

**SAOBACDAU TECHNOLOGIES
CORPORATION AND ITS SUBSIDIARIES**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2018



SAOBACDAU TECHNOLOGIES CORPORATON AND ITS SUBSIDIARIES

Address: Lot U.14b – 16a, Street No. 22, Tan Thuan Export, Processing Zones, Tan Thuan Dong Ward,
District 7, Ho Chi Minh City, Vietnam

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SAOBACDAU TECHNOLOGIES CORPORATON AND ITS SUBSIDIARIES

Address: Lot U.14b – 16a, Street No. 22, Tan Thuan Export, Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam

BOARD OF DIRECTORS' REPORT

The Board of Directors of SaoBacDau Technologies Corporation (hereinafter referred to as "the Company") hereby presents its report and the audited consolidated financial statements of the Company and its subsidiaries (together with the Company hereinafter referred to as "the Group") for the financial year ended 31 December 2018.

MEMBERS OF THE BOARD OF DIRECTORS, THE SUPERVISORY COMMITTEE, AND MANAGEMENT

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

<u>Full name</u>	<u>Position</u>
Mr Tran Anh Tuan	Chairman (Appointed wef 12 March 2019)
Mr Nguyen Duc Quang	Chairman (Resigned wef 12 March 2019)
Mr Tran Tuyen Duc	Vice Chairman
Mr Hoang Hai Thinh	Vice Chairman (Appointed wef 12 March 2019)
Mr Do Van Hao	Member
Mr Le Hong Phong	Member
Mr Nguyen Viet Thang	Member

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

<u>Full name</u>	<u>Position</u>
Ms Mai Thi Thuy Mai	Head
Ms Nguyen Thi Minh Huan	Member
Ms Nguyen Thi Thu Hien	Member

Members of Management during the year and on the date of this report include:

<u>Full name</u>	<u>Position</u>
Mr Le Hong Phong	General Director (Appointed as General Director and resigned as Vice General Director wef 12 March 2019)
Mr Tran Anh Tuan	General Director (Resigned wef 12 March 2019)
Mr Hoang Hai Thinh	Vice General Director
Mr Le Quoc Khanh	Vice General Director (Resigned wef 27 April 2018)
Mr Nguyen Viet Thang	Vice General Director
Mr Nguyen Xuan Truong	Vice General Director
Mr Nguyen Hong Minh	Vice General Director (Appointed wef 26 February 2018)
Mr Nguyen Xuan Quang	Vice General Director (Appointed wef 27 April 2018)
Mr Phan Viet Linh	Vice General Director (Appointed wef 27 April 2018)

AUDITOR

The accompanying consolidated financial statements of the Group for the financial year ended 31 December 2018 were audited by RSM Vietnam Auditing & Consulting Company Limited, a member firm of RSM International.

(See the next page)

SAOBACDAU TECHNOLOGIES CORPORATON AND ITS SUBSIDIARIES

Address: Lot U.14b – 16a, Street No. 22, Tan Thuan Export, Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam

BOARD OF DIRECTORS' REPORT (CONTINUED)

RESPONSIBILITY OF THE BOARD OF DIRECTORS

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

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

The Board of Directors confirms that the Group has complied with the above requirements in preparing these consolidated financial statements.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and ensure that the consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing accounting regulations in Vietnam. The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT BY THE BOARD OF DIRECTORS

In the Board of Directors's opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and the consolidated results of its operations and its consolidated cash flows for the financial year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing accounting regulations in Vietnam.

For and on behalf of the Board of Directors, 



Trần Anh Tuan
Chairman

Ho Chi Minh City, 29 March 2019

No.: 19.291HN/BCKT-RSM HCM

INDEPENDENT AUDITORS' REPORT**To: Members of the Board of Directors
Members of Management
SAOBACDAU TECHNOLOGIES CORPORATION****Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of SaoBacDau Technologies Corporation (hereinafter referred to as "the Company") and its subsidiaries (together with the Company hereinafter referred to as "the Group") prepared on 29 March 2019 as set out from page 05 to page 43, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated income statement, and consolidated cash-flow statement for the financial year then ended, and the notes to the consolidated financial statements.

Board of Directors' Responsibility

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of SaoBacDau Technologies Corporation and its subsidiaries as at 31 December 2018, and of the consolidated results of its financial performance and its consolidated cash flows for the financial year then ended in accordance with Vietnamese Accounting Standards and Vietnamese Corporate Accounting System and relevant legislation as to the preparation and presentation of consolidated financial statements.

pp GENERAL DIRECTOR



Lúc Thị Van
Vice General Director

Audit Practice Registration Certificate:
0172-2018-026-1

Nguyen Vinh Thuy
Auditor

Audit Practice Registration Certificate:
3590-2016-026-1

RSM Vietnam Auditing & Consulting Company Limited
Ho Chi Minh City, 29 March 2019

SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIES

 Address: Lot U.14b – 16a, Street No. 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward,
 District 7, Ho Chi Minh City, Vietnam

Form B 01 - DN/HH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

Expressed in VND

ASSETS	Code	Notes	As at 31 Dec. 2018	As at 01 Jan. 2018
A. CURRENT ASSETS	100		615,035,064,706	613,017,019,505
I. Cash and cash equivalents	110	4.1	56,955,209,492	58,010,548,583
1. Cash	111		55,314,082,492	44,941,034,694
2. Cash equivalents	112		1,641,127,000	13,069,513,889
II. Current financial investments	120		13,000,000,000	-
1. Trading securities	121	4.2	13,000,000,000	-
III. Current account receivables	130		452,241,719,999	502,612,592,952
1. Trade receivables	131	4.3	354,193,639,353	414,189,079,933
2. Advances to suppliers	132	4.4	12,871,391,568	11,411,415,833
3. Current loan receivables	135		800,000,000	-
4. Other current receivables	136	4.5	86,884,151,714	79,519,559,822
5. Provision for doubtful debts	137		(2,507,462,636)	(2,507,462,636)
IV. Inventories	140	4.6	89,859,840,857	50,948,918,563
1. Inventories	141		89,867,278,655	50,956,356,361
2. Provision for decline in value of inventories	149		(7,437,798)	(7,437,798)
V. Other current assets	150		2,978,294,358	1,444,959,407
1. Current prepayments	151		897,430,312	837,814,468
2. Value added tax deductible	152		905,838,703	607,144,939
3. Tax and other receivables from the state budget	153	4.13	1,175,025,343	-
B. NON-CURRENT ASSETS	200		133,878,457,277	91,123,647,596
I. Non-current account receivables	210		793,832,301	98,629,088
1. Other non-current receivables	216		793,832,301	98,629,088
II. Fixed assets	220		63,470,003,955	62,624,805,875
1. Tangible fixed assets	221		52,773,111,734	54,869,465,703
Cost	222	4.7	164,345,700,631	142,233,985,543
Accumulated depreciation	223		(111,572,588,897)	(87,364,519,840)
2. Finance lease assets	224	4.9	10,257,870,024	7,621,735,220
Cost	225		13,935,461,726	7,839,499,083
Accumulated depreciation	226		(3,677,591,702)	(217,763,863)
3. Intangible fixed assets	227	4.8	439,022,197	133,604,952
Cost	228		1,769,488,454	1,412,657,734
Accumulated amortisation	229		(1,330,466,257)	(1,279,052,782)
III. Non-current assets in progress	240	4.10	30,737,347,990	3,110,890,029
1. Construction in progress	242		30,737,347,990	3,110,890,029
IV. Non-current financial investments	250	4.2	6,175,000,000	-
1. Investments in associates, joint-ventures	252		5,860,000,000	-
2. Investment in other entities	253		315,000,000	-
V. Other non-current assets	260		32,702,273,031	25,289,322,604
1. Non-current prepayments	261	4.11	32,419,567,193	25,100,559,270
2. Deferred income tax assets	262		282,705,838	188,763,334
TOTAL ASSETS	270		748,913,521,984	704,140,667,101

The accompanying notes are an integral part of the consolidated financial statements

SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIESAddress: Lot U.14b – 16a, Street No. 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward,
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Form B 01 - DN/HN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2018

