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A&C**

**CÔNG TY TNHH KIỂM TOÁN VÀ TƯ VẤN A&C
A&C AUDITING AND CONSULTING CO., LTD.**



COMBINED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED 31 DECEMBER 2013

**ONE COMMUNICATION
TECHNOLOGY CORPORATION**



ONE COMMUNICATION TECHNOLOGY CORPORATION

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ONE COMMUNICATION TECHNOLOGY CORPORATION

REPORT OF THE DIRECTORS

The Directors of the Company present this report together with the audited combined financial statements for the fiscal year ended 31 December 2013.

Business highlights

One Communication Technology Corporation operates in accordance with the Business Registration Certificate No. 0103000266 dated 6 March 2001 granted by Hanoi Authority for Planning and Investment.

During the operation course, the Company has been additionally 17 times granted the Business Registration Certificates by Hanoi Authority for Planning and Investment to be suitable for the Company's operation, in which the 14th amended registration certificate dated 16 August 2010 regarded the re-grant of the business code No. 0100233174 and the 17th amended registration certificate was dated 19 June 2012.

Charter capital as in the Business Registration Certificate: VND 50 billion

Shareholders	Contribution capital	Rate (%)
Founders	2,866,820,000	5.74
Mr. Nguyen Doan Le Minh	2,069,960,000	4.14
Mr. Tu Long	795,330,000	1.59
Ms. Pham Thi Thanh Tam	1,530,000	0.01
Other shareholders	47,133,180,000	94.26
Total	50,000,000,000	100

Head office

Address : No. 135 Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi
Telephone : (04) 3976 5086
Fax : (04) 3976 5123
E-mail : info@one.com.vn
Tax code : 0 1 0 0 2 3 3 1 7 4

Affiliates:

Affiliates:

Names	Address
Branch of One Communication Technology Corporation	No. 226, Khanh Hoi Road, Ward 6, District 4, Ho Chi Minh City

Operations:

- Trading production materials, consumption materials;
- Trading services;
- Electronic and informatics services;
- Producing, transferring software;
- Being agency for purchasing, selling and consigning goods;
- Trading telecommunication equipment;
- Trading lightning-arresters;
- Consulting and designing systems of information, informatics and telecommunication network, lightning-arresters, industrial electricity, fire alarm, theft alarm, security;
- Trading and providing electronic and informatics equipment, systems of industrial electricity, fire alarm, theft alarm, security (not including engineering design);
- Installing and setting up systems of information, informatics and telecommunication network, lightning-arresters, industrial electricity up to 110KV, fire alarm, theft alarm, security;

ONE COMMUNICATION TECHNOLOGY CORPORATION
REPORT OF THE DIRECTORS (Cont.)

- Services of answer for customers and customer care in the field of telecommunication (including by telephone);
- Consulting on designing, installing and trading engineering light electricity, public acoustic system, fire alarm, supervision camera, in and out check, project management and control system, automatic control system, internal information, door bell system, security system, traffic control, television equipment, television system (excluding engineering designing service);
- Leasing electronic, informatics, telecommunication and television equipment./.

Financial position and business results

The financial position as of 31 December 2013, the combined business results and the combined cash flows for the fiscal year then ended of the Company have been expressed in the combined financial statements attached to this report (from page 7 to page 35).

According to the Resolution of the annual shareholders' meeting of the year 2013 No. 01/2013/NQ-DHDCD dated 20 April 2013, the profit after tax of the year 2012 is distributed as follows:

- Appropriation of bonus and welfare funds : VND 650,000,000
- Appropriation of business promotion fund : VND 600,000,000
- Appropriation of charter capital reserved fund : VND 350,000,000
- Share of dividends to shareholders VND 4,924,900,000 equivalent to the rate of 10% of owner's equity.

Subsequent events

The Directors of the Company hereby ensure that there have been no events from 31 December 2013 to the date of this report which need to make adjustments on the figures or the disclosures in the combined financial statements.

Board of Management and Executive officers

The Board members and the Executive officers of the Company during the year and as of the date of this report include:

The Board of Management

Full names	Position	Appointing date
Mr. Lu Hong Chieu	Chairman	20 April 2013
Mr. Pham The Hung	Deputy Chairman	20 April 2013
Mr. Dang Anh Phuong	Member	20 April 2013
Mr. Nguyen Doan Le Minh	Member	20 April 2013
Mr. Hoang Ha	Member	20 April 2013
Mr. Nguyen Ha Thanh	Member	20 April 2013
Mr. Dinh Quang Thai	Member	20 April 2013

The Board of Control

Full names	Position	Appointing date
Mr. Vu Binh Minh	Manager	20 April 2013
Mr. Tran Minh Tan	Member	20 April 2013
Ms. Do Lien Huong	Member	20 April 2013

The Directors

Full names	Position	Appointing date
Mr. Dang Anh Phuong	General Director	21 April 2013
Mr. Lu Hong Chieu	Deputy General Director cum Finance Director	21 April 2013
Mr. Hoang Ha	Deputy General Director	21 April 2013

ONE COMMUNICATION TECHNOLOGY CORPORATION
REPORT OF THE DIRECTORS (Cont.)

Full names	Position	Appointing date
Mr. Le Viet Thang	Deputy General Director	21 April 2013
Mr. Nguyen Ha Thanh	Deputy General Director <i>cum</i> Branch Director	21 April 2013

Chief Accountant

Ms. Nguyen Thi Minh Nguyet

Auditor

A&C Auditing and Consulting Co., Ltd. has performed the audit on the combined financial statements for the fiscal year ended 31 December 2013 and A&C has expressed their willingness to be appointed as the Company's external auditor in the coming years.

Responsibilities of the Directors

The Directors of the Company are responsible for the preparation of the financial statements, which give a true and fair view on the financial position, the business results and the cash flows of the Company. In order to prepare these financial statements, the Directors must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates reasonably and prudently;
- announce the accounting standards to be followed for the material issues to be disclosed and explained in the combined financial statements;
- prepare the combined financial statements of the Company on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate;
- design and implement effectively the internal control system in order to ensure that the preparation and presentation of the combined financial statements are free from material misstatements due to frauds or errors.

The Directors hereby ensure that all the requirements above have been followed in preparing the financial statements, that all the accounting books have been fully recorded by the Company and that they fairly reflect the financial position of the Company at any time, and that all the financial statements have been prepared in compliance with the Vietnamese Accounting Standards and System issued in accordance with the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Finance Minister and the Circulars giving guidance on implementation of accounting standards and systems of the Ministry of Finance.

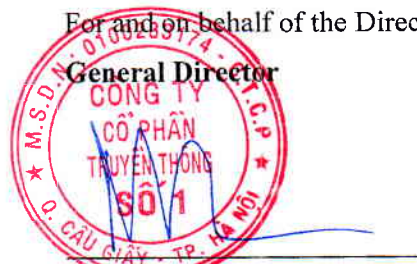
The Directors of the Company are also responsible for protecting the Company's assets and consequently have taken appropriate measures to prevent and detect frauds and other irregularities.

