361,700,260,446</b>	<b>292,409,295,621</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>278,817,020,625</b>	<b>244,615,853,754</b>
1. Short-term loans and debts	311	(5.11)	128,577,822,922	127,994,654,994
2. Trade payables	312	(5.12)	68,567,329,603	66,271,506,305
3. Advances from customers	313	(5.12)	52,958,249,407	44,463,523,918
4. Statutory obligations	314	(5.13)	6,490,850,809	2,471,843,497
5. Payable to employees	315	(5.14)	1,803,841,167	830,966,332
6. Accruals	316	(5.15)	14,924,356,561	714,325,575
7. Payables to related parties	317			
8. Construction contractor payables based on agreed progress billings	318			
9. Other payables	319		1,386,778,489	327,162,753
10. Short-term provision	320		2,025,374,507	
11. Reward and welfare funds	323	(5.16)	2,082,417,160	1,541,870,380
<b>II. Long-term liabilities</b>	<b>330</b>		<b>82,883,239,821</b>	<b>47,793,441,867</b>
1. Long-term trade payables	331			
2. Long-term inter-company payables	332			
3. Other long-term payables	333	(5.17)	1,935,470,100	1,650,936,548
4. Long-term loans and debts	334	(5.18)	2,665,000,000	16,529,229,578
5. Deferred income tax liabilities	335			
6. Provision for unemployment funds	336			307,971,431
7. Long-term provision	337			
8. Unrealized revenue	338		78,282,769,721	29,305,304,310
9. Scientific and technological development fund	339			
<b>B. OWNER'S EQUITY</b>	<b>400</b>		<b>86,363,924,678</b>	<b>83,627,111,189</b>
<b>I. Equity</b>	<b>410</b>	(5.20.1)	<b>86,363,924,678</b>	<b>83,627,111,189</b>
1. Contributed legal capital (Share capital)	411	(5.20.2)	31,125,000,000	31,125,000,000
2. Capital surplus	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 differences	416			
7. Investment and development fund	417		8,655,059,835	7,657,652,320
8. Financial reserve fund	418		3,435,661,036	2,936,957,278
9. Other funds within owner's equity	419			
10. Undistributed earnings	420	(5.20.5)	23,136,328,807	21,895,626,591
11. Capital expenditure fund	421			
12. Enterprise reorganization support fund	422			
<b>II. Other capital, funds</b>	<b>430</b>			
1. Subsidy funds	432			
2. Funds invested in fixed assets	433			
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>448,064,185,124</b>	<b>376,036,406,810</b>



**SONADEZI AN BINH JOINT STOCK COMPANY****STATEMENT OF FINANCIAL POSITION**

At 31 December 2012

*Expressed in Vietnam dong unless otherwise stated*

<b>OFF STATEMENT OF FINANCIAL POSITION ITEMS</b>	<b>Notes</b>	<b>Ending balance</b>	<b>Beginning balance</b>
1. Assets under operating lease			
2. Goods held under trust or for processing			
3. Goods held by the company on consignment			
4. Bad debts written off			
5. Foreign currencies			
+ USD		156.35	167.23
6. Budgeted operating expenses			

**CHIEF ACCOUNTANT****LE VAN BINH**

Đồng Nai, 16 March 2013

**GENERAL DIRECTOR**  
**LE ANH HOAN**

**SONADEZI AN BINH JOINT STOCK COMPANY**  
**INCOME STATEMENT**

For the year ended 31 December 2012

Expressed in Vietnam dong unless otherwise stated

ITEMS	Code	Notes	Current year	Previous year
1. Revenue	01		246,565,465,135	245,035,666,172
2. Deductions	02			
3. Net revenue	10	(6.1)	246,565,465,135	245,035,666,172
4. Cost of goods sold	11	(6.2)	223,361,719,370	230,442,261,619
5. Gross profit	20		23,203,745,765	14,593,404,553
6. Financial income	21	(6.3)	11,813,467,006	14,290,970,585
7. Financial expenses	22	(6.4)	11,359,230,745	5,856,484,936
<i>in which, interest expense</i>	23		10,850,963,193	5,856,484,936
8. Selling expenses	24		9,397,514	4,899,000
9. General and administration expenses	25	(6.5)	11,143,033,697	7,411,847,746
10. Operating profit/(loss)	30		12,505,550,815	15,611,143,456
11. Other income	31		712,563,952	175,887,844
12. Other expenses	32		319,136,837	170,433,997
13. Net other income/(loss)	40		393,427,115	5,453,847
14. Accounting profit before tax	50		12,898,977,930	15,616,597,303
15. Current tax expense	51	(6.6)	2,924,902,768	3,398,112,288
16. Deferred tax expense	52			12,500,000
17. Net profit/(loss) after tax	60		9,974,075,162	12,205,985,015
18. Earning per share	70	(5.20.4)	3,205	3,922

