

Cavico Industry & Minerals Joint Stock Company

Financial Statements for the period
from 3 October 2007 to 31 December 2008
together with the Report of Independent Auditors

S.D.K.

Cavico Industry & Minerals Joint Stock Company

Financial Statements for the period from 3 October 2007 to 31 December 2008

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Cavico Industry & Minerals Joint Stock Company

Financial Statements for the period from 3 October 2007 to 31 December 2008
Board of Directors' report

The Board of Directors of Cavico Industry & Minerals Joint Stock Company ("the Company") presents this report together with the audited financial statements for the period from 3 October 2007 to 31 December 2008.

1. Corporate information

1.1. Structure of ownership

Cavico Industry & Minerals Joint Stock Company, formerly known as Cavico Minerals Exploitation Joint Stock Company, is a joint stock company established and operates under the Business Registration Certificate No. 0103019882 dated 3 October 2007 granted by Hanoi Authority for Planning and Investment. The Business Registration Certificate of the Company was subsequently amended as follows:

Amended Business Registration Certificate

No. 0103019882 dated 7 April 2008

No. 0103019882 dated 23 December 2008

Amended contents

Changed head office address

Changed name, added business activities

The Company's authorised chartered capital as stated in its Business Registration Certificate is VND 50 billion.

1.2. Company address

The Company's head office is located at Room 425, DN7, CT5 Building, Song Da - My Dinh urban area, Me Tri commune, Tu Liem district, Hanoi, Vietnam.

1.3. Business activities and operations

The Company's principal activities as stated in its Business Registration Certificate consist of:

- Trading, processing, exploiting, stone, sand, gravel, metal, color metal and other minerals (except for items prohibited by the Government);
- Constructing civil, industrial, transportation, irrigation works, urban infrastructure and industrial zones, export processing zones, tourism zones and resorts.

During the year 2008, the major activities of the Company were making the general road from Goong cave to Chau Quang Industrial Zone and capital expenditure.

1.4. Number of employees

As at 31 December 2008, the Company had 59 employees.

2. Financial statements

The financial statements of the Company for the period from 3 October 2007 to 31 December 2008 accompany this report.

3. Auditors

The auditors, Viet Auditors Co., Ltd., have audited the financial statements of the Company for the period from 3 October 2007 to 31 December 2008, and expressed their willingness to accept reappointment as auditors of the Company.

Cavico Industry & Minerals Joint Stock Company

Financial Statements for the period from 3 October 2007 to 31 December 2008
Board of Directors' report

4. Members of the Board of Management and the Board of Directors

The members of the Board of Management during the year and to the date of this report are as follows:

Name	Position	Date appointed
Mr Tran Thanh Hai	Chairman	4 September 2007
Mr Truong Xuan Doan	Vice Chairman	4 September 2007
Mr Tran Thanh Hiep	Member	4 September 2007
Mr Pham Minh Phuc	Member	4 September 2007
Mr Dang Minh Toan	Member	4 September 2007

The members of the Board of Directors during the year and to the date of this report are as follows:

Name	Position	Date appointed
Mr Tran Thanh Hiep	Director	4 September 2007

5. Post balance sheet events

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

6. Statement by the Board of Directors

I, Tran Thanh Hiep, the Director of Cavico Industry & Minerals Joint Stock Company, hereby state on behalf of the Board of Directors that, in the opinion of the Board, the accompanying balance sheet of the Company as at 31 December 2008, and the related statements of income and cash flows for the period from 3 October to 31 December 2008, give a true and fair view of the financial position of the Company as at 31 December 2008, and the results of its operations and cash flows for the period then ended. The financial statements of the Company were prepared in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and related regulations.

For and on behalf of the Board of Directors,



Hanoi, 17 March 2009

INDEPENDENT AUDITORS' REPORT

No: 08-01-190-14

**To: The Board of Management and the Board of Directors
Cavico Industry & Minerals Joint Stock Company**

Scope of audit

We have audited the accompanying balance sheet of Cavico Industry & Minerals Joint Stock Company Company ("the Company") as at 31 December 2008, and the related statements of income and cash flows for the period from 3 October 2007 to 31 December 2008, as shown on pages 5 to 23. These financial statements are the responsibility of the Board of Directors of the Company. Our responsibility is to express an opinion on these financial statements based on our audit

Basis of audit opinion

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

Audit opinion

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of Cavico Industry & Minerals Joint Stock Company as at 31 December 2008, and the results of its operations and its cash flows for the period from 3 October 2007 to 31 December 2008, in conformity with the Vietnamese Accounting Standards, Vietnamese Accounting System and related regulations.