Expressed in VND

RESOURCES	Code	Notes	As at 31 Dec. 2018	As at 01 Jan. 2018
C. LIABILITIES	300		606,700,660,936	565,484,982,554
I. Current liabilities	310		602,568,928,826	561,338,241,787
1. Trade payables	311	4.12	215,825,096,803	214,340,078,205
2. Advances from customers	312	4.13	35,959,100,561	22,246,903,052
3. Taxes and amounts payable to the state budget	313	4.14	8,390,862,706	23,587,588,437
4. Payables to employees	314	4.15	4,834,641,566	7,441,785,332
5. Accrued expenses	315	4.16	6,130,121,661	13,525,519,362
6. Current unearned revenue	318	4.17	6,072,816,674	5,138,148,717
7. Other current payables	319	4.18	9,970,802,718	12,777,324,772
8. Current loans and obligations under finance leases	320	4.19	315,385,486,137	262,280,893,910
II. Non-current liabilities	330		4,131,732,110	4,146,740,767
1. Accrued expenses	333	4.16	127,219,542	188,299,108
2. Non-current loans and obligations under finance leases	338	4.19	4,004,512,568	3,958,441,659
D. OWNERS' EQUITY	400		142,212,861,048	138,655,684,547
I. Equity	410	4.20.1	142,212,861,048	138,655,684,547
1. Owners' contributed capital	411	4.20.2	98,999,060,000	90,000,000,000
Ordinary shares carrying voting rights	411a		98,999,060,000	90,000,000,000
2. Investment and development fund	418		3,440,139,770	891,511,252
3. Retained earnings	421		25,734,994,043	35,027,685,123
Beginning accumulated retained earnings	421a		14,098,630,995	6,060,945,381
Ending accumulated retained earnings	421b		11,636,363,048	28,966,739,742
4. Non-controlling interest	429		14,038,667,235	12,736,488,172
TOTAL RESOURCES	440		748,913,521,984	704,140,667,101



Tran Anh Tuan
Chairman

Ho Chi Minh City, 29 March 2019

Bui Thi Thuy Hong
Chief Accountant

Nguyen Dinh Trong
Preparer

SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIESAddress: Lot U.14b – 16a, Street No. 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward,
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Form B 02 - DN/HN

CONSOLIDATED INCOME STATEMENT
For the financial year ended 31 December 2018

Expressed in VND

ITEMS	Code	Note	Year 2018	Year 2017
1. Revenue	01	5.1	984,110,906,401	973,603,854,227
2. Deductions	02		494,004,743	419,197,127
3. Net revenue	10		983,616,901,658	973,184,657,100
4. Cost of sales	11	5.2	846,497,269,900	811,429,934,948
5. Gross profit	20		137,119,631,758	161,754,722,152
6. Finance income	21	5.3	3,555,106,739	2,405,320,592
7. Finance expense	22	5.4	21,228,783,862	16,327,094,411
<i>Of which, interest expense</i>	23		19,988,975,869	15,819,258,340
8. Selling expense	25	5.5	35,684,670,458	50,100,624,175
9. General and administration expense	26	5.6	79,523,580,674	77,451,173,003
10. Operating profit/(loss)	30		4,237,703,503	20,281,151,155
11. Other income	31	5.7	12,142,853,944	10,495,570,658
12. Other expense	32		1,175,578,050	1,081,652,206
13. Net other income/(loss)	40		10,967,275,894	9,413,918,452
14. Accounting profit/(loss) before tax	50		15,204,979,397	29,695,069,607
15. Current corporate income tax expense	51	5.9	1,347,607,091	3,008,529,145
16. Deferred corporate income tax expense	52		98,277,847	-
17. Net profit/(loss) after tax	60		13,759,094,460	26,686,540,462
18. Owners of the parent company	61		11,636,363,048	24,717,020,379
19. Non-controlling interests	62		2,122,731,412	1,969,520,083
20. Basic earnings per share	70	4.20.5	1,234	2,497
21. Diluted earnings per share	71	4.20.5	1,234	2,497



Tran Anh Tuan
Chairman

Ho Chi Minh City, 29 March 2019

Bui Thi Thuy Hong
Chief Accountant

Nguyen Dinh Trong
Preparer

SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIES

 Address: Lot U.14b – 16a, Street No. 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward,
 District 7, Ho Chi Minh City, Vietnam

Form B 03 - DN/HN

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

For the financial year ended 31 December 2018

Expressed in VND

ITEMS	Code	Note	Year 2018	Year 2017
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit /(loss) before taxes	01		15,204,979,397	29,695,069,607
2. Adjustment for:				
Depreciation and amortisation	02	5.8	30,883,303,687	27,959,771,483
Provisions	03		-	(3,925,139,661)
Unrealised foreign exchange gains/losses from revaluation of foreign currency monetary items	04	5.3	(280,323,460)	(109,160,664)
Gains/losses from investment	05		(2,840,281,915)	2,177,738,301
Interest expense	06	5.4	19,988,975,869	15,819,258,340
3. Operating profit /(loss) before adjustments to working capital	08		62,956,653,579	71,617,537,406
Increase or decrease in accounts receivable	09		(19,533,396,584)	(174,090,965,056)
Increase or decrease in inventories	10		(54,611,276,792)	123,062,931,331
Increase or decrease in accounts payable (excluding interest expense and CIT payable)	11		55,854,309,980	(48,882,299,348)
Increase or decrease prepaid expenses	12		(7,378,623,767)	(11,880,842,494)
Increase or decrease in trading securities	13		(13,000,000,000)	-
Interest paid	14		(19,988,975,869)	(15,846,255,276)
Corporate income tax paid	15	4.14	(3,485,880,527)	(1,844,598,205)
Other cash outflows from operating activities	17		(1,003,308,261)	(27,933,778)
Net cash from operating activities.	20		(190,498,241)	(57,892,425,420)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Acquisition and construction of fixed assets and other long-term assets	21		(48,646,191,775)	(27,281,769,005)
2. Proceeds from disposals of fixed assets and other long-term assets	22		6,078,716,568	7,827,297,863
3. Loans to other entities and payments for purchase of debt instruments of other entities	23		(300,000,000)	-
4. Investments in other entities	25		(6,175,000,000)	-
5. Proceeds from sales of investments in other entities	26		1,150,000,000	100,000,000
6. Interest and dividends received	27		3,092,368,486	2,152,746,270
Net cash from investing activities	30		(44,690,106,721)	(17,201,724,872)

(See the next page)

SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIES

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Form B 03 - DN/HN

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

For the financial year ended 31 December 2018

Expressed in VND

ITEMS	Code	Note	Year 2018	Year 2017
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from issuing stocks and capital contribution from owners	31		1,200,000,000	9,374,640,000
2. Proceeds from borrowings	33	6.1	758,650,562,318	623,223,019,777
3. Repayment of borrowings	34	6.2	(698,678,184,336)	(545,958,199,112)
4. Finance lease principal paid	35		(6,821,714,846)	-
5. Dividends paid	36		(10,518,964,125)	(12,035,507,275)
Net cash from financing activities	40		43,831,699,011	74,603,953,390
NET INCREASE/(DECREASE) IN CASH				
(50 = 20+30+40)	50		(1,048,905,951)	(490,196,902)
Cash and cash equivalents at beginning of year	60		58,010,548,583	58,442,904,644
Impact of exchange rate fluctuation	61		(6,433,140)	57,840,841
CASH AND CASH EQUIVALENTS AT END OF YEAR				
(70 = 50+60+61)	70	4.1	56,955,209,492	58,010,548,583



Tran Anh Tuan
Chairman

Ho Chi Minh City, 29 March 2019

Bui Thi Thuy Hong
Chief Accountant

Nguyen Dinh Trong
Preparer

SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIES

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Form B 09 – DN/HH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1. Structure of ownership

SaoBacDau Technologies Corporation (hereinafter referred to as “the Company”) had formerly been known as Informatics Service Provider Limited Company. On 30 August 2007, the Company was converted into a joint stock company with name of SaoBacDau Technologies Corporation under the Business Registration Certificate No. 4103002093 dated 11 February 2004 and other amended certificates thereafter with the latest dated one 19 March 2019 granted by Ho Chi Minh City’s Department of Planning and Investment.

The Company was registered as a public company at State Securities Commission on 11 December 2007.

The Securities Registration Certificate No. 131/2016/GCNCP-VSD dated 31 October 2016 granted by the Vietnam Securities Depository was to be certified its securities and granted stock code.