Approval to the financial statements

The Directors approve the attached combined financial statements. The combined financial statements give a true and fair view in all material respects, of the financial position as of 31 December 2013 of One Communication Technology Corporation the business results and the cash flows for the year ended 31 December 2013, in conformity with the Vietnamese Accounting Standards and System issued together with the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Finance Minister and the Circulars giving guidance on implementation of accounting standards and systems of the Ministry of Finance.

For and on behalf of the Directors

General Director



Dang Anh Phuong

21 March 2014

15/11/2014
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**CÔNG TY TNHH KIỂM TOÁN VÀ TƯ VẤN A&C
A&C AUDITING AND CONSULTING CO., LTD.**

No. 154/2014/BCTC-KTTV-KT3



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Branch in Ha Noi : 40 Giang Vo St., Dong Da Dist., Ha Noi City
Branch in Nha Trang: 18 Tran Khanh Du St., Nha Trang City
Branch in Can Tho : 162C/4 Tran Ngoc Que St., Can Tho City
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INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE DIRECTORS ONE COMMUNICATION TECHNOLOGY CORPORATION

We have audited the accompanying combined financial statements for the year 2013 of One Communication Technology Corporation, which were prepared on 21 March 2014, from page 7 to page 35, including the combined balance sheet as of 31 December 2013, the combined income statement, the combined cash flow statement for the fiscal year then ended and the notes to the combined financial statements.

The Directors' Responsibility

The Company's Directors are responsible for the preparation, true and fair presentation of these combined financial statements in accordance with the Vietnamese accounting standards and system and the legal regulations related to the preparation and presentation of the combined financial statements and responsible for such internal control as the Company's Directors determine is necessary to enable the preparation and presentation of combined financial statements to be free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 standards and requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements of the Company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the combined 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the combined financial statements.

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

Auditor's Opinion

In our opinion, the combined financial statements referred to above, give a true and fair view, in all material respects, of the financial position of One Communication Technology Corporation as of 31 December 2013, its combined financial performance and its combined cash flows for the fiscal year then ended in accordance with prevailing Vietnamese accounting standards and system as well as the legal regulations related to the preparation and presentation of the combined financial statements.

30/03/2014
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This report is made in Vietnamese and English of equal validity. The Vietnamese version will be the original for the reference when needed.

Director



Nguyen Hoang Duc

Audit Practice Registration Certificate:

No. 0368-2013-008-1

Hanoi, 21 March 2014

Auditor

Le Van Khoa

Audit Practice Registration Certificate:

No. 1794-2013-008-1

ONE COMMUNICATION TECHNOLOGY CORPORATION

Address: No. 135 Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2013

COMBINED BALANCE SHEET

As of 31 December 2013

Unit: VND

ASSETS	Code	Note	Ending balance	Beginning balance
A - CURRENT ASSETS	100		129,830,899,093	149,653,966,469
I. Cash and cash equivalents	110	V.1	7,080,390,930	17,711,864,046
1. Cash	111		7,080,390,930	12,486,364,046
2. Cash equivalents	112		-	5,225,500,000
II. Short-term financial investment	120		-	-
1. Short-term investment	121		-	-
2. Provision for devaluation of short-term investment	129		-	-
III. Short-term accounts receivable	130		59,299,540,635	91,676,819,450
1. Receivable from customers	131		36,789,563,803	48,042,422,477
2. Prepayments to suppliers	132	V.2	24,488,107,608	45,328,731,459
3. Short-term inter-company receivable	133		-	-
4. Receivable according to the progress of the construction contracts	134		-	-
5. Other receivable	135	V.3	989,938,160	1,459,552,456
6. Provision for short-term bad debts	139	V.4	(2,968,068,936)	(3,153,886,942)
IV. Inventories	140	V.5	54,009,385,553	33,992,658,582
1. Inventories	141		55,500,507,916	35,483,780,945
2. Provision for devaluation of inventories	149		(1,491,122,363)	(1,491,122,363)
V. Other current assets	150		9,441,581,975	6,272,624,391
1. Short-term prepaid expenses	151	V.6	71,478,782	43,057,825
2. VAT deductible	152		544,652	241,910,557
3. Taxes and accounts receivable from the State	154	V.7	384,966,431	379,452,488
4. Transaction of repurchasing the Government's bonds	157		-	-
5. Other current assets	158	V.8	8,984,592,110	5,608,203,521

ONE COMMUNICATION TECHNOLOGY CORPORATION

Address: No. 135 Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2013

Combined balance sheet (cont.)

ASSETS	Code	Note	<u>Ending balance</u>	<u>Beginning balance</u>
B - LONG-TERM ASSETS	200		23,859,172,829	23,626,204,106
I. Long-term accounts receivable	210		-	-
1. Long-term accounts receivable from customers	211		-	-
2. Working capital in subsidiaries	212		-	-
3. Long-term inter-company receivable	213		-	-
4. Other long-term receivable	218		-	-
5. Provision for long-term bad debts	219		-	-
II. Fixed assets	220		3,920,629,790	4,088,441,307
1. Tangible assets	221	V.9	2,590,334,452	2,758,145,969
<i>Historical costs</i>	222		5,740,137,611	6,552,172,606
<i>Accumulated depreciation</i>	223		(3,149,803,159)	(3,794,026,637)
2. Financial leasehold assets	224		-	-
<i>Historical costs</i>	225		-	-
<i>Accumulated depreciation</i>	226		-	-
3. Intangible assets	227	V.11	-	-
<i>Historical costs</i>	228		-	36,975,060
<i>Accumulated depreciation</i>	229		-	(36,975,060)
4. Construction in progress	230	V.11	1,330,295,338	1,330,295,338
III. Investment property	240		-	-
Historical costs	241		-	-
Accumulated depreciation	242		-	-
IV. Long-term investments	250		-	-
1. Investments in subsidiaries	251		-	-
2. Investments in associates and joint ventures	252		-	-
3. Other long-term investments	258		-	-
4. Provision for devaluation of long-term financial investments	259		-	-
V. Other long-term assets	260		19,938,543,039	19,537,762,799
1. Long-term prepaid expenses	261	V.12	19,938,543,039	19,537,762,799
2. Deferred income tax assets	262		-	-
3. Other long-term assets	268		-	-
TOTAL ASSETS	270		<u>153,690,071,922</u>	<u>173,280,170,575</u>

ONE COMMUNICATION TECHNOLOGY CORPORATION

Address: No. 135 Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2013

Combined balance sheet (cont.)