Without qualifying our opinion, we draw attention to the fact that till 31 December 2008, the shareholders of the Company had not fully contributed legal capital as per the Business Registration Certificate, approximately VND 28 billion.

INDEPENDENT AUDITORS' REPORT (continued)

Audit opinion (continued)

As discussed in Note 2, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.



PHAM THE HUNG
Director

Auditor's Certificate
No. 0495/KTV

HANOI
17 March 2009

NGUYEN TIEN DUNG
Auditor
Auditor's Certificate
No. 0800/KTV

Cavico Industry & Minerals Joint Stock Company

Balance Sheet

as at 31 December 2008

All amounts are in Vietnamese dong

Assets	Codes	Notes	31.12.2008
A. Current assets	100		10,096,827,116
I. Cash and cash equivalents	110	3	368,373,032
1. Cash	111		368,373,032
II. Short-term financial investments	120		63,700,000
1. Short-term investments	121	4	63,700,000
III. Accounts receivable	130		3,488,399,642
1. Receivables from customers	131		1,249,700,000
2. Advances to suppliers	132		1,990,154,642
3. Other receivables	135	5	248,545,000
IV. Inventories	140		2,447,217,920
1. Inventories	141	6	2,447,217,920
V. Other current assets	150		3,729,136,522
1. Short-term prepaid expenses	151	7	154,068,152
2. VAT deductibles	152	14	484,286,179
4. Other current assets	158	8	3,090,782,191
B. Long-term assets	200		15,875,692,857
I. Fixed assets	220		13,554,276,200
1. Tangible fixed assets	221	9	3,643,716,990
- Cost	222		4,481,675,252
- Accumulated depreciation	223		(837,958,262)
2. Intangible fixed assets	227	10	7,666,671
- Cost	228		12,000,000
- Accumulated amortisation	229		(4,333,329)
3. Construction in progress	230	11	9,902,892,539
II. Other long-term assets	260		2,321,416,657
1. Long-term prepayments	261	12	2,321,416,657
Total assets	270		25,972,519,973

Cavico Industry & Minerals Joint Stock Company

Balance Sheet

as at 31 December 2008 (continued)

All amounts are in Vietnamese dong

Resources	Codes	Notes	31.12.2008
A. Liabilities	300		4,286,784,514
I. Current liabilities	310		4,286,784,514
1. Short-term loans and debts	311	13	1,804,417,000
2. Payables to suppliers	312		314,381,952
3. Advances from customers	313		1,020,000,000
4. Taxes and payables to the State budget	314	14	26,044,262
5. Payables to employees	315		802,969,117
6. Accrued expenses	316	15	46,661,083
7. Other payables	319	16	272,311,100
B. Owner's equity	400	17	21,685,735,459
I. Owner's equity	410		21,685,735,459
1. Owner's capital	411		21,618,764,500
2. Retained earnings	420		66,970,959
Total resources	440		25,972,519,973

The accompanying Notes to the Financial Statements form an integral part of these financial statements.



TRẦN THANH HIỆP
Director



NGUYỄN VĂN HÙNG
Chief Accountant

Cavico Industry & Minerals Joint Stock Company

Statement of Income

for the period from 3 October 2007 to 31 December 2008

All amounts are Vietnamese dong

Items	Codes	Notes	From 3.10.2007 to 31.12.2008
1. Revenue	01	18	1,744,003,066
2. Less sales deductions	02		-
3. Net sales	10		1,744,003,066
4. Cost of goods sold	11	19	(1,468,552,676)
5. Gross margin	20		275,450,390
6. Financial income	21	20	42,337,634
7. Financial expenses	22	21	(391,536,796)
Including: interest expenses	23		(388,705,596)
8. Selling expenses	24		-
9. General and administration expenses	25	22	(93,303,772)
10. Profit from business activities	30		(167,052,544)
11. Other income	31	23	3,384,910,486
12. Other expenses	32	24	(3,124,842,721)
13. Other profit	40		260,067,765
14. Net profit before tax	50		93,015,221
15. Current year corporate income tax	51	14	(26,044,262)
16. Deferred corporate income tax	52		-
17. Net profit after tax	60		66,970,959
18. Basic earnings per share	70	25	37

The accompanying Notes to the Financial Statements form an integral part of these financial statements.