The charter capital as stipulated in the Business Registration Certificate is VND 98,999,060,000, as follows:

Investors	Nation	As at 31 Dec. 2018		As at 01 Jan. 2018	
		Amount (VND)	Percent (%)	Amount (VND)	Percent (%)
Mr Nguyen Duc Quang	Vietnam	18,878,930,000	19.07	17,162,670,000	19.07
Other	Vietnam	80,120,130,000	80.93	72,837,330,000	80.93
Total		98,999,060,000	100.00	90,000,000,000	100.00

The Company’s registered head office is at Lot U.14b – 16a, Street No. 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam.

The Company has subsidiaries as represented in Note 1.6 below (together with the Company hereinafter referred to as “the Group”).

The Company’s branches as at 31 December 2018 include:

- Ha Noi Branch: 3th Floor, CT1AB, VOV Me Tri Town, Me Tri Ward, Nam Tu Liem District, Hanoi City, Vietnam;
- Da Nang Branch: 02 Quang Trung Street, Thach Thang Ward, Hai Chau District, Da Nang City.

The number of employees as at 31 December 2018 was 319 (31 December 2017: 307).

1.2. Business field

Integration of information technology systems.

1.3. Operating industry and principal activities

Business Registration Certificate the Group’s principal activities include:

Producing, assembling, and repairing informatics and electronics products. Trading in household appliances, informatics and electronics products, office – equipment, cables, kinds of snap-in, and

SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIES

Address: Lot U.14b – 16a, Street No. 22, Tan Thuan Export, Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

electronic components. The consignment of goods agent, trading agency, office machine for rent, trading in telephones, fax, PABX switchboard (included 32 numbers). Trading, installing and maintaining informatics and electronics equipment, informatics network. Trading, producing, installing, maintaining telecommunications equipment. Trading, providing telecommunications service agent. Trading and producing informatics software, designed web. Scientific services: integrating systems, making over information technology. Providing information upload to internet, providing internet services agent (not including internet service providing agent in head office). Consultant, training informatics and telecommunications technology. Designing computer networking system. Office for rent. Trading, installing, repairing, maintaining electrical equipment, automatic control equipment (not including processing mechanic, producing electroplate, recycling waste at head office). Consulting technology transfer. Vocational training. Trading in software, machine, equipment in radio-broadcasting and television. Producing, trading and releasing films, films tabs and discs of being granted for circulations. Trading in real estates. Construction of industrial civil projects. Plane tickets agent. Scientific Services: integrated system, technology transfer.

1.4. Normal operating cycle

The Group's normal operating cycle is carried out for a time period of 12 months.

1.5. The Group's structure

At the beginning of 2018, the Group was organised into a direct ownership structure which comprised the parent company and 04 direct subsidiaries. In 2018, the Group undertook reorganisation by transferring up 03 subsidiaries to result in a change in the Group's ownership structure including the parent company and 07 direct subsidiaries.

1.6. Consolidated direct subsidiaries

No.	Name	Address	Voting rights	Per cent interest
1.	Sao Bac Dau Technology Service Joint Stock Company	Stall No. T3-B4L, Basement, Topaz Building, 92 Nguyen Huu Canh, Ward 22, Binh Thanh District, Ho Chi Minh City	71%	71%
2.	Sao Bac Dau Digital Technologies Joint Stock Company	Lot U.14b-16a, Street No. 22, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam	73%	73%
3.	SaoBacDau Telecom Service Joint Stock Company	Lot U.14b-16a, Street No. 22, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam	60%	60%
4.	Sao Bac Dau South Technology Joint Stock Company	Room 26, Hall 8, Street No. 3, Quang Trung Software City, Tan Chanh Hiep Ward, District 12, Ho Chi Minh City, Vietnam	61%	61%
5.	Sao Bac Dau Technologies Solutions Joint Stock Company	Lot U.14b-16a, Street No. 22, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam	90%	90%
6.	Sao Bac Dau High Technology Joint Stock Company	Lot U.14b-16a, Street No. 22, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam	90%	97.83%
7.	Sao Bac Dau Technologies Services Company Limited	Lot U.14b-16a, Street No. 22, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam	100%	100%

SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIES

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District 7, Ho Chi Minh City, Vietnam

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**1.7. Associates presented in the consolidated financial statements under the equity method**

No.	Name	Address	Voting rights	Per cent interest
1.	Mideas Technology Joint Stock Company	61C Tu Xuong, Ward 7, District 3, Ho Chi Minh City, Vietnam	20%	46.56%
2.	DCT Technologies Solution Company Limited	585/6 Su Van Hanh, Ward 13, District 10, TP. Ho Chi Minh, Vietnam	22.27%	28.82%
3.	CEH Information Services Company Limited	Room 701, 7th Floor, 45 Dinh Tien Hoang, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	30%	68.75%
4.	Pharos Digital Books and Educational Materials Joint Stock Company	Alley 218, 54a Lac Long Quan Street, Bui Ward, Tay Ho District, Hanoi City, Vietnam	20%	4.50%

2. BASIS OF PREPARATION**2.1. Accounting standards, accounting system**

The accompanying consolidated financial statements, expressed in Vietnamese Dong (VND), are prepared in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing accounting regulations in Vietnam.

2.2. Forms of accounting records

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

2.3. Financial year

The Group's financial year is from 01 January to 31 December.

2.4. Reporting and functional currency

The Group maintains its accounting records in VND.

2.5. Basis of consolidation

The consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and subsidiaries are presented as those of a single economic entity regardless of the legal structure of the entities. The financial statements of the subsidiaries have been prepared for the same financial year using uniform accounting policies to those used by the parent company. Adjustments were made for any different accounting policies to ensure consistency between the subsidiaries and the parent company.

Non-controlling interest recognition

Non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and in the consolidated income statement.

The loss of a subsidiary is attributed to the non-controlling interests in proportion to their relative interests in the subsidiary even if this results in the non-controlling interests having a deficit balance.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5. Basis of consolidation (Continued)

Intra-group transactions elimination

All intra-group transactions, balances, income and expenses - including unrealised intra-group profits or losses - are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions that are deducted in arriving at the carrying amount of assets are also eliminated unless the cost cannot be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Foreign currencies

- The exchange rates announced by Bank for Foreign Trade of Vietnam, Vietnam Technology and Commercial Joint Stock Bank and Vietnam International Commercial Joint Stock Bank are applied in accounting;
- The exchange rate applicable to asset recognition and re-evaluation is the foreign currency-buying rate;
- The exchange rate applicable to liability recognition and re-evaluation is the foreign currency-selling rate;
- Exchange rates applicable to the other transactions are the foreign currency-buying rate/ the foreign currency-selling rate.

Transactions in foreign currencies are recorded, on initial recognition, in the reporting currency, by applying to the foreign currency amount the spot exchange rate between the reporting currency and the foreign currency at the date of the transaction. The exchange differences arising on the settlement of monetary items are recognised in profit or loss in the year in which they arise. At the end of the reporting year, monetary items excluding advances to suppliers, prepaid expenses, and unearned revenues, which are denominated in foreign currency, are reported using the closing rate and resultant exchange differences resulting from the reporting after offset are recognised in profit or loss in the year in which they arise.

3.2. Use of estimates

The preparation of the consolidated financial statements requires the Board of Directors to make estimates and assumptions that impact the carrying value of certain assets and liabilities, contingent assets and liabilities reported in the notes as well as revenues and expenses in the consolidated financial statements for the financial year ended 31 December 2018. Although these estimates are based on the Board of Directors's best knowledge of all relevant information available at the date when the consolidated financial statements are prepared, this does not prevent actual figures differing from estimates.

3.3. Cash and cash equivalents

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

Cash equivalents are defined the same as those under Accounting Standard "Statement of cash flows".

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.4. Account receivables

Recognition method

Account receivables are stated at the carrying amounts of trade receivables and other receivables less provisions for doubtful debts.

Provision for doubtful debts

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

The difference between the required balance and the existing balance of provision for doubtful debts is recorded as a general and administrative expense in the consolidated income statement.

3.5. Financial investments

Trading securities

Trading securities are securities and other financial instruments held for business purposes (held for the purpose of profit-taking by selling when prices have increased) at the time of reporting.

Trading securities are accounted for under the cost method. The cost of trading securities comprise the purchase price plus (+) purchase related costs (if any) such as brokerage, transaction, information provision, taxes, bank's fees and charges. The cost of trading securities is measured at fair value of considerations at the transaction date.

