TTCS
THANH THANH CONG - TAY NINH

# THE POWER OF TECHNOLOGY

ANNUAL REPORT 2013

THANH THANH CONG TAY NINH JOINT STOCK COMPANY

GIVEN THE ADVANCED TECHNOLOGY WITH EUROPEAN STANDARD, THANH THANH CONG TAY NINH IS PROUD OF ITS HIGH QUALITY RE SUGAR THAT EARNS HUGE REVENUE FROM SUPPLYING TO GIANT CLIENTS SUCH AS: PEPSI, COCA-COLA, URC, NESTLE, UNILEVER, VINA CAFÉ… AND OTHER ASIAN MARKETS.

# CONTENT

## Vision

To become the top refined sugar producer in Vietnam and region.

## Mission

To supply the high quality refined sugar with European standard to benefit community health.

## Core Values

- Meeting customers' demand is the top priority;
- Employees are assets;
- Farmers are partners;
- Be responsible for society, environment and community;
- Always be pioneer.

Thanh Thanh Cong Tay Ninh Joint Stock Company (TTCS) aims at developing the stable material zones on the basis of balancing the interests of farmers and plants, improving the machines, equipments and production technology to maximize the production efficiency and gain the best production results.

**NET REVENUE**

VND **2,220** BILLION

**PROFIT BEFORE TAX**

VND **275** BILLION

## Dear Honorable Shareholders,

The year 2013 continues challenging enterprises in general and sugar companies in particular. Sugar industry enters its consecutive 3rd year of price decrease that has been generated by redundant supply, pressure from smuggled sugar and other problems of sugar quality and cost price while profit of farmers must be ensured. TTCS has the advanced production technology with European standard and successfully builds its reputation on the market. The fact that industrial customers always demand for the strict sugar quality is deemed our advantage and simultaneously pressure to continue strengthening our brand name and reputation as well as to accompany with thousands of sugar cane farmers. As a result, we are able to stabilize the material zones to maintain the continuous production to ensure interests of shareholders, employees and benefit community, society and contribute to national budget.

The highlighted achievements of TTCS in 2013 are proven by the highest indicators such as the average sugar cane pressing capacity of 9,000 tons per day, the output of pressed sugar cane in 2012 – 2013 reached more than 1,000,000 tons and sales volume reached 135,000 tons. In 2013, the Company remains its ROE (return on equity) higher than the average ratio of sugar industry. However, the actual profit does not reach the target set by Annual Shareholders Meeting. Profit before tax achieves VND 275 billion, equivalent to 75% of target. Board of Management admits the profit target is not fullfiled due to the fluctuations of sugar prices and the above-mentioned factors. However, given our pro-active manner to recognize the competitive advantages and define the difficulties and risks exposed from the implementation of AFTA (Asian Free Trade Area) accordingly, sugar import tariff applied for ASIAN countries is going down to hit 0% in 2015… we, Board of Management sets the specific objectives with determination to resolve the cost problem in 2013. As a result, we lay the firm foundation for the next development in the coming years. The cost reduction is defined for each period with specific solutions such as (i) plan the stable material zones; (ii) enhance the mechanization (iii) implement the consolidated solutions in agriculture - technique; (iv) enhance the co-generation for sugar cane refuse to reduce cost; (v) especially apply science and technology in production by connecting to activities of Center of Sugar Research and Application TTC such as: Revigorating sugar cane variety, promoting the efficiency of agricultural stimulation activities… Given the above solutions, we are confident to enhance the "competitive advantages for TTCS sugar cane" to get ready for global integration.

Valued shareholders, given the above situation, we have defined the "must-have and should-have" solutions following the scheduled roadmap to get ready for the fierce competition in coming years. Our solution is "COST CUTTING". At the same time, we must produce high quality sugar at competitive price. This is deemed the key advantage to survive in free market economy. We also aim at exporting sugar, instead of totally depending on local annual market demand. Hence, Board of Management proposes the cautious business plans in 2014 given the current lowest sugar price. This plan will release us from pressure to focus on strengthening our performance to lay the firm foundation for the next coming years.

Valued shareholders, be proud of our brandname, we are determined to maintain the current position and accomplish the business targets. We hope to continue receiving the trust and support from shareholders to ensure the sustainable development in each period.

On behalf of Board of Management, once again, I would like to express our desire of receiving assistance from shareholders, support from government, accompanion from farmers, customers and partners. Wish you health and success.

On behalf of board of management
Chairlady

**DANG HUYNH UC MY**


# Pioneer in **TECHNOLOGY**

Given the firm foundation from investing in advanced technology with European standard and production capacity of 9,800 tons of sugarcane per day and output of 120,000 tons of sugar per year, Thanh Thanh Cong Tay Ninh Joint Stock Company has affirmed its leading position in sugar industry.

COMPANY OVERVIEW

## COMPANY NAME

Full name: Thanh Thanh Cong Tay Ninh Joint Stock Company
Transaction name: THANH THANH CONG TAY NINH JOINT STOCK COMPANY
Nam abbreviation: TTCS
Stock code: SBT

## BUSINESS CERTIFICATION

At present, TTCS is a joint stock company operating under the Investment Certificate No. 451031000014 that were issued by Tay Ninh People's Committee and 13th amended on 2 December 2013.

## CHARTER CAPITAL

1,485,000,000,000 dong (one thousand four hundred and eighty-five billion Vietnam dong)

## STRATEGIC SHAREHOLDERS HOLDS 25% OF TOTAL SHARES

Thanh Thanh Cong Joint Stock Company
Thuan Thien Trading and Investment Limited Company

## CONTACT INFORMATION

Head quarter: Tan Hung Commune, Tan Chau District, Tay Ninh Province
Phone: (066) 3 753 250 - Fax: (066) 3 839 834
Website: http://www.ttcsugar.com.vn
Email: ttcs@ttcsugar.com.vn

## AUDITOR

KPMG Limited Vietnam
Address: 10th Floor, Sunwah Building
115 Nguyen Hue Street, District 1, Hochiminh City
Phone: (08) 3 821 9266 - Fax: (08) 3 821 9267

## BRANCHES

**TTCS Office**
Address: 1st Floor, 62 Tran Huy Lieu Street, Ward 12, Phu Nhuan District, Hochiminh City
Phone: (08) 629 269 18 - 629 269 19
Fax: (08) 629 269 20

**Warehouses in Hochiminh City**
Address: Thanh Thanh Cong Company, Tan Binh District, Hochiminh City

**Chau Thanh Sugar Experiment Base**
Address: Thai Binh Commune, Chau Thanh District, Tay Ninh Province
Phone: (066) 3 823 843

**Tay Ninh Center of Sugarcane Seed Research and Production**
Address: Tan Hung Commune, Tan Chau District, Tay Ninh Province
Phone: (066) 3 753 802

**Seed Sugarcane Base TTCS Ben Cau**
Address: Long Phuoc, Ben Cau District, Tay Ninh Province
Phone: (066) 3 760 828 - Fax: (066) 3 760 828

# KEY MILESTONES
during its development (2008 – 2013)


SOCIETÉ DE BOURBON TAY NINH (NOW KNOWN AS THANH THANH CONG TAY NINH JOINT STOCK COMPANY) WAS ESTABLISHED ON 15 JULY 1995 AND CERTIFIED BY NATIONAL COMMITTEE OF COOPERATION AND INVESTMENT (NOW KNOWN AS MINISTRY OF PLANNING AND INVESTMENT). ITS PRECURSOR WAS A JOINT VENTURE OF BOURBON CORPORATION (FROM FRANCE), SUGAR II CORPORATION AND TAY NINH SUGAR COMPANY.

2008 2013

## LISTING ON STOCK MARKET

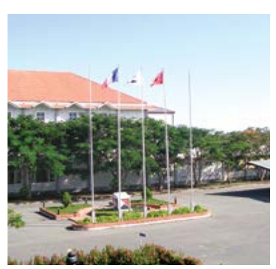
On 25 February 2008, the Company listed 44,824,172 shares on Hochiminh City Stock Exchange, equivalent to 31.58% of total outstanding shares.
Stock code: SBT.

On 17 May 2011, State Securities Commission released a Decision to approve the listing of additional 97,081,628 shares on Hochiminh City Stock Exchange (HOSE) (In accordance with Document No. 137/UBCK-PTTT dated 17 May 2011).

On 12 September 2013, HOSE released an Announcement No. 823/2013/TB-SGDHCM to approve the listing and trading of additional shares of 6,574,200 from ESOP (In accordance with Decision No. 309/2013/QĐ-SGDHCM dated 10 September 2013).

### 2008

In 2008, Societé de Bourbon Tay Ninh officially listed 44,824,172 shares on Hochiminh City Stock Exchange (HOSE).
Stock code: SBT



### 2009

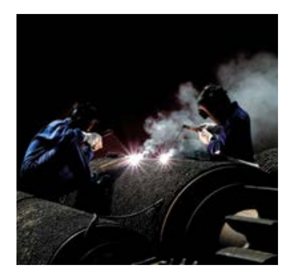
After implementing the strategy of diversifying the business portfolio of Bourbon Corporation, the Company took over and implemented the project of Industrial Zone. In October 2009, the Company held the Ground Breaking Ceremony of Bourbon An Hoa, the first ecological industrial zone in Vietnam.

### 2010

At end 2010, Bourbon Corporation withdrew its investment at Societé De Bourbon Tay Ninh and transferred its total ownership to Vietnamese partners, including the major shareholder Thanh Thanh Cong Investment Joint Stock Company that holds 24.5% of total shares.

### 2011

In 2011, it was the first time after 16 years of operation; Bourbon Tay Ninh plant implemented the project of increasing the sugar cane pressing capacity from 8,000 to 9,000 tons per day. The project was successfully completed, saving 20% of planned cost. The plant was put into operation with capacity of 9,000 tons per day in 2011 - 2012.



### 2012

In 2012, Bourbon Tay Ninh plant continued increasing sugar cane pressing capacity from 9,000 to 9,800 tons per day. The project was completed and the plant was put into operation with new capacity in 2012 - 2013. In addition, TTCS plant completed the Affinage project (raw sugar dissolving plant) and put into operation in December 2012, increasing the output of RE Sugar, the key product of TTCS to meet higher demand of market.

### 2013

In the 3rd quarter of 2013, the Company issued 6,574,200 shares under ESOP to increase charter capital to 1,485,000,000 dong (one thousand four hundred and eighty-five billion Vietnam dong).

On 2 December 2012, Tay Ninh People's Committee released the Investment Certificate (the 13th amended) to the Company. Accordingly, the Company officially changed its name from Societe De Bourbon Tay Ninh into Thanh Thanh Cong Tay Ninh Joint Stock Company.

## HIGHLIGHTED EVENTS IN 2013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THE COMPANY WAS RANKED THE

14TH Forbes

OF TOP 50 VIETNAMESE LISTED COMPANIES BY FORBES VIETNAM

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**1** In March 2013, the Company received **the Gold Prize of National Quality** awarded by Prime Minister.

**2** On 29 March 2013: The Company was honored to be regarded as **"The Company obtains achievements in production in 2012 – 2013"** by Tay Ninh Province People's Committee.

**3** The Company was selected as **Top 50 Companies with the most effective business performance** by Nhip Cau Dau Tu Magazine.

**4** The Company was regarded as **Top 50 Vietnamese Listed Companies** by Forbes Vietnam (ranking: 14th).

**5** Mrs. **Dang Huynh Uc My**, Chairlady received the prize of "Best Managers in renovation period" in 2013.

**6** **The Company received the Labor Medal III:** On occasion of its 18th anniversary, the Company was honored to receive the Labor Medal III from the President thanks to its excellent achievements in social and community activities in Tay Ninh Province from 2008, to contribute to the development of socialism and national defense.

**7** **It was regarded** as the Company accomplishing the plan of fire prevention and fighting in 2013, so as to gain confidence of employees, partners and shareholders.

**8** **It invested in sugar cane harvesters in 2013 – 2014.** Given its effective mechanization, the Company was confident to purchase John Deere sugar cane harvesting machines. This is recognized as a breakthrough action of the Company and an important step of mechanization of local sugar industry. This equipment has facilitated the sugar cane harvesting of farmers.

**9** **The Company granted the gratitude houses, visiting and granting gifts to Social Sponsor Centers and disadvantaged families in local area.** In 2013, the Company granted 6 gratitude houses and carried out charity activities such as contributing to "For the Poor People" fund, granting notebooks and bicycles to disadvantaged students, Tet gifts to disadvantaged households with total amount of VND 2 billion.

**10** **Charity activities in Ly Son Island District.** At end 2013, the Company jointly with Foundation of Disadvantaged War Veterans Hochiminh City visited and offered Tet gifts to people on Ly Son Island, Quang Ngai Province. This is one of the activities in the Program of "Tet for the Poor People in Islands" to share difficulties and bring the warm and comfortable Tet to the poor people in natural calamity areas. After the trip, the Company donated VND 200 million and contributed to 1,000 gift sets shared by other companies to support people on the Island.

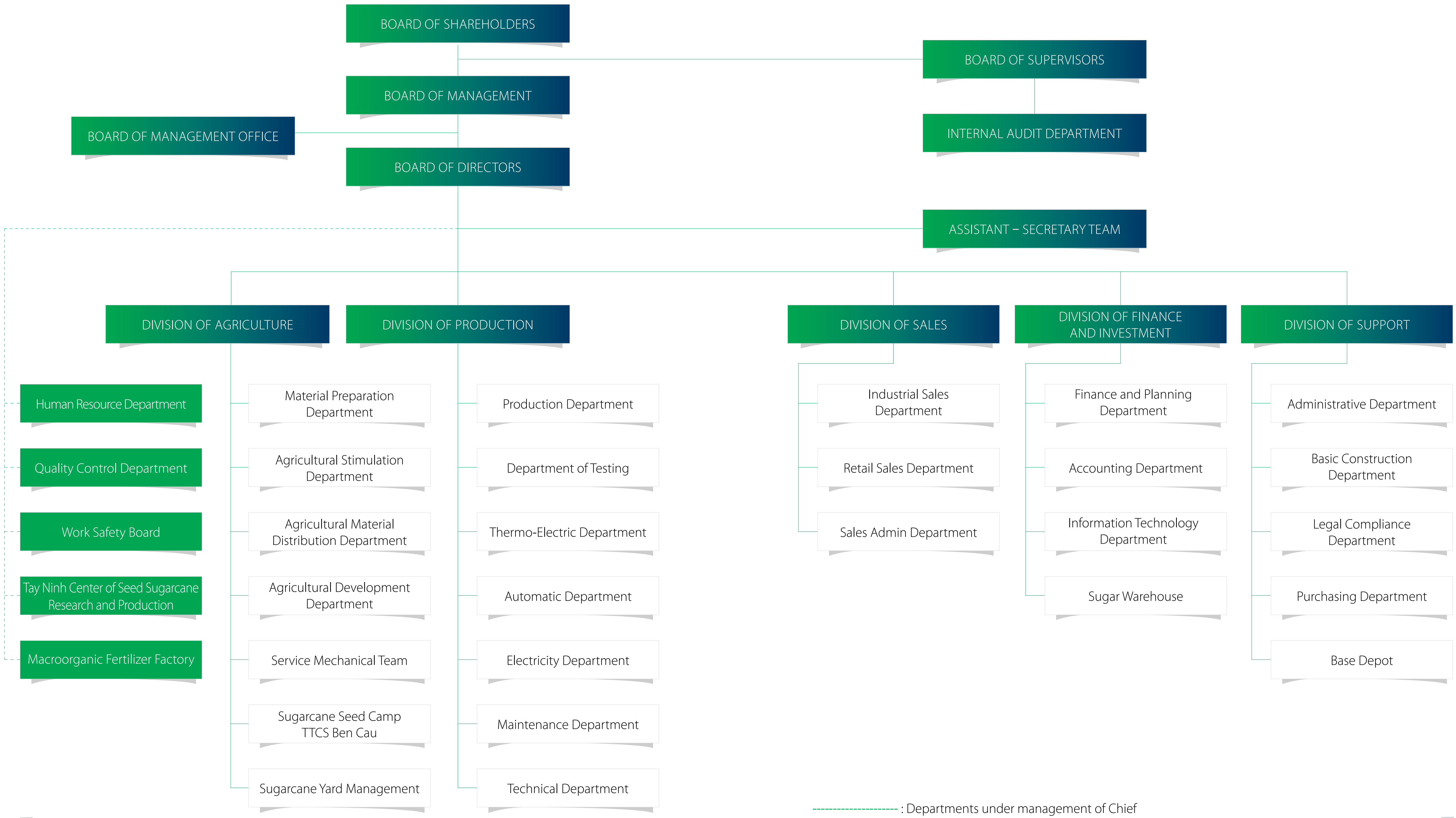
## SCOPE OF BUSINESS

- Produce refined sugar and other products from sugar;
- Plant and develop sugar canes;
- Produce and trade products using sugar and other by-products and refuses from sugar production
- Produce the business electricity;
- Produce and trade fertilizers, and agricultural materials;
- Build and trade infrastructure of industrial zone;
- Build the civil works (supermarkets, restaurants, hotels…);
- Run business in supermarkets, restaurants and hotels;
- Build and trade infrastructure of industrial zone;
- Mechanical processing services (equipments in sugar industry)
- Technical consultancy, technology and management in sugar industry
- Produce and trade alcohol and other after-alcohol products
- Real estate, apartment rental, offices, houses
- Financial investment

## BUSINESS AREA

Provide high quality refined sugar to customers using sugar as main ingredient in sectors such as pharmacy, beverages, confectionary, tea, coffee, dairy with key markets in Hochiminh City, Binh Duong, Dong Nai, Can Tho and Danang, Hanoi, Bac Ninh. Bonsu Sugar bags are distributed at supermarkets from Northern to Southern region, agents, distributors in provinces and cities nationwide.

## ORGANIZATIONAL STRUCTURE




-------------------- : Departments under management of Chief Executive Officer/Permanent Deputy CEO .

# BOARD OF MANAGEMENT

## MADAM DANG HUYNH UC MY

Chairlady

Graduating from Business and Finance Administration, Madam Uc My held important positions at Thanh Thanh Cong Investment Joint Stock Company as Vice Chairlady and Chief Executive Officer.

After Mr. Philippe Lombard resigned, she was trusted and assigned as Board of Management member in January 2012. At Annual Shareholders Meeting 2011 of TTCS dated 12 April 2012, she was elected as Chairlady Period 2012 – 2016. She is managing and driving TTCS to overcome the difficulties of the macro-economy and sugar industry to achieve the positive results compared with other peers.

## Mr. LE VAN DINH

Vice Chairman

Mr. Le Van Dinh is a technology engineer. He retired after years of working in sugar industry. He held the position of Director at Bien Hoa Sugar Company, Director at ECotech Company.

From 2000 to now, he is Vice Chairman of Thanh Thanh Cong Tay Ninh Joint Stock Company. Given his experience and knowledge in sugar industry, he was assigned by Board of Management to be in charge of technical consultancy for TTCS.

## Mr. VO TONG XUAN

Board of Management Member

Being professor – Ph.D, People's Teacher, Mr. Vo Tong Xuan is also an agricultural scientist. He was awarded noble prizes in the globe. He was also regarded as Labor Hero by Vietnamese government. He has significantly contributed to the agricultural research and education. At present, he is Principal of Tan Tao University, Board of Management member of International Fertilizer Development Center (Alabama, USA), Chairman of Scientific Committee of Environmental Economics Southeast Asia (Singapore), Board of Management Member of Asia Economics Institute (Philippines).

From 2011 to now, he is Board of Management Member of Thanh Thanh Cong Tay Ninh Joint Stock Company. Given his exclusive knowledge and intensive experience in agriculture, he is assigned to be in charge of agricultural consultancy for TTCS.

## Mr. THAI VAN CHUYEN

Board of Management Member

Graduating from Business Administration in 2001 and Hanoi University of Law in 2010, he held key positions in various companies such as: Chief Executive Officer (CEO) at Saigon Thuong Tin Real Estate Joint Stock Company, Chairman at Bien Hoa Sugar Joint Stock Company, Chairman of Gia Lai Electricity Joint Stock Company, CEO at Thanh Thanh Cong Investment Joint Stock Company.

Given his knowledge and experience in corporate governance, he was assigned by Board of Management and Annual Shareholders Meeting as Board of Management member on 1 November 2012.

## Mr. PHAM HONG DUONG

Board of Management Member

Graduating from Chemical & Food Engineering Faculty, Hochiminh City University of Polytechnic, and Master of Business Administration in Germany on Production Management Consultancy, he started working at SBT from 1998. He has 14 years of experience in sugar production technology. He held positions of Factory Manager, Deputy General Director (in charge of Technique) and managed an experienced team with the most advanced technology and equipment of Vietnamese sugar industry.

After Ms. Tran Que Trang resigned, he was appointed by Board of Management and assigned by Annual Shareholders Meeting as Board of Management Member on 1 March 2013.

## BOARD OF SUPERVISORS

### Ms. NGUYEN THUY VAN

Chief Supervisor

Graduating as Bachelor of Economics, major in Accounting – Auditing, Master of Business Administration in Western Pacific University, she has more than 10 years of experience in Accounting – Finance – Investment in various sectors such as production, stock market, commodity derivatives and logistics.

From 2012 to now, she is Chief Supervisor at Thanh Thanh Cong Tay Ninh Joint Stock Company. At present, she also holds the position of Chief Supervisor at Thanh Thanh Cong Investment Joint Stock Company, Board of Supervisors Member of Bien Hoa Sugar Joint Stock Company.

### Mr. LE VAN HOA

Board of Supervisors member

Graduating as Bachelor of Economics, major in Production Accounting, he has more than 20 years of experience in Accounting & Finance. He held the positions of Chief Accountant and took part in corporate governance.

From 2006 to now, he works at Thanh Thanh Cong Investment Joint Stock Company. At present, he holds the position of Chief Supervisor at Bien Hoa Sugar Joint Stock Company, Board of Supervisors Member of Thanh Thanh Cong Tay Ninh Joint Stock Company.

### Mr. LE NHO DINH

Board of Supervisors Member

He is a Bachelor of Economics, major of Accounting – Auditing, Certified Practising Accountant (CPA) recognized by Vietnam Association of Certified Public Accountants (VACPA) and is completing the British Chartered Certified Accountant (ACCA) program. He has more than 8 years of experience in Accounting – Auditing – Finance in various sectors such as production, securities, trading and service.

From 2012 to now, he is Board of Supervisors Member of Thanh Thanh Cong Tay Ninh Joint Stock Company. At present, he also holds Chief Supervisor of Thanh Thanh Cong Trading Joint Stock Company, Thang Loi Tourism Joint Stock Company, Binh Thuan Tourism Joint Stock Company, Board of Supervisors Member of Bien Hoa Sugar Joint Stock Company, Thanh Ngoc Joint Stock Company.





## BOARD OF DIRECTORS

### Mr. NGUYEN BA CHU

Chief Executive Office

Being a Bachelor of Industrial Economics, Hochiminh City University of Economics, he started working at Binh Duong Sugar Company in 1987. Now he has more than 20 years of working in sugar industry. He joined in many local and international training courses for superior managers, especially intensive training course on sugar industry. He was Deputy General Director of Thanh Thanh Cong Investment Joint Stock Company. From October 2010 to now, he is Chief Executive Officer of TTCS. After a short period running TTCS under the close supervision of Board of Management, he jointly with other Board of Directors members has driven the Company to obtain the significant achievements in terms of pressed sugar cane output, revenue and profit. Promoting the existing advantages of TTCS, he successfully makes the dream of increasing production capacity of TTCS come true.

### Mr. NGUYEN HOANG TUAN

Permanent Deputy CEO

Graduating as a Bachelor of Finance – Accounting, Master of Business Administration, he has a strong attachment to sugar industry quite early. Now he has 14 years of experience in management in sugar industry. He held the key positions such as Deputy Manager of Finance – Accounting, Chief Accountant, Deputy CFO at Bien Hoa Sugar Joint Stock Company.

