

Cavico Industry and Minerals Joint Stock Company

Financial Statements
for the year ended 31 December 2009
together with the Report of Independent Auditors



Cavico Industry and Minerals Joint Stock Company

Financial Statements for the year ended 31 December 2009

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Cavico Industry and Minerals Joint Stock Company

Financial Statements for the year ended 31 December 2009

Board of Directors' report

The Board of Directors of Cavico Industry and Minerals Joint Stock Company ("the Company") presents this report together with the audited financial statements for the year ended 31 December 2009.

1. Corporate information

1.1 Structure of ownership

Cavico Industry and Minerals Joint Stock Company is a joint stock company established and operates under the Business License No. 0103019882 dated 3 October 2007 issued by Hanoi Authority for Planning and Investment. The Business License of the Company was subsequently amended as follows:

Amended Business License

No. 0103019882 dated 7 April 2008

No. 0103019882 dated 23 December 2008

No. 0103019882 dated 16 February 2009

No. 0103019882 dated 23 December 2009

Amended contents

Change the Company address

Change the Company name and add business of activities

Change the Company address

Add business of activities

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

1.2. Company address

The Company's head office locates at Room 201, CT1-2, Me Tri Ha Urban Zone, Me Tri commune, Tu Liem district, Vietnam.

1.3. Business activities and operations

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

- Processing, mining stone, sand, gravel, non-ferrous metals and minerals (except for prohibited items);
- Construction of civil, industrial, transportation, irrigation, urban infrastructure and industrial parks, export processing zones, amusement;
- Trading machinery, equipment and technology of minerals processing;
- Trading means of transportation equipment, automobiles and automobile parts, motorcycles and motor vehicles and spare parts of construction machines and waterway transport means and their spare parts;
- Manufacturing and trading construction materials and interior and exterior decoration materials;
- Passenger and commodity transportation by contract and along fixed routes;
- Investment consulting;
- Agent to buy, sell, consign goods;
- Import and export products and commodities traded by the Company;
- Trading petroleum, petroleum add lubricants equipment;
- Real estate trading; and
- Auction services, advertising and management of real estate;

During the year 2009, the major activities of the Company are mine stone exploiting, trading fuel, oil and stone cutting services.

1.4. Number of employees

As at 31 December 2009, the Company had 60 employees (2008: 59 employees).

Cavico Industry and Minerals Joint Stock Company

Financial Statements for the year ended 31 December 2009

Board of Directors' report (continued)

2. Financial statements

The financial statements of the Company for the year ended 31 December 2009 accompany this report.

3. Auditors

The auditors, CA&A Consulting and Auditing Co., Ltd. - Hanoi Branch, have audited the financial statements of the Company for the year ended 31 December 2009, and expressed their willingness to accept reappointment as auditors of the Company.

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	Member	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
Mr Nguyen Huu Trung	Deputy Director	1 September 2009
Mr Nguyen Van Hung	Chief Accountant	9 October 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, being the Director of Cavico Industry and 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 2009, and the related statements of income and cash flows for the year then ended, give a true and fair view of the financial position of the Company as at 31 December 2009, and the results of its operations and cash flows for the year 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,



TRAN THANH HIEP

Director

Hanoi, 26 January 2010

INDEPENDENT AUDITORS' REPORT

No: 09-01-044

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

Scope of audit

We have audited the accompanying balance sheet of Cavico Industry and Minerals Joint Stock Company ("the Company") as at 31 December 2009, and the related statements of income and cash flows for the year then ended, as shown on pages 4 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 and Minerals Joint Stock Company as at 31 December 2009, and the results of its operations and its cash flows for the year then ended, in conformity with the Vietnamese Accounting Standards, Vietnamese Accounting System and related regulations.