CHIEF ACCOUNTANT



LE VAN BINH

Đồng Nai, 16 March 2013

GENERAL DIRECTOR



LE ANH HOAN



**SONADEZI AN BINH JOINT STOCK COMPANY**  
**STATEMENT OF CASH FLOWS (indirect method)**

For the year ended 31 December 2012

Expressed in Vietnam dong unless otherwise stated

ITEMS	Code	Notes	Current year	Previous year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
1. Net profit /(loss) before taxes	01		12,898,977,930	15,616,597,303
<b>2. Adjustment to reconcile operating profit/(loss)</b>				
Fixed asset depreciation	02		5,917,731,667	3,997,344,517
Provisions	03		500,000,000	586,524,910
Unrealized foreign exchange gains/losses	04			(112,413)
Gains/losses from investment	05		(11,843,467,006)	(14,290,858,172)
Interest expenses	06		10,850,963,193	5,856,484,936
<b>3. Operating profit /(loss) before adjustments to working capital</b>	<b>08</b>		<b>18,324,205,784</b>	<b>11,765,981,081</b>
Increase or decrease in accounts receivable	09		(60,900,706,303)	23,641,570,027
Increase or decrease in inventory	10		13,465,619,998	(12,121,900,323)
Increase or decrease in accounts payable (excluding interest expenses payable and corporate income tax payable)	11		81,990,940,602	(2,377,803,392)
Increase or decrease prepaid expenses	12		78,291,217	(37,294,814)
Interest expenses paid	13		(16,785,291,198)	(5,450,367,089)
Corporate income tax paid	14		(4,212,316,767)	(2,614,726,997)
Other cash inflows	15		304,000,000	880,000,000
Other cash outflows	16		(1,182,298,494)	(1,293,986,336)
<b>Net cash from/(used in) operating activities</b>	<b>20</b>		<b>31,082,444,839</b>	<b>12,391,472,157</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
1. Purchase in fixed assets and other long-term assets	21		(4,068,187,263)	(22,807,770,905)
2. Proceeds from disposals of fixed assets and other long-term assets	22		30,000,000	
3. Loans to other entities and payments for purchase of debt instruments of other entities	23		(101,650,000,000)	(10,000,000,000)
4. Repayments from borrowers and proceeds from sales of debts instruments of other entities	24		105,250,000,000	
5. Investments in other entities	25		(10,150,000,000)	
6. Proceeds from sales of investments in other entities	26			
7. Interest and dividends received	27		11,807,248,895	13,829,454,060
<b>Net cash from/(used in) investing activities</b>	<b>30</b>		<b>1,219,061,632</b>	<b>(18,978,316,845)</b>

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**SONADEZI AN BINH JOINT STOCK COMPANY**  
**STATEMENT OF CASH FLOWS (indirect method)**

For the year ended 31 December 2012

Expressed in Vietnam dong unless otherwise stated

ITEMS	Code	Notes	Current year	Previous year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
1. Capital contribution	31			
2. Capital redemption	32			
3. Borrowings	33		263,688,459,577	267,069,144,567
4. Loan repayment	34		(276,969,521,227)	(246,359,473,583)
5. Finance lease principal paid	35			
6. Dividends paid	36		(5,741,150,400)	(6,501,569,200)
<b>Net cash from/(used in) financing activities</b>	<b>40</b>		<b>(19,022,212,050)</b>	<b>14,208,101,784</b>
<b>Net increase/(decrease) in cash</b>	<b>50</b>		<b>13,279,294,421</b>	<b>7,621,257,096</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>60</b>		<b>77,669,199,669</b>	<b>70,047,830,160</b>
Impact of exchange rate fluctuation	61			112,413
<b>Cash and cash equivalents at end of year</b>	<b>70</b>		<b>90,948,494,090</b>	<b>77,669,199,669</b>

CHIEF ACCOUNTANT



LE VAN BINH

Đồng Nai, 16 March 2013

GENERAL DIRECTOR



LE ANH HOAN



# **SONADEZI AN BINH JOINT STOCK COMPANY**

## **ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2012

*Expressed in Vietnam dong unless otherwise stated*

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

### **1. Background**

#### **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/QĐ.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 unnumbered as 4703000001) dated 12 January 2000 and other amendment certificates thereafter with the latest one dated 09 April 2010 granted by Dong Nai Province's Department of Planning and Investment.