Joining in Thanh Thanh Cong Tay Ninh Joint Stock Company in July 2013, he is now Permanent Deputy CEO at TTCS. Given his exclusive working experience in sugar industry, he is proposing the innovations in production and trading.

### Mr. NGUYEN VAN DE

Deputy CEO
Division of Finance and Investment

He graduated as Bachelor of Economics, major in Corporate Finance, Hochiminh City University of Economics, Bachelor of English, Hochiminh City University of Social Sciences and Humanities. Before joining in TTCS, he had more than 7 years of experience in financial sector and participated in various intensive training courses on financial management, budget planning and project assessment… He has made significant contribution to financial activities of TTCS during last 2 years.

Given his passion and determination in work, he has made the important progress in TTCS performance. In July 2013, he was trusted and assigned as Deputy CEO, in charge of Division of Finance and Investment.

# BOARD OF DIRECTORS (Continued)

## Mr. DINH VAN HIEP

Deputy CEO
Division of Agriculture

Graduating as Electronic Engineer, Master of Business Administration, Hochiminh City University of Polytechnic.

He had 7 years working as professor and then held different management positions from Teamleader, managers to chairman. He has more than 15 years of working in various sectors from education, telecommunication, hydroelectricity, financial investment, tourism, sugar industry. He also has 3 years working in sugar industry at the position of Assistant to Chairman, Permanent BOM member at Gia Lai Thermo-Electric Sugar Joint Stock Company. He joined in TTCS in January 2012 as Director of Agriculture Division, and then he was assigned as Deputy CEO (Agriculture) in July 2013.

## Ms. TRUONG THI HONG

Deputy CEO
Division of Support

After 1975, she joined in Youth Union activities. She successfully handled the key positions such as Deputy Secretary of District government, Deputy Office Manager of District government – in charge of finance (from 1984 to 1992), Manager of District Finance Department (from 1992 to 2002). Graduating from University of Economics, she was assigned as Deputy Manager of government Department of Finance, Tay Ninh Province (from 2002 to 2008).

Given her experience, knowledge and passion, after retiring, she was invited by Board of Manager to handle the position of CFO in 2010. In July 2012, she was assigned as Deputy CEO, in charge of Finance Division. In July 2013, she was assigned as Deputy CEO, in charge of Support Division.

## Mr. NGUYEN THANH KHIEM

Plant Manager

Graduating as Chemical Engineer and Technology of Lomonosov University, Moscow, Russia, Master of Business Administration, University of Gloucestershire, Mr. Nguyen Thanh Khiem was one of the first members of TTCS since its inception. At present, he handles the position of Plant Manager from August 2013, managing an experienced and passionate team of engineers.

In season 2011 – 2012, he and his team was executing the project of increasing the pressed sugar cane capacity to 9,800 tons per day, contributing to the increase of pressed sugar cane output and reduce the pressure of sugar cane harvesting.

## Ms. DUONG THI TO CHAU

Director of Trading Division

Graduating as Bachelor of Economics and being intensively trained on branding management and corporate governance, quality control and foreign trade management, she had management experience in sugar industry for 13 years before joining in TTCS.

From 2010 to now, as a Director of Trading Division, she and her team have been expanding the distribution network, supermarket and agent network nationwide. She also focuses on strengthening and expanding the domestic industrial customer network and exporting to countries of Asia and Midle-East areas.

## Ms. NGUYEN THI THUY TIEN

Chief Accountant

Graduating as Bachelor of Economics, she majors in Accounting, Hochiminh City University of Finance and Accounting. In 2013, she graduated as Master of International Accounting (MIntA), University of Swinburne Australia. She has had strong attachment to TTCS since 1996 and assigned as Chief Accountant since 2007.

Given her knowledge, experience, profession and passion in working, she has made significant contribution to the development of TTCS. The Company now fully obeys the government policy and regulations. She also improves the accounting system of the Company, aiming at professional and transparent manner.

# DEVELOPMENT

## DIRECTION IN 2014 – 2015

"GIVEN THE STRATEGIC VISION ON INVESTING AND DEVELOPING SUGARCANE, TTCS HAS DEFINED A SPECIFIC ROADMAP IN COOPERATING AND DEVELOPING WITH OTHER COMPANIES. WE ALSO SUPPORT THE FARMERS IN EXPANDING THE MATERIAL ZONE, PRODUCT EXCLUSIVITY, APPLYING THE MOST ADVANCED TECHNOLOGY TO PRODUCE THE MOST QUALIFIED SUGAR.

ACHIEVES

VND **160** BILLION

PROFIT BEFORE TAX in 2014

## KEY TARGETS

- Stabilize the material zones with 15,000 hectares, capacity of 72 tons per hectare, CCS of 9.5% in season 2014/2015, aiming at long-term sustainability.
- Saving, controlling production cost lower than 12,200 dong per kilo. This is considered the key factor that decides the survival of TTCS in the context of integration. Board of Directors is determined to control the production cost lower than 11,000 dong per kilo to the season 2015/2016.
- Ensure the business efficiency to achieve the profit before tax of VND 160 billion in 2014.
- Enhance the investment in other peers, aiming at Mergers and Acquisitions (M&A). At the same time, promote the competitive advantages and develop the refined alcohol products.

## MIDDLE AND LONG-TERM DEVELOPMENT SOLUTIONS

### ABOUT AGRICULTURE

Continue exchanging the material zones among factories to reduce the competitive risks causing instability of material zones. Aim at investing for intensive cultivation of material zones to increase productivity and sugar cane quality.

Improve the investment process and policy, in which, focus on investment policy to support farmers watering sugar cane with the model of increasing sugar cane productivity and sugar extraction yield. Be pro-active in taking care of sugar cane and improve income of farmers, especially remain ambient farmers to continue planting sugar cane.

Continue harvesting sugar cane in accordance with material sugar cane standard regulation approved by TTCS to ensure the fresh and clean sugar cane for production.

Continue mechanizing the phases of planting, rearing and harvesting sugar cane. Research new types of mechanization to comply with the local terrain and scale of material zones to ensure flexibility in production. Understand the policy and regulations of the Government on mechanization programs to apply for the internal regulations to support farmers.

Research and implement the investment to improve the infrastructure of material zones to facilitate transporting sugar cane to the plants.

Enhance the support of technique for farmers, especially dedicated farmers who strongly affect and ensure the survival of material zones.

## ABOUT PRODUCTION

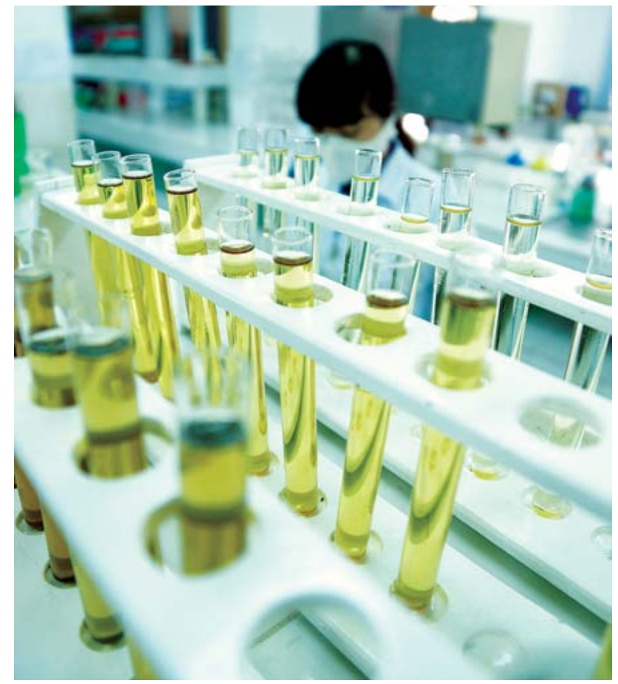
Focus on sugar extraction; minimize the waste of sugar in production.

Define optimal capacity for the factory to minimize cost. Research new products; utilize the by-products from sugar production to produce food alcohol. It is expected that the alcohol factory will be put into experiment at end 2015 to increase the value and competitive advantages of TTCS.

Focus on managing the inventory reasonably to avoid the high provision causing to financial waste.

Restructure the technical team; diversify the training sectors to prepare the next generation to optimize the production capacity.

Ensure the product quality and 100% of products meet the quality requirement from customers.



## ABOUT MARKET

Increase number of customers, especially industrial customers by marketing, customer care, transport services and stable product quality.

Save information data to define and classify VIP customers to offer the privileged policy.

Enhance market forecast to pro-actively release the policy to capture market trend.

Re-position TTCS brandname to offer the reasonable sales policy.

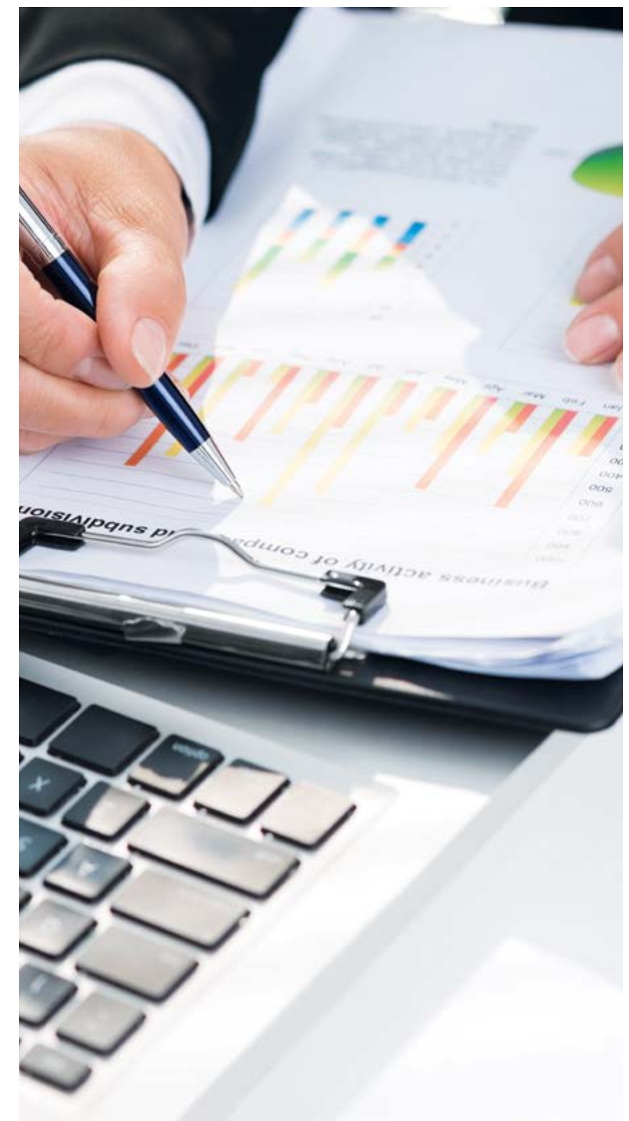
Develop local market with the slogan of "Local people use local goods". Prevent smuggled sugar.

Find export markets.

## ABOUT FINANCIAL INVESTMENT

Enhance the relationship with the financial institutions to utilize the capital source at low interest rate.

Focus on cost management.



In 2014, Vietnam economy is foreseen to improve. This will influence the growth of food industry and speed up consumption demand for sugar.

The fluctuations of loan interest rates will impact the business performance results of the Company.

## RISK OF ECONOMICS

Sugar is the essential commodity in daily life. Sugar is used in various industries such as food, beverages, pharmacy and even energy. Therefore, the economy fluctuations do not expose the significant impact to the sugar consumption, even during the economic crisis or recession. However, the recent economic depression has reduced sugar-purchasing demand. The enterprises tend to save input cost by switching to RS sugar instead of RE Sugar. This causes difficulties for RE sugar sales, though international market prefers RE sugar. Hence, if the economy remains the stable and high growth, consumption of RE sugar will speed up and vice versa. In 2014, Vietnam economy is foreseen to recover. This is expected to affect positively the food industry and sugar consumption.

## RISKS OF INTEREST RATE

Total short-term and long-term loans as at 31 December 2013 stood at VND 1,080 billion while total assets achieved VND 3,250 billion. Interest expenses in 2013 reached VND 95 billion amidst loan interest rate remained low and stable compared with the previous years. Therefore, changes of interest rates will strongly impact business results of the Company.

“IN SUGAR PRODUCTION, SUGARCANE IS THE KEY INPUT MATERIAL, MAKING UP THE SIGNIFICANT PORTION IN COST STRUCTURE AND DECIDES THE PRODUCTIVITY OF SUGAR FACTORIES. IF MATERIAL ZONES ARE SCALED DOWN, THE INSUFFICIENT MATERIAL SOURCE WILL AFFECT THE PRODUCTION AND BUSINESS EFFICIENCY OF THE COMPANY.

## RISKS OF INPUT MATERIAL

In sugar industry, sugar cane is the key input material, making up the significant portion in cost structure and decides the capacity of sugar factories. If material zones are scaled down, the insufficient material source will affect the production and business efficiency of the Company. In Tay Ninh, sugar cane is competed by other trees. In addition, sugar price is going down recently. These factors confuse the sugar cane farmers among choices of trees to cultivate.

Given this risk, to ensure the stable material zones, TTCS has researched and applied multiple methods: Finance farmers to buy sugar cane seeds, fertilizers, land rental, irrigation system development, agricultural stimulation to support farmers on cultivation and planting technique. At the same time, the Company focuses on practical methods in sugar harvesting and preservation after harvesting, increase sugar output and sugar extraction yield, so as to increase income of farmers, to let them feel secure to plant sugar cane.

## RISK OF MATERIAL ZONES INVESTMENT

Financial risks of the Company mainly come from to the loans offered to farmers. This risk depends on characteristics of each farmer. Facing with this risk, Board of Directors has developed strict loan policy. Accordingly, every financial support request from farmers is carefully considered and checked before the Company offers terms and conditions to provide loans. Some farmers are requested to mortgage land for their loans. In addition, farmers must commit to sell their sugar cane for the Company to pay for their loans. The loans must be returned under the schedule agreed by farmers and the Company. Farmers must pay their overdue loan before requiring for new loans.

## RISKS OF LAW

Risk of law comes from the law system of the government, affecting the whole sugar industry. Any changes of macro-economy such as delay in investment certificate issuance, project implementation, and changes of planning sugar cane zones or commitment execution… will strongly impact business performance of TTCS.

In addition, under the schedule of Common Effective Preferential Tariff (CEPT/AFTA), tariff to apply in 2015 is 0% and in 2014 is 5%. Therefore, without improvements in management, corporate governance, Vietnamese enterprises will face with many difficulties when sugar is officially imported to Vietnam markets.

## RISKS OF MARKET PRICE

Sugar price fluctuations have strongly impacted business performance of sugar companies. In 2013, RE sugar price declined closely to RS sugar price, causing difficulties to RE sugar companies. This forces the companies to review their internal resources to offer the effective solutions for the next years.

In 2014, risk of sugar price decline is still available when international supply of sugar is foreseen to suffer a surplus of 4.5 million of tons. Given the above situation, Board of Management has considered and submitted to Annual Shareholders Meeting the Business Plan in 2014 with quite modest business targets. However, we will carry out other drastic measures in agricultural management, production and cost control… We do believe that successful risk management will lead to appropriate measures to maintain the effective business in long-term.

Sugar price fluctuations have strongly impacted business performance of sugar companies.

## OTHER RISKS

Apart from the above risks, other risks are unpreventable. Those are natural calamities, drought, flood, storm, epidemic diseases etc. These risks will affect the input material of the Company.

Strengthen

# PERFORMANCE SOLUTIONS

Based on the advanced technology, Thanh Thanh Cong Tay Ninh has focused on improving production process and strictly managed the closed process to utilize all materials from sugar, molasses, business electricity, to microorganic fertilizer…

BUSINESS PERFORMANCE IN 2013

# BUSINESS RESULTS
## IN 2013

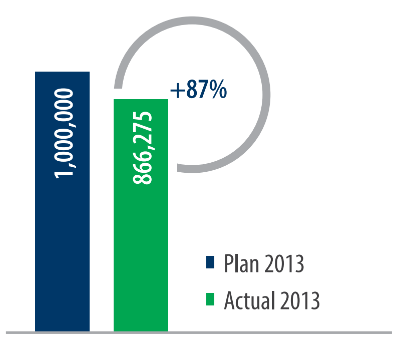
| Items | Unit | Plan 2013 | Actual 2013 | Actual/Plan |
|---|---|---|---|---|
| Pressed sugar cane output | Tons | 1,000,000 | 866,275 | 87% |
| Raw sugar material output | Tons | 24,051 | 51,681 | 215% |
| Sugar sales volume | Tons | 110,450 | 128,267 | 116% |
| Net revenue (including by-products) | VND Billion | 2,314 | 2,220 | 96% |
| Profit before tax | VND Billion | 365 | 275 | 75% |

In 2013, the average selling price of RE sugar slumped. Though sales volume grew 16%, total revenue of TTCS in 2013 modestly reached VND 2,220 billion, equivalent to 96% of plan; in which, revenue from sugar made up 89% of total revenue.

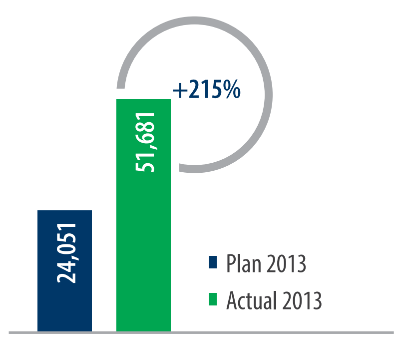
Net revenue obtained 96% of plan 2013 and increased by 13% compared with 2012.

Profit before tax achieved VND 275 billion or 75% of plan. This was caused by decline of selling price and increase of sales expenses, management and financial investment. Otherwise, there were factors that positively impacted profit in 2013:

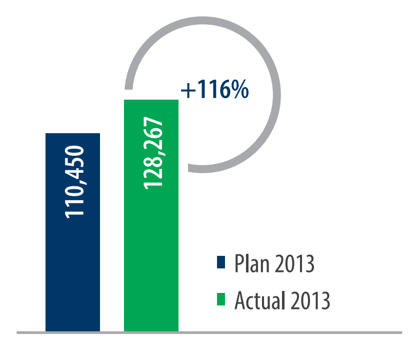
- **Total sales volume:** exceeded the plan to reach VND 128,267 tons or 16% higher than plan 2013 and increased by 28% from a year earlier. This is the highest sales volume of TTCS after 18 years.
- **Cost control:** Input sugar cane price went up higher than plan 2012 – 2013. Understanding that cost price is the key factor influencing the survival of sugar industry in the future, Board of Directors cut the expenses to pull down cost price by 0.3% to improve 2% of profit before tax in 2013.
- **Profit from financial investment:** went up in 2013, given financial revenue growing 19% higher than plan and dividend from investing in other peers (BHS, NHS, SEC and Nuoc Trong Sugar Joint Stock Company).



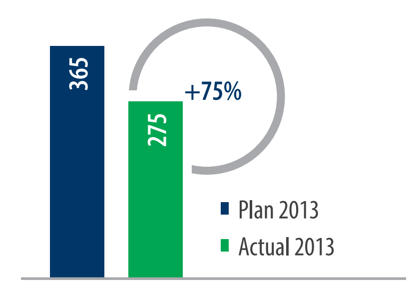
PRESSED SUGAR CANE OUTPUT (Tons)



RAW SUGAR MATERIAL OUTPUT (Tons)



SUGAR SALES VOLUME (Tons)



PROFIT BEFORE TAX (VND Billion)

IN 2013, EMPLOYMENT REMAINED STABLE. TOTAL EMPLOYEES OF TTCS IN DECEMBER 2013 STOOD AT 518 OFFICIAL EMPLOYEES AND 266 PART-TIME EMPLOYEES.

Recruitment: The Company promptly found appropriate candidate source, interviewing to recruit employees to meet 100% of employment demand from departments.

Training: There were 58 training courses in 2013 (47 courses were carried out on total 72 planned courses, equivalent to 65% of plan. In addition, the Company held 11 additional training courses, equivalent to 15% of total planned courses).

Employment stabilization: TTCS timely paid salary, bonus and other preferencial policies to employees in compliance with law and internal regulations.

It built, improved and released 8 law documents on human resource to facilitate employment management. Accordingly, all employees negotiated with the Company and agreed to sign in new Collective Employment Agreement.

In 2013, TTCS had some changes in organizational structure, as follows:

- New assignment:

| Ord. | Full name | Position | Date of Decision |
|---|---|---|---|
| 1 | Nguyen Hoang Tuan | Permanent Deputy CEO | 15/07/2013 |
| 2 | Truong Thi Hong | Deputy CEO (Support Division) | 15/07/2013 |
| 3 | Nguyen Van De | Deputy CEO (Finance Division) | 15/07/2013 |
| 4 | Dinh Van Hiep | Deputy CEO (Agriculture Division) | 01/07/2013 |

- Changes in Board of Directors:

| Ord. | Full name | Position | Date of resignation | Reason |
|---|---|---|---|---|
| 1 | Trinh Minh Chau | Permanent Deputy CEO | 15/07/2013 | Resign |
| 2 | Truong Thi Hong | Deputy CEO (Finance Division) | 15/07/2013 | Be assigned to another position |
| 3 | Nguyen Van De | Chief Financial Executive (CFO) | 15/07/2013 | Be assigned to another position |
| 4 | Dinh Van Hiep | Director of Agriculture Division | 01/07/2013 | Be assigned to another position |
| 5 | Le An Khang | Director of Support Division | 01/06/2013 | Resign |
| 6 | Pham Hong Duong | Deputy CEO (Technical Division) | 01/03/2013 | Resign |

- Restructure the organization in Phase 1: Merging Department of Finance and Department of Planning into Department of Finance & Planning.

## COMPLETE THE PROJECT OF INCREASING PLANT CAPACITY TO

**9,800** Tons of sugarcane

## MECHANIZATION INVESTMENT

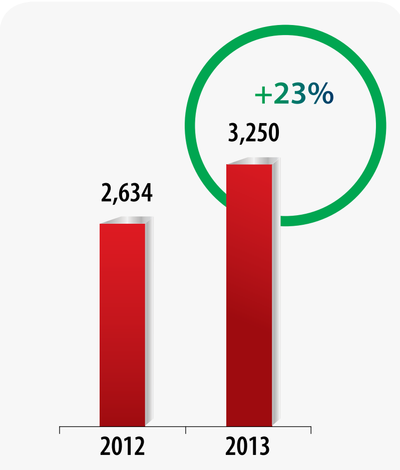
VND **8.1** BILLION

- EBTN Project: On 29 July 2008, Tay Ninh People's Committee released a Decision No.1662/QĐ-UBND to lease a land of 14,682.3 square meters to the Company. On 31 December 2013, provincial Department of Natural Resources and Environment released an investment certificate of EBTN Project to TTCS. In 2013, the project was implemented. It is expected that Sacombank office area inside the project will be completed in 2014, trade centers will be checked and took over to operate in 2015.
- Completed the project of increasing production capacity to 9,800 tons of sugarcane per day with total investment of VND 47 billion to enhance the productivity, maximize efficiency of equipment chain and reduce the pressure of sugar cane cutting for farmers.
- Completed the project of Affinage (raw sugar refining) with investment of VND 7.2 billion to ensure the sugar refining of 30,000 – 35,000 tons per year, so as to contribute to RE sugar volume for TTCS.
- Project of food alcohol: To diversify the product portfolio to enhance competitive advantage, TTCS is investing in production of food alcohol. In 2013, the project is drafted and expected to implement in 2014 and put into operation in 2015.
- Investment of mechanization: In 2013, TTCS bought one John Deecre Harvester with investment of VND 8.1 billion to reduce the pressure of sugar cane cutting and cost of harvesting, so as to increase income for farmers and help to reduce input production cost.