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
26 January 2010



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

Cavico Industry and Minerals Joint Stock Company

Balance Sheet

as at 31 December 2009

All amounts are in Vietnamese dong

Assets	Codes	Notes	31.12.2009	31.12.2008
A. Current assets	100		23,930,017,672	9,878,282,116
I. Cash and cash equivalents	110		30,694,353	368,373,032
1. Cash	111	3	30,694,353	368,373,032
II. Short-term financial investments	120		150,000,000	-
1. Short-term investments	121	4	150,000,000	-
III. Accounts receivable	130		12,518,413,411	3,333,554,642
1. Receivables from customers	131		10,001,466,138	1,249,700,000
2. Advances to suppliers	132		2,117,358,113	1,990,154,642
5. Other receivables	135	5	399,589,160	93,700,000
IV. Inventories	140		4,848,196,049	2,447,217,920
1. Inventories	141	6	4,848,196,049	2,447,217,920
V. Other current assets	150		6,382,713,859	3,729,136,522
1. Short-term prepaid expenses	151	7	261,125,960	154,068,152
2. VAT deductibles	152	14	692,651,772	484,286,179
4. Other current assets	158	8	5,428,936,127	3,090,782,191
B. Long-term assets	200		21,317,132,059	16,094,237,857
I. Long-term receivables	210		1,092,020,000	218,545,000
1. Long-term receivables from customers	211		6,975,000	-
4. Other long-term receivables	214		1,085,045,000	218,545,000
II. Fixed assets	220		18,145,820,902	13,554,276,200
1. Tangible fixed assets	221	9	7,664,782,481	3,643,716,990
- Cost	222		9,448,327,376	4,481,675,252
- Accumulated depreciation	223		(1,783,544,895)	(837,958,262)
3. Intangible fixed assets	227	10	3,666,675	7,666,671
- Cost	228		12,000,000	12,000,000
- Accumulated amortisation	229		(8,333,325)	(4,333,329)
4. Construction in progress	230	11	10,477,371,746	9,902,892,539
IV. Long-term investments	250		60,886,863	-
1. Investments in subsidiaries	251		60,886,863	-
V. Other long-term assets	260		2,018,404,294	2,321,416,657
1. Long-term prepayments	261	12	2,010,404,294	2,321,416,657
3. Other long-term assets	268		8,000,000	-
Total assets	270		45,247,149,731	25,972,519,973

Cavico Industry and Minerals Joint Stock Company

Balance Sheet

as at 31 December 2009 (continued)

All amounts are in Vietnamese dong

Resources	Codes	Notes	31.12.2009	31.12.2008
A. Liabilities	300		18,826,092,720	4,286,784,514
I. Current liabilities	310		17,730,023,095	4,286,784,514
1. Short-term loans and debts	311	13	8,881,319,513	1,804,417,000
2. Payables to suppliers	312		5,852,559,088	314,381,952
3. Advances from customers	313		222,096,494	1,020,000,000
4. Taxes and payables to the State budget	314	14	662,472,741	26,044,262
5. Payables to employees	315		1,354,426,818	802,969,117
6. Accrued expenses	316	15	87,493,312	46,661,083
9. Other payables	319	16	364,744,351	272,311,100
11. Reward and welfare fund	323		304,910,778	-
II. Long-term liabilities	330		1,096,069,625	-
4. Long-term loans and debts	334	13	1,096,069,625	-
B. Owner's equity	400		26,421,057,011	21,685,735,459
I. Owner's equity	410	17	26,421,057,011	21,685,735,459
1. Owner's capital	411		23,859,860,000	21,618,764,500
7. Investment and development reserve	417		304,910,779	-
8. Financial provision reserve	418		152,455,389	-
10. Retained earnings	420		2,103,830,843	66,970,959
Total resources	440		45,247,149,731	25,972,519,973