17 March 2009
TRẦN THANH HIỆP
Director



NGUYEN VAN HUNG
Chief Accountant

Cavico Industry & Minerals Joint Stock Company

Statement of Cash Flows (indirect method)
for the period from 3 October 2007 to 31 December 2008
All amounts are in Vietnamese dong

Items	Code	From 3.10.2007 to 31.12.2008
I. Cash flows from operating activities		
1. Profit before tax	01	93,015,221
2. Adjustments:		
Depreciation and allocation	02	1,287,568,426
Profit from investment activities	05	(282,460,486)
Interest expenses	06	388,705,596
3. Net profit from operating activities before changes in working capital		
Changes in accounts receivable and other current assets	09	(7,063,468,012)
Changes in inventory	10	(2,447,217,920)
Changes in accounts payable	11	2,409,662,169
Changes in prepaid expenses	12	(154,068,152)
Interest paid	13	(342,044,513)
Net cash flows from operating activities	20	(6,110,307,671)
II. Cash flows from investing activities		
1. Acquisition of fixed and other long-term assets	21	(11,480,067,811)
2. Proceeds from disposal of fixed assets	22	3,357,222,180
3. Loans to other entities and payments for purchase of debt instruments of other entities	23	(63,700,000)
7. Lending interest and dividends received	27	42,044,834
Net cash flows from investing activities	30	(8,144,500,797)
III. Cash flows from financing activities		
1. Proceeds from shares issued	31	12,818,764,500
3. Short-term, long-term loans received	33	1,804,417,000
Net cash flows from financing activities	40	14,623,181,500
Net cash flows for the period	50	368,373,032
Cash at the beginning of the period	60	-
Cash at the end of the period	70	368,373,032

The accompanying Notes to the Financial Statements form an integral part of these financial statements.



17 March 2009
TRAN THANH HIEP
Director

NGUYEN VAN HUNG
Chief Accountant

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for the period from 3 October 2007 to 31 December 2008

All amounts are in Vietnamese dong

1. Organization and principal activities

Cavico Industry & Minerals Joint Stock Company, formerly known as Cavico Minerals Exploitation Joint Stock Company, is a joint stock company established and operates under the Business Registration Certificate No. 0103019882 dated 3 October 2007 granted by Hanoi Authority for Planning and Investment. The Business Registration Certificate of the Company was subsequently amended as follows:

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- Trading, processing, exploiting, stone, sand, gravel, metal, color metal and other minerals (except for items prohibited by the Government);
- Constructing civil, industrial, transportation, irrigation works, urban infrastructure and industrial zones, export processing zones, tourism zones and resorts.

During the year 2008, the major activities of the Company were making the general road from Goong cave to Chau Quang Industrial Zone and capital expenditure.

2. Summary of significant accounting policies

2.1. Fiscal year

The first fiscal year of the Company was from 3 October 2007 to 31 December 2008. Succeeding fiscal years will be from 1 January to 31 December.

2.2. Basis of financial statements preparation

The financial statements, expressed in Vietnamese Dong ("VND") have been prepared on historical cost basis and in accordance with accounting principles generally accepted in Vietnam. These principles include Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam. Accordingly, the accompanying balance sheet and related statements of income and cash flows and their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices. Furthermore, these financial statements are not intended to present the financial position, results of operation and cash flows of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

2.3. Application of Accounting Law and Vietnamese Accounting Standards

Accounting Law

During the year, the Company has complied with the Accounting Law issued on 17 June 2003 together with Decree 129/2004/NĐ-CP issued by the Government on 31 May 2004 describing details and guidance to implement some articles of the Accounting Law to be applied in business activities.

Vietnamese Accounting Standards

During the year, the Company has applied Vietnamese Accounting System issued together with Decision 15/2006/QĐ-BTC dated 20 March 2006, and in the related aspects, Vietnamese Accounting Standards issued by Ministry of Finance and related official documents providing amendments, supplements and guidance.