Held to maturity investments

Held to maturity investments comprise term deposits, preference bonds, shares - which include an obligation for the issuer to repurchase them at a point in time in the future - held to maturity loans to earn periodical profits and other held to maturity investments.

If there is any certain evidence that part or all of the investments are irrecoverable, impairment losses are recognised as a finance expense in the current year.

Amounts loaned out are measured at their cost.

Equity investments in other entities

Investments in associates

Investments are classified as investments in associates when the Group directly or indirectly holds from 20% to under 50% of the voting shares of the investee without any other agreement.

Investments in associates are accounted for under the equity method. Under the equity method, on initial recognition the investment in an associate is recognised at cost. In case of investments of non-monetary assets, the cost of investments is recognised at the fair values of the assets as incurred. The carrying amount is increased or decreased to recognise the Group's share of profit or loss of the associate after the date of acquisition.

Distributions received from associates reduce the carrying amount of the investment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.5. Financial investments (Continued)

Other investments

Investments classified as other investments are investments other than investments in subsidiaries, investments in associates or investments on joint ventures.

Other investments are accounted for under the cost method which comprise purchase prices plus (+) acquisition related costs (if any). In case of investments of non-monetary assets, the cost of investments is recognised at the fair values of the assets as incurred.

Recognition principles of provision for other financial investment impairment loss

For investments in securities

Provision for diminution in value of investments in securities is recognised in accordance with Circular No.228/2009/TT-BTC dated 07 December 2009 (Circular 228) and Circular No. 89/2013/TT-BTC dated 28 June 2013 (modifying Circular 228) issued by Ministry of Finance which permit provision to be recognised for freely traded securities in cases where the book value is higher than the market price at the date of the consolidated statement of financial position.

For non-current investments

Provision for diminution in value of non-current investments is recognised in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 (Circular 228) and Circular No. 89/2013/TT-BTC dated 28 June 2013 (modifying Circular 228) issued by Ministry of Finance which permit provision to be recognised for investments in economic institutions suffering losses (except for losses according to the business plan before the initial investment) at a maximum provision equal to the amount of the invested capital for each investment.

3.6. Inventories

Inventory measurement

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

The costs of inventories shall comprise all costs of purchase, costs of conversion, and other costs incurred in bringing inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads.

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 discounts and sales rebates on substandard and obsolete goods purchased are deducted from the costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Method of accounting for inventories

Inventories are measured using the first-in, first-out method and are recorded under the perpetual inventory method.

Provision for decline in value of inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.6. Inventories (Continued)

The difference between the required balance and the existing balance of the provision for a decline in value of inventories is included in cost of sales in the consolidated income statement.

Inventories are written down to net realizable value on an item-by-item basis. For services being rendered, provision is made in respect of each service for which a separate selling price will be charged.

3.7. Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation.

Tangible fixed asset recognition

Tangible fixed assets are initially recognised at their cost. The cost of purchased tangible fixed assets comprises the purchase price and any directly attributable costs of bringing the assets to their present location and working condition for their intended use. Accessories added to fixed assets when purchased are recognised separately at their fair value and deducted from the historical cost of the respective tangible fixed assets.

The costs of tangible fixed assets constructed by contractors are the finalised costs of the construction, other directly related expenses and the registration fee (if any).

The costs of self-made and self-constructed tangible fixed assets comprise the construction costs, actually incurred manufacturing costs plus installation and test run costs.

Depreciation and amortisation

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

The estimated useful lives are as follows:

	<u>Year 2018</u>
▪ Buildings, structures	15 years
▪ Machinery and equipment	03 – 08 years
▪ Motor vehicles	03 – 06 years
▪ Management equipment	02 – 05 years

3.8. Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation.

Intangible fixed asset recognition

Intangible fixed assets are initially recognised at their cost. The cost of an intangible fixed asset comprises the total amount of expense incurred by the Group to acquire an asset at the time the asset is put into operation for its intended use.

Accounting principles for intangible fixed assets

Computer software

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

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3.9. Leases

Leases classification

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Financial leases

Finance leases are recognised as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Assets held under finance leases are depreciated on a straight-line method over their estimated useful lives on the same basis as owned assets or over the lease term. The estimated useful life for machinery and equipment is 03 years.

3.10. Leases

Operating leases

Assets subject to operating leases are recognised in the consolidated statement of financial position according to the Group's asset classification pattern.

Initial direct costs to generate income from operating leases are amortised over the lease term. Lease income from operating leases is recognised in the consolidated income statement on a straight-line basis over the lease term regardless of payment methods.

Depreciation of assets subject to operating leases is consistent with the depreciation policy of the lessor for similar assets.

3.11. Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3.12. Business cooperation contract (BCC)

Revenue contribution recognition in contract

Revenue contributed to, or acquired for the purpose of operations of BCC are recognised as other receivables by the contributing venturer, or as other payables by the acquiring venturer.

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3.13. Prepayments

Prepayments are classified as current and non-current based on their original term. Prepayments mainly comprise costs of tools and supplies and land rentals and cost of goods sold of projects not yet finishing which are amortised over the period for which they are paid or the period in which economic benefits are generated in relation to these expenses.

The following expenses are recognised as prepayments and amortised to the consolidated income statement:

- Land use right at Lot U.14b – 16a, Street No. 22, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam is amortized over the lease term of 30 years;
- Tools and supplies are amortised to the consolidated income statement over 01 to 03 years.

3.14. Liabilities

Liabilities are classified into trade payables and other payables based on the following rules: Trade payables represent those arising from purchase and sale related transactions of goods, services or assets and the seller is independent of the buyer; the remaining payables are classified as other payables.

Liabilities are also classified according to the maturity date, the remaining term from the date of the consolidated financial statements, original currency, and each creditor.

Liabilities are defined as monetary items denominated in foreign currencies shall be evaluated according to actual exchange rates on the date on which the financial statement is prepared.

Liabilities are recognised at no less than the payment obligation.

3.15. Accrued expenses

Accrued expenses represent expenses that will be paid in the future for goods or services received but not yet paid due to lack of invoices or accounting documents. These expenses are recognised as operating expenses of the reporting year.

3.16. Unearned revenues

Unearned revenues include advanced payments for one or more accounting periods.

Unearned revenues are periodically determined and transferred into revenues according to the lease term.

3.17. Owners' equity

The owners' contributed equity

The owners' contributed equity is recognised when contributed.

Dividends

Dividends are recognised as a liability at the date of declaring dividends.

Reserves

Reserves are created at certain percentages of profit after tax as prescribed in the Group's charter.

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3.17. Owners' equity (Continued)

Profits Distribution

Net profit after income tax can be distributed to shareholders after the distribution is approved the General annual meeting of shareholders and reserves are created in accordance with the Group's Charter and legal regulations in Vietnam.

3.18. Revenue and other income

Revenue from selling goods

Revenue from selling goods is measured at the fair value of the consideration received or receivable. In most cases, revenue is recognised when transferring the risks and rewards of ownership to the buyer.

Revenue involving the rendering of services

Revenue of a transaction involving the rendering of services is recognised when the outcome of this transaction can be estimated reliably. When a transaction involving the rendering of services is attributable to several periods, each period's revenue is recognised by reference to the stage of completion at the end of the reporting period.

3.19. Deductions

Deductions include trade discounts, allowances and sale returns.

Deductions arising in the reporting year from consumption of products, goods and services are recognised as decreases in revenue in that year; Deductions arising after the end of the reporting year but prior to issuing the consolidated financial statements for the reporting year are recognised as decreases in revenue of the reporting year; Deductions arising after the end of the reporting year and after issuing the consolidated financial statements for the reporting year are recognised as decreases in revenue of the next year.

3.20. Cost of sales

Cost of sales and services provided represents total costs of finished products, goods, services which are sold in the year in accordance with the matching principle. Abnormal amounts of production costs of inventories are recognised immediately in cost of sales.

3.21. Financial expense

Financial expenses represent all expenses incurred in the reporting year which mainly include borrowing costs, losses from selling foreign currency and exchange rates.

3.22. Selling expense and general and administration expense

Selling expenses represent expenses incurred during the process of selling products, goods and rendering services, which include payroll costs for selling employees (salaries, wages, allowances, etc.); social insurance, health insurance, trade union fees and unemployment insurance; product warranty, service and other expense.