The Company's head office is located at No. 113 – 116 Plot C2, 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.

#### **1.2. Business industry**

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

- Designing and performing constructions of industry, residence, traffic, irrigation and water supply and drainage projects;
- Performing constructions of urban technical infrastructures and industrial zones;
- Producing, processing, trading construction materials, construction structures;
- Performing construction consulting services and maintaining constructions of residential and industrial areas, industrial and technical infrastructures;
- Leasing fixed assets and supplying specialized labors;
- Leveling and treating foundation of constructions;
- Processing and installing mechanics, electricity, water, fire protection systems, lightning protection systems, industrial equipment and interior decoration;
- Investing, building and trading housing and residential areas, factories and warehouses;
- Producing commercial concrete, paving bricks, block bricks;
- Surveying topography and geology of construction projects;
- Preparing feasible and pre-feasible study reports;
- Processing solid waste (activities, industries, hospitals), liquid waste;
- Trading real estate.

### **2. Fiscal year, reporting currency**

#### **2.1. Fiscal year**

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



**SONADEZI AN BINH JOINT STOCK COMPANY**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO**  
**THE FINANCIAL STATEMENTS**

For the year ended 31 December 2012

*Expressed in Vietnam dong unless otherwise stated*

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**2.2. Reporting currency**

The Company maintains its accounting records in VND.

**3. Accounting Standards, accounting System**

**3.1. Accounting Standards, accounting System**

The Company has adopted Vietnamese Accounting Standards and System.

**3.2. Forms of accounting records**

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 2012 are prepared in accordance with Vietnamese Accounting Standards and System.

**4. Significant accounting policies**

**4.1. Cash and Cash equivalents**

Cash comprises cash in hand, cash in transit and demand deposits. Cash equivalents are short-term investments (for a period not exceeding 3 months) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**4.2. 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.

**4.3. 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.



**SONADEZI AN BINH JOINT STOCK COMPANY**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO**  
**THE FINANCIAL STATEMENTS**

For the year ended 31 December 2012

*Expressed in Vietnam dong unless otherwise stated*

- 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.

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.

**4.4. 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.

**4.5. Recognition, depreciation and amortization of fixed assets**

- Tangible fixed asset recognition

Tangible fixed assets are initially recognized at cost. The cost of a tangible fixed asset is the total amount of expense incurred by The Company to acquire an asset at the time the asset is put into operation for its intended use.

- Intangible fixed asset recognition

Intangible fixed assets are initially recognized at 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.

- Depreciation and amortization

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

The estimated useful lives are as follows: ~

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

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### **4.6. Recognition and depreciation of 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

### **4.7. Capitalization of borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset when it is probable that they will result in future economic benefits and the costs can be measured reliably. The capitalization rate is the weighted average of the borrowings that are outstanding during the period, other than borrowings made specifically for obtaining a qualifying asset.

### **4.8. 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 diminution in value of investments in long- and short-term securities

At year-end, if market value of the securities held under investments declines at a price lower than the cost, an impairment provision is made. The provision is the excess of the cost of securities over their net realizable value.

### **4.9. Recognition of accrued expenses and provisions**

- Accrued expenses are recognized based on information available at the year-end and estimates by experience.
- Pursuant to the Law on Social Insurance, The Company and its employees are required to contribute to unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time.

### **4.10. Equity**

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

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



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- 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.

### **4.11. 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.

### **4.12. 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.

### **4.13. Taxation**

- Principles and recognition of current income tax expenses: Current tax expenses are defined on the basis of taxable income and the rate of corporate income tax (CIT) of the current year.
- Principles and recognition of deferred income tax expense: Deferred tax expenses are defined on the basis of the deductible temporary differences, taxable temporary differences and the estimated CIT rate that will be applied for the years that assets and liabilities will be recovered, and the tax rates using the tax rates (and tax laws) that have been effected at the fiscal year-end.
- 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.
- 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 assessments.



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**4.14. 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 receivables and other receivables.

*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 payables and other payables, accruals and borrowings.