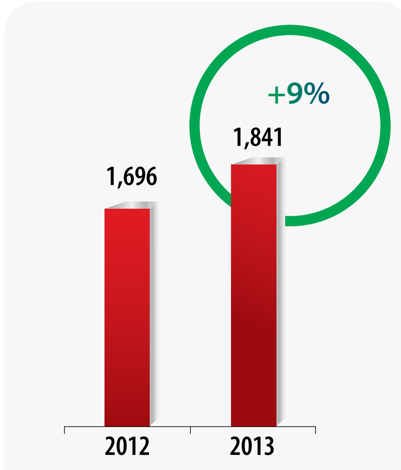
## FINANCIAL INVESTMENT

| Ord. | Items | Balance as at 1st January 2013 | | Balance as at 31st December 2013 | | Dividend + Share premium (VND million) | Ratio (%) |
|---|---|---|---|---|---|---|---|
| | | Number of shares | Value (VND million) | Number of shares | Value (VND million) | | |
| 1 | Bourbon An Hoa Joint Stock Company | 24,500,000 | 245,000 | 24,500,000 | 245,000 | | 49.00% |
| 2 | Bien Hoa Sugar Joint Stock Company (BHS) | 6,815,148 | 129,531 | 13,630,296 | 197,682 | 13,630 | 21.64% |
| 3 | La Nga Sugar Joint Stock Company | 2,040,802 | 61,224 | 2,040,802 | 61,224 | 4,490 | 24.89% |
| 4 | Ninh Hoa Sugar Joint Stock Company (NHS) | 2,996,602 | 44,949 | 5,993,204 | 74,915 | 4,495 | 9.87% |
| 5 | Gia Lai Sugar - Thermal Power Joint Stock Company (SEC) | 2,500,000 | 48,823 | 6,720,000 | 99,561 | 5,460 | 24.13% |
| 6 | Nuoc Trong Sugar Joint Stock Company | 0 | 0 | 1,389,302 | 53,766 | 2,778 | 23.95% |
| 7 | Thanh Thanh Cong Sugarcane Research and Application Joint Stock Company | 0 | 0 | 720,000 | 7,200 | | 24.00% |
| 8 | Tay Ninh Chemical Industry Joint Stock Company | 0 | 0 | 3,157,920 | 31,579 | | 26.32% |
| | Total | | 529,527 | | 770,927 | 30,853 | |

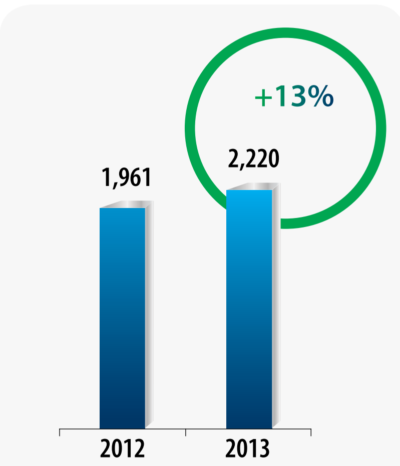
# FINANCIAL SITUATION



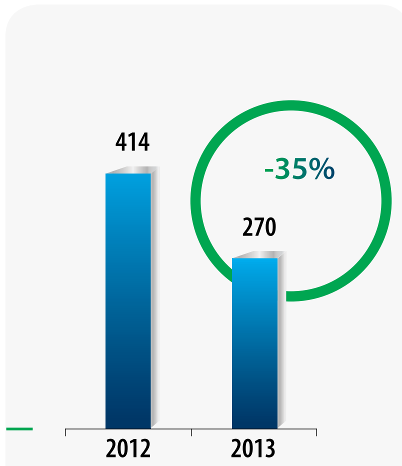

**Total assets** (VND billion)



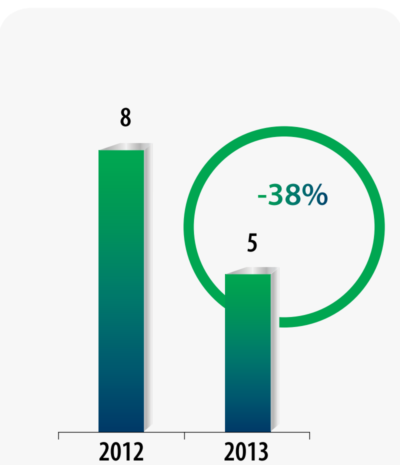

**Total owner's equity** (VND billion)



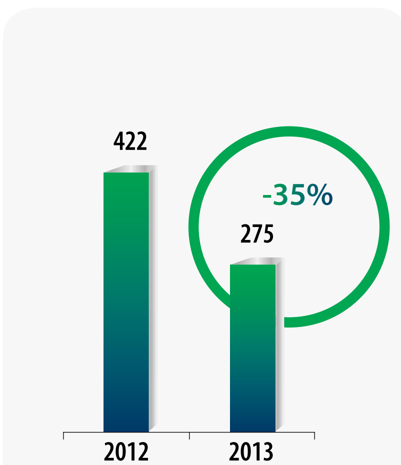

**Net revenue** (VND billion)



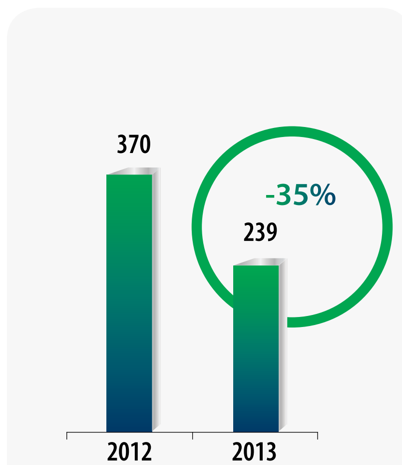

**Operating profit** (VND billion)




**Other profit** (VND billion)




**Profit before tax** (VND billion)




**Profit after tax** (VND billion)

**Key financial indicators**

| Ord. | Items | In 2012 | In 2013 |
|---|---|---|---|
| **I** | **Growth rate** | | |
| 1 | Net revenue growth | -4.36% | 13.22% |
| 2 | Profit before tax growth | -26.05% | -34.76% |
| 3 | Profit after tax growth | -33.07% | -35.43% |
| **II** | **Solvency** | | |
| 1 | Current solvency ratio | 1.60 | 1.35 |
| 2 | Quick solvency ratio | 1.22 | 1.18 |
| 3 | Cash solvency ratio | 0.12 | 0.21 |
| **III** | **Profitability** | | |
| 1 | Gross profit/Net revenue | 18.87% | 12.66% |
| 2 | EBIT (Earnings before interest and taxes)/Net revenue | 25.38% | 16.72% |
| 3 | Earnings before tax/Net revenue | 21.54% | 12.41% |
| 4 | Earnings after tax/Net revenue | 18.88% | 10.77% |
| 5 | Return on total assets (ROA) | 14.05% | 7.35% |
| 6 | Return on equity (ROE) | 21.83% | 12.98% |
| 7 | Operating profit/Net revenue | 21.11% | 12.18% |
| **IV** | **Operation efficiency** | | |
| 1 | Commercial receivable turnover | 3.16 | 2.41 |
| 2 | Inventory turnover | 5.13 | 6.80 |
| 3 | Commercial payable turnover | 9.03 | 7.68 |
| 4 | Total assets turnover | 0.79 | 0.75 |
| **V** | **Capital structure** | | |
| 1 | Debt/Total owner's equity | 55.35% | 76.56% |
| 2 | Debt/Total assets | 35.63% | 43.36% |
| 3 | Current liabilities/Owner's equity | 52.45% | 72.31% |

## SHAREHOLDER STRUCTURE, CHANGES OF OWNER'S EQUITY

### SHARES

| | |
|---|---|
| » Total shares | : 148,500,000 shares |
| » Outstanding shares | : Common shares |
| » Freely transferable shares | : 141,925,800 shares |
| » Limited transferable shares | : 6,574,200 shares |

**Reasons of limited transferable shares:** Limited transferable shares were issued under ESOP (Employee stock ownership plan)

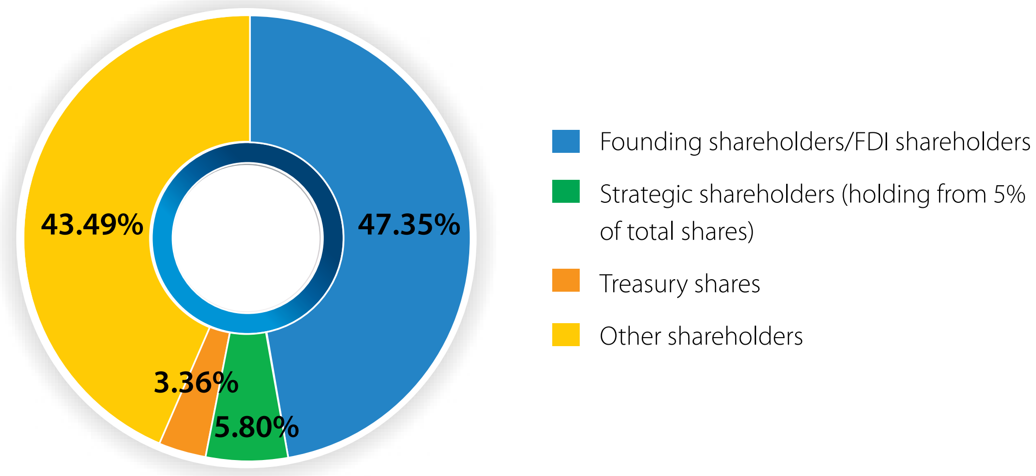
### SHAREHOLDER STRUCTURE

(In align with shareholder list fixed on 26 March 2014)

**Share ownership structure:**

| Ord. | Shareholders | Number Shares | Ownership rate (%) | Number of shareholders | Shareholder structure (*) | |
|---|---|---|---|---|---|---|
| | | | | | Organizations | Individuals |
| 1 | State-owned shareholders | 0 | 0 | 0 | 0 | 1 |
| 2 | Founding shareholders/FDI shareholders | 70,319,170 | 47.35% | 3 | 2 | 1 |
| | » *Domestic* | 70,319,170 | 47.35% | 3 | 2 | 1 |
| | » *Foreign* | 0 | 0 | 0 | 0 | 0 |
| 3 | Strategic shareholders (holding from 5% of total shares) | 8,608,230 | 5.80% | 1 | 1 | 0 |
| | » *Domestic* | 8,608,230 | 5.80% | 1 | 1 | 0 |
| | » *Foreign* | 0 | 0 | 0 | 0 | 0 |
| 4 | Trade Union | 0 | 0 | 0 | 0 | 0 |
| | » *Domestic* | 0 | 0 | 0 | 0 | 0 |
| | » *Foreign* | 0 | 0 | 0 | 0 | 0 |
| 5 | Treasury shares | 4,993,840 | 3.36% | 1 | 1 | 0 |
| 6 | Shareholders holding preferred shares (if any) | 0 | 0 | 0 | 0 | 6 |
| 7 | Other shareholders | 64,578,760 | 43.49% | 3,027 | 52 | 2,976 |
| | » *Domestic* | 42,372,290 | 28.53% | 2,901 | 19 | 2,883 |
| | » *Foreign* | 22,206,470 | 14.95% | 126 | 33 | 93 |
| | **TOTAL** | **148,500,000** | **100%** | **3,032** | **54** | **2,977** |
| | In which: *Domestic* | 126,293,530 | 85.05% | 2,905 | 21 | 2,884 |
| | *Foreign* | 22,206,470 | 14.95% | 126 | 33 | 93 |

**TOTAL SHARES** 148,500,000 SHARES




**Strategic shareholders:**

| Ord. | Shareholders | Number Shares | Ownership rate (%) | Number of shareholders | Shareholder structure (*) | |
|---|---|---|---|---|---|---|
| | | | | | Organizations | Individuals |
| 1 | Strategic shareholders (holding from 5% of total shares), who are not professional stock investors | 78,911,500 | 53.14% | 3 | 3 | 0 |
| | » *Domestic* | 78,911,500 | 53.14% | 3 | 3 | 0 |
| | » *Foreign* | 0 | 0 | 0 | 0 | 0 |
| 2 | Professional stock investors, also strategic shareholders holding from 5% of total shares | 0 | 0 | 0 | 0 | 0 |
| | » *Domestic* | 0 | 0 | 0 | 0 | 0 |
| | » *Foreign* | 0 | 0 | 0 | 0 | 0 |
| 3 | Professional stock investors holding less than 5% of total shares | 21,661,476 | 14.59% | 38 | 38 | 0 |
| | » *Domestic* | 150,026 | 0.10% | 5 | 5 | 0 |
| | » *Foreign* | 21,511,450 | 14.49% | 33 | 33 | 0 |
| | **TOTAL** | **100,572,976** | **67.73%** | **41** | **41** | **0** |

**Change of owner's equity in 2013**

| Ord. | Content | Before change of shares | Additional issuance of shares | After change of shares |
|---|---|---|---|---|
| 1 | Charter capital (VND) | 1,419,258,000,000 | 65,742,000,000 | 1,485,000,000,000 |
| 2 | Total shares | 141,925,800 | 6,574,200 | 148,500,000 |
| 3 | Voting shares | 141,925,800 | 6,574,200 | 148,500,000 |

Affirm
# PRODUCT QUALITY

The Company was recognized by certificates of quality:

- ISO 9001 & 14001
- SEDEX, SMETA
- FSSC 22000
- HALAL

REPORTS

REPORT AND EVALUATION OF

# BOARD OF DIRECTORS

## OVERVIEW OF MACRO-ECONOMY

> IN 2013, THE AVERAGE SELLING PRICE OF SUGAR DECLINED LOWER THAN THE PLAN GIVEN THE MARKET FLUCTUATION. AS A RESULT, REVENUE OF TTCS IN 2013 ONLY REACHED VND 2,220 BILLION OR 96% OF PLAN AND INCREASED BY 13% FROM A YEAR EARLIER.

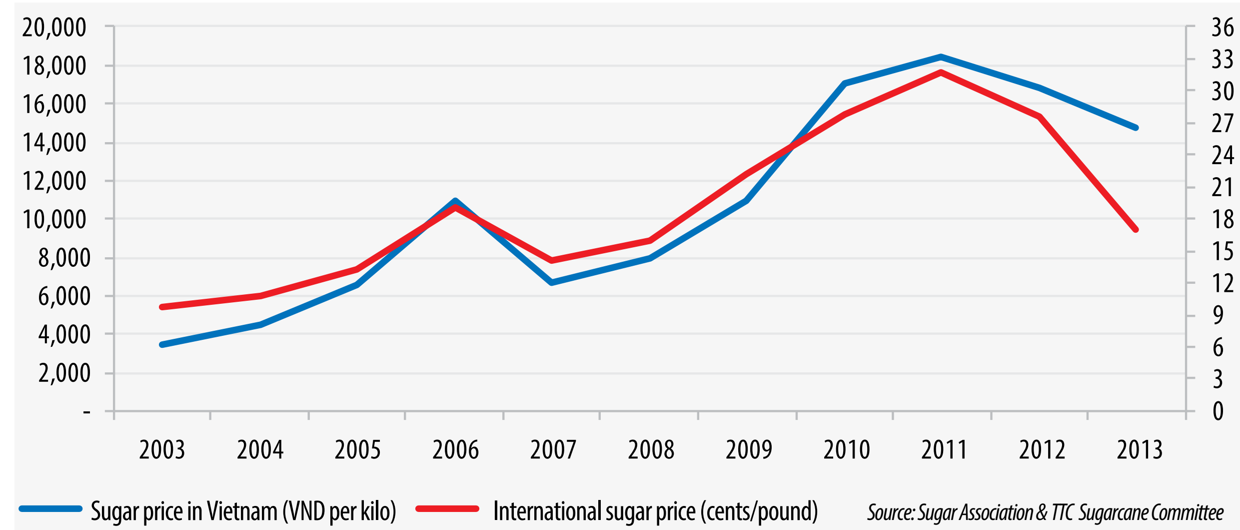
### OVERVIEW

The global economy witnessed a recovery at end 2013. Europe has escaped from the longest recession in its history. European common area has recently recorded the first growth since the 4th quarter of 2013. US economy has also seen a recovery with growth of 2%.

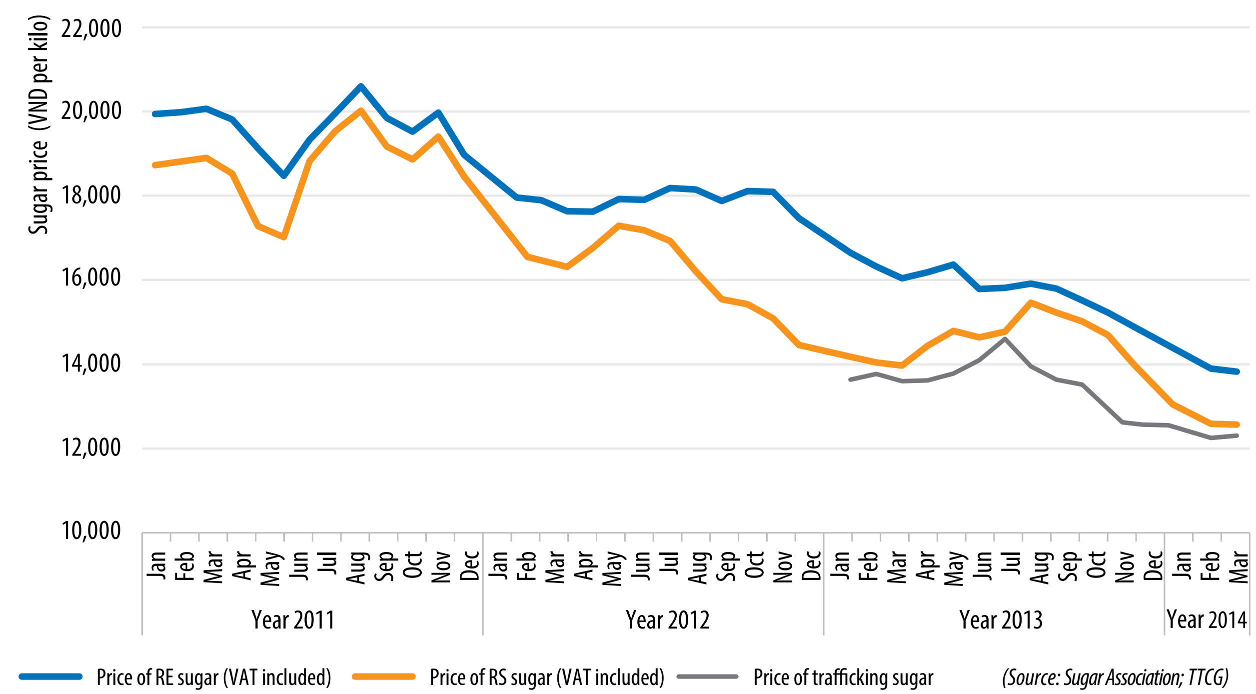
Vietnam economy in 2013 recovered at a moderate pace. GDP in 2013 rose 5.42%. GDP growth, investment and economic development quality have not been improved. However, the economy in 2013 fullfiled some indicators such as CPI in 2013 stood at 6.42%, hitting the lowest level for 10 years. USD exchange rate remained stably around VND 21,100. Loan and deposit interest rates declined from a year earlier.

## SUGAR INDUSTRY

In 2013, global and local sugar industry faced many difficulties. Sugar output of global and local market hit the record in 2012 – 2013. According to report of International Sugar Organization, global sugar output reached more than 187 millions of tons in May 2013, higher than a year earlier 7.5 million tons, equivalent to a surplus of 10.2 million tons. Redundant supply has reduced sugar prices of global and local markets.




**PRICE FLUCTUATIONS OF RE-RS AND SMUGGLED SUGAR**




At present, given high sugar inventory and redundant supply and smuggled sugar, pressure of pushing sugar sales is more serious. Some Southern sugar factories now locating in Laos and Cambodia may participate in the local market, resulting to strong impact sugar consumption in the future.

# EVALUATION OF BUSINESS RESULTS

In 2013, sugar cane pressing output achieved 866,275 tons with finished sugar of 128,294 tons and sales volume reached VND 128,267 tons, 16% higher than plan. However, net revenue only fullfiled 96% of plan and profit before tax reached VND 275 billion or 75% of plan.

Sugar makes up 89% of total revenue. Meanwhile, sugar molasses, electricity and other products make up inconsiderable portions of revenue structure. Hence, sugar price slump in 2013 has not influenced the overall business results of the Company. In the other hand, other factors such as high material cost, selling expense are also attributed to under-expecting business result. Given the objective of maintaining long-term material zones, the Company accepts to pay input sugar price higher than 1% from a year earlier. Selling expenses increased by 42%, that is caused by rising cost of transport as the Company expanded its market coverage to Northern provinces.

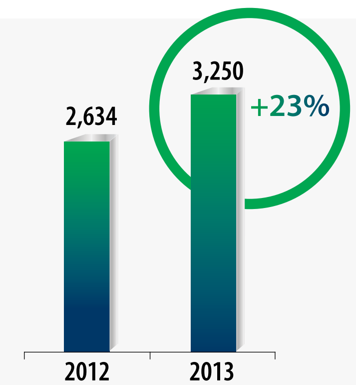
Acknowledging the disadvantages in production and predicting market fluctuations in 2013, the Company has prepared the practical solutions in management and got ready for 2013 – 2014. It also regulared the activities, reviewing and save cost, applying methods to improve sugar productivity in every phase from sugar cane root cutting on fields to transport and put into production.

# FINANCIAL SITUATION

## ASSETS SITUATION

*Unit: VND million.*

| Items | In 2013 | | In 2012 | | Difference | |
|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % |
| Short-term assets | 1,796,911 | 55% | 1,421,289 | 54% | 375,622 | +26% |
| Long-term assets | 1,453,139 | 45% | 1,213,104 | 46% | 240,035 | +20% |
| **Total assets** | **3,250,050** | **100%** | **2,634,393** | **100%** | **615,657** | **+23%** |



**Total assets** (VND billion)

Total assets as at 31 December 2013 achieved VND 3,250 billion, rising 23% from a year earlier, or VND 616 billion. In which, short-term assets achieved VND 1,797 billion, growing 26% from a year earlier, making up 55% of total assets.

## LIABILITIES SITUATION

*Unit: VND million.*

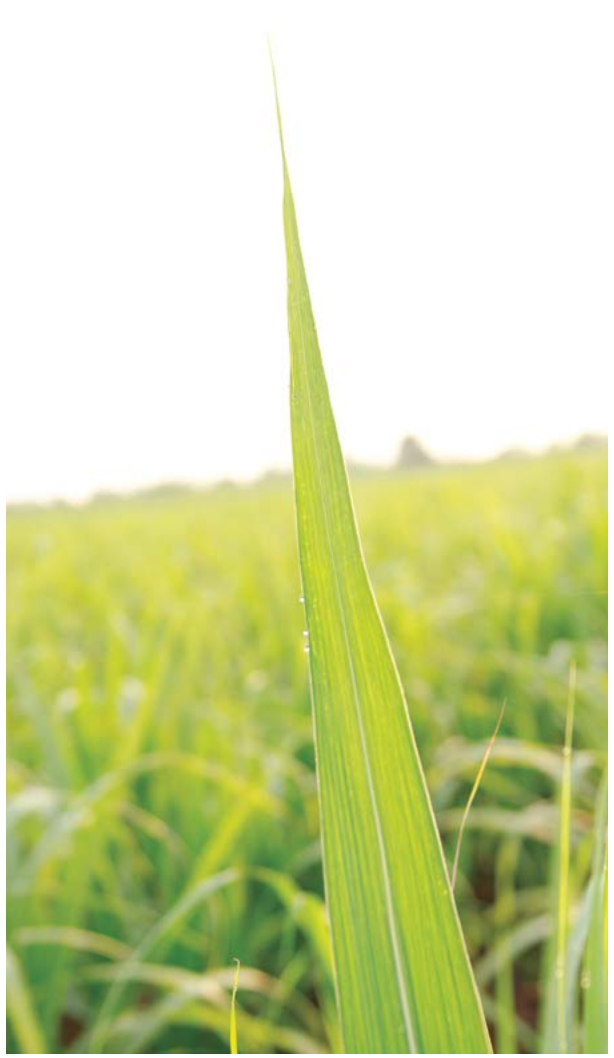
| Items | In 2013 | | In 2012 | | Difference | |
|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % |
| Short-term liabilities | 1,331,029 | 94% | 889,469 | 95% | 441,560 | 150% |
| Long-term liabilities | 78,297 | 6% | 49,166 | 5% | 29,131 | 159% |
| **Total liabilities** | **1,409,326** | **43%** | **938,635** | **36%** | **470,691** | **150%** |

Total liabilities as at 31 December 2013 achieved VND 1,409 billion, growing 50% from a year earlier mainly thanks to rising total short-term liabilities. However, ratio of total debt on equity remained at 43% and ensure liquidity ratio of 1.35.