CAPITAL SOURCES	Code	Note	Ending balance	Beginning balance
A - LIABILITIES	300		90,404,158,317	110,012,989,810
I. Current liabilities	310		77,058,385,549	101,954,942,241
1. Short-term loans and debts	311	V.13	11,246,458,700	21,249,800,089
2. Payable to suppliers	312	V.14	29,269,061,482	16,680,399,516
3. Advances from customers	313		21,707,246,836	41,698,972,000
4. Taxes and other obligations to the State budget	314	V.15	8,123,316,938	9,920,496,824
5. Payable to employees	315		2,979,217,526	3,672,630,351
6. Accrued expenses	316	V.16	804,879,422	2,186,183,971
7. Inter-company payable	317		-	-
8. Payable according to the progress of construction contracts	318		-	-
9. Other payable	319	V.17	2,809,978,845	6,226,597,196
10. Provision for current liabilities	320		-	-
11. Bonus and welfare funds	323	V.18	118,225,800	319,862,294
12. Transaction of repurchasing Government's bonds	327		-	-
II. Long-term liabilities	330		13,345,772,768	8,058,047,569
1. Long-term accounts payable to suppliers	331		-	-
2. Long-term inter-company payable	332		-	-
3. Other long-term payable	333		-	-
4. Long-term loans and debts	334		-	-
5. Deferred income tax	335		-	-
6. Provision for unemployment benefit	336		-	-
7. Provision for long-term liabilities	337		-	-
8. Unrealized revenue	338		13,345,772,768	8,058,047,569
9. Scientific and technological development fund	339		-	-
B - OWNER'S EQUITY	400		63,285,913,605	63,267,180,765
I. Owner's equity	410	V.19	63,285,913,605	63,267,180,765
1. Investment capital	411		50,000,000,000	50,000,000,000
2. Share premiums	412		-	-
3. Owner's other capital	413		2,250,000,000	1,900,000,000
4. Treasury stocks	414		(465,870,000)	(465,870,000)
5. Differences on asset revaluation	415		-	-
6. Foreign exchange differences	416		-	-
7. Business promotion fund	417		5,775,377,737	5,175,377,737
8. Financial reserved fund	418		-	-
9. Other funds	419		-	-
10. Retained profit after tax	420		5,726,405,868	6,657,673,028
11. Capital sources for construction	421		-	-
12. Enterprise reorganization support fund	422		-	-
II. Other sources and funds	430		-	-
1. Sources of expenditure	432		-	-
2. Fund to form fixed assets	433		-	-
TOTAL CAPITAL SOURCES	440		153,690,071,922	173,280,170,575

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ONE COMMUNICATION TECHNOLOGY CORPORATION

Address: No. 135 Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2013

Combined balance sheet (cont.)

OFF-COMBINED BALANCE SHEET ITEMS

ITEMS	Note	Ending balance	Beginning balance
1. Leasehold assets		-	-
2. Materials and goods kept or processed for others		129,198,176	-
3. Goods deposited by others		-	-
4. Bad debts already treated		-	-
5. Foreign currencies			
US Dollar (USD)		17,785.46	1,944.01
6. Estimated administrative overheads and project expenses		-	-

Prepared on 21 March 2014

Prepared by

Tran Thi Hoa

Chief Accountant

Nguyen Thi Minh Nguyet

General Director



Dang Anh Phuong

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ONE COMMUNICATION TECHNOLOGY CORPORATION

Address: No. 135 Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2013

COMBINED INCOME STATEMENT

Year 2013

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales	01		268,442,162,120	254,745,568,504
2. Deductions	02		-	16,027,273
3. Net sales	10	VI.1	268,442,162,120	254,729,541,231
4. Costs of goods sold	11		233,231,991,491	213,368,334,346
5. Gross profit	20		35,210,170,629	41,361,206,885
6. Financial income	21	VI.2	486,231,964	805,556,166
7. Financial expenses	22	VI.3	3,299,699,116	4,801,664,266
In which: Loan interest expenses	23		2,684,471,494	4,256,698,920
8. Selling expenses	24	VI.4	4,448,226,539	4,889,464,434
9. Administrative overheads	25	VI.5	17,456,852,054	24,221,571,679
10. Net operating profit	30		10,491,624,884	8,254,062,672
11. Other income	31	VI.6	729,782,166	133,779,920
12. Other expenses	32	VI.7	2,425,001,678	126,367,396
13. Other profit	40		(1,695,219,512)	7,412,524
14. Accounting profit before tax	50		8,796,405,372	8,261,475,196
15. Current corporate income tax	51		3,202,772,532	1,732,236,028
16. Deferred corporate income tax	52		-	-
17. Profit after tax	60		<u>5,593,632,840</u>	<u>6,529,239,168</u>
18. Basic earnings per share	70	VI.8	<u>1,136</u>	<u>1,326</u>

Prepared by



Tran Thi Hoa

Chief Accountant



Nguyen Thi Minh Nguyet

Prepared on 21 March 2014

General Director



Dang Anh Phuong

NH 135 HOANG NGAN STREET, TRUNG HOA WARD, CAU GIAY DISTRICT, HANOI

ONE COMMUNICATION TECHNOLOGY CORPORATION

Address: No. 135 Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2013

COMBINED CASH FLOW STATEMENT

(Indirect method)

Year 2013

Unit: VND

ITEMS	Code	Note	<u>Current year</u>	<u>Previous year</u>
I. Cash flows from operating activities				
1. Profit before tax	01		8,796,405,372	8,261,475,196
2. Adjustments:				
- Depreciation of fixed assets	02		894,082,530	1,022,141,472
- Provisions	03		(185,818,006)	3,522,020,223
- Gain/ loss from unrealized foreign exchange differences	04		30,137,370	(54,981,522)
- Gain/ loss from investing activities	05		(308,520,075)	(314,174,936)
- Loan interest expenses	06		2,684,471,494	4,256,698,920
3. Operating profit before changes of working capital	08		11,910,758,685	16,693,179,353
- Increase/ decrease of accounts receivable	09		32,956,208,321	(40,522,171,189)
- Increase/ decrease of inventories	10		(20,016,726,971)	(10,320,557,653)
- Increase/ decrease of accounts payable	11		(2,880,489,908)	40,812,964,956
- Increase/ decrease of prepaid expenses	12		(429,201,197)	262,757,827
- Loan interests already paid	13		(2,618,052,072)	(4,256,698,920)
- Corporate income tax already paid	14		(6,509,526,719)	(173,845,018)
- Other gains	15		7,060,247,471	10,713,582,903
- Other disbursements	16		(11,528,213,054)	(11,683,149,407)
<i>Net cash flows from operating activities</i>	20		<u>7,945,004,556</u>	<u>1,526,062,852</u>
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21		(726,271,013)	(871,882,161)
2. Gains from disposals and liquidation of fixed assets and other long-term assets	22		3,100,000	-
3. Loans given and purchases of debt instruments of other entities	23		-	-
4. Recovery of loans given and disposals of debt instruments of other entities	24		-	-
5. Investments into other entities	25		-	-
6. Withdrawals of investments in other entities	26		-	-
7. Receipts of loan interests, dividends and profit shared	27		388,101,037	322,301,247
<i>Net cash flows from investing activities</i>	30		<u>(335,069,976)</u>	<u>(549,580,914)</u>

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ONE COMMUNICATION TECHNOLOGY CORPORATION

Address: No. 135 Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2013

Combined cash flow statement (cont.)