- Re-measurement after initial recognition

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

**4.15. Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**4.16. Comparative figures**

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

Statement of financial position (excerpted)

Items	Beginning balance (Reclassified)	Beginning balance (As previously reported)
Investment property	36,579,862,953	58,106,928,565
Accumulated Depreciation	(36,258,539,449)	(14,731,473,837)
<b>Total Assets</b>	<b>376,036,406,810</b>	<b>397,563,472,422</b>
Accruals	714,325,575	22,241,391,187
<b>Total Resources</b>	<b>376,036,406,810</b>	<b>397,563,472,422</b>

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

**5.1. Cash and cash equivalents**

	<b>Ending balance</b>	<b>Beginning balance</b>
Cash in hand	481,763,599	14,413,581
Cash in bank	11,222,730,491	3,260,786,088
Cash equivalents	79,244,000,000	74,394,000,000
<b>Total</b>	<b>90,948,494,090</b>	<b>77,669,199,669</b>

Cash equivalents represent term deposits not exceeding 3 months in banks, in which term deposits were pledged as short-term and long-term loan security - Refer to Notes 5.11 and 5.18.

**5.2. Accounts receivable**

	<b>Ending balance</b>	<b>Beginning balance</b>
Trade receivables	73,028,107,398	35,397,857,412
Advances to suppliers	7,861,662,757	9,849,420,348
Construction contractor receivables based on agreed progress billings	28,335,204,897	-
Other receivables	1,766,921,556	1,951,532,845
<b>Total short-term receivables</b>	<b>110,991,896,608</b>	<b>47,198,810,605</b>
Provision for doubtful debts	(1,086,524,910)	(586,524,910)
<b>Net realizable value of trade receivables and other receivables</b>	<b>109,905,371,698</b>	<b>46,612,285,695</b>

Trade receivables arose during the normal business activities of The Company, in which the receivables from related parties are VND 28,641,995,742 - Refer to Note 7.

Breakdown of trade receivables is as follows:

	<b>Ending balance</b>	<b>Beginning balance</b>
Receivables from construction activities	44,112,857,388	10,866,141,246
Receivables from designing activities	3,862,076	3,862,076
Receivables from selling construction materials	23,465,699,639	22,510,923,157
Receivables from trading houses	2,324,000,001	-
Receivables from leasing land	1,672,020,834	-
Receivables from leasing factories	1,035,984,704	580,724,679
Others	413,682,756	1,436,206,254
<b>Total</b>	<b>73,028,107,398</b>	<b>35,397,857,412</b>

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Advances to suppliers mainly represent amounts of money paid to the suppliers to purchase raw materials and amounts of money paid to the sub-contractors for construction works, in which the advances to related parties are VND 2,410,852,316 - Refer to Note 7.

Breakdown of other receivables is as follows:

	<b>Ending balance</b>	<b>Beginning balance</b>
Accrued deposit interest	1,623,299,556	1,617,081,445
Other receivables	143,622,000	334,451,400
<b>Total</b>	<b>1,766,921,556</b>	<b>1,951,532,845</b>

**5.3. Inventories**

	<b>Ending balance</b>	<b>Beginning balance</b>
Raw materials	616,879,320	1,021,498,231
Tools and supplies	-	87,354,248
Work in process	98,015,784,098	109,855,897,622
Finished goods	96,128,633	163,151,849
<b>Total costs</b>	<b>98,728,792,051</b>	<b>111,127,901,950</b>
Provision for slow moving and obsolete inventories	-	-
<b>Net realizable value of inventories</b>	<b>98,728,792,051</b>	<b>111,127,901,950</b>

**5.4. Other current assets**

	<b>Ending balance</b>	<b>Beginning balance</b>
Advances	323,681,963	73,082,000
Short-term deposits	453,000,000	470,000,000
<b>Total</b>	<b>776,681,963</b>	<b>543,082,000</b>

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**5.5. Tangible fixed assets**