# IMPROVEMENT IN ORGANIZATIONAL STRUCTURE AND MANAGEMENT POLICY

## INPUT MATERIAL

» In 2013, given challenges and difficulties of sugar industry in general and TTCS in particular, the Company considered investment and material zones as key factors for survival of the Company. It cooperated with Bien Hoa Tay Ninh Sugar Company to transfer material zones based on ensuring benefit for farmers and save cost of transport, so as to facilitate operation efficiency of the Company.



» 4 improvements were applied in sugar cane harvesting and transporting, those are cutting sugar cane to roots to ensure clean and fresh sugar cane. This program resulted to the positive results for season 2013 – 2014 with average percentage yield of sugar extraction of 9.4 Commercial Cane Sugar (CCS), or increased by 12% from a year earlier in the first months of season 2013 – 2014.

» Mechanization in planting and harvesting sugar cane on fields to support farmers has proved its out-of-expected efficiency. Sugar planting machine (double line) and sugar cane harvester on 6 big sampled fields (Hung Thinh farm, Long Phuoc, Loi Thuan, Bourbon Ben Cau, 22/12 company at big sampled field at Tan Lap Commune) are put into operation to reduce sugar production cost, shortening the period of bringing sugar cane to plant, so as to improve sugar extraction yield and ensure profit of farmers.

## PRODUCTION ACTIVITIES:

» **Production:** In 2013, the Company pressed 866,275 tons of sugar cane, equivalent to 87% of plan and finished sugar output achieved 128,294 tons (growing 16% of plan). Output of sugar molasses reached 45,921 tons and electricity reached 41,187 Mwh.

» **New investment in 2013:** The Company has carried out 24 among 27 investments, or 89% of plan with total amount of VND 17.127 billion/VND 37.11 billion.

ELECTRICITY OUTPUT REACHED

**41,187** Mwh

## SALES SUPPORT

» In 2013, RE sugar sales volume of TTCS achieved 128,267 tons or exceeded 16% of plan and grew 29% from a year earlier. It also maintained its stable customer network and local market shares, affirming TTCS reputation. Customer structure of TTCS in 2013 consisted of 2 key groups: industrial groups and direct consumers; in which, industrial customers are considered as the key group which makes up 90 – 95% of total customers. The Company has strived to promote the partnership and boosted sales for this group. In 2013, sales volume grew 143% from a year earlier, mainly from customers in beverages, food, and pharmacy. Nowadays, food safety is recognized as the top priority, and input sugar ingredient from TTCS always meets the demand.

» As for sugar for consumers, TTCS has developed the intensive marketing activities for Mimosa and Bonsu sugar to enhance brand awareness and reputation with slogan "high quality refined sugar with European standard to serve community's health". This slogan aims to conveying information of safety, purity and cleanness of TTCS sugar to customers.

» The Company imported 23,000 tons of raw sugar and exported 6,500 tons of finished sugar for industrial companies with quota of inland import. Accordingly, TTCS has gained confidence of partners thanks to our outstanding customer service and high quality of RE sugar. This prepares for stimulating export in the next years.

» The Company is flexible in expanding investment to promote our advantages and adding value to Company and shareholders. TTCS mainly invests in sugar companies such as Gia Lai Sugar and Thermal Power Joint Stock Company, Ninh Hoa Sugar Joint Stock Company, La Nga Sugar Joint Stock Company, Bien Hoa Sugar Joint Stock Company, Nuoc Trong Sugar Joint Stock Company to utilize and promote the competitive advantages of TTCS in integration.

## COMMUNITY ACTIVITIES

Community and gratitude activities were carried out in 2013 with total budget of VND 2 billion. In addition, the employees took part in:

» Blood Donation: More than 100 youth members participated in this activity with 76 blood sets

» Trade Union members donated VND 9,230,000 to support victims of agent orange/dioxin, donated VND 1,200,000 to Foundation of Former Volunteer Youth, donated VND 12,685,000 to program of "Gratitude net for fishermen in Hoang Sa and Truong Sa Islands"

» Trade Union board of management established the "Fund of Loans" to support trade union members with total amount of VND 147,764,310 and pay timely visits to sick members or members' families.

# BUSINESS PLAN IN 2014

-41.82% **160** VND billion Profit before tax

-5.59% **2,096** VND billion Net revenue (including by-products)

+1.35% **130,000** tons Sugar sales volume

+0.28% **128,650** tons Finished sugar output

-22.60% **40,000** tons Raw sugar volume

+9.90% **952,000** tons Pressed sugar output

## BUSINESS TARGET IN 2014

In 2014, global economy is foreseen a better recovery from a year earlier. However, global sugar price will see complicated fluctuations and tend to decline. Given that, Board of Directors proposes the business plan in 2014 with caution to ensure the feasibility, such as:

| Items | Unit | Actual 2013 | Plan 2014 | % growth rate |
|---|---|---|---|---|
| Pressed sugar output | tons | 866,275 | 952,000 | 9.90% |
| Raw sugar volume | tons | 51,681 | 40,000 | -22.60% |
| Finished sugar output | tons | 128,294 | 128,650 | 0.28% |
| Sugar sales volume | tons | 128,267 | 130,000 | 1.35% |
| Net revenue (including by-products) | VND billion | 2,220 | 2,096 | -5.59% |
| Profit before tax | VND billion | 275 | 160 | -41.82% |

## KEY SOLUTIONS IN 2014

> Strengthen and restructure human resource reasonably to enhance operation of the Company to ensure consolidation and sustainable development.

### » About material

At present, sugar cane now competes with other plants for cultivating space. Therefore, to ensure the material quantity for sugar production, TTCS proposes key solutions to maintain the current cultivation area and promote the efficiency for farmers, such as:

- » Focus on agricultural stimulation, improve quality of raw sugar cane to increase output of sugar on each sugar cane hectare, so as to increase profit for farmers. The solutions include promoting the propaganda to communicate policy to farmers, research and apply new sugar cane seeds, soil analysis and experiment new fertilizers to enhance sugar productivity and extraction yield
- » Continue applying mechanization in agricultural production to save investment cost for farmers to reduce cost price, aiming at enhancing competitive advantages in integration.
- » Continue harvesting sugar cane by cutting to ensure fresh and clean sugar cane for the factories
- » Invest in machines and equipment to mechanize all phases from planting to harvesting sugar cane. Expand the sugar cane fields to develop the centralized material zones in the future.
- » Invest in infrastructure: sugar cane watering system in dry seasons and irrigation to prevent waterlogged problem. Especially, research sugar cane watering model for each material zones.
- » Enhance care for farmers. This is considered the key factor to maintain material zones.
- » Strengthen and restructure human resource to enhance performance effectively; and ensure the consolidation and sustainable development.

**SUGAR SALES VOLUME**

**128,267** TONS

### » About production

Improve labor productivity to grow 5%.

Enhance the total sugar extraction percentage not lower than 80.5%, ensure equipment safety not lower than 98.6%, low quality products lower than 0.12%

Define the reasonable capacity and ensure the optimal efficiency in production chain.

Focus on Alcohol Food production with capacity of 100,000 liters per day (equivalent to 21 million of liters per year) to optimize production cost to reduce sugar cost price to enhance competitive advantages of TTCS in integration.

### » About human resource

Improve the KPI system Balanced Scorecard to ensure effective evaluation.

Working results/ objectives are applied for each individual – unit – Company.

Evaluate employee performance to select the potential teams to develop the suitable training programs.

Standardize the wage policy fitting with the actual performance.

Restructure organization phase 2 after 2013 – 2014

### » About business

Diversify product portfolio with adequate quality and price to provide to customers.

Maintain the relationship with customers to become the strategic partners in processing – exporting with giant companies in sugar and agriculture of the world. This aims at ensuring sales volume and building prestige of TTCS.

Build new brand identity of TTCS after changing its name. Join in trade fairs, seminars and international conventions of sugar in the region to promote brand name, products to key exporters.

### » Other mission

Utilize the capital source at low interest rate.

Focus on cost management to ensure cost price.

Evaluate, analyze and restructure investment portfolio of companies, aiming at M&A to promote the values and competitive advantages in integration.

2013 is the 6th year Vietnam fell into stagnation with growth below potential. Also, this is the longest insecure period of macroeconomy as from the early 1990s until now.

Despite the determination and great effort of the world, it seemed not to be enough to change totally the global economy. However, 2013 was considered as "a hinge year" as the European debt crisis hit the lowest, the positive growth rate in U.S. pushed the Federal Reserve Bank (FED) to stop the economic stimulus program whereas the reform program of Japanese economy initially achieved positive results. Though such positive signs made public opinion more optimistic about the world economy in 2014, many risk factors including the unstable political situations of some nations may create deviation from the fragile global economic recovery.

Vietnam GDP growth rate in 2013 only achieved 5.42% compared to 2012 and marked the 3rd consecutive year of GDP below 6% and not reaching to the planned targets, the aggregate demand of economy remained weak, the domestic consumption declined. According to Vietnam's General Statistics Office, in 2013, an estimated 60,737 enterprises faced the difficulties and were forced to dissolve, this figure increased by 12% from a year earlier.

In 2013, given the context of economic difficulties, the Board of Management of Thanh Thanh Cong Tay Ninh Joint Stock Company, being accountable to direct all company activities as an orientation agency, carried out the duties and rights, as follows:

OPERATIONS OF

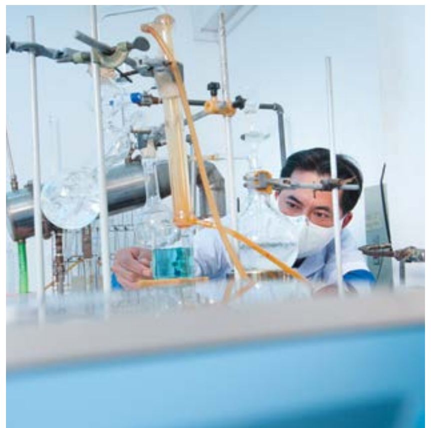
# BOARD OF MANAGEMENT

In 2013, sugar cane material zones of Thanh Thanh Cong Tay Ninh Joint Stock Company (TTCS) achieved above 9.0 CCS on average in the past 10 years. This is the very satisfactory achievement to faciliciate the Company and farmers to strive for improvement of sugar cane quality, so as to increase profits and decrease loss of society.

In 2013, the Board of Directors held 15 meetings, of which there were 9 regular meetings and 6 unscheduled sessions to provide guidelines, directions and solutions timely.

In the process of objective implementation 2013, the Board of Directors always focused on directions throughout the material planning, considered as the top duty for the survival of company. At the same time, perform overall solutions:

- Restructure the company, merge several departments to ensure work efficiency and suitability for reality, improve task assignment system, allocate duties and empower, build and complete processes, regulations and rules so as to intensify the operation planning and strengthen management system. Perform the centralized operation and decentralized management approaches.
- Propose guidelines on recruitment, remuneration policy, use of human resources and personnel policy so that the Board of Directors (CEO) could improve better.
- In Finance and Investment: Implement the investment activities and ensure the company's liquidity. Concurrently, prepare for the construction project of food alcohol factory, with an aim to assure the effectiveness of business production for company.
- Complete the Information Technology system, deploy the application of company plan, action plan and budget plan, and follow performance results on specialized software. Finish the change of website domain name and company email on the new system.
- In agriculture: Build investment policy to develop material zones under plan; enhance mechanization for sugar cane fields from planting, rearing to harvesting, investing in machines to serve the agricultural mechanization for the Company and farmers. The Company enhances the agricultural mechanization, improve policy and operate the large-scaled sampled



field to enlarge the square area, mechanization rate, material standard and accelerate income of farmers, bringing industrialization and modernization to farmers. Supervise investment and material debt collection. In more than 10 years, 2013 remarks the year that sugar cane area achieved the average CCS of more than 9.0. This is the first feasible step and lays the first foundation for the Company and farmers to increase sugar cane quality to boost income of farmers and reduce sugar cane loss.

- Change of Company's name: Board of Management has changed the name from Societé De Bourbon Tay Ninh into Thanh Thanh Cong Tay Ninh Joint Stock Company in December 2013 and now building its new brand identity.
- Trading: Strengthen and expand internal industrial customer network, expanding export markets to Asian area and Middle East to integrate and enhance competitive advantages.
- In the other hands, Board of Management has focused on building and implementing supervision and check; continue improving internal audit, risk management policy and tools in business performance and investment. In general, 2013 still witnessed challenges and instable market fluctuations, leading to difficulties in market forecast and selling price plan. As a result, total revenue only reached 96% of plan and profit achieved 75% of targets approved by Annual Shareholders Meeting though sugar sales volume grew 16%. Board of Management has not fullfiled business targets approved by Annual Shareholders Meeting. However, the given results have represented efforts of Board of Management, Board of Directors, Board of Supervisors and all employees in the current situation.
- Board of Management acknowledges that operation system is getting stable. However, Board of Management also realizes the weakness of the Company in the context of development and market integration. Since then, Board of Management has proposed the solutions to utilize the strength and potential of Thanh Thanh Cong Tay Ninh.

## SUPERVISION RESULTS OF BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS PERFORMANCE

Information announcement and report to Board of Management is implemented regularly and adequately to support the steering and supervision of Board of Management toward Board of Directors. Apart from monthly meetings, Board of Directors regularly raises internal discussion to timely deal with problems.

Board of Directors has strived to implement Decisions of Annual Shareholders Meeting and Board of Management to direct the reasonable improvement to enhance business performance of the Company.

Board of Directors has proposed remuneration policies to facilitate the dedications and passion of employees.

Given the leadership of Board of Management in the difficult situation of Vietnam and the world, Thanh Thanh Cong Tay Ninh has gained the following results:

**Total pressed sugar cane output in 2013 achieved**

**866,275** TONS — EQUIVALENT TO **87%** OF PLAN

**Total sugar sales volume achieved**

**128,267** TONS — EQUIVALENT TO **116%** OF PLAN

**Net revenue (including by-products) achieved**

**2,220** VND BILLION — EQUIVALENT TO **96%** OF PLAN

**Profit before tax reached**

**275** VND BILLION — EQUIVALENT TO **75%** OF PLAN

## PLAN OF BOARD OF MANAGEMENT IN 2014

In 2014, Board of Management develops the following action plan:

- Enhance supporting and supervising 2014 plan execution to release the close and timely direction.
- Focus on maintaining and stabilizing and developing material zones in terms of quantity and quality. Focus on stimulating and developing large-scale sampled fields in Tay Ninh province, promoting agricultural mechanization.
- Cooperating with Thanh Thanh Cong Center of Sugar Research and Application to analyze soil, revigorating and developing sugar cane seed. Build sugar cane seed outline applied for each material zones to lengthen production time and improve sugar cane quality. Continue maintaining and developing policy of sugar cane investment and harvesting to encourage farmers to engage with sugar cane, cutting sugar cane roots scientifically and communicates widely to farmers. Apply the slogan of Thanh Thanh Cong Tay Ninh: "Always accompany with sugar cane farmers".
- Assign employees to manage Tay Ninh Chemical Industry Joint Stock Company to develop Sorbitol Project. Steer the research and implementation of the project. Build the food alcohol plant with production capacity of 100,000 liters per day.
- Lead and supervise the management of TTCS Ben Cau Camp to develop it as a sampled sugar cane camp, pioneering in applying new methods and mechanization from planting, rearing to harvesting to ensure high quality sugar for the Company.
- Extend relationship with strategic partners and trade with foreign partners to utilize, develop the potential and advantages of Thanh Thanh Cong Tay Ninh Joint Stock Company. Raise, operate and develop the program of "Local people use local goods" in the regions plants locate.
- Continue improving management system, human resource training and focus on training the next generation
- Steer and supervise the implementation of Tay Ninh Trading Center to ensure the project timeline and promote the Company reputation with the local government as well as expand business network of the Company.
- Raise the periodical meetings at least once a quarter to discuss and approve reports and plans. Direct timely and effectively implementation of resolutions of Annual Shareholders Meetings.

**PRODUCTION CAPACITY OF FOOD ALCOHOL**

**100,000**
LITERS PER DAY

GIVEN ABOVE OBJECTIVES AND SOLUTIONS, BOARD OF MANAGEMENT IS CONFIDENT THAT THANH THANH CONG TAY NINH JOINT STOCK COMPANY IS CAPABLE OF ACCOMPLISHING PLAN IN 2014 AND SUCCESSFULLY FULFIL THE GROWTH OBJECTIVES FOR THE NEXT YEARS.

With an objective of entering export markets, Thanh Thanh Cong Tay Ninh Joint Stock Company has collected experience and enhanced cooperation with developed countries to prepare for the next development steps in the future.

# Expand for **INTEGRATION**


CORPORATE GOVERNANCE

> CHANGES OF BOARD OF MANAGEMENT MEMBERS IN 2013 ARE MADE TO IMPLEMENT OBJECTIVES OF DEVELOPING AND MANAGING MATERIAL ZONES, PRODUCTION MANAGEMENT AND UTILIZE ADVANTAGES OF TECHNOLOGY.

## MEMBERS AND STRUCTURE OF BOARD OF MANAGEMENT

| Board of Management members | Position | Share ownership (as at 24 December 2013) | Rate | Positions at other companies |
|---|---|---|---|---|
| Dang Huynh Uc My | Chairlady | 4,197,430 | 2.83% | » Chairlady – Thanh Thanh Cong Investment Joint Stock Company.<br>» Board of Management member – Bien Hoa Sugar Joint Stock Company. |
| Le Van Dinh | Member | 15,900 | 0.01% | » Non. |
| Vo Tong Xuan | Member | 0 | 0.00% | » Chairman – Thanh Thanh Cong Sugar Research and Application Joint Stock Company. |
| Thai Van Chuyen | Member | 955,710 | 0.64% | » Chairman – Gia Lai Electricity Joint Stock Company.<br>» Chairman – Bien Hoa Sugar Joint Stock Company.<br>» Chief Executive Officer – Thanh Thanh Cong Investment Joint Stock Company. |
| Pham Hong Duong | Member | 851,710 | 0.57% | » Board of Management member – Bien Hoa Sugar Joint Stock Company.<br>» Deputy CEO – Thanh Thanh Cong Investment Joint Stock Company. |

## CHANGES OF BOARD OF MANAGEMENT MEMBERS IN 2013

To implement the objectives of developing and managing material zones to promote the technology advantages, on 1 March 2013, Board of Management assigned Mr. Pham Hong Duong (former plant manager) as Board of Management member to replace Ms. Tran Que Trang. This assignment was approved by Annual Shareholders Meeting on 25 April 2013.

## COMMITTEES BELONGING TO BOARD OF MANAGEMENT

Board of Management has not established committees. It assigns tasks directly to each member under the Regulations of Organization and Operation of Board of Management.

# BOARD OF MANAGEMENT (Continued)

## ACTIVITIES OF BOARD OF MANAGEMENT

| Ord. | Date | Periodical Meeting/ Document Number | Content |
|---|---|---|---|
| 1 | 04.01.2013 | 001/2013/BB- HĐQT | Periodical Meeting of Board of Management. Content:<br>» Board of Directors reports activities of the Company.<br>» Supervision report of Board of Supervisors.<br>» Resolve issues submitted by Board of Directors to Board of Management. |
| 2 | 09.01.2013 | 002/2013/BB-HĐQT | Unscheduled meeting of Board of Management. The meeting approved the policy of signing the business contracts and other transactions between the Company and other partners with contract value of less than 50% of total assets. |
| 3 | 28.02.2013 | 003/2013/BB-HĐQT | Periodical meeting of Board of Management. Content:<br>» Board of Directors reports on monthly activities.<br>» Supervision report of Board of Supervisors.<br>» Resolve the issues submitted by Board of Directors to Board of Management. |
| 4 | 28.02.2013 | 04/2013/BB-HĐQT | Unscheduled meeting of Board of Management. The meeting approved contributing capital to set up Thanh Thanh Cong Sugar Research and Application Joint Stock Company and assigned employees to represent the capital. |
| 5 | 22.03.2013 | 05/2013/BB-HĐQT | Periodical meeting of Board of Management. Content:<br>» Board of Directors reports on activities of the Company last month.<br>» Supervision report of Board of Supervisors.<br>» Resolve the issues submitted by Board of Directors to Board of Management. |
| 6 | 25.04.2013 | 06/2013/BB-HĐQT | Periodical meeting of Board of Management. Content:<br>» Board of Directors reports on activities of the Company last month.<br>» Supervision report of Board of Supervisors.<br>» Resolve the issues submitted by Board of Directors to Board of Management. |
| 7 | 09.05.2013 | 07/2013/BB - HĐQT | Unscheduled meeting of Board of Management. Content:<br>» Approve ESOP (Employee Stock Ownership Plan).<br>» Assign representative to represent the capital contribution of Tay Ninh Chemical Industry Joint Stock Company.<br>» Adjust compensation for Chairlady.<br>» Assign tasks and compensation of Board of Management members and new elected Board of Supervisors. |
| 8 | 20.05.2013 | 08/2013/BB - HĐQT | Unscheduled meeting of Board of Management. Content:<br>» Mr. Trinh Minh Chau resigns from Permanent Deputy CEO.<br>» Mr. Le An Khang resigns from Support Division Manager.<br>» Assigned members for BOM and BOS of La Nga Sugar Joint Stock Company.<br>» Propose the candidate for Bourbon An Hoa BOM member. |
| 9 | 17.06.2013 | 09/2013/BB-HĐQT | Periodical meeting of Board of Management. Content:<br>» Board of Directors reports on monthly activities.<br>» Supervision report of Board of Supervisors.<br>» Deal with issues raised by Board of Directors to Board of Management. |
| 10 | 16.07.2013 | 10/2013/BB-HĐQT | Unscheduled meeting of Board of Management. Content:<br>» Decide auditor in 2013.<br>» Distribute number of shares that have not been bought under ESOP. |
| 11 | 20.07.2013 | 11/2013/BB-HĐQT | Unscheduled meeting of Board of Management. Content:<br>» Amend Company Charter.<br>» Register and list the additional issuing shares.<br>» Assign tasks for Board of Directors member and Division Directors.<br>» Authorize from Board of Management to Board of Directors and Division Directors.<br>» Increase the short-term loan limit at HSBC Vietnam.<br>» Mid-and long-term loans at Vietcombank Hochiminh City with new investment in 2013.<br>» Register signature at banks, development funds of Tay Ninh Province and HSC (Hochiminh Securities Company). |
| 12 | 13.09.2013 | 12/2013/BB-HĐQT | Periodical Meeting of Board of Management. Content:<br>» Board of Directors reports on monthly performance.<br>» Supervision report from Board of Supervisors.<br>» Resolve issues raised by Board of Directors to Board of Management. |
| 13 | 23.10.2013 | 13/2013/BB-HĐQT | Periodical Meeting of Board of Management. Content:<br>» Board of Directors reports on monthly performance.<br>» Supervision report from Board of Supervisors.<br>» Resolve issues raised by Board of Directors to Board of Management. |
| 14 | 28.11.2013 | 14/2013/BB-HĐQT | Periodical Meeting of Board of Management. Content:<br>» Board of Directors reports on monthly performance.<br>» Supervision report from Board of Supervisors.<br>» Resolve issues raised by Board of Directors to Board of Management. |
| 15 | 10.12.2013 | 15/2013/BB-HĐQT | Periodical Meeting of Board of Management. Content:<br>» Board of Directors report on monthly performance.<br>» Supervision report from Board of Supervisors.<br>» Resolve issues raised by Board of Directors to Board of Management. |

## ACTIVITIES OF INDEPENDENT MEMBERS OF BOARD OF MANAGEMENT

All members of Board of Management do not participate in running the business. Board of Management assigns Madam Dang Huynh Uc My – Chairlady and Mr. Le Van Dinh – Vice Chairman as independent BOM members. In 2013, Independent members performed their roles and obligations with high responsible attitude to support BOM and BOD with correct, transparent and timely policy/regulations/decisions.