ITEMS	Code	Note	Current year	Previous year
III. Cash flows from financial activities				
1. Gains from stock issuance and capital contributions from shareholders	31		-	-
2. Repayment for capital contributions and re-purchases of stocks already issued	32		-	-
3. Short-term and long-term loans received	33		66,253,549,732	122,115,275,432
4. Loan principal amounts repaid	34		(76,260,427,121)	(132,652,257,392)
5. Payments for financial leasehold assets	35		-	-
6. Dividends and profit already paid to the owners	36		(8,233,292,125)	-
<i>Net cash flows from financial activities</i>	40		<u>(18,240,169,514)</u>	<u>(10,536,981,960)</u>
Net cash flows during the year	50		(10,630,234,934)	(9,560,500,022)
Beginning cash and cash equivalents	60	V.1	17,711,864,046	27,272,401,741
Effects of fluctuations in foreign exchange rates	61		(1,238,182)	(37,673)
Ending cash and cash equivalents	70	V.1	<u>7,080,390,930</u>	<u>17,711,864,046</u>

Prepared by

Tran Thi Hoa

Chief Accountant

Nguyen Thi Minh Nguyet

Prepared on 21 March 2014

General Director



Đang Anh Phuong

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ONE COMMUNICATION TECHNOLOGY CORPORATION

Address: No. 135 Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2013

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Year 2013

I. OPERATION FEATURES OF THE COMPANY

1. **Investment form** : Joint stock company
2. **Operating field** : Services, trading.
3. **Business operations** : Providing electronic and informatics services; Trading telecommunication equipment; Consulting and designing systems of information, informatics and telecommunication network, lightning-arresters, industrial electricity, fire alarm, theft alarm, security; Trading and providing electronic and informatics equipment, systems of industrial electricity, fire alarm, theft alarm, security (not including engineering design); Installing and setting up systems of information, informatics and telecommunication network, lightning-arresters, industrial electricity up to 110KV, fire alarm, theft alarm, security./.
4. **Personnel**
As of 31 December 2013, the Company had 95 employees (at the end of the previous year, the Company had 91 employees).

II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

1. **Fiscal year**
The fiscal year of the Company is from 1 January to 31 December annually.
2. **Standard currency unit**
The standard currency unit used in accounting is Vietnam Dong (VND).

III. ACCOUNTING STANDARDS AND SYSTEM APPLIED

1. **Accounting standards and system**
The Company has been applying the Vietnamese Accounting System issued together with the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Finance Minister as well as the Circulars giving guidance on the implementation of accounting standards and system of the Ministry of Finance.
2. **Statement on the compliance with the accounting standards and system**
The Directors ensure to follow all the requirements of the prevailing Vietnamese Accounting Standards and System issued together with the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Finance Minister as well as the Circulars giving guidance on the implementation of accounting standards and system of the Ministry of Finance in the preparation of these combined financial statements.

3. **Accounting form**

The Company has been using the accounting form of voucher recording in the computer

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Notes to the combined financial statements (cont.)

IV. ACCOUNTING POLICIES

1. Accounting convention

All the financial statements are prepared on the basis of accrued accounting (except for information related to cash flows).

The affiliates have their own accounting units but do the accounting works dependently. The Company's combined financial statements are prepared on the basis of the combination of the financial statements of affiliates. Sales and balances among affiliates are excluded when the combined financial statements are prepared.

2. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in bank, cash in transit and short-term investments of which the due dates can not exceed 3 months from the dates of the investments and the convertibility into cash is easy, and which do not have a lot of risks in the conversion into cash.

3. Inventories

Inventories are recorded at their original costs. Costs include purchasing expenses, processing expenses and other directly related costs to bring the inventories to the current positions and conditions.

Costs of inventories are determined in accordance with the weighted average method and recorded in line with the perpetual recording method.

Expenses for work in process are expenses of contracts which are being implemented but have not been recognized into revenue.

Provision for devaluation of inventories is recognized when their costs are higher than their net realizable values. Net realizable values are the estimated selling prices of inventories less the estimated expenses on product completion and other necessary expenses on product consumption.

Increases/decreases in provision for devaluation of inventories are recognized into costs of goods sold during the year.

4. Trade receivable and other receivable

Trade receivable and other receivable are recognized at the values on supporting documents and invoices.

Provision is made for each bad debt basing on the debt age or the estimated loss. Details are as follows:

- As for overdue debts:
 - 30% of the value for debts overdue from over 6 months to under 1 year.
 - 50% of the value for debts overdue from 1 year to under 2 years.
 - 70% of the value for debts overdue from 2 years to under 3 years.
 - 70% of the value for debts overdue from 2 years to under 3 years.
- As for doubtful debts: provision is made basing on the estimated loss.

Increases/decreases in balances of provision for bad debts are recognized into administrative overheads during the year.

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COMBINED FINANCIAL STATEMENTS

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Notes to the combined financial statements (cont.)

5. Tangible fixed assets

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of fixed assets include all the expenses of the Company to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses during the year.

When a fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen is posted into the income or the expenses during the year.

Fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. Vehicles and computers are rapidly depreciated.

The depreciation years applied are as follows:

<u>Fixed assets</u>	<u>Years</u>
Machinery and equipment	3
Vehicles	5
Office equipment	2 - 5

6. Construction in progress

Construction in progress reflects costs directly related to construction of buildings and installation of machines, equipments not yet finished. Assets which are in the process of construction and installation are not depreciated.

7. Borrowing costs

Borrowing costs are recognized into the expenses.

8. Prepaid expenses

Tools, instruments

Expenses for tools being put into use are allocated into expenses during the period in accordance with the straight line method for the maximum period of 2 years.

Expenses for purchasing the leasing land use right annually paid

Expenses for purchasing the land use right are the amounts the Company has paid to purchase the leasing land use right annually paid and be granted the Certificate of Land Use Right. These expenses are allocated in accordance with the remaining land leasing duration commencing from the date the assets on land are fully completed and put into use.

Head office repair costs

Head office repair costs are allocated into the expenses during the year in accordance with the straight line method with the maximum duration of 3 years.

Other prepaid expenses

Other prepaid expenses are allocated into the expenses during the year in accordance with the straight line method within 12 months or in line with the validity duration of those expenses.

9. Accrued expenses

Accrued expenses are recorded based on reasonable estimates on the amounts payable for goods and services already used during the year.

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Notes to the combined financial statements (cont.)

10. Sources of capital

Owner's investment capital

Owner's investment capital is recognized according to the amount actually invested by the shareholders.