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



26 January 2010
 TRAN THANH HIEP
 Director

NGUYEN VAN HUNG
 Chief Accountant

Cavico Industry and Minerals Joint Stock Company

Statement of Income

for the year ended 31 December 2009

All amounts are in Vietnamese dong

Items	Codes	Notes	2009	From 3.10.2007 to 31.12.2008
1. Revenue	01	18	33,374,274,227	1,744,003,066
2. Less revenue deductions	02		-	-
3. Net revenue	10		33,374,274,227	1,744,003,066
4. Cost of goods sold	11	19	(26,547,561,754)	(1,468,552,676)
5. Gross margin	20		6,826,712,473	275,450,390
6. Financial income	21	20	15,482,914	42,337,634
7. Financial expenses	22	21	(864,302,900)	(391,536,796)
Including: interest expenses	23		(863,711,927)	(388,705,596)
8. Selling expenses	24	22	(547,861,686)	-
9. General and administration expenses	25	23	(2,123,412,710)	(93,303,772)
10. Profit from business activities	30		3,306,618,091	(167,052,544)
11. Other income	31	24	230,438,564	3,384,910,486
12. Other expenses	32	25	(105,345,346)	(3,124,842,721)
13. Other profit	40		125,093,218	260,067,765
14. Net profit before tax	50		3,431,711,309	93,015,221
15. Current year corporate income tax	51		(632,574,479)	(26,044,262)
16. Deferred corporate income tax	52		-	-
17. Net profit after tax	60		2,799,136,830	66,970,959
18. Basic earnings per share	70	26	1,235	37

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



26 January 2010

TRAN THANH HIEP
Director

NGUYEN VAN HUNG
Chief Accountant

Cavico Industry and Minerals Joint Stock Company

Statement of Cash Flows (indirect method)

for the year ended 31 December 2009

All amounts are in Vietnamese dong

Items	Code	2009	From 3.10.2007 to 31.12.2008
I. Cash flows from operating activities			
1. Profit before tax	01	3,431,711,309	93,015,221
2. Adjustments:			
Depreciation and allocation	02	1,663,523,121	1,287,568,426
Profit from investment activities	05	(11,474,364)	(282,460,486)
Interest expenses	06	863,711,927	388,705,596
3. Net profit from operating activities before changes in working capital			
	08	5,947,471,993	1,486,828,757
Changes in accounts receivable and other current assets	09	(12,604,853,298)	(7,063,468,012)
Changes in inventory	10	(2,400,978,129)	(2,447,217,920)
Changes in accounts payable	11	5,388,018,582	2,409,662,169
Changes in prepaid expenses	12	(107,057,808)	(154,068,152)
Interest paid	13	(822,879,698)	(342,044,513)
Other cash paid for operating activities	16	(8,000,000)	-
Net cash flows from operating activities	20	(4,608,278,358)	(6,110,307,671)
II. Cash flows from investing activities			
1. Acquisition of fixed and other long-term assets	21	(5,944,055,460)	(11,480,067,811)
2. Proceeds from disposal of fixed assets	22	-	3,357,222,180
5. Loans to other entities and payments for purchase of debt instruments of other entities	25	(210,886,863)	(63,700,000)
7. Lending interest and dividends received	27	11,474,364	42,044,834
Net cash flows from investing activities	30	(6,143,467,959)	(8,144,500,797)
III. Cash flows from financing activities			
1. Proceeds from shares issued/Capital contribution	31	2,241,095,500	12,818,764,500
3. Short-term, long-term loans received	33	27,704,767,531	1,804,417,000
4. Repayment of loan principle	34	(19,531,795,393)	-
Net cash flows from financing activities	40	10,414,067,638	14,623,181,500
Net changes in cash	50	(337,678,679)	368,373,032
Cash at the beginning of the year	60	368,373,032	-
Cash at the end of the year	70	30,694,353	368,373,032

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

26 January 2010



TRẦN THANH HIỆP
Director

NGUYỄN VĂN HÙNG
Chief Accountant

Cavico Industry and Minerals Joint Stock Company

Notes to the Financial Statements
for the year ended 31 December 2009
All amounts are in Vietnamese dong

1. Organization and principal activities

Cavico Industry and Minerals Joint Stock Company is a joint stock company established and operates under the Business License No. 0103019882 dated 3 October 2007 issued by Hanoi Authority for Planning and Investment. The Business License of the Company was subsequently amended as follows:

<u>Amended Business License</u>	<u>Amended contents</u>
No. 0103019882 dated 7 April 2008	Change the Company address
No. 0103019882 dated 23 December 2008	Change the Company name and add business of activities
No. 0103019882 dated 16 February 2009	Change the Company address
No. 0103019882 dated 23 December 2009	Add business of activities