## LIST OF BOM MEMBERS PARTICIPATING IN CORPORATE GOVERNANCE TRAINING PROGRAMS

- Madam Dang Huynh Uc My;
- Mr. Le Van Dinh;
- Mr. Thai Van Chuyen;
- Mr. Pham Hong Duong;
- Mr. Vo Tong Xuan.

## MEMBERS AND STRUCTURE OF BOARD OF SUPERVISORS

| Board of Supervisors members | Position | Voting shares | Ownership |
|---|---|---|---|
| Ms. Nguyen Thuy Van | Chief Supervisor | 442,870 | 0.30% |
| Mr. Le Van Hoa | Board of Supervisors member | 0 | 0.00% |
| Mr. Le Nho Dinh | Board of Supervisors member | 0 | 0.00% |

## ACTIVITIES OF BOARD OF SUPERVISORS (BOS)

In 2013, internal departments always obey the regulations, policy, process and decisions approved by management team. Supervision activities have ensured management and operation activities safe and effective.

In 2013, Board of Supervisors held periodical quarterly meetings to check activities of the Company and evaluate financial situation.

» 1st quarter: Approve BOS action plan in 2013. Approve Financial Statement 2012.

» 2nd quarter: Assign tasks for BOS members elected in Annual Shareholders Meeting 2012.

» 3rd quarter: Approve Interim Financial statement 2013. Amend the action plan for last 6 months in 2014.

» 4th quarter: Evaluate business results for 9 months of 2013.

BOS members all agreed with opinions in the meeting.

## CHECK THE LEGAL COMPLIANCE

In 2013, BOS proposed the detailed action plan to focus on supervising the law compliance of the Company Charter, Annual Shareholders Meeting Resolutions 2013 and other internal and government policy, process and regulations.

After reviewing, BOS concluded that all activities of the Company comply with scope of business stipulated on Business Certificate, Company Charter and legal documents, management policy of government and accounting/finance regulations. The Company fullfiled its responsibilities of tax payment, social insurance, health insurance and unemployment insurance under the law.

BOS also checked the reasonability of Board of Management, Board of Directors in management and operation; Check the procedure of issuing documents of the Company to ensure its legal compliance.

In 2013, internal departments always obey the regulations, policy, process and decisions approved by management team. Supervision activities have ensured management and operation activities safe and effective.

## SUPERVISE BUSINESS PERFORMANCE

In 2013, the Company fully paid dividend and compensation to Board of Management, Board of Directors, amending and supplementing Company Charter, auditing Financial Statement in 2013 with auditor KPMG Vietnam in accordance with Annual Shareholders Meeting 2012 Resolution.

As for relationships with financial institutions, the Company always remains its prestige by using loans with right purposes to ensure business profitability and paying loan principal and interest upon schedule.

After one year, Board of Supervisors was highly appreciated by Board of Management via their contribution for the Company performance. Suggestions of Board of Supervisors are accepted and applied to improve performance. In addition, Board of Supervisors and Internal Audit cooperated with departments in collecting debt, supervising farmers' performance, controlling purchase of material in production, cooperating with inspectors from tax agencies…

During its supervision, Board of Supervisors has focused on reviewing and evaluating key activities of the Company, especially in agriculture. In 2013 – 2014, in order to implement the program of fresh and clean and root-cutting sugar cane to ensure income of farmers, Board of Supervisors – Internal Audit – Agricultural Division set up Team of Material Check to manage the implementation of sugar cane harvesting policies and process in the local area. All aims at increasing the results of the harvesting season to ensure the policy implementation.

## EVALUATE PERIODICAL FINANCIAL STATEMENT

Board of Supervisors checked quarterly, interim and yearly financial statements in 2013. Board of Supervisors checked the invoice preparation process and other documents, booking keeping methods, information accumulation and recording on financial statement, corporate governance report and regulations of storing accounting documents to ensure the transparency and reasonability of accounting numbers and financial statements.

## EVALUATE FINANCIAL STATEMENT

### » Business result in 2013

Financial report 2013 of the Company was prepared timely and adequately in accordance with Corporate Accounting System, complying with Accounting Standard and current regulations of Vietnam Accounting Regulations.

The numbers on financial statement in 2013 have been displayed clear, transparently and reasonably to represent the key aspects of financial situation of the Company as at 31 December 2013. Business results and cash flow in 2013 were audited by KPMG Vietnam Limited Company.

### » As for Management – Corporate Governance

Despite the difficulties of the economy, Board of Management and Board of Directors have fulfilled their duties and rights with high responsible attitude to ensure legal interests of the Company and shareholders. After checking and supervising, Board of Supervisors concluded that corporate governance of Board of Management and Board of Directors fully obeyed the Law, Company Charter and Annual Shareholders Meeting Resolutions 2013. They also fulfiled their responsibilities and rights with high responsible attitude to ensure the legal interests of the Company and Shareholders. Board of Management issued timely resolutions, decisions relating to business operation and human resource. Board of Management strictly followed the objectives and direction approved by Annual Shareholders Meeting to accomplish the specific tasks.

Rights and responsibilities were fairly allocated to BOM, BOD to manage activities of each department and employees to facilitate business performance. In the periodical meetings, Board of Directors provided the regular decisions to departments/units and released the solutions and direction to enhance business performance of the Company.

Board of Supervisors agrees with the business results proposed by Board of Directors. BOS highly appreciates the efforts of Board of Directors in implementing business performance of the Company as well as promptly dealing with fluctuations of market. Given the results, the Company has affirmed its position as one of the top effective companies with sustainable and potential capacity.

### » Suggestions

Based on the overall evaluations of the Company in 2013, Board of Supervisors would like to propose the following solutions:

» Board of Directors should regularly reviews, amends and supplements the law document system to improve the internal audit and corporate governance. Board of Directors holds the activities to promote the self-review in business operation, so as to provide the appropriate amendment and adjustment.

» Utilize the current capacity of the factory. The Company should pay attention to expanding the sugar cane material zones with the practical and suitable solutions to ensure the stable material source. Develop the specific objectives and plans to protect material zones to reduce risks from markets, nature, seasons and changes of plant seeds…

» Apart from maintaining the equipment and machines, the factory needs to focus on evaluating comprehensive production chain to provide the solutions to enhance the efficiency of the most advanced sugar production plant in Vietnam

» As for business, the Company needs to monitor and foresee the sugar market swings to prepare the consumption plan at the highest efficiency; frankly evaluates and recognizes the advantages – disadvantages from production – finished product check – inventory preservation, so as to release the solutions to prevent the risks of product quality and remains the prestige of the Company in sugar industry.

Board of Supervisors took a key role in reviewing and improving the system, supporting Board of Management and Board of Directors to facilitate management – corporate governance.

Finally, Board of Supervisors thanks Board of Management, Board of Directors and other departments in the Company for supporting and cooperating to finish their duties in 2013.

## PAYMENT OF BONUS AND OPERATING EXPENSES TO BOARD OF DIRECTORS, BOARD OF SUPERVISORS IN 2013

The Company pays the compensation and income for Board of Management and Board of Supervisors in accordance with Annual Shareholders Meeting Resolutions.

Net compensation in 2013 as follows:

| Ord. | Positions | Number of employees | Number of months | Amount (VND) |
|---|---|---|---|---|
| 1 | Chairlady | 1 | 12 | 775,000,000 |
| 2 | Vice Chairman | 1 | 12 | 420,000,000 |
| 3 | BOM Members | 3 | 12 | 1,080,000,000 |
| 4 | Chief Supervisor | 1 | 12 | 240,000,000 |
| 5 | BOS members | 2 | 12 | 488,334,000 |
| | **TOTAL** | | | **3,003,334,000** |

Total amount paid for Board of Management and Board of Supervisors: VND 4,361,855,094

Total compensation and operation expenses: VND 7,365,189,094 (actual 73.65%).

## SHARE TRANSACTION OF INTERNAL SHAREHOLDERS AND STRATEGIC SHAREHOLDERS

**On 25 April 2013, Societé De Bourbon Tay Ninh announces the treasury transaction results as follows:**

| | |
|---|---|
| » Register for selling | : 8,895,030 shares |
| » Sold | : 419,640 shares |
| » Time of selling | : From 25 March 2013 to 2 April 2013 |
| » Total treasury shares before register for trading | : 8,895,030 shares |
| » Total current treasury shares | : 8,475,390 shares |
| » Average trading price | : 14,880 VND per share |
| » Transaction method | : Order matching |

**On 23 May 2013, Gia Lai Electricity Joint Stock Company announce the transaction of internal shareholders:**

| | |
|---|---|
| » Stock code | : SBT |
| » Number and rate of shares held by seller | : 10,700,930 shares, equivalent to 8.36% of total shares |
| » Number of shares registered for selling | : 2,000,0000 shares |
| » Number of shares sold | : 92,700 VND per share |
| » Number and rate of shares held by seller after transaction | : 10,608,230 shares, equivalent to 8.29% of total shares |
| » Transaction method | : Order matching or negotiating |
| » Time of transaction | : From 23 April 2013 to 23 May 2013 |

**On 14 June 2013, Gia Lai Electricity Joint Stock Company announced the transaction of internal shareholders:**

| | |
|---|---|
| » Number of shares registered for selling | : 8,895,030 shares |
| » Number and rate of shares held by seller | : 10,608,230 shares, equivalent to 8.29% of total shares |
| » Number of shares registered for selling | : 2,000,0000 shares |
| » Number of shares sold | : 2,000,0000 shares |
| » Number and rate of shares held by seller after transaction | : 8,608,230 shares or 6.73% |
| » Transaction method | : Order matching |
| » Time of transaction | : From 29 May 2013 to 14 June 2013 |

**On 17 June 2013, Gla Lai Electricity Joint Stock Company announced the transaction of internal shareholder:**

| | |
|---|---|
| » Stock code | : SBT |
| » Number and rate of shares held by seller | : 10,608,230 shares, equivalent to 8.29% of total shares |
| » Number of shares registered for selling | : 2,000,0000 shares |
| » Number of shares sold | : 2,000,0000 shares |
| » Number of shares and rate of shares held by seller after transaction | : 8,608,230 shares or 6.73% |
| » Transaction method | : Order matching |
| » Time of transaction | : From 29 May 2013 to 14 June 2013 |

**On 26 July 2013, Societé De Bourbon Tay Ninh announced issuance of shares under ESOP as follows:**

| | |
|---|---|
| » Stock code | : SBT |
| » Number of issuing shares | : 6,574,200 shares |
| » Par value | : 10,000 VND per share |
| » Date of issuance | : 17 July 2013 |
| » Number of distributed shares | : 6,574,200 shares |
| » Total employees | : 39 people |
| » Total shares after share issuance | : 148,500,000 shares |

**On 7 October 2013, Societé De Bourbon Tay Ninh announced information of buying shares of Gia Lai Sugar - Thermal Power Joint Stock Company (SEC) sold by Gia Lai Electricity Joint Stock Company (GEC) as follows:**

| | |
|---|---|
| » Number of shares registered to buy | : 1,700,000 shares |
| » Number of shares bought | : 1,700,000 shares |
| » Time of transaction | 9 October 2013 |

**On 14 June 2013, Gia Lai Electricity Joint Stock Company announced share transaction of internal shareholders as follows:**

| | |
|---|---|
| » Number of shares registered to sell | : 4,475,390 shares |
| » Number of shares sold | : 3,481,550 shares |
| » Time of transaction | : From 7 October 2013 to 5 November 2013 |
| » Number of treasury shares before registering for transaction | : 8,475,390 shares |
| » Number of current treasury shares | : 4,993,840 shares |
| » Average transaction price | : 12,594 VND per share |
| » Transaction method | : Order matching |

# CONTRACTS OR TRANSACTIONS OF INTERNAL SHAREHOLDERS OR RELATED PARTIES

## SHAREHOLDERS

| Related companies/parties | Amount (VND) |
|---|---|
| **Thanh Thanh Cong Investment Joint Stock Company** | |
| » Selling goods | 108,313,592,768 |
| » Raw sugar purchase | 267,376,797,263 |
| » Income from selling shares of Bourbon An Hoa | - |
| » Interest income | 8,755,418,606 |
| » Interest expenses | 1,062,639,417 |
| » Lending | 100,000,000,000 |
| » Advance to buy sugar and molasses | 67,200,000,000 |
| » Management expenses | 5,855,960,710 |
| » Buying shares of Nuoc Trong Sugar Joint Stock Company | 53,765,987,400 |
| » Income from leasing cars | 36,000,000 |
| » Dividend payment | 52,871,400,000 |
| **Thuan Thien Trading and Investment Joint Stock Company** | |
| » Selling shares of La Nga Sugar Joint Stock Company | - |
| » Buying goods | 1,696,210,477 |
| » Loans | 60,000,000,000 |
| » Interest income | 4,206,552,776 |
| » Dividend | 52,583,505,000 |

## RELATED COMPANIES

| Related companies/parties | Amount (VND) |
|---|---|
| **Thanh Thanh Cong Trading Joint Stock Company** | |
| » Selling goods | 3,138,579,924 |
| » Raw sugar purchase | 641,464,046 |
| » Interest income | 6,332,666,665 |
| » Income from leasing trucks | 229,090,911 |
| **Bourbon An Hoa Joint Stock Company** | |
| » Interest income | 37,109,703,671 |
| » Lending | - |
| » Loan payment | 165,652,791,317 |
| » Pay in advance land rights | 165,580,800,000 |
| **Bien Hoa Joint Stock Company** | |
| » Selling goods | 6,505,781,144 |
| » Buying goods | 34,223,736,928 |
| » Dividend | 13,630,296,000 |
| » Processing fee | 1,533,039,715 |
| » Warehouse maintenance fee | 64,611,107 |
| » Buying shares of Bien Hoa Joint Stock Company | 68,151,480,000 |

## Transaction, compensation and other interests of BOARD OF MANAGEMENT, BOARD OF DIRECTORS AND BOARD OF SUPERVISORS (Continued)

| | |
|---|---|
| **La Nga Sugar Joint Stock Company** | |
| » Buying raw sugar | 23,182,246,616 |
| » Dividend | 4,489,764,400 |
| **Thanh Thanh Cong Sugar Research and Application Joint Stock Company** | |
| » Capital contribution | 7,200,000,000 |
| » Land rental | 240,000,000 |
| » Buying sugar cane seed | 3,861,000 |
| » Material sugar cane | 129,931,000 |
| » Soil analysis fee | 69,615,000 |
| **Nuoc Trong Sugar Joint Stock Company** | |
| » Selling seeds | 1,452,329,500 |
| » Buying raw sugar | 13,333,333,000 |
| » Dividend | 2,778,604,000 |
| **Tay Ninh Chemical Industry Joint Stock Company** | |
| » Capital contribution | 31,579,200,000 |
| **Gia Lai Sugar and Thermal Power Joint Stock Company** | |
| » Dividend | 5,460,000,000 |
| » Buying shares of Gia Lai Sugar and Thermal Power Joint Stock Company | 25,200,000,000 |
| **Board of Management** | |
| » Salary and bonus | 4,933,922,508 |


Get ready for

# GOING FURTHER

Defining right objectives and timely capture the market trend is a chance for Thanh Thanh Cong Tay Ninh to make breakthrough steps to benefit shareholders, investors, employees and society.

FINANCIAL STATEMENTS

**THANH THANH CONG TAY NINH JOINT STOCK COMPANY**
**(FORMERLY KNOWN AS SOCIÉTÉ DE BOURBON TAY NINH)**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

# CORPORATE INFORMATION

| | | |
|---|---|---|
| **Investment Licence No.** | 1316/GP | 15 July 1995 |
| **Investment Certificates No.** | 451031000014 | 23 March 2007 |
| | The Investment Licence No.1316/GP was issued by Planning and Investment Department of Tay Ninh Province and is valid for 50 years.<br><br>The Company's Investment Certificate has been amended thirteen times, the most recent of which is Investment Certificates No. 451031000014 dated 2 December 2013. The Investment Certificates and its amendments were issued by the Planning and Investment Department of Tay Ninh Province and are valid for 50 years from the date of the Investment Licence. | |
| **Board of Management** | Ms. **Dang Huynh Uc My** | Chairwomen |
| | Mr. **Le Van Dinh** | Vice chairman |
| | Mr. **Vo Tong Xuan** | Member |
| | Mr. **Pham Hong Duong** | Member (from 1 March 2013) |
| | Ms. **Tran Que Trang** | Member (until 28 February 2013) |
| | Mr. **Thai Van Chuyen** | Member |
| **Board of Director** | Mr. **Nguyen Ba Chu** | General Director |
| | Ms. **Truong Thi Hong** | Deputy General Director |
| | Mr. **Trinh Minh Chau** | Deputy General Director (until 20 May 2013) |
| | Mr. **Nguyen Hoang Tuan** | Deputy General Director (until 15 July 2013) |
| | Mr. **Nguyen Van De** | Deputy General Director (until 15 July 2013) |
| | Mr. **Pham Hong Duong** | Deputy General Director (until 1 March 2013) |
| | Mr. **Dinh Van Hiep** | Deputy General Director (until 1 July 2013) |
| | Mr. **Kumarasamy Nallaiyan** | Agriculture Director (until 15 January 2013) |
| | Ms. **Duong Thi To Chau** | Commercial Director |
| | Mr. **Nguyen Thanh Khiem** | Factory Director |
| | Mr. **Nguyen Quoc Viet** | Support Director (until 1 January 2013) |
| | Mr. **Le An Khang** | Support Director (from 1 February 2013, until 1 June 2013) |
| **Supervisor Board** | Ms. **Nguyen Thuy Van** | Chief Supervisor |
| | Mr. **Le Nho Dinh** | Member (from 25 April 2013) |
| | Mr. **Le Van Hoa** | Member (from 25 April 2013) |
| | Mr. **Nguyen Trong Hoa** | Member (from 25 April 2013) |
| | Mr. **Nguyen Tien Cuong** | Member (from 25 April 2013) |
| **Registered Office** | Tan Hung Commune, Tan Chau District, Tay Ninh Province, Vietnam | |
| **Auditors** | KPMG Limited, Vietnam | |

# STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management and Board of Directors are responsible for the preparation and presentation of the financial statements of Thanh Thanh Cong Tay Ninh Joint Stock Company (formerly known as Société De Bourbon Tay Ninh) ("the Company") in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

(a) The financial statements set out on pages 91 to 136 give a true and fair view of the financial position of the Company as at 31 December 2013, and of the results of operations and the cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting; and

(b) At the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Management and Board of Directors have, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Management

**Dang Huynh Uc My**
*Chairwomen*

Ho Chi Minh City, 19 March 2014
**To the Shareholders**

# INDEPENDENT AUDITORS' REPORT

**Thanh Thanh Cong Tay Ninh Joint Stock Company**
**(formerly known as Société De Bourbon Tay Ninh)**

We have audited the accompanying financial statements of Thanh Thanh Cong Tay Ninh Joint Stock Company (formerly known as Société De Bourbon Tay Ninh) ("the Company"), which comprise the balance sheet as at 31 December 2013, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's management on 19 March 2014, as set out on pages 91 to 136.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

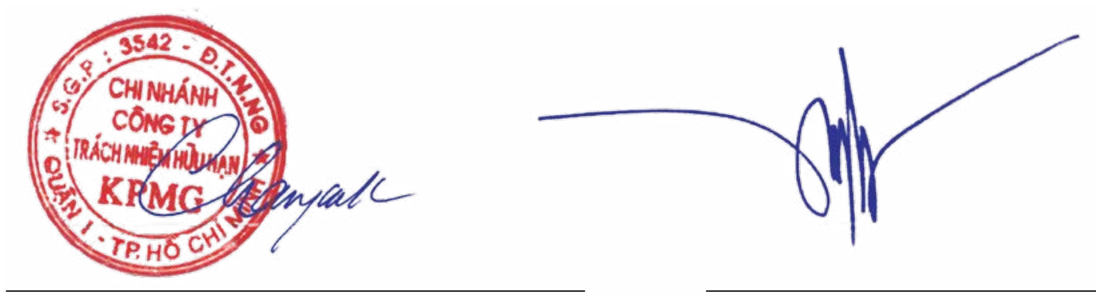
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Audit Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Thanh Thanh Cong Tay Ninh Joint Stock Company (formerly known as Société De Bourbon Tay Ninh) as at 31 December 2013 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting.