Owner's other capital

Owner's other capital is formed due to the supplement from the business results.

Treasury stocks

When a share issued by the Company is re-purchased, the amount payable including expenses related to the transaction is recorded as treasury stocks and are recorded as a decrease in owner's equity. When re-issuing, the differences between re-issuance price and book value of treasury stocks are recognized into the item of Share premium.

11. Dividends

Dividends are recorded as an amount payable in the year during which the dividends are disclosed.

12. Appropriation for funds

Other funds belonging to owner's capital are appropriated in accordance with Resolutions of Annual General Meeting of Shareholders.

13. Corporate income tax

Current income tax

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses transferred.

Deferred income tax

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the financial statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Book values of deferred corporate income tax assets are considered at the balance sheet date and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax can be used. Deferred income tax assets which have not been recognized are considered at the balance sheet dates and recognized when it is certain to have enough taxable income to use these assets.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rates to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the income

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For the fiscal year ended 31 December 2013

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statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity of the Company.

14. Transactions in foreign currencies

Transactions in foreign currencies are converted at the actual exchange rates ruling as of the transaction dates. The ending balances of monetary items in foreign currencies are converted at the actual exchange rates ruling as of the balance sheet date.

Foreign exchange rate differences occurred during the year from transactions of monetary items in foreign currencies and foreign exchange rate differences due to revaluation of monetary items in foreign currencies as of balance sheet date after offsetting increase adjustment and decrease adjustment are recognized in financial income or expenses.

Exchange rate used to translate transactions occurred in foreign currencies is the actual exchange rate at the time of transaction disclosed by the commercial bank where transaction occurs. Foreign exchange rate used to revalue ending balances of monetary items in foreign currencies is the buying exchange rate of the commercial bank or the average buying exchange rate of commercial banks where the Company maintains its account disclosed at the balance sheet date.

The exchange rate used as of 31 December 2012	:	VND 20,828/USD
31 December 2013	:	VND 21,036/USD

15. Recognition of sales and incomes

Sales of selling goods

Sales of selling goods are recognized when most of risks and benefits associated with the ownership on those goods are transferred to customers and there are no uncertain factors related to payments, additional costs or sales returns.

Sales of providing services

Sales of providing services are recognized when there are no uncertain factors related to payments or additional costs. In case that the services are provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date.

Interests

Interests are recorded based on the term and the interest rates applied for each year.

16. Financial assets

Classification of financial assets

The classification of financial assets depends on the nature and the purpose of them and is determined at the date of initial recognition. Financial assets of the Company include cash and accounts receivable.

Receivables

Accounts receivable are non-derivative financial assets with fixed or identified payments, which are not listed on the market.

Initial carrying amount of a financial asset

Financial assets are recognized at the acquisition date and are stopped be recognized at the selling date. At the date of initial recognition, financial assets recognized at fair values through profit or loss

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Notes to the combined financial statements (cont.)

statement are determined at fair value, other financial assets are determined at the acquiring price/issuing cost plus other costs directly related to the acquisition or issuance of that financial asset.

17. Financial liabilities and equity instruments

Financial instruments are classified as financial liabilities or equity instruments upon the dates of initial recognition in conformity with the natures and definitions of financial liabilities or equity instruments.

Financial liabilities

The classification of financial liabilities depends on the natures and purposes of the financial liabilities and is determined at the date of initial recognition. Financial liabilities of the Company include accounts payable to suppliers, loans and debts and other payable.

At the date of initial recognition, financial liabilities are initially recognized at historical cost less other costs directedly related to those financial liabilities.

Equity instruments

Equity instrument is the contract which can prove the remaining benefits in the assets of the Company after deducting all of its liabilities.

18. Offsetting financial instruments against each other

Financial assets and financial liabilities will be offset against each other and are reflected at their net values on the balance sheet when, and only when, the Company:

- has a legal right to offset the recognized amounts; and
- has intention either to settle on a net basis, or to realize the asset and to settle the liability simultaneously.

19. Segment reporting

A business segment is a distinguishable component that is engaged in producing or providing products, services and that is subject to risks and returns different from those of other business segments.

A geographical segment is a distinguishable component that is engaged in producing or providing products, services within a particular economic environment and that is subject to risks and returns different from those of components operating in other economic environments.

20. Related parties

A party is considered a related party of the Company in case one party is able to control the other or to cause considerable effects on the financial decisions as well as the operations of the other.

The transactions during the year with the related parties are presented in Note VII.1.

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2013

Notes to the combined financial statements (cont.)**V. ADDITIONAL INFORMATION ON THE ITEMS OF THE COMBINED BALANCE SHEET****1. Cash and cash equivalents**

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	204,139,557	22,456,974
Cash in bank	6,876,251,373	12,463,907,072
Cash equivalents (Under-3-month deposits)		5,225,500,000
Total	<u>7,080,390,930</u>	<u>17,711,864,046</u>

2. Prepayments to suppliers

	<u>Ending balance</u>	<u>Beginning balance</u>
Prepayment to local suppliers	1,038,642,567	2,725,755,811
Prepayment to foreign suppliers	22,996,167,196	42,602,975,648
Total	<u>24,488,107,608</u>	<u>45,328,731,459</u>

3. Other receivable

	<u>Ending balance</u>	<u>Beginning balance</u>
Materials, goods lent	791,862,499	880,277,384
Estimated interest of termed deposits		82,680,962
Thuan Thanh Housing Development Investment JSC. – selling assets on land		400,000,000
Others	198,075,661	96,594,110
Total	<u>989,938,160</u>	<u>1,459,552,456</u>

4. Provision for bad debts

	<u>Ending balance</u>	<u>Beginning balance</u>
Provision for overdue debts	1,265,926,697	3,146,871,981
<i>Provision for debts overdue under 1 year</i>	610,770,554	2,612,724,899
<i>Provision for debts overdue from 1 year to under 2 years</i>	67,430,910	
<i>Provision for debts overdue over 3 years</i>	587,725,233	534,147,082
Provision for doubtful debts	1,702,142,239	7,014,961
Total	<u>2,968,068,936</u>	<u>3,153,886,942</u>

Situation of fluctuations of provision for bad debts is as follows:

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	(3,153,886,942)	(534,147,082)
Additional appropriation	(400,230,408)	(2,619,739,860)
Reversal of provision	586,048,414	
Ending balance	<u>(2,968,068,936)</u>	<u>(3,153,886,942)</u>

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Notes to the combined financial statements (cont.)

5. Inventories

	<u>Ending balance</u>	<u>Beginning balance</u>
Expenses for work in progress	42,460,520,007	24,102,846,815
Goods	13,039,987,909	11,380,934,130
Total	55,500,507,916	35,483,780,945
Provision for devaluation of slow-moving inventories	(1,491,122,363)	(1,491,122,363)
Net value of inventories	54,009,385,553	33,992,658,582

6. Short-term prepaid expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Asset insurance premium	40,190,688	22,773,750
Service fees of offline mail, hosting mail, accounting software maintenance	11,627,427	11,589,073
Office rental	19,660,667	8,695,002
Total	71,478,782	43,057,825

7. Taxes and accounts receivable from the State Budget

Including import duty paid for imported goods which are the objects exempted from import duty, and for which the tax refund procedures have not been completed.