General and administration expenses represent common expenses, which include payroll costs for office employees (salaries, wages, allowances, etc.); social insurance, health insurance, trade union fees and unemployment insurance; stationery expenses, material expenses, depreciation expenses of fixed assets used for administration activities; land rental, license tax; provision for doubtful debts; utility services (electricity expenses, water expenses, phone, fax, warranty expenses, etc.); sundry expenses (entertainment, customer conference).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.23. Taxation

Corporate income tax

Current corporate income tax expense

Current corporate tax expense is determined on the basis of taxable income and the rate of corporate income tax (CIT) of the current year as follow:

- Incentive business activities – liable for 10%;
- Non-incentive business activities – liable for 20%;
- Exemption from corporate income tax for taxable income of the project "Software production and system integration Center" at Quang Trung Software City, Tan Chanh Hiep Ward, District 12, Ho Chi Minh City.

Deferred corporate income tax expense

Deferred corporate tax expense is determined 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. The tax rates used will be the tax rates (and tax laws) that are in effect at the financial year - end.

Deferred tax liability is recognised for all taxable temporary differences, unless:

- The deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss);
- All taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures when the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless:

- The deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of transaction, affects neither accounting profit nor taxable profit (tax loss);
- The deferred tax assets for all deductible temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures are only recognised when it is probable that the temporary difference will reverse in the foreseeable future; and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of a deferred tax asset shall be reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reverted to the extent it becomes probable that sufficient taxable profit will be available.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity.

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3.23. Taxation (Continued)

Deferred tax assets and deferred tax liabilities are only offset if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax incentive, tax exemption and reduction

The company has obtained the Certificate of Science and Technology Enterprise No. 60/ĐK-DNKHCN granted on 31 July 2018 by the Department of Science and Technology of Ho Chi Minh City. Accordingly, the Company is agreed by a list of 16 goods products formed from scientific and technological results.

Pursuant to the Joint Circular No. 17/2012/TTLT-BKHCN-BTC-BNV dated 10 September 2012 by the Ministry of Science and Technology on Science and Technology enterprises, the Company is entitled to the following incentives:

- Liable for the corporate income tax rate of 10% for 15 years since the Company has revenue from scientific and technological activities (2011);
- Exempted for 4 years and 50% reduction of corporate income tax payable in 9 subsequent years since the Company has taxable income (2011).

In accordance with the Investment Registration Certificate No. 4234430517 dated 12 July 2017 granted by Ho Chi Minh City's Planning and Investment Department, the Company was engaged in implementing the project called "Software production and system integration Center" Quang Trung Software City, Tan Chanh Hiep Ward, District 12, Ho Chi Minh City.

In accordance with Decree No. 218/2013/ND-CP dated 26 December 2013 and Circular No. 78/2014/TT-BTC dated 18 June 2014, the Group has the income from performance of new investment project in concentrated information technology zones are established by decision of the Prime Minister. Accordingly, the Group is entitled to incentives, as follows:

- The Group will be exempted from 100% CIT for four (04) years from the first profit making year (since 2017) and 50% CIT for nine (09) subsequent years (since 2021);
- The Group is applied to incentive tax rate of 10% within 15 years from beginning its business operations.

Value added tax

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

- Computer software: non-taxable;
- Equipment exported to non-tariff zones: 0%;
- Goods: 10%;
- Leasing services and other services: 10%.

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3.23. Taxation (Continued)

Other taxes

Other taxes are applicable in accordance with the prevailing tax laws in Vietnam.

The tax reports of the companies in the Group 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 consolidated financial statements can be amended in accordance with the Tax Department's final assessment for the companies.

3.24. Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders (after adjusted for bonus and welfare funds), by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares bought back by the Group and held as treasury shares.

3.25. Diluted earnings per share

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders (after adjusted for bonus and welfare funds), by the weighted average number of ordinary shares outstanding during the year and total ordinary shares that would be issued on the conversion, excluding ordinary shares bought back by the Group and held as treasury shares.

3.26. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in producing or providing related products or services (business segment), or in producing or providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3.27. Related parties

Related parties are individuals or entities that have the ability, directly or indirectly through one or more intermediaries, to control the Group or are controlled by, or are subject to common control with the Group. Associates, individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including directors and officers of the Group and close family members or associates of such individuals are also considered to be related parties.

(See the next page)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**4. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION****4.1. Cash and cash equivalents**

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Cash in hand	9,002,755,860	394,542,521
Cash at banks	46,311,326,632	44,546,492,173
Cash equivalents	1,641,127,000	13,069,513,889
Total	<u>56,955,209,492</u>	<u>58,010,548,583</u>

Cash equivalents represented term deposit at Bank for Foreign Trade of Vietnam for a period of 3 months and bear interest rate of 5.0% per year.

4.2. Financial investments

Trading securities are investments into 130,000 bonds of Yamagata Company Limited with par value of VND 100,000/bond. These bonds were totally transferred to VPBank Securities (VPBS) dated 28 January 2019.

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4.2. Financial investments (Continued)

Investments in joint ventures, associates are detailed as follows:

Investments in joint ventures, associates:

	As at 31 Dec. 2018 VND		As at 01 Jan. 2018 VND	
	Cost	Value under equity method	Cost	Value under equity method
Mideas Technology JSC	2,400,000,000	2,400,000,000	-	-
DCT Technologies Solution Company Limited	1,960,000,000	1,960,000,000	-	-
CEH Information Services Company Limited	1,100,000,000	1,100,000,000	-	-
Pharos Digital Books and Educational Materials JSC	400,000,000	400,000,000	-	-
Total	5,860,000,000	5,860,000,000	-	-

Investments in other entities are detailed as follows:

	As at 31 Dec. 2018 VND			As at 01 Jan. 2018 VND		
	Cost	Fair value	Provision	Cost	Fair value	Provision
Investments in other entities:						
Smart Digital Technology JSC	315,000,000	-	-	-	-	-
Total	315,000,000	-	-	-	-	-

At the reporting date, the Group has not determined fair values of these investments for disclosure in the separate financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these investments may differ from their carrying amounts.

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4.3. Current trade receivables

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Trade receivables from related parties – Refer to Note 8	462,000,000	-
Deo Ca Investment JSC	72,446,232,597	160,539,854,458
Project Management Unit of construction of Ministry of Foreign Affairs headquarters	36,203,153,580	36,203,153,580
Viettel Group	11,071,549,500	32,455,399,350
VinFast Trading and Production Limited Liability Company	41,312,890,250	231,500,000
Sai Gon - Hanoi Commercial Joint Stock Bank	9,120,862,000	-
Noibai International Airport - Branch of Airports Corporation of Viet Nam - JSC	8,992,280,273	-
Other	174,584,671,153	184,759,172,545
Total	<u>354,193,639,353</u>	<u>414,189,079,933</u>

4.4. Current advances to suppliers

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Dove Services Corporation	2,166,893,244	-
ler Pte Ltd	1,519,927,804	-
Software Development and Technology Promotion JSC	1,166,079,956	1,299,528,656
Tri Nam Technology Development Investment JSC	-	2,065,566,640
Hai Thach Investment Construction JSC	106,054,214	1,627,534,977
Hung Phat Investment and Development JSC	28,162,216	1,498,170,984
Other	7,884,274,134	4,920,614,576
Total	<u>12,871,391,568</u>	<u>11,411,415,833</u>

4.5. Other current receivables

	As at 31 Dec. 2018 VND		As at 01 Jan. 2018 VND	
	Value	Provision	Value	Provision
Receivables from employees	5,107,950,479	-	5,454,900,602	-
Deposits	71,566,906,443	-	68,145,707,303	-
Other receivables	10,209,294,792	-	5,918,951,917	-
Total	<u>86,884,151,714</u>	<u>-</u>	<u>79,519,559,822</u>	<u>-</u>

4.6. Inventories

SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIES

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	As at 31 Dec. 2018		As at 01 Jan. 2018	
	VND		VND	
	Value	Provision	Value	Provision
Goods in transit	4,391,532,578	-	7,301,124,984	-
The Group's stock	7,764,425,073	(7,437,798)	6,071,032,568	(7,437,798)
Goods delivered to implement	58,439,743,397	-	22,735,345,978	-
Leased warehouse	54,393,175	-	54,393,175	-
Stock at Ha Noi Branch	768,950,544	-	632,211,057	-
Raw materials	3,905,089,993	-	1,735,378,150	-
Tools and supplies	9,262,959	-	26,752,959	-
Work in progress	14,533,880,936	-	12,400,117,490	-
Total	<u>89,867,278,655</u>	<u>(7,437,798)</u>	<u>50,956,356,361</u>	<u>(7,437,798)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4.7. Tangible fixed assets