Items	Buildings, structures	Machinery and equipment	Means of transportations, transmitter	Total
<b>Cost</b>				
Beginning balance	8,437,779,882	2,845,135,193	9,384,694,392	20,667,609,467
Purchase	-	190,253,200	-	190,253,200
Self-construction	5,544,688,269	-	154,360,000	5,699,048,269
Disposals	-	(119,110,600)	-	(119,110,600)
<b>Ending balance</b>	<b>13,982,468,151</b>	<b>2,916,277,793</b>	<b>9,539,054,392</b>	<b>26,437,800,336</b>
<b>Accumulated Depreciation</b>				
Beginning balance	5,990,196,133	2,755,963,346	5,897,981,029	14,644,140,508
Depreciation	1,102,553,849	44,887,872	1,017,319,930	2,164,761,651
Disposals	-	(119,110,600)	-	(119,110,600)
<b>Ending balance</b>	<b>7,092,749,982</b>	<b>2,681,740,618</b>	<b>6,915,300,959</b>	<b>16,689,791,559</b>
<b>Net book value</b>				
Beginning balance	2,447,583,749	89,171,847	3,486,713,363	6,023,468,959
<b>Ending balance</b>	<b>6,889,718,169</b>	<b>234,537,175</b>	<b>2,623,753,433</b>	<b>9,748,008,777</b>

The historical cost of tangible fixed assets are mortgaged as short-term and long-term loan security in amount of VND 12,987,158,299 - Refer to Notes 5.11 and 5.18.

The historical cost of tangible fixed assets fully depreciated but still in use is VND 12,657,158,717.

**5.6. Intangible fixed assets**

Items	Software
<b>Cost</b>	
Beginning balance	134,989,392
Purchase	-
<b>Ending balance</b>	<b>134,989,392</b>
<b>Accumulated Depreciation</b>	
Beginning balance	129,259,902
Amortization	5,729,490
<b>Ending balance</b>	<b>134,989,392</b>
<b>Net book value</b>	
Beginning balance	5,729,490
<b>Ending balance</b>	<b>-</b>

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

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**5.7. Construction in progress**

	<b>Ending balance</b>	<b>Beginning balance</b>
Bao Vinh Industrial Cluster construction	55,794,560,669	48,105,193,399
Other constructions	7,478,295,426	10,826,301,669
<b>Total</b>	<b>63,272,856,095</b>	<b>58,931,495,068</b>

**5.8. Capitalization of borrowing costs**

In 2012, The Company has capitalized borrowing cost in amount of VND 6,759,809,683. This borrowing cost arised from bank loans to build Bao Vinh Sewage Treatment System and Bao Vinh Industrial Cluster Construction.

**5.9. Investment property**

Items	Land use rights	Buildings, structures	Total
<b>Cost</b>			
Beginning balance	10,406,285,313	62,432,117,089	72,838,402,402
Self-construction	-	-	-
<b>Ending balance</b>	<b>10,406,285,313</b>	<b>62,432,117,089</b>	<b>72,838,402,402</b>
<b>Accumulated Depreciation</b>			
Beginning balance	359,386,152	35,899,153,297	36,258,539,449
Depreciation	216,797,616	3,530,442,910	3,747,240,526
Other increasing	-	26,970,234	26,970,234
<b>Ending balance</b>	<b>576,183,768</b>	<b>39,456,566,441</b>	<b>40,032,750,209</b>
<b>Net book value</b>			
Beginning balance	10,046,899,161	26,532,963,792	36,579,862,953
<b>Ending balance</b>	<b>9,830,101,545</b>	<b>22,975,550,648</b>	<b>32,805,652,193</b>

All of investment property are mortgaged as short-term and long-term loan security - Refer to Notes 5.11 and 5.18.

The historical cost of investment property fully depreciated but still in use is VND 5,659,669,880.

**5.10. Long-term finance investments**

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



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Investments in associates represent 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 5.11 and 5.18.

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	-	-
<b>Total</b>	<b>1,402,290</b>	<b>31,811,338,000</b>	<b>1,402,290</b>	<b>21,661,338,000</b>

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 5.11 and 5.18.

**5.11. Short-term loans**

	Ending balance	Beginning balance
Short-term loans	125,962,499,344	113,891,466,994
Current portion of long-term loans - refer to Note 5.18	2,615,323,578	14,103,188,000
<b>Total</b>	<b>128,577,822,922</b>	<b>127,994,654,994</b>

Short-term loans represent the loans from Bank for Investment and Development of Vietnam - Long Binh Tan Branch to supplement The Company's working capital. These loans are 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, 5.5, 5.9 and 5.10.

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

	Ending balance	Beginning balance
Trade payables	68,567,329,603	66,271,506,305
Advances from customers	52,958,249,407	44,463,523,918
<b>Total</b>	<b>121,525,579,010</b>	<b>110,735,030,223</b>

Trade payables arose during the normal business activities of The Company, in which the payables to related parties are VND 8,422,450,840 - Refer to Note 7.