8. Other current assets

	<u>Ending balance</u>	<u>Beginning balance</u>
Advances	2,675,914,540	2,915,855,040
Short-term deposits and mortgages	6,308,677,570	2,692,348,481
Total	8,984,592,110	5,608,203,521

9. Increases/decreases of tangible fixed assets

	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Historical costs				
Beginning balance	13,490,476	3,287,393,408	3,251,288,722	6,552,172,606
Increases due to new purchases			1,022,955,046	1,022,955,046
Decrease in accordance with the Circular No. 45	(13,490,476)	(16,212,182)	(1,769,595,733)	(1,799,298,391)
Decreases due to liquidation			(35,691,650)	(35,691,650)
Ending balance		3,271,181,226	2,468,956,385	5,740,137,611
<i>In which:</i>				
Fully depreciated but still in use		512,042,947	660,796,462	1,172,839,409
Depreciation				
Beginning balance	13,490,476	1,444,164,795	2,336,371,364	3,794,026,637
Increases due to depreciation		532,010,225	362,072,307	894,082,530
Decrease in accordance with the Circular No. 45	(13,490,476)	(2,784,592)	(1,486,339,290)	(1,502,614,358)
Decreases due to liquidation			(35,691,650)	(35,691,650)
Ending balance		1,973,390,428	1,176,412,731	3,149,803,159

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Notes to the combined financial statements (cont.)

	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Net book value				
Beginning balance		1,843,228,613	914,917,358	2,758,145,969
Ending balance		1,297,790,798	1,292,543,654	2,590,334,452

10. Increase/decreases of intangible fixed assets

	<u>Historical costs</u>	<u>Depreciation</u>	<u>Net book value</u>
Including computer software			
Beginning balance	36,975,060	36,975,060	
Decrease as stipulated in the Circular No.45/2013/TT-BTC	36,975,060	36,975,060	
Ending balance			

11. Construction in progress

Including expenses for the construction of head office.

12. Long-term prepaid expenses

	<u>Beginning balance</u>	<u>Increases during the year</u>	<u>Allocation into expenses</u>	<u>Ending balance</u>
Tool expenses	142,101,804	711,457,306	388,880,103	761,363,040
Head office repair costs	108,597,666	31,989,545	105,440,412	35,146,799
Expenses for purchasing leasing land use right annually paid	19,000,000,000			19,000,000,000
Management fee for guarantee assets	276,000,000		138,000,000	138,000,000
Evaluation of construction and application of quality management system	8,333,329		8,333,329	
Fee for website name of One.com	2,730,000		315,000	2,415,000
Digital signature		1,798,000	179,800	1,618,200
Total	19,537,762,799	745,244,851	641,148,644	19,938,543,039

13. Short-term loans and debts

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Short-term loans from banks</i>	6,038,846,700	18,695,724,089
Techcombank ⁽ⁱ⁾	3,640,454,000	512,625,000
MB ⁽ⁱⁱ⁾	2,398,392,700	1,499,999,945
Vietinbank		16,683,099,144
<i>Short-term loans from other organizations and individuals</i>	5,207,612,000	2,554,076,000
Total	11,246,458,700	21,249,800,089

⁽ⁱ⁾ Loan from Techcombank is to supplement working capital. This loan is secured by assets of the third party.

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COMBINED FINANCIAL STATEMENTS

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Notes to the combined financial statements (cont.)

- (ii) Loan from Military Bank – Hoang Quoc Viet Branch is to supplement working capital, issue the guarantee for implementing economic contracts in the years 2010 and 2011. This loan is secured by mortgaging all goods formed from loan capital and the right of debt payment demand from the proposals supported by banks, guarantee issuance.,

Details of increases, decreases of loans are as follows

	<u>Beginning balance</u>	<u>Increases during the year</u>	<u>Increase due to revaluation of exchange rate difference</u>	<u>Amount already paid</u>	<u>Ending balance</u>
Short-term loans from banks	18,695,724,089	56,303,549,732		68,960,427,121	6,038,846,700
Short-term loans from other individuals	2,554,076,000	9,950,000,000	3,536,000	7,300,000,000	5,207,612,000
Total	21,249,800,089	66,253,549,732	3,536,000	76,260,427,121	11,246,458,700

14. Payable to suppliers

	<u>Ending balance</u>	<u>Beginning balance</u>
Foreign suppliers	17,082,338,620	7,402,714,982
Local suppliers	12,186,722,862	9,277,684,534
Total	29,269,061,482	16,680,399,516

15. Taxes and other obligations to the State Budget

	<u>Beginning balance</u>	<u>Amount payable</u>	<u>Amount already paid</u>	<u>Ending balance</u>
VAT on local sales	2,183,306,254	6,970,333,046	6,716,765,765	2,436,873,535
VAT on imports	204,239,813	12,250,554,805	12,454,795,391	(773)
Import-export duties	(379,452,488)	77,807,219	83,320,389	(384,965,658)
Corporate income tax	6,537,406,442	3,202,772,532	6,509,526,719	3,230,652,255
Personal income tax	287,243,334	1,024,790,818	1,175,533,383	136,500,769
Others	708,300,981	761,958,016	872,672,481	597,586,516
Fees, legal fees and other duties		1,721,703,863		1,721,703,863
Total	9,541,044,336	26,009,920,299	27,812,614,128	7,738,350,507

The amount of tax excessively paid is presented in the item of Taxes and other accounts receivable from the State Budget (See Note V.7).

In which

	<u>Beginning balance</u>	<u>Ending balance</u>
Taxes and other accounts receivable from the State Budget	(379,452,488)	(384,966,431)
Taxes and other accounts payable to the State Budget	9,920,496,824	8,123,316,938
Total	9,541,044,336	7,738,350,507

Value added tax (VAT)

The Company has to pay VAT in accordance with the deduction method. VAT rate is as follows:

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Notes to the combined financial statements (cont.)