**KPMG Limited's Branch in Ho Chi Minh City**

**Vietnam**
Operating registration certificate No.: 4114000230
Audit Report No.: 13-01-301




**Chang Hung Chun**
Practicing Auditor Registration
Certificate No. 0863-2013-007-1
*Deputy General Director*
Ho Chi Minh City, 19 March 2014

**Lam Thi Ngoc Hao**
Practicing Auditor Registration
Certificate No. 0866-2013-007-1



# BALANCE SHEET

as at 31 December 2013

Form B 01 - DN

| | Code | Note | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets (100 = 110 + 120 + 130 + 140 + 150) | 100 | | 1,796,911,455,438 | 1,421,289,426,760 |
| Cash | 110 | 5 | 277,785,657,209 | 110,669,897,291 |
| Cash | 111 | | 277,785,657,209 | 110,669,897,291 |
| Short-term investments | 120 | 12 | 118,541,861,042 | 202,458,604,234 |
| Short-term investments | 121 | | 171,464,251,319 | 297,983,547,843 |
| Allowance for diminution in the value of short-term investments | 129 | | (52,922,390,277) | (95,524,943,609) |
| Accounts receivable – short-term | 130 | 6 | 1,116,751,309,834 | 729,502,883,593 |
| Accounts receivable-trade | 131 | | 189,041,854,158 | 264,032,376,939 |
| Prepayments to suppliers | 132 | | 881,212,336,447 | 418,517,643,528 |
| Other receivables | 135 | | 68,842,727,529 | 69,995,237,367 |
| Allowance for doubtful debts | 139 | | (22,345,608,300) | (23,042,374,241) |
| Inventories | 140 | 7 | 230,951,775,462 | 339,388,288,019 |
| Inventories | 141 | | 231,194,332,349 | 339,630,844,906 |
| Allowance for inventories | 142 | | (242,556,887) | (242,556,887) |
| Other current assets | 150 | | 52,880,851,891 | 39,269,753,623 |
| Short-term prepayments | 151 | 8 | 51,687,227,891 | 34,332,668,947 |
| Taxes and other receivables from State Treasury | 154 | | - | 2,357,450,779 |
| Other current assets | 158 | | 1,193,624,000 | 2,579,633,897 |
| Long-term assets (200 = 210 + 220 + 250 + 260) | 200 | | 1,453,139,061,487 | 1,213,104,199,105 |
| Accounts receivable – long-term | 210 | 6 | 58,670,084,709 | 54,686,136,164 |
| Other long-term receivables | 218 | | 58,670,084,709 | 54,686,136,164 |
| Fixed assets | 220 | | 638,265,082,511 | 645,580,386,104 |
| Tangible fixed assets | 221 | 9 | 537,483,957,859 | 540,043,448,468 |
| *Cost* | 222 | | 1,686,163,287,464 | 1,613,205,566,904 |
| *Accumulated depreciation* | 223 | | (1,148,679,329,605) | (1,073,162,118,436) |
| Intangible fixed assets | 227 | 10 | 41,461,660,259 | 42,665,949,536 |
| *Cost* | 228 | | 51,108,741,971 | 51,212,046,019 |
| *Accumulated amortisation* | 229 | | (9,647,081,712) | (8,546,096,483) |
| Construction in progress | 230 | 11 | 59,319,464,393 | 62,870,988,100 |

*The accompanying notes are an integral part of these financial statements*

# BALANCE SHEET

as at 31 December 2013 (Continued)

Form B 01 - DN

| | Code | Note | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|---|---|
| Long-term investments | 250 | 12 | 748,565,574,194 | 499,582,134,384 |
| Investments in associates | 252 | | 696,012,839,523 | 435,754,797,123 |
| Other long-term investments | 258 | | 75,762,012,204 | 94,887,933,904 |
| Allowance for diminution in the value of long-term investments | 259 | | (23,209,277,533) | (31,060,596,643) |
| Other long-term assets | 260 | | 7,638,320,073 | 13,255,542,453 |
| Long-term prepayments | 261 | 13 | 1,553,111,727 | 7,843,741,131 |
| Deferred tax assets | 262 | 14 | 6,085,208,346 | 5,273,753,022 |
| Other long-term assets | 268 | | - | 138,048,300 |
| TOTAL ASSETS (270 = 100 + 200) | 270 | | 3,250,050,516,925 | 2,634,393,625,865 |
| RESOURCES | | | | |
| LIABILITIES (300 = 310 + 330) | 300 | | 1,409,325,905,709 | 938,635,369,571 |
| Current liabilities | 310 | | 1,331,029,026,709 | 889,469,256,095 |
| Short-term borrowings | 311 | 15 | 1,001,678,320,139 | 714,178,138,970 |
| Accounts payable – trade | 312 | 16 | 178,847,802,816 | 41,460,174,576 |
| Advances from customers | 313 | 17 | 61,691,947,079 | 29,752,623,024 |
| Taxes payable to State Treasury | 314 | 18 | 7,874,801,394 | 4,980,685,467 |
| Payables to employees | 315 | | 4,822,806,760 | 9,431,820,585 |
| Accrued expenses | 316 | 19 | 51,936,591,686 | 60,051,144,927 |
| Other payables | 319 | 20 | 7,729,536,130 | 19,174,814,536 |
| Bonus and welfare funds | 323 | 21 | 16,447,220,705 | 10,439,854,010 |
| Long-term borrowings | 330 | | 78,296,879,000 | 49,166,113,476 |
| Long-term borrowings | 334 | 22 | 78,296,879,000 | 49,166,113,476 |
| EQUITY (400 = 410) | 400 | | 1,840,724,611,216 | 1,695,758,256,294 |
| Owners' equity | 410 | 23 | 1,840,724,611,216 | 1,695,758,256,294 |
| Share capital | 411 | 24 | 1,485,000,000,000 | 1,419,258,000,000 |
| Share premium | 412 | | 14,732,000,010 | 7,594,294,697 |
| Treasury shares | 414 | 24 | (61,577,199,043) | (129,471,347,730) |
| Investment and development funds | 417 | | 97,098,444,233 | 60,085,099,152 |
| Financial reserves | 418 | | 87,560,743,223 | 69,054,070,682 |
| Retained profits | 420 | | 217,910,622,793 | 269,238,139,493 |
| TOTAL RESOURCES (440 = 300 + 400) | 440 | | 3,250,050,516,925 | 2,634,393,625,865 |

*The accompanying notes are an integral part of these financial statements*





## OFF BALANCE SHEET ITEMS

| | 31/12/2013 | 31/12/2012 |
|---|---|---|
| Materials and goods held for third parties or held for processing (KG) | 2,333,364 | 6,679,726 |
| Bad debts written off (VND) | 8,224,714,261 | 4,868,349,860 |
| Foreign currencies (USD) | 11,798 | 6,601 |
| Foreign currencies (EUR) | - | 500 |
| Foreign currencies (KHR) | 47,000 | - |

19 March 2014

Prepared by:

Approved by:


**Nguyen Thi Thuy Tien**
*Chief Accountant*

**Nguyen Ba Chu**
*General Director*

*The accompanying notes are an integral part of these financial statements*

# STATEMENT OF INCOME

for the year ended 31 December 2013

Form B 02 - DN

| | Code | Note | 2013 VND | 2012 VND |
|---|---|---|---|---|
| Total revenue | 01 | 27 | 2,222,417,882,389 | 1,962,751,919,403 |
| Less sale deductions | 02 | 27 | 2,377,648,307 | 1,923,036,716 |
| Net revenue (10 = 01 - 02) | 10 | 27 | 2,220,040,234,082 | 1,960,828,882,687 |
| Cost of sales | 11 | 28 | 1,939,058,966,926 | 1,590,813,929,308 |
| Gross profit (20 = 10 - 11) | 20 | | 280,981,267,156 | 370,014,953,379 |
| Financial income | 21 | 29 | 154,653,120,260 | 313,208,759,969 |
| Financial expenses | 22 | 30 | 52,114,578,115 | 171,775,061,039 |
| *In which: Interest expenses* | *23* | | *95,727,748,245* | *75,345,627,183* |
| Selling expenses | 24 | | 48,587,602,597 | 40,496,493,149 |
| General and administration expenses | 25 | | 64,476,689,490 | 56,957,642,859 |
| Net operating profit {30 = 20 + (21 - 22) - (24 + 25)} | 30 | | 270,455,517,214 | 413,994,516,301 |
| Other income | 31 | | 9,036,711,042 | 20,142,772,720 |
| Other expenses | 32 | | 3,999,425,291 | 11,866,245,096 |
| Results of other activities (40 = 31 - 32) | 40 | | 5,037,285,751 | 8,276,527,624 |
| Profit before tax (50 = 30 + 40) | 50 | | 275,492,802,965 | 422,271,043,925 |
| Income tax expense – current | 51 | 31 | 37,297,591,303 | 51,380,336,886 |
| Income tax (income)/expense – deferred | 52 | 31 | (811,455,324) | 757,256,230 |
| Net profit after tax (60 = 50 - 51 - 52) | 60 | | 239,006,666,986 | 370,133,450,809 |
| Earnings per share | | | | |
| Basic earnings per share | | 32 | 1,744 | 2,890 |

19 March 2014

Prepared by:

**Nguyen Thi Thuy Tien**
*Chief Accountant*

Approved by:


**Nguyen Ba Chu**
*General Director*

*The accompanying notes are an integral part of these financial statements*



# STATEMENT OF CASH FLOWS

for the year ended 31 December 2013 (Indirect method)

Form B 03 - DN

| | Code | Note | 2013 VND | 2012 VND |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax | 01 | | 275,492,802,965 | 422,271,043,925 |
| Adjustments for | | | | |
| Depreciation and amortisation | 02 | | 84,425,873,301 | 81,280,057,510 |
| Allowances and provisions | 03 | | (53,436,260,894) | 101,701,159,171 |
| Written off of construction in progress | 05 | | 1,120,024,605 | - |
| Gains on disposal of fixed assets | 05 | | (2,165,879,938) | (603,892,001) |
| Gains from sales of investments in securities | 05 | | - | (185,554,905,691) |
| Interest income from deposits and loan to related company | 05 | | (58,625,141,316) | (62,578,016,862) |
| Interest income from prepayments to sugar cane farmers | 05 | | (64,810,450,331) | (39,645,920,757) |
| Dividend income | 05 | | (30,853,567,400) | (24,935,208,400) |
| Interest expenses | 06 | | 95,727,748,245 | 75,345,627,183 |
| Operating profit before changes in working capital | 08 | | 246,875,149,237 | 367,279,944,078 |
| Change in receivables | 09 | | (342,439,075,030) | (260,411,056,188) |
| Change in inventories | 10 | | 108,436,512,557 | (59,045,765,987) |
| Change in payables and other liabilities | 11 | | 139,719,650,565 | 6,197,095,553 |
| Change in prepayments | 12 | | (10,307,550,439) | 4,034,821,963 |
| | | | 142,284,686,890 | 58,055,039,419 |
| Interest paid | 13 | | (95,544,143,103) | (79,374,443,157) |
| Income tax paid | 14 | | (29,795,877,960) | (61,609,058,012) |
| Other payments for operating activities | 15 | | (23,603,309,369) | (29,334,186,634) |
| Net cash flows from operating activities | 20 | | (6,658,643,542) | (112,262,648,384) |

*The accompanying notes are an integral part of these financial statements*

# STATEMENT OF CASH FLOWS

for the year ended 31 December 2013 (Indirect method) (continued) Form B 03 - DN

| | Code | Note | 2013 VND | 2012 VND |
|---|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for additions to fixed assets and long-term assets | 21 | | (79,836,990,290) | (89,831,897,139) |
| Proceeds from disposals of fixed assets | 22 | | 3,015,896,814 | 5,796,676,910 |
| Payment for loans granted to related companies | 23 | | (160,000,000,000) | (202,500,000,000) |
| Proceeds from disposals of investments in associates and securities | 24 | | - | 374,750,000,000 |
| Collections on loans granted to related companies | 24 | | 325,652,791,317 | 188,406,644,027 |
| Collections of other long-term investments | 24 | | 268,816,700 | - |
| Payments for investments in other entities | 25 | | (241,400,937,400) | (154,996,215,000) |
| Receipts of interests and dividends | 27 | | 52,788,213,626 | 45,169,624,954 |
| Net cash flows from investing activities | 30 | | (99,512,209,233) | 166,794,833,752 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from shares capital issued | 31 | | 65,742,000,000 | - |
| Proceeds from treasury shares re-issued | 31 | | 95,331,854,000 | 30,450,000,000 |
| Payments for treasury shares repurchases | 32 | | - | (33,231,840,138) |
| Proceeds from short-term and long-term borrowings | 33 | | 3,111,971,563,281 | 2,250,038,686,148 |
| Payments to settle debts | 34 | | (2,795,340,616,588) | (1,832,395,032,388) |
| Payments of dividends | 36 | | (204,418,188,000) | (447,450,011,600) |
| Net cash flows from financing activities | 40 | | 273,286,612,693 | (32,588,197,978) |
| Net cash flows during the year (50 = 20 + 30 + 40) | 50 | | 167,115,759,918 | 21,943,987,390 |
| Cash at the beginning of the year | 60 | | 110,669,897,291 | 88,725,909,901 |
| Cash at the end of the year (70 = 50 + 60) | 70 | 5 | 277,785,657,209 | 110,669,897,291 |

19 March 2014

Prepared by: Approved by:

**Nguyen Thi Thuy Tien**
*Chief Accountant*

**Nguyen Ba Chu**
*General Director*

*The accompanying notes are an integral part of these financial statements*



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 Form B 09 - DN

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

## 1. Reporting Entity

Thanh Thanh Cong Tay Ninh Joint Stock Company (formerly known as Société De Bourbon Tay Ninh) ("the Company") is a joint-stock company incorporated in Vietnam. The principal activities of the Company are producing sugar and electricity; planting sugar cane; producing and trading products using sugar or its by-products, waste products; producing and trading fertilizer, agricultural materials; constructing civil project; trading hotel and restaurant; constructing and trading industrial zone infrastructure; mechanical processing; consulting engineering, technology, and management in sugar's production industry; produce and trade alcohol products; trade real estates, rent houses and apartments and investing activities.

The Company's shares are listed on the Ho Chi Minh Stock Exchange in accordance with the License No. 27/QD-SGDCKHCM issued by the Ho Chi Minh City Stock Exchange on 18 February 2008.

The Company's head office is located at Tan Hung Commune, Tan Chau District, Tay Ninh Province, Vietnam and its representation office is located at Floor 1, No. 62, Tran Huy Lieu Street, Ward 12, Phu Nhuan District, Ho Chi Minh City, Vietnam.

As at 31 December 2013 the Company had 784 employees, in which there were 266 temporary employees (31 December 2012: 810 employees, in which there were 303 temporary employees).

## 2. Basis of preparation

### (a) Statement of compliance

The financial statement have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting.

### (b) Basis of measurement

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

### (c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December.

### (d) Accounting currency

The financial statements are prepared and presented in Vietnam Dong ("VND").

## 3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these financial statements.

### (a) Foreign currency

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates of exchange ruling at the transaction dates.

All foreign exchange differences are recorded in the statement of income.

**(b) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(c) Investments**

Investments are carried at cost less allowance for diminution in value of investments, if necessary, in these financial statements. Allowance is made for reductions in investment values if the investee has suffered a loss or market value of the investment falls below cost in accordance with the guidance under Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 28 June 2013 which amended for Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Increases and decreases to the provision balance are recorded as finance expenses in the statement of income. The allowance is reversed if the recoverable amount is subsequently increased after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

Distributions from the operating results of the investments arising subsequent to the date of acquisition by the Company are recognised as income in the income statement. Distributions from sources other than such operating results are considered as recovery of investment and are deducted to the cost of investments.

**(d) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**(e) Prepayments to suppliers**

Included in prepayment to suppliers are prepayments to sugar cane farmers which are stated at cost less allowance for overdue receivables. The Company's policies on making allowance for overdue receivables are in accordance with the guidance under Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009.

**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the 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. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Company applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

***(i) Cost***

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs, maintenance and overhauls cost, is charged to income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

***(ii) Depreciation***

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

| | |
|---|---|
| » Buildings | 5 – 30 years |
| » Machinery and equipment | 2 – 20 years |
| » Motor vehicles | 5 – 6 years |
| » Office equipment | 3 – 5 years |
| » Others | 4 – 15 years |

**(h) Intangible fixed assets**

***(i) Land use rights***

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 50 years.

***(ii) Software***

Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 2 years.

**(i) Construction in progress**

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**(j) Long-term prepayments**

Long-term prepayments mainly comprise tools, supplies and significant renewals and improvements which are initially stated at cost and amortised on a straight-line basis over 2 years.

**(k) Trade and other payables**

Trade and other payables are stated at their cost.

**(l) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

***Provisions for fixed operating expenses***

Provisions for fixed operating expenses relate to estimated expenses incurred during seasonal non-production periods. The estimation is based on experience, events and management best judgments. Inevitably, such circumstances and information may be subject to change in subsequent periods and thus the eventual outcome may be better or worse than the assessments made in drawing up the periodic financial reports.

**(m) Bonus and welfare funds**

Allocations are made to bonus and welfare funds based on shareholders' resolutions. This fund is used exclusively to pay bonus and welfare to the Company's staff. Payments from bonus and welfare funds are not charged to the statement of income.

**(n) Classification of financial instruments**

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Company classifies its financial instruments as follow:

***(i) Financial assets***

*Financial assets at fair value through profit or loss*

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:

  - acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).

- Upon initial recognition, it is designated by the Company as financial assets at fair value through profit or loss.

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity, other than:

- those that the Company on initial recognition designates as at fair value through profit or loss;
- those that the Company designates as available-for-sale; and
- those that meet the definition of loans and receivables.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Company intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Company on initial recognition designates as available-for-sale; or
- for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that is not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

***(ii) Financial liabilities***

*Financial liabilities at fair value through profit or loss*

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:

  - acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).

- Upon initial recognition, it is designated by the Company as financial assets liability at fair value through profit or loss.

*Financial liabilities carried at amortised cost*

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised costs.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

**(o) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(p) Share capital**

***(i) Ordinary shares***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

***(ii) Equity funds and reserves***

Allocation was made to equity funds and reserves based on the shareholders decisions at their annual general meeting.

**(q) Revenue and other income**

***(i) Goods sold***

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

***(ii) Electricity***

Revenue is recognised based on the volume of electricity delivered and the sales price agreed with the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

***(iii) Interest income***

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable rate.

***(iv) Dividend income***

Dividends are recognised as income when the right to receive the dividend is established.

**(r) Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

**(s) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the year of construction are capitalised as part of the cost of the assets concerned.

**(t) Earnings per share**

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The Company does not have any potentially dilutive ordinary shares.

**(u) Segment reporting**

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in 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. The Company primary format for segment reporting is based on business segments.

**(v) Related parties**

Related companies include the shareholders, their ultimate parent companies and their subsidiaries and associates.

## 4. Segment reporting

The Company operates mainly in one business segment, which is in producing and trading sugar and sugar related by-products and in one geographical segment, which is in Vietnam.

## 5. Cash

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Cash on hand | 762,717,591 | 400,448,204 |
| Cash in banks | 277,022,939,618 | 110,269,449,087 |
| Cash in the statement of cashflow | 277,785,657,209 | 110,669,897,291 |

## 6. Accounts receivable – short-term and long-term

Accounts receivable included the following amounts due from related parties:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Amounts due from a shareholder | | |
| Trade | 17,549,324,747 | 42,132,639,800 |
| Amounts due from other related companies | | |
| Trade | 5,006,120,324 | - |
| Non-trade | - | 3,848,954,161 |

The trade amounts due from related companies were unsecured and bore interest at rate of 11.5% per annum during the year.

At 31 December 2013, account receivables with carrying value of VND82,700 million and VND equivalent to USD32.5 million (31/12/2012: VND160,486 million and VND equivalent to USD10 million) were pledged with banks as security for loans granted to the Company.

Prepayments to suppliers included following amounts to related parties:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Amounts prepaid to shareholders | | |
| Trade | 78,349,000,000 | - |
| Amounts prepaid to other related companies | | |
| Trade | 249,653,895,750 | - |

The prepayments to related companies were unsecured and bore interest at rate of 11.5% per annum during the year.

Included in prepayments to suppliers and other long-term receivables were prepayments to sugar cane farmers, details are as follows:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Short-term prepayments to sugar cane farmers | 445,869,183,856 | 301,317,238,306 |
| Long-term prepayments to sugar cane farmers | 45,248,588,480 | 54,686,136,164 |
| | 491,117,772,336 | 356,003,374,470 |

During the year, the Company has recorded prepayments to sugar cane farmers with the amount of VND122,114,973,700 in term of sales of sugar cane (2012: VND106,992,019,400) and netted off against prepayments to sugar cane farmers purchase of sugar cane with the amount of VND279,058,113,666 (2012: VND265,547,681,375).

Prepayments to sugar cane farmers are partially secured by the farmers' land use rights and earned interest at rates ranging from 8.4% to 16.5% per annum during the year (2012: 8% to 13.5%). The prepayments are collected within 3 years from each drawdown.

Other short-term receivables comprised:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Interest receivables from sugar cane farmers | 65,118,841,717 | 43,377,407,139 |
| Interest receivables from the loans to Bourbon An Hoa Joint Stock Company, an associate | 1,825,163,039 | 3,848,954,161 |
| Interest receivables from Thanh Thanh Cong Investment Joint Stock Company, a shareholder | 114,679,167 | - |
| Receivables in relating to treasury shares re-issuance | - | 20,300,000,000 |
| Receivables from maturity of life insurance | - | 848,473,700 |
| Others | 1,784,043,606 | 1,620,402,367 |
| | 68,842,727,529 | 69,995,237,367 |

Other long-term receivables comprised:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Long-term prepayments to sugar cane farmers | 45,248,588,480 | 54,686,136,164 |
| Receivables from Svayriêng projects - Campuchia | 13,421,496,229 | - |
| | 58,670,084,709 | 54,686,136,164 |

Other long-term receivables includes an amount of VND13,421,496,229 (2012: nil) for Business Co-operation Contract between the Company and Svayrieng Ltd Co., to develop a project to plant sugar canes in Cambodia in ten years. The Company owns 85% interest sharing from this project. The Company is committed to purchase all sugar canes harvested from this project.

## 7. Inventories

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Raw materials | 38,893,215,873 | 62,041,234,378 |
| Tools and supplies | 148,558,835 | 64,102,810 |
| Work in progress | 32,561,949,710 | 43,771,079,175 |
| Finished goods | 148,754,394,232 | 207,870,694,011 |
| Merchandise inventories | 8,903,325 | 9,996,507,532 |
| Goods on consignment | 10,827,310,374 | 15,887,227,000 |
| | 231,194,332,349 | 339,630,844,906 |
| Allowance for inventories | (242,556,887) | (242,556,887) |
| | 230,951,775,462 | 339,388,288,019 |

There is no movement in allowance for inventories during the year.

At 31 December 2013 inventories with carrying value of VND230,951 million (31 December 2012: VND60,514 million) were pledged with banks as security for loans granted to the Company.

## 8. Short-term prepayments

Included in short-term prepayments was an amount of VND51,637,527,893 to support sugar cane farmers to plant sugar canes for the coming production season (31 December 2012: VND34,266,568,947). The amount will be allocated to production costs for the coming production season.

## 9. Tangible fixed assets

| | Buildings VND | Machinery and equipment VND | Motor vehicles VND | Office equipment VND | Others VND | Total VND |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Opening balance | 279,333,832,755 | 1,242,545,956,398 | 24,186,483,462 | 8,295,498,140 | 58,843,796,149 | 1,613,205,566,904 |
| Additions | - | 14,409,514,207 | 2,798,240,908 | 700,333,000 | - | 17,908,088,115 |
| Transfers from construction in progress | - | 65,045,031,532 | - | - | - | 65,045,031,532 |
| Disposals | - | (1,191,102,753) | (104,050,000) | - | (355,061,728) | (1,650,214,481) |
| Written off | - | - | (1,877,012,709) | (2,715,144,492) | - | (4,592,157,201) |
| Reclassification (*) | (419,962,501) | (1,833,605,989) | (106,624,000) | (1,309,431,024) | (83,403,891) | (3,753,027,405) |
| Closing balance | 278,913,870,254 | 1,318,975,793,395 | 24,897,037,661 | 4,971,255,624 | 58,405,330,530 | 1,686,163,287,464 |
| **Accumulated depreciation** | | | | | | |
| Opening balance | 136,322,152,230 | 861,605,204,542 | 11,473,621,976 | 7,391,736,656 | 56,369,403,032 | 1,073,162,118,436 |
| Charge for the year | 10,110,579,415 | 67,997,018,017 | 3,033,817,576 | 375,747,600 | 2,389,051,671 | 83,906,214,279 |
| Disposals | - | (368,623,115) | (76,512,762) | - | (355,061,728) | (800,197,605) |
| Written off | - | - | (1,877,012,709) | (2,715,144,492) | - | (4,592,157,201) |
| Reclassification (*) | (357,409,908) | (1,451,365,620) | (106,624,000) | (1,014,143,779) | (67,104,997) | (2,996,648,304) |
| Closing balance | 146,075,321,737 | 927,782,233,824 | 12,447,290,081 | 4,038,195,985 | 58,336,287,978 | 1,148,679,329,605 |
| **Net book value** | | | | | | |
| Opening balance | 143,011,680,525 | 380,940,751,856 | 12,712,861,486 | 903,761,484 | 2,474,393,117 | 540,043,448,468 |
| Closing balance | 132,838,548,517 | 391,193,559,571 | 12,449,747,580 | 933,059,639 | 69,042,552 | 537,483,957,859 |

(*) The reclassification represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets ("Circular 45"), i.e. costing VND30 million or more. These assets are reclassified to Long-term Prepayments (Note 13).

Included in the cost of tangible fixed assets were assets costing VND226,436 million which were fully depreciated as of 31 December 2013 (31 December 2012: VND163,328 million), but which are still in active use.

At 31 December 2013 tangible fixed assets with net book value of VND216,196 million (31 December 2012: VND243,431 million) were pledged with banks as security for loans granted to the Company.