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

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

- Processing, mining stone, sand, gravel, non-ferrous metals and minerals (except for prohibited items);
- Construction of civil, industrial, transportation, irrigation, urban infrastructure and industrial parks, export processing zones, amusement;
- Trading machinery, equipment and technology of minerals processing;
- Trading means of transportation equipment, automobiles and automobile parts, motorcycles and motor vehicles and spare parts of construction machines and waterway transport means and their spare parts;
- Manufacturing and trading construction materials and interior and exterior decoration materials;
- Passenger and commodity transportation by contract and along fixed routes;
- Investment consulting;
- Agent to buy, sell, consign goods;
- Import and export products and commodities traded by the Company;
- Trading petroleum, petroleum add lubricants equipment;
- Real estate trading; and
- Auction services, advertising and management of real estate;

During the year 2009, the major activities of the Company are mine stone exploiting, trading fuel, oil and stone cutting services.

2. Summary of significant accounting policies

2.1. Fiscal year

The fiscal year of the Company is 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.

Cavico Industry and Minerals Joint Stock Company

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

All amounts are in Vietnamese dong

2.3. Application of Accounting Law and Vietnamese Accounting Standards

a) 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.

b) 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.

2.4. Principles of recording cash and cash equivalents

a) 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.

b) 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.

c) 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 and 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.

Cavico Industry and Minerals Joint Stock Company

Notes to the Financial Statements

for the year ended 31 December 2009 (continued)

All amounts are in Vietnamese dong

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 weighted average method.

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 basis 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 161/2007/TT-BTC dated 31 December 2007 guiding the implementation of the above Standard.

a) 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 and Minerals Joint Stock Company

Notes to the Financial Statements
for the year ended 31 December 2009 (continued)
All amounts are in Vietnamese dong

2.10. Investments

a) Short-term investments

Short-term investments comprise holdings of shares, government T-bills, and 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.

b) 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.

c) 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.

Cavico Industry and Minerals Joint Stock Company

Notes to the Financial Statements
for the year ended 31 December 2009 (continued)
All amounts are in Vietnamese dong

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 3:

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

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

Owner's equity is recognised by actual contributed amount.

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:

a) Sale of finished goods

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

Cavico Industry and Minerals Joint Stock Company

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

All amounts are in Vietnamese dong

b) *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.

2.17. *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.

2.18. *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.

2.19. *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.

2.20. *Nil balances*

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

2.21. *Reclassification*

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

11/01/10

Cavico Industry and Minerals Joint Stock Company

Notes to the Financial Statements
for the year ended 31 December 2009 (continued)
All amounts are in Vietnamese dong

3. Cash

Items	31.12.2009	31.12.2008
Cash on hand	10,618,039	3,617,557
Cash in bank	20,076,314	364,755,475
	30,694,353	368,373,032

4. Short-term investments

Items	31.12.2009	31.12.2008
<i>Short-term loans to individuals</i>		
Nguyen Huu Trung	100,000,000	-
Nguyen Huy Liem	50,000,000	-
	150,000,000	-

5. Other receivables

Items	31.12.2009	31.12.2008
Tran Thanh Hiep	250,000,000	-
Nguyen Huu Trung	-	1,000,000
Nguyen Van Hung	50,000,000	-
Cavico Vietnam Company Limited	30,000,000	30,000,000
Nghe Tinh Petroleum Company	30,000,000	-
Tien Do Company Limited	25,432,000	-
Nguyen Duc Manh	12,700,000	12,700,000
Surcharge of fuel, oil and lubricants	1,457,160	-
Others	-	50,000,000
	399,589,160	93,700,000

6. Inventories

Items	31.12.2009	31.12.2008
Raw materials	63,322,023	124,171,618
Work in process	4,385,004,843	2,323,046,302
Merchandised goods	399,869,183	-
	4,848,196,049	2,447,217,920