16. Accrued expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Loan interest expenses payable	158,779,422	92,360,000
Allowances of the Board of Management	500,000,000	300,000,000
Expenses for supporting ATVN Project		624,840,000
Expenses for network construction at the ANTV head office – No. 01 Le Duc Tho Road		49,972,000
Costs of the service contract No. DA2012-2012/FPS – FPT Distribution Co., Ltd. for the contract No. 4201211046/ANTV and the contract No. 4201212050/Hiep Thanh		531,750,000
Costs of the service contract of pulling and recovering optical fiber for Post and Telecommunications Investment and Construction JSC.		460,000,000
Operating expenses	146,100,000	127,261,971
Total	<u>804,879,422</u>	<u>2,186,183,971</u>

17. Other short-term payable

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade Union's expenditure	157,768,350	93,620,640
Health insurance	576,320	-
Dividends, profit paid	2,601,487,875	5,909,880,000
Others	50,146,300	223,096,556
Total	<u>2,809,978,845</u>	<u>6,226,597,196</u>

18. Bonus and welfare funds

Bonus and welfare funds of the Company include bonus fund only. Details of increases/decreases during the year are as follows:

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	319,862,294	399,880,094
Increase due to appropriation from profit	650,000,000	600,000,000
Disbursements	(851,636,494)	(680,017,800)
Ending balance	<u>118,225,800</u>	<u>319,862,294</u>

19. Owner's equity

Statement of fluctuations in owner's equity

	<u>Owner's investment capital</u>	<u>Owner's other capital</u>	<u>Treasury stocks</u>	<u>Business promotion fund</u>	<u>Retained profit after tax</u>	<u>Total</u>
Beginning balance of the previous year	50,000,000,000	1,400,000,000	(465,870,000)	5,175,377,737	7,138,313,860	63,247,821,597
Profit in the previous year					6,529,239,168	6,529,239,168
Appropriation of funds in the previous year		500,000,000			(1,100,000,000)	(600,000,000)
Share of dividends in the					(5,000,880,000)	(5,000,880,000)

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2013

Notes to the combined financial statements (cont.)

Incomes of the key managers are as follows:

	<u>Current year</u>	<u>Previous year</u>
Salary	2,759,030,000	2,671,318,530
Allowances, bonus		20,000,000
Total	<u>2,759,030,000</u>	<u>2,691,318,530</u>

Transactions with the key managers during the year are as follows:

	<u>Current year</u>	<u>Previous year</u>
Advances of travel costs	335,631,480	342,979,457
Refund of advances	273,486,480	705,130,457

As of the balance sheet date, the liabilities with the key managers were as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Receivable on advances	207,434,000	145,289,000
Receivable on visa card and payments on behalf	95,025,010	
Total liabilities receivable	<u>302,459,010</u>	<u>145,289,000</u>

2. Segment information

Notes to the primary segment reporting is represented in accordance with the geographical segments basing on the internal organizational and management structure as well as the system of internal financial reporting of the Company.

The operations of the Company primarily take place in Northern segment and Southern segment.

Details of net sales of selling goods and providing services externally in the geographical segments basing on the location of the customers are as follows:

	<u>Northern segment</u>	<u>Southern segment</u>	<u>Exclusions</u>	<u>Total</u>
Current year				
Net sales of selling goods and providing services externally	244,438,860,605	24,003,301,515		268,442,162,120
Net sales of selling goods and providing services among segments	6,293,501,409	207,745,334	(6,501,246,743)	
Total net sales of selling goods and providing services	<u>250,732,362,014</u>	<u>24,211,046,849</u>	<u>(6,501,246,743)</u>	<u>268,442,162,120</u>
Segment business results	16,588,451,497	(3,283,359,461)		13,305,092,036
Expenses not allocated for each segment				
Profit from business operation				13,305,092,036
Financial income				486,231,964
Financial expenses				(3,299,699,116)
Other income				729,782,166
Other expenses				(2,425,001,678)
Current corporate income tax				(3,202,772,532)
Profit after corporate income tax				<u>5,593,632,840</u>

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	Northern segment	Southern segment	Exclusions	Total
<i>Total expenses arising to purchase fixed assets and other long-term assets</i>	294,042,677	1,474,157,220		1,768,199,897
<i>Total depreciation expenses and allocation of long-term prepaid expenses</i>	818,403,124	716,828,052		1,535,231,176
Previous year				
Net sales of selling goods and providing services externally	216,370,465,381	38,359,075,850		254,729,541,231
Net sales of selling goods and providing services among segments	11,012,534,403	101,671,944	(11,114,206,347)	
<i>Total net sales of selling goods and providing services</i>	227,382,999,784	38,460,747,794	(11,114,206,347)	254,729,541,231
Segment business results	18,365,125,345	(6,114,954,573)		12,250,170,772
Expenses not allocated for each segment				
Profit from business operation				12,250,170,772
Financial income				805,556,166
Financial expenses				(4,801,664,266)
Other income				133,779,920
Other expenses				(126,367,396)
Current corporate income tax				(1,732,236,028)
<i>Profit after corporate income tax</i>				6,529,239,168
<i>Total expenses arising to purchase fixed assets and other long-term assets</i>	104,577,739	960,468,094		1,065,045,833
<i>Total depreciation expenses and allocation of long-term prepaid expenses</i>	999,620,387	436,010,437		1,435,630,824

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Assets and liabilities of the geographical segments basing on the location of assets of the Company are as follows:

	Northern segment	Southern segment	Exclusions	Total
Ending balance				
Direct assets of segments	152,510,899,377	14,935,407,686	(13,756,235,141)	153,690,071,922
Total assets	152,510,899,377	14,935,407,686	(13,756,235,141)	153,690,071,922
Direct liabilities of segments	86,080,883,196	14,988,985,837	(10,665,710,716)	90,404,158,317
Total liabilities	86,080,883,196	14,988,985,837	(10,665,710,716)	90,404,158,317
Beginning balance				
Direct assets of segments	175,694,926,569	19,224,816,928	(21,639,572,922)	173,280,170,575
Total assets	175,694,926,569	19,224,816,928	(21,639,572,922)	173,280,170,575
Direct liabilities of segments	106,367,833,132	19,224,816,928	(15,579,660,250)	110,012,989,810
Total liabilities				110,012,989,810

3. Financial risk management

Overview

Operations of the Company include the following financial risks: credit risk, liquidity risk and market risk. The Directors are responsible for designing policies and controls to minimize financial risks as well as supervising the application of those policies and controls. Financial risk management is mostly undertaken by Accounting – Finance Department in accordance with the policies and procedures approved by the Directors.

Credit risk

Credit risk is the risk that a contractual party cannot perform its responsibilities, leading to a financial loss to the Company.

The Company has had credit risks mainly from accounts receivable from customers and cash in bank.

Receivable from customers

Accounts receivable of the Company are related to various customers, therefore, credit risk does not concentrate on any fixed customer.

Cash in bank

Most cash in bank of the Company is deposited in large and prestigious banks in Vietnam. The Company realizes that the credit risk level of cash in bank is low.

Maximum level of credit risk for financial assets is the book value of the financial assets (See the Note VII.4 regarding net book value of financial assets).