## 10. Intangible fixed assets

| | Land use rights VND | Software VND | Total VND |
|---|---|---|---|
| Cost | | | |
| Opening balance | 47,483,754,819 | 3,728,291,200 | 51,212,046,019 |
| Additions | - | 43,500,000 | 43,500,000 |
| Reclassification (*) | - | (146,804,048) | (146,804,048) |
| Closing balance | 47,483,754,819 | 3,624,987,152 | 51,108,741,971 |
| Accumulated amortisation | | | |
| Opening balance | 5,602,982,425 | 2,943,114,058 | 8,546,096,483 |
| Charge for the year | 1,047,782,278 | 200,006,999 | 1,247,789,277 |
| Reclassification (*) | - | (146,804,048) | (146,804,048) |
| Closing balance | 6,650,764,703 | 2,996,317,009 | 9,647,081,712 |
| Net book value | | | |
| Opening balance | 41,880,772,394 | 785,177,142 | 42,665,949,536 |
| Closing balance | 40,832,990,116 | 628,670,143 | 41,461,660,259 |

(*) The reclassification represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets are reclassified to Long-term Prepayments (Note 13).

Included in the cost of intangible fixed assets were assets costing VND4,008 million which were fully amortised as of 31 December 2013 (31 December 2012: VND4,155 million), but which are still in active use.

At 31 December 2013 intangible fixed assets with net book value of VND40,832 million (31 December 2012: VND41,881 million) were pledged with banks as security for loans granted to the Company.

## 11. Construction in progress

| | 2013 VND | 2012 VND |
|---|---|---|
| Opening balance | 62,870,988,100 | 36,829,486,105 |
| Additions during the year | 62,613,532,430 | 80,616,336,704 |
| Transfers to tangible fixed assets | (65,045,031,532) | (41,946,309,615) |
| Transfers to intangible fixed assets | - | (749,962,000) |
| Transfers to long-term prepayments | - | (11,878,563,094) |
| Written off | (1,120,024,605) | - |
| Closing balance | 59,319,464,393 | 62,870,988,100 |

Major constructions in progress are as follows:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Replacing old machinery and equipments | 18,165,129,872 | 47,333,614,684 |
| Project Espace Bourbon Tay Ninh | 20,319,586,111 | 12,917,142,603 |
| Others | 20,834,748,410 | 2,620,230,813 |
| | 59,319,464,393 | 62,870,988,100 |

During the year borrowing costs and depreciation charged capitalised into construction in progress amounted to VND641,941,177 (2012: VND1,204 million) and VND728,130,255 (2012: nil), respectively.

## 12. Investments

| | 31/12/2013 | | | | 31/12/2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | Quantity | % of equity owned | % of voting right | VND | Quantity | % of equity owned | % of voting right | VND |
| (a) Long-term investments | | | | | | | | |
| Long-term equity investments in associates: | | | | | | | | |
| ■ Bourbon An Hoa Joint Stock Company (i) | 24,500,000 | 49.00% | 49.00% | 245,000,000,000 | 24,500,000 | 49.00% | 49.00% | 245,000,000,000 |
| ■ Bien Hoa Sugar Joint Stock Company (ii) | 13,630,296 | 21.64% | 21.64% | 197,682,217,123 | 6,815,148 | 21.64% | 21.64% | 129,530,737,123 |
| ■ La Nga Sugar Joint Stock Company (iii) | 2,040,802 | 24.89% | 24.89% | 61,224,060,000 | 2,040,802 | 24.89% | 24.89% | 61,224,060,000 |
| ■ Nuoc Trong Sugar Joint Stock Company (iv) | 1,389,302 | 23.95% | 23.95% | 53,765,987,400 | - | - | - | - |
| ■ Tay Ninh Chemical Industry Joint Stock Company (v) | 3,157,920 | 26.32% | 26.32% | 31,579,200,000 | - | - | - | - |
| ■ Thanh Thanh Cong Sugarcane Research and Application Joint Stock Company (vi) | 720,000 | 24.00% | 24.00% | 7,200,000,000 | - | - | - | - |
| ■ Gia Lai Cane Sugar Thermoelectricity Joint Stock Company (vii) | 6,720,000 | 24.13% | 24.13% | 99,561,375,000 | - | - | - | - |
| | | | | 696,012,839,523 | | | | 435,754,797,123 |
| Other long-term investments | | | | | | | | |
| Investments in securities (viii) | | | | 74,915,050,000 | | | | 93,772,155,000 |
| Other long-term investments | | | | 846,962,204 | | | | 1,115,778,904 |
| | | | | 75,762,012,204 | | | | 94,887,933,904 |
| Allowance for diminution in value of long-term investments | | | | (23,209,277,533) | | | | (31,060,596,643) |
| | | | | 748,565,574,194 | | | | 499,582,134,384 |

### (b) Short-term investments

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Loans to an associate, Bourbon An Hoa Joint Stock Company (ix) | 171,464,251,319 | 297,983,547,843 |
| Allowance for diminution in value of short-term investments | (52,922,390,277) | (95,524,943,609) |
| | 118,541,861,042 | 202,458,604,234 |

(i) Bourbon An Hoa Joint Stock Company ("Bourbon An Hoa") was established in Vietnam in accordance with Business License No. 3900471864 issued by the Department of Planning and Investment of Tay Ninh Province on 10 September 2008. The head office of Bourbon An Hoa is located at An Hoi Hamlet, An Hoa Commune, Trang Bang District, Tay Ninh Province, Vietnam. The principal activities of this company are building industrial zone's infrastructure and leasing industrial zone.

As at 31 December 2013, the Company pledged all Bourbon An Hoa shares to Bao Viet Joint Stock Commercial Bank as security for bank loans granted to Bourbon An Hoa.

(ii) Bien Hoa Sugar Joint Stock Company ("Bien Hoa Sugar") was established in Vietnam in accordance with Business License No. 450300000501 issued by the Department of Planning and Investment of Dong Nai Province on 13 June 2001. The head office of Bien Hoa Sugar is located at Bien Hoa Industrial Park I, An Binh Ward, Dong Nai Province, Vietnam. The principal activities of this company are producing and trading sugar, products using sugar or its by-products, waste products; trading machinery, equipment and supplies in sugar's production industry; installing and maintaining equipment in sugar industry; leasing out warehouse; constructing civil and industrial projects; trading, agent, consignment of agricultural products, technological foods, raw materials, supplies in sugar industry; transportation services; food services; producing and trading any types of wine; producing and trading alcohol; trading real estate and providing mechanical agriculture cultivation services.

As at 31 December 2013, 5,815,148 shares of Bien Hoa Sugar with the carrying value of VND84,338 million were pledged with banks as security for loans granted to the Company.

(iii) La Nga Sugar Joint Stock Company ("La Nga Sugar") was established in Vietnam in accordance with Business License No. 4703000006 issued by the Department of Planning and Investment of Dong Nai Province on 23 March 2000. The head office of La Nga Sugar is located at Km35, Highstreet 20, La Nga Commune, Dinh Quan District, Dong Nai Province, Vietnam. The principal activities of this company are producing sugar, confectionery, alcohol; processing after sugar products, drinks with and without alcohol, cold drink; processing agriculture and forestry products; manufacturing synthetic organic fertilizer; processing animal feed; planting trees and raising cattle; constructing public, industry, traffic and irrigation projects; producing and providing tree varieties; producing hygienic water, electricity; manufacturing and trading in furniture and interior decoration materials; manufacturing, repairing, buying and selling mechanical products; buying and selling agriculture and industry materials.

(iv) Nuoc Trong Sugar Joint Stock Company ("Nuoc Trong Sugar") was established in Vietnam in accordance with Decision No. 299/QD-CT issued by the People Committee of Tay Ninh Province on 7 April 2005. The head office of Nuoc Trong Sugar is located at Hoi An Villiage, Tan Hoi Commune, Tan Chau District, Tay Ninh Province, Vietnam. The principal activities of this company are producing sugar; planting sugar cane, wheat, rubber trees and agricultural products; processing agriculture products, food and alcoholic beverages; processing, manufacturing and installing food industry machineries; importing and exporting businesses.

(v) Tay Ninh Chemical Industry Joint Stock Company ("Tay Ninh Chemical") was established in Vietnam in accordance with Business License No. 3900914957 issued by the People Committee of Tay Ninh Province on 29 January 2013. The head office of Tay Ninh Chemical is located at Hoi An Villiage, Tan Hoi Commune, Tan Chau District, Tay Ninh Province, Vietnam. The principal activities of this company are producing starch and products related to starch; producing artificial condensed products, non-alcohol and mineral water, nitrogen compound; installing machinery and industrial equipments.

(vi) Thanh Thanh Cong Sugarcane Research and Application Joint Stock Company ("Thanh Thanh Cong Sugarcane") was established in Vietnam in accordance with Business License No. 3901162964 issued by the Department of Planning and Investment of Tay Ninh Province on 21 March 2013. The head office of Thanh Thanh Cong Sugarcane is located at Binh Hoa Villiage, Thai Binh Commune, Chau Thanh District, Dong Nai Province, Vietnam. The principal activities of this company are to perform research and develop sugar cane sprouts; to analysis cultivation and plant protection products; to produce and develop mechanic machineries for sugar canes production.

(vii) Gia Lai Cane Sugar Thermoelectricity Joint Stock Company ("Gia Lai Cane Sugar") was established in Vietnam in accordance with Business License No. 5900421955 issued by the People Committee of Gia Lai Province on 21 July 2009. The head office of Gia Lai Cane Sugar is located at Ayunpa Town, Gia Lai Province, Vietnam. The principle activity of this company are to manufacture sugar and other by-products from sugar-cane for sales; plant sugar cane; manufacture electricity for sales; engineer the civil projects; process agricultural products; manufacture and trade in fertilizer; and invest in financial market.

As at 31 December 2013, 4,200,000 shares of Gia Lai Cane Sugar with the carrying value of VND62,225 million were pledged with banks as security for loans granted to the Company.

(viii) Investment in securities comprised of:

| | 31/12/2013 | | 31/12/2012 | |
|---|---|---|---|---|
| | Number of share | VND | Number of share | VND |
| Gia Lai Cane Sugar Thermoelectricity Joint Stock Company shares | - | - | 2,500,000 | 48,823,125,000 |
| Ninh Hoa Sugar Joint Stock Company shares | 5,993,204 | 74,915,050,000 | 2,996,602 | 44,949,030,000 |
| | 5,993,204 | 74,915,050,000 | 5,496,602 | 93,772,155,000 |

(ix) These loans represent loans granted to Bourbon An Hoa Joint Stock Company, an associate, which were unsecured and earned interest at 12% per annum during the year (2012: from 15% to 18.5%). During the year, the accumulated interest amounting to VND39,133,494,793 (2012: VND93,483,547,843) was converted to loans principal.

Movements of short-term and long-term investments during the year were as follows:

| | Short-term | | Long-term | |
|---|---|---|---|---|
| | 2013 VND | 2012 VND | 2013 VND | 2012 VND |
| Opening balance | 297,983,547,843 | 90,358,494,207 | 530,642,731,027 | 612,639,760,156 |
| Increases in investments during the year | 39,133,494,793 | 295,983,547,843 | 241,400,937,400 | 154,996,215,000 |
| Transfers from long-term to short-term investments | - | 100,000,000,000 | - | (100,000,000,000) |
| Disposals | - | - | - | (136,945,094,309) |
| Investment collections during the year | (165,652,791,317) | (188,358,494,207) | (268,816,700) | (48,149,820) |
| Closing balance | 171,464,251,319 | 297,983,547,843 | 771,774,851,727 | 530,642,731,027 |

Movements in the allowance for diminution in value of investments during the year were as follows:

| | Short-term | | Long-term | |
|---|---|---|---|---|
| | 2013 VND | 2012 VND | 2013 VND | 2012 VND |
| Opening balance | 95,524,943,609 | - | 31,060,596,643 | 36,339,400,956 |
| Additions | - | 95,524,943,609 | - | 1,672,004,162 |
| Utilisation | - | - | - | (6,950,808,475) |
| Written back | (42,602,553,332) | - | (7,851,319,110) | - |
| Closing balance | 52,922,390,277 | 95,524,943,609 | 23,209,277,533 | 31,060,596,643 |

## 13. Long-term prepayments

| | 2013 VND | 2012 VND |
|---|---|---|
| Opening balance | 7,843,741,131 | - |
| Additions during the year | 3,346,334,266 | 3,808,919,168 |
| Transfers from tangible fixed assets – net (Note 9) | 756,379,101 | - |
| Transfers from construction in progress | - | 11,878,563,094 |
| Amortisation for the year | (10,393,342,771) | (7,843,741,131) |
| Closing balance | 1,553,111,727 | 7,843,741,131 |

## 14. Deferred tax assets

Deferred tax assets are relating to temporary difference arising from accruals.

## 15. Short-term borrowings

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Short-term borrowings | 966,704,978,139 | 691,332,892,670 |
| Current portion of long-term borrowings (Note 22) | 34,973,342,000 | 22,845,246,300 |
| | 1,001,678,320,139 | 714,178,138,970 |

Terms and conditions of outstanding short-term borrowings were as follows:

| | Currency | Interest rate per annum | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|---|---|
| • HSBC Bank (Vietnam) Ltd. (i) | VND | 6.5% - 8.5% | 315,500,000,000 | 197,840,478,236 |
| • HSBC Bank (Vietnam) Ltd. | USD | - | - | 92,588,350,000 |
| • Joint Stock Commercial Bank for Foreign Trade of Vietnam (ii) | VND | 6.5% - 9.8% | 157,805,501,232 | 196,832,871,434 |
| • ANZ Bank (Vietnam) Ltd. (iii) | VND | 6.3% - 9% | 39,723,329,710 | 115,250,000,000 |
| • Vietnam International Joint Stock Commercial Bank (iv) | VND | 6.5% - 9.5% | 117,000,000,000 | - |
| • Vietnam Joint Stock Commercial Bank for Industry and Trade (v) | VND | 6.5% - 11% | 170,739,147,197 | 88,821,193,000 |
| • Chinatrust Commercial Bank Vietnam Ltd. (vi) | VND | 7% - 8.5% | 63,000,000,000 | - |
| • Shinhan Bank Vietnam Ltd. (vii) | VND | 6% - 8.9% | 16,000,000,000 | - |
| • Military Commercial Joint Stock Bank (viii) | VND | 6.5% - 7.5% | 64,367,000,000 | - |
| • Unsecured loans from employees | VND | 12% | 19,170,000,000 | - |
| • Unsecured loans from Tay Ninh Investment and Development Fund | VND | 0% | 3,400,000,000 | - |
| | | | 966,704,978,139 | 691,332,892,670 |

(i) This loan has a maximum facility of USD14 million (31 December 2012: USD14 million). The loan is secured by land use right of Project Espace Bourbon Tay Ninh with net book value as at 31 December 2013 of VND33,012 million and receivables as at 31 December 2013 amounting to VND82,700 million and USD10 million (31 December 2012: VND33,741 million, VND82,700 million and USD10 million, respectively).

(ii) This loan has a maximum facility of VND250,000 million (31 December 2012: VND200,000 million). The loan is secured by buildings and land use right located at Tan Hung Commune, Tan Chau District, Tay Ninh Province with net book value as at 31 December 2013 amounting to VND132,838 million and VND7,820 million, respectively (31 December 2012: VND143,012 million and VND8,140 million, respectively).

(iii) This loan has a maximum facility of USD15 million (31 December 2012: USD10 million). The loan is secured by receivables as at 31 December 2013 amounting to USD22.5 million (31 December 2012: receivables and inventories amounting to VND77,786 million and VND60,514 million, respectively).

(iv) This loan has a maximum facility of VND150,000 million. The loan is secured by inventories as at 31 December 2013 amounting to VND155,000 million.

(v) This loan has a maximum facility of VND400,000 million (31 December 2012: VND400,000 million). The loan is secured by machinery and equipment with net book value as at 31 December 2013 of VND83,358 million (31 December 2012: VND100,419 million).

(vi) This loan has a maximum facility of USD3.6 million. The loan is secured by inventories as at 31 December 2013 amounting to VND62,400 million.

(vii) This loan has a maximum facility of VND60,000 million. The loan is unsecured.

(viii) This loan has a maximum facility of VND100,000 million. The loan is secured by inventories as at 31 December 2013 amounting to VND144,000 million.

## 16. Accounts payable - trade

Accounts payable - trade include the following amounts due to related parties:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Amounts due to shareholders | 4,605,821,000 | - |

The trade related amounts due to the shareholder were unsecured, interest free and are payable on demand.

## 17. Advances from customers

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Advance from Sai Gon Thuong Tin Commercial Joint Stock Bank (*) | 35,743,710,000 | 29,374,700,000 |
| Advance from Bien Hoa Sugar Joint Stock Company, a related company for purchase of sugar | 23,529,261,301 | - |
| Advance from Thanh Thanh Cong Trading Joint Stock Company, a related company for purchase of molasses | 4,059,200 | - |
| Other advances from customers | 2,414,916,578 | 377,923,024 |
| | 61,691,947,079 | 29,752,623,024 |

The advances from related companies were unsecured and interest free.

(*) This amount represented cash advance for Properties Transfer Agreement dated 25 November 2011 between the Company and Sai Gon Thuong Tin Commercial Joint Stock Bank. According to this Agreement, the Company agreed to transfer leased land use right and building in Espace Bourbon Tay Ninh Project at No. 217-219, 30-4 Street, Ward 2, Tay Ninh Town, Tay Ninh Province to Sai Gon Thuong Tin Commercial Joint Stock Bank.

## 18. Taxes payable to State Treasury

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Value added tax | 2,292,429,531 | 4,980,685,467 |
| Corporate income tax | 5,310,865,799 | - |
| Personal income tax | 271,506,064 | - |
| | 7,874,801,394 | 4,980,685,467 |

## 19. Accrued expenses

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Payment to farmers for sugar cane | 45,656,504,002 | 52,035,661,600 |
| Transportation and loading fee | 1,748,569,468 | 3,228,683,000 |
| Interest expenses | 2,614,594,574 | 2,430,989,432 |
| Unpaid leaves | 410,338,120 | 1,197,102,280 |
| Others | 1,506,585,522 | 1,158,708,615 |
| | 51,936,591,686 | 60,051,144,927 |

## 20. Other payables

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Harvest and transportation payables | 4,167,709,757 | 16,528,681,190 |
| Payables to Tay Ninh Sugar Company Ltd. | 1,200,000,000 | 1,200,000,000 |
| Dividends payables | 1,543,130,110 | 757,828,110 |
| Others | 818,696,263 | 688,305,236 |
| | 7,729,536,130 | 19,174,814,536 |

Included in other payable were amounts due to related parties as follows:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Non-trade amounts due to other related parties | 1,543,130,110 | 757,828,110 |

The other payables from related companies were unsecured, interest free and are payable upon demand.

## 21. Bonus and welfare funds

Movements of bonus and welfare funds during the year as follows:

| | 2013 VND | 2012 VND |
|---|---|---|
| Opening balance | 10,439,854,010 | 1,459,224,234 |
| Additions during the year | 29,610,676,064 | 38,314,816,410 |
| Utilisations during the year | (23,603,309,369) | (29,334,186,634) |
| Closing balance | 16,447,220,705 | 10,439,854,010 |

## 22. Long-term borrowings

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Long-term borrowings | 113,270,221,000 | 72,011,359,776 |
| Repayable within twelve months (Note 15) | (34,973,342,000) | (22,845,246,300) |
| Repayable after twelve months | 78,296,879,000 | 49,166,113,476 |

Terms and conditions of outstanding long-term borrowings are as follows:

| | Currency | Interest rate per annum | Year of maturity | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|---|---|---|
| Unsecured long-term borrowings: | | | | | |
| • Tay Ninh Sugar Company Ltd,. (i) | VND | 4.62% | 2020 | 15,511,221,000 | 17,897,563,000 |
| Secured long-term borrowings: | | | | | |
| • Tay Ninh Investment and Development Funds (ii) | VND | 9.6%-11.4% | 2016 | 3,159,000,000 | 4,211,000,000 |
| • Tay Ninh Investment and Development Funds (ii) | VND | 9.60% | 2016 | 5,700,000,000 | - |
| • Asia Commercial Joint Stock Bank (iii) | VND | 11.5% | 2016 | 25,475,000,000 | - |
| • Asia Commercial Joint Stock Bank (iii) | VND | 11.5% | 2016 | 63,425,000,000 | - |
| • Joint Stock Commercial Bank for Foreign Trade of Vietnam | VND | - | - | - | 49,902,796,776 |
| | | | | 113,270,221,000 | 72,011,359,776 |

(i) This loan is unsecured and has a maximum facility of VND36,000 million (31 December 2012: VND36,000 million). Principal outstanding at 31 December 2013 is repayable in 13 equal semi-annually installments of VND1,193 million each. The final installment will be on 10 April 2020.

(ii) This loan has a maximum facility of VND10,700 million (31 December 2012: VND5,000 million). Principal outstanding of VND3,159,000,000 at 31 December 2013 is repayable in 11 quarterly installments of VND263 million each and a final installment of VND266 million on 31 December 2016. Principal outstanding of VND5,700,000,000 at 31 December 2013 is repayable in 12 quarterly installments of VND475 million each. The loan is secured by Letter of Credit issued by Vietnam Joint Stock Commercial Bank for Industry and Trade amounting to VND2,500 million (31 December 2012: VND2,500 million) and another Letter of Credit issued by Joint Stock Commercial Bank for Foreign Trade of Viet Nam amounting to VND2,850 million (31 December 12: nil).

(iii) This loan has a maximum facility of VND120,000 million. Principal outstanding of VND25,475,000,000 at 31 December 2013 is repayable in 5 equal semi-annually installments of VND4,246 million each and a final installment of VND4,242 million on 20 November 2016. Principal outstanding of VND63,425,000,000 at 31 December 2013 is repayable in 5 equal semi-annually installments of VND10,571 million each and a final installment of VND10,570 million on 25 November 2016. The loan is secured by 4,200,000 shares of Gia Lai Cane Sugar Thermoelectricity Joint Stock Company and 5,815,148 shares of Bien Hoa Sugar Joint Stock Company with the carrying value of VND146,563 million.



## 23. Changes in owners' equity

| | Share capital VND | Share premium VND | Treasury shares VND | Investment & development funds VND | Financial reserves VND | Retained profits VND | Total VND |
|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2012 | 1,419,258,000,000 | - | (139,395,212,895) | 4,786,442,297 | 41,404,742,255 | 468,107,790,376 | 1,794,161,762,033 |
| Acquisition of treasury shares | - | - | (33,231,840,138) | - | - | - | (33,231,840,138) |
| Re-issued treasury shares | - | 7,594,294,697 | 43,155,705,303 | - | - | - | 50,750,000,000 |
| Profits for the year | - | - | - | - | - | 370,133,450,809 | 370,133,450,809 |
| Appropriations to funds | - | - | - | 55,298,656,855 | 27,649,328,427 | (121,262,801,692) | (38,314,816,410) |
| Dividends (Note 25) | - | - | - | - | - | (447,740,300,000) | (447,740,300,000) |
| Balance as at 1 January 2013 | 1,419,258,000,000 | 7,594,294,697 | (129,471,347,730) | 60,085,099,152 | 69,054,070,682 | 269,238,139,493 | 1,695,758,256,294 |
| Share capital issued | 65,742,000,000 | - | - | - | - | - | 65,742,000,000 |
| Re-issued treasury shares | - | 7,137,705,313 | 67,894,148,687 | - | - | - | 75,031,854,000 |
| Profits for the year | - | - | - | - | - | 239,006,666,986 | 239,006,666,986 |
| Appropriations to funds | - | - | - | 37,013,345,081 | 18,506,672,541 | (85,130,693,686) | (29,610,676,064) |
| Dividends (Note 25) | - | - | - | - | - | (205,203,490,000) | (205,203,490,000) |
| Balance as at 31 December 2013 | 1,485,000,000,000 | 14,732,000,010 | (61,577,199,043) | 97,098,444,233 | 87,560,743,223 | 217,910,622,793 | 1,840,724,611,216 |

## 24. Share capital

The Company's authorised and issued share capital are:

| | 31/12/2013 | | 31/12/2012 | |
|---|---|---|---|---|
| | Number of shares | VND | Number of shares | VND |
| Authorised and issued share capital - par value | | | | |
| Ordinary shares | 148,500,000 | 1,485,000,000,000 | 141,925,800 | 1,419,258,000,000 |
| Treasury shares - par value | | | | |
| Ordinary shares | (4,993,840) | (49,938,400,000) | (10,500,000) | (105,000,000,000) |
| Shares currently in circulation -par value | | | | |
| Ordinary shares | 143,506,160 | 1,435,061,600,000 | 131,425,800 | 1,314,258,000,000 |

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the year were as follows:

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Number of shares | VND | Number of shares | VND |
| Balance at the beginning of the year | 131,425,800 | 1,314,258,000,000 | 130,581,700 | 1,305,817,000,000 |
| Shares issued during the year | 6,574,200 | 65,742,000,000 | - | - |
| Treasury shares re-issued during the year | 5,506,160 | 55,061,600,000 | 3,500,000 | 35,000,000,000 |
| Treasury shares purchased during the year | - | - | (2,655,900) | (26,559,000,000) |
| Balance at the end of the year | 143,506,160 | 1,435,061,600,000 | 131,425,800 | 1,314,258,000,000 |

Movements in treasury shares during the year were as follows:

| | 2013 VND | 2012 VND |
|---|---|---|
| Opening balance | 129,471,347,730 | 139,395,212,895 |
| Treasury shares re-issued during the year | (67,894,148,687) | (43,155,705,303) |
| Treasury shares purchased during the year | - | 33,231,840,138 |
| Closing balance | 61,577,199,043 | 129,471,347,730 |

During the year, the Board of Management resolved to re-issue all of its treasury shares at stock exchange at price not lower than VND12,000 per share. Accordingly, 5,506,160 treasury shares were re-issued in January, March, April, October and November 2013 at price ranging from VND12,400 to VND15,777 per share.

## 25. Dividend

The Board of Management of the Company on 25 April 2013 resolved to distribute cash dividends amounting to VND500 per share from 2012 profit and VND500 per share for the first payment from 2013 profit. Board of Management on 10 December 2013 also resolved to distribute cash dividends amounting to VND500 per share for the second payment of 2013 profit (2012: cash dividends amounting to VND2,000 per share from 2011 profits and VND1,500 per share from 2012 profit).

## 26. Equity funds

### *(i) Investment and development funds*

Investment and development funds were appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. These funds were established for the purpose of future business expansion.

### *(ii) Financial reserves*

Financial reserves were appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. The reserves are established as resourse for the Company's future general business risks.

## 27. Total revenue

Total revenue represented the gross invoiced value of goods sold and service provided exclusive of value added tax.

Net revenue comprised:

| | 2013 VND | 2012 VND |
|---|---|---|
| Total revenue | | |
| • Sales of sugar | 1,982,660,499,695 | 1,708,602,729,126 |
| • Sales of molasses | 78,762,269,901 | 76,114,651,622 |
| • Sales of electricity | 38,959,477,600 | 43,979,441,100 |
| • Sales of fertilizer | 101,714,695,273 | 100,485,008,141 |
| • Others | 20,320,939,920 | 33,570,089,414 |
| | 2,222,417,882,389 | 1,962,751,919,403 |
| Less sales deductions | | |
| • Sales allowance | (2,377,648,307) | (1,923,036,716) |
| Net sales | 2,220,040,234,082 | 1,960,828,882,687 |

## 28. Cost of sales

| | 2013 VND | 2012 VND |
|---|---|---|
| Cost of sugar | 1,716,693,876,122 | 1,365,479,758,664 |
| Cost of molasses | 77,775,025,533 | 75,219,700,691 |
| Cost of electricity | 36,286,311,266 | 38,389,857,364 |
| Cost of fertilizer | 96,787,488,627 | 97,422,970,892 |
| Others | 11,516,265,378 | 14,301,641,697 |
| | 1,939,058,966,926 | 1,590,813,929,308 |

## 29. Financial income

| | 2013 VND | 2012 VND |
|---|---|---|
| Interest income from prepayments to sugar cane farmers | 64,810,450,331 | 39,645,920,757 |
| Interest income from deposits from banks | 585,214,064 | 6,191,995,651 |
| Interest income from loans to related companies | 58,039,927,252 | 56,386,021,211 |
| Dividends income | 30,853,567,400 | 24,935,208,400 |
| Realised foreign exchange gains | 363,961,213 | 494,708,259 |
| Gains from sales of investments in securities | - | 185,554,905,691 |
| | 154,653,120,260 | 313,208,759,969 |

## 30. Financial expenses

| | 2013 VND | 2012 VND |
|---|---|---|
| Interest expenses | 95,727,748,245 | 75,345,627,183 |
| (Reversal)/allowance for the diminution in the value of short-term and long-term investments | (50,453,872,442) | 94,750,350,696 |
| Allowance for doubtful debts | 2,982,388,452 | 463,824,897 |
| Realised foreign exchange losses | 1,482,682,542 | - |
| Others | 2,375,631,318 | 1,215,258,263 |
| | 52,114,578,115 | 171,775,061,039 |

## 31. Income tax

### (a) Recognised in the statement of income

| | 2013 VND | 2012 VND |
|---|---|---|
| Current tax expense | | |
| Current year | 37,054,065,134 | 49,859,780,069 |
| Under provision in prior years | 243,526,169 | 1,520,556,817 |
| | 37,297,591,303 | 51,380,336,886 |
| Deferred tax (income)/expense | | |
| Origination and reversal of temporary differences | (811,455,324) | 757,256,230 |
| Income tax expense | 36,486,135,979 | 52,137,593,116 |

### (b) Reconciliation of effective tax rate

| | 2013 VND | 2012 VND |
|---|---|---|
| Profit before tax | 275,492,802,965 | 422,271,043,925 |
| Tax at the Company's applicable tax rate | 27,549,280,297 | 42,227,104,393 |
| Effect of different tax rates applied to other income | 16,040,910,189 | 22,456,533,983 |
| Non-deductible expenses | 365,811,174 | 143,750,673 |
| Tax exempt income | (7,713,391,850) | (6,233,802,100) |
| Tax incentives | - | (7,976,550,650) |
| Under provision in prior years | 243,526,169 | 1,520,556,817 |
| Income tax expense | 36,486,135,979 | 52,137,593,116 |

### (c) Applicable tax rates

Under the terms of its Investment Certificate, the Company has an obligation to pay the government corporate income tax at the rate of 10% of taxable profits.

All of the above tax exemption and reduction are not applicable to other income which is taxed at a rate of 25%. On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

## 32. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2013 was based on the profit attributable to ordinary shareholders of VND239,006 million (2012: VND370,133 million) and a weighted average number of ordinary shares outstanding of 137,040,862 (2012: 128,083,124), calculated as follows:

### (i) Net profit attributable to ordinary shareholders

| | 2013 VND | 2012 VND |
|---|---|---|
| Net profit attributable to ordinary shareholders | 239,006,666,986 | 370,133,450,809 |

### (ii) Weighted average number of ordinary shares

| | 2013 VND | 2012 VND |
|---|---|---|
| Issued ordinary shares at the beginning of the year | 131,425,800 | 130,581,700 |
| Issued ordinary shares during the year | 3,091,637 | - |
| Effect of re-issuance of treasury shares during the year | 2,523,425 | 32,514 |
| Effect of purchase of treasury shares during the year | - | (2,531,090) |
| Weighted average number of ordinary shares for the year | 137,040,862 | 128,083,124 |

## 33. Financial instruments

### (a) Financial risk management

### *(i) Overview*

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Supervisory Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### *(ii) Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### (b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

### *(i) Exposure to credit risk*

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | Note | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|---|
| Cash in banks | (*) | 277,022,939,618 | 110,269,449,087 |
| Short-term investments | (**) | 118,541,861,042 | 202,458,604,234 |
| Trade and other receivables | (***) | 271,306,077,916 | 334,027,614,306 |
| Prepayments to sugar cane farmers | (****) | 468,772,164,036 | 332,961,000,229 |
| | | 1,135,643,042,612 | 979,716,667,856 |

### *(*) Cash in banks*

Cash in banks of the Company is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

### *(**) Short-term investments*

In response to the risk, the management of the Company analysed creditworthiness individually. Allowance for diminution in the value incurred when the Management foresee and in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

Based on historic default rates, the Company believes that, apart from the amount provided, no further allowance for diminution in value of short-term investment is necessary in respect of the outstanding short-term investments balances as of 31 December 2013. The ageing analysis of the short-term investment is as follows:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Past due 0 – 180 days | 16,610,121,414 | 132,570,096,922 |
| Past due 181 – 365 days | 83,072,093,453 | 19,011,236,479 |
| Past due more than 365 days | 18,859,646,175 | 50,877,270,833 |
| | 118,541,861,042 | 202,458,604,234 |

***(***) Trade and other receivables***

The Company's exposure to credit risk in relation with receivables is mainly influenced by the individual characteristics of each customer. In response to the risk, management of the Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. In addition, the Company asks for collateral from some customers for each sale order. Receivables are due within 30 days from the date of billing. Debtors with balances that are more than 30 days outstanding are requested to settle the balances before further credit is granted.

Trade and other receivables that are neither past due or impaired are mostly due from companies with good collection track records with the Company. Management believes that those receivables are of high credit quality.

The ageing analysis of trade receivables and other receivables is as follows:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Not past due | 226,764,124,397 | 257,787,899,165 |
| Past due 0 – 30 days | 26,233,897,389 | 76,239,715,141 |
| Past due more than 30 days | 18,308,056,130 | - |
| | 271,306,077,916 | 334,027,614,306 |

***(****) Prepayments to sugar cane farmers***

The Company's exposure to credit risk in relation with the prepayments to sugar cane farmers is mainly influenced by the individual characteristics of each farmer. In response to the risk, management of the Company has established a loans policy under which each financial support request from each farmer is analysed individually for creditworthiness before the Company's standard drawdown and loans terms and conditions are offered. Certain sugar cane farmers are required to pledge their land use rights as the security for the prepayments. In addition, sugar cane farmers are also required to sell all of their sugar cane to the Company and this amount will be net off with the relevant prepayments. The prepayments are collected according to each drawdown and based on the schedule to be mutually agreed between the farmers and the Company. Farmers with balances that are overdue are requested to settle the balances before further credit is granted.

Based on historic default rates, the Company believes that, apart from the amount provided, no further allowance for diminution in value of prepayments to sugar cane farmers is necessary in respect of the outstanding prepayments balances as of 31 December 2013. The ageing analysis of the prepayments not impaired is as follows:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Not past due | 464,764,411,574 | 328,284,560,532 |
| Past due more than 180 days | 4,007,752,462 | 4,676,439,697 |
| | 468,772,164,036 | 332,961,000,229 |

The movements of allowances for doubtful debts during the year as follows:

| | 2013 VND | 2012 VND |
|---|---|---|
| Opening balance | 23,042,374,241 | 18,538,162,841 |
| Increase in allowance during the year | 2,982,388,452 | 4,504,211,400 |
| Utilised during the year | (3,679,154,393) | - |
| Closing balance | 22,345,608,300 | 23,042,374,241 |

## (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

| 31 December 2013 | Carrying amount VND | Contractual cash flows VND | Within 1 year VND | 1 – 2 years VND | 2 – 5 years VND | More than 5 years VND |
|---|---|---|---|---|---|---|
| Short-term borrowings and liabilities | | | | | | |
| Short-term borrowings | 966,704,978,139 | 990,259,141,088 | 990,259,141,088 | - | - | - |
| Accounts payable-trade | 178,847,802,816 | 178,847,802,816 | 178,847,802,816 | - | - | - |
| Payables to employees | 4,822,806,760 | 4,822,806,760 | 4,822,806,760 | - | - | - |
| Accrued expenses | 51,936,591,686 | 51,936,591,686 | 51,936,591,686 | - | - | - |
| Other payables | 7,729,536,130 | 7,729,536,130 | 7,729,536,130 | - | - | - |
| Long-term borrowings | | | | | | |
| Long-term borrowings | 113,270,221,000 | 354,176,796,941 | 297,100,247,133 | 14,130,570,364 | 13,126,850,563 | 29,819,128,881 |
| | 1,323,311,936,531 | 1,587,772,675,421 | 1,530,696,125,613 | 14,130,570,364 | 13,126,850,563 | 29,819,128,881 |

| 31 December 2012 | Carrying amount VND | Contractual cash flows VND | Within 1 year VND | 1 – 2 years VND | 2 – 5 years VND | More than 5 years VND |
|---|---|---|---|---|---|---|
| Short-term borrowings and liabilities | | | | | | |
| Short-term borrowings | 691,332,892,670 | 713,203,342,136 | 713,203,342,136 | - | - | - |
| Accounts payable-trade | 41,460,174,576 | 41,460,174,576 | 41,460,174,576 | - | - | - |
| Payables to employees | 9,431,820,585 | 9,431,820,585 | 9,431,820,585 | - | - | - |
| Accrued expenses | 60,051,144,927 | 60,051,144,927 | 60,051,144,927 | - | - | - |
| Other payables | 19,174,814,536 | 19,174,814,536 | 19,174,814,536 | - | - | - |
| Long-term borrowings | | | | | | |
| Long-term borrowings | 72,011,359,776 | 86,159,311,532 | 25,645,576,282 | 27,764,824,901 | 26,363,958,258 | 6,384,952,091 |
| | 893,462,207,070 | 929,480,608,292 | 868,966,873,042 | 27,764,824,901 | 26,363,958,258 | 6,384,952,091 |

The Company manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in short-term investments and maintaining several bank facilities.

**(d) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

***(i) Currency risk***

The Company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the accounting currencies of the Company, which is the VND. The currencies in which these transactions primarily are denominated are in United States Dollars (USD).

The Company's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

*Exposure to currency risk*

At 31 December 2013, the Company had the following net monetary liability position exposed to currency risk:

| | 31/12/2013 USD | 31/12/2012 USD |
|---|---|---|
| Cash | 11,798 | 6,601 |
| Short-term borrowings | - | (4,400,000) |
| Trade payables | (6,841,972) | - |
| | (6,830,174) | (4,393,399) |

The followings are the significant exchange rates applied by the Company:

| | Exchange rate as at | |
|---|---|---|
| | 31/12/2013 | 31/12/2012 |
| USD1 | 21,085 | 20,815 |

Below is an analysis of the possible impact on the net profit of the Company after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 December 2013. The analysis assumes that all variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

| | Effect to net profits VND |
|---|---|
| 31/12/2013<br>USD (1% weakening) | (1,681,261,333) |
| 31/12/2012<br>USD (2% weakening) | (782,615,000) |

The opposite movement of the currency would have the equal but opposite effect to the net profit of the Company as at 31 December 2013.

***(ii) Interest rate risk***

As at 31 December 2013, VND1,055.6 billion of the liabilities obtained by the Company was at variable interest rate. No policy was in place pertaining to the mitigation of any potential volatility of the interest rate.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

| | Carrying amount | |
|---|---|---|
| | 31/12/2013 VND | 31/12/2012 VND |
| Fixed rate instruments | | |
| Short-term investments | 118,541,861,042 | 202,458,604,234 |
| Long-term borrowings | (24,370,221,000) | (72,011,359,776) |
| | 94,171,640,042 | 130,447,244,458 |
| Variable rate instruments | | |
| Cash in banks | 277,022,939,618 | 110,269,449,087 |
| Short-term prepayments to sugar cane farmers | 423,523,575,556 | 278,274,864,065 |
| Long-term prepayments to sugar cane farmers | 45,248,588,480 | 54,686,136,164 |
| Short-term borrowings | (966,704,978,139) | (691,332,892,670) |
| Long-term borrowings | (88,900,000,000) | |
| | (309,809,874,485) | (248,102,443,354) |

An increase of 100 basis points in interest rates would have decreased the net profit of the Company by VND2,788 million (31 December 2012: VND3,173 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

**(e) Fair values**

The carrying amounts of financial assets and liabilities shown in the balance sheet are as follows:

| | Carrying amount | |
|---|---|---|
| | 31/12/2013 VND | 31/12/2012 VND |
| Categorised as held-to-maturity investments: | | |
| - Short-term investments | 118,541,861,042 | 202,458,604,234 |
| Categorised as loans and receivables: | | |
| - Cash | 277,022,939,618 | 110,269,449,087 |
| - Trade and other receivables | 271,306,077,916 | 334,027,614,306 |
| - Prepayments to suppliers | 468,772,164,036 | 332,961,000,229 |
| Categorised as available-for-sale: | | |
| - Investments in equity instruments | 74,915,050,000 | 93,772,155,000 |
| Categorised as liabilities at amortised cost: | | |
| - Trade and other payables | 186,577,338,946 | 60,634,989,112 |
| - Other short-term liabilities | 56,759,398,446 | 69,482,965,512 |
| - Borrowings | 1,079,975,199,139 | 763,344,252,446 |

The following policies were used to estimate the fair value for each class of financial instrument:

*Cash, short-term investments, trade and other receivables, trade and other payables, short-term prepayments to sugar cane farmers, short-term borrowings and other short-term liabilities:*

The carrying amounts approximate their respective fair values due to the short-term maturity of these instrument.

*Long-term borrowings and long-term prepayments to sugar cane farmers*

The Company has not determined fair value of long-term borrowings and long-term prepayments to sugar cane farmers for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market are not available for these financial instruments; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market are not available. Fair value of these financial instruments may be different from their carrying values.

*Investments in securities*

| | 31/12/2013 | |
|---|---|---|
| | Carrying amount VND | Fair value VND |
| Ninh Hoa Sugar Joint Stock Company | 74,915,050,000 | 73,117,088,800 |

The fair value of investment in shares of Ninh Hoa Sugar Joint Stock Company is determined by reference to the market price on Ho Chi Minh City Stock Exchange as at 31 December 2013.

*Other long-term investments*

The Company has not determined fair value of investments in other long-term investment in equity for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market are not available for these financial assets; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market are not available. Fair value of these financial instruments may be different from their carrying values.

## 34. Non-cash investing and financing activities

| | 2013 VND | 2012 VND |
|---|---|---|
| Interest receivables converted into loans receivables from a related company | 39,133,494,793 | 93,483,547,843 |
| Interest receivable offset against trade payables | 42,281,536,349 | 12,402,586,346 |

## 35. Significant transactions with related parties

In additions to balances with related parties disclosed in other notes to these financial statements, during the year there were the following significant transactions with related parties:

| | 2013 VND | 2012 VND |
|---|---|---|
| Shareholders | | |
| Thanh Thanh Cong Investment Joint Stock Company | | |
| Sales of goods | 108,313,592,768 | 60,009,516,860 |
| Purchases of raw sugar | 267,376,797,263 | 213,574,000,000 |
| Received from sale of Bourbon An Hoa shares | - | 24,000,000,000 |
| Interest income | 8,755,418,606 | 9,870,642,525 |
| Interest expenses | 1,062,639,417 | 2,442,568,333 |
| Lending | 100,000,000,000 | 188,000,000,000 |
| Advances received for purchase sugar and molasses | 67,200,000,000 | 134,537,560,000 |
| Management expenses | 5,855,960,710 | 5,627,000,000 |
| Purchases of Nuoc Trong Sugar shares | 53,765,987,400 | - |
| Car rental income | 36,000,000 | - |
| Dividend paid | 52,871,400,000 | 123,366,600,000 |
| Thuan Thien Trading and Investment Limited Company | | |
| Sales of La Nga Sugar shares | - | 6,900,000,000 |
| Purchases of goods | 1,696,210,477 | - |
| Lending | 60,000,000,000 | - |
| Interest income | 4,206,552,776 | - |
| Dividend paid | 52,583,505,000 | 122,694,845,000 |

| | 2013 VND | 2012 VND |
|---|---|---|
| Related companies | | |
| Thanh Thanh Cong Trading Joint Stock Company | | |
| Sales of goods | 3,138,579,924 | - |
| Purchases of goods | 641,464,046 | - |
| Interest income | 6,332,666,665 | - |
| Tank rental income | 229,090,911 | - |
| Bourbon An Hoa Joint Stock Company | | |
| Interest income | 37,109,703,671 | 46,577,960,336 |
| Lending | - | 107,983,547,843 |
| Settlement loans | 165,652,791,317 | - |
| Prepayments for purchases of land use right | 165,580,800,000 | - |
| Bien Hoa Sugar Joint Stock Company | | |
| Sales of goods | 6,505,781,144 | 11,942,561,446 |
| Purchases of goods | 34,223,736,928 | 3,188,429,301 |
| Dividends received | 13,630,296,000 | 20,445,444,000 |
| Processing fees | 1,533,039,715 | - |
| Warehouse storage fees | 64,611,107 | - |
| Purchase shares of Bien Hoa Sugar | 68,151,480,000 | - |
| La Nga Sugar Joint Stock Company | | |
| Purchases of raw sugar | 23,182,246,616 | - |
| Dividend received | 4,489,764,400 | 4,489,764,400 |
| Thanh Thanh Cong Sugarcane Research and Application Joint Stock Company | | |
| Contributed capital | 7,200,000,000 | - |
| Land rental | 240,000,000 | - |
| Purchases sugar cane sprouts | 3,861,000 | - |
| Purchases sugar cane | 129,931,000 | - |
| Analysis charged fees | 69,615,000 | - |
| Nuoc Trong Sugar Joint Stock Company | | |
| Sale of cutting sugar cane | 1,452,329,500 | - |
| Purchases of raw sugar | 13,333,333,000 | - |
| Dividend received | 2,778,604,000 | - |
| Tay Ninh Chemical Industry Joint Stock Company | | |
| Contributed capital | 31,579,200,000 | - |
| Gia Lai Cane Sugar Thermoelectricity Joint Stock Company | | |
| Dividend received | 5,460,000,000 | - |
| Purchase shares of Gia Lai Cane Sugar | 25,200,000,000 | 48,823,125,000 |
| Board of Management | | |
| Remuneration and business allowances | 4,933,922,508 | 2,954,676,000 |

## 36. Commitments

### (a) Capital commitments

As at 31 December 2013, the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Approved but not contracted (*) | 429,920,937,965 | 64,692,932,637 |
| Approved and contracted | 5,110,000,000 | 46,646,303,584 |
| | 435,030,937,965 | 111,339,236,221 |

(*) Major capital commitments approved but not contracted during the year are as follows:

| | 31/12/2013 VND |
|---|---|
| Project Ethanol | 299,713,350,000 |
| Project Espace Bourbon Tay Ninh | 113,680,413,889 |
| Others | 16,527,174,076 |
| | 429,920,937,965 |

### (b) Leases

The future minimum lease payments under non-cancellable operating leases were:

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Within one year | 471,719,767 | 293,877,817 |

### 37. Production and business costs by element

| | 31/12/2013 VND | 31/12/2012 VND |
|---|---|---|
| Raw material costs included in production costs | 1,763,116,960,096 | 1,402,257,095,037 |
| Labour costs and staff costs | 90,334,346,843 | 76,383,072,198 |
| Depreciation and amortisation | 84,425,873,301 | 81,280,057,510 |
| Outside services | 74,771,085,695 | 101,504,983,772 |
| Other expenses | 39,474,993,078 | 26,842,856,799 |

19 March 2014

Prepared by:

**Nguyen Thi Thuy Tien**
*Chief Accountant*

Approved by:

**Nguyen Ba Chu**
*General Director*

THANH THANH CONG - TAY NINH

# THANH THANH CONG TAY NINH
## JOINT STOCK COMPANY


**Head office:**
Address: Tan Hung Commune, Tan Chau District, Tay Ninh Province
Tel.: (066) 3753250 - Fax: (066) 3839834
Email: ttcs@ttcsugar.com.vn

**Trading office:**
1st floor - 62 Tran Huy Lieu Street, Ward 12, Phu Nhuan District, Hochiminh City
Tel.: (08) 629 269 18 - 629 269 19 - Fax: (08). 629 269 20

**www.ttcsugar.com.vn**