7. Short-term prepaid expenses

Items	Opening balance	Increase	Allocation	Closing balance
Tools and supplies	60,068,152	42,822,000	(81,417,692)	21,472,460
Others	94,000,000	348,511,682	(202,858,182)	239,653,500
	154,068,152	391,333,682	(284,275,874)	261,125,960

Cavico Industry and Minerals Joint Stock Company

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8. Other current assets

Items	31.12.2009	31.12.2008
Shortage assets pending settlement	41,290,238	7,448,797
Advances	5,377,645,889	3,066,333,394
Short-term collateral, deposit	10,000,000	17,000,000
	5,428,936,127	3,090,782,191

9. Tangible fixed assets

Items	Buildings, architectural items	Machinery and equipment	Vehicles	Office equipment and furniture	Total
Original cost					
Opening balance	-	3,579,885,706	758,815,455	142,974,091	4,481,675,252
Additions	160,000,000	864,528,809	3,912,321,515	29,801,800	4,966,652,124
<i>Including:</i>					
<i>Purchased</i>	-	864,528,809	3,912,321,515	29,801,800	4,806,652,124
<i>Constructed</i>	160,000,000	-	-	-	160,000,000
Closing balance	160,000,000	4,444,414,515	4,671,136,970	172,775,891	9,448,327,376
Accumulated depreciation					
Opening balance	-	663,914,013	133,830,996	40,213,253	837,958,262
Charge for the year	-	596,599,321	296,781,072	52,206,240	945,586,633
Closing balance	-	1,260,513,334	430,612,068	92,419,493	1,783,544,895
Net book value					
Opening balance	-	2,915,971,693	624,984,459	102,760,838	3,643,716,990
Closing balance	160,000,000	3,183,901,181	4,240,524,902	80,356,398	7,664,782,481

At 31 December 2009, tangible fixed assets with a carrying value of approximately VND 5.7 billion have been pledged with banks to secure the loans obtained by the Company.

Included in the cost of tangible fixed assets are assets with original costs of approximately VND 25.1 million which have been fully depreciated as at 31 December 2009, and are still in active use.

10. Intangible fixed assets

Items	Computer software	Total
Original cost		
Opening balance	12,000,000	12,000,000
Additions	-	-
Closing balance	12,000,000	12,000,000
Accumulated amortisation		
Opening balance	4,333,329	4,333,329
Charge for the year	3,999,996	3,999,996
Closing balance	8,333,325	8,333,325
Net book value		
Opening balance	7,666,671	7,666,671
Closing balance	3,666,675	3,666,675

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11. Construction in progress

Items	Opening balance	Increase	Transfer to fixed assets	Closing balance
Construction of the road to Quy Hop Mine	4,085,602,910	56,005,884	-	4,141,608,794
Construction of the Stone Processing Factory	427,318,249	199,835,339	-	627,153,588
Construction of tents and camp	244,516,835	-	-	244,516,835
Construction of general road	145,454,545	14,545,455	(160,000,000)	-
Construction of the Stone Cutting Factory	-	464,092,529	-	464,092,529
Quy Hop Mine exploitation License	5,000,000,000	-	-	5,000,000,000
	9,902,892,539	734,479,207	(160,000,000)	10,477,371,746

As at 31.12.2009, stone mine exploitation license was in process of being registered under the name of Cavico Industry and Mineral Joint stock company. This license has been received from Mineral Exploitation & Export Joint Stock Company as Capital contribution.

12. Long-term prepayments

Items	Opening balance	Increase	Allocation	Closing balance
Tools & supplies	97,653,765	48,378,674	(64,318,908)	81,713,531
Company's website costs	18,000,000	-	(9,000,000)	9,000,000
Prepaid fixed asset operating lease rental	2,205,762,892	354,545,455	(640,617,584)	1,919,690,763
	2,321,416,657	402,924,129	(713,936,492)	2,010,404,294

13. Loans and debts

Items	31.12.2009	31.12.2008
Short-term loans	8,086,560,013	1,804,417,000
Loans from banks	5,649,999,188	934,000,000
Loans from related parties	330,000,000	-
Loans from others	2,106,560,825	870,417,000
Current-portion of long-term loans	794,759,500	-
Loans from banks	794,759,500	-
Long-term loans	1,096,069,625	-
Loans from banks	1,096,069,625	-
	9,977,389,138	1,804,417,000