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

All amounts are in Vietnamese dong

2.4. Principles of recording cash and cash equivalents

Principles of determining cash on hand and cash in bank

Cash on hand represents actual cash in the Company's safe on the balance sheet date, which had been counted and reconciled to cash book.

Cash in bank represents the deposits in the banks operating legally in Vietnam and is confirmed by the bank at the balance sheet date.

Principles of determining cash equivalents

Cash equivalents are short-term investments of under 3 months that are freely convertible to cash and do not contain any risks in converting into cash since purchasing that investment at the balance sheet date.

Foreign currency transactions

Transactions in currencies other than VND during the year have been converted into VND at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in currencies other than VND are converted into VND at inter-bank exchange rates ruling at the balance sheet date. All realised and unrealised foreign exchange differences are recorded in the statement of income.

2.5. Accounts receivable

Accounts receivable are valued at their estimated realisable value after providing for doubtful debts. The provision for doubtful debts is made based on the management's assessment of amounts that might not be recoverable.

Receivables from customers, advances to suppliers, internal receivables, receivables according to the construction contract progress, other receivables at the balance sheet date:

- Falling due in within one year or one operation cycle shall be classified as current assets;
- Falling due in more than one year or one operation cycle shall be classified as long-term assets.

Increases and decreases to the provision balance are recorded as general and administrative expense in the income statement.

2.6. Inventories

Inventories, including work-in-process, are valued at the lower of original cost and net realisable value, after provision for damaged, obsolete items. Cost of inventories is comprised of purchasing price, processing expenses and other directly relating expenses incurred to have inventories available at the present location and condition. Net realisable value is the selling price in the ordinary course of business, less the costs of marketing and distribution.

The Company applies the perpetual method of accounting for inventories. Cost of inventories is determined by first-in-first-out method.

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

All amounts are in Vietnamese dong

Closing balance of work-in-process of construction activities are determined as follows:

$$\begin{array}{rclcl} \text{Closing balance of} & & \text{Opening balance of} & & \text{Construction cost} & & \text{Cost of goods sold} \\ \text{work-in-process of} & = & \text{work-in-process of} & + & \text{incurred during the} & - & \text{recorded during the} \\ \text{each project} & & \text{each project} & & \text{period of each} & & \text{period of each project} \\ & & & & \text{project} & & \end{array}$$

Of which:

$$\begin{array}{rclcl} \text{Cost of goods} & = & \text{Opening balance of} & + & \text{Construction cost} & & \text{Revenue} \\ \text{sold of each} & & \text{work-in-process} & & \text{incurred during the} & & \text{recorded} \\ \text{project} & & & & \text{period} & & \text{during the} \\ & & \text{Opening balance of} & + & \text{Total work done during} & \times & \text{period} \\ & & \text{uncertified work done} & & \text{the period (excluding} & & \\ & & \text{(excluding value added tax)} & & \text{value added tax)} & & \end{array}$$

2.7. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income.

The initial cost of tangible fixed assets comprises its purchase price, import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the statement of income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of a tangible fixed assets beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost of tangible fixed assets.

Depreciation and amortization of tangible fixed assets are calculated on a straight-line over the estimated useful life of each asset as follows:

<u>Assets</u>	<u>Number of years</u>
Machinery and equipment	2 - 7
Vehicles	3 - 6
Office equipment and furniture	3 - 4

2.8. Intangible fixed assets

Intangible fixed assets are accounted for in accordance with regulations of Vietnamese Accounting Standard 04 - "Intangible Fixed Assets" issued together with Decision 149/2001/QD-BTC dated 31 January 2001 and Circular 161/2002/TT-BTC dated 31 December 2007 guiding the implementation of the above Standard.

Computer software

Costs of computer software include all expenses incurred until the software is available for use. Computer software is amortised in 3 years.

2.9. Construction in progress

Construction-in-progress represents plant and machinery under construction and installation and is stated at cost. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

All amounts are in Vietnamese dong

2.10. Investments

Short-term investments

Short-term investments comprise holdings of shares, government T-bills, other liquid securities which are readily realisable and are intended to be held for more than one year. These short-term investments are stated at their acquisition cost.