Items	Buildings, structures VND	Machinery and equipment VND	Motor vehicles VND	Equipment, management tools VND	Total VND
Cost:					
As at 01 Jan. 2018	15,138,594,055	102,562,827,294	23,396,580,371	1,135,983,823	142,233,985,543
Purchase	1,285,911,600	26,505,202,415	-	30,181,818	27,821,295,833
Transferred from CIP	-	-	4,236,799,464	-	4,236,799,464
Disposals	-	(9,881,555,209)	-	-	(9,881,555,209)
Other decrease	-	-	(64,825,000)	-	(64,825,000)
As at 31 Dec. 2018	16,424,505,655	119,186,474,500	27,568,554,835	1,166,165,641	164,345,700,631
Accumulated depreciation:					
As at 01 Jan. 2018	6,524,850,251	64,277,979,529	16,085,654,288	476,035,772	87,364,519,840
Depreciation	1,114,705,024	22,762,341,943	3,082,082,633	372,285,501	27,331,415,101
Disposals	-	(3,119,733,037)	-	-	(3,119,733,037)
Other decrease	-	-	(3,613,007)	-	(3,613,007)
As at 31 Dec. 2018	7,639,555,275	83,920,588,435	19,164,123,914	848,321,273	111,572,588,897
Net book value:					
As at 01 Jan. 2018	8,613,743,804	38,284,847,765	7,310,926,083	659,948,051	54,869,465,703
As at 31 Dec. 2018	8,784,950,380	35,265,886,065	8,404,430,921	317,844,368	52,773,111,734

The amount of year-end net book value of tangible fixed assets pledged/mortgaged as loan security totalled VND 8,784,950,380 – Refer to Note 4.19.

The historical cost of tangible fixed assets fully depreciated but still in use totalled VND 26,062,150,996.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**4.8. Intangible fixed assets**

Computer software	As at 01 Jan. 2018 VND	Increase VND	Decrease VND	As at 31 Dec. 2018 VND
Cost	1,412,657,734	464,600,000	107,769,280	1,769,488,454
Accumulated amortization	(1,279,052,782)	(95,673,755)	(44,260,280)	(1,330,466,257)
Net book value	133,604,952			439,022,197

The historical cost of intangible fixed assets fully depreciated but still in use totalled VND 1,217,929,640.

4.9. Finance leased assets

Machinery and equipment	As at 01 Jan. 2018 VND	Increase VND	Decrease VND	As at 31 Dec. 2018 VND
Cost	7,839,499,083	6,095,962,643	-	13,935,461,726
Accumulated amortization	(217,763,863)	(3,459,827,839)	-	(3,677,591,702)
Net book value	7,621,735,220			10,257,870,024

4.10. Construction in progress

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Construction of Hanoi office	27,079,955,621	45,612,757
Pegasuite I Project	2,083,962,597	-
Viva Riverside Project	444,105,336	-
Tan Binh Apartment Building Project	397,796,296	184,141,508
Solar Project	-	964,547,959
Vision Project	-	921,274,862
Opal Garden Project	-	360,982,348
Other	731,528,140	634,330,595
Total	30,737,347,990	3,110,890,029

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**4.11. Non – current prepayments**

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Land use right	7,940,892,634	8,317,535,762
Tools and consumable expenditure	6,121,004,373	2,587,332,608
Office repair expense	1,296,234,571	1,680,148,749
Services and equipment rental expense	5,569,716,721	4,184,414,077
Other	11,491,718,894	8,331,128,074
Total	<u>32,419,567,193</u>	<u>25,100,559,270</u>

Of which, the land use right at Lot U.14b-16a, Street No. 22, Tan Thuan Export Processing Zones, Tan Thuan Dong Ward, District 7, Ho Chi Minh City owned by the parent company which was mortgaged as current loans security totalled VND 7,940,892,634 – Refer to Note 4.19.

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SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIES

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4.12. Current trade payables

	As at 31 Dec. 2018		As at 01 Jan. 2018	
	Value	Payable value	Value	Payable value
	VND		VND	
Polaris Technologistic Pty Ltd	59,643,750,506	59,643,750,506	3,416,504,000	3,416,504,000
ELITE Technology JSC	21,350,212,471	21,350,212,471	2,030,098,140	2,030,098,140
Azbil Vietnam Co., Ltd	15,347,232,962	15,347,232,962	15,347,232,962	15,347,232,962
Tri Nam Technology Development Investment JSC	14,150,660,800	14,150,660,800	2,065,566,640	2,065,566,640
Cisco International Limited	13,365,690,272	13,365,690,272	12,338,218,637	12,338,218,637
A1 Technology JSC	8,842,624,087	8,842,624,087	32,765,508,708	32,765,508,708
Blue Sky Solutions Global Trading Co., Ltd	3,319,793,717	3,319,793,717	12,565,697,702	12,565,697,702
Board of Enterprise Organizing Customer - Branch of Communication Services Corporation	2,310,310,312	2,310,310,312	1,039,434,582	1,039,434,582
Specialised Products (Western) Ltd	-	-	42,598,393,781	42,598,393,781
Cuu Long Automation Co., Ltd	-	-	12,571,383,499	12,571,383,499
Other	77,494,821,676	77,494,821,676	77,602,039,554	77,602,039,554
Total	215,825,096,803	215,825,096,803	214,340,078,205	214,340,078,205

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**4.13. Current advances from customers**

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Phong Vu Trading - Service Corporation	6,225,639,300	-
Southern Region Air Traffic Services Company – Branch of Vietnam Region Air Traffic Services Company Limited	3,922,882,946	-
Nam A Joint Stock Commercial Bank	3,168,206,000	9,542,618,000
Phu Nhuan Jewelry JSC	2,679,374,410	-
Northern Region Air Traffic Services Company – Branch of Vietnam Region Air Traffic Services Company Limited	2,660,058,230	-
R.E.E Mechanical & Electrical Engineering JSC	-	3,698,299,754
Vietnam Esports And Entertainment JSC	858,818,326	2,112,161,834
Sun Ivy Joint Venture Co., Ltd	-	1,030,119,552
Other	16,444,121,349	5,863,703,912
Total	<u>35,959,100,561</u>	<u>22,246,903,052</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4.14. Tax and amounts (receivable)/payable to the state budget

	As at 01 Jan. 2018		Payable VND	Paid/Deducted VND	As at 31 Dec. 2018	
	Receivable	Payable			Receivable	Payable
Value added tax	-	17,343,100,691	319,166,933,350	332,848,073,313	-	3,661,960,728
Export, import tax	-	-	26,141,342,856	26,141,342,856	-	-
Corporate income tax	-	1,234,490,078	1,347,607,091	3,485,880,527	1,175,025,343	271,241,985
Personal income tax	-	1,481,637,415	4,413,644,723	4,879,834,357	-	1,015,447,781
Other taxes	-	3,528,360,253	5,466,533,368	5,552,681,409	-	3,442,212,212
Total	-	23,587,588,437	356,536,061,388	372,907,812,462	1,175,025,343	8,390,862,706

4.15. Payable to employees

Representing the 13th month and addition salaries of 2018 payable to employees.