Details of the loans are as follows:

Items	Loan tenure (month)	Maturity date	Interest rate (%/month)	Secured form	Balance at 31.12.2009
Short-term loans					8,086,560,013
Loans from banks					5,649,999,188
Agribank - Hoang Quoc Viet	3	27/1 to 15/3/2010	0.667%	Assets	3,849,999,188
Vietinbank	10	4/7 to 13/9/2010	0.667%	Assets	1,800,000,000

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Loans from related parties						330,000,000
Cavico Hydropower Construction JSC	6	31/3/2010	0%	Deed of trust		300,000,000
Cavico Bridge & Tunnel Construction JSC	3	31/3/2010	0%	Deed of trust		30,000,000
Loans from others						2,106,560,825
Phan Tuan Minh	3	31/3/2010	2%	Deed of trust		200,000,000
Tran Thanh Hai	6	30/6/2010	0%	Deed of trust		1,013,940,000
Dang Thuy Dung	6	30/6/2010	5%	Deed of trust		500,000,000
Tran Thanh Huu	3	30/3/2010	0%	Deed of trust		150,540,000
Nguyen Huu Trung	3	30/3/2010	0%	Deed of trust		150,000,000
Others	3	30/3/2010	0%	Deed of trust		92,080,825
Long-term loans						1,890,829,125
Loans from banks						1,890,829,125
Vietinbank	48	23/9/2010	0.875%	Assets		1,375,000,000
An Binh Bank	36	20/7/2010	0.875%	Assets		515,829,125
						9,977,389,138

14. Taxes and payables to State budget

Items	Opening balance	Incurred	Paid	Closing balance
Value Added Tax deductibles				
Input Value Added tax	484,286,179	2,972,568,865	(2,764,203,272)	692,651,772
	484,286,179	2,972,568,865	(2,764,203,272)	692,651,772
Tax payables				
Output Value Added Tax	-	2,765,869,619	(2,765,869,619)	-
Corporate Income tax	26,044,262	632,574,479	-	658,618,741
Personal Income tax	-	3,854,000	-	3,854,000
Other taxes	-	3,000,000	(3,000,000)	-
	26,044,262	3,405,298,098	(2,768,869,619)	662,472,741

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	10%

14.2. Corporate Income Tax

The Company's corporate income tax rate is 25% of the taxable profits. The Company is entitled to a reduction of 30% from corporate income tax the year 2009 according to Decree 03/2009/TT-BTC dated 13 January 2009.

Cavico Industry and Minerals Joint Stock Company

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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.

Current year corporate income tax

Current year corporate income tax expense is determined based on the taxable income of the current year. The taxable income may differ from the income presented on the income statement as it does not include the taxable incomes and deductible expenses for other accounting periods and also exclude the non-taxable incomes and non-deductible expenses for the tax purposes. The current year corporate income tax expense is calculated using the tax rate ruling at the balance sheet date.

Items	2009	From 3.10.2007 to 31.12.2008
Net profit before tax	3,431,711,309	93,015,221
Adjustments to increase/(decrease) profit		
Remuneration of Board of Managements and Board of Supervisors	183,000,000	-
Adjusted net profit before tax	3,614,711,309	93,015,221
Tax loss carried forward	-	-
Estimated current year taxable profit	3,614,711,309	93,015,221
Estimated current year corporate income tax	903,677,827	26,044,262
Corporate income tax payable at beginning of the year	26,044,262	-
Reduction of 30% to Corporate income tax according to Circular 03/2009/TT-BTC	(271,103,348)	-
Corporate income tax paid during the year	-	-
Corporate income tax payable at the end of the year	658,618,741	26,044,262

14.3. Other taxes

The Company declares and pays as per laws and regulations.