Analysis of overdue time and devaluation of financial assets is as follows:

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	Not yet overdue or devalued	Not yet overdue but devalued	Already overdue but not yet devalued	Already overdue and/or devalued	Total
Ending balance					
Cash and cash equivalents	7,080,390,930				7,080,390,930
Receivable from customers	32,382,510,817			4,407,052,986	36,789,563,803
Other receivable	7,298,615,730				7,298,615,730
Total	46,761,517,477			4,407,052,986	51,168,570,463
Beginning balance					
Cash and cash equivalents	17,711,864,046				17,711,864,046
Receivable from customers	38,792,177,436			9,250,245,041	48,042,422,477
Other receivable	2,871,623,553		400,000,000		3,271,623,553
Total	59,375,665,035		400,000,000	9,250,245,041	69,025,910,076

Details of overdue time of other receivable which are overdue but not devalued are as follows:

	Ending balance	Beginning balance
Overdue from over 1 year to under 2 years		400,000,000

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in paying its financial liabilities due to lack of cash.

The Directors take highest responsibility for credit risk management. The Company's liquidity risk is mainly from financial assets and financial liabilities with different maturity dates.

The Company has managed the liquidity risk by maintaining a suitable amount of cash and cash equivalents at a reasonable level, maintaining loans at the level which the General Directors consider sufficient to meet the Company's operation demand in order to minimize impacts of cash flow fluctuations.

The payment term of nonderivative financial liabilities is based on estimated payments according to the contracts but not discounted yet as follows:

	Under 1 year	From 1 year to 5 years	Over 5 years	Total
Ending balance				
Loans and debts	11,246,458,700			11,246,458,700
Payable to suppliers	29,269,061,482			29,269,061,482
Other payable	2,956,513,597			2,956,513,597
Total	43,472,033,779			43,472,033,779



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	Under 1 year	From 1 year to 5 years	Over 5 years	Total
Beginning balance				
Loans and debts	21,249,800,089			21,249,800,089
Payable to suppliers	16,680,399,516			16,680,399,516
Other payable	8,019,160,527			8,019,160,527
Total	45,949,360,132			45,949,360,132

The Directors realize risk level for debt payment is medium. The Company has liquidity of due debts by cash flows from business operations and receipts from due financial assets. The Company is able to access financial resources and loans due within 12 months can be extended with present creditors.

Market risk

Market risk is the risk that fair value or cash flows in the future of financial instruments will change according to changes of market prices.

The market risk related to operations of the Company includes: foreign currency risk, interest rate risk and other price risk.

The analyses of sensitivity and evaluations hereafter are related to the financial position of the Company as of 31 December 2012 and 31 December 2013 and are based on the value of net liabilities. Changes in foreign exchange rates and interest rates used in the analyses of sensitivity are based on the evaluation of ability to occur within the next one year under observable circumstances of the market at present.

Foreign currency risk

Foreign currency risk is the risk that fair value or cash flows in the future of financial instrument will change according to the fluctuations of foreign exchange rate.

The Company imports raw materials for production with the main transaction currency of USD, therefore the Company is affected by fluctuations of foreign exchange rates.

The Company manages risks concerning fluctuations in exchange rates by optimizing maturity of debts, forecasting foreign exchange rates, maintaining reasonably structure of borrowing and loans between foreign currencies and VND, choosing time of buying and paying of items in foreign currencies at the time of low foreign exchange rate, utilizing available cash resources to balance between foreign exchange risk and liquidity risk.

Net assets/(liabilities) in foreign currencies of the Company are as follows:

	Ending balance	Beginning balance
	USD	USD
Cash and cash equivalents	17,785,46	1,944,01
Loans and debts	(17,000)	(17,000)
Payable to suppliers	(811,350)	(353,969)
Net liabilities in foreign currencies	(792,779)	(367,081)

As of 31 December 2013, with the assumption of other unchangeable variables, if the exchange rate between VND and USD increased/decreased by 2%, profit after tax and owner's equity of the current year of the Company would decrease/increase by VND 326,716,286 (last year they had decreased/increased by VND 139,581,296) due to effects of loss on/gain from exchange rate differences due to revaluation of balances in foreign currencies of financial instruments. The

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sensitivity level to fluctuations of foreign exchange rates of the current year does not change materially in comparison with that of the previous year.

Interest rate risk

Interest rate risk is the risk that fair value or cash flows in the future of financial instruments will change according to changes of market interest rates.

Interest rate risk of the Company is mainly related to cash, short-term deposits and loans.

The Company has managed the interest rate risk by analyzing the market situation to gain the most profitable interest rates and has still held in the limit of its risk management.

As of 31 December 2013, with the assumption of other unchangeable variables, if the interest rate of loans in VND at floating interest rate increased/decreased by 2%, profit after tax and owner's equity of the current year of the Company would decrease/increase by VND 224,929,174 (last year they had decreased/increased by VND 424,996,002). The sensitivity level to fluctuations of interest rates of the current year does not change materially in comparison with that of the previous year.

The change level of interest rate used for analysis is assumed in the observable condition of the current market.

Collaterals

The company had no collaterals to other entities as well as no collaterals received from other entities as of 31 December 2013 and as of 31 December 2012.

4. Fair value of financial assets and liabilities

Financial assets

	Net book value				Fair value	
	Ending balance		Beginning balance		Ending balance	Beginning balance
	Historical costs	Provision	Historical costs	Provision		
Cash and cash equivalents	7,080,390,930		17,711,864,046		7,080,390,930	17,711,864,046
Receivable from customers	36,789,563,803	(2,968,068,936)	48,042,422,477	(3,153,886,942)	33,821,494,867	44,888,535,535
Other receivable	6,506,753,231		3,271,623,553		6,506,753,231	3,271,623,553
Total	50,376,707,964	(2,968,068,936)	69,025,910,076	(3,153,886,942)	47,408,639,028	65,872,023,134

Financial liabilities

	Net book value		Fair value	
	Ending balance	Beginning balance	Ending balance	Beginning balance
Loans and debts	11,246,458,700	21,249,800,089	11,246,458,700	21,249,800,089
Payable to suppliers	29,269,061,482	16,680,399,516	29,269,061,482	16,680,399,516
Other payable	2,956,513,597	8,019,160,527	2,956,513,597	8,019,160,527
Total	43,472,033,779	45,949,360,132	43,472,033,779	45,949,360,132

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Fair values of financial assets and financial liabilities are reflected according to the value which financial instrument can be converted in a current transaction among parties who have enough understanding and desire the transaction.,

The Company has been using the following method and assumption to estimate fair value of financial assets and liabilities:

- Fair value of cash and cash equivalents, accounts receivable from customers, other receivable, accounts payable to suppliers and other short-term payable is equivalent to book values of these items (less provision for the estimated unrecoverable amount) as they have short terms.
- Fair values of accounts receivable from customers, other receivable, accounts payable to suppliers and other long-term payable are estimated by discounting cash flows at interest rate applied to debts of similar characteristics and remaining maturity.

Prepared on 21 March 2014

Prepared by

Tran Thi Hoa

Chief Accountant

Nguyen Thi Minh Nguyet

General Director



Dang Anh Phuong