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Advances from customers mainly represent amounts of money received from related parties in amount of VND 30,824,251,138 - Refer to Note 7.

Breakdown of advances from customers is as follows:

	Ending balance	Beginning balance
Advances from constructions	52,665,753,789	40,796,950,848
Advances from leasing land	-	3,612,422,970
Advances from purchasing construction materials	109,422,700	54,150,100
Others	183,072,918	-
<b>Total</b>	<b>52,958,249,407</b>	<b>44,463,523,918</b>

**5.13. Statutory obligations**

	Ending balance	Beginning balance
Value added tax	1,479,998,150	-
Corporate income tax	1,059,002,562	2,346,416,561
Personal income tax	120,775,097	125,426,936
Land use tax	3,831,075,000	-
<b>Total</b>	<b>6,490,850,809</b>	<b>2,471,843,497</b>

**5.14. Payables to employees**

Representing bonus payable to employees.

**5.15. Accruals**

	Ending balance	Beginning balance
Sub-contractor expenses	14,858,356,561	196,174,728
Other expenses	66,000,000	518,150,847
<b>Total</b>	<b>14,924,356,561</b>	<b>714,325,575</b>

Expenses for leasing Suoi Tre 1 Industrial Cluster were accrued in connection with rental revenue, when the investment property has not been formed yet. Up to now, the investment property has formed partially and The Company has recorded decrease in its value of the leased asset.

**5.16. Reward and welfare funds**

	Current year	Previous year
Beginning balance	1,541,870,380	505,296,310
Additions during the year	1,496,111,274	2,278,710,406
Payments during the year	(955,564,494)	(1,242,136,336)
<b>Ending balance</b>	<b>2,082,417,160</b>	<b>1,541,870,380</b>



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**5.17. Other long-term payables**

	<b>Cuối năm</b>	<b>Đầu năm</b>
Ulhwa Vietnam Company Limited	1,237,495,620	930,589,389
Woo Won Vietnam Company Limited	575,860,500	496,613,159
Asia Reed Vietnam Company Limited	122,113,980	-
Viet My Fertilizer Joint Stock Company	-	223,734,000
<b>Total</b>	<b>1,935,470,100</b>	<b>1,650,936,548</b>

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

	<b>Ending balance</b>	<b>Beginning balance</b>
Long-term loans	5,280,323,578	30,632,417,578
Current portion of long-term loans - Refer to Note 5.11	(2,615,323,578)	(14,103,188,000)
<b>Total</b>	<b>2,665,000,000</b>	<b>16,529,229,578</b>

Long-term bank loans represent loans from Dong Nai Province's Investment and Development Fund with the term from 42 months to 60 months and bearing the interest rates from 6.3% to 12% per year. These loans are secured by assets formed from these loans - Refer to Notes 5.1, 5.5, 5.9 and 5.10.

**5.19. Unrealized revenue**

	<b>Ending balance</b>	<b>Beginning balance</b>
Revenue from construction of B2	57,847,800,000	-
Revenue from construction of 25 apartments S2	-	26,149,799,753
Revenue from leasing land of Suoi Tre 1 Industrial Cluster	11,537,449,846	3,155,504,557
Revenue from other construction	8,897,519,875	-
<b>Total</b>	<b>78,282,769,721</b>	<b>29,305,304,310</b>

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**5.20. Owner's equity**

**5.20.1. Changes in Owner's equity**

	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	6,884,866,472	2,326,658,027	19,854,856,281	80,203,255,780
Previous year's profit	-	-	-	-	12,205,985,015	12,205,985,015
Distributed to funds	-	-	1,220,598,502	610,299,251	-	1,830,897,753
Decreases	-	-	(447,812,654)	-	(10,165,214,705)	(10,613,027,359)
<b>Current year's beginning balance</b>	<b><u>31,125,000,000</u></b>	<b><u>20,011,875,000</u></b>	<b><u>7,657,652,320</u></b>	<b><u>2,936,957,278</u></b>	<b><u>21,895,626,591</u></b>	<b><u>83,627,111,189</u></b>
Current 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)
<b>Current year's ending balance</b>	<b><u>31,125,000,000</u></b>	<b><u>20,011,875,000</u></b>	<b><u>8,655,059,835</u></b>	<b><u>3,435,661,036</u></b>	<b><u>23,136,328,807</u></b>	<b><u>86,363,924,678</u></b>

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

	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%
<b>Total</b>	<b>31,125,000,000</b>	<b>100%</b>	<b>31,125,000,000</b>	<b>100%</b>

At 31 December 2012, Shareholders have contributed fully the charter capital under the Business Registration Certificate.