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SAOBACDAU TECHNOLOGIES CORPORATION AND ITS SUBSIDIARIESAddress: Lot U.14b – 16a, Street No. 22, Tan Thuan Export, Processing Zones, Tan Thuan Dong Ward,
District 7, Ho Chi Minh City, Vietnam**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4.16. Accrued expenses**

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Current:		
Accruals for service which has been completed	5,637,131,286	12,786,652,106
Other accrued expense	492,990,375	738,867,256
Total	<u>6,130,121,661</u>	<u>13,525,519,362</u>
Non – current:		
Payables to the owner of the building	127,219,542	188,299,108
Total	<u>127,219,542</u>	<u>188,299,108</u>

4.17. Unearned revenue

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Providing Internet services to the cho Group and Management of Technology Development and Community's Project in Da Nang	3,968,610,749	4,460,000,000
Advance for equipment lease from Science & Calculation Technology Institute	1,068,560,606	-
Advance for equipment lease from Quang Trung Software City Development Company Limited	968,231,320	549,734,718
Other	67,413,999	128,413,999
Total	<u>6,072,816,674</u>	<u>5,138,148,717</u>

4.18. Other current payables

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Trade union dues	1,387,152,770	1,132,366,511
Current deposits	515,460,000	541,630,000
Insurance payables	25,791,716	-
Dividend or profit payables	5,355,694,999	3,813,488,775
Other	2,686,703,233	7,289,839,486
Total	<u>9,970,802,718</u>	<u>12,777,324,772</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4.19. Loans and finance lease liabilities

Loans and finance lease liabilities are detailed as follows:

	As at 01 Jan. 2018		Movements in the year		As at 31 Dec. 2018	
	Value	Payable value	Increase	Decrease	Value	Payable value
	VND					
Current:						
Bank loans	258,099,836,486	258,099,836,486	732,280,340,199	679,662,209,586	310,717,967,099	310,717,967,099
Other loans	300,000,000	300,000,000	20,274,259,476	19,015,974,750	1,558,284,726	1,558,284,726
Current portion of long-term liabilities	3,881,057,424	3,881,057,424	3,109,234,312	3,881,057,424	3,109,234,312	3,109,234,312
Subtotal	262,280,893,910	262,280,893,910	755,663,833,987	702,559,241,760	315,385,486,137	315,385,486,137
Non - current:						
Bank loans	-	-	-	-	-	-
Finance leases	7,839,499,083	7,839,499,083	6,095,962,643	6,821,714,846	7,113,746,880	7,113,746,880
Less: Current portion of long-term liabilities	(3,881,057,424)	(3,881,057,424)	(3,109,234,312)	(3,881,057,424)	(3,109,234,312)	(3,109,234,312)
Subtotal	3,958,441,659	3,958,441,659	2,986,728,331	2,940,657,422	4,004,512,568	4,004,512,568
Total	266,239,335,569	266,239,335,569	758,650,562,318	705,499,899,182	319,389,998,705	319,389,998,705

Current bank loans in VND bear the interest rates of 5.8% to 10.9% per year. These loans were guaranteed by:

- The office and land use rights at Lot U.14b-16a, Street No. 22, Tan Thuan Export. Processing Zones Tan Thuan Dong Ward, District 7, Ho Chi Minh City whose carrying amount is VND 8,784,950,380 and VND 7,940,892,634, respectively – Refer to Notes 4.7 and 4.11;
- Right of claiming under the contracts signed between the Group and some specific clients;
- Goods, account receivables, deposit contracts, saving accounts, deposit amounts, etc. created by these loans;
- Total of deposits, assets and receivables created in the borrowing plan.

Long-term financial liabilities are loans under financial lease contracts with Vietnam International Leasing Company Limited with a term of 3 years and bear interest rate of 7.5%/year.

Other loans are personal loans with term of 12 months and bear interest rate of 0%/year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4.20. Owners' equity

4.20.1. Changes in owners' equity

	Items of owner's equity					Total VND
	Owners' contributed capital VND	Treasury shares VND	Investment & development fund VND	Retained earnings VND	Non-Controlling interest VND	
As at 01 Jan. 2017	84,879,070,000	(1,533,333,333)	885,751,532	21,344,848,934	8,998,049,290	114,574,386,423
Previous year's capital increase	5,120,930,000	1,533,333,333	(394,240,280)	394,246,947	5,366,660,000	12,020,930,000
Previous year's profits	-	-	-	24,717,020,379	1,969,520,083	26,686,540,462
Dividends declared	-	-	-	(15,278,150,500)	(2,573,333,000)	(17,851,483,500)
Distributed to funds	-	-	400,000,000	(400,000,000)	-	-
CIT's returns of year 2015, 2016 (*)	-	-	-	3,317,537,512	-	3,317,537,512
Other increases/decreases	-	-	-	932,181,851	(1,024,408,201)	(92,226,350)
As at 01 Jan. 2018	90,000,000,000	-	891,511,252	35,027,685,123	12,736,488,172	138,655,684,547
Current year's capital increase	8,999,060,000	-	-	-	2,350,000,000	11,349,060,000
Current year's profits	-	-	-	11,636,363,048	2,122,731,412	13,759,094,460
Dividends declared	-	-	-	(17,999,060,000)	(3,170,552,349)	(21,169,612,349)
Distributed to funds	-	-	3,000,000,000	(3,000,000,000)	-	-
Using funds	-	-	(573,585,969)	-	-	(573,585,969)
Other increases	-	-	122,214,487	70,005,872	-	192,220,359
As at 31 Dec. 2018	98,999,060,000	-	3,440,139,770	25,734,994,043	14,038,667,235	142,212,861,048

During the year, the Group issued additional shares under the Resolution of the Annual General Meeting of Shareholders No. 03/NQ-ĐHCĐ-2018 and 08/NQ-ĐHCĐ-2018 dated 24 April 2018. Accordingly, the Group has distributed the second dividend of the year 2017 in shares from the retained earnings for existing shareholders to increase the charter capital which totalled VND 8,999,060,000 (equivalent to 899,906 shares). This issuance is to supplement capital for operating and investment activities of the Group. The issuance of this shares was approved by the Hanoi Stock Exchange on 10 August 2018.

(*) On 23 December 2016, the Group received the official letter No.12630/CT-TTHT from Tax Department of Ho Chi Minh City as to CIT incentives since year 2015. Accordingly, the Group shall be refunded the corresponding overpaid CIT for the fiscal year 2015 and 2016 which is in amount of VND 3,317,537,512.

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District 7, Ho Chi Minh City, Vietnam**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4.20.2. Details of owners' equity**

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Mr Nguyen Duc Quang	18,878,930,000	17,162,670,000
Other	80,120,130,000	72,837,330,000
Total	98,999,060,000	90,000,000,000

4.20.3. Capital transactions with owners and dividend, profit distribution

	Year 2018 VND	Year 2017 VND
Beginning balance	90,000,000,000	84,879,070,000
Capital contribution in the year	8,999,060,000	5,120,930,000
Ending balance	98,999,060,000	90,000,000,000
Dividends, profits declared	17,999,060,000	15,278,150,500

4.20.4. Shares

	As at 31 Dec. 2018	As at 01 Jan. 2018
Number of ordinary shares registered for issue	9,899,906	9,000,000
Number of ordinary shares sold to public	9,899,906	9,000,000
Number of ordinary shares outstanding	9,899,906	9,000,000

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

4.20.5. Basic earnings and diluted earnings per share

	Year 2018 VND	Year 2017 VND
Profit after tax attributable to ordinary share holders	11,636,363,048	24,717,020,379
Adjusted for bonus and welfare fund distribution	-	-
Earnings for the purpose of calculating basic earnings and diluted earnings per share	11,636,363,048	24,717,020,379
Weighted average number of ordinary shares outstanding during the year	9,426,531	9,899,906
Basic earnings and diluted earnings per share	1,234	2,497

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	<u>As at 31 Dec. 2018</u>	<u>As at 01 Jan. 2018</u>
Foreign currencies:		
USD	23,433.42	41,961.08

5. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE CONSOLIDATED INCOME STATEMENT**5.1. Revenue from selling goods and rendering services**

	<u>Year 2018 VND</u>	<u>Year 2017 VND</u>
Sales of integration of information technology systems	721,944,262,594	776,515,226,749
Sales from rendering of services	259,804,236,082	195,634,284,642
Other	2,362,407,725	1,454,342,836
Total	<u>984,110,906,401</u>	<u>973,603,854,227</u>
Of which, revenue from selling goods and rendering services to related parties – Refer to Note 8	420,000,000	-

5.2. Cost of sales

	<u>Year 2018 VND</u>	<u>Year 2017 VND</u>
Cost of integration of information technology systems	665,516,515,257	707,192,279,586
Cost of services rendered	179,889,505,184	103,047,320,043
Other	1,091,249,459	1,190,335,319
Total	<u>846,497,269,900</u>	<u>811,429,934,948</u>

5.3. Financial income

	<u>Year 2018 VND</u>	<u>Year 2017 VND</u>
Deposit and loan interest	3,042,659,326	1,548,872,772
Gains from exchange differences	232,123,953	250,933,493
Gains from unrealised exchange differences	280,323,460	109,160,664
Other	-	496,353,663
Total	<u>3,555,106,739</u>	<u>2,405,320,592</u>

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District 7, Ho Chi Minh City, Vietnam**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.4. Financial expense**