15. Accrued expenses

Items	31.12.2009	31.12.2008
Loan interest	87,493,312	46,661,083
	87,493,312	46,661,083

16. Other payables

Items	31.12.2009	31.12.2008
Remuneration of Board of Managements and Board of Supervisors	183,000,000	-
Social insurance	144,872,600	54,332,200
Health insurance	2,151,000	-
Unemployment insurance	6,579,300	-
Trade union fees	14,541,600	17,978,900
Others	13,599,851	200,000,000
	364,744,351	272,311,100

Cavico Industry and Minerals Joint Stock Company

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17. Owner's equity

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

Items	Owner's capital	Investment and development fund	Financial reserve funds	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
Increase in capital	2,241,095,500	-	-	-	2,241,095,500
Profit for the year	-	-	-	2,799,136,830	2,799,136,830
Transfer to funds	-	304,910,779	152,455,389	(762,276,946)	(304,910,778)
Balance as at 31.12.2009	23,859,860,000	304,910,779	152,455,389	2,103,830,843	26,421,057,011

17.2 Details of share capital

Shareholders	Ordinary shares	
	31.12.2009	31.12.2008
Cavico Bridge & Tunnel Construction JSC	7,227,990,000	6,873,994,500
Minerals Exploitation & Export JSC	5,000,000,000	5,000,000,000
Cavico Hydropower Construction JSC	1,300,000,000	800,000,000
Tran Thanh Hai	1,836,000,000	1,636,000,000
Pham Minh Phuc	700,000,000	700,000,000
Truong Xuan Doan	500,000,000	600,000,000
Nguyen Phuong Thuy	250,000,000	260,000,000
Dang Minh Toan	200,000,000	250,000,000
Tran Van Giang	200,000,000	1,000,000,000
Hoang Duong Tuan	200,000,000	200,000,000
Tran Thanh Hiep	121,770,000	791,770,000
Nguyen Van Hung	40,000,000	500,000,000
Bui Quang Ha	-	200,000,000
Others	6,284,100,000	2,807,000,000
	23,859,860,000	21,618,764,500

17.3 Details of movements in share capital are as follows

Items	2009	From 3.10.2007 to 31.12.2008
Opening balance	21,618,764,500	-
Shares issued	2,241,095,500	21,618,764,500
Shares returned	-	-
Closing balance	23,859,860,000	21,618,764,500
Dividends temporarily distributed	-	-

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Shares

Items	31.12.2009	31.12.2008
Total authorised shares	5,000,000	5,000,000
Shares issued and fully paid	2,385,986	2,161,876
<i>Including: Ordinary shares</i>	2,385,986	2,161,876
<i>Preference shares</i>	-	-
Remaining shares issued	2,385,986	2,161,876
<i>Including: Ordinary shares</i>	2,385,986	2,161,876
<i>Preference shares</i>	-	-

Share par value: VND 10,000 per share.

18. Revenue

Items	2009	From 3.10.2007 to 31.12.2008
Construction activities	-	1,089,645,454
Sale of stone and stone cutting services	5,936,903,400	654,357,612
Sales of merchandise	27,437,370,827	-
	33,374,274,227	1,744,003,066

19. Cost of goods sold

Items	2009	From 3.10.2007 to 31.12.2008
Construction activities	-	811,638,687
Cost of stones sold and stone cutting service rendered	2,282,557,647	656,913,989
Cost of merchandise sold	24,265,004,107	-
	26,547,561,754	1,468,552,676

20. Financial income

Items	2009	From 3.10.2007 to 31.12.2008
Interest income	11,474,364	42,044,834
Realized foreign exchange gains	4,008,550	292,800
	15,482,914	42,337,634

21. Financial expenses

Items	2009	From 3.10.2007 to 31.12.2008
Loan interests	863,711,927	388,705,596
Realized foreign exchange losses	590,973	2,831,200
	864,302,900	391,536,796

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22. Selling expenses

Items	2009	From 3.10.2007 to 31.12.2008
Sales staff salary	244,876,538	-
Tools and supplies expenses	1,975,000	-
External service expenses	290,899,244	-
Others	10,110,904	-
	547,861,686	-