**5.20.3. Shares**

▪ 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.

**5.20.4. Earnings per share**

	Current year	Previous year
Profit after tax	9,974,075,162	12,205,985,015
Average number of outstanding shares	3,112,500	3,112,500
<b>Earnings per share (EPS)</b>	<b>3,205</b>	<b>3,922</b>

**5.20.5. Retained earnings**

	Current year	Previous year
Balance at beginning of year	21,895,626,591	19,854,856,281
Profit after tax	9,974,075,162	12,205,985,015
Distributed to investment and development fund	(997,407,514)	(1,220,598,502)
Distributed to financial reserve fund	(498,703,758)	(610,299,251)
Distributed to bonus and welfare fund	(1,496,111,274)	(1,830,897,752)
Dividend distribution	(5,741,150,400)	(6,501,569,200)
Others	-	(1,850,000)
<b>Balance at ending of year</b>	<b>23,136,328,807</b>	<b>21,895,626,591</b>

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

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

	<b>Current year</b>	<b>Previous year</b>
Revenues from construction activities	154,527,478,766	172,811,923,454
Revenues from trading houses	33,338,611,676	-
Revenue from leasing factories	7,710,069,518	7,225,420,701
Revenue from selling construction materials	43,947,455,571	61,627,666,283
Revenue from selling sub-materials	1,686,758,928	2,786,821,621
Revenue from leasing industrial zone infrastructure	5,355,090,676	583,834,113
<b>Net revenues</b>	<b>246,565,465,135</b>	<b>245,035,666,172</b>

**6.2. Cost of goods sold**

	<b>Current year</b>	<b>Previous year</b>
Cost of construction activities	143,937,494,387	164,988,974,264
Cost of trading houses	28,816,801,260	-
Cost of leasing factories	1,608,563,243	2,216,301,058
Cost of selling construction materials	43,564,829,800	60,359,331,192
Cost of selling sub-materials	1,654,619,473	2,786,821,621
Cost of leasing industrial zone infrastructure	3,779,411,207	90,833,484
<b>Total</b>	<b>223,361,719,370</b>	<b>230,442,261,619</b>

**6.3. Financial income**

	<b>Current year</b>	<b>Previous year</b>
Deposit interest	10,089,177,006	12,277,293,172
Dividends, profit received	1,724,290,000	2,013,565,000
Gains on foreign exchange rate differences	-	112,413
<b>Total</b>	<b>11,813,467,006</b>	<b>14,290,970,585</b>

**6.4. Financial expenses**

	<b>Current year</b>	<b>Previous year</b>
Interest expenses	10,850,963,193	5,856,484,936
Loss on foreign exchange rate differences	508,267,552	-
<b>Total</b>	<b>11,359,230,745</b>	<b>5,856,484,936</b>



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**6.5. General and administration expenses**

	<b>Current year</b>	<b>Previous year</b>
Employee expenses	7,159,742,414	3,854,596,724
Office stationery expenses	129,889,100	88,851,120
Depreciation and amortization expenses	417,624,271	251,748,301
Taxes, charges and fees	141,946,224	209,323,153
Provision expenses	500,000,000	586,524,910
Service expenses	909,083,758	939,439,390
Sundry expenses in cash	1,884,747,930	1,481,364,148
<b>Total</b>	<b>11,143,033,697</b>	<b>7,411,847,746</b>

**6.6. Current corporate income tax expenses**

	<b>Current year</b>	<b>Previous year</b>
Accounting profit before tax during the year	12,898,977,930	15,616,597,303
Add adjustments according to the CIT law	480,082,720	143,250,000
Less adjustments according to the CIT law	(1,724,290,000)	(2,013,565,000)
Assessable income from normal business activities	11,654,770,650	13,746,282,303
In which:		
Income from activities at the rate of 20% x 50%	(74,734,038)	256,388,584
Income from activities at the rate of 25%	11,729,504,688	13,489,893,719
<b>Current CIT expenses during the year</b>	<b>2,924,902,768</b>	<b>3,398,112,288</b>

The adjustments for the increase in the taxable income are mainly non - tax – deductible items as regulated by CIT law such as: expenses incompleting 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**