	Year 2018 VND	Year 2017 VND
Interest expense	19,988,975,869	15,819,258,340
Losses from exchange differences	1,189,256,829	471,732,286
Other	50,551,164	36,103,785
Total	<u>21,228,783,862</u>	<u>16,327,094,411</u>

5.5. Selling expense

	Year 2018 VND	Year 2017 VND
Employee expense	19,893,150,555	23,538,551,751
Stationery expense	841,461,913	630,722,790
Depreciation expense	163,252,897	6,384,283,395
Warranty expense	557,683,198	500,943,494
Pre-sales expense	1,582,613,167	2,051,643,950
Fees for issuance and extension of the letter of credit	-	568,096,337
Service expense	3,678,621,090	4,603,072,327
Other	8,967,887,638	11,823,310,131
Total	<u>35,684,670,458</u>	<u>50,100,624,175</u>

5.6. General and administration expense

	Year 2018 VND	Year 2017 VND
Employee expense	52,419,123,690	53,724,137,533
Material, office stationery expense	2,136,305,825	2,226,189,315
Depreciation expense	3,084,018,425	2,485,563,679
Taxation, fee and charges	379,834,558	335,399,837
Utility expense	2,969,622,224	2,673,322,716
Service expense	8,033,325,253	9,056,646,945
Other	10,501,350,699	6,949,912,978
Total	<u>79,523,580,674</u>	<u>77,451,173,003</u>

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District 7, Ho Chi Minh City, Vietnam**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.7. Other income**

	Year 2018 VND	Year 2017 VND
Gain supporting from suppliers	9,437,585,964	4,763,957,828
Proceeds from the contract penalty	-	354,922,218
Other	2,705,267,980	5,376,690,612
Total	12,142,853,944	10,495,570,658

5.8. Production and business costs by elements

	Year 2018 VND	Year 2017 VND
Material expense	671,017,852,404	686,671,982,050
Employee expense	72,756,227,943	77,372,698,284
Depreciation expense	30,883,303,687	27,959,771,483
Service expense	158,285,957,187	124,572,176,728
Other	28,762,179,811	22,405,103,581
Total	961,705,521,032	938,981,732,126

5.9. Current corporate income tax expense

The consolidated current corporate income tax expense from subsidiaries in the Group with separate tax rate for particular company in the Group.

	Year 2018 VND	Year 2017 VND
CIT expense based on taxable income for the current year	1,175,133,512	3,008,529,145
Adjusting the CIT expense in previous years to corporate income tax expense in current year	172,473,579	-
Current CIT expense for the year	1,347,607,091	3,008,529,145

(See the next page)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**5.9. Current corporate income tax expense (Continued)**

CIT expense calculated on the taxable income of the current year is determined as follows:

	<u>Year 2018</u> VND	<u>Year 2017</u> VND
Accounting profit before tax for the year	15,204,979,397	29,695,069,607
Add: Adjustments according to CIT law	507,725,135	1,069,370,286
Less: Adjustments according to CIT law	-	(57,840,841)
Non-taxable income	<u>(7,759,624,792)</u>	<u>(2,183,984,003)</u>
Taxable income from ordinary business activities	7,953,079,740	28,522,615,049
Taxable income from incentive business activities – liable for 10%	13,535,376,904	27,231,807,733
Taxable income from non-incentive business activities – liable for 20%	4,174,202,630	4,560,268,998
Non-taxable loss	<u>(9,756,499,794)</u>	<u>(3,269,461,682)</u>
Current CIT expense incentive business activities – liable for 10%	1,353,537,691	2,723,180,774
Current CIT expense from non-incentive business activities – liable for 20%	834,840,526	912,053,800
Less: CIT reduction (50%) for science and technology enterprise	(340,292,986)	-
Less: CIT expense was exempted from the the project which was called “Software production and system integration Center” at Quang Trung Software City	(672,951,719)	(626,705,429)
CIT expense based on taxable income in current year	<u>1,175,133,512</u>	<u>3,008,529,145</u>

The adjustments for the increases (decreases) in the taxable income are mainly non – tax – deductible items as regulated by CIT law, such as:

- Expenses without invoices and vouchers;
- Gains from unrealised exchange differences of cash, account receivables dominated in foreign currencies;
- Tax penalty.

6. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE CONSOLIDATED CASH FLOW STATEMENT**6.1. Cash receipts from loans in the year**

	<u>Year 2018</u> VND	<u>Year 2017</u> VND
Cash receipts from loans under normal contracts	758,650,562,318	623,223,019,777

6.2. Cash repayments of principal amounts borrowed

	<u>Year 2018</u> VND	<u>Year 2017</u> VND
Cash repayment of principal amounts under normal contracts	(698,678,184,336)	(545,958,199,112)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**7. SEGMENT REPORTING**

According to the Group's Chief Executive officer assessment, risk and profitability ratios of the Group are not affected by differences in products or different geographic areas in which the Company operates, as follows:

- Segment reporting according to the business activities: Business activities of the Group mainly supplies electronic equipment and services, information technology, integrating systems, making over information technology, so there is no difference in risk and economic benefits in the operations of the Group.
- Segment reporting according to the geographic areas: There is no segment reporting according to the geographical area, so there is no difference in risk and economic benefits which are necessary to be disclosed.

8. RELATED PARTIES**List of related parties****Relationship**

1. Mideas Technology Joint Stock Company	Associate
2. DCT Technologies Solution Company Limited	Associate
3. CEH Information Services Company Limited	Associate
4. Pharos Digital Books and Educational Materials Joint Stock Company	Associate
5. Members of the Board of Directors and Management	Key management personnel

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

	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Trade receivable – Refer to Note 4.3:		
Mideas Technology JSC	462,000,000	-

During the reporting year, the Company has had related party transactions as follows:

	Year 2018 VND	Year 2017 VND
Sale of goods and rendering of services – Refer to Note 5.1:		
Mideas Technology JSC	420,000,000	-
Investments:		
Mideas Technology JSC	2,400,000,000	-
DCT Technologies Solution Co., Ltd	1,960,000,000	-
CEH Information Services Co., Ltd	1,100,000,000	-
Pharos Digital Books and Educational Materials JSC	400,000,000	-
Total	5,860,000,000	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**8. RELATED PARTIES (CONTINUED)**

Remunerations of the Board of Directors, Management and key management personnel are as follows:

	Year 2018 VND	Year 2017 VND
Remunerations and other benefits	13,252,636,978	11,472,442,530

9. REMUNERATION OF THE SUPERVISORY COMMITTEE OF THE GROUP

	Year 2018 VND	Year 2017 VND
Salaries	216,578,400	243,473,000

10. COMMITMENT UNDER FINANCE LEASES

The company is leasing a separate part of machinery and equipment with an estimated useful life for 3 years under a financial lease contract with a term of 3 years. The minimum financial lease debts to be paid in the future are detailed as follows:

Term	As at 31 Dec. 2018 VND	As at 01 Jan. 2018 VND
Within one year	3,109,234,312	3,881,057,424
Later than one year but within five years	4,004,512,568	3,958,441,659
Total	7,113,746,880	7,839,499,083

11. COMPARATIVE FIGURES

The following comparative figures have been restated:

Consolidated Income statement (excerpted):

	Year 2017 VND (Reclassified)	Year 2017 VND (As previously reported)
Basic earnings per share	2,497	2,855
Diluted earnings per share	2,497	2,855

The reported comparative information mentioned above is due to the presentation of basic and diluted earnings per share from the issuance of 899,906 shares for paying dividends in 2017 in accordance with the Resolution of the Annual General Meeting of Shareholders No. 03/NQ-ĐHCĐ-2018 and 08/NQ-DHD-2018 dated 24 April 2018.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**11. COMPARATIVE FIGURES (CONTINUED)**

Consolidated Cash flow statement (excerpted):

	Year 2017 VND (Reclassified)	Year 2017 VND (As previously reported)
Proceeds from sales of investments in other entities	100,000,000	-
Proceeds from issuing stocks and capital contribution from owners	9,374,640,000	9,474,640,000

The re-statement of the above comparative figures was caused by appropriate reclassification on the current year financial statements.

12. 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 consolidated financial statements.



Tran Anh Tuan
Chairman

Ho Chi Minh City, 29 March 2019

Bui Thi Thuy Hong
Chief accountant

Nguyen Dinh Trong
Preparer