Long-term investments

Investments in securities, subsidiaries and associates are stated at cost. Distributions received from the accumulated net profits of subsidiaries and associates rising subsequent to the date of acquisition by the Company are recognised as income in the income statement.

Difference between sales value and book value of the investment is recorded as income or expense in the period of the liquidation.

Provision for devaluation of investments

Provision for the devaluation in value of investments is created representing the excess of the acquisition cost over the market value at the balance sheet date. Provision is made for each investment and security of the Company that is exchanged on the market at the price lower than book value.

2.11. Borrowing costs

Borrowing costs comprise:

- (a) Interest on short-term, long-term loans and bank overdrafts;
- (b) Amortization of discounts or premiums relating to borrowings from bond issue;
- (c) Amortization of ancillary costs incurred in connection with the arrangement of borrowings;
- (d) Finance charges in respect of finance leases.

Borrowing costs are recorded as expense during the year/period in which they are incurred, except to the extent that they are capitalized. Capitalized borrowing costs are those involved directly in construction, investment or production of assets-in-progress and should be capitalized in the cost of those assets. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will generate future economic benefits to the company and the borrowing costs can be measured reliably.

The qualifying asset-in-progress is an asset under contraction or in the production process that requires a substantial period of time (more than 12 months) to get ready for its intended use or sale.

2.12. Principles of recording and allocating long-term deferred expenses

Deferred expenses are presented under short-term prepaid expenses or long-term prepayments items on the balance sheet. These deferred expenses are allocated to the income statements over the prepaid period of the expenses or over the estimated period of benefits gained from the expenses.

The following types of expenses are recorded as long-term deferred expense, and are amortized to the income statement over the period from 2 to 5 years:

- Tools and consumables with large value issued into production;
- Research costs, substantial expenditure on fixed asset overhaul; and
- Prepaid land lease rental.

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

All amounts are in Vietnamese dong

2.13. Trade payables

Trade payables include payable to suppliers for assets, materials, goods and services received and are detailed for each supplier. In case of materials, goods and services received for which invoice has not been issued till end of period, accountants use estimated price to record payables and goods received in warehouse without invoice. After that they will adjust according to the actual price after receiving invoice.

Payment discount and trade discount will be recorded to related account to reduce the amount of payables.

2.14. Corporate income tax

Corporate income tax on the income statement for the year comprises current year tax payable and deferred income tax.

Current year corporate income tax is the estimated tax charged on the taxable income for the year, at the tax rates prevailing at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized for all deductible temporary differences and carry-forward unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is 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 all or part of the deferred tax assets to be utilized.

2.15. Owner's equity

Treasury shares

When the shares are returned, the amounts paid including related expenses are recorded as changes in owner's equity. Returned shares paid are classified as treasury share and reflected as a deduction in owner's equity.

Recording dividends

Dividends paid to preference shares are recorded as liabilities on an accrual basis. Other dividends are recorded as payables in the period of dividends announcement.

The retained profits after corporate income tax are subject to distribution to shareholders upon approval by the Shareholders Meeting and only after certain distributions to funds and reserves as regulated in the Company's Charter and Vietnamese laws. Dividends are declared from the retained profits based on the rate of ownership of each shareholder.

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

All amounts are in Vietnamese dong

2.16. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of finished goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Rendering of services

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion. Stage of completion is measured by the percentage of the labor hours incurred to the balance sheet date over total estimated labor hours for each contract

Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

Interest, royalties, dividends and profits received

Interest, royalties, dividends and profits divided will be recorded when the Company could gain economic benefits from the respective transactions and revenue is firmly determined. Interests are recorded based on timing and interest rate for each period. Royalties are determined on accrual basis matching with contract. Dividends and profits incomes are recorded when stockholders have right to get dividends or parties contributing capital are entitled to receive profits relative to the capital contribution.

2.17. Construction contract

Revenues of construction contract are comprised of:

- (i) The initial amount of revenue as agreed in the contract; and
- (ii) Variations in contract work, claims and incentive payments if it is probable that they will change revenues and can be reliably measured.