	<b>Current year</b>	<b>Previous year</b>
Materials expenses	80,044,168,095	104,141,416,912
Employee expenses	16,166,583,550	24,009,342,608
Construction machine expenses	2,214,156,594	2,851,754,378
Depreciation and amortization expenses	5,944,701,901	3,997,344,517
Provision expenses	500,000,000	586,524,910
Rendered service expenses	5,309,682,004	7,239,815,700
Sundry expenses in cash	112,427,721,697	106,967,294,162
<b>Total</b>	<b>222,607,013,841</b>	<b>249,793,493,187</b>

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**7. Related parties disclosures**

- According to Vietnamese Accounting Standards, the following parties are determined to be related parties with The Company:

<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 company
4. Sonadezi Chau Duc Shareholding Company	Fellow company
5. Long Khanh Water Supply Joint Stock Company	Fellow company
6. Sonadezi Long Binh Shareholding Company	Fellow company
7. Sonadezi Long Thanh Joint Stock Company	Fellow company
8. Dong Nai Construction & Water Supply One-member Company Limited	Fellow 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:

	<b>Ending balance</b>	<b>Beginning balance</b>
Accounts receivable - Refer to Note 5.2	31,052,848,058	9,222,043,636
Accounts payable - Refer to Note 5.12	(39,246,701,978)	(43,397,475,003)

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

	<b>Current year</b>	<b>Previous year</b>
Rendering of services	122,181,932,294	63,513,039,664
Cost of services rendered	15,315,696,449	52,843,907,534

- Remuneration of the Management, the Board of Directors and the Control Committee:

	<b>Current year</b>	<b>Previous year</b>
Remuneration of the Management	1,022,151,576	839,471,772
Remuneration of the Board of Directors and the Control Committee	156,000,000	200,444,440
<b>Total</b>	<b>1,178,151,576</b>	<b>1,039,916,212</b>

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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 4.14.

▪ Categories of financial instruments

	<b>Carrying amounts</b>	
	<b>31 Dec. 2012</b>	<b>01 Jan. 2012</b>
<b>Financial assets</b>		
Cash and cash equivalents	90,948,494,090	77,669,199,669
Trade and other receivables	74,161,504,044	37,133,622,347
Short-term investments	6,400,000,000	10,000,000,000
Other long-term investments	31,811,338,000	21,661,338,000
<b>Total</b>	<b>203,321,336,134</b>	<b>146,464,160,016</b>
<b>Financial liabilities</b>		
Borrowings	131,242,822,922	144,523,884,572
Trade and other payables	71,846,432,228	67,922,442,853
Accruals	14,924,356,561	714,325,575
<b>Total</b>	<b>218,013,611,711</b>	<b>213,160,653,000</b>

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.

▪ Financial risk management objectives

Financial risks include market risk (including foreign currency risk and interest rate 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.



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### ▪ 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:

	<b>Liabilities</b>		<b>Assets</b>	
	<b>31 Dec. 2012</b>	<b>01 Jan. 2012</b>	<b>31 Dec. 2012</b>	<b>01 Jan. 2012</b>
<i>US Dollars (USD)</i>	-	-	156.35	167.23

### *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.

The following table details The Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which The Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which The Company may be required to pay.



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31 Dec. 2012	Less than 1 year	From 1 to 5 years	Total
Trade and other payables	69,910,962,128	1,935,470,100	71,846,432,228
Accruals	14,924,356,561	-	14,924,356,561
Borrowings	128,577,822,922	2,665,000,000	131,242,822,922

01 Jan. 2012	Less than 1 year	From 1 to 5 years	Total
Trade and other payables	66,271,506,305	1,650,936,548	67,922,442,853
Accruals	714,325,575	-	714,325,575
Borrowings	127,994,654,994	16,529,229,578	144,523,884,572

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.

31 Dec. 2012	Less than 1 year	More than 1 year	Total
Trade and other receivables	74,161,504,044	-	74,161,504,044
Short-term investments	6,400,000,000	-	6,400,000,000
Long-term investments	-	31,811,338,000	31,811,338,000

01 Jan. 2012	Less than 1 year	More than 1 year	Total
Trade and other receivables	37,133,622,347	-	37,133,622,347
Short-term investments	10,000,000,000	-	10,000,000,000
Long-term investments	-	21,661,338,000	21,661,338,000

**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 2012 were authorized for issue by The General Director on 16 March 2013.

*Dong Nai, 16 March 2013*

**CHIEF ACCOUNTANT**



**LE VAN BINH**

**GENERAL DIRECTOR**



**LE ANH HOAN**