23. General and administration expenses

Items	2009	From 3.10.2007 to 31.12.2008
Staff salary expenses	1,099,948,195	-
Office consumables	17,133,810	-
Office tools and equipment	53,461,273	-
Depreciation and allocation	234,850,267	-
Taxes, charges and fees	44,066,940	6,000,000
External service expenses	264,099,182	-
Others	409,853,043	87,303,772
	2,123,412,710	93,303,772

24. Other income

Items	2009	From 3.10.2007 to 31.12.2008
Disposal of fixed assets	-	3,357,222,180
Others	230,438,564	27,688,306
	230,438,564	3,384,910,486

25. Other expenses

Items	2009	From 3.10.2007 to 31.12.2008
Net book value of fixed assets disposed of	-	3,116,806,528
Others	105,345,346	8,036,193
	105,345,346	3,124,842,721

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26. Earnings per share

Items	31.12.2009	From 3.10.2007 to 31.12.2008
Net profit attributable to ordinary shareholders		
- Net profit for the year	2,799,136,830	66,970,959
- Dividend on preference shares	-	-
Net profit attributable to ordinary shareholders	2,799,136,830	66,970,959
Weighted average number of ordinary shares		
- Ordinary shares at the beginning of the year	2,161,876	-
- Weighted average number of shares issued for the year	103,870	1,791,331
- Weighted average number of share redeemed for the year	-	-
Weighted average number of shares for the year	2,265,746	1,791,331
Basic earnings per share	1,235	37

27. Transactions and balances with related parties

27.1 Major transactions with related parties during the year are as follows:

Related parties	Relationship	Transactions	Amounts
Cavico Bridge and Tunnel Joint Stock Company	Affiliate	Capital received	7,227,990,000
		Sales	3,788,082,039
Cavico Hydropower Construction Joint Stock Company	Affiliate	Capital received	1,300,000,000
		Sales	1,181,020,460
Cavico Vietnam Mining and Construction Joint Stock Company	Affiliate	Sales	2,524,189,892
Cavico Power and Natural Resources Joint Stock Company	Affiliate	Sales	665,443,276
Energy Construction Joint Stock Company	Affiliate	Sales	1,995,149,649
Cavico Transportation Joint Stock Company	Affiliate	Sales	146,988,080

The sales to related parties are made at the usual market prices, purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

27.2 At the balance sheet date, amounts due from/to related parties are as follows:

Related parties	Relationship	Transactions	Amounts due from/(to)
Receivables from customers			
Energy Construction Joint Stock Company	Affiliate	Sales	1,091,791,881
Cavico Bridge and Tunnel Construction Joint Stock Company	Affiliate	Sales	744,713,814
Cavico Vietnam Mining and Construction Joint Stock Company	Affiliate	Sales	719,471,953
Cavico Hydropower Construction Joint Stock Company	Affiliate	Sales	425,063,089

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Related parties	Relationship	Transactions	Amounts due from/(to)
Receivables from customers			
Cavico Power and Resources Joint Stock Company	Affiliate	Sales	352,925,068
Cavico Transport Construction Joint Stock Company	Affiliate	Sales	161,596,030
Other receivables			
Cavico Bridge and Tunnel Construction Joint Stock Company	Affiliate	Others receivable	1,085,045,000
Payables to suppliers			
Cavico Hydropower Construction Joint Stock Company	Affiliate	Machinery lease	(390,000,000)
Loans			
Cavico Hydropower Construction Joint Stock Company	Affiliate	Short-term loans	(300,000,000)

Outstanding balances at the year end are unsecured, interest free and will be settled in cash or liability compensation. For the year ended 31 December 2009, the Company has not made any provision for doubtful debts relating to amounts owed by related parties.

27.3 Transactions with other related parties

Remuneration paid to members of the Board of Management and Board of Directors:

Items	2009	From 3.10.2007 to 31.12.2008
Salary and bonus	452,361,000	178,969,000
	452,361,000	178,969,000

28. Approval for release of the financial statements

These financial statements were approved for release on 26 January 2010



TRAN THANH HIEP
Director

NGUYEN VAN HUNG
Chief Accountant