Revenues of construction contract are measured at the fair value of the consideration received or receivable. Revenues of construction contract are recorded based on the volume of completed work for each project or work item and the latest approved contract prices. The completed construction work refers to those which have been certified by customer and evidenced by a Hand-over Minute, or Summary of amount to be paid for completed work, or Summary of completed work etc.

Costs of construction contract are comprised of:

- (i) Costs directly incurred on each specific contract;
- (ii) Common costs that are attributable to the contracts and can be allocated to each specific contract (including borrowing costs if these satisfy the required conditions for capitalization);
- (iii) Other expenses that are specifically chargeable to the customer under the terms of the contract.

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

All amounts are in Vietnamese dong

Recognition of construction contract revenue and expenses:

- (i) If it is specified in the contract that payments are made according to the agreed progress schedule, when the outcome of a construction contract can be estimated reliably, revenue and costs associated with the construction contract should be recognized as revenue and expenses equivalent to the stage of completion as determined by the contractor at the balance sheet date.
- (ii) If it is specified in the contract that payments are made based on the amount of work completed, when the outcome of a construction contract can be estimated reliably and certified by the customer, revenue and expenses associated with the construction contract should be recognized based on the amount of completed work as certified by the customer in the period.
- (iii) When the outcome of a construction contract cannot be estimated reliably revenue should be recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs should be recognised as an expense in the period in which they are incurred.

Recording receivables, payables under progress-billing construction contract:

Receivables under progress-billing construction contracts are amounts due from customer which have been billed/invoiced, at the balance sheet date, based on the signed construction contracts whereby payments are made according to the agreed progress schedule.

Payables under progress-billing construction contracts are amounts payable to contractor for which bills/invoices have been issued, at the balance sheet date, based on the signed construction contracts whereby payments are made according to the agreed progress schedule.

The difference between the total accumulated revenue of a construction contract recognised to the balance sheet date and the accumulated invoiced amount according to the contract progress to the same date is presented as receivable/payable under progress-billing construction contracts on the balance sheet.

2.18. Operating leases

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease.

2.19. Related parties

Parties are considered as related if one can control or have great effect on the other's ability in making decision on financial and operational policies.

2.20. Subsequent events

Post-year-end events that provide additional information about a company's financial position at the balance sheet date ("adjusting events") are reflected in the financial statements. Post-year-end events that are non-adjusting events are disclosed in the notes when material.

2.21. Nil balances

Items or balances required by the standard Vietnamese Accounting System format that are not shown in the financial statements indicate nil balances.

2.22. Comparative figures

As these are the first financial statements of the Company since its establishment, there are no comparative figures.

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

All amounts are in Vietnamese dong

3. Cash

Items	31.12.2008
Cash on hand	3,617,557
Cash in bank	364,755,475
	368,373,032

4. Short-term investments

Items	31.12.2008
Loans to Nguyen Huy Liem	50,000,000
Loans to Nguyen Huu Trung	1,000,000
Loans to Nguyen Duc Manh	12,700,000
	63,700,000

5. Other receivables

Items	31.12.2008
Cavico Vietnam Company Limited	30,000,000
Cavico Bridge & Tunnel Construction Joint Stock Company	218,545,000
	248,545,000

6. Inventories

Items	31.12.2008
Raw materials	124,171,618
Work in process	2,323,046,302
	2,447,217,920

7. Short-term prepaid expenses

Items	Opening balance	Increase	Allocation	Closing balance
Tools and supplies	-	187,944,255	(127,876,103)	60,068,152
Prepaid insurance	-	13,181,818	(13,181,818)	-
Others	-	690,279,080	(596,279,080)	94,000,000
	-	891,405,153	(737,337,001)	154,068,152

8. Other current assets

Items	31.12.2008
Shortage assets pending settlement	7,448,797
Advances	3,066,333,394
Short-term collateral, deposit	17,000,000
	3,090,782,191

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

All amounts are in Vietnamese dong

9. Tangible fixed assets

Items	Machinery and equipment	Vehicles	Office equipment and furniture	Total
Original cost				
Opening balance	-	-	-	-
Additions	6,024,606,734	1,549,291,645	154,974,091	7,728,872,470
<i>Including:</i>				
<i>Purchased</i>	2,464,606,734	1,309,291,645	154,974,091	3,928,872,470
<i>Capital contribution</i>	3,560,000,000	240,000,000	-	3,800,000,000
Decreases	(2,444,721,028)	(790,476,190)	(12,000,000)	(3,247,197,218)
<i>Including:</i>				
<i>Disposed, sold</i>	(2,444,721,028)	(790,476,190)	(12,000,000)	(3,247,197,218)
Closing balance	3,579,885,706	758,815,455	142,974,091	4,481,675,252
Accumulated depreciation				
Opening balance	-	-	-	-
Charge for the year	786,140,856	138,080,868	44,127,228	968,348,952
Decreases	(122,226,843)	(4,249,872)	(3,913,975)	(130,390,690)
<i>Including:</i>				
<i>Disposed, sold</i>	(122,226,843)	(4,249,872)	(3,913,975)	(130,390,690)
Closing balance	663,914,013	133,830,996	40,213,253	837,958,262
Net book value				
Opening balance	-	-	-	-
Closing balance	2,915,971,693	624,984,459	102,760,838	3,643,716,990

10. Intangible fixed assets

Items	Computer software	Total
Original cost		
Opening balance	-	-
Additions	12,000,000	12,000,000
Closing balance	12,000,000	12,000,000
Accumulated depreciation		
Opening balance	-	-
Charge for the year	4,333,329	4,333,329
Closing balance	4,333,329	4,333,329
Net book value		
Opening balance	-	-
Closing balance	7,666,671	7,666,671

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

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11. Construction in progress

Items	Increase	Transfer to fixed assets	Closing balance
Construction of the road to Quy Hop Mine	4,085,602,910	-	4,085,602,910
Construction of the Stone Processing Factory	427,318,249	-	427,318,249
Construction of tents and camp	244,516,835	-	244,516,835
Construction of the general road	145,454,545	-	145,454,545
Quy Hop Mine Exploitation License	5,000,000,000	-	5,000,000,000
	9,902,892,539	-	9,902,892,539

12. Long-term prepayments

Items	Opening balance	Increase	Allocation	Closing balance
Tools and supplies	-	172,308,302	(74,654,537)	97,653,765
Prepaid fixed asset operating lease rental	-	2,445,994,500	(240,231,608)	2,205,762,892
Expenses for setting up the Company's website	-	18,000,000	-	18,000,000
	-	2,636,302,802	(314,886,145)	2,321,416,657

13. Short-term loans and debts

Items	31.12.2008
Loans from banks	934,000,000
Loans from others	870,417,000
	1,804,417,000

Details of the short-term loans are as follows:

Items	Loan tenure (months)	Maturity date	Interest rate (%/month)	Secured form	Balance at 31.12.2008
An Binh Commercial Joint Stock Bank	6	21/5/2009	1.375	Assets	250,000,000
Agribank - Hoang Quoc Viet Branch	6	17/6/2009	1.2	Assets	684,000,000
Loans from individuals	-	-	-	Deed of trust	870,417,000
					1,804,417,000

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

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14. Taxes and payables to State budget

Items	Opening balance	Increase	Decrease	Closing balance
Value added tax deductibles				
Input value added tax	-	745,229,090	(260,942,911)	484,286,179
	-	745,229,090	(260,942,911)	484,286,179
Tax payables				
Output value added tax	-	260,942,911	(260,942,911)	-
Corporate income tax	-	26,044,262	-	26,044,262
Other taxes	-	6,000,000	(6,000,000)	-
	-	292,987,173	(266,942,911)	26,044,262

14.1. Value added tax

The Company declares and pays value added tax under deduction method. Tax rate for each activity is as follows:

Activities	Tax rate
Construction	10%
Materials trading	5%

14.2. Corporate income tax

The Company's corporate income tax rate is 28% of the taxable profits. No provision for corporate income tax was made on the financial statements as the Company made losses.

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

14.3. Other taxes

The Company declares and pays as per laws and regulations.

15. Accrued expenses

Items	31.12.2008
Interest expenses	46,661,083
	46,661,083

16. Other payables

Items	31.12.2008
Social insurance	54,332,200
Trade union fees	17,978,900
Others	200,000,000
	272,311,100

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

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17. Owner's equity

17.1. Details of movement in owner's equity are as follows

Items	Owner's capital	Retained earnings	Total
Balance as at 3.10.2007	-	-	-
Increase in capital	21,618,764,500	-	21,618,764,500
Profit for the year	-	66,970,959	66,970,959
Balance as at 31.12.2008	21,618,764,500	66,970,959	21,685,735,459

17.2. Details of owner's capital

Shareholders	31.12.2008	
	Ordinary share	Total
Cavico Bridge & Tunnel Construction Joint Stock Company	6,873,994,500	6,873,994,500
Vietnam Minerals Exploitation & Export Joint Stock Company	5,000,000,000	5,000,000,000
Cavico Hydropower Construction Joint Stock Company	800,000,000	800,000,000
Mr Tran Thanh Hai	1,636,000,000	1,636,000,000
Mr Tran Van Giang	1,000,000,000	1,000,000,000
Mr Tran Thanh Hiep	791,770,000	791,770,000
Mr Pham Minh Phuc	700,000,000	700,000,000
Mr Phan Tuan Minh	600,000,000	600,000,000
Mr Truong Xuan Doan	500,000,000	500,000,000
Mr Nguyen Van Hung	260,000,000	260,000,000
Ms Nguyen Phuong Thuy	250,000,000	250,000,000
Mr Dang Minh Toan	200,000,000	200,000,000
Mr Bui Quang Ha	200,000,000	200,000,000
Mr Hoang Duong Tuan	200,000,000	200,000,000
Others	2,607,000,000	2,607,000,000
	21,618,764,500	21,618,764,500

17.3. Details of movements in share capital are as follows

Items	From 3.10.2007 to 31.12.2008
Opening balance	-
Increase in share capital for the year	21,618,764,500
Decrease in share capital for the year	-
Closing balance	21,618,764,500
Dividends temporarily distributed	-

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

All amounts are in Vietnamese dong

17.4. Shares

Items	31.12.2008
Total authorised shares	50,000,000
Shares issued and fully paid	2,161,876
<i>Including: Ordinary shares</i>	2,161,876
<i>Preference shares</i>	-
Shares returned	-
<i>Including: Ordinary shares</i>	-
<i>Preference shares</i>	-
Remaining shares issued	2,161,876
<i>Including: Ordinary shares</i>	2,161,876
<i>Preference shares</i>	-
Share par value: VND10,000 per share.	-

18. Revenue

Items	From 3.10.2007 to 31.12.2008
Construction activities	1,089,645,454
Others	654,357,612
	1,744,003,066

19. Cost of goods sold

Items	From 3.10.2007 to 31.12.2008
Construction activities	811,638,687
Others	656,913,989
	1,468,552,676

20. Financial income

Items	From 3.10.2007 to 31.12.2008
Interest income	42,044,834
Foreign exchange rate gains	292,800
	42,337,634

21. Financial expenses

Items	From 3.10.2007 to 31.12.2008
Loan interests	388,705,596
Foreign exchange rate losses	2,831,200
	391,536,796

Cavico Industry & Minerals Joint Stock Company

Notes to the Financial Statements

for period from 3 October 2007 to 31 December 2008 (continued)

All amounts are in Vietnamese dong

22. General and administration expenses

Items	From 3.10.2007 to 31.12.2008
Taxes, charges and fees	6,000,000
Others	87,303,772
	93,303,772

23. Other income

Items	From 3.10.2007 to 31.12.2008
Disposal of fixed assets - cash	3,357,222,180
Others	27,688,306
	3,384,910,486

24. Other expenses

Items	From 3.10.2007 to 31.12.2008
Net book value of fixed assets disposed of	3,116,806,528
Others	8,036,193
	3,124,842,721

25. Earnings per share

Net profit attributable to ordinary shareholders:

Items	From 3.10.2007 to 31.12.2008
<i>Net profit attributable to ordinary shareholders</i>	
- Net profit for the year	66,970,959
- Dividend on preference shares	-
Net profit attributable to ordinary shareholders	66,970,959
<i>Weighted average number of ordinary shares</i>	
- Ordinary shares at the beginning of the year	-
- Weighted average number of shares issued for the year	1,791,331
- Weighted average number of share redeemed for the year	-
Weighted average number of shares for the year	1,791,331
Basic earnings per share